



National Agricultural
Marketing Council
Promoting market access for South African agriculture

STATUS REPORT



**ON AGRICULTURAL INDUSTRY
TRUSTS 2015/16 SURVEY**



STATUS REPORT ON AGRICULTURAL INDUSTRY
TRUSTS 2016 SURVEY

Table of Contents

ACRONYMS	7
EXECUTIVE SUMMARY	8
ACKNOWLEDGEMENTS	10
1. MINISTERIAL TRUSTEES	11
1.1. BACKGROUND.....	11
1.2. CAPACITY BUILDING OF MINISTERIAL TRUSTEES.....	11
1.2.1. Appointment of new ministerial Trustees.....	11
1.2.2. Training workshop on Corporate Governance.....	11
2. CITRUS INDUSTRY TRUST	11
2.1. OBJECTIVES OF THE TRUST.....	12
2.2. COMPOSITION OF THE TRUST.....	12
2.3. FINANCIAL REPORTING.....	12
2.4. TRANSFORMATION.....	12
3. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST	16
3.1. OBJECTIVES OF THE TRUST.....	16
3.2. COMPOSITION OF THE TRUST.....	17
3.3. FINANCIAL INFORMATION.....	17
3.4. TRANSFORMATION PROJECTS FUNDED.....	18
4. THE MAIZE TRUST	19
4.1. OBJECTIVES OF THE TRUST.....	19
4.2. COMPOSITION OF THE TRUST.....	19
4.3. FINANCIAL INFORMATION.....	19
4.4. TRANSFORMATION.....	20
5. MEAT INDUSTRY TRUST	22
5.1. OBJECTIVES OF THE TRUST.....	22
5.2. COMPOSITION OF THE TRUST.....	23
5.3. FINANCIAL INFORMATION.....	23
6. MOHAIR TRUST	24
6.1. OBJECTIVES OF THE TRUST.....	24
6.2. COMPOSITION OF THE TRUST.....	25
6.3. FINANCIAL INFORMATION.....	25
6.4. TRANSFORMATION PROJECTS FUNDED.....	26

7.	NATIONAL LUCERNE TRUST.....	28
7.1.	OBJECTIVES OF THE TRUST.....	28
7.2.	COMPOSITION OF THE TRUST.....	28
7.3.	FINANCIAL INFORMATION.....	28
7.4.	TRANSFORMATION.....	29
8.	OIL AND PROTEIN SEEDS DEVELOPMENT TRUST.....	30
8.1.	OBJECTIVES OF THE TRUST.....	30
8.2.	COMPOSITION OF THE TRUST.....	30
8.3.	FINANCIAL INFORMATION.....	31
8.4.	TRANSFORMATION.....	31
9.	POTATO INDUSTRY DEVELOPMENT TRUST.....	34
9.1.	OBJECTIVES OF THE TRUST.....	34
9.2.	COMPOSITION OF THE TRUST.....	34
9.3.	FINANCIAL INFORMATION.....	34
9.4.	TRANSFORMATION PROJECTS FUNDED.....	35
10.	SORGHUM TRUST.....	39
10.1.	OBJECTIVES OF THE TRUST.....	39
10.2.	COMPOSITION OF THE TRUST.....	39
10.3.	FINANCIAL INFORMATION.....	39
10.4.	TRANSFORMATION PROJECTS.....	40
11.	WINTER CEREAL TRUST.....	41
11.1.	OBJECTIVES OF THE TRUST.....	41
11.2.	COMPOSITION OF THE TRUST.....	41
11.3.	FINANCIAL INFORMATION.....	42
11.4.	TRANSFORMATION.....	42
12.	WOOL TRUST.....	45
12.1.	OBJECTIVES OF THE TRUST.....	45
12.2.	COMPOSITION OF THE TRUST.....	45
12.3.	FINANCIAL INFORMATION.....	46
12.4.	TRANSFORMATION PROJECTS.....	47
13.	CHALLENGES ENCOUNTERED BY INDUSTRY TRUSTS REGARDING TRANSFORMATION.....	61

LIST OF TABLES

Table 2.1. Demographics of the beneficiaries of the Citrus Academy.....	13
Table 4.1: Number of participants in the Maize Trust transformation projects.....	21
Table 6.1: Projects supported with angora goats.....	26
Table 9.1: Projects funded during the 2014/2015 financial year.....	36
Table 9.2: Small Grower Development Projects.....	37
Table 12.1: Transformation projects funded.....	47
Table 12.2: Transformation Bursaries 2015.....	50
Table 12.3. Change in the marketing of wool by the Eastern Cape communal wool farmers.....	52
Table 12.4. Distribution of rams between 2014 and 2016.....	54

LIST OF FIGURES

Figure 1: Comparison of sheep product sales to total internal income 2004–2015.....	48
Figure 2: Wool Trust Trends in social indicators 2004–2015.....	49
Figure 3: Details of the shearing training conducted by the Wool Trust in the 2015/16.....	58
Figure 4: Wool Trust’s Information Pertaining to Shearers and wool classing.....	60

ANNEXURES

Annexure A: Contact details of the industry Trusts and ministerial Trustees.....	62
Annexure B: Summary of industry Trusts’ inherited and current value assets for 2015/16.....	63

ACRONYMS

ARC	Agricultural Research Council
AWUTEC	Agriculture Workers' Empowerment Trade Union Council
BEE	Black Economic Empowerment
CGA	Citrus Growers' Association
CIT	Citrus Industry Trust
DAFF	Department of Agriculture, Forestry and Fisheries
DFI	Deciduous Fruit Industry
DRDAR	Department of Rural Development and Agrarian Reform
FAWU	Food and Allied Workers' Union
GDP	Gross Domestic Product
GM	Genetically Modified
GFADA	Grain Farmer Development Association
IDC	Industrial Development Corporation
LDI	Laborie Dialogue Initiative
MAP Act	Marketing of Agricultural Products Act
MOU	Memorandum of Understanding
MSc	Master of Science
NWGA	National Wool Growers' Association
PhD	Doctor of Philosophy
PSA	Potatoes South Africa
SAWIT	South African Wine Industry Trust
SAB	South African Breweries
SMME	Small, Medium and Micro Enterprises

EXECUTIVE SUMMARY

During the deregulation process of the agricultural boards and the establishment of industry trusts, the Department of Agriculture maintained various agricultural schemes, which were administered by the industry agricultural boards. These schemes were formalised according to the composition of the board, the associated finances and so on. The main purpose of these schemes was to protect the primary producers from excessive price fluctuations, thereby improving their long-term economic survival. These schemes covered the production and marketing of agricultural products in South Africa. Subsequently, during the 1980s, large subsidies were paid to farmers in the form of drought aid and other disaster payments.

In 1996, the Marketing of Agricultural Products Act (MAP Act No. 47) was enacted. All the boards submitted business plans in terms of Section 26(1) of the MAP Act to the National Agricultural Marketing Council (NAMC) for ministerial approval, detailing a new industry structure within which the activities of the various industries would be performed after the vacation of the schemes. The new structures approved were industry trusts and Section 21 companies.

The business plans were approved by the minister, who stipulated requirements for the formation of the trusts, their objectives, and representation on the trusts, as well as any transfer of board funds to the trusts, subject to the approval of the minister. These business plans were accompanied by the respective trust deeds, stipulating the objectives of each trust and governing the management and operations of the particular trust. There are currently twenty-five (25) active ministerial trustees sitting in

the industry trusts. These ministerial trustees are specially delegated to ensure that government priorities are addressed in line with the objectives of the trust deeds. The NAMC facilitates the process of the appointment of ministerial trustees and their capacitation where necessary.

Therefore, this report is concerned with the status of the agricultural industry trusts, as compiled by the NAMC for submission to the Minister of Agriculture, Forestry and Fisheries (DAFF). The report provides an outline of the status of the agricultural industry trusts in South Africa. In compiling the report, information was gathered by means of a questionnaire submitted to and completed by all the twelve (12) agricultural industry trusts, with a 100% response rate.

Noteworthy is the fact that these industry-owned assets are currently valued at over R2 billion (in 2016). Looking at the value of the assets and their meaning in terms of redressing the past injustices in the field of agriculture, it is necessary to note that:

- Approximately R3 million in trust funds was spent on bursaries (funding over 150 students pursuing their studies in the agricultural sector); and
- Over R40 million was spent on transformation projects in the agricultural sector (supporting over 100 beneficiaries).

Of the above, the Maize Trust represents 33 % and 55 % of bursaries and transformation respectively. Furthermore, this report does not deal with the statutory levies used, as these are dealt with in a separate report in terms of the Marketing of Agricultural Products Act (No. 47 of 1996).



Four of the twelve (12) Trusts administer statutory levies, namely:

- Potato Industry Development Trust
- Winter Cereals Trust
- Sorghum Trust
- National Lucerne Trust

All other statutory levies are administered by non-profit companies (NPCs) as stipulated in the Companies Act (Section 21). The NAMC regards the industry trusts as key drivers of the service providers for agricultural sector development as a whole. Therefore, the current status of the agricultural industry trusts is hereby presented to the Minister of Agriculture, Forestry and Fisheries.

²It is important to note that the information provided in this report is a year behind due to differences in the financial year end of the Agricultural Industry Trusts



ACKNOWLEDGEMENTS

This report was compiled by the Agricultural Trusts Division of the NAMC, with contributions from the following stakeholders: Trust administrators, agricultural commodity associations, chief executive officers, financial officers and transformation officers. The NAMC acknowledges their efforts and contributions in preparing the release of the Status Report on Agricultural Trusts.

