

STATUS OF AGRICULTURAL TRUSTS.

**A REPORT BY THE NATIONAL AGRICULTURAL
MARKETING COUNCIL (NAMC) TO THE MINISTER OF
AGRICULTURE, FORESTRY AND FISHERIES.**

NOVEMBER 2009

TABLE OF CONTENTS

ABBREVIATIONS

EXECUTIVE SUMMARY

SECTION A: NAMC ROLE IN AGRICULTURAL TRUSTS.....	7
1 Introduction	7
1.1 Establishment of trusts: Purpose.....	7
1.2 Deregulation of agricultural marketing Schemes.....	8
1.3 Trust Property Control Act, 1988 (Act No 57 of 1988).....	10
1.4 NAMC Guidelines	11
1.5 Agricultural Trust Desk	11
2. SLA Summary.....	12
2.1 Obligations of the Council.....	13
2.2 Obligation of the trust	13
3. Current Appointments.....	13
4. Capacity Building for Trustees.....	17
4.1 Orientation	17
4.2 Governance Programme	17
5. Legal Opinion.....	18
5.1 Termination of the Lucerne Seed Industry and Development Trust.....	18
5.2 NAMC Response:.....	18
6. Projects Funding.....	19
7. Tax Matters for Trusts	21
SECTION B: TRUSTS; GENERAL INFORMATION	23
1. Introduction	23
2. CITRUS TRUST	23
2.1 Background of the Trust	23
2.2 The Objectives.....	23
2.3 Composition of the Trust	24
3. COTTON TRUSTS	24
3.1 Background of the Trust	24
3.2 The Trust Objectives	25
3.3 Composition of the Trust	26
4. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST	26
4.1 Background of the Trust	26
4.2 The Objectives.....	27
4.3 Composition of the Trust	28
5. LUCERN SEED RESEARCH AND DEVELOPMENT TRUST.....	29
5.1 Background of the Trust	29
5.2 The Objectives.....	30
5.3 Composition of the Trust	31
6. MAIZE TRUST.....	31
6.1 Background of the Trust	31
6.2 The Objectives.....	32
6.3 Composition of the Trust	32
7. MEAT TRUST.....	33
7.1 Background of Trust	33
7.2 The Objectives.....	33
7.3 Composition of the Trust	33
8. MOHAIR DEVELOPMENT TRUST.....	34
8.1 Background of the Trust	34
8.2 The Objectives.....	34
8.3 Composition of the Trust	35
9. OIL AND PROTEIN SEEDS DEVELOPMENT TRUST.....	36
9.1 Background of the Trust	36
9.2 The Objectives.....	36
9.3 Composition of the Trust	37
10. POTATO INDUSTRY DEVELOPMENT TRUST	37

10.1 Background of the Trust	37
10.2 The Objectives	38
10.3 Composition of the Trust	38
11. SORGHUM TRUST	39
11.1 Background of the Trust	39
11.2 The Objectives	40
11.3 Composition of the Trust	41
12. WOOL TRUST	42
12.1 Background of the Trust	42
12.2 The Objectives	42
12.3 Composition of the Trust	43
13. WINTER CEREAL TRUST	43
13.1 Background of the Trust	43
13.2 The Objectives	44
13.3 Composition of the Trust	45
13.4 Technical Committees	46
SECTION C: STATUS REPORTING	48
1. Introduction	48
2. CITRUS TRUST	49
3. COTTON TRUST	50
3.1 Introduction	50
3.2 Objectives	50
3.2.1 Trust Operations	51
3.2.2 Industry Information Function	51
3.2.3 Research	52
3.2.4 Small Farmer Development	52
3.2.5 Skills Development Program	52
3.2.6 Mentorship Program	52
3.3 Strategy Plan	53
3.3.1 Enterprise Development	53
3.3.2 Development Schemes	53
3.4 Funded Projects	54
3.5 Financial Matters	54
4. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST	55
4.1 Introduction and Objectives	55
4.2 Training Support	55
4.3 Legal Matters	56
4.4 Financials	56
4.5 Government support	57
4.6 Tax Status	57
4.7 Project Funding	57
4.8 Planning 2009/10	58
5. LUCERN SEED RESEARCH AND DEVELOPMENT TRUST	58
5.1 Introduction	58
6.1 Introduction	59
6.2 Objectives	59
6.3 Nature of Business	59
6.4 Transformations and Project Funding	60
6.4.1 Projects Funded	60
6.4.2 Funding Practice	61
6.5 Financial Matters	61
7. MEAT TRUST	63
8. MOHAIR DEVELOPMENT TRUST	64
8.1 Introduction	64
8.2 Trust Composition and Objectives	64
8.3 Nature of Business	64
8.4 Transformation	65
8.5 Empowerment Plan	65
8.6 The Angora Goat BEE Training Initiative	66
8.7 Financial Matters	67

9. OIL AND PROTEIN SEEDS DEVELOPMENT TRUST.....	68
9.1 Objectives and Future vision	68
9.1.1 The financing of information services	68
9.1.2 Future vision	68
9.2 Financial Matters	69
9.3 Research Projects	70
9.4 Bursary Scheme	71
10. POTATO INDUSTRY DEVELOPMENT TRUST	72
10.1 The Potato Industry	72
10.2 Transformation / Broad Based Black Economic Empowerment	73
10.2.1 Subsistence farming	73
10.2.2 Emerging Commercial Farmers (+ 2ha)	73
10.2.3 Black Economic Empowerment (BEE)	73
10.2.4 The Potato Academy (For Skills Development and Transfer).....	74
10.3 Legal matters	74
10.4 Finance Matters	75
10.4.1 Explanations for deviations.....	75
10.4.1 Trust Viability	76
10.4.2 Income Projections	77
11. SORGHUM TRUST	79
11.1 Transformation.....	79
11.2 Financial Matters	80
12. WOOL TRUST.....	81
12.1 Composition and Objectives.....	81
12.2 Transformation Achievements.....	83
12.3 Funds Allocation	84
13. WINTER CEREAL TRUST	85
13.1 Introduction	85
13.1 New Developments in 2008.....	86
13.2 Achievements	86
13.3 Funded Projects.....	87
13.4 Future vision and objectives of the Trust.....	88
13.5 Finance matters	89
14. ANNEXTURES	91
14.1 Annexure 1. Cotton Trust – Project Funding for beneficiaries	91
14.2 Annexure2: Deciduous Fruit Industry Development Trust Projects Funded	93
14.3 Annexure 3: Maize Trust Involvement in Developing Projects (July 2007/June 2008)	94
14.4 Annexure 4: Mohair Trust Financial Statement	96
14.5 Annexure 5 : Oil and Protein Seeds Development Trust (for the past 10 Years)	97
14.6 Annexure 6.: Summary of current projects & progress (PIDT	98
14.7 Annexure 8: Winter Cereal Trust Funded Projects.....	99
14.8 Annexure 8: Levy income statement (for the year ended 31 October 2008)	101
14.9 Annexure 9: Winter Cereal Trust Balance sheet (as at 31 October 2008).....	102

ABBREVIATIONS

AG	Auditor General
AGRI-BEE	Black Economic Empowerment in Agricultural Sector
ARC	Agricultural Research Council
BEE	Black Economic Empowerment
BBBEE	Broad Based Black Economic Empowerment
CIT	Citrus Industry Trust
CSI	Corporate Social Investment
CWSA	Cape Wools South Africa
DFB	Deciduous Fruit Board
DFIDT	Deciduous Fruit Industry Development Trust
DFPT	Deciduous Fruit Producers Trust
DAFF	Department of Agriculture Forestry and Fisheries
FY	Financial Year
ICAC	International Cotton Advisory Committee
MAP Act	Marketing of Agriculture Products Act, 1996
MGK	Magaliesburg Graan Korporasie
MIT	Meat Industry Trust
NAFU-SA	National Farmers Union of South Africa
NAMC	National Agricultural Marketing Council
NGO	Non Governmental Organisation
NLO	National Lurcene Organisation
NWGA	National Wool Growers Association
OPDT	Oil and Protein Seeds Development Trust
PDI	Previously Disadvantaged Individual
PFMA	Public Finance Management Act
PIDT	Potato Industry Development Trust
PSA	Potato South Africa
SAGL	South African Grain Laboratory
SAGIS	South African Grain Information Services
SARS	South African Revenue Services
SLA	Service Level Agreement
VAT	Value Added Tax
WCT	Winter Cereal Trust

EXECUTIVE SUMMARY

Before the deregulation most of the Schemes made provision that in the event of discontinuation of the relevant Scheme, any assets of the relevant Board shall be paid to persons who paid levies during the three years immediately preceding the date in which the relevant Scheme is discontinued. It is in this regard that various Schemes were amended to make provision for the establishment of various trusts. The establishment of trusts was regarded as an option to retain certain functions for the industry and to utilize the funds (levies) for the purposes it was collected for. The objective of the establishment of trusts was to ensure that, at the time of discontinuance of control boards, assets of such boards which administer the Schemes can still be utilised to serve the interest of the entire industry.

This report on Agricultural Trusts serves as the first report that NAMC compiled to advise the Minister of Agriculture, Forestry and Fisheries about the operations, challenges and progress made by Agricultural Trusts since the reporting has been handed over to NAMC by the Minister. The report has different sections that sort to inform the Minister of how these trusts were formed, the objectives of their formation and future roles envisaged. It introduces the Board of trustees and whom to they represent in the trust, changes in the financial positions, project funding and future plans. The report also indicate who the administrators of these trusts and who trustees representing the Minister in the board of trustees.

Some of the challenges experienced by NAMC (Agricultural Trust Desk) was to get the information from some of the trusts, which they associate with the lack of capacity to do so. The Trust Desk is engaging such trust in a way to assist in providing the information for future reporting. The term of office of different trustees has expired and the process is underway to get new trustees which their names will reflect in the next trusts report. Therefore the NAMC report on current status of Agricultural Trusts is hereby presented to the Minister of Agriculture, Forestry and Fisheries.

SECTION A: NAMC ROLE IN AGRICULTURAL TRUSTS

This section of the report deals with the strategic intent of the government in influencing the role of agricultural trusts for the sector. It emphasizes the importance of organized agriculture in promoting transformation. Further, it highlights the role that the government can play through NAMC and ministerial trustees.

1. Introduction

This document pertains to industry trusts and trust funds. Industry trusts feature on their own being the institutions entrusted with safeguarding and utilizing former statutory assets to the benefit of the whole industry. Furthermore, the Minister is represented on the trusts due to the origin of the trust assets.

This document does not pertain to statutory levies implemented in terms of the Marketing of Agricultural Products Act, 1996 (Act. No. 47). In an attempt to influence how the statutory levy funds should be spent, the NAMC adopted guidelines which indicate how statutory levies should be spent. The guidelines prescribed that a maximum of 10% of levies collected should be used for administrative purposes, that approximately 20% of levy income should be used for transformation purposes and the remaining 70% be used for activities such as research and information dissemination. In some cases, industry trusts also administer statutory levies.

1.1 Establishment of trusts: Purpose

In the early nineties, before deregulation, most of the Schemes made provision that in the event of the discontinuation of the relevant Scheme, any assets of the relevant Board shall be paid to persons who paid levies during the period of three years immediately preceding the date in which the relevant Scheme is discontinued. In other words, the provision was that producers should have had received the surplus funds of the former control boards. The Boards, however, decided that it would be difficult or even impossible to implement this section and that it also cannot be executed on an equitable basis, and that the funds should rather be transferred to a Trust. This section in the relevant Schemes was amended with the approval by the Minister.

The former NAMC regarded the distribution of net assets amongst producers at the dissolution of the schemes not necessarily to the best interest for the relevant industry. That would destroy the financial basis which could prevent that certain important functions could be continued for the benefit of the total industry.

The Meat Scheme was the first scheme which was amended to make provision for the establishment of one or more trusts in the event of the discontinuance of the Scheme. The Cotton and Wool Boards followed and later on the other Boards amended their Schemes with the approval of the Minister, to make provision for trusts in the event of discontinuance of the Schemes. The establishment of trusts was regarded as an option to retain certain functions for the industry and to utilize the funds (levies) for the purpose it was collected for. The establishment of trusts also prevented that those funds, which were collected over a number of years, be distributed amongst individual producers who paid levies for three years prior to the termination of a scheme.

The objective of the establishment of trusts was to ensure that, at the time of the discontinuance of control boards, assets of such boards which administer the schemes can still be utilized to serve the interest of the entire industry concerned. The funds of the boards have been built up over a number of years. The purpose in the event of establishing a trust is to look after the interest of the broader industry in the long term and to ensure a mechanism is in place to support amongst others the collection and dissemination of information, the financing of research and development. At that time the formation of trusts also supported the Government's objective of privatisation.

1.2 Deregulation of agricultural marketing Schemes

Various agricultural Schemes came into operation since the 1930s and covered the production and marketing of agricultural products by South African producers and persons dealing in those products. The main purpose of these Schemes was to protect the primary producers from excessive price fluctuations in order to ensure their long term economic survival. The various agricultural boards administered the relevant Schemes for the different commodities. The Schemes specified amongst other issues the composition of the boards, finances of the board, and the regulation of various marketing issues such as imports and exports, levies, pools, price determination, etc. The Boards administered statutory levies that were used to fund all functions and Board activities. Essential functions performed by Boards were information, grading, quality standards, training, research and inspection services.

During the 1980s large subsidies were paid to farmers in the form of drought aid and other disaster payments. Apart from the subsidies to individual farmers, government also paid large amounts to the Maize Board to finance handling and storage costs in order to keep the selling price of maize as low as possible. Apart from the subsidization of the Maize Board's handling cost, the government at that time was also responsible for payment of the Maize Board's export losses. During the period 1980/81 until 1986/87 government paid R395.1 million to the Maize Board to finance these export losses.

The number of control boards involved in the marketing of agricultural commodities in South Africa was reduced from 21 in 1993 to 14 in 1997. The 1996 Marketing of Agricultural Products Act (Act. No. 47) was compiled following widespread negotiations among all directly affected groups in agricultural marketing. This Act came into operation on 06 January 1997.

Section 27(2) of the MAP Act stipulates that schemes established under the Marketing Act, 1968, shall be valid for a period of one year after the first meeting of the NAMC (06 January 1997) or until it is repealed by the Minister, whichever occurs first.

Subsequently, all the boards submitted Business Plans in terms of Section 26(1) of the MAP Act, to the NAMC for ministerial approval, with detail on new industry structures within which the activities of the various industries would be performed after the revocation of the Schemes. These structures (Trusts, Section 21 Companies and Forums) were negotiated by all directly affected groups in the particular industry. All role-players in the relevant industry were represented in consultative bodies, such as Forums and Working Groups. Various meetings were held to clarify the views of the industry on important issues and to make recommendations to the Boards. Business Plans were drawn up with the full participation of all industry role-players. The NAMC has played a facilitating role throughout these processes. The NAMC was satisfied that all role-players were properly consulted and that consensus has been reached on the Business Plans submitted.

After thorough consultation, the NAMC submitted the Business Plans to the Minister for approval. The formation of trusts, objectives of trusts and representation on trusts as well as any transfer of Boards' funds to trusts were subject to the minister's approval. Trusts' deeds were therefore also submitted to the Minister. The Minister of Agriculture approved every transfer of funds to the trusts before any Board could discontinue and before any Scheme lapsed.

As the funding of research became more and more problematic as the Government's contribution was on a sliding scale, all the industries viewed research as one of the most important functions that need to be continued and would be financed by the trusts. Furthermore, section 10(1)(B) of the Income Tax Act stipulates that any trust is exempted from Income Tax if the sole or principle object of such trust is to conduct or promote scientific, technical or industrial research. All trusts applied for exemption from Income Tax as all of them had the objective of funding research. Since 1997 the trusts made contributions to the ARC and other beneficiaries such as CSIR, Universities and NGO's.

Another essential function that had to be continued after deregulation was information collection and dissemination. Timely information is essential in order to survive in a free market system. With the

demise of the boards, Section 21 companies such as the South African Grain Information Service (SAGIS) were established, funded by the grain trusts, to continue information functions.

Trusts also have other objectives, such as to finance and nurture marketing skills, to finance promotion, to finance mechanisms for the social development and welfare of all directly affected groups including labour, to promote the aims of the particular industry by providing financial aid, to co-ordinate contact between producers, trade, consumers and government institutions, to finance the promotion and maintenance of quality standards, etc.

1.3 Trust Property Control Act, 1988 (Act No 57 of 1988)

All trusts were formed in accordance with the Trust Property Control Act. In this Act a trust means the arrangement through which the ownership in property of one person is by virtue of a trust instrument made over or bequeathed to another person, the trustee, to be administered or disposed of according to the provisions of the trust instrument for the benefit of the person or class of persons designated in the trust instrument or for the achievement of the object stated in the trust instrument, etc.

There are five different types of Industry Trusts, namely:

Type of Trust	Example
Trusts established before deregulation	Dry Bean Trust
Trusts established as a result of deregulation that inherited former control boards' assets	Citrus Industry Trust, Cotton Trust, Deciduous Fruit Industry Development Trust, Lucerne Seed Industry Trust, Maize Trust, Red Meat Industry Trust, Red Meat Research Trust, Mohair Trust, Oil and Protein Seeds Development Trust, Sorghum Trust, Winter Cereal Trust, and Wool Trust
Trusts that inherited assets and also administer statutory levies	Sorghum Trust and Winter Cereal Trust
Trusts formed after deregulation with other sources of income	SA Wine Industry Trust, and Wool Trust International
Trusts formed after deregulation with the purpose of administering statutory levies	Potato Industry Trust

The provisions of trust deeds are aligned with the objectives of the MAP Act. The deeds of the agricultural industry trusts make provision for industry representation and ministerial representation, some of which are 50%. In the case of Cotton, Lucerne, Oilseeds, Sorghum, Wool and Mohair Trusts only one trustee represents the Minister.

Most of the ministerial trustees appointed by the Minister on the various industry trusts are not NAMC members. This situation makes it difficult for the NAMC to get information and reports on trust meetings held, that need to be reported to the Minister on a regular basis. The NAMC is continuously reminding the relevant trustees to report regularly to the Minister via the NAMC.

1.4 NAMC Guidelines

In 1997 the former Marketing Council adopted “Guidelines on relationships between the Minister, the NAMC, Trusts and Industry Organizations” (Annexure 1). This document stated that trusts feature on their own being the institutions entrusted with safeguarding and utilizing former statutory assets to the benefit of the whole industry. Furthermore, the Minister should be represented on the trusts due to the origin of the trust assets. The NAMC if represented on a trust would serve in this capacity and not in its Marketing Act guide. The NAMC may request observer status if the activities of the trust are such that it impacts on the functions and objectives of the NAMC and the MAP Act.

Trusts should be discretionary in the sense that benefits must not be earmarked for a particular institution/body but that anybody complying with the objectives should be able to benefit there from. The objectives of the trusts should primarily be funded through income and not through capital. Capital of the trusts would initially consist of funds and assets transferred from Boards. Objectives should be wide enough to benefit the industry as a whole or anybody involved in the industry.

1.5 Agricultural Trust Desk

On 18 April 2008, the NAMC received a mandate from the Minister of Agriculture to manage the reporting process between the Minister and ministerial trustees. The meeting scheduled with the ministerial trustees of the various industry trusts was to convey the important role that the ministerial trustees have in agriculture, to improve the process of communication and to improve the ministerial trustees knowledge and understanding of the Minister’s expectations.

On 24 June 2008 the NAMC held a meeting with ministerial trustees. The purpose of meeting was to investigate a plan on how the above mandate can be properly and effectively achieved. Key decisions were taken and required actions were mapped-out. This communiqué is one of the results

of that meeting. The NAMC is committed to ensure that ministerial mandate is fully implemented and the desired objectives are achieved.

Further to the above, the NAMC has recently established a dedicated desk (Agricultural Trusts Desk) whose main purpose will be to service ministerial trustees on behalf of the minister. Senior Manager: Agricultural Trusts has been appointed to manage this desk as of the 1st September 2008. He will be the contact person on behalf of the NAMC from now on. He will also be working closely with the ministerial trustees and trust administrators, mainly to improve and manage communication between the trusts and the Minister.

NAMC has identified a need to assist ministerial trustees in performing their duties, as required by the Minister, in the various trusts. We are convinced that with proper support, trustees can effectively contribute in promoting the objectives of the trusts, including transformation. Furthermore, we have taken the decision to draw a Service Level Agreement (SLA) between the NAMC and Trustees.