Report compiled by:
Mr Matsobane (BM) Mpyana
Mr Bonani Nyhodo
Mr Zama Xalisa

Agricultural Trusts Division
Agricultural Trusts Division
Agricultural Trusts Division

1. MINISTERIAL TRUSTEES

1.1. BACKGROUND

The NAMC, through its Agricultural Trusts Division, publishes an annual status report on the agricultural industry trusts, articulating in detail to the minister how the trusts operate and, more importantly, what contributions the industry trusts are making in terms of transforming the sector to the benefit of the agricultural industry at large. The report further highlights the operations and new developments reported by the agricultural industry trusts through the appointed ministerial trustees

1.2. CAPACITY BUILDING OF MINISTERIAL TRUSTEES

1.2.1. Appointment of new ministerial trustees

Since the last report, no significant changes have been made in relation to the ministerial trustees in some trusts. The NAMCs Agricultural Trust Division has developed guidelines on the nomination of ministerial trustees to ensure that

the trustees appointed are experts and clearly understand government policies, more specifically relating to transformation within a specific industry. The deeds of trust of each trust provide for the appointment and the timeframe for the board of trustees of not more than three (3) years. However, when the term expires, a trustee can either be reappointed or new trustees can be appointed by the minister.

1.2.2. Training workshop on Corporate Governance

Through interaction with trustees and observation of ministerial trustees in meetings, there was a clear consensus that trustees needed capacity building in terms of analysing the financial statements and the investment decisions made by the trusts.

Furthermore, they require a clear understanding of corporate governance. As such the NAMC has instituted ways of assisting in the training of ministerial trustees in these identified areas.

2. CITRUS INDUSTRY TRUST

2.1. OBJECTIVES OF THE TRUST

The objectives of the Citrus Trust aim to enhance the viability of the South African citrus industry, and specifically to:

- Finance basic and applied research relating to the production and marketing of citrus;
- Grant bursaries or financial aid to individuals in the furtherance of their studies relating to the citrus industry;
- Finance the collection and dissemination of marketing and other information relevant to the citrus industry;
- Finance and nurture marketing skills in the citrus industry;
- Finance the promotion of the citrus industry in a national context and especially overseas,
- Finance mechanisms for the social development and welfare of all directly affected groups in the citrus industry, including labour;
- Finance any organisation or institution that has as its aims one or more of the above objectives; and
- Promote the aims of the citrus industry by providing financial aid.



2.2. COMPOSITION OF THE TRUST

The board is comprised of six (6) Trustees:

Trustee	Representing
Ms P. Motlogeloa (Chairperson)	Minister for Agriculture, Forestry and Fisheries
Mr A. Sithole	Minister for Agriculture, Forestry and Fisheries
Ms H. Ngwenya	Minister for Agriculture, Forestry and Fisheries
Mr M. Fry (Vice-Chairperson)	Citrus Growers Association
Mr R. Mavimbela	Small-Scale Producers
Mr D. Scholtz	Exporters

2.3. FINANCIAL REPORTING

2.3.1. Total Assets of the Trust

Other financial assets	R	15 745 132
Cash and cash equivalents	R	440 818
Total assets	R	16 185 950

2.3.2. Total income for the year

Donations Received	R	15 450
Dividends received	R	22 601
Interest received on investments	R	795 740
Capital gain on unit Trust	R	71 850
Total income	R	905 641

2.3.3. Total expenditure for the year

Audit fees	R	16 701
Bursaries	R	1 150 000
Other	-	-
Total expenditure	(R)	479 490

2.4. TRANSFORMATION

The Citrus Industry Trust is currently funding the Citrus academy, which is the only beneficiary of the Trust funds.

2.4.1. Citrus Academy

In 2016, the Citrus Academy received a total amount of R500 000 from the Citrus Industry Trust for bursaries. The Citrus Academy Bursary Fund of the Citrus Academy is tasked with addressing the challenges of – amongst others – scarce and critical skills supply, employment equity and transformation in the Southern African citrus industry. One of the ways in which this is done is by creating and maintaining a steady flow of educated and qualified young people into the industry – young people who are also excited about the industry and who are looking to forge long and successful careers within it.

Table 2.1. Demographics of the beneficiaries of the Citrus Academy

Total number of participants	27
Number of females	20
Number of males	7
Number of black students	24
Number of white students	3
Number of students graduated at the end of 2016	13

Source: Citrus Academy, 2016

Below are some of the participants in the citrus academy.



Citrus Academy staff and Bursary Fund students at the Career and Bursary Fair in Pretoria



Citrus Academy Bursary Fund students at the PMA Fresh Connections Conference in Pretoria



Citrus Academy staff and Bursary Fund students at the CRI Symposium in the Drakensberg



Citrus Academy Bursary Fund student during her internship at the Agricultural Research Council

3. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST

3.1. OBJECTIVES OF THE TRUST

The objectives of the Deciduous Fruit Development Trust 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 the Trust Deed, are 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 on training, mentoring and providing information, amongst other things,
- Provide assistance to beneficiaries with their entry into and participation in the industry, particularly of members from previously disadvantaged communities,
- 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,
- Liaise with Provincial Members of the Executives (MECs), the National Minister of Agriculture, the Department of Agriculture, the NAMC 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, and
- Facilitate and fund market research and the generic promotion of the deciduous fruit industry to the benefit of the beneficiaries.

3.2. COMPOSITION OF THE TRUST

The board is comprised of six (6) Trustees:

Trustee

Mr I. Motala (Chairperson)
Ms M. Rangaka (vice-Chairperson)
Mr E. Jefthas
Mr M. Poto
Mr T. Abrahams
Mr N. Dicey

Representing

Minister for Agriculture, Forestry and Fisheries
Minister for Agriculture, Forestry and Fisheries
Minister for Agriculture, Forestry and Fisheries
Minister for Agriculture, Forestry and Fisheries
Industry Trustee
Industry Trustee



3.3. FINANCIAL INFORMATION

3.3.1. Total assets of the Trust

Investments	R 15 162 291
Cash and cash equivalents	R 325 677
Total Assets	R 15 487 968

3.3.2. Total income of the Trust

Total income earned	R 306 380
----------------------------	------------------

3.3.3. Total expenditure of the Trust

TOTAL EXPENDITURE	R 458 246
--------------------------	------------------

3.4. TRANSFORMATION PROJECTS FUNDED

The Trust is currently focusing on the bursary funding of previously disadvantaged students with limited resources, studying in the field of agriculture. This is aimed at raising awareness of the deciduous fruit industry as a sector and the career opportunities available, as well as training, education and development. A total amount of R300 000 has been made available for six students, each receiving R50 000.



4. THE MAIZE TRUST

4.1. OBJECTIVES OF THE TRUST

The sole and principal objective of the Maize Trust is to provide funding to 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, 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 for such exists).

4.2. COMPOSITION OF THE TRUST

The board is comprised of six (6) Trustees:

Trustee	Representing
Mr S.S. Ndlungwane (Chairperson)	Minister for Agriculture, Forestry and Fisheries
Dr T.J. Hewu	Minister for Agriculture, Forestry and Fisheries
Ms N. Mahlati	Minister for Agriculture, Forestry and Fisheries
Mr D.J. Mathews	White Maize Producers
Mr B.C. Schoonwinkel	Yellow Maize Producers
Dr J.L. Purchase (Vice-Chairperson)	Maize Processors

4.3. FINANCIAL INFORMATION

4.3.1. Financial status (total assets) of the Trust

Share value in fixed property	R 241 635 712
Investments	R 841 646 679
Total Assets	R1 083 282 392

4.3.2. Total Income for the year

Income on Investments	R26 901 328
Growth in asset value	R10 393 161
Other Income	R 1 132 821
Total Income	R38 427 310

4.3.3. Total Expenditure for the year

Transformation	R22 484 292
Research	R22 771 067
Information	R10 474 510
Other (skills development)	R 979 089
Total Expenditure	R56 708 958

4.4. TRANSFORMATION

Transformation Projects Funded

4.4.1. Focus areas of the Trust:

- Farmer training/Skills development
- Bursaries
- Farmer support.

4.4.2. Details of activities and expenditure for individual focus areas

The Maize Trust has accepted the Grain Farmer Development Association (GFADA) as its preferred vehicle for purposes of transformation funding in the maize industry, but at the same time it acknowledges the fact that training, farmer skills development and technology transfer do not necessarily form part of the current mandate of GFADA. For this reason, transformation funding by the Trust is granted to a number of complimentary programmes, in an effort to achieve a broad spectrum of transformation functions that are needed to create new black commercial maize farmers. Funding is granted annually to GFADA for direct farmer support, to Grain SA for training, technology transfer and farmer skills development, and to the Agricultural Research Council for technology transfer and research activities directly aimed at emerging farming operations and requirements.

The Trust also manages an annual bursary scheme for MSc and PhD students. The aim is to stimulate studies in maize-related fields and to create skilled capacity in South African agriculture. In terms of the Trust's policy, at least half of the bursaries are granted to previously disadvantaged students from all South African universities. Invitations for bursaries are sent out to all universities in November each year. In addition, the Maize Trust funds a national schools programme to inform learners from previously disadvantaged communities of possible careers in South African agriculture and to teach them about the value added by agriculture

4.4.3. Name and objectives of the different projects

Grain SA Farmer Development Programme

The aim is to train, mentor and develop emerging maize farmers to become sustainable commercial farmers in their own right.

GFADA

The aim is to provide direct production assistance and mentorship to emerging maize farmers in order to develop them into successful commercial farmers.



ARC

The aim is to focus on research activities and technology transfer that would directly benefit emerging maize farmers and address their specific needs.

Maize Trust Bursary Scheme

The aim is to develop capacity in highly skilled personnel within South African agricultural industries.

Schools Programme

The aim is to inform previously disadvantaged learners about agriculture and the possible career opportunities that exist.

Table 4.1: Number of participants in the Maize Trust transformation projects

Number of participants in each transformation project Criteria	Males	Females
Number of participants	131	142
Black	131	142

Great success is being achieved in terms of the development of new black commercial farmers. GFADA has adopted a transformation strategy that is achieving good results over time. The Trust has also decided to improve collaboration between the transformation service providers, which is an ongoing process.

5. MEAT INDUSTRY TRUST

5.1. OBJECTIVES OF THE TRUST

The main objectives of the Trust are as follows:

- Research related to the improvement, production, manufacturing, processing, storing or marketing of red meat or related to red meat producers,
- The provision, distribution and dissemination of information relating to any matter which may be relevant to the meat industry,
- Rendering assistance by means of a grant, loan or by any other means to any persons that promote any branch of the agricultural industry which relates to meat or red meat products or which has similar objectives as this Trust,
- To benefit the meat industry by whatever lawful means the Trustees may, using their discretion, periodically decide, within the ambit of the

provisions of this clause,

- The provision of training, support or assistance to emerging farmers in order to improve capacity to start and manage agricultural operations, and
- Research relating to, and the promotion of, animal welfare.

Provided that:

- Trust funds are only utilised for the 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, are used to further the interests of the industry in general, and that
- Interested parties are notified in the press to apply for funding before allocations are made.



5.2. COMPOSITION OF THE TRUST

The board is comprised of six (6) Trustees:

Trustees	Representing
Adv. H.W.L Kugel (Chairperson)	Red Meat Industry
Mr G.M Schutte	Red Meat Industry
Mr B.J Swart	Red Meat Industry
Vacant	Minister of Agriculture, Forestry and Fisheries
Dr V. Toni-Penxa	Minister of Agriculture, Forestry and Fisheries
Dr P.M Maduna	Minister of Agriculture, Forestry and Fisheries

5.3. FINANCIAL INFORMATION

5.3.1. Financial status (total assets) of the Trust

Investments	R 45 727 569
Equipment	R 4 881
Total assets	R 45 732 450

5.3.2. The total income for the year

Interest income on investments	R 463 213
Other income	R 4 483 962
Total income	R 4 947 175

5.3.3. Total expenditure for the year

Transformation	R 660 000
Other functions	R 507 963
Total expenditure	R 1 167 963

5.4. Transformation projects funded

The Meat Industry Trust currently focuses on the funding of postgraduate students, with special focus on the meat industry. The Trust has spent a total amount of R660 000 on bursaries for twelve students.

6. MOHAIR TRUST

6.1. OBJECTIVES OF THE TRUST

The main objective of the Mohair Trust is to manage the assets in such a way that income is optimised for the advancement of the mohair industry by promoting mohair production within the Republic of South Africa and stimulating demand for mohair inside and outside of South Africa. In support of this 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 benefit 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,
- Promotion of research and the production of mohair,
- The granting of financial assistance
 - (a) With regard to research related to the improvement, production, manufacturing, storage and marketing of mohair
 - (b) To institutions established or which arise to promote the mohair business,
- The establishment of an information service in order to inform producers periodically regarding general marketing conditions or 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 through voluntary participation of producers, and
 - (ii) The operation of voluntary marketing pools for the sale of mohair
 - (b) The promotion of the demand for mohair through developing markets via an institution or institutions, 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).

6.2. COMPOSITION OF THE TRUST

The board is comprised of Fourteen (14) Trustees:

Trustee	Representing
Mr D.W. Herold (Chairperson)	Large Scale Mohair Farmers
Mr B.D.C. Snijman (Vice-Chairman)	Large Scale Mohair Farmers
Mr R.J. Smith	Brokers-BKB
Mr P Stucken	Mohair processors
Mr C. Martins	Mohair Farm Workers
Mr M. Shires	Ram Breeders' Associations
Mr A. Greeff	Mohair Growers' Association
Mr AM Short	Large Scale Mohair Producers
Mr A Wood	Small Scale Mohair Producers
Mr A.B. Hobson	Large Scale Mohair Producers
Mr JL de Klerk	South African Mohair Growers Association
Ms K Miners	Black Commercial Farmers
Mr DR Nel	Buyers
Mr T. Mashologu	Minister of Agriculture, Forestry and Fisheries

6.3. FINANCIAL INFORMATION

6.3.1. Total assets of the Trust

Value of investment property	R 13 545 098
Property plant and equipment	R 996 156
Investments	R 249 304 266
Inventories	R 1 579 523
Trade and other receivables	R 476 634
Cash and Cash equivalents	R 5 729 919
Total assets of Trust	R 271 631 595

6.3.2. Total income of the Trust

Interest received	R 68 023
Rental income	R 270 600
Investments realised	R 24 450 000
Other income	R 1 149
Sale of tops	R 5 070 533
Total income	R 29 860 305

6.3.3. Total expenses of the Trust

Total expenditure of the year	R 11 989 360
--------------------------------------	---------------------

6.4. TRANSFORMATION PROJECTS FUNDED

The transformation activities in the Mohair Trust is performed by a separate entity called the Mohair Empowerment Trust. The empowerment Trust of the mohair industry was established in 2010 to drive black economic empowerment projects within the mohair industry. The main focus is emerging farmers. The following empowerment partners have been identified up until February 2016, which have received angora goats from the Trust:

Table 6.1: Projects supported with angora goats

Project name	Number of participants		Total jobs	Number of angora goats	Value (R)
	Male	female			
Weltevrede	7	1	6	193	192 070. 13
Brakfontein	8	0	6	219	306 615. 54
Irene	8	0	6	211	276 320. 95
Doornrivier	8	0	6	660	610 242. 00
Total	31	1	24	1283	1 385 248. 62

Source: mohair Trust, 2016

The objectives of these projects are to:

- Run commercially viable Angora goat operations
- Become self-sufficient and sustainable, and
- Become black commercial producers.

With above in mind, the empowerment Trust is also responsible for the following:

- All costs associated with the transportation and delivery of the consignment or any part thereof to the empowerment partner;
- Is obliged to serve as a member of the Project Management Team (PMT) and oversee the functions and operations of the PMT and remain involved in the project through its participation in the PMT for the duration of the agreement.

The PMT meets every 2 months at the property of the empowerment partner. The PMT is responsible for the following:

- Physical inspection from time to time;
- Evaluation and monitoring of clip quality;
- Evaluation and assessment of financial and administrative procedures in respect of commercial mohair farming operations;
- Assessing whether the empowerment partner maintains sufficient cash reserves to operate a commercial mohair farming operation;
- Assessing the general commercial viability of the project and to identify risks; and
- Monitor whether the empowerment partner adheres to the sustainable mohair guidelines published by the mohair industry.

The PMT meets every 2 months at the property of the empowerment partner. The PMT is responsible for the following:

- Physical inspection from time to time;
- Evaluation and monitoring of clip quality;
- Evaluation and assessment of financial and administrative procedures in respect of commercial mohair farming operations;
- Assessing whether the empowerment partner maintains sufficient cash reserves to operate a commercial mohair farming operation;
- Assessing the general commercial viability of the project and to identify risks; and
- Monitor whether the empowerment partner adheres to the sustainable mohair guidelines published by the mohair industry.

Below are some of the Mohair Trust's Transformation Projects:



7. NATIONAL LUCERNE TRUST

7.1. OBJECTIVES OF THE TRUST

The main objective of the Trust is the promotion and development of the Lucerne industry by means of financing the following:

- Research projects related to Lucerne,
- Gathering and dissemination of data related to production and marketing of lucerne,
- The provision of accurate and relevant information to the lucerne industry,
- Co-coordinating contact between producers, traders, cleaners, consumers and government institutions, and
- The promotion of lucerne.

7.2. COMPOSITION OF THE TRUST

The board is comprised of seven (7) Trustees:

Trustee

Mr H.W.F Potgieter (Chairperson)

Mr A. Swiegers (Vice-Chairman)

Mr R. Roselt

Mr D.E Malan

Mr P.J Van Niekerk

Ms M.M Gill

Mr R. Strydom

Representing

Lucerne Seed Producers

Lucerne Hay Traders

Lucerne Seed Trade

Lucerne Seed Cleaners

Lucerne Hay Producers

Minister for Agriculture, Forestry and Fisheries

Small-scale Farmers

7.3. FINANCIAL INFORMATION

7.3.1. Total assets of the Trust

Property, plant and equipment	R 6 744 073
Other financial assets	R 561 030
Trade and receivables	R 582 452
Cash and cash equivalents	R 44 782
Total assets	R 7 932 337

7.3.2. Total income for the year

Total income	R 108 771
---------------------	------------------

7.3.3. Total expenditure for the year

Total expenses	R 2 035 540
-----------------------	--------------------

7.4. TRANSFORMATION

Transformation projects funded

The Lucerne Trust funded a project in Taung, North West Province. Currently, the Trust supports 40 black farmers with 10 hectares each under pivot irrigation – 400 ha planted under lucerne. The Trust's contribution for the 2015/16 financial year was R354 337.60. The beneficiaries are assisted with the cultivation and utilisation of their lucerne hay, as well as with marketing and extension services.



8. OIL AND PROTEIN SEEDS DEVELOPMENT TRUST

8.1. OBJECTIVES OF THE TRUST

Over the past year, the trustees of the Oil and Protein Seeds Development Trust have succeeded in their efforts to achieve the Trust's objectives as listed below, doing so through good decision making and hard work. The main objective of the Trust is the promotion and development of the oilseeds industry in South Africa by means of:

- The financing of research projects with regard to the improvement, production, storage, processing or marketing of oil seeds,
- The financing for the provision of information and advisory services relating to the Oil Seeds Industry with regard to the production of oil seeds and marketing conditions
- The investment and conservation of the assets of the Trust,
- The productive utilisation of the assets of the Trust from time to time in such a manner that the real value thereof is maintained or increased, as far as possible, and
- The financing of market access or of any further conduct which is in the interest of the oilseeds industry provided that it is in accordance with the objectives and purposes of the Act.