The SLA has been drawn to formalize the nature of the relationship between the trustees and the NAMC. The SLA also clarifies the relationship amongst the Minister of Department of Agriculture, Forestry and Fisheries (DAFF), NAMC and ministerial trustees. DAFF has taken a strategic decision to effectively employ the agricultural trusts in achieving the desired transformation in agriculture. All ministerial trustees have been requested to sign the SLA as an indication of their commitment to the trusts.

The NAMC strongly believes that all the above can be better achieved through collaboration with the trust management team (secretary / administrators). The Senior Manager of Agricultural trusts will be working closely with the trusts on a supporting role for the ministerial trustee. In general the trusts have expressed some appreciation of the intended purpose of the Trust Desk as it is seen to improve communication between the ministerial trustees and the Ministry of Agriculture through the NAMC. We believe that through this initiative, the trusts will benefit in terms of engaging with the government on business matters.

2. SLA Summary

The roles and responsibilities for each party in this agreement were clarified and communicated to all the parties involved. A formal communiqué was also sent to the various trusts management structures as a courtesy. Below is a brief summary of the SLA highlighting each party's key roles and responsibilities.

2.1 Obligations of the Council

The Council shall be obliged as follows:

- Will coordinate and manage the communication process between the ministerial trustees and Minister;
- Will arrange the annual meeting between the Minister and ministerial Trustees;
- Will communicate the Ministers' expectations to the ministerial Trustees as and when necessary;
- Will re-visit all DAFF industry strategic plans and NAMC Section 7 Committee reports in order to indicate those recommendations to trustees that industry and Government are supposed to implement;
- Will establish a dedicated desk at the NAMC to service ministerial Trustees;
- Reports to the Minister twice a year on the activities of the trusts; and
- Will request trusts to consider the amendment of their trust deeds to make provision for a 50% ministerial representation.

2.2 Obligation of the trust

The Trustee shall be obliged to:

- Ensure that the Trust meeting agenda and relevant documentation is sent to the NAMC before each meeting;
- Communicate through the NAMC with Minister on Trust issues and get the Minister's mandate on strategic decisions;
- Ensure that the Trusts support the objectives of the MAP Act;
- Report on meetings to the NAMC who then reports to the Minister;
- Should submit their annual audited financial statements to the NAMC; and
- Should promote the recommendations of the relevant Section 7 Committee and other NAMC reports should encourage the Trust to draft a Business Plan if necessary;

3. Current Appointments

The Trust Desk has embarked on a drive to communicate with trustees on a regular basis regarding their roles, especially meeting attendances and reporting back to the NAMC. This drive is aimed at "kick starting" the communication campaign. This process revealed that some trustees were not

sure about the validity of their term as some have left the public sector to private sector. The trust desk has encouraged such trustees to continue with their participation in the trusts as there is no communication w.r.t terminating their trusteeship.

Table 3.0 Ministerial Trustees Appointments

TRUST	ADMINISTRATOR	MINISTERIAL TRUSTEES	Min	Date of Appointment	End of Term Date
Citrus Trust	Ms Elsa Taylor	Dr E Brock <i>(has resigned : need replacement)</i> Mr. V Jensen Mr MG Rathogwa	3 out of 6	<i>Indefinite, but a yearly rotation on retirement after 3 years</i>	
Cotton Industry Trust	Mr Hennie Bruwer	Mr Ronald Ramabulana	1 out of 6	<i>Approved Sept 2006 (3 years)</i>	<i>To end in Sept 2009</i>
Deciduous Fruit Industry Development Trust	Mr Anton Rabe	Mr T. Abrahams Ms Joyene Isaacs Mr Mxolisi Poto Ms Mahordi Mopedi	4 out of 8	Approved 14 July 2008 for a new four year term	end July 2012
Lucerne Seed Research and Development Trust	Mr Derrick Engelbrecht	Ms Lumka Witbooi	1 out of 4	Approved on 14 Jul 2008 for the term of three years	July 2011
Maize Trust	Mr Leon du Plessis	Mr JK Peele; Mr WM Ngxekana; and Ms L Thahane	3 out of 6	<i>Approved on 28 March 2007 for the next term of two years .</i>	<i>2 April 2009</i>
Meat Industry Trust	Mrs Alet du Plessis	Dr S Cornelius Ms Lumka Witbooi Ms V Penxa	3 out of 6	<i>(three years)</i> 8 July 2008 20 November 2008 8 July 2008	<i>31 December 2010</i>
Mohair Trust	Mr D Saayman	Ms Sarah Louw	1 out of 7	<i>(4 years)</i> 19 November 2008	<i>30 June 2012</i>
Oil and Protein Seeds Development Trust	Mr Gerhard Keun	Mr Derick Montshwe	1 out of 7	<i>(3 years)</i> Appointed on 15/01/2009	<i>September 2011</i>
Potato Industry Development Trust	Mr Gawie Geyer	Mr Joe Gondo	1 out of 5	<i>(3 years)</i> Appointed on 20/2/2007	<i>Feb 2010</i>
Sorghum Trust	Leon du Plessis	Mr Z Duze	1 out of 6	<i>(3 years)</i> Appointed on 17/7/05	<i>1 Oct 08</i>
Winter Cereal Trust	Mr Awie Coetzee	Mr K Gaoraelwe Mr Billy Morokolo Dr J le Roux Mr M Jonase Dr PE Lukhele-Olorunju Mr Maseli Augustinus Letuka	6 out of 12	Appointed March 2006 (3 years)	March 2009
SA Wine Industry Trust	Mr. Charles Erasmus	Mr G Pieterse Ms N Mjeketo Mr M Nkuhlu Dr T Ndlovu Mr J Ntshangase Mr EG Platter 1 vacant	7 out of 13	<i>Rotating annually for a cycle of 3 years</i>	
Wool Trust	Mr André van de Venter	Ms CN Molo	1 out of 7	<i>(3 years)</i> 6 November 2007	<i>30 June 2010</i>

SUMMARY OF THE FINANCIAL STATUS OF INDUSTRY TRUSTS

TRUST	DATE ESTABLISHED	TOTAL INHERITED ASSETS (transferred from former Boards) R	CURRENT VALUE OF ASSETS R	Fixed assets (as part of value of assets) R	EXPENDITURE (recent financial year)		FINANCIAL YEAR END
					Admin and other R	Payment to beneficiaries R	
Citrus Trust	February 1999	16 689 489	14 817 369	-	65 531	1 177 914	Feb 2007
Cotton Trust	September 1997	8 289 880	7 452 016	5 809 866	661 402	700 031	Sept 2007
Deciduous Fruit Industry Development Trust	August 1998	13 692 000	16 355 291	-	30 747	450 450	Dec 07
Lucerne Seed Industry Trust	August 1997	2 952 398	2 030 961	219 346	77 559	-	Aug 2007
Maize Trust	August 2000	264 128 772	861 735 916	-	1 516 282	66 333 330	June 2007
Meat Industry Trust	May 1998	44 363 570	36 725 696	-	298 645	400 000	Sept 2007
Red Meat Research & Development Trust	May 1998	15 000 000	32 167 873	-	202 591		Sept 2007
Mohair Trust	September 1997	101 391 436	195 971 265	9 652	622 281	6 000 000	Feb 2007
Oil and Protein Seeds Development Trust	October 1997	74 086 064	177 398 575	-	5 764 904	2 583 789	Feb 2007
<i>Sorghum Trust</i> *	February 1999	6 554 135	9 134 052	-	165 459	923 750	Feb 2007
<i>Winter Cereal Trust</i> *	November 1997	11 239 713	50 378 426	-	1 445 871	26 285 169	Oct 2007
Wool Trust	August 1997	87 625 322	204 755 000	15,829 238	7 546 000	9 847 000	Feb 2007
International Wool Trust	September 2003	IWS (Wool Trade Mark)	18 698 481		-		June 2007
<i>Potato Industry Development Trust</i> *	September 2004	0	10 321 758	-	2 206 210	16 685 207	June 2007
Dry Bean Trust **	October 1993	6 145 000	** 6 145 000	-			** Oct 2006
Wine Industry Trust **	December 1998	369 000 000 Transfer from KWV from 1999 - 2008	170 000 000	-			** Oct 2006

♣ *These Trusts administer statutory levies*
 ** More recent information not available

Table 3.1: Trustee's term expiring this year (2009)

Trust	Expiry Date	Proposed Date to Commence Appointment Process
Cotton Trust	30 September 2009	July 2009

The above trust/s have been advised to start the process of appointing the new trustees to avoid the inconvenience of waiting too long for the approval. The early application will prevent the chronic situation whereby the trusts operate without ministerial trustees because they are waiting for the Minister to approve the recommended trustees.

The NAMC has taken a position where they encourage the trusts to be proactive in the appointment process by engaging the pertinent industry stakeholders for potential candidates.

4. Capacity Building for Trustees

The Agricultural Trust Division will be embarking on drive to capacitate all trustees in 2009. This drive is aimed introducing trustees to good trusteeship practices in order to enable all trustees to be effective in their dealing with the trusts.

4.1 Orientation

We are convinced that whenever a trustee is appointed, there needs to be an introduction programme that will educate the appointee about the pertinent sector/industry dynamics. This initiative will enable the trustee to engage in the trusts deliberations in an informed manner.

4.2 Governance Programme

Good governance calls for an organization to thrive by achieving enterprise with prudence through the wisdom and good judgment of its leadership and the involvement of its people. This programme is designed to significantly enhance the capabilities and awareness of experienced trustees , newly appointed executive and non-executive directors and senior management working closely with the boards of trusts as well as public entities, NGO's and 'not for profit' companies. Training will involve a number of disciplines especially the following:

- Role & appointment of trustees
- Administration of a trust
- Corporate Governance
- Financial Education

Once the trustees have gone through the above [Orientation and Governance] programmes, they will be in a much better position to carry out their expected duties. This proposal will be done in collaboration with the various trusts and the NAMC. The general sentiment is that all trustees, whether ministerial or not, will benefit from this initiative.

5. Legal Opinion

This section of the report aims to give some indication about the possible influence that government can have in the trusts that were formed as a result of the MAP Act of 1997, formerly known as control boards. NAMC has embarked on a formal consultative exercise with a legal firm to investigate the options that government can have in influencing the strategic direction of agricultural trusts.

Preliminary discussion suggests that the process of forming agricultural trusts was flawed in a number of ways. The implications of the trust deeds, in general, have made the trusts “autonomous” from the Minister’s jurisdiction. This aspect of autonomy has made it difficult for the Minister to use the trust funds in implementing industry transformation.

5.1 Termination of the Lucerne Seed Industry and Development Trust

On the 23rd of September 2008 a meeting was held by the Lucerne Trustees and after careful consideration of the 2007/2008 financial statements the Trustees unanimously decided:

- To terminate the trust as of the 31st August 2008.
- That all remaining funds and assets of the Trust be transferred to the NLO and that the NAMC be invited to attend NLO meetings in the future.

Management was tasked to commission the Trusts Attorneys Matthias @ Van Tonder to file the necessary papers to the Master of the Supreme Court and to draw up the necessary resolution to be signed by all the Trustees.

5.2 NAMC Response:

In response the NAMC held a meeting with trust management team on 12 December 2008, where the NAMC re-iterated its position on the matter as follows:

- The Lucerne Trust must not be terminated as proposed by the Board of Trustees
- The NAMC has committed to provide the necessary support for the trust.

The NAMC emphasised that the Lucerne Industry is strategic to the agricultural sector as it provides crucial support to the livestock industry. Due to this fact, government is convinced that the growth of the Lucerne Industry will contribute significantly in broadening participation of black farmers and entrepreneurs in this industry (Transformation).

In order for the NAMC to resume the process of support provision, we need the following from the trust:

1. An indication that the Trust has decided to halt the process of closing the trust.
2. A new business plan for the next 3 years.
3. A Strategic Plan for the next 3 years.
4. A Lucerne Industry transformation plan with tangible achievements.

The NAMC's Senior Manager of Agricultural Trusts, will work in collaboration with the management team to facilitate the provision of the identified requirements. This process will inform the NAMC on how to support the industry and facilitate a continuous engagement between the two organizations. The trust has since acknowledged receipt of the NAMC's commitment for support. Progress will be monitored and Council will be updated accordingly.

The NAMC, on request by the Lucerne Trust, has appointed a suitable service provider (Business Development Consultant) to assist the trust in fulfilling their requirements. The consultant was instructed to develop a business plan and a transformation plan, outlining the financial extent of support required by the trust to operate in a sustainable manner. Consultative meetings have been held between the consultant and the trust to provide the necessary information for the reports. Progress of the this exercise is being supervised and managed by NAMC and should be completed by end of November 2009.

6. Projects Funding

The information below has been submitted by the trusts following the council's report in December 2008. Some trusts were not in a position to fulfill the request due to the holiday season.

Table 6 : Summary for Trusts Expenditure for the past 10 years [1997 – 2007]

FUNCTIONS	COTTON	WOOL	RED MEAT	WINTER CEREAL	MAIZE	SORGHUM	MOHAIR	OIL AND PROTEIN	TOTAL
Research	1,965,626	87,969,482	0	169,473,057	35,637,130	5,970,831	0	21,796,760	322,812,886
Research and Transformation	0	0	15,102,135	0	168,794,502	0	0	0	183,896,637
Research and Information	0	0	0	155,666	0	0	0	0	155,666
Research, Info & Transformation	0	0	0	0	0	0	0	2,931,159	2,931,159
Transformation	176,609	0	0	1,207,869	13,449,193	1,324,870	0	640,214	16,798,755
Information	205,087	0	0	12,852,961	33,198,272	1,730,535	0	6,826,091	54,812,946
Promotion	64,380	0	51,323,987	0	11,754,768	0	0	0	63,143,135
Market Access	0	0	0	0	673,260	0	0	0	673,260
Capacity Building	0	0	0	0	1,052,404	0	0	0	1,052,404
Other	5,834,643	0	0	0	0	0	51,016,885	1,296,595	58,148,123
TOTAL	8,246,345	87,969,482	66,426,122	183,689,553	264,559,529	9,026,236	51,016,885	33,490,819	704,424,971

There has been some inconsistencies in terms of reporting on the expenditure by the various trusts. Some trusts will combine the funding of “Research & Information”, “Research & Transformation”, “Research, Information and Transformation”. However, these functions/expenditures are reported separately by other trusts.

Global Economic Downturn

Most of the trusts have, since their inception, invested their initial capital in the stock market. In the past years the stock market has performed very well yielding returns above inflation. This has resulted in higher revenues for trusts and enabling them to increase sponsorships for projects.

However, last year (2008), the global markets experience tough times (international markets crushed) and the South African stock market was adversely affected. Many fund managers have lost significant returns and even capital. This phenomenon has directly affected the financial position of the trusts in varying extents. Some the trusts have taken the initiative to advise beneficiaries that funding for this year’s projects will be reduced or not increased.

7. Tax Matters for Trusts

The following is one of the tax proposals in the Minister of Finance’s Budget:

Agricultural trusts: Agricultural boards under the indirect auspices of the Department of Agriculture, Forestry and Fisheries have long been exempt as indirectly controlled government parastatals. Few years ago, these boards were converted into trusts pursuant to a legislative mandate that narrowed their authority, while the Department of Agriculture continued to retain control over certain trustee positions, trustee rules amendments and certain cash-flows (e.g. levies). The purpose of these trusts is to promote South African agriculture in the areas of research, training, and support for land reform and in other areas. Despite their conversion into trusts, the underlying activities should largely retain their exemption, with possible legislative amendments required to achieve this objective.

Legislatively it is still not clear how the Agricultural Trusts’ exemption would be achieved. It might be only by way of one or two amendments in the 9th Schedule of the Income Tax Act or a stand-alone activity in the Schedule. Both of these can be achieved by way of an amendment of a Bill or a regulation per Gazette.

If the Bill route is decided upon the amendment can be affected either during the first set of amendments which follows the Budget (which contain the new tax rates and a few urgent amendments) or the second set which comes out at the end of the year (which has the substantial

amendments).

If the regulation route is decided upon it can be issued anytime during the course of the year. Whichever route is decided upon it will first be in draft, upon which affected parties would be able to comment, after which it would be promulgated. The effective date of the relevant amendment is very much important as it could effectively leave the trusts in a bit of a no-man's land.

As a way forward, the various trusts administration structures have agreed to the following:

1. Thank Treasury and SARS for the proposal in the Budget,
2. Enquire how and when they plan to amend the Income Tax Act, and
3. To enquire from SARS if the pending exemptions can be issued in the meantime.

SECTION B: TRUSTS; GENERAL INFORMATION

1. Introduction

This section of the report deals with the establishment and history of the trusts. The aim is to inform the Minister about why a certain trust exists, co-founders, objectives and future roles envisaged for it.

Some focus will be given to management and administrative structure of the trust, citing on how the trustees are chosen. Names of all the trustees have been mentioned and the roles they in the trust where applicable.

2. Citrus Trust

2.1 Background of the Trust

The Citrus Industry Trust was registered on 4 March 1999 (Registration number IT1932/99).

2.2 The Objectives

The objectives of the trust are aimed at the enhancement of the viability to the South African citrus industry and specifically -

- the financing of basic and applied research relating to the production and marketing of citrus;
- to promote and finance training programs and the obtaining of skills in the citrus industry with particular regard to making the industry representative of the South African society;
- to grant bursaries or financial aid to persons in the furtherance of their studies relating to the citrus industry;
- to finance the collection and dissemination of marketing and other information relevant to the citrus industry;
- to finance and nurture marketing skills in the citrus industry;
- to finance the promotion of the citrus industry in a national context, especially overseas;
- to finance mechanisms for the social development and welfare of all directly affected groups in the citrus industry, including labour;
- to finance any organization or institution which has as its aims one or more of the above objectives;
- in general, to promote the aims of the citrus industry by providing financial aid.

2.3 Composition of the Trust

Currently, the following persons are appointed as Trustees on the Citrus Industry Trust:

Ministerial representatives

Mr Godfrey Rathogwa (chairperson)

Ms Noluthando Mbiliase

Mr Valdy Jensen (who resigned), the NAMC has submitted 4 names to the minister for nomination as a replacement.

Mr Clyde Niven

Citrus exporters representative

Mr Charles van Veijeren

Commercial producers representative

Mr Peter Rammutla;

Emerging producers representative

The Trust Deed gives the Minister and the other nominating Organisations powers to nominate replacing Trustees in the case of any vacancy on the Board of Trustees. The term of office on the CIT is indefinite, but a yearly rotation on retirement after the first 3 years of registration.

A request for information was sent in March 2009 but the trust is unable to furnish the requested information as yet. We hope to receive the information before the next report in due. Such information will be incorporated to the next report for the benefit of the ministry and the NAMC.

3. Cotton Trust

3.1 Background of the Trust

Following the compulsory dissolution of the statutory body, the South African Cotton Board, at the end of 1997 in terms of the Marketing of Agricultural Products Act, 1996, all its assets, i.e. the Cotton Board Building and contents were transferred to the newly established Cotton SA Trust. All role players in the cotton industry also decided to form a separate non-profit seeking company, namely Cotton SA in order to continue the following essential functions:

- The collection, processing and dissemination of reliable production and market information;
- production, product and market research;
- the co-ordination of research and technology transfer;
- promotion of production and consumption of cotton;

- the establishment and maintenance of quality standards and norms;
- the provision of training for the above;
- liaison with local and international governments, organizations and interested groups;
- promotion of co-operation between producers, buyers and processors;
- to act as forum for the directly affected groups to debate and find consensus on various cotton industry matters;
- to collect and administer the statutory levy to advance the objectives of the Act and the industry;
- to execute industry functions which relate to tariffication, minimum market access, international trade agreements and other matters of concern;
- to assist the industry in the development of mechanisms to promote orderly marketing and marketing access for all; and
- to facilitate the development of the emerging cotton sector.

3.2 The Trust Objectives

The main objectives of the Cotton SA Trust as per the Trust Deed can be summarized as follows:

- the financing of the stimulation and promotion of cotton production, demand and consumption;
- the financing of the stimulation and promotion of research;
- the financing of the provision, distribution and dissemination of information; and

the rendering of assistance by means of a grant or loan or any other manner to any person or institution established to promote any branch of the agricultural industry which relates to cotton which has similar objectives as the Cotton SA Trust.

The Cotton SA Trust basically has only one main asset, namely the Cotton SA Building, established by the former Cotton Board from cotton farmer levies. Rental income from the leasing of office space in the building is therefore its main source of income.