8.2. COMPOSITION OF THE TRUST

The board is comprised of seven (7) Trustees:

Trustee

Mr A.R Moosa (Chairperson)
Mr J.D Boshoff (Vice-chairperson)
Mr A. Botha
Mr R.E Monaisa
Mr D.I Schutte
Mr M.G Rathogwa
Ms M. van der Merwe

Representing

Oil Seeds Processors' Industry
Oil Seeds Trading Industry
Commercial Producers of Oil Seeds
Developing Producers of Oil Seeds
Labour involved in the Oil Seeds Industry
Minister of Agriculture, Forestry and Fisheries
Consumers of Oil seeds



8.3. FINANCIAL INFORMATION

8.3.1. Total assets of the Trust

Investments	R 331 649 611
Other	R 79 874
Total Assets	R 331 729 485

8.3.2. Total income for the year

Fair value adjustment	R 10 585 302
Interest received	R 2 515 086
Dividends received	R 4 349 237
Gains/ (Losses) on sale of investment	R 2 538 115
Total	R 19 987 740

8.3.3. Total expenditure for the year

Research	R 11 787 977
(Payments made during the year. This includes transformation, information, etc.)	
Other	R 2 333 362
Total	R 14 121 339

8.4. TRANSFORMATION

Transformation projects funded

8.4.1. Focus areas

- In terms of research projects funded by the Oil and Protein Seeds Development Trust, the focus is on projects to the benefit of the small-scale and commercial producers and role players in the oil seeds industry.
- In terms of transformation the emphasis is on training, mentorship, supplying of information, enterprise development, community projects and bursaries.

8.4.2. Activities and expenditure for individual focus areas

Information – Farmer Development: Pula/Imvula: Grain SA

Programme: Quarterly newsletter containing information about the oil and protein seeds industry. The information contained in the newsletter is related to the activities that are relevant to the season, including information on the production and marketing cycle of sunflowers, groundnuts, soybeans and canola.

Distribution: 20 600 copies of the quarterly newsletter are distributed in South Africa in six (6) languages (English, Afrikaans, Sesotho, Setswana, isiXhosa and IsiZulu).

Total amount of R 340 514 was spent.

Training – farmer development: Grain SA

Programme: There are number of challenges facing the developing farmers which include lack of knowledge and skills, lack of mechanisation and lack of access to production inputs. Through the development programme, these challenges can be reduced as to assist farmers to make optimal use of the natural resources that they have at their disposal. Through the training courses, farmers are taken through all aspects of production and this goes a long way to reducing risks of failure-knowledge and understanding are important building blocks towards success in any field.

For the year under review, 19 production courses were presented to developing farmers. The focus was mainly on introduction to production of soybean and groundnut.

A total of 353 farmers attended the training and the amount spent was R 608 850.

Community Projects/Enterprise Development Project: The Development and Training of Sustainable Soy Farmers, Consumers with Further Progression to Soy-preneurs Level: Eden Social Development Foundation

Programme:

The focus of the programme is to educate (Why Soy?), plant (How Soy?) and process (Wow Soy?) in doing:

- Domestic processing of soy;
- Subsistence soy farming and soy business development, and
- Soy knowledge and training; and soy awareness programme.

Soy awareness was done at the Nkandla woman's day and the soy food seminar and workshop. A total of over 400 men and women were in attendance. The amount spend was R876 868.

Community Project: Enhancing food security through nutritional support provided by inclusion of soy and derivatives in consumer accepted dishes for household use.

Programme: The aim of this initiative is to promote the inclusion of soy and derivatives (incorporating commercially produced soy products and ingredients) for general economic household food preparation and consumption. To support this aim, a series of recipes incorporating soy and derivatives for general household food preparation and consumption will be developed, tested for consumer acceptance and published as a recipe book. The total amount of R101 000 was spend.

During the period under review, the Oil and Protein Seed Development spend R320 000 on bursaries.

Below are some of the Oil and Protein Seeds Development Trust's Transformation projects



9. POTATO INDUSTRY DEVELOPMENT TRUST

9.1. OBJECTIVES OF THE TRUST

The objective of the Trust is to receive statutory levies in terms of the Marketing of Agricultural Products Act, 1996 (Act 47 of 1996) and to authorise expenditure as set out in levy announcements as amended from time to time which mainly include the following:

- Basic as well as applied agricultural research, including potato cultivar development and evaluation, and the dissemination of all relevant technical information;
- The gathering, processing, analysing 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 development projects related to the potato production marketing chain; and
- The development of foreign markets for South African potatoes and generic promotions of potatoes.

9.2. COMPOSITION OF THE TRUST

The board is comprised of five (5) Trustees:

Trustee	Representing
Mr G.E. Yzel (Chairperson)	Potatoes South Africa
Dr F.I. du Plooy	Potato Research
Ms S.E. Moolman	Potato Industry Forum
Mr W.M. Fourie	Auditor
Mr S.M. Mabuza	Minister of Agriculture, Forestry and Fisheries

9.3. FINANCIAL INFORMATION

9.3.1. Total assets of the Trust

Investments	R 1 069
Other (Debtors)	R 8 265 698
Advance (PSA)	R 2 250 000
SARS (VAT)	R 1 137 600
Bank	R 2 868 022
Total assets	R 14 522 389

9.3.2. Total income of the year

Interest income on investments	R 19 071
Statutory levies income	R 39 472 663
Interest on debtors	R 35 518
Provision for leave written back	R 33 013
Total income	R 39 560 265

9.3.3. Total expenditure for the year

Transformation	R 8 103 647
Research and development	R 10 799 513
Industry information	R 7 276 877
Market development & product promotion	R 9 551 655
Administration	R 4 073 983
Provision for leave	R 46 358
Total expenditure	R 39 959 104

9.4. TRANSFORMATION PROJECTS FUNDED

9.4.1. Enterprise development

Amount spent: R4 135 882

Activities under the Enterprise Development Programme:

- Procurement of seed
- Mentorship
- Business plans
- Pre-feasibility studies
- New farmer induction.

Aim: The Enterprise Development Programme aims to assist in setting up, supporting and growing viable new Black-owned potato producing enterprises.

The objectives of this programme are:

- To develop an economic programme that is aimed at sustainable potato production by Black farmers in order to utilise available land and assist in maximising the benefits of an integrated production system, and
- To develop Black farmers to grow and produce commercially in a sustainable way.

Table 9.1: Projects funded during the 2015/2016 financial year

Province	Number of beneficiaries	Gender		Total Ha	Total jobs created
		M	F		
1. KwaZulu-Natal	3	3	0	17	20
2. Eastern Cape	3	2	2	27	34
3. Free State	1	1	0	10	12
4. Limpopo	7	7	0	45	54
5. Gauteng	1	1	0	10	12
6. Mpumalanga	1	1	0	5	6
TOTAL	16			114	138

9.4.2. Small Grower Development Programme

Amount spent: R 133 500

The Small Grower Development Programme involves farmers who plant potatoes mainly for food security, with the remaining crop sold to the immediate community.

Goals of socio-economic development:

- To disseminate production and business information through trials
- To give farmers practical training on good potato production practices
- To utilise cultivar or demonstration trials as a way of educating, training and disseminating important production information necessary for successful potato production.

Table 9.2: Small Grower Development Projects

Project	Province	Total Ha
1. Jozini Project	KwaZulu-Natal	1.2
2. Harding Project		
3. Appelsbosch Project		
4. Weenen Project		
5. Wartburg Project		
6. Port Edward Project		
7. Mthatha Project	Eastern Cape	2.1
8. Mqanduli Project		
9. Qumbu Project		
10. Tsholo Project		
11. Libode Project		
12. Ngqeleni Project		
13. Port St John's Project		
15. Flagstaff Project		
16. Bizana Project		
17. Stutterheim Project		
Total hectares		3.3

9.4.3. Farm-based training

Amount spent: R 403 273

Training is key to achieving the objectives of Black farmer development. A skills audit was conducted during the previous financial year and it highlighted some gaps that exist amongst this group of farmers. Training will therefore be rolled out in accordance with the recommendation made by the study. The following are some of the goals of the training:

- To uplift the skills of the emerging farmers focusing on decision-making and understanding their role
- To assist in developing potato farmers with technical and business skills to enable them to farm profitably and
- To improve the quality of potato production by improving the knowledge base of the potato producers.

The objectives are:

- To provide a limited number of short courses to the beneficiaries
- To identify and develop new farmers' skills
- To ensure development of new farmers so as to ensure sustainability and good practice
- To develop farmers to work more effectively.

As mentioned, a skills audit was also conducted during the 2014/2015 financial year. Based on the skills audit findings, the following training will be provided to the enterprise development farmers:

- Financial management
- Record and book keeping
- Plant production.

9.4.4. Tertiary skills development pipeline

Amount spent: R 893 246

Goals of the programme are as follows:

- To develop the technical capacity of the farming enterprise by offering bursaries to deserving students
- To develop students from the farming enterprises to acquire technical tertiary education so that they can return value to the farming enterprises
- To further enhance their skills through internships and workplace experience programmes
- To provide internship training opportunities primarily for bursars in relevant study disciplines with practical training and exposure as prerequisite for qualification
- To provide workplace experience training opportunities primarily for bursars in relevant study disciplines requiring workplace experience to enhance employment opportunities.

For the year under review, (9) internships and (3) workplace experience were created, and (14) bursaries were offered.

10. SORGHUM TRUST

10.1. OBJECTIVES OF THE TRUST

The main objective of the Sorghum Trust is to maximise the income of the Trust and to provide funding to the benefit of the sorghum industry, particularly for sorghum research and development projects and the updating and dissemination of information required by the South African sorghum industry. The Sorghum Forum scrutinises all funding applications that are submitted to the Sorghum Trust. The trustees take due cognisance of the recommendations made by the Forum.