The Cotton SA Trust has no personnel and therefore conducts no activities or projects as such except to provide funding to beneficiaries, Cotton SA being the main beneficiary. Cotton SA should be seen as the executive arm of the Cotton SA Trust as its objectives are the same as that of the Trust in the end. The Trust's income should be regarded as an extension of the Cotton SA statutory levy, in other words to supplement the levy, which would have been higher in the absence of any trust income. Cotton SA's objectives, achievements and activities therefore form further part of this report.

3.3 Composition of the Trust

The Cotton SA Trust is administered by six trustees representing the producers of seed cotton (3), cotton ginners (1), cotton spinners (1) and the Minister of Agriculture.

In terms of the Deed of the Cotton SA Trust, the Trustees shall at all time consist of 6 members of whom:

- 3 shall represent Producers of Seed Cotton;
- 1 shall represent Ginners;
- 1 shall represent Spinners; and
- 1 shall represent the Minister

Current trustees:

Messrs P Potgieter (chairman)	Cotton farmer
T J Buthelezi	Cotton farmer
W G van der Walt	Cotton farmer
M Maree	Cotton ginner
D Duncan	Cotton spinner
T R Ramabulana	Ministerial representative

New Proposed Nominations:

The various representative industry organizations are requested to nominate new trustees when current trustees' terms expire. In the case of the ministerial representative, the NAMC is approached for the nomination of a new trustee.

4. Deciduous Fruit Industry Development Trust

4.1 Background of the Trust

With the amendment of the Marketing Act, which gave rise to the closing down of various control boards, in this case the Deciduous Fruit Board (DFB) in 1997, the assets in the DFB was placed in the DFIDT.

The Trust has been created on 17 (Seventeen) March 1999 by the execution of a deed of trust amongst The Deciduous Fruit Board and The Minister of Agriculture on the one side as the Founders. Subsequent to the appointment of the afore-mentioned Trustees, the Board of Trustees has been reconstituted on the basis set out in the constitution.

The Founders have created a trust for the benefit of the Beneficiaries. ("**Beneficiary**" means any person and/or group of persons and/or legal entity appointed as an income beneficiary by the Trustees under this Deed from the Directly Affected Group;). ("**Directly Affected Group**" means any group of persons and/or legal entities which are party to the production, export, sale, purchase or processing of Deciduous Fruit in South Africa and includes labour (both seasonal and permanent) employed in the production or processing of such product, as intended in the Marketing of Agricultural Products Act No. 47 of 1996);

The Deciduous Fruit Board, acting in terms of the Deciduous Fruit Scheme established under the Marketing Act, 1968 (No 59 of 1968), was obliged to establish a Trust for the benefit of the Deciduous Fruit Industry in terms of the Marketing of Agricultural Products Act, 1996. The Minister of Agriculture, acting in terms of Section 26 of the Marketing of Agricultural Products Act (No. 47 of 1996), read in conjunction with the Deciduous Fruit Scheme, had to approve the establishment of the said Trust.

Therefore, to achieve the afore-mentioned objectives, the Founders have settled upon the Trustees, who in turn have agreed to receive in trust from the Founders, an initial amount of R100,00 (ONE HUNDRED RAND), which amount has been and is still held in trust by the Trustees, together with the additional cash amounts and other assets acquired or which in future may be settled on them as Trustees with a view to benefiting the Beneficiaries hereinafter named and also any other assets and benefits of every description which may be acquired by the Trustees in accordance with this Deed.

4.2 The Objectives

The objectives of the Development Fund are to benefit, either directly or indirectly, beneficiaries that have been previously disadvantaged. It is important to understand that Trustees cannot alter the objectives of the Trust; they can only amend the priority of funding. The objectives of the Trust as contained in Trust deed are as follows:

- To fund the development, upliftment and promotion of Beneficiaries, with particular emphasis on the transformation, exposure and upliftment of previously disadvantaged individuals and communities, focusing amongst other things on training, mentoring, and providing information;
- To provide assistance to Beneficiaries with the entry into and participation in the Industry by members of previously disadvantaged communities;

- To identify and recruit suitable candidates from within the ranks of the Beneficiaries for training and advancement in the Deciduous Fruit Industry in South Africa, with particular emphasis on the transformation and upliftment of previously disadvantaged individuals and communities that qualify as Beneficiaries;
- To liaise with Provincial Ministers, the National Minister of Agriculture, Departments of Agriculture, National Agricultural Marketing Council, and other interest groups in the Deciduous Fruit Industry with a view to collaborating on a development and training policy so as to promote training and development of the Beneficiaries;
- To facilitate and fund market research and the generic promotion of the Deciduous Fruit Industry for the benefit of the Beneficiaries.

4.3 Composition of the Trust

Trustees will at all times consist of 6 (six) members of whom :

Four (4) shall be appointed by the Minister of Agriculture;

Two (2) shall be appointed by the Deciduous Fruit Producer's Trust, Registration No. IT 3856/97 ("DFPT").

The Minister and DFPT shall endeavour to follow a transparent public process in appointing their respective Trustees

The term of office of a Trustee shall be 3 (three) years.

There shall be no limitation on the number of terms that a Trustee may be re-elected.

The Minister shall be entitled to remove any Trustee and to fill any vacancies, from the ranks of the trustees appointed by her. The appointment and removal of the Trustees shall be by written notice to the Trust and Trustee, detailing the reason for removal.

DFPT shall be entitled to remove any Trustee and to fill any vacancies, from the ranks of the Trustees appointed by it. The appointment and removal of the Trustees shall be by written notice to the Trust and Trustee, detailing the reason for removal.

A new Board of Trustees was appointed recently for a 3 year period to 31 July 2011. They held their first meeting on 28 September 2008. On 14 July 2008 the Minister of Agriculture and Land Affairs appointed the following 4 persons as ministerial representatives on the Board of the DFIDT for a 3 year term until 31 July 2011:

1. Mr Mxoli Poto (Vice Chairperson)
2. Ms Mahadi Mopeli
3. Ms Joyene Isaacs

4. Mr Trevor Abrahams

On 29 July 2008 the DFPT Board appointed the following 2 persons as representatives on the DFIDT Board of Trustees for a 3 year term until 31 July 2011:

Mr Nicholas Dicey (Chairperson)

Ms Elza Jordaan

Above mentioned will also serve as the DFIDT Executive Committee; in conjunction with the secretariat (messrs van Zyl and Rabe). The Service Level Agreement document, provided by the NAMC, for the ministerial trustees to sign between themselves and the NAMC has been finalized.

The DFPT provides secretarial and financial administration services to the Trust at a nominal fee. The Deciduous Fruit Producers' Trust, as an umbrella producer organization, was contracted by the DFIDT to assist them with their secretarial and administrative functions (subjected to the Service Level Agreement between the 2 parties). Trustees approved the continuation of this arrangement at an all inclusive fee of R33,000 for the new financial year.

5. Lucerne Seed Research and Development Trust

5.1 Background of the Trust

Deregulation in the Lucerne industry started in 1994 with the replacement of the single channel marketing scheme for Lucerne seed with a Surplus Removal Scheme. In 1996 the Lucerne Seed Board and Scheme were abolished.

Since 1994 prices for Lucerne seed were determined by market forces and negotiated individually between producers and seed cleaners or dealers. Although price information is not available, role players agreed that there were no serious price fluctuations since deregulation. The abolishment of the surplus removal scheme did not have a serious impact on the market, as in most years demand equaled production of seed.

The former Lucerne Seed Board's functions were taken over by the National Lucerne Organisation (NLO), a Section 21 Company, established for the purpose of assuring the sustainable production of lucerne by means of innovating and cost-effective marketing. The mission of the NLO is to stabilize and grow the lucerne industry by providing sound marketing principles, practical services, and distributing meaningful information for lucerne producers, traders and end users.

The hay industry is however not organised and therefore attempts were made by the NLO during the past two years to incorporate the hay industry in its structures. Statutory measures were implemented in the beginning of 2004 to compel parties to register with the NLO and to keep records and submit returns for the purpose of collecting information. Little success was achieved by this as the industry is reluctant to register as they would be required to pay the voluntary levies to the NLO. The industry is further not convinced that they will receive benefits and opportunities in having accurate and reliable market information.

Membership to the NLO is free and consists of 263 producer members for seed and 127 producer members for hay, 2 co-operatives, 7 private Lucerne seed cleaners and traders, and 12 hay traders.

The Committee is of the opinion that the first and most important step is to establish a forum for the industry where producers and processors could meet to form a basis for closer collaboration. The current environment of the lucerne industry must be considered in terms of what the consumer wants and what the producer can supply.

Due to serious lack of funding, the trust has no capacity to perform its mandatory duties as per the objectives of the deed. The NAMC has not received any information requested from the trust.

The trust has recently requested financial support from the NAMC. In return the trust was requested to provide a 3 years business plan which will justify the financial support. Further, the NAMC has offered to fund the business plan development costs. The business plan will be ready by June 2009. After which, the trust will be capacitated adequately to fulfill its mandatory responsibilities.

5.2 The Objectives

The Lucerne Seed Commodity Trust was established in 1996. The main objective of the Trust is the promotion and development of Lucerne seed industry by means of financing the following:

- Research projects related to Lucerne seed,
- Gathering and dissemination of data relating to production and marketing of Lucerne seed,
- Providing accurate, relevant information to the industry,
- Coordinating contact between contact between producers, trade, consumers, cleaners and government institutions, and
- Promotion of Lucerne seed.

5.3 Composition of the Trust

The trust consists of four trustees with the following representation:

One representative of the Minister- Ms Lumnka Witbooi (since resign)

One representative of Lurcene Seed Producers – Mr JJA Potgieter (Chairperson)

One representative of Seed Cleaners – Mr HWF Potgieter

One representative of Seed Traders – Mr DE Malan

6. Maize Trust

6.1 Background of the Trust

The Maize Board, when its marketing operations were discontinued in 1996, had certain reserve funds in terms of the Maize Marketing Scheme. These funds were derived from profits on imported maize that was sold in the domestic market during the drought years preceding the demise of the Board, as well as from levies that were collected on maize sold by producers in the domestic market. An agreement was reached between the maize industry and the Minister for Agriculture and Land Affairs, at the time, which stipulated that the reserve funds of the Board were to be transferred to a Trust for the future benefit of the South African maize industry.

The Maize Trust was therefore founded in August 1998 to promote the South African maize industry. The Trust serves the industry through financial support for institutions and organizations with programmes aimed at market and production related research, the assimilation and dissemination of market information and also to broaden market access.

To date, an amount of R289 million has been transferred as donations by the Maize Board to the Trust. Further donations are still being made to the Trust by the Board, as and when it successfully recovers outstanding levies on maize. A final donation is expected upon the completion of the dissolution process of the Board. The intention is for the Trust to acquire all of the remaining funds of the Maize Board upon its final dissolution.

The Trust Deed does not specify any beneficiaries, but only lists the objectives of the Trust. This means that funding from the Trust can be accessed by anybody in the maize industry, who can demonstrate that the intended programme or project will benefit the industry as a whole. The Trust's funding is aimed at the financial support of actions and programmes by acceptable institutions that are involved in the maize industry.

6.2 The Objectives

The sole and principal object of the Trust is to provide funding for the benefit of the maize industry in the Republic of South Africa and more specifically to financially support:

Market and production related scientific and/or technical research in respect of maize and the acquisition, assimilation and dissemination of market information for maize and in respect of the maize industry (the ARC – Summer Grain Centre, the Maize Research Division of the Grain Producers' Organisation, or any other organisation can apply for such funds);

and market access in respect of South African maize (*inter alia* by providing marketing infrastructure, training and assistance in rural areas where the need thereto exists).

In pursuing the objectives of the Trust as set out in (1), the Trustees shall take into account the views of the directly affected groups in the Technical Advisory Forum.

The Trustees shall ensure, as far as possible, that the objective referred to in the first bullet above shall benefit the maize industry as a whole and not only particular component thereof. In pursuing the objectives of the Trust as set out in (1), the Trustees shall take into account the views of the directly affected groups in the Technical Advisory Forum.

6.3 Composition of the Trust

The Board of Trustees comprises six members and each Trustee is appointed for a term of two years. Three of the Trustees are designated by specific maize industry sectors (white maize producers, yellow maize producers and processors of maize), while the other three Trustees are appointed by the Minister for Agriculture, Forestry and Fisheries.

Maize Trust

Mr. J.K. Peele	(Chairperson)	Ministerial Representative
Mr. C.K. Ferreira	(Vice-Chairperson)	Representing Yellow Maize Producers
Mr. J.F. de Villiers		Representing Maize Processors
Mr. J.D.M. Minnaar		Representing White Maize Producers
Mr. W.M. Ngxekana		Ministerial Representative
Ms. L. Thahane		Ministerial Representative

7. Meat Industry Trust

7.1 Background of Trust

The NAMC has tried numerous times to contact the Chairperson as an effort to raise this matter with him, several calls have been made to the trust office and his office of normal employment without any response. A meeting will be scheduled with the chairman within a month to resolve the matter and council will be informed of progress.

7.2 The Objectives

The main objectives of the Trust are-

- research relation to the improvement, production, manufacture, processing, storing or marketing of red meat or red meat producers;
- the provisions, distributions and dissemination of information relating to any matter which may be relevant to the meat industry;
- the rendering or assistance by means of a grant or loan or in any other manner to anybody of persons established or instituted to promote any branch of the agricultural industry which relates to meat or red meat products or which has similar objectives as this Trust
- the benefiting of the meat industry by whatever lawful means the Trustees from time to time in their discretion may decide within the ambit of the provisions of this clause.

Provide that-

- Trust funds may only be utilized for purposes envisaged under the Marketing of Agricultural Products Act, 1996(Act No. 47 of 1996), once the requirements prescribed in that Act have been complied with;
- Trust funds, as far as possible, be used to further the interest of the industry in general; and
- Interested parties be notified in the press to apply for funding before allocations are made

7.3 Composition of the Trust

The board of trustees consists of the following representatives:

Dr Steven Cornelius – Ministerial Trustee (Chairperson)

Dr Vuyelwa Penxa - Ministerial Trustee

Ms Lumnka Witbooi – Ministerial Trustee

Mr Klaas Havenga – Red Meat Industry

Mr Gerrie Oberholzer - Red Meat Industry

Mr Dave Ford – Red Meat Industry

8. MOHAIR DEVELOPMENT TRUST

8.1 Background of the Trust

South Africa is currently producing 54% of total world production. In realizing the responsibility that goes with being the most reliable source of quality mohair, Mohair South Africa was established to perform functions aimed at the advancement of the entire mohair industry. To achieve this objective, the trust's vision is to seek international partnerships and alliances that will enhance the consumption of mohair, and lead to sustainable demand and profitability for all role players - from producer to processor, buyer to manufacturer. The trust believes that shared knowledge, a vigorous commitment to continuous improvement, progressive attitudes and financial discipline, are critical ingredients for the future success of the industry.

8.2 The Objectives

The main objective of the TRUST shall be to manage the assets in such a way that income is optimized for the advancement of the mohair industry, through the promotion of the production of mohair within the Republic of South Africa and the stimulation of the demand for mohair inside and outside South Africa. In support of the main objective, the TRUST has the following supplementary objectives:

- The promotion and maintenance of quality standards;
- The promotion of international relations which will serve to the benefit of the mohair industry;
- Liaising and market development between PRODUCERS, dealers, brokers, purchasers and manufacturers of mohair;
- the collection, processing and dissemination of reliable marketing and production statistics in respect of mohair;
- Research and production promotion of mohair;
- The granting of financial assistance –
 - (a) with regard to research with relation to the improvement, production, manufacturing, storage and marketing of mohair.
 - (b) to institutions established or which arose to promote the mohair business
- The establishment of an information service in order to inform producers from time to time regarding marketing conditions in general or regarding the state of the mohair industry in particular
- Financial assistance shall be granted in order to promote stability in the mohair industry, to
 - (a) Producers through mechanisms which may include -
 - (i) the provision and implementation of a floor price system voluntary participation by producers; and

- (ii) the operation of voluntary marketing pools for the sale of mohair;
- (b) An institution or institutions for the development of the market to promote the demand for mohair

PROVIDED that financial assistance in respect of (a) above shall be submitted for evaluation and approval in terms of section 17 of the Marketing of Agricultural Products Act, 1996 (No 47 of 1996)

8.3 Composition of the Trust

The trust shall be composed of eight trustees by as follows:

- Five to be elected by producers of mohair
- One shall be appointed by the Minister
- One shall be appointed to represent the South African Wool and Mohair Buyers' Association.
- One shall be appointed to represent the Mohair Brokers.

Below is the list of current trustees:

Mr. E D B Hobson - Chairman

Mr. D W Herold - Vice-Chairman

Mr. J J W Cornelius

Mr. S J Lee

Mr. A H L Masters

Mr. J L Retief

Mr. A Wood

Ms. S Louw

9. Oil and Protein Seeds Development Trust

9.1 Background of the Trust

The Oil and Protein Seeds Development Trust was established in 1997 in terms of the Marketing of Agricultural Products Act, no. 47 of 1996 after the dissolution of the Oil Seeds Board which was formed in terms of the Oil Seeds Scheme established in terms of the revoked Marketing Act, 1968 (Act No. 59 of 1968), off which the Board's continued existence was derived from section 27(2)(a) of the Agricultural Product Marketing Act, 1996 (Act No. 47 of 1996).

The Trust was established to receive and administer certain investment assets and in particular the assets of the said Oil Seeds Board, for the benefit of the beneficiaries. In terms of the Trust Deed the beneficiaries are any capital or income beneficiary who is entitled to any benefits in liaison with role players involved in Oilseeds Industry

All role players/affected groups in the Oil Seeds Industry are involved via the Oilseeds Advisory Committee, Sunflower and Soybean Forum and the SA Groundnut Forum.

9.2 The Objectives

Over the past year the Oil and Protein Seed Development Trust Trustees succeeded in their efforts to achieve the Trust's objectives below and to realise these through good decisions and hard work. The main objectives of the Trust are the promotion and development of the Oil Seeds Industry in South Africa by:

- The financing of research projects relating to the improvement, production, storage, processing or marketing of oil seeds;
- Financing to provide information and advisory services to the oil seeds Industry, relating to the production of and marketing conditions for oil seeds;
- The investment and conservation of the assets of the Trust.
- The productive utilisation of the assets of the Trust in such a manner that the real value is maintained or increased, as much as is practically possible;
- The financing of market access or any other action that is in the interest of the oil seeds industry, provided that it is in accordance with the objectives and purposes of the Act.

9.3 Composition of the Trust

The maximum number of Trustees is 7 (seven) and the minimum number of Trustees is 4 (four), and appointed as follows:

One trustee shall represent the Minister of Agriculture, Forestry and Fisheries (Mr Derick Montshwe- term of office expires end February 2011).

One trustee shall represent the Commercial Producers of Oilseed (Mr G J Pretorius – term of office expires end of February 2010).

One trustee shall represent the oilseeds Processors Industry (Mr A R Moosa – term of office expires and of February 2011).

One trustee shall represent the Disadvantaged Oilseeds Producers (Mr J Zitha- term of office expires end February 2010).

One trustee shall represent the Consumers of Oilseeds and their products (Mrs HJ Wilken–Jonker – term of office expires end February 2010).

One trustee shall represent the Labour involved in the Oil Seeds Industry (Mnr AWH Marais - term of office expires end February 2011).

One Trustee shall represent the Oilseeds Trading Industry (Mnr JH Gordon - term of office expires end February 2011).

Kindly note that Trustees are appointed by the Oilseeds Advisory Committee after taking into account proposals/nominations made by the relevant directly affected group. This however, excludes the representative of the Minister of Agriculture which Trustee is designated and appointed by the said Minister.

10. Potato Industry Development Trust

10.1 Background of the Trust

The Potato Industry Development Trust was established on 11 November 2004 (date of registration by the Master of the High Court). This was due to the decision by the National Agricultural Marketing Council that the approval of Potatoes South Africa's application for statutory measures would be approved subject to the establishment of the said Trust. The inaugural meeting of the "nominated" trustees was held on 29 September 2004.

10.2 The Objectives

The object of the Trust is to receive statutory levies imposed on terms of the Marketing of Agricultural Products Act, 1996 (Act 47 of 1996) and to authorize expenditure as set out in the LEVY Notices establishing such levies, as may be amended from time to time for:

- Basic as well as applied agricultural research, including potato cultivar development and evaluation, and the dissemination of all relevant technical information;
- The gathering, processing analyzing and compiling of industry related information, including market statistics, and the dissemination thereof;
- The creation of market access for emerging farmers (small and medium scale), including the development projects related to the potato production marketing chain; and
- The development of foreign markets for South African potatoes.