The objectives of the Sorghum Forum are as follows:

- To act in the interests of the sorghum industry and those of the community and to deal with matters that 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 are made available for employment in furthering the interests of the sorghum industry,
- To recommend to the Department of Agriculture any amendment to the quality standards/regulations,
- To consider and to motivate research projects to be conducted in the interests of the sorghum industry,
- To continuously keep all of 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, and
- To keep the members informed about feedback on submissions to the Minister and other institutional developments.

10.2. COMPOSITION OF THE TRUST

The board is comprised of five (5) Trustees:

Trustee

Mr J.H. Gordon (Chairperson)

Mr L.H. Claassen

Mr M.G. Morule

Mr W. Groothof

Mr H.T. Mohane

Representing

Sorghum traders

Sorghum processors

Emerging sorghum farmers

Commercial sorghum farmers

Minister for Agriculture, Forestry and Fisheries

10.3. FINANCIAL INFORMATION

10.3.1. Total assets of the Trust

Investments R 26 112 890

Total Assets R 26 112 890

10.3.2. Total Income of the Trust

Interest Income on Investments	R 1 057 382
Statutory Levy Income	R 1 067 675
Total Income	R 2 125 057

10.3.3. Total Expenditure of the Trust

Transformation	R 143 000
Research	R 864 678
Information	R 532 458
Skills development	R 4 576
Total Expenditure	R 1 141 550

10.4. TRANSFORMATION PROJECTS

Transformation Projects Funded

The Sorghum Trust is currently focusing on skills development and bursaries. The Grain SA Farmer Development Programme is the beneficiary of the Sorghum Trust and received an amount of R 143 000 for enterprise development. The National Chamber of Milling received an amount of R 4 576 for skills development for the purposes of career choices in the milling industry.

Sorghum is a diminishing industry due to the lower demand for sorghum. Production is therefore decreasing and there is little interest among developing farmers for the production of sorghum. Sorghum is mainly

11. WINTER CEREAL TRUST

11.1. OBJECTIVES OF THE TRUST

produced by developing farmers for their own consumption and not for commercial use. In 2016, however, the Trust and the Grain Farmer Development Association (GFADA) identified a suitable black sorghum farmer that could be assisted. The Trust's funding assistance to this farmer amounts to R375 000.

The principal objective 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 objectives of the Trust were to further the Winter Cereal Industry in the Republic of South Africa by supporting the following:

- 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 the Winter Cereal Trust.

11.2. COMPOSITION OF THE TRUST

The board is comprised of twelve (12) Trustees:

Trustee

Mr N.H. Masithela (Chairperson)
Ms M.E. Mabe
Mr B.B. Make
Ms M. Maphanga (incoming)
Mr V. Mongoato (incoming)
Mr A. Bartlett (incoming)
Rev W.E Pieterse (outgoing)
Mr L.A Makenete (outgoing)
Ms Johlene Ntwane (outgoing)
Mr J.F. de Villiers
Mr A.P. Theron
Ms M. Purnell
Mr B. Mokgatle
Mr G.F. Penny
Ms J.M. van der Merwe

Representing

Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Minister of Agriculture, Forestry and Fisheries
Producers of Barley
Producers of Wheat
Grain Handlers
Processors of Winter Cereal
Bakers
Consumers

11.3. FINANCIAL INFORMATION

11.3.1. Total assets of the Trust

Property, Plant & Equipment	R 64 506
Investments	R 112 089 902
Other	R 5 926 624
Total assets	R 118 081 032

11.3.2. Total income of the Trust

Interest income on investments	R 1 795 173
Interest Income on levies	R 1 054 469
Statutory levies income	R 61 483 117
Other income	R 856 632

Total income	R 65 189 391
---------------------	---------------------

11.3.3. Total expenditure of the Trust

Transformation	R 6 279 099
Research	R 50 053 012
Information	R 3 122 844
Other functions	R 5 734 436
Total expenditure	R 65 189 391

11.4. TRANSFORMATION

The Winter Cereal Trust (WCT) focus on two key components of transformation, which are

- Enterprise development; and
- Skills development

The Grain Farmer Development Association (GFADA) was identified as the sole vehicle to perform/drive transformation activities in the winter cereals industry. GFADA is a non-profit company that is owned by the Sorghum Trust, the Maize Trust, the Oil and Protein Seeds Development Trust, and WCT. The main objective of GFADA is to facilitate and oversee transformation functions on behalf of the member trusts in the grains and oilseeds industries in South Africa, with specific focus on the establishment and development of “smallholder farmers” of previously disadvantaged backgrounds by, inter alia, transforming emerging grain farmers into independent profitable commercial producers of grains, cereals and oilseeds. The focus area for production programmes is on enterprise development.

The WCT also supports skills development through bursaries, internships and postdoctoral fellowship to black students. The objective of the bursary scheme is to help students starting their careers in the field of small

grains research. The bursary scheme enables the WCT to play a role in increasing the industry's pool of appropriately qualified scientists in an equitable and transparent manner. In the past, a number of WCT bursary holders experienced difficulty in obtaining suitable employment related to the small grains industry. The internship scheme has been introduced to address this situation and create opportunities for these bursary holders to obtain practical experience in the industry.

The objective of the postdoctoral fellowship is to afford an opportunity to PhD graduates supported by the WCT to advance their academic development to the advancement of the winter cereals industry. It should be noted that most of the students supported are working in the agricultural industry.

There are also the training and study groups funded by the WCT, focusing on, among other things, soil acidity, food security, weed control, soil and climate, soil conservation and soil moisture, calibration of sprayers, plant nutrient requirements, and pest control. The training courses cover the following modules:

- Introduction courses to Wheat Production; Irrigation of Wheat and Barley Production;
- Workshop Skills Development Course: Workshop Tools;
- Technical Competence Course: Calibration of Planters and Sprayers;
- Basic Engine Repair;
- Maintenance: Tractors and Farm Implements;
- Maintenance on High Application Tractors;
- On-farm Maintenance and Support: Tractors and Implements;
- Maintenance Course on High Application Tractors;
- Mechanisation Management;
- Resource Assessment and Farm Planning;
- Farm Management for Profits;
- Business Ethics and Farm Management;
- Contractors Course;
- Tractor Drivers Course; and
- Setting of Implement

11.4.1. Activities and expenditure for individual transformation focus area

a) GFADA focuses on enterprise development and fund the following activities:

- Soil correction
- Production inputs
- Mentorship
- High technology farming

For the year under review, GFADA through its service providers/ partners spent a total amount of R 4 854 027. A total 17 beneficiaries were assisted in the western cape, free state and northern cape province.



Transformation project (s) in the Western Cape & Northern Cape Province

In terms of skills development, a total of over 100 beneficiaries were funded. This included bursaries (7) and internship (1), with a total 120 beneficiaries receiving training and participating in the study groups.



Right: The general manager of GFADA (Mr. Ismael Tshiame) with one of the beneficiaries of lime.

12. WOOL TRUST

12.1. OBJECTIVES OF THE TRUST

The objectives of the Wool Trust are:

- The protection of the Trust assets and the Trust capital
- The productive utilisation of the assets and capital of the Trust so as to increase the value thereof and to maximise the income;
- The enhancement of the viability of the South African wool industry through the financing of:
- Research in connection with the improvement, production, manufacturing, 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
- The provision of training and information to existing and prospective wool producers;
- To ensure that funds allocated to the wool industry are utilised effectively

12.2. COMPOSITION OF THE TRUST

The board is comprised of seven (7) Trustees:

Trustee

Mr H.N. Bonner

Mr A.R. Kidson

Mr P.E. Kingwill (Chairperson)

Mr J.P. Stucken

Ms N.O. Sigidi

Mr H.A. van Schalkwyk

Ms N. Dlula

Representing

Financial management specialist

Financial management specialist

Wool producers from directly affected group

Directly affected group involved in distribution, marketing and early stage processing of wool

Wool producers from directly affected group

Financial management specialist

Minister for Agriculture, Forestry and Fisheries

12.3. FINANCIAL INFORMATION

12.3.1. Total assets of the Trust

Investments	R 333 186 048
Investment property	R 169 800 000
Plant and equipment	R 414 986
Trade and other receivables	R 218 141
Cash and cash equivalents	R 4 046 799
Total assets	R 507 665 974

12.3.2. Total income of the Trust

Gross rental income	R 22 716 227
Tenant recoveries	R 2 685 725
Dividends received	R 5 288 206
Interest received	R 1 308 529
Other	R 32 372
Total	R 32 031 059

Profit on Sale of shares	R 13 579 085
Total income	R 45 610 144

12.3.3. Total expenditure of the Trust

Distribution for projects	R 3 000 000
Industry Funding	R 16 286 523
Direct operating expenses	R 9 052 283
Investment Administration fees	R 1 014 081
General expenses	R 1 036 739
Total	R 30 389 626

12.4. TRANSFORMATION PROJECTS

12.4.1. Transformation projects funded

Summary of the focus areas of the Trust's funding of transformation initiatives during FY 2015/16 and the cost thereof.

Table 12.1: Transformation projects funded

PROJECTS	COST (R)
ENTERPRISE DEVELOPMENT	
Queenstown Production Advisor	537 533
Zulu Kama Youth Wool Pilot Project	453 333
Bursaries	284 257
SKILLS DEVELOPMENT	
Training & Development	3 730 125
Job Creation (Shearer Training)	2 623 819
TOTAL	7 629 067

12.4.2. Details of transformation projects funded (period 1 July 2015 – 30 June 2016)

12.4.2.1. Focus area: Enterprise development

a) Queenstown Production Advisor

A production adviser has been placed in the Queenstown area on a three-year contract basis to mentor and train emerging black communal farmers, to train youth groups in the Zulu Kama area of Whittlesea, and to establish a veld ram club in Elliott. The demographics of the farmers in this area have changed considerably over the past few years, with many black emerging communal farmers receiving commercial farms under the land reform programme. The magisterial districts of Maclear, Ugie, Lady Grey, Elliott, Indwe, Dordrecht, Sterkstroom, and Queenstown need special mention. These farmers have a tradition of wool sheep farming, but their levels of wool production are less than that of the previous landowners' due to their relatively low commercial farming skills. A need was identified for an experienced production adviser, who is fluent in Xhosa, to train, guide and mentor/coach these farmers to develop into fully fledged and successful wool farmers. The production advisor will provide and co-ordinate the necessary training in shearing and wool handling for the Zulu Kama Project.

Poverty assessments in communal areas

The social impact of the wool programmes funded by the Wool Trust in the Eastern Cape rural regions was surveyed by an independent consultant in 2004, 2006, 2009 and 2015. Figure 1 below shows that total sheep income in these areas has consistently amounted to approximately half of total internal income and that income from sheep has increased consistently over the years. The large jump in 2015 reflects the growth over six years since the last survey and therefore appears more exaggerated than it actually is.

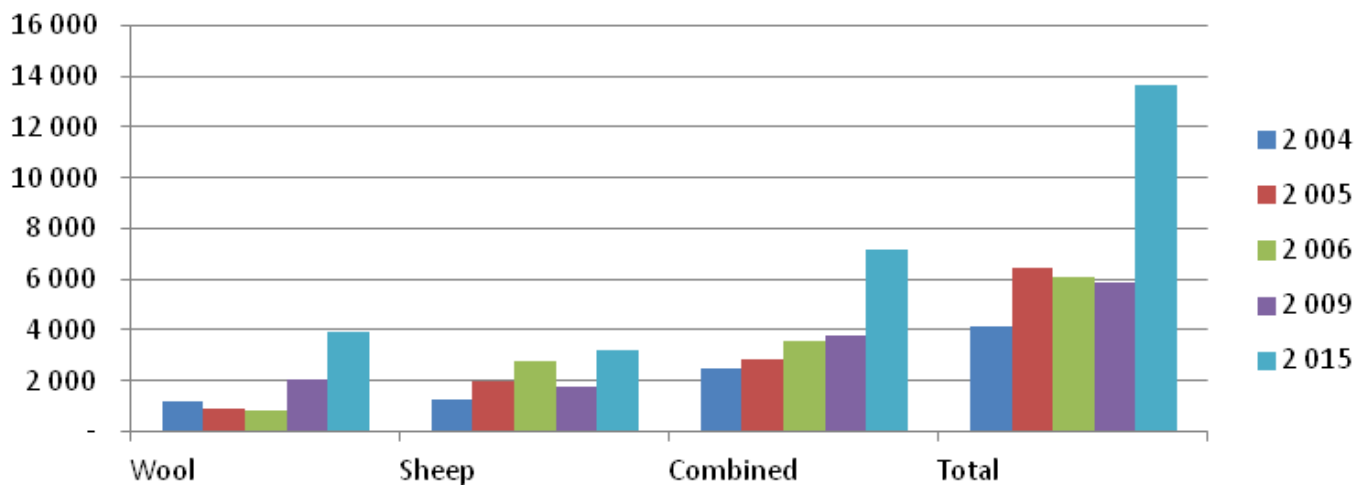


Figure 1: Comparison of sheep product sales to total internal income 2004–2015

Figure 2 illustrate the most significant changes that took place in household welfare over the period of the surveys. These are:

- The number of households with children going to bed hungry (Children) declined from 41% in 2004 to 24% in 2015 and appears set to continue downwards
- The number of households with saving accounts (Savings) has increased from 49% in 2004 to 84% in 2015 and seems set to continue upwards
- The number of households having to borrow money for school fees (Borrow for) has decreased from 77% in 2005 to 48% in 2015.

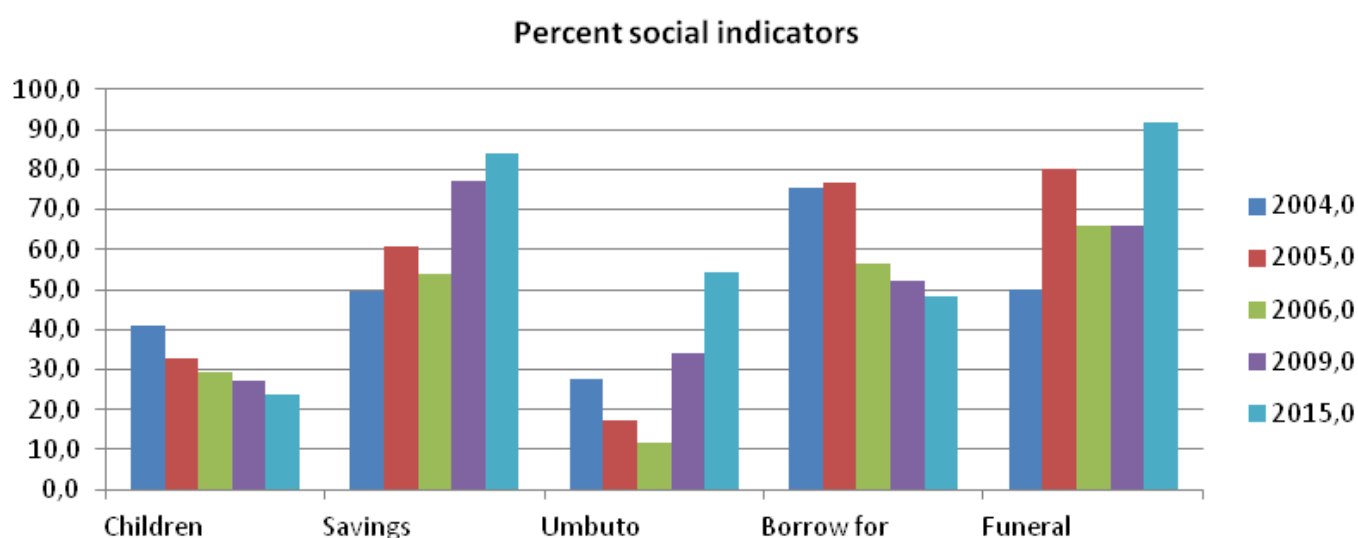


Figure 2: Trends in social indicators 2004–2015

b) Zulu Kama project

Indibano to Harvest (hereinafter Indibano) is a private sector-led economic development implementation organisation, based in East London with operations throughout the Eastern Cape and backed by the three founding partners, the Kula Investment Group, Phambili Vuna Investments and PricewaterhouseCoopers. The Zulu Kama Community Investment Trust was established in 2006 and supports 36 villages in terms of economic development-related issues with a strong emphasis on rural development and agriculture. Indibano, in partnership with the Zulu Kama Community Investment Trust, has launched a pilot project to empower the Zulu Kama youth with the ability to improve wool production of the area, thereby creating true economic benefit through the full utilisation of the grazing land available to the community. The main objective of the pilot project was to demonstrate that rural communities are able to become commercially viable wool producers through quality stock and technical inputs, and this should motivate primary industries to increase their participation in developing these communities. During the reporting period, the Trust funded shearing equipment to this area and further supported the project to the amount of R453 333.

c) Bursaries

Table 12.2: Transformation Bursaries 2015

Field of study	Gender (Totals)		Demographic group	Total allocated(R)
	M	F		
MSc/Btec Agriculture	1	0	12 Blacks (6 females & 6 males)	284 257
BSc Agriculture	3	3		
National Diploma	1	2		
Learnership	1	1		

12.4.2.2. Focus area: Skills development and transfer

a) Training and Development

The Wool Trust has been contributing funding towards rural development programmes in the Eastern Cape, Free State and KwaZulu-Natal provinces since 1997. The production advisors train communities in basic skills for effective wool sheep production, wool handling and classing, handling and movement of sheep, breeding and selection, disease control and animal health, predation management, and veld-pasture and nutrition management.



Production Advisor, Mr. Z Mbatsha, among wool sorting trainees from various communities at the Mpofu Training Centre



Farmers are advised on pregnancy testing of ewes by Dr Jean Rust from Döhne Research Station

b) Improved wool marketing

The wool produced in communal farming areas was traditionally sold to hawkers paying prices below the market value. The following market support to producers is provided:

- Introduction of producers to market agents who present their wool to international buyers via the formal auction system in Port Elizabeth;
- Provides training and mentorship to shear (harvest), sort and pack their wool according to international marketing standards and requirements;
- Facilitates transport of wool to the market in Port Elizabeth;
- Facilitates the sampling and testing of their wool by the Wool Testing Bureau (WTB) in Port Elizabeth in order for wool buyers to better access the wool on offer;
- The formal auction provides a platform where competition between buyers establishes a market price for the wool on offer. Auction prices are up to ten times higher than prices fetched for wool on the informal market; and
- NWGA Production Advisors assist producers to interpret their clip advice reports for future improvement in terms of clip quality and preparation.