Potatoes South Africa plays a leadership role in sustainable potato production in South Africa. Potatoes South Africa is an industry-related organization supporting the potato producers (ware, seed potatoes and processing) within regional context in South Africa to continuously perform optimally by:

- continuously striving for the maintenance of free market principles
- managing user-orientated research
- providing all role players with strategic industry-related information
- aiming at the continuous access to quality products for all consumers
- developing and expanding the potato market

10.3 Composition of the Trust

The Trust has five (5) trustees. The trustees are nominated by and consequently represent the following institutions:

- A person representing Potatoes South Africa.
- A person representing the Potato Research Committee
- A person representing the Potato Industry Forum
- A person representing the Minister of Agriculture and Land Affairs
- A person who is financially suitably qualified (nominated by the Potato Industry Forum), but who is not the appointed auditor of the Potato Industry Development Trust

The current trustees of the Potato Industry Development Trust are as follows:

Mr G E Yzel (Chairperson of the Trust) – representing Potatoes South Africa.
Dr F I Du Plooy – representing the Potato Research Committee.
Ms S E Moolman – representing the Potato Industry Forum.
Mr N J Gondo – representing the Minister for Agriculture and Land Affairs.
Mr W M Fourie – a person who is financially suitably qualified (nominated by the Potato Industry Forum), but who is not the appointed auditor of the Potato Industry Development Trust.

Appointments expiring and none of the tenures of the current Trustees of the Trust expire in the next three months.

The Trust has also established the following committees to assist the Trustees in the execution of their duties:

- Risk and Audit Committee.
- Technical Potato Research Advisory Committee
- Bursary Committee

In terms of Government Notice No. R. 528, dated 29 June 2009, the Trustees must ensure that the levies collected are appropriated as follows:

- Approximately 70% for the core business function.
- Approximately 20% for the transformation.
- Not more than 10% for administration.

11. Sorghum Trust

11.1 Background of the Trust

After the termination of the Sorghum Board in 1997, all funds of the Sorghum Board were transferred to the Sorghum Trust. Such funds became the discretionary funds of the Sorghum Trust, governed by the Trustees in terms of the Trust Deed. The main objective of the Sorghum Trust is to maximise the income of the Trust and to provide funding for the benefit of the Sorghum Industry - in particular for sorghum research & development projects and the maintenance of information required by the Sorghum Industry.

The Trust Deed provides for five trustees, who must each represent of the following affected parties: The Minister of Agriculture, Sorghum traders, Commercial sorghum producers, Emerging sorghum producers and Sorghum processors.

Since 8 May 1998, the Sorghum Trust also acts as Administrator of statutory levies: appointed as such by the Minister of Agriculture. The statutory levies are administered and accounted for separate from the Trust's discretionary funds .

The trusts main focus is on project funding for the purposes of supporting the industry. When considering project proposals for funding, the Trustees take the advice of the Sorghum Forum into account. In respect of projects funded from statutory funds, the Trustees are accountable to the Minister of Agriculture and the Auditor-General, in terms of respectively the Marketing of Agricultural Products Act (MAP Act) and the Public Finance Management Act (PFMA).

11.2 The Objectives

The Sorghum Forum is an association of Members, established after disbandment of the Sorghum Board in 1997. The objectives of this Association are as follows:

- To act in the interests of the Sorghum Industry and those of the community and to deal with such matters as may affect the common interests of the Members.
- To act as a mouthpiece for the Sorghum Industry.
- To consider and to motivate submissions to the Minister for statutory measures.
- To recommend to the **Sorghum Trust** that funds be made available to be employed in the interest of the sorghum industry in terms of the objectives of the Marketing of Agricultural Products Act, 1996 (No. 47 of 1996).
- To recommend to the Department of Agriculture any amendments to the quality standards/regulations.
- To consider and to motivate research projects to be conducted in the interest of the Sorghum Industry.
- To continuously keep all the Members informed regarding the progress and results of such projects.
- To identify new information to be collected and to apply for statutory measures in this regard.
- To keep the Members informed with regard to feedback on submissions to the Minister and other institutional developments.

Annually, the Sorghum Forum invites acknowledged research institutions to submit project proposals, which are evaluated by the Research Project Evaluation Committee (RPEC) of the Sorghum Forum. Proposals of the RPEC are considered by the Sorghum Forum for approval. Approved projects are then proposed to the Sorghum Trust for funding. The Technical Committee of the Sorghum Forum mostly advises the Sorghum Forum on aspects concerning grain quality and sorghum grading.

11.3 Composition of the Trust

The Trustees and Administrator are:

Louis Claassen	Sorghum Processors (Chairman)
Gideon Morule	Emerging sorghum producers
Koos du Plessis	Commercial sorghum producers
John Gordon	Sorghum traders
Zolile Duze	Minister of Agriculture (expired)
Leon du Plessis	Administrator

The Executive Committee and Secretary of the Forum are:

Koos du Plessis	Commercial sorghum producers(Chairman)
Gavin Campbell	Sorghum Processors (Vice-Chairman)
John Gordon	Sorghum traders
Piet Louw	Other interest Groups
Leon du Plessis	Secretary

12. Wool Trust

12.1 Background of the Trust

Wool Trust was established on 13 August 1997 by virtue of a resolution of the SA Wool Board passed on 27 September 1997. The Minister approved the Trust Deed and by June 1998 the majority of Wool Board assets had been transferred to the Trust.

12.2 The Objectives

The strategic objectives of the Wool Trust are:

- a) the protection of the Trust Assets and the Trust Capital; and
- b) the utilization of the assets and capital of the Trust productively in such a manner as to increase the value thereof from time to time and maximize the income;
- c) the enhancement of the viability of the South African wool industry through the financing of;
 - research in connection with the improvement, production, manufacture, processing, storage or marketing of wool; and/or
 - activities designed to promote wool production and stimulate and increase the demand for and consumption of South African wool; and/or
 - information and advisory services to producers relating to production of wool, marketing conditions and the wool industry generally; and/or
 - the provision of training and information to existing and prospective wool producers.
- d) to ensure that funds allocated to the wool industry are utilized effectively.

The Trustees of Wool Trust meet quarterly to ensure that the strategic objectives are achieved on an ongoing basis.

The Marketing of Agricultural Products Act of 1996 to provide for a Wool Industry Forum. The Wool Forum was established in June 1997 to achieve, amongst others, the following objectives:

- To act as a consultative, policy and decision making body for all industry sectors up to and including the primary wool processing stage.
- To provide strategic directives for an appropriately structured service provider, which has access to Wool Trust funding, and whose primary objective is to enhance the viability of the wool industry as per the Trust Deed.

- To identify the needs of the wool industry, and to ensure that such needs are adequately addressed by appropriate business plans and in the annual reports of the service provider.
- To represent the wool industry as and when required, particularly in terms of formal applications and introduction of statutory measures.
- To provide a structure and mechanism to nominate and/or appoint Directors and/or Trustees to the service provider and Wool Trust.

12.3 Composition of the Trust

The number of trustees shall not be more than seven. The following are the representatives constitute the board of trustees.

Mr PE Kingwill – Producer from Directly affected group (Chairman)

Mr AR Kidson- Financial Management specialist

Mr AR Kirsten- Producer from Directly affected group

Mr HA van Schalkwyk- Financial Management specialist

Mr RGH Smith- Financial Management specialist

Ms NO Sigidi- Wool Producers

Ms CN Molo- Ministerial Trustee

13. Winter Cereal Trust

13.1 Background of the Trust

During the phasing-out process of the Wheat Board (a statutory institution under the Marketing Act of 1968) the winter cereal industry identified the need for certain functions executed by the Wheat Board to be continued after the Wheat Board's dissolution.

Winter cereal is defined as wheat, barley, oats, rye, durum wheat and triticale. The functions which were identified for continuation, were the provision of market information, laboratory services and financial support to research projects.

The grain and oil seeds industries (previously serviced by the Wheat Board, Maize Board, Sorghum Board and Oil Seeds Board) decided to combine efforts to supply market information and laboratory services to the industries concerned. Two Section 21 companies, namely the SA Grain Information Service (SAGIS) and the SA Grain Laboratory (SAGL), were established to supply the above-mentioned services to the industries.

The different industries also decided in terms of the new Marketing of Agricultural Products Act to establish Trusts mainly to administer the assets of the control boards concerned and to utilise funds to the benefit of the different industries. In the case of the winter cereal industry it was decided to establish two separate trusts, namely the Winter Cereal General Trust and the Winter Cereal Research Trust. The objectives of the two trusts were:

13.2 The Objectives

The principal object of the trust was to provide financial support for scientific, technical or industrial research with regard to the production of winter cereals in the Republic of South Africa. Secondary objects of the Trust were to further the winter cereal industry in the Republic of South Africa by supporting:

- the maintenance of information required by the winter cereal industry in the Republic of South Africa;
- the broadening of the market for South African produced winter cereals; and
- the administration of the Wheat Forum as structured at the time of the establishment of this Trust.

The object of the Trust was to undertake and/or support research with regard to winter cereal in the Republic of South African interest of the industry in the Republic of South Africa. The two trusts were established in 1997, the same year in which the Wheat Board ceased its activities as agricultural control board.

The winter cereal industry requested the Minister of Agriculture to impose statutory levies on wheat, barley, oats and durum wheat to finance the functions of market information and research as described in the objects of the two trusts. Separate levies were imposed for the information function and the research function respectively.

The two trusts were appointed in terms of the government notices concerned to administer the statutory levies. These levies were the only source of income for the two trusts and therefore the only funds available to finance the different functions as identified by the industry.

In order to accommodate the provisions set by the Minister and due to the fact that the objects and activities of two trusts could be combined without disruption, the industry decided to amalgamate the two trusts. The amalgamation was done through amendments to the Deed of Trust of the Winter

Cereal Research Trust (including a change of name to Winter Cereal Trust) and the termination of the Winter Cereal General Trust.

The most important amendments to the Deed of Trust of the Winter Cereal Research Trust were in respect of the object of the Trust, the composition of the Board of Trustees (as shown hereunder), the keeping of separate accounts for the two levies concerned and the expanding of representation on the Research Technical Committees.

13.3 Composition of the Trust

The Boards of Trustees comprised representatives of all sectors of the industry, including one representative of the Minister of Agriculture. The original levies were applicable for 7 months and the Minister of Agriculture approved further levies provided that the ministerial representation on the Boards of Trustees be expanded to 50% of the trustees.

The Board of Trustees of the Winter Cereal Trust was constituted as follows:

<u>Representing</u>	<u>Number of representatives</u>
Producers of wheat	1
Producers of barley	1
Grain handlers	1
Processors of winter cereal	1
Bakers	1
Consumers	1
Minister of Agriculture	6

Board of Trustees

The Board of Trustees comprises the following:

<u>Representing</u>	<u>Trustee</u>
Producers of wheat	Mr AP Theron
Producers of barley	Mr JWA Albertyn
Grain handlers	Mr PG Louw
Processors of winter cereal	Mr JF de Villiers

Bakers	Mr AC Goosen
Consumers	Ms SE Moolman
Minister of Agriculture	Mr K Gaoraelwe
	Mr M Jonase
	Dr PE Lukhele-Olorunju
	Dr J le Roux
	Mr MA Letuka
	Mr ME Morokolo

The Board of Trustees of the Winter Cereal General Trust decided to donate all the assets of that trust to the Winter Cereal Trust. The funds donated by the Winter Cereal General Trust could only be utilized for the furthering of the original object of that Trust and had to be administered in separate accounts.

Provisions for levies to be administered separately

The Deed of Trust of the Winter Cereal Trust provides for the keeping of separate accounts for each of the winter cereal commodities and no cross-subsidisation between the commodities is allowed.

13.4 Technical Committees

In terms of paragraph 11.2 of the Deed of Trust the trustees shall, for the purpose of determining the interest of the beneficiaries undertaking research with regard to winter cereals, be compelled to do so after consultation with the Research Technical Committees.

The composition of the Research Technical Committee for Wheat and the Research Technical Committee for Barley are prescribed in the Deed of Trust and is representative of all sectors of industry as follows:

Research Technical Committee for Wheat

<u>Representing</u>	<u>Number of representatives</u>
Breeders of wheat cultivars	2
Wheat millers	2
Bakers	2
Wheat producers	2

Agricultural Research Council	1
SA Grain Laboratory	1
Grain handlers	1

Research Technical Committee for Barley

<u>Representing</u>	<u>Number of representatives</u>
Breeders of barley cultivars	2
Maltsters of barley and brewers of beer	3
Barley producers	3
Agricultural Research Council	1
SA Grain Laboratory	1
Grain handlers	1

The Research Technical Committee for Wheat also attends to matters related to oats and durum wheat. Although the Board of Trustees is not involved in matters related to the classification of new cultivars, grading requirements and quality specifications, the Research Technical Committees were authorised to handle these matters within their structures.

SECTION C: STATUS REPORTING

1. Introduction

This section deals with the current affairs of each trust. It reports on recent developments that took place within the last 12 months. Attention is given to changes in financial position, board of trustees, project funding and future plans. A brief part of this section, for some trusts, is dedicated to structure of the industry which they influence.

Few trusts were not able to submit the requested information despite several reminders, some reported that they do not have the capacity to do so.

2. CITRUS TRUST

The administrator was reminded numerous times to submit information as per request. The administrator has promised to do so numerous times but she has failed to fulfill her administrative commitment. Her reason for failure to meet the requirement was that she is too busy with other responsibilities. She further mentioned that the trust is too small and all they do is granting bursaries to university students.

The NAMC will have to investigate in order to establish what the real issues are and establish the necessary corrective measures.

3. COTTON TRUST

3.1 Introduction

Cotton SA's main objective is to establish an international competitive local cotton industry and to create and maintain an environment in which the Southern African cotton industry can develop, in order to deliver an important contribution to the development of the country. Cotton SA, as co-author of the Cotton Sector Strategy Plan, also subscribes to the vision formulated in terms of the Strategy, i.e. to strive for a local cotton industry that is globally competitive, environmentally sustainable and an equitable grower, manufacturer and marketer of high quality cotton products. It is envisaged to achieve this vision, inter alia, by growing farm output; broadening participation of small-scale farmers and by raising productivity through the training of small growers. With these goals in mind, various strategies have been developed and activities identified with Cotton SA being tasked to manage the implementation process.

3.2 Objectives

Cotton SA is a section 21 company formed after the compulsory dissolution of the Cotton Board at the end of 1997. Cotton SA is representative of all sectors of the cotton industry and its main functions are the following:

- The collection, processing and dissemination of reliable production and market information;
- production, product and market research;
- the co-ordination of research and technology transfer;
- promotion of production and consumption of cotton;
- the establishment and maintenance of quality standards and norms;
- the provision of training for the above;
- liaison with local and international governments, organizations and interested groups;
- promotion of co-operation between producers, buyers and processors;
- to act as forum for the directly affected groups to debate and find consensus on various cotton industry matters;
- to collect and administer the statutory levy to advance the objectives of the Act and the industry;
- to execute industry functions which relate to tariffication, minimum market access, international trade agreements and other matters of concern;
- to assist the industry in the development of mechanisms to promote orderly marketing and marketing access for all; and

- to facilitate the development of the emerging cotton sector.

The Minister of Agriculture has approved that a statutory levy be payable to Cotton SA, the aim of which is to provide financial support for execution of the above functions. Due to the declining cotton crop, the statutory levy only represented approximately 31% of the total income of Cotton SA for the 2007/08 financial year (58% for the 2006/07 financial year). Income other than levy income is therefore crucial for Cotton SA to continue with its activities. Other income include: investment income; income from grading and training fees; income from congresses and functions; royalties from the use of the cotton mark, advertising and promotion; government grants as well as transfers from the Cotton SA Trust.

3.2.1 Trust Operations

Cotton SA's objectives and achievements, which encompass transformation and development of the emerging cotton sector, can best be exemplified on the basis of its main functions/activities, as follows:

3.2.2 Industry Information Function

Since deregulation of the agricultural industry, great value is being placed on product market information which is no longer as readily available and accessible as before. In this environment, Cotton SA has established itself as the major local source of timeous and relevant cotton market information, on which many role-players in the cotton industry, including commercial and small-scale farmers, have become dependent on. Relevant market information obtained by way of statutory measures from local ginneries and spinners as well as from other sources, is disseminated in the following manner among others:

- By way of market reports on both the local as well as the international situation, posted, faxed or e-mailed monthly to just over 1000 core producers which include 460 small-scale farmers, as well as to about 130 other role-players in the industry, which includes the media.
- By way of the Cotton SA website which records about 40 000 visits annually.
- By way of publications such as the Cotton SA Katoen magazine, which also incorporates the research publication "On the Boll" of the ARC's Institute for Industrial Crops, providing feed-back on research projects.
- A comprehensive Management Guide for Commercial Farmers as well as a Training Manual for Small-Scale Cotton Growers in Zulu and English, which was revised and updated in the past two years.

- From time to time, Cotton SA also takes part in shows, exhibitions and expo's where information is disseminated.
- By convening farmer information days. As a rule farmers days are annually convened in all the production areas, both for commercial as well as for small-scale farmers.

3.2.3 Research

Cotton SA has a Research and Technical Committee as well as a sub-committee which meets on a regular basis with the main aim to evaluate research projects identified and prioritised by role-players at four regional meetings held annually. For the 2008/09 season 5 research projects were approved, which includes 3 projects aimed at small growers specifically and funded by the Cotton SA Trust. The remaining projects are of benefit to both commercial as well as to small-scale farmers. Research results are published on a regular basis in the Cotton SA Katoen magazine, conveyed to farmers during farmer information days and also obtainable from the cotton website.

3.2.4 Small Farmer Development

Cotton SA's involvement in achieving the main objectives of the National Cotton Strategy Plan, is amongst others by way of the Small-Scale Cotton Farmers' Forum, a standing committee of Cotton SA. The main function of the Forum is to co-ordinate and monitor progress with regard to the set objectives of the Cotton Sector Strategy Plan and to provide an environment where positive interaction between role-players could lead to increased market access for the small cotton farmer. The Forum currently comprise more than 50 members representing among others, the national and provincial governments, the ARC, the private sector including ginners and input suppliers, commercial cotton farmers and small-holders as well as financial and training institutions.

3.2.5 Skills Development Program

One of the major constraints impeding growth in the emerging cotton farming sector is the lack of knowledge and expertise among small-scale farmers relating to cotton growing. Cotton requires a good deal more management input and specialist skills than most other field crops traditionally grown by smallholders. It is in this area that Cotton SA decided to step in a few years ago by establishing a formal training program for small-scale cotton farmers at the Lowveld College of Agriculture at Nelspruit where about 50 small-scale farmers were trained annually from 2001 to 2003.

3.2.6 Mentorship Program

Recently, Cotton SA in collaboration with the Dept. of Agriculture, also established a mentorship program in view of the need for a support system for farmers already trained in cotton production.

Initial mentorship training will be facilitated and presented by the DoA. The implementation phase will extend over at least three cotton-growing seasons and the program will be implemented in the following main, or potential main future small-scale cotton farmers' production areas:

- Makhathini –Northern KwaZulu-Natal.
- Tonga – near Komatipoort, Mpumalanga.
- Moutse West – near Marble Hall, Limpopo.
- Moutse East – near Dennilton, Limpopo.
- Groblersdal, Limpopo.

3.3 Strategy Plan

One of the main objectives of the National Cotton Strategy Plan, developed on the initiative of Cotton SA and the government with the participation of all role-players, is to broaden participation enabling small producers to contribute on average 35% of the national cotton crop by 2014. Cotton SA this year, in collaboration with the Department of Agriculture, appointed a Cotton Strategy Implementation Manager, Mr Peter Komane, to act as driver and to ensure that the broad objectives of the strategy are met within the stipulated timeframes. One of Mr Komane's first priorities was to again establish the Limpopo Province as a major small farmer cotton production area. Progress in this regard so far this year includes the following:

3.3.1 Enterprise Development

As far as the cotton growing sector is concerned, White and Black cotton producers have similar access to markets (gins), as cotton only becomes a marketable commodity once it has been ginned. There are no known barriers to market access as such for any of these two groups. All producers are required to deliver their cotton to these gins at own cost. Where gins are not situated in close proximity of production areas, depots have been established in these regions. The industry is relatively small with only 6 gins still in operation, one of which is up for sale (Cargill, Marble Hall). In addition, as explained earlier in the report, two BEE gins have also closed down this year due to low through-put and lack of management skills. No one market (gin) are more lucrative than another as all gins base their producer prices on the same cotton quality standards and international price indicators.

3.3.2 Development Schemes

Cotton SA is continuously involved in identifying and facilitating small cotton farmer development schemes, but to accelerate small grower development, financial support from government is essential. For example, although Cotton SA assisted in proposals to government regarding funding for the Taung AgriBee cotton production project (with the Vaalharts Gin acting as intermediary, this

has now been temporarily shelved due to refusal of production loans by the Land Bank / Mafisa. Vast amounts of funding are required for development schemes designed to speed up small grower development. For transformation projects such as these the levy funding is totally inadequate. Without financial support from government, these projects will never get off the ground. It is however accepted that institutional support for these projects will have to be provided by industry involving transformation levy funding.

3.4 Funded Projects

The trust has attempted to spend more on projects and initiatives every year to promote the industry's goals. Government has played a significant role in supporting the trust financially in appreciation of the world market challenges with respect to depressed prices and demand. It is interesting to note that the ARC has benefitted about 20% of the funding. This suggests that there is some collaboration between public and private sector. Annexures 2.1 & 2.1 show details pertaining to the appropriation of the Cotton SA Trust's available income to beneficiaries over the past 5 financial years.

3.5 Financial Matters

Revenue & Expenditure

There are no significant deviations from the budget to report.

Trust Viability

The Trust is able to meet its current and obligations. Since Cotton SA is the executive arm of the Cotton SA Trust, the ability of Cotton SA to meet its future obligations is of greater concern.

Capital (Investment Performance)

The Trust does not make use of fund managers as all cash reserves are invested at various banks wherever the highest interest rates can be obtained. Cash reserves are invested at various banks wherever the highest interest rates can be obtained. The size of the current investment is in the region of R1.5 million.

The interest income from these investments over the past 3 years was as follows:

2007/2008 – R 245 976

2006/2007 – R 183 475

2005/2006 – R 129 251

Income Projections

(Rand)	2008/09*	2007/08	2006/07
Rental income	1 700 320	1 598 215	1 488 647
Investment income	180 000	245 976	183 475
Contribution for Generator	<u>0</u>	<u>200 218</u>	<u>0</u>
<i>Total income</i>	<u>1 880 320</u>	<u>2 044 409</u>	<u>1 672 122</u>
Less: Operating expenses	<u>835 860</u>	<u>756 467</u>	<u>612 125</u>
Payment to beneficiaries	<u>1 044 460</u>	<u>1 287 942</u>	<u>1 059 997</u>

**Projection*

4. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST

4.1 Introduction and Objectives

The Deciduous Fruit Board, acting in terms of the Deciduous Fruit Scheme established under the Marketing Act, 1968 (No 59 of 1968), was obliged to establish a Trust for the benefit of the Deciduous Fruit Industry in terms of the Marketing of Agricultural Products Act, 1996. The Minister of Agriculture, acting in terms of Section 26 of the Marketing of Agricultural Products Act (No. 47 of 1996), read in conjunction with the Deciduous Fruit Scheme, had to approve the establishment of the said Trust. The focus areas of the Trust are:

- Raising awareness of the DFI as a sector and career opportunities (10%);
- Training, Education and development (70%);
- Farm worker children (10%); and
- Women in the industry (10%).

4.2 Training Support

Training, education and development with regards to b), c) and d) are split into training courses, short courses and self development/life skills. All projects are screened in terms of its relevance to:

The DFI skill requirements;

The quality of the delivery plan, implementation support, quality and content of the proposed intervention(s) and numbers trained;

Relationship with the DFI, support of the proposed intervention(s) to the Fruit Industry Plan and impact of the training;

Dependence on outside/other factors, role players and matching funds;

Institutional support; and

Viability, after care and support to the project.

Available funds are proportioned nationally between production regions and between fruit kinds.

4.3 Legal Matters

The Trust has a possible tax and penalty liability arising from its dormant period (prior to 2005/2006). We have taken the following steps to resolve this issue.

The trust has made use of the TAX amnesty period and register with SARS. They have acknowledged request but no wither correspondence. Auditors will follow up. The trust has provided for tax and penalties in the amount of R1 196 745 and will be able to pay if necessary. The trust has applied for tax exemption.

4.4 Financials

Donations, as at 29 February 2008, were received from the Deciduous Fruit Board (R9, 6 mill) and Cape span (R3,5 mill) and policy stipulates that funds must stay in the Trust (not allowed to spent the capital). The following documents are available for public :

- Approved financial statements (period to February 2008).
- Management report (period March – August 2008).
- Approved 2009/10 budget.

Trust Viability

The trust is in a position to meet all its current obligations. Further obligations are determent on a Yearly basis and therefore the trust will be in a position to meet its obligations.

Capital (Investment Performance)

Capital Investment of R 13 192 000 invested in to two Funds/options namely:

R 7 192 000 – Fix deposit account till 23/02/2010

R 6 000 000 – ABSA Participation Bond till 23/02/2012

All Funds are currently been invested at ABSA. All investments are been revalidated on a Yearly basis.

Income Projections

Historical income performance (3 years).

2006/2007 : R 957,455 2007/2008 : R1,511,949 2008/2009 : R1,692,908

2009/2010 : R 1,400,000

4.5 Government support

At this stage the trust does not need any state intervention in order to be able to carry out its objectives. As per the Trust Deed, only the proceeds of the trust fund may be utilized. The objective is to utilize all proceeds in order to minimize taxability of such proceeds. This is a remnant of the period where the Trust was dormant with no pro-active management as is currently the case. So, no projects were funded, hence the tax liability as indicated.

4.6 Tax Status

Since taking over the secretariat and financial administration of the trust (late 2006), the DFPT has calculated the potential liability and applied for a tax exemption (PBO status) and a tax amnesty for this liability. To date no feedback has been given by the Receiver

Before the DFPT was appointed as secretariat for the DFIDT, the Trust received interest on its funds which was not utilized timeously and there for incurred a liability for tax. After its appointment, the DFPT applied for tax exemption and registration of the DFIDT for PBO status – this is still in process. To date the Trust is therefore not officially exempted from tax but Mr. van Zyl is quite certain that exemption will be granted at least from the day of application. The liability on interest received before this date has been provided for.

4.7 Project Funding

The new Board has re-affirmed the approach adopted by the previous Board, namely to focus its limited resources (±percentage allocations in brackets) along the following lines:

- Raising awareness of the DFI as a sector and career opportunities (10%);
- Training, Education and Development (70%);
- Farm worker children (10%);
- Women workers in the industry (10%).

Since the DFPT have taken over the responsibility for administering the Trust, an amount of R2, 076,663 has been approved for a range of projects fitting the above framework. In total more than

16,000 individuals from the target stakeholders will benefit from 16 projects, whilst 2 projects were aimed at developing new learning material for Literacy and Strategic, Operational & Team Leadership which will benefit an even wider range of people.

Annexure 3.1, is a schedule containing all the detail in this regard. Interim reports on these projects are currently (November 2009) being evaluated to ascertain delivery against the stated objectives of the various projects. A provisional screening of reports indicated that the objectives and target numbers have been achieved or even exceeded.

Given the rise in interest rates during the past year, an additional amount of ±R500, 000 will be available for project funding prior to the year end in February 2009. The secretariat has called for applications from stakeholder groups. These applications have been screened and possible allocations have been provided to the Board for consideration. This has not been finalized at the time of writing of this report but will entail a further 5-6 projects.

4.8 Planning 2009/10

It has been estimated that an amount of ±R1,4 million will be available for project funding during fiscal 2009/10. Advertisements and invitations to stakeholders to apply for funding have been sent out. It is foreseen that material support for land reform beneficiaries will focus more prominently in these allocations.

The due date for applications was end of November 2008, where after they will be screened and evaluated with the view of providing the Board with a decision making matrix by mid-January 2009. New allocations are therefore only known by end of January 2009.

5. LUCERN SEED RESEARCH AND DEVELOPMENT TRUST

5.1 Introduction

The Section 7 Committee concluded that the effect of deregulation on the Lucerne industry was positive in that the most important functions were continued, namely to facilitate research (production and product development), maintaining quality standards, and providing an information service regarding market and industry related matters.

Market structures, channels and the size of the market (especially for the hay sector) are unknown and should be determined and developed by the industry. The industry is positive about restructuring and representation on an equitable manner is envisaged. Opportunities and needs of commercial and emerging farmers are largely similar and technology transfer could easily be done

for both groups using the same information. Lucerne is beneficial for the emerging sector as it is a perennial crop which is cut several times during the year spreading the income and distributing the cash flow.

Due to serious lack of funding, the trust has no capacity to perform its mandatory duties as per the objectives of the deed. The NAMC has not received any information requested from the trust.

The trust has recently requested financial support from the NAMC. In return the trust was requested to provide a 3 years business plan which will justify the financial support. Further, the AMC has offered to fund the business plan development costs. The business plan will be ready by July 2009. After which, the trust will be capacitated adequately to fulfill its mandatory responsibilities.

6. MAIZE TRUST

6.1 Introduction

The mission of the Maize Trust is to facilitate the continuous improvement of the entire maize industry in South Africa, to ensure that the industry becomes the leader in the region and that it is internationally competitive.

6.2 Objectives

The sole and principal object of the Trust is to provide funding for the benefit of the maize industry in the Republic of South Africa and more specifically to financially support. The trustees shall ensure, as far as possible, that the objective shall benefit the maize industry as a whole and not only particular component thereof. In pursuing the objectives of the Trust as set the Trustees shall take into account the views of the directly affected groups in the Technical Advisory Forum (*see Section B chapter 5 of this report*).

6.3 Nature of Business

The Trust does not have any personnel, but makes use of the services of an independent investment adviser, on a contractual basis, to advise the Trustees with regard to the investment of the Trust's funds through reputable Asset Managers. The administrative services of the Trust are similarly contracted out to an independent body that renders such services. The Trustees are not remunerated for their services, as this is not allowed in terms of the Trust Deed. They are, however, reimbursed for their direct and indirect expenses incurred on behalf of the Trust.

The Trust makes use of the Agribusinesses to act as mentors to the farmers, so that the project can be successfully managed and the farmers can get the maximum benefit from the Trust's assistance.

The Agribusinesses submit proposals to the Trust for consideration, which are considered and approved, or rejected, by the Trust on merit.

The Trust's financial assistance to the emerging farmers is done by paying for:

- (a) the cost of lime, which includes the cost of soil analysis; and
- (b) all or a portion of the crop insurance premiums.

In addition to the above costs, the Trust is also prepared to pay a portion of the cost of extension officers, or a mentor, to assist the specific farmers. Proper reporting is done by the Agribusinesses to the Trust and this, together with auditing systems that are applied; determine the further participation of the Agribusiness and the specific farmers involved. Physical visits by the Trust to the emerging farmers are also planned before and after the next maize production season.

6.4 Transformations and Project Funding

The Maize Trust, in 2007, launched a pilot project to financially assist emerging maize farmers. This proved to be so successful that it was decided to extend it to the 2008 maize planting season. The main aims of the project are to assist emerging farmers with the cost of initial soil correction and to minimize their production risk. The assistance therefore improves the production ability of the farmers and aids them in obtaining crop input finance for the production of maize.

The assistance by the Trust to emerging maize farmers proved to be such a success in 2007 that we hope to expand the project in 2008. The Trust paid a total amount of nearly R3,4 million to participants in that year. Seven Agribusinesses participated in the initiative, which benefitted a total of 228 emerging farmers. These farmers planted more than 5000 hectares and delivered more than 12 000 tons of maize”

6.4.1 Projects Funded

The projects listed in annexure 5.1 are only those that are funded by the Trust directly in relation to the emerging sector of the maize industry. Projects funded by the Trust that benefit both the commercial and emerging sectors are not listed in this summary, except as stated. The Trust, in 2007/2008, paid R4 551 219 towards a Generic Marketing Campaign for maize which is directly aimed at Black Consumers. In addition, the Trust funded a capacity building initiative in the WTO dispute project in the amount of R431 075. The Trust's bursary costs for the year, an amount of R442 806 funded bursaries for six Previously Disadvantaged Individuals.

6.4.2 Funding Practice

The general criterion for funding is that each project should have a quantifiable and measurable outcome, which is consistent with the mission and objectives of the Trust. The Trustees, twice a year, consider applications for funding, although urgent applications are considered if needed. In terms of the Deed of Trust, the Trustees obtain the recommendations by the maize industry stakeholders in respect of each application that is made to the Trust for funding. Approximately a further six meetings are held annually by the Trustees to discuss the general operations and investments of the Trust.

Since its establishment, the Maize Trust has granted a large amount of money to a variety of organizations and institutions involved in research, development and information programmes in the South African maize industry. Annexure 5.2 gives a summary of project funded for the past 10 Years (1997 to 2007). The grants are paid from the annual income of the Trust, which is derived from dividends and interest earned on the donations that the Trust has received from the Maize Board so far. The Trust does not have any other income, nor does it have any assets other than the money invested by it.

The Trustees have compiled a set of Norms and Procedures in respect of the applications for financial assistance that are submitted to the Trust. A copy of the Norms and Procedures is enclosed, together with the general conditions under which the Trust grants the funding, the executive summary that is required in respect of each funding application, and the objectives of the Trust.

6.5 Financial Matters

The Maize Trust reported that, financial markets all over the world are in turmoil and have been very volatile over the last few months. This, unfortunately, also affected the Trust and had a negative impact on the Trust's investments. The Trustees are therefore obliged to impose stricter financial controls and discipline with regard to the expenses and funding by the Maize Trust, at least until the financial markets recover or become more stable.

As one of the precautionary measures to protect the Trust's assets, the Trustees have resolved to inform all beneficiaries that it will consider applications for financial assistance in 2009, but these applications should not exceed the amounts that were funded by the Trust during 2008 in respect of the applicable projects. In other words, the Trust will not consider any increases in funding on the amounts that were approved by the Trust in 2008.

The Trust's Norms and Procedures for funding should otherwise remain similar to the current year, but a revised document concerning the Norms and Procedures, together with a revised Executive Summary, will be provided before March 2009.

The Maize Trust

Annual Financial Statement for the year ended 30 June 2008

Income Statement

Figures in Rands	2008	2007
Income	88 846 655	58 930 955
Operating Expense	-2 016 447	-1 516 282
	86 830 208	57 414 673
Investment Revenues	29 550 101	520 806
Fair Value Adjustment (Stock Valuation)	-116 553 297	162 533 330
Allocations to Beneficiaries	-42 255 754	-63 333 330
Asset Management Fees	-4 895 289	0
Deficit / Surplus for the year	-47 324 031	157 135 479

The income statement shows that the overall financial position of the trust has deteriorated for the period 2007 to 2008. This situation is attributed largely to the drastic fall fair value adjustment by 172% (R162,533,004 to –R116,553,207). The stock price is based on bid prices on the stock market, demand for stock was very poor during this period as a result of the global financial crisis. However, income has significantly improved by 51% to R88,846,655.

Balance Sheet

Assets

Non Current Assets (Investments)	806 519 727	842 919 534
Current Assets	8 383 280	18 816 383
Total Assets	814 903 007	861 735 917

Equity & Liabilities

Donations	289 128 772	289 128 772
Accumulated Surplus	478 413 518	525 737 549
	767 542 290	814 866 321

Liabilities

Current Liabilities	40 100	63 358
Trade & payables	47 320 617	46 806 237

Provisions 47 360 717 46 869 595

Total Equity & Liabilities 814 903 007 861 735 916

The balance sheet confirms that the financial position of the trust has weakened for the period under consideration. The major fall was a result of the depreciation value of the current asset at 51%. This phenomenon does suggest that there is a need for an improved investment policy regarding prudence measures.

7. MEAT TRUST

A request for information was sent November 2008 but the trust is unable to furnish the requested information as yet. We hope to receive the information before the next report is due. Such information will be incorporated in the next report for the benefit of the ministry and the NAMC.

The NAMC has tried numerously to contact the Chairperson as an effort to raise this matter with him, several calls have been made to the trust office and his office of normal employment without any response. A meeting will be scheduled with the chairman within a month to resolve the matter and council will be informed of progress.

Table 6.1 below gives an account of the trust's expenditure on projects from 1997 to 2007. This information was requested late last year and received January 2009.

Table 7.1 : Funding of Projects (past 10 years, 1997 to 2007)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Investment income	ARC	Research and transformation	11,175,580
	Universities	" "	3,926,555
	SAMIC (Sec 21 Co)	Promotion	30,573,333
	Abakor	Promotion	3,691,590
	Other	Promotion	17,059,064
			66,426,122

8. MOHAIR DEVELOPMENT TRUST

8.1 Introduction

South Africa currently produce 54% of total world production. In realising the responsibility that goes with being the most reliable source of quality mohair, Mohair South Africa was established to perform functions aimed at the advancement of the entire mohair industry. To achieve this objective, the trust's vision is to seek international partnerships and alliances that will enhance the consumption of mohair, and lead to sustainable demand and profitability for all role players - from producer to processor, buyer to manufacturer. The trusts believes that shared knowledge, a vigorous commitment to continuous improvement, progressive attitudes and financial discipline, are critical ingredients for the future success of the industry.

8.2 Trust Composition and Objectives

Income beneficiaries are required to give feedback to the trust in respect of their activities on a six monthly basis. During the reporting period (2008) the trustees approved R9 mill for the total budgetary requirements of Mohair South Africa. Since inception of the trust, R44.2 million has been transferred to Mohair South Africa for promotion of the mohair industry.

During the year R1.9 million was still available to Mohair Pools for the continuation of pools, carried over from the previous year. Discussions at various levels of government took place during the year and the funding of BEE training projects was approved after the necessary legal advice was obtained.

To ensure that the trustees were able to perform their duties in a responsible manner, at all times, regular use was made of professional advice on various aspects that influence the meaningful functioning of the trust. This included communication and consultation with asset managers to ensure that the trust assets are invested in the most cost- and tax efficient manner and that the trust assets are protected against unnecessary risk in the long term. A mechanism was also put in the place whereby trustees are regularly kept up to date with the performance of investments and the execution of decisions.

8.3 Nature of Business

Income beneficiaries are required to five feedbacks to the trust in respect of their activities on a six monthly basis. During the reporting period the trustees approved R9 million for the total budgetary requirements of Mohair South Africa. Since inception of the trust, R44.2 million has been transferred to Mohair South Africa for promotion of the mohair industry.

During the year R1.9 million was still available to Mohair Pools for the continuation of pools, carried over from the previous year. Discussions at various levels of government took place during the year and the funding of BEE training projects was approved after the necessary legal advice was obtained.

To ensure that the trustees were able to perform their duties in a responsible manner, at all times, regular use was made of professional advice on various aspects that influence the meaningful functioning of the trust. This included communication and consultation with asset managers to ensure that the trust assets are invested in the most cost- and tax efficient manner and that the trust assets are protected against unnecessary risk in the long term. A mechanism was also put in the place whereby trustees are regularly kept up to date with the performance of investments and the execution of decisions.

Table 7.1: Total Project Funding (for the past five years)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Investment income	Mohair SA	All functions	51,016,885

8.4 Transformation

In formulating a BEE strategy the Mohair trust believes it was imperative to take into account; the existing BEE legislative framework and the powers and functions of the Trustees, as stipulated in the Trust Deed. In developing this BEE strategy for the Mohair Industry there must be definite deliverables and implementation framework. Funding requirements must be adequately addressed and implementation period must be properly mapped out. It is proposed that;

- the strategy be translated into measurable initiatives, aimed at focusing the efforts of the Industry as achieving the deliverables.
- support, both financially and otherwise, be lobbied from Government.

8.5 Empowerment Plan

The Trustees consider an empowerment strategy to be in the interest of the mohair industry the “why”, question the strategic objective of the TRUST in adopting a **BEE strategy** bay be formulated as follows:

The trust has a moral and ethical duty to engage all mohair industry stakeholders in social investment and the development of historically disadvantaged communities, in order to promote long-term stability and growth in the mohair industry.

The Mohair Industry Stakeholders is comprised by the following:

Farm laborers	Processors
Farmers	Manufacturers
Brokers/Traders	Retailers
Buyers	Consumers

It is proposed that the BEE Strategy, at its core, has the following guiding principles that dictate the deliverables expected from its implementation: stability, Infrastructure development and upliftment.

8.6 The Angora Goat BEE Training Initiative

The aim of this initiative is to introduce previously disadvantaged persons, who are interested in farming, into the mainstream of Angora goat farming, and to mentor these farmers to a point where they are capable of farming in a independent an self sustained manner.

South Africa produces 60% of total world mohair production, of this 80% is produced in the Eastern Cape. It is logical therefore that the mohair industry should figure prominently in black economic empowerment in the province. The Hardwood Angora Goat & Mohair Project offers a unique concept of training interested emerging farmers and empowering them by assisting successful candidates to acquire their own land.