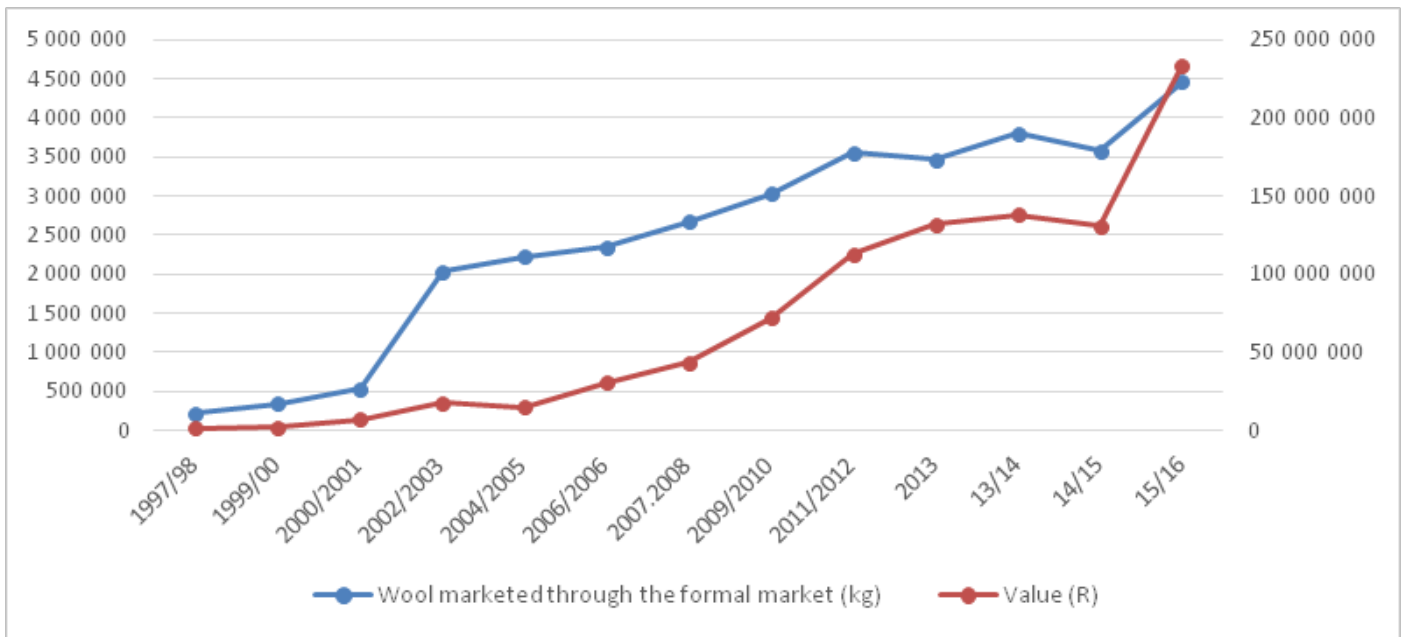


Farmers in the shearing shed assisted by a Production Advisor

Table 12.3 below provides statistics of how the Eastern Cape communal wool farmers' access to the formal market has improved since the inception of the development programme. This is to show the change in the marketing of wool by the Eastern Cape communal wool farmers. The current average price for wool in the informal market is R10/kg greasy wool. The average price of communal wool in the formal market during 2015/16 was R52.25, a difference of 42.2 %. It is calculated that the above improved wool income has created an equivalent of 6 041 on-farm jobs since the inception of the programme (based on the kilograms of wool sold through the formal market during 2015/16, the price difference between the informal and formal market, and a minimum wage of R31 281.36 per annum).

Table 12.3: Change in the marketing of wool by the Eastern Cape communal wool farmers.

Wool Season	Wool marketed through the formal market (kg)	Value (R)
97/98	222 610	1 502 908
99/00	336 700	1 965 557
01/02	535 911	6 927 640
03/04	2 029 556	17 768 955
05/06	2 222 883	14 954 931
06/07	2 345 991	30 791 496
08/09	2 666 933	43 149 706
10/11	3 027 276	71 749 104
11/12	3 555 077	113 015 898
12/13	3 461 937	131 842 578
13/14	3 806 993	137 919 368
14/15	3 582 123	130 849 388
15/16	4 462 089	233 618 024



c) Improved product quality and quantity marketing

Genetic improvement of the communal wool sheep flock

The price received for wool is dependent upon the quantity (kg) and quality produced by the sheep. Both these factors are lacking in the communal wool-sheep flock and are thus impairments to increased wool production and price. Likewise, both these factors have a genetic base, meaning that they can and will improve with improved genetic material. That is the motivation of the Genetic Improvement Programme (GIP), whereby 3000 high-quality rams are introduced annually into the communal areas of the EC in conjunction with the DRDLR.

The success of the GIP is demonstrated by two independent scientific studies, one by the Grootfontein Agricultural Development Institute (GADI) and the other by the University of Fort Hare. The study by GADI has demonstrated that the offspring of the rams introduced under the GIP produced 31 % more wool than the offspring of the home-grown rams used by the communal wool producers. Likewise, they have demonstrated an increase of 19 % in the average price received, as well as a total increase in wool income of 31 %. The study by the University of Fort Hare (Mvinjelwa, 2013) concluded that the communities that were engaged in GIP had sheep with higher live weights, body condition score and fleece weight.

Since the inception of the GIP in 2002, a total of 42 743 rams have been distributed. The ideal ram : ewe ratio is one ram per 30 ewes. There are an estimated three to four million ewes in the communal areas of the Eastern Cape. A total of 120 000 rams are therefore required for the ewe flock in the communal areas. A further 80 000 rams are therefore required to reach an exit point where the farmers at least once receive enough rams for the entire flock.

A total of 9 855 rams were distributed among communal wool farmers over the past three years, with 987 communities benefiting.

Table 12.4. Distribution of rams between 2014 and 2016

DISTRICT MUNICIPALITY	2014	2015	2016
Chris Hani	1075	1075	1063
Joe Gqabi	283	286	412
Alfred Nzo	348	350	347
OR Tambo	664	659	587
Amatole	600	600	557



Off-loading of GIP rams

During the regional congresses of the NWGA and Interregional congress in the eastern cape in 2016, the GIP was an important resolution discussed at all the 2016 regional congresses. The event was attended by over 1000 communal and emerging producers at the Winterbergen shearing shed near Sterkspruit. The congress was unanimous in the following:

- The provided through the GIP is of good quality.
- There is a need to upscale the project to 9 000 rams per annum.
- The project should be extended to beyond the current cycle that is scheduled to be concluded in 2017.
- The continued support from DRDLR is highly appreciated and that the project significantly contributes to the creation of wealth and improved rural livelihoods in the Eastern Cape.



2015 Inter regional congress with the EC MEC of Agriculture, Mr. M. Qoboshiyane.

Women preparing meals for almost 1800 farmers and guests who attended the 2015 inter regional congress.

d) Flock competitions

Flock competitions are a good method of appraise the improvement of the wool sheep flock. They are also a good showcase for the improvement due to the GIV. The flock competitions are conducted bi-annually. The 2015 flock competitions were attended by 403 farmers with 1123 and 121 sheep entered at both the regional and interregional competitions respectively.

At the interregional competition, farmers participated in four sheep classes, i.e. lambs, 2-tooth ewes, 4

to 8 tooth ewes and rams. The competitions were judged by two independent judges, who remarked after completion, how pleasantly surprised they were with the quality of sheep participating and the improvement of the sheep over the past 10 years.



e) Extending the GIP Program to benefit Black Ram Breeders

The rams for the GIP are bred under contract by 10 commercial farmers. This programme has been extended by (1) starting a process to develop three emerging black commercial farmers into stud breeders to also supply rams to the GIP and (2) to source and test good quality rams born in the communal areas for inclusion in the GIP.

The initial three emerging breeders are Mr P Maduna from Lady Grey, Mr. V Kama from Ugie and Mr. L Maduna from Lady Grey. So far 10 rams out of this program were included in the GIP, with many more to come as the project progresses. Of 77 ram lambs born in 2016 from these breeders, 50 were provisionally selected to be considered in the GIP contract for 2017. One of the NWGA Production Advisors has been tasked to assist these breeders on a regular basis in order to ensure their success as ram breeders.



Young stud rams bred on the farm of Mr. L. Maduna from Lady Grey.

During March 2016, a total of 22 rams that were bred by communal wool farmers were introduced into a so-called Veld Ram Club in the Cathcart district. Here they are tested under veld conditions. The testing phase of six months has already ended and a final selection will be conducted soon. The rams selected through this process will form part of the 2017 GIP.



The first Veld Ram Club open day.



Officials from Government, industry & local farmers.

12.4.2.3. Job creation

The Trust annually funds a shearer training programme which provides employment opportunities for many unemployed previously disadvantaged persons. The figure below shows details of the shearing training conducted during the reporting period.

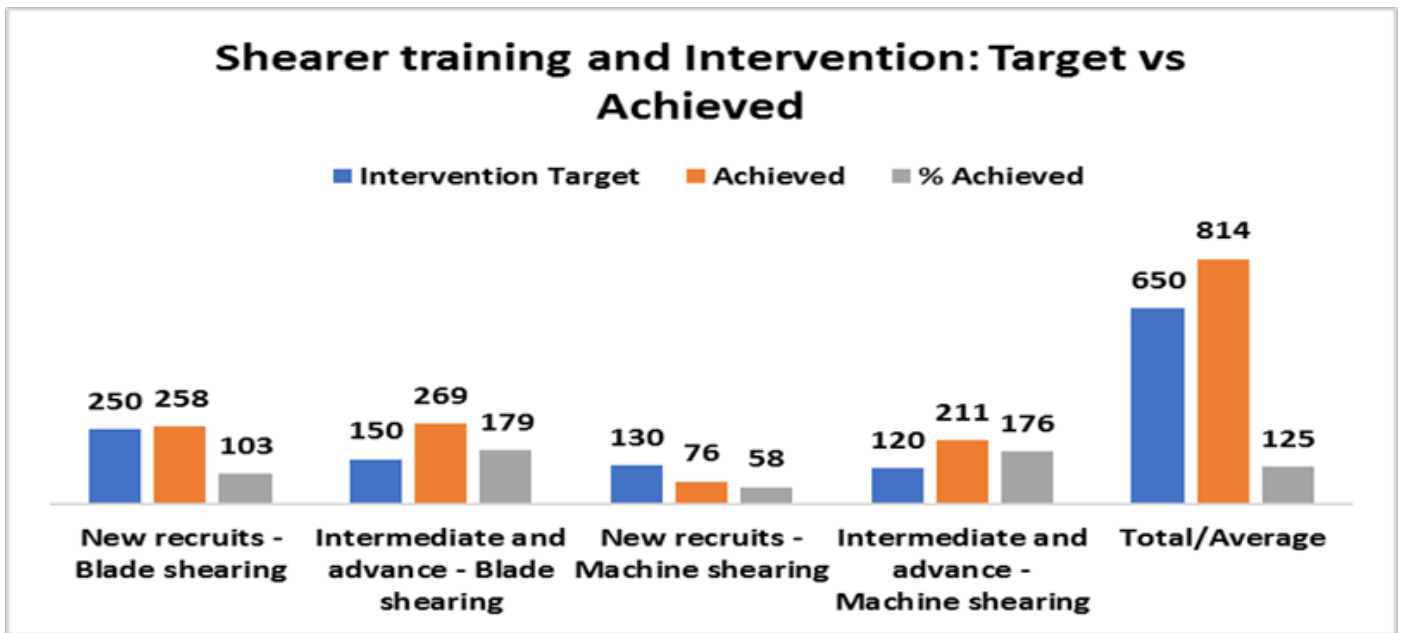


Figure 3: Details of the shearing training conducted by the Wool Trust in the 2015/1

Three regional competitions were hosted in Cala, Mount Fletcher and Peddie. Shearing competitions in these deep rural areas are costly as all the shearing infrastructure and equipment are transported to these areas.