The Ikwezi municipality has made a suitable piece of land available for the project. The property has been planned by the Dept of Agriculture and the necessary fencing, stock water, kraals and sheds have been erected with funds made available by the Provincial Dept of Agriculture. A local mohair buyer and topmaker supported the project by supplying 210 Angora ewes and 3 rams, while the Angora Ram Breeders Society has donated a further 5 rams. The Topmakers has also undertaken to buy all the mohair produced at market related prices.

8.7 Financial Matters

MOHAIR TRUST

INCOME STATEMENT for the YEAR ended 28 February 2009

	2009 R	2008 R
<i>INCOME</i>	9 006 132	8 662 632
<i>Interest</i>	16 181	176
Investment realised	8 743 951	7 300 000
Investment Property Revaluation	-	1 116 456
Rental received	246 000	246 000
 <i>EXPENDITURE</i>	 672 712	 676 315
 <i>Profit before benefits paid to income beneficiaries</i>	 8 333 420	 7 986 317
Income Paid to Beneficiaries	9 079 804	9 028 000
Deferred taxation	209	223 746
 <i>Loss</i>	 (746 593) #	 (1 265 429)

Income received increased from R8662632 to R9006132 largely due to realized investment. Even though the trust continues to make losses, the bottom line has significantly improved by more than 40%. Almost all the income received has been paid to beneficiaries as per the trust objectives. Annexure 7.1 provides a comprehensive income statement, especially the details of the expenditure section.

9. OIL AND PROTEIN SEEDS DEVELOPMENT TRUST

9.1 Objectives and Future vision

The Trust is restricted to specific activities and programmes in terms of the objectives of the Trust outlined in point 1.2 above. The main activities are the following:

- The financing of research projects;
- The financing of information services;
- The investment and conservation of the assets of the Trust;
- Other: Web-page, bursary scheme, sponsorships.

9.1.1 The financing of information services

For this specific function SAGIS was established of which the Oil and Protein Seeds Development Trust is a member and a financial contributor. The primary function of SAGIS is to gather relevant information, process it accurately and distribute it timeously to all interested parties relating to grain and oilseeds industries. With regards to the Oilseeds Industry, such information on sunflower, soybeans, canola and groundnuts are not only available to the Oil Seeds Industry, but to everybody interested in such information.

9.1.2 Future vision

During the past year OPDT addressed various matters, including the financing of VAT deregistration, amendment of the Trust Deed to comply with the conditions of tax indemnity, as well as, a presentation submitted to the "Ministerial Agricultural Marketing Review Committee" regarding the Trust Funds and the application thereof.

During the past year discussions were held on the Strategic Plan for the grain industry, particularly the role that OPDT plays in this regard. Apart from funding for the driver of the grain plan, the Oil Seeds Advisory Committee, the Sunflower and Soybean Forum, as well as, the SA Groundnut Forum are addressing this issue.

The soon to be established "Grain Farmer Development Trust" was noted. A draft Trust Deed of this Trust was discussed and approval of the Trust Deed is pending. Although the collapse of research capacity in South Africa continues with little being done from government perspective to save research, the Oilseeds Advisory Committee aspires to use the limited available capacity to implement the required research for the oil seeds industry. This is supported by OPDT, through

making available funds. It may be recorded that no application for research funding has been refused due to a lack of funds.

9.2 Financial Matters

The financial statements for the period 1 March 2007 to 28 February 2008 show that the Trust Funds (invested in a portfolio consisting of quality shares and cash) were not only being maintained in real terms as required in terms of the Trust Deed, but growth was such that funding to achieve the Trust objectives may be considered to beneficiaries if required and additional funding may be considered too.

The investment and conservation of the assets of the Trust

The assets of the Trust are managed by the said Fund Managers in terms of strict guidelines prescribed by the Trust and included in agreements signed by both parties.

An important matter that must also be mentioned is the administration functions of the Trust. Since the establishment of the Trust in 1997 until 2001, all administrative functions were dealt with on a part-time basis. In November 2001 full time staff were appointed and an office was set up. This greatly improved the communication with all affected groups and role players. It also enables the Trust to play a more pertinent role in the Oil Seeds Industry. As in the past, OPDT received an unqualified audit report and it shows the efficient OPDT operations and management by all concerned.

The financial resources of the Trust consists of Trust funds only and the only source of funds was the assets received from the Oil Seeds Board in 1997. Application of the funds are mainly directed at financing research, information services and administrative expenses.

Year	Research	Information Services (SAGIS)
1997/98	R 578 818	R-
1998/99	R2 898 076	R 207 219
1999/00	R4 968 515	R 410 816
2000/01	R4 068 301	R1 069 413
2001/02	R3 732 420	R 530 000
2002/03	R3 976 151	R 640 000
2003/04	R4 829 049	R 720 000
2004/05	R3 768 217	R 720 000
2005/06	R1 832 664	R 922 169
2006/07	R3 346 237	R1 014 388
2007/08	R3 900 484	R1 155 602

The financial statements for the period 1 March 2007 to 28 February 2008 show that the Trust Funds (invested in a portfolio consisting of quality shares and cash) were not only being maintained in real terms as required in terms of the Trust Deed, but growth was such that funding to achieve the Trust objectives may be considered to beneficiaries if required and additional funding may be considered too.

The current portfolio managers are Foord Asset Management and Allan Gray. Salient financial features may be summarised as follows:

	2005/06	2006/07	2007/08
Asset Value	R133 342 404	R171 256 372	R189 012 507
Income derived (Including fair value adjustments)	R 40 297 646	R 45 697 845	R 31 211 516

As in the past, OPDT received an unqualified audit report and it shows the efficient OPDT operations and management by all concerned.

9.3 Research Projects

During the 2007/08 financial year funds were made available for the following research projects:

A. Current projects/Applications for continuation

- Farmer Development by Grain SA - R373 366;
- South African Grain Information Service - R1 155 602;
- AGRI-INSPEC - R45 630;
- Publications of market-related information, GSA - R26 167;
- National sunflower cultivar trials, Dr A Nel, ARC-GCI - R161 787;
- Greenhouse evaluation of GCI groundnut germ plasm and South African groundnut cultivars for resistance against the rosette disease, Dr MJ du Plessis, ARC-GCI - R133 371;
- Development of strategies toward the integrated control of plant-parasitic nematodes on groundnuts, Ms S Steenkamp, ARC-GCI - R243 122;
- Introduction of root-knot nematode resistance into local, popular soybean genotypes using marker-assisted selection (MAS) and enhanced generation advancement, Dr H Fourie, ARC-GCI - R210 977;
- Cultivar evaluation of groundnuts, Dr J Dreyer, ARC-GCI - R376 542;

- Evaluation of transgenic groundnuts for stress tolerance, Dr CMS Mienie, ARC-GCI - R94 490;
- Breeding groundnuts for adaptation in Southern Africa, Ms AE Pretorius, ARC-GCI - R400 092.

Annexure 8.1: presents a historical account of the projects funded by Oil and Protein Seeds Development Trust for the past 10 years (1998 – 2008). Annexure 8.2 is a summary of new applications and joint projects.

In addition to the above funds approved for research projects, funds are allocated annually for administrative expenses, expenses of the Oilseeds Advisory Committee, the Sunflower and Soybean Forum and SA Groundnut Forum, for urgent research and for attending congresses, for study tours and bursaries.

Funding of the above research projects comprised an amount of R4 487 380 during the 2007/08 financial year. Although all research is to the benefit of the commercial and emerging producers, the funding of projects aimed exclusively at emerging producers comprised an amount of R814 531.

9.4 Bursary Scheme

As mentioned earlier, funds are allocated annually to provide bursaries for MSc and PhD studies. Currently a bursary amounts to R25 000 per annum and funds were allocated for the following bursaries during the 2007/08 financial year:

In conclusion during the 2007/08 financial year members of OPDT reached a milestone - ten (10) years of service to the oil seeds industry. Some of the Trustees have been serving OPDT for ten (10) years and as such, Mr GJ Pretorius, Mrs HJ Wilken and Mr BR Ntsimane were given the required recognition.

OPDT's contribution during the period was of the utmost importance for the industry and the TRUST will continue, in co-operation with the Oilseeds Advisory Committee, the Sunflower and Soybean Forum, SA Groundnut Forum and other work groups to serve the oil seeds industry to its best ability.

10. POTATO INDUSTRY DEVELOPMENT TRUST

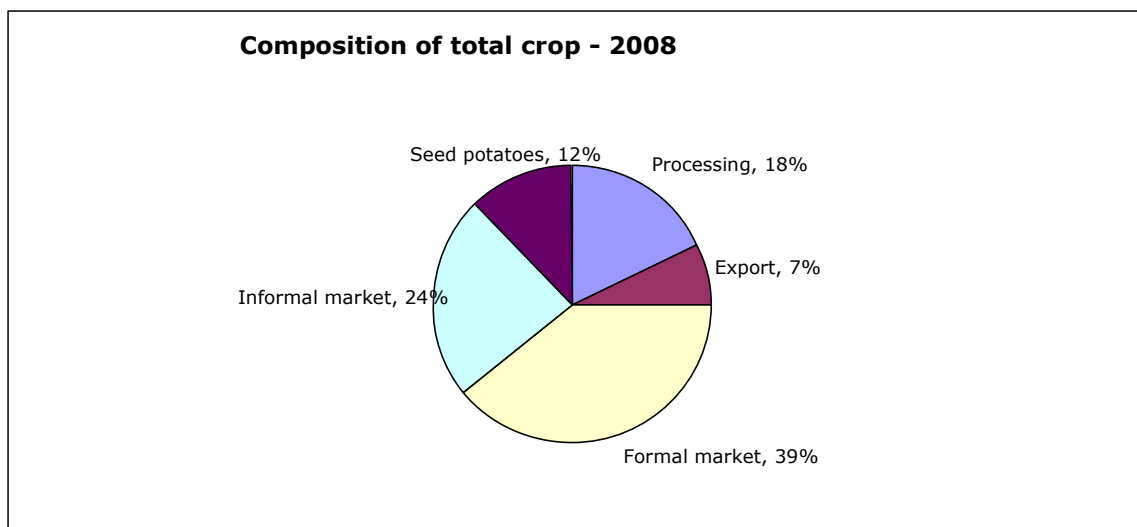
10.1 The Potato Industry

Potatoes are basically produced in the whole of South Africa which results in a year-round production season ensuring a permanent supply of fresh potatoes. In respect of the 2008 there were 681 commercial potato producers (farming enterprises) producing approximately 2.04 million ton potatoes. The total value of the crop at first point of sale in respect of 2008 is in excess of R4.5 billion. The following three categories of potatoes are produced in South Africa

- Seed potatoes
- Potatoes for the fresh consumption (local and exports)
- Potatoes for processing

Herewith a chart on the estimated share of each category in respect of the 2008 potato crop:

FIGURE 9.1: COMPOSITION OF TOTAL CROP



As far as the emerging potato producers are concerned Potatoes South Africa has 626 producers, planting potatoes on 2004 hectares, registered on its data base. An Industry Profile Study is currently being undertaken which will provide more reliable data on the number of emerging potato producers. Based on the data the composition of the emerging potato producers per province are as follows:

10.2 Transformation / Broad Based Black Economic Empowerment

At Potatoes South Africa, transformation is seen as consisting of:

- Subsistence Farmers
- Emerging Commercial Farming Enterprises (2ha+)
- Black Economic Empowerment (BEE)

10.2.1 Subsistence farming

The key success factor for subsistence farmers in the potato industry is to develop their skills in terms of production and marketing. The tools used for this purpose are:

- Information days
- The establishment of formal organizational structures/study groups
- Practical potato cultivar trials
- Forming of strategic alliances with other key stakeholders & role players
- The involvement of subsistence farmers and role players at commercial farmers meetings.

10.2.2 Emerging Commercial Farmers (+ 2ha)

The emerging commercial farming enterprises can be defined as enterprises that are in potato production of not less than 2 ha and potential to grow to at least 10 ha of potato production. For that growth to be achieved, the farming enterprise should have access to at least 50 ha of arable land to enable effective crop rotation plan. Once the enterprise is identified, a needs analysis will be conducted to ascertain the needs and determine the fundamentals of that business.

10.2.3 Black Economic Empowerment (BEE)

In 2003 a strategy for Broad-Based Black Economic Empowerment (BBBEE) was released Government which defines BBBEE as:

An integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.

Thus the BEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of

enterprises and economic assets. In the potato sub sector, BBBEE is equally important and will be driven according to the Government's national guidelines.

10.2.4 The Potato Academy (For Skills Development and Transfer)

This academy:

- Creates a centre for development, growth, transfer and acquisition of skills and knowledge within the potato industry.
- Act as a centre from which all the various initiatives are coordinated and managed throughout the value chain
- Develop need driven programmes that are aimed at supporting the growth and sustainability of the industry through investment in its people's development, especially at farm level.

See Annexure 9.1: Summary of current projects & progress

10.3 Legal matters

The Trust (through the Administrator) is involved in instituting legal action against potato producers who refuse to pay the statutory levy. The legal action instituted can best be explained as follows:

Bag manufacturers (Table potato producers)

As the bulk of the levies are collected via the bag manufacturers audits are conducted annually at the premises to ensure that the administrative procedures pertaining to the collection of the payment the statutory levy and the payment thereof to the Potato Industry Development Trust are adhered to.

In the case of table potato producers refusing to pay their levy to the bag manufacturers, the following procedures have been instituted. As soon as the bag manufacturer informs Potatoes South Africa about such a case, a credit note is issued to the bag manufacturer and the producer is immediately invoiced by the Potato Industry Development Trust. The invoice is sent to the producer under cover of a letter informing him/her that the levy is compulsory and failing to pay such levy will result in legal action being taken and that an *in mora* rate of 15.5% applies to the outstanding levies payable. As far as the collection of the statutory levy on seed potatoes is concerned, these producers are invoiced directly. The amount involved in respect of the legal actions pending amounts to R308 006.00

10.4 Finance Matters

The 2007/2008 financial year was characterized by an under spending of 5.3% compared to the approved budget (R 24,791 million were spent against the budget of 26,169 million). The spending complied with the prescribed guidelines for the appropriation of statutory funds. Although it would have been preferable if the spending on transformation was closer to 20%, the under spending has been addressed in the 2008/2009 budget.

Herewith the appropriation of the statutory funding in respect of the 2007/2008 financial year, based on the ministerial guidelines.

TABLE 10.1: APPROPRIATION OF STATUTORY FUNDS – 2007/2008

Function	Ministerial guidelines	Actual attained
Core businesses	70%	74.11%
Transformation	±20%	16.94%
Administration	<10%	8.95%

The following scheduled provides a summary of the actual spending per function in respect of 2007/2008.

TABLE 10.2: ACTUAL SPENDING PER FUNCTION IN RESPECT OF 2007/2008

FUNCTION	BUDGET (R)	ACTUAL (R)	DEVIATION (R)	DEVIATION (%)
Industry information	6,322,476	5,825,150	497,326	7.9
Market Development	6,695,063	6,619,387	75,676	1.1
Research and Development	5,930,275	5,927,481	2,794	0.0
Transformation	5,050,258	4,200,786	849,472	16.8
Administration	2,171,720	2,218,816	- 47,096	-2.2
Total	26,169,792	24,791,620	1,378,172	5.3

10.4.1 Explanations for deviations

Transformation

The under spending in terms of budget versus spending was mainly due to the 100% increase in the Transformation budget compared to the previous year. New projects had to be compiled, approved and implemented. There was success with regard to the implementation of some projects while others could not start due to an assortment of debilitating factors. The situation will be rectified in the current financial year.

Market Development and Product Promotion

The slight deviation in terms of budget versus spending can be ascribed to the decision by the Marketing Committee to conduct the consumer research project in the 2008/2009 financial year.

Industry Information

The under spending in terms of budget versus spending is primarily the result of further negotiations with some of the service providers for a better price.

Research and Development

The deviation in terms of budget versus spending is insignificant and warrants no elucidation.

Administration

The overspending in terms of budget versus spending can primarily be ascribed to the higher commission payable to the collecting agents due to the higher than anticipated levy income. The commission payable to the levy collecting agents (bag manufacturers, processors, etc.) is based on an agreed percentage of the levies collected. The higher than expected audit cost also contributed to the overspending.

10.4.1 Trust Viability

The Trust continuously manages the budget according to a prediction model to ensure to it could meet its current and future responsibilities. The prediction model, based on the available historic data since 10 September 2004 is compiled to comply with the ministerial guidelines for statutory funds, assumptions based on macroeconomic tendencies, indirect influences on levy income such as production costs and cash flow projections.

As the appropriation of the statutory funds is based on total spending of the levy income received in during the current and previous statutory periods, no surplus funds could be transferred to the next statutory period. This will lead to serious cash flow problems for the trust because the relevant government notice makes provision for a 60 (sixty) day grace period for the collecting agents to pay the levies over to the Trust. This provision was included in the notice as not all producers pay the collection agent immediately or within 30 (thirty) days. In some cases it takes even longer than 60 (sixty) days for the agent to collect the levies. This in fact means that although the income is already reflected in the books of the Trust it is only received 60 (sixty) days later.

Capital (Investments Performance)

As a result of the non-appropriation (surplus) of statutory funds (R 6.7 million : 2006, R 9.51 million : 2007, R 8.85 million : 2008) these monies were invested. The interest earned in total the past three years are as follows:

Interest on investments	R1 142 372
Interest on positive bank balance	R 245 657

In terms of the Trust's investment policy all investments must be made at recognized financial service institutions (AA+ rating) and capital as well as interest must be guaranteed. R45 926 had to be written off as bad debts. No other losses were incurred.

Fund manager (Administrator)

Potatoes South Africa was appointed by the Trust as fund manager (Administrator) at its inaugural meeting on 29 September 2004, following the promulgation of the statutory measures on potatoes in the government gazette on 10 September 2004.

Potatoes South Africa was retained as fund manager (Administrator) by the Trust following with the approval of the statutory measures on potatoes by the Minister of Agriculture on 29 June 2007 for the statutory period 2007 to 2011. The fact that the Trust retained the services of Potatoes South Africa is testimony to the quality services rendered by the appointed Administrator.

The fact that the external auditors, appointed by the Auditor General, every year brought out an unqualified management report is further testimony to the level of service rendered by Potatoes South Africa.

10.4.2 Income Projections

There was a sharp increase in the levy income in respect of the 2007/2008 financial year compared to the levy income received in the 2006/2007 financial year. This is the direct result of the approval for the inclusion of the three cents voluntary levy in the statutory levy applicable with effect from 29 June 2007. The 2008/2009 financial year reflects a drop in income that can be ascribed to lower production volumes. The following table provides information on the levy income received for the three financial years 2005/2006 to 2007/2008.

LEVY INCOME RECEIVED FOR THE THREE FINANCIAL YEARS 2005/2006 TO 2007/2008

Year	Levy income (R)	Levy amount	Levy not recovered (R)	% of income
2005/2006	16 085 843	1.0c / kg	49 698	0.309
2006/2007	18 226 775	1.0c / kg	248 508	1.363
2007/2008	23 715 019	1.3c / kg	284 565	1.200

The levy not recovered can primarily be ascribed to potato producers refusing to pay the levy or declared bankrupt. The following table provides information on the projected levy income to be received for the 2008/2009 financial year.

**PROJECTED LEVY INCOME TO BE RECEIVED
FINANCIAL YEAR**

FOR THE 2008/2009

Year	Levy income (R)	Levy amount
2008/2009	21 066 744	1.3c / kg

Levy Income (Budget 2008/2009)

Appropriation of funds

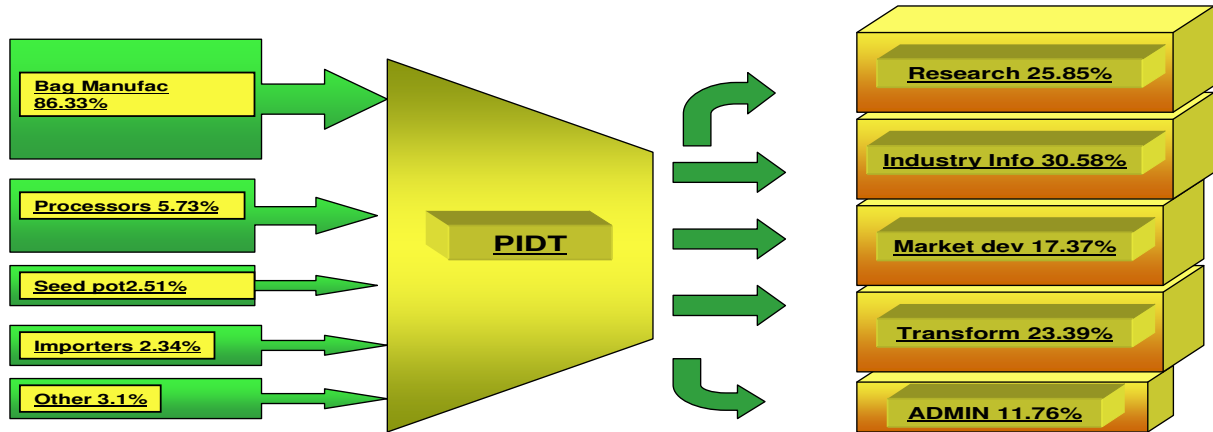


Figure 1

11. SORGHUM TRUST

11.1 Transformation

Proposed Assistance to Emerging Farmers

The Sorghum Trust could give consideration to assist emerging sorghum farmers by providing financial assistance in respect of the following:

- (a) initial soil correction through the acquisition and application of lime, which includes the cost of a once-off soil analysis;
- (b) payment of all or a portion of the crop insurance premiums on behalf of the farmers;
- (c) payment of a portion of the cost of an extension officer (or experienced commercial farmer who acts as mentor) for the specific farmers.