The wool Trust conduct surveys on shearing and wool class analysis. For the period under review the following were achieved:

Shearer and Wool classing

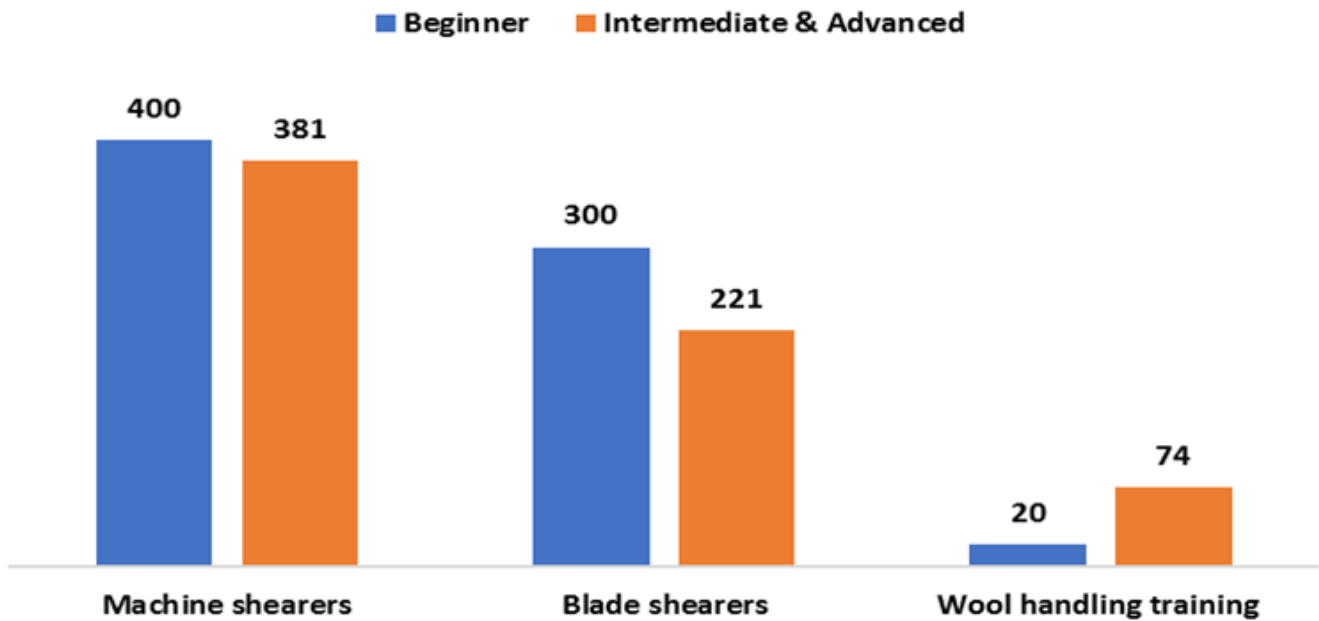


Figure 4: Information Pertaining to Shearers and wool classing



Farmers receiving training in sheep classing and selection.

In the questionnaire that forms the basis for the compilation of the 2015/16 survey, the trust administrators were asked if they experience any challenges in their respective industries regarding transformation programmes. They responded as follows:

13. CHALLENGES ENCOUNTERED BY INDUSTRY TRUSTS REGARDING TRANSFORMATION

Citrus industry Trust

The CIT plans to expand their offerings to include the assistance of emerging citrus growers in enterprise development. This will require more financial resources than what the Trust currently has.

Wool Trust

There is a huge potential to increase the wool production of communal producers and to convert communal producers into commercial producers. The wool industry has developed a Wool Industry Growth Plan, which was initiated by the Wool Trust, to address these issues. The Wool Trust will contribute funds toward this plan, but due to the extent thereof, substantial additional funding would be required from other sources.

The following problems have been identified in achieving the objectives of this plan:

- Substantial funding is required from external sources for the successful implementation of the Wool Industry Growth Plan.
- There has been a long-standing co-operation between the Department of Rural Development and Agrarian Reform Eastern Cape (DRDAR) and the NWGA (an indirect service provider of the Wool Trust) to provide a wool extension service to the communal wool farmers in the Eastern Cape, with much success and financial and social benefit to the communal wool producers in the Eastern Cape.
- The current manpower and budgetary situation of the NWGA is such that it is only possible to reach 20% to 30% of the communal wool growers. With the necessary co-operation between DRDAR and the NWGA the wool success story can be rolled out to 100% of the communal wool producers in the Eastern Cape.
- Land ownership for communal and new commercial wool producers.

Mohair Trust

The status report for 2015, has eluded on the successes with regard to transformation in the mohair industry with inclusion of youth, women and farmers themselves to the top structures of the mohair industry. However, there are still challenges the industry is facing in the advancement of transformation. These challenges include:

- Ownership of land
- Unproductive farms due unskilled people put on the farms
- Farmers too small in size and not economically viable
- Infrastructure problems
- Need younger generation on the farms

ANNEXURES

ANNEXURE A: Contact details of the industry Trusts and ministerial Trustees

TRUST NAME	CONTACT DETAILS	ADMINISTRATOR	MINISTERIAL TRUSTEES
Citrus Industry Trust	Tel: 012 007 1150	Dr K. Liphadzi	Ms P. Motlogeloa (Chairperson), Mr A. Sithole & Ms H. Ngwenya
Deciduous Fruit Industry Development Trust	Tel: 021 870 2900 Fax: 021 870 2915	Mr A. Rabe	Ms P. Motlogeloa (Chairperson), Mr A. Sithole & Ms H. Ngwenya
Maize Trust	Tel: 012 807 3958 Fax :012 349 8707	L&L Agricultural Services	Mr I. Motala (Chairperson), Ms M. Rangaka, Mr E. Jephtas & Mr M. Poto
Meat Industry Trust	Tel: 012 348 7572 Fax: 086 511 4064	Ms A. du Plessis	Dr T. Penxa & Dr P. Maduna
Mohair Trust	Tel: 041 487 1386 Fax:041 487 1336	Mr D. Saayman	Mr T. Mashologu
National Lucerne Trust	Tel: 082 773 4849	Mr D. Engelbrecht	Ms M. Gill
Oil and Protein Seeds Development Trust	Tel: 011 234 3400 Fax: 011 234 3402	Mr G. Keun	Mr G. Rathogwa
Potato Industry Development Trust	Tel: 012 349 1906 Fax:012 349 2641	Ms E. Els	Mr S. Mabuza
Sorghum Trust	Tel: 012 807 3958 Fax: 012 807 7090	L&L Agricultural Services	Mr H. Mohane
Winter Cereal Trust	012 007 1200	Dr S. Letsoalo	Mr N. Masithela (Chairperson), Mr A. Bartlett, Mr T. Make, Ms M. Mabe, Ms M. Maphanga & Mr V. Mongoato
Wool Trust	Tel: 041 484 4307 Fax: 041 484 4309	Mr A. van der Venter	Ms N. Dlula
SA Wine Industry Trust		Mr C. Erasmus	Ms S. Marco-Thyse (Chairperson), Mr B. Stemmet, Ms F. Shabodien & Mr W. Williams

Annexure B: Summary of industry Trusts inherited assets and current value of assets for 2015/16

Trust Name	Date established	Age	Total Inherited Assets (R)	Current Asset value (R)	Growth/Decline (R)
Citrus Industry Trust	Feb-99	18	16 689 489	16 185 950	-503 539
Deciduous Fruit Industry Development Trust	Aug-98	19	13 692 000	15 487 968	1 795 968
Maize Trust	Aug-00	17	319 234 732	1 083 282 392	764 047 660
Meat Industry Trust	May-98	19	44 363 570	45 732 450	1 368 880
Mohair Trust	Sep-97	20	101 391 436	271 631 595	170 240 159
National Lucerne Trust	Aug-97	20	2 952 398	7 932 337	4 979 939
Oil and Protein Seeds Development Trust	Oct-97	20	74 086 064	331 729 485	257 643 421
Potato Industry Development Trust	Sep-04	13	0	14 522 389	14 522 389
Sorghum Trust	Feb-99	18	6 554 135	26 112 890	19 558 755
Winter Cereal Trust	Nov-97	20	11 239 713	118 081 032	106 841 319
Wool Trust	Aug-97	20	87 625 322	507 665 974	420 040 652
Total/Average		19	677 828 859	2 438 364 462	1 760 535 603

*Note: To date the value of the assets of these Trusts is over R2 billion.

Contact Details

Private Bag X935, Pretoria, 0001
Block A, 4th Floor, Meintjiesplein Building
536 Francis Baard, Arcadia
Tel: 012 341 1115
Fax: 012 341 1811
Email: info@namc.co.za
Website: www.namc.co.za