Existing sorghum projects of the Agribusinesses could be utilized for such a project, in order to ensure that successes are achieved and to also ensure that the necessary checks and balances (auditing systems) are in existence with regard to each project. A specific budget could be allocated to the project and the Trust could make proportionate contributions to each Agribusiness, if the total amount applied for should exceed the available funds that have been earmarked by the Trust for these projects.

Payments are to be made to the Agribusinesses as project managers and not to the individual farmers or input service providers. Specific conditions could be that the payments by the Trust are to be utilized exclusively for the production of sorghum, that the Trust is to be provided by certified expense statements in respect of the projects, that specified progress reports have to be submitted to the Trust, that all surpluses are to be paid back to the Trust within a set time, and that random visits could be made by the Trust to any of the projects concerned.

SORGHUM TRUST

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Statutory levy and investment income	ARC	Research	5,566,104
	Universities	" "	323,217
	Pannar	" "	81,510
	SAGIS	Information	1,730,535
	Grain SA	Transformation	1,324,870
			9,026,236

Applications for early soil analyses and liming costs could, for example, be made to the Trust before or on 30 April 2009. The Trust could then give consideration to the applications during May 2009 and, if approved, make payments to the applicants in time for the ordering and application of the lime. If, however, Agribusinesses should not have the need for early liming, an application could be submitted to the Trust before or on 30 August 2009. The Trust could then give consideration to these applications during September 2009 and make payment by the end of that month, which should provide sufficient time for the Agribusinesses before the actual commencement of the next planting season for sorghum.

11.2 Financial Matters

TRUST CAPITAL

The capital must be maintained in real terms and it must therefore at least grow at the rate of inflation.

INVESTMENT INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2008 (Abridged)

<i>INVESTMENT INCOME</i>	<i>2008/02/29 RANDS</i>
Interest received	672 771,69
Dividends received	144 339,27
BOE fees	(111 343,40)
TOTAL INCOME	705 767,56
TOTAL EXPENDITURE	173 682,02
Surplus after administrative expenditure	532 085,54
OTHER EXPENSES	
Payments to Sorghum forum	(58 926,13)
SURPLUS FOR THE YEAR	473 159,41

INVESTMENT

Listed securities are carried at the lowest of historical cost and net realizable value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

THE YEAR ENDED 29 FEBRUARY 2008

<i>BOE fixed capital fund</i>	R8, 021, 149,55
<i>Listed securities</i>	R1 ,257, 413,40

Market value of listed securities on 29 February 2008 –
R 807, 794,00

(28/02/2007 :
R5, 816, 038,49

12. WOOL TRUST

Wool Trust was established on 13 August 1997 by virtue of a resolution of the SA Wool Board passed on 27 September 1997. The Minister approved the Trust Deed and by June 1998 the majority of Wool Board assets had been transferred to the Trust.

12.1 Trust Objectives

The strategic objectives of the Wool Trust are:

The protection of the Trust Assets and the Trust Capital; and

The utilization of the assets and capital of the Trust productively in such a manner as to increase the value thereof from time to time and maximize the income;

The enhancement of the viability of the South African wool industry through the financing of;

- research in connection with the improvement, production, manufacture, processing, storage or marketing of wool; and/or
- activities designed to promote wool production and stimulate and increase the demand for and consumption of South African wool; and/or
- information and advisory services to producers relating to production of wool, marketing conditions and the wool industry generally; and/or
- the provision of training and information to existing and prospective wool producers.

To ensure that funds allocated to the wool industry are utilized effectively.

The Trustees of Wool Trust meet quarterly to ensure that the strategic objectives are achieved on an ongoing basis.

Vision

To fund a portfolio of services focused on research and development, information, promotion and production technology transfer and training, as identified by the Wool Industry Forum of South Africa. These services will be provided in consultation with industry stakeholders and will be delivered at a cost-effective, equitable and transparent manner to the benefit of all stakeholders in the industry. Copies of Wool Trust's Annual Financial Statements for FY 2007/2008 will be made available on request.

The Marketing of Agricultural Products Act of 1996 to provide for a Wool Industry Forum. The Wool Forum was established in June 1997 to achieve, amongst others, the following objectives:

- To act as a consultative, policy and decision making body for all industry sectors up to and including the primary wool processing stage.
- To provide strategic directives for an appropriately structured service provider, which has access to Wool Trust funding, and whose primary objective is to enhance the viability of the wool industry as per the Trust Deed.
- To identify the needs of the wool industry, and to ensure that such needs are adequately addressed by appropriate business plans and in the annual reports of the service provider.
- To represent the wool industry as and when required, particularly in terms of formal applications and introduction of statutory measures.
- To provide a structure and mechanism to nominate and/or appoint Directors and/or Trustees to the service provider and Wool Trust.

The Wool Forum comprises 38 representatives in terms of its Constitution. Of these 38 seats, wool producers occupy 18, while the Wool Textile Council (which represents wool buyers, wool processors and the Wool Testing Bureau) may nominate 8 representatives. Once the Wool Industry Forum had been established, its first order of business was to give approval for the establishment of a non-profit (Section 21) service company to act as the executive arm of the Forum, and to task its management to develop and execute business plans to address the needs of the industry as identified by the Forum. Cape Wools SA started operating on 1 September 1997, after concluding a funding contract with the Wool Trust. This process effectively provided for a seamless transition between the “old” and the “new” marketing environments. The company’s Articles of Association were approved by the Wool Forum and was drawn up in such a way that the objectives of the company are in complete alignment with the objectives of the Wool Trust, to ensure that all industry Trust funds are allocated to activities aimed at enhancing the viability of the entire industry as per the Trust Deed and Wool Forum Constitution.

A Board of Directors representing the directly affected groups who are members of the Wool Forum governs Cape Wools SA. To ensure a small, but fully representative Board, wool producers and the Small Stock Breeders Society nominate 3 directors to the Board, while 2 directors represent the wool buyers, the wool processors and the Wool Testing Bureau. One director represents the wool brokers, traders and shearing contractors, and one director represents labour.

The Cape Wools SA annual business plan is submitted to the Wool Trust for final approval, and expenditure is allocated to address four key performance areas:

- Information and statistics (as per statutory measure).
- Promotion.
- Research and development.

Production Technology Services

Cape Wools SA has been the sole beneficiary of the Wool Trust since the establishment of the Wool Trust and is responsible for the utilization of Wool Trust generated funds to the benefit of the wool industry.

Cape Wools every three years publishes an invitation for interested parties to submit tenders to meet tender specifications for a portfolio of services as required by the wool industry. Annual budgets have to be submitted against the deliverables as specified in the tender document. A three-year contract is then awarded to the successful tender and the annual budgets are monitored and the service provider has to submit reports bi-annually on the meeting of the deliverables.

The NWGA has been the sole service provider of Cape Wools since the establishment of the Wool Trust. The NWGA acts as specialty mouthpiece of wool producers in South Africa, in order that matters that the Association considers to be in the interest of the wool industry can be executed, and accepts as its highest priority to protect and promote the interest of its members.

12.2 Transformation Achievements

Wool Trust provides funding through Cape Wools SA, the beneficiary of Wool Trust, for activities which benefit the wool industry and the role players involved both at producer and pipeline level.

The National Woolgrowers' Association of SA (NWGA) is contracted by Cape Wools SA (CWSA) to carry out certain programmes, which include training, infrastructure development, genetic improvement of communal flocks, market support and resource management.

The wool industry has responded to transformation issues and the Cape Wools contract requires that the National Wool Growers Association (NWGA), the service provider of Cape Wools, ensures

that its business plan reflects a facilitating role in this respect. Accordingly the NWGA has developed a training and mentorship programme in support of the LRAD programme.

12.3 Funds Allocation

An amount of R5 826 732 has been allocated during FY 2008/2009 for the funding of industry specific projects through Cape Wools/NWGA, of which approximately R3 729 108 (or 64 percent) will be spent on activities directly applicable to communal areas. An amount of R1 348 194 has been allocated for Research and Development projects in FY 2008/2009. Table 12.1 below demonstrates the level of support the trusts gives to the industry.

11.1: Project Expenditure for the past 10 Years (2007)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Rent and Investment income	Cape Wools (Sec 21 company)	Transformation	87,969,482
		research	
		information and promotion	

A further amount of R3 884 454 has been allocated to Cape Wools SA in providing the following services:

- To promote wool, the South African wool industry and South African wool products to benefit all links in the demand chain.
- To maintain a national wool industry information and statistical database for the provision of appropriate information/market intelligence products on and for the wool industry.
- To manage Research and Development projects according to CWSA R & D protocol.

13. WINTER CEREAL TRUST

13.1 Introduction

Winter cereal is defined as wheat, barley, oats, rye, durum wheat and triticale. The functions which were identified for continuation, were the provision of market information, laboratory services and financial support to research projects.

The grain and oil seeds industries (previously serviced by the Wheat Board, Maize Board, Sorghum Board and Oil Seeds Board) decided to combine efforts to supply market information and laboratory services to the industries concerned. Two Section 21 companies, namely the SA Grain Information Service (SAGIS) and the SA Grain Laboratory (SAGL), were established to supply the above-mentioned services to the industries.

The different industries also decided in terms of the new Marketing of Agricultural Products Act to establish Trusts mainly to administer the assets of the control boards concerned and to utilize funds to the benefit of the different industries. In the case of the winter cereal industry it was decided to establish two separate trusts, namely the Winter Cereal General Trust and the Winter Cereal Research Trust. The objectives of the two trusts were:

Statutory levy on winter cereals

The current statutory levies on winter cereals were imposed in terms of Government Notice No.958 of 29 September 2006.

Clause 2 of Government Notice No. 958 defines the purpose and aims of the relevant statutory measure (being the statutory levies) as "...to provide financial support to the winter cereal information and research functions that the winter cereal industry has identified as essential and in the interest of the industry as a whole".

A letter from the NAMC dated 21 September 2006 regarding approval of the current levies, states that approximately 20% of levy income must be spent on transformation (development of emerging farmers).

Identification of emerging farmers

The Winter Cereal Trust undertook a survey (in 2005) to determine the involvement of black farmers in the production of wheat and barley. The report "An investigation into the potential entry and

successful participation of emerging black farmers into barley and wheat farming in SA” had been forwarded to the NAMC.

The Trust also obtained an independent opinion on the size of a farm to make wheat farming viable and sustainable. At that time 200 ha (dry land) were regarded as a viable proposition if done in combination with other normal production practices. A recent survey by the University of Stellenbosch indicated that an 800 ha farm in the Rûens area of the Western Cape, was not a viable proposition.

The Winter Cereal Trust is currently financing two projects, administered by Grain SA and ARC: Small Grain Institute respectively where emerging farmers with the potential to become new commercial farmers had been identified. These farmers are receiving intensive attention regarding the transfer of technology and mentorship.

The Trust made efforts to identify black farmers by means of a data base for black farmers but it seems that no reliable national data base is available. The trustees and members of the Technical Committees operating under the Trust made it their mission to identify black farmers, or communities involved in the production of wheat and barley. No real new and unknown participants were identified, possibly due to the lack of involvement of black farmers in the production of wheat and barley.

13.1 New Developments in 2008

Continued efforts were made to identify participants from the emerging sector who are involved in wheat and barley production. All role-players in the industry were requested to identify development opportunities.

As trustees are not allowed to perform any actions and apply funds for any purpose not furthering the objectives of the Trust as defined in the Deed of Trust, the Board of Trustees decided on certain amendments to the Deed of Trust to enable trustees to contribute funds to a wider range of transformation projects.

13.2 Achievements

Since the establishment of the Trust in 1997, the representation on the Board of Trustees had been drastically amended. The original Board of Trustees included only one representative of the Minister whereas the Board of Trustees currently includes 6 ministerial representatives (50% of total

representatives) and it can be reported that a very good spirit of co-operation is experienced amongst trustees.

The Winter Cereal Trust is currently financially supporting two programmes which are directly aimed at the development of emerging farmers. These programmes are administered by ARC: Small Grain Institute and Grain SA. The contribution from Trust funds towards these programmes increased with approximately 28-30% for the 2008/2009 financial year of the Trust. The contributions are as stated below with the amounts for 2007/2008 in brackets:

ARC: Small Grain Institute	R2 024 089 (R158 6419)
Grain SA	R 421 685 (R324 188)

Copies of progress reports on these programmes for 2008 are available on request from the trust.

The Board of Trustees also decided to financially support a mentorship programme for a newly graduated agricultural student on a grain producing farm. The contribution to this programme which has, for the time being, been scheduled for 1 year, amounts to R87 600. The Winter Cereal Trust, as a member of SA Grain Information Service (SAGIS), has financially supported the publication of SAGIS' data in isiZulu and Setswana.

13.3 Funded Projects

Although this document refers to 3 projects/programmes which are specifically aimed at the development of the emerging sector, the Board of Trustees is of the opinion that about all the other projects are to the benefit of all role-players in the industry, irrespective of race or volume of production. Annexure 12 provides a list funded projects.

The Board of Trustees also decided to annually make funds available for capacity building within institutions/organizations involved in the industry. A principle decision had been taken that support to capacity building items would be made subject thereto that members of the PDI sector be involved in such activities. Scientists/researchers undertaking overseas visits must be accompanied by a member/s from the PDI sector for such activities to qualify for support from Trust funds.

The Winter Cereal Trust administers a bursary scheme for post-graduate students to financially support them with their Master's and Doctoral studies in fields related to the small grains industry. A principle decision had been made that 50%+ of the available bursaries be granted to students from the PDI sector. This goal could up to date, unfortunately not been achieved despite special efforts

from a special appointed Committee to promote the bursary scheme amongst students from the PDI sector.

The Bursary scheme has now been extended to make provision for 3 bursaries per year to Black students for their final year of study for an undergraduate degree or a one-year Honours degree.

13.4 Future vision and objectives of the Trust

The formal objectives of the Winter Cereal Trust are described in the Deed of Trust and had recently been amended to allow trustees to contribute funds to a wider range of transformation projects.

At the time the industry applied for the current levy, the tariffs only made provision for funding of the research and information functions as identified by the industry. The expected 20% contribution towards transformation specific activities was not budgeted for at that time.

Despite the fact that the 20% goal could not be fully achieved to date, the trustees committed themselves to strive and meet this goal by the end of the current levy period which is September 2010.

Although the contributions towards already identified transformation projects as referred to under paragraph 4 are less than 20% of levy income, the Board of Trustees decided to reserve an additional amount of R1 411 533 for transformation purposes for the 2008/2009 financial year.

The Board of Trustees has invited applications for the funding of wheat related projects which could be linked to maize related projects which have been proven to be successful. An investigation is being done to determine the availability of commercial farmers in the Taung area to become involved in mentorship programmes for black farmers in that area.

With the contribution of R2 533 374 towards transformation specific projects and the reservation of a further R1 411 433 for transformation purposes, the Winter Cereal Trust's contribution towards transformation represents 15,44% of the levy income for the current financial year as at 23 October 2008, being R25 543 487.

The Board of Trustees instructed that the appointment of a Transformation Manager be investigated whose function would be to handle matters regarding transformation projects and especially to identify black farmers involved in the production of winter cereals.

13.5 Finance matters

The Trust's only source of income is by means of levies and the interest on levy funds and the interest on a donation received from the former Wheat Board.

The Trust utilises the funds collected by means of the levies, on a basis where the amount available at the end of a financial year is allocated to be utilised in respect of projects as identified by the Board of Trustees after consultation with the Technical Committees as prescribed in the Deed of Trust. The allocations are done on the principle that all available funds (with a small risk provision) must be used during a specific year, subject thereto that projects with real merit are available.

Table 12.1: Levy income statement (for the year ended 31 October 2008)

	2008					2007
	Wheat	Barley	Oats	Durum	Total	
	R	R	R	R	R	R
	26 283 777	2 799 925	328 926	90 426	29 503 055	27 731 040
Levies received	21 722 136	2 491 312	292 861	77 021	24 583 331	25 353 924
Transfer from donation funds	1 309 453	-	-	-	1 309 453	-
Interest received	3 252 188	308 613	36 065	13 405	3 610 271	2 377 116
Expenses	26 283 777	2 799 925	328 926	90 426	29 503 055	27 731 040
Administration costs	682 069	75 560	5 919	1 763	765 311	648 938
Audit fees	-	-	-	-	-	48 400
Commission paid	652 369	67 124	4 734	1 566	725 793	603 676
Operating lease charges premises	32 022	3 547	278	83	35 930	30 668
Research expenses	23 764 454	2 513 066	309 440	84 466	26 671 426	25 343 128

The income has improved from the previous year by approximately R2 million. The above is an excerpt of the income statement, a comprehensive view of the trust's financials can be viewed on Annexures 12: 2-3. The income statement reflect that there was no surplus nor deficit during the period under review. The balance sheet (Annexures 12. 3) shows a reasonable increase on asset base of about R4 million.

Detail of the Trust's financial position is given in the attached financial statements (Annexures 12: 2-3). The Trust does not make use of the services of Fund Managers due to the medium and short term nature of investments.

The Trust's annual income is budgeted on the expected amount of levies to be collected and the interest to be earned thereon. The budget for levy income is based on a 90% success rate in the

collection of levies. During the 2007/2008 financial year the Trust was able to achieve a 97.66% success rate.

The Board of Trustees has not discussed the possibility of state intervention in achieving the Trust's objectives. The Board of Trustees would, however, like assistance from the NAMC and government to speed up the process to implement new levies, the appointment of new representatives of the Minister on the Board of Trustees and the finalization of annual audits by the Office of the Auditor-General (AG).

Exposure to credit and interest rate risk arises in the normal course of the Trust's business. The Winter Cereal Trust only invites in short term deposits across a broad spectrum of leading financial institutions, thereby limiting the credit and interest risk exposure with a diversified investment portfolio.

The carrying amount of financial assets represents the maximum credit exposure. The minimum exposure to credit risk at reporting date was:

	2008		2007
	R		R
Trade Receivables	1 699 861		3 251 695
Cash and cash equivalents	52 315 855		47 119 397
Fixed deposits - Levy	37 117 657		33 838 119
Donation	13 606 131		12 556 692
Cash at bank	1 592 067		724 586
	54 015 716		50 371 092

14. ANNEXTURES

14.1 Annexure 1. Cotton Trust – Project Funding for beneficiaries

Annexure 14.1: Cotton Trust - Project Funding for Beneficiaries (Past 5 financial years)

years)	NAME OF BENEFICIARY	PARTICULARS	COTTON TRUST FINANCIAL YEAR				
			2003/04	2004/05	2005/06	2006/07	2007/08
	Cotton SA	Cotton SA financial assistance				R 746,200	R 1,013,928
	Cotton SA	Cotton Mark promotional budget (part funding)	R 280,000	R 221,700	R 250,000		
	Cotton SA	Sponsorship: Cotton SA awards	R 20,000	R 20,000	R 20,000	R 20,000	R 20,000
	Cotton SA	Small-scale farmer co-coordinator - remuneration package contribution	R 100,000	R 100,000	R 100,000		
	Cotton SA	Cotton SA magazine: research articles & small farmer articles pages	R 75,592	R 100,946	R 90,031	R 83,797	R 69,016
	Cotton SA	Grant towards purchase of new HVI-machine for Cotton SA	R 100,000	R 50,000	R 50,000	R 50,000	R 50,000
	ARC-IIC	Research projects for small-scale cotton farmers	R 175,000	R 175,000	R 185,000	R 160,000	R 135,000
	ARC-IIC	Sponsorship: SEACF Conference			R 5,000		
	Ubongwa Farmers Assoc. (KZN)	Funding of the association's budget	R 10,000				
	Prospec Media	Reprinting of small-scale farmer cotton production guide	R 40,000				
	Prospec Media	Reprinting of commercial farmer cotton production guide		R 30,000			
	Tshwane University of Technology	Development costs: ginners' training course		R 17,544			
			R 800,592	R 715,190	R 700,031	R 1,059,997	R 1,287,942

Annexure 14.2: Cotton Trust - Summary Total Expenditure Funding of Projects for past 10 years (2007 – 2008)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Rent and parking (cotton building) and investment income	Cotton SA	all as mentioned below	5,834,643
	ARC	research	1,865,626
	Umbongwa Farmers Assoc (KZN)	transformation	57,300
	Prospec Media	Information	70,000
	Tshwane University of Technology	information	17,544
	Kadoma Training Centre, Zimbabwe	transformation	83,903
	Lonrho Cotton Gin	promotion	14,050
	Consultants	transformation	19,601
	Cotton Ginners Assoc	Promotion	9,000
	ICAC (International Cotton Advisory Committee)	promotion	41,330
	Nufarmer newspaper	information	34,443
	Cotton farmers sponsorships	Transformation	15,805
	World Cotton conference	research	100,000
	Farmers magazine	information	33,000
	Danced: Clear cotton prod unit	Information	50,100
	TOTAL (10 Yrs)		8,246,345

14.2 Annexure2: Deciduous Fruit Industry Development Trust Projects Funded

#	Organization	Type of Training/ Intervention	Amount Requested	Amount approved
1	Fresh Produce Exporters' Forum	Value Chain training/Industry perspective	400,000	200,000
2	Women of Farms	Improve Social Security of Women/Children	170,675	170,675
3	JD Kirsten Farms	Farm Worker Wellness	46,000	46,000
4	Procure	TB Awareness & Education	153,900	153,900
5*	Ethical Leadership Institute	Strategic, Operational & Team Leadership	283,800	212,850
6**	AgriTrain	Academic enrichment /Life mapping	50,000	50,000
7	Koue Bokkeveld Opleiding	Community Development	60,000	60,000
8	Langkloof Opleiding Sentrum	Life skills training	135,800	101,850
Amount to be Paid out - February 2008			1,300,175	995,275
9	Cape Womens' Forum	Programme Development: Literacy	100,000	100,000
10	Cape Womens' Forum	Community Development/ Health care (N. Cape)	196,875	147,656
11	JD Kirsten Farms	Primary Education through Stories (Pilot)	3,600	3,600
12	JD Kirsten Farms	Interpersonal Skills: Production/Unit Mgrs (Pilot)	37,500	37,500
12	Koue Bokkeveld Opleiding	Community Development	100,000	100,000
13	Langkloof Opleiding Sentrum	Life skill training	148,500	111,375
Amount to be Paid out - June 2008			586,475	500,131
14*	Ethical Leadership Institute	Strategic, Operational & Team Leadership	203,400	152,550
15	Cape Womens' Forum	Community Development/Health care (W. Cape)	196,875	147,656
16	Langkloof Opleiding Sentrum	Life skill training	80,500	60,375
17	Women of Farms	Improve Social Security of Women/Children	170,675	170,675
18**	AgriTrain	Academic enrichment/Life mapping	50,000	50,000
Amount to be Paid out - November 2008			701,450	581,256
TOTAL AMOUNT APPROVED			2,588,100	2,076,663

14.3 Annexure 3: Maize Trust Involvement in Developing Projects (July 2007/June 2008)

APPLICANT	PROJECT DESCRIPTION
ARC – Grain Crops Institute	<p>Developing Agriculture AMOUNT FUNDED R 1 611 426</p> <p>Evaluation of maize cultivars and varieties for small holder farmers The impact of crop rotation and fertilizers on developing farmers in the North West Province Maize cultivar evaluation under different soil fertility conditions for resource poor farmers Evaluation of cost effective and sustainable tillage practices in land utilisation Evaluation and identification of maize varieties for small holder farmers in Limpopo Province Production systems and plant breeding projects specifically aimed at developing farmers (SRL) Communication and liaison with resource poor farmers (20% of MIG costs)</p>
Grain South Africa	<p>Farmer Development Programme AMOUNT FUNDED R 7 278 268</p> <p>Commercialization of emerging farmers – empowering them to sustainable, self-supporting commercial production: Creation of Structures Production and Input resources – establishment of a support system Market related issues – Extension of market access to developing farmers Liaison and Communication – continuous communication of commodity and market info. Evaluation and monitoring of development programmes</p>
LIMPAST	<p>AMOUNT FUNDED R 873 200</p> <p>Projects for emerging farmers in the Limpopo Province to address inter alia lack of access to information, ineffective production and farm management practices, poor support services and limited bargaining and negotiation powers</p>
Buhle Farmers' Academy	<p>AMOUNT FUNDED R 500 609</p> <p>Training of emerging farmers to become commercial maize farmers</p>
Emerging Farmer Assistance	<p>AMOUNT FUNDED R5 813 206</p> <p>Pilot Project for assisting black emerging farmers with liming, insurance and mentorship</p>
GRAND TOTAL	R16 076 709

Annexure 3: Summary of project Funding for the past 10 Years (1997 to 2007)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Investment income	ARC	Research and transformation	81,632,060
	SA Grain Laboratory	Research	9,885,190
	Grain SA	Research and transformation	87,162,442
	CSIR	Research	3,043,456
	Universities	" "	8,002,405
	NAMM (Maize Millers)	" "	112,695
	AMT (Pty) Ltd	" "	382,550
	Medical Research Council	" "	677,032
	Dr WJ van der Walt/ GMO survey	" "	82,000
	No-till club	" "	1,375,166
	Spariaintel/ SIQ (Pty) Ltd	" "	12,076,636
	SAGIS	Information	30,868,515
	NU Farmer	" "	1,389,757
	Climatic and Agricultural Bulletin	" "	940,000
	Limpast	Transformation	4,728,049
	Buhle Farmers Academy	" "	1,922,338
	NAFU SA	" "	985,600
	Pilot roject for emerging farmers	" "	5,813,206
	SA Poultry Association	Market access	360,000
	Agri Inspec	" "	56,660
	SACOTA / SAGAS	" "	256,600
	Generic marketing campaign / Pap Idols	Promotion	11,754,768
	Bursary scheme	Capacity building	572,080
WTO grain dispute initiative	" "	480,324	
			264,559,529

14.4 Annexure 4: Mohair Trust Financial Statement

MOHAIR TRUST

INCOME STATEMENT for the YEAR ended 28 February 2009

	2009 R	2008 R
INCOME	9 006 132	8 662 632
Interest	16 181	176
Investment realised	8 743 951	7 300 000
Investment Property Revaluation	-	1 116 456
Rental received	246 000	246 000
	672 712	676 315
EXPENDITURE		
Farewell gift	2 274	-
Bank charges	2 189	2 648
Printing and stationery	14 368	7 414
Contractual expenses	246 000	246 000
Motor vehicle expenses	786	1 912
Maintenance of building	21 045	29 405
Entertainment	10 908	8 508
Auditors' remuneration	34 210	23 944
Postage and telephone	4 253	2 153
Professional fees		
- Investment consultant	47 099	46 527
- Legal fees	6 562	53 930
-Valuation fee	11 500	-
Subsistence and travelling	160 451	154 312
Trustees' remuneration	109 125	97 000
Loss on scrapping of assets	14	-
Depreciation	1 928	2 562
	8 333 420	7 986 317
Profit before benefits paid to income beneficiaries		
Income Paid to Beneficiaries	9 079 804	9 028 000
Deferred taxation	209	223 746
	(746 593)	(1 265 429)
Loss		

14.5 Annexure 5 : Oil and Protein Seeds Development Trust (for the past 10 Years)

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Investment income	ARC	Research	19,569,190
	Universities	" "	2,073,731
	NOPO/ GSA	Research, Info, transformation	2,931,159
	SAGIS	Information	6,826,091
	Agri Inspec	Other	1,296,595
	CSIR	Research	91,029
	TEMO/MGK	Transformation	375,000
	Suidwes Landbou	Transformation	48,400
	Dept Agric Mpumalanga	Transformation	216,814
	Philagro	Research	25,200
	Problem Bird Forum	Research	37,610
			33,490,819

Annexure 4. Summary of new applications and joint projects

New Project Applications

- South African Grain Arbitration Services Association – R3 400;
- Investigation regarding aflatoxin in peanut butter, Agri-Inspec – R98 303;
- Groundnut Development Project, Mpumalanga, Mr C Mathews, Department of Agriculture, Mpumalanga - R17 765;
- Effect of genotype and environment on oil composition of high and mid-oleic acid sunflower cultivars in South Africa, Prof MT Labuschagne, University of the Free State - R112 706;
- Assessing the delta yield procedure for nitrogen fertilisation of sunflower, Dr AA Nel, ARC-GCI - R147 451;
- Upliftment of emerging sunflower farmers, Mr B Visser, MGK - R375 000;
- Advancement of emerging agriculture, Suidwes Landbou – R48 400.

Joint Projects: OPDT and PRF

- National soybean cultivar trials, Mr GP de Beer, ARC-GCI - R156 589;
- An evaluation of crop rotation with canola under irrigation, Dr AA Nel, ARC-GCI - R76 117;
- Establishment of an early warning system for soybean rust, Ms M Craven, ARC-GCI - R76 948;
- The use of silicon for the control of soybean rust, Dr P Caldwell, University of KZN - R75 350;
- Generating management – orientated maps of long-term soybean rust-susceptible trends for South Africa, Dr P Caldwell, University of KZN - R33 000;
- Development of soybean cultivars with improved adaptability and seed quality, ARC-GCI-R45 205.

14.6 Annexure 6.: Summary of current projects & progress (PIDT)

#	Description	Starting Date	Cumulative Budget	Spent	BUDGET 2007-08	Spent	BUDGET 2008-09	COMPLETION DATE
1	Trial & training- SAND	07/2005	R292 000	R128 000	R 70,000	R 59,000	R 80,000	06/2010
2	LISA prog-SAND	07/2006	R138 000	R68 000	R 100,000	R 100,000	R 100,000	06/2010
3	Skills training- Western Cape	07/2006	R123 000	R73 000	R 50,000	R 50,000	R 150,000	06/2010
4	<i>Southern Cape (Haarlem)</i>	<i>07/2007</i>	<i>New</i>		<i>R 50,000</i>	<i>R 43,700</i>	<i>0,00</i>	<i>06/2008</i>
5	Trial & training- Keiskammahoek	07/2007	New		R 35,000	R 0	R 35,000	06/2011
6	Cultivar trial & training- Tsolo & Engcobo	07/2005	R75 000	R20 000	R 70,000	R 29,200	R 50,000	06/2010
7	Cultivar trial & training- Port St Johns	07/2007	New		R 30,000	R 29,200	R 40,000	06/2010
8	Committee meetings-E, NE Cape & KZN	07/2007	New		R 37,500	R 3,981	R 50,000	06/2011
9	Cultivar trial & training- Mtubatuba	07/2006	R55 000	R30 900	R 30,000	R 29,200	R 35,000	06/2009
10	Cultivar trial & Training- Ixopo	07/2006	R55 000	R30 000	R 30,000	R 29,200	R 30,000	06/2009
11	Cultivar trial & training- Bayala	07/2006	R55 000	R30 900	R 30,000	R 29,200	R 35,000	06/2009
12	Cultivar trial & training- Estcourt	07/2006	R55 000	R30 900	R 30,000	R 29,200	R 30,000	06/2009
13	Cultivar trial & training- Newcastle	07/2006	R55 000	R30 900	R 30,000	R 29,200	R 30,000	06/2009
14	Cultivar trial & training- Wartburg	07/2006	R55 000	R30 000	R 30,000	R 29,200	R 30,000	06/2009
15	Cultivar trial & training- Port Shepstone	07/2006	R55 000	R30 900	R 30,000	R 29,200	R 35,000	06/2009
16	Demo trial & training- Maluti College	07/2006	R62 625	R40 625	R 22,000	R 36,522	R 5,000	06/2011
17	Demo trial & training - Glen College, Sandvet, Jagersfontein (Western Free State)	07/2005	R161 250	R217 837	R 80,000	R 23,650	R 55,000	06/2011
18	<i>Zastron project (Under Western Free State)</i>	<i>07/2006</i>	<i>R 77,000</i>	<i>R 50,000</i>	<i>R 30,000</i>	<i>R0,00</i>	<i>R0,00</i>	<i>06/2008</i>
19	<i>North West project</i>	<i>07/2007</i>	<i>New</i>		<i>R 35,000</i>	<i>R0,00</i>	<i>R0,00</i>	<i>06/2008</i>
20	Demo trial & training- Goldfields College	07/2007	New		R 45,000	R0,00	R 45,000	06/2011
21	Oppermans mentorship	07/2007	New		R 100,000	R 100,000	R 100,000	06/2010
22	Skills training- Free State	07/2008	New		R0,00	R0,00	R 150,000	06/2011
23	<i>Pax, Zebediela, Tzaneen projects (Limpopo)</i>	<i>07/2007</i>	<i>New</i>		<i>R140,00</i>	<i>R 153,000</i>	<i>R0,00</i>	<i>07/2008</i>
24	Demo trial & training- Lowveld College	07/2007	New		R 35,000	R 50,788	R 20,000	06/2011
25	Demo trail & training- Bushbuckridge	07/2008	New		R 0		R 30,000	06/2011
26	Bursaries- under & post grad	07/2007	New		R 150,000	R 112,430	R 150,000	06/2011
27	Internship prog	07/2006	R180 000	R65 799	R 90,000	R 117,000	R 156,000	06/2011
28	Workplace Experience prog	07/2007	New		R 156,000	R 105,281	R 117,000	06/2011

29	BEE baseline study (project profile- structure)	07/2007	New		R 100,000	R0,00	R 60,000	06/2009
30	Skills Audit	07/2007	New		R 80,000	R 10,000	R 60,000	06/2009
31	Information dissemination	07/2006	R70 000	R30 000	R 40,000	R0,00	R 100,000	06/2009
32	Learning material dev	07/2006	R155 000	R64 016	R 105,000	R 85,000	R 100,000	06/2010
33	Agric Industries transformation cooperation	07/2007	New		R 100,000	R 22,532	R 30,000	06/2010
34	Farm based training	07/2007	New		R 200,000	R 71,310	R 200,000	06/2011
35	CSI schools project	07/2007	New		R 60,000	R0,00	R0,00	06/2008
36	Outsourcing services	07/2007	New		R 234,000	R 5,500	R0,00	06/2008
37	Industry pointers	07/2007	New		R 10,000	R0,00	R0,00	06/2008
38	PSA BEE IN house training	07/2007	New		R 10,000	R0,00	R0,00	06/2008
39	Decision enhancing technology	07/2007	New		R 40,000	R0,00	R0,00	06/2008
TOTAL					R 2,374,500	R 1,412,494	R 2,108,000	

INVESTMENT INCOME STATEMENT FOR THE YEAR ENDED 29

FEBRUARY 2008

INVESTMENT INCOME	2008/02/29 RANDS
Interest received	672 771,69
Dividends received	144 339,27
BOE fees	(111 343,40)
TOTAL INCOME	705 767,56
EXPENDITURE	
Accounting fees	17 391,75
Bank charges	1 622,33
Meeting costs	4 625,67
Secretarial services	52 750,50
Sundry expenses	67,77
Legal fees	-
Travelling and allowances: Directors of SAGIS	14 140,00
Travelling and allowances: - Trustees	83 084,00
TOTAL EXPENDITURE	173 682,02
Surplus after administrative expenditure	532 085,54
OTHER EXPENSES	
Payments to Sorghum forum	(58 926,13)
SURPLUS FOR THE YEAR	473 159,41

14.7 Annexure 8: Winter Cereal Trust Funded Projects

Winter Cereal Trust Funded Projects

INCOME SOURCE	BENEFICIARY	FUNCTION	AMOUNT
Stat levy income	Dept Agric Western Cape	Research	3,583,237
	Pannar	" "	6,773,527
	Sensako	" "	26,769,694
	SA Barley breeding Inst	" "	7,695,630
	Universities	" "	14,468,535
	ARC	" "	108,646,674
	Ybema grain services	research and information	155,666
	Speedwel Landbou	research	49,400
	CSIR	" "	419,299
	Afgri seed	" "	640,000
	SA Chamber of Baking	" "	91,000
	SAB Maltings	" "	318,681
	Cengen	" "	17,380
	Grain SA	transformation	745,873
	SA Grain Laboratory	information	7,908,224
	SAGIS	" "	4,570,337
	Stats SA	" "	24,400
	Medical Research Council	" "	350,000
	SAB Barley Farm	transformation	87,600
	ECl Africa consulting	transformation	374,396
		183,689,553	

14.8 Annexure 8: Levy income statement (for the year ended 31 October 2008)

	2008					2007
	Wheat	Barley	Oats	Durum	Total	
	R	R	R	R	R	R
	26 283 777	2 799 925	328 926	90 426	29 503 055	27 731 040
Levies received	21 722 136	2 491 312	292 861	77 021	24 583 331	25 353 924
Transfer from donation funds	1 309 453	-	-	-	1 309 453	-
Interest received	3 252 188	308 613	36 065	13 405	3 610 271	2 377 116
Expenses	26 283 777	2 799 925	328 926	90 426	29 503 055	27 731 040
Administration costs	682 069	75 560	5 919	1 763	765 311	648 938
Audit fees	-	-	-	-	-	48 400
Commission paid	652 369	67 124	4 734	1 566	725 793	603 676
Operating lease charges premises	32 022	3 547	278	83	35 930	30 668
Research expenses	23 764 454	2 513 066	309 440	84 466	26 671 426	25 343 128
- Department of Agriculture W Cape	475 506	-	-	-	475 506	515 105
- Pannar	1 272 200	-	-	-	1 272 200	987 497
- Sensako	4 549 554	-	-	-	4 549 554	4 754 014
- Small Grain Institute	12 089 656	770 948	309 440	84 466	13 254 510	13 643 264
- SA Barley Breeding Institute	-	1 000 051	-	-	1 000 051	1 407 518
- University of Stellenbosch	966 272	127 400	-	-	1 093 672	1 435 302
- University of Johannesburg	26 223	-	-	-	26 223	25 650
- University of the Free State	574 344	-	-	-	574 344	316 120
- University of Pretoria	110 402	-	-	-	110 402	118 753
- SA Grain Laboratory	1 120 396	-	-	-	1 120 396	1 315 778
- Cengen	-	-	-	-	-	179 380
- Afgri Seed	-	-	-	-	-	180 000
- ARC Plant Protection Research Institute	223 325	-	-	-	223 325	237 696
- SAB Barley Farm	-	87 600	-	-	87 600	-
- SAB Maltings	-	115 534	-	-	115 534	104 051
- Grain SA	421 685	-	-	-	421 685	324 188
- Transformation Provision	1 000 000	411 533	-	-	1 411 533	-
- Under/(Over) provisions prior year	934 891	-	-	-	934 891	(201 188)
Technical committees	116 860	31 398	-	-	148 258	128 731
Trustee expenses	94 820	10 504	823	245	106 392	114 189
Wheat forum	50 000	-	-	-	50 000	34 897
SA Grain Information service	848 476	93 994	7 363	2 193	952 026	711 438
IAMA conference	-	-	-	-	-	11 515
SA Grain Arbitration Services	2 139	237	19	6	2 400	-
International Grains Council	40 568	4 494	352	105	45 520	55 460
Surplus for the year	-	-	-	-	-	-

14.9 Annexure 9: Winter Cereal Trust Balance sheet (as at 31 October 2008)

	2008 R	2007 R
Assets		
Fixed assets	3 429	7 334
Current assets	54 015 716	50 371 092
Fixed deposits – Levy	37 117 657	33 838 119
– Donation	13 606 131	12 556 692
Accounts receivable - Levy	1 699 861	3 251 695
Cash at bank	1 592 067	724 586
Total assets	<u>54 019 145</u>	<u>50 378 426</u>
Retained funds and liabilities		
Retained funds		
Retained funds – Donation	12 332 356	12 715 380
Current liabilities	41 686 789	37 663 046
Unutilized levies	7 139 472	4 524 185
Accounts payable – Levy	896 231	1 016 268
Research accrual	33 651 086	32 122 593
Total retained funds and liabilities	<u>54 019 145</u>	<u>50 378 426</u>