



National Agricultural
Marketing Council

Promoting market access for South African agriculture



Industry Trusts Transformation

Symposium

‘Agricultural trusts as a catalyst to the
transformation of the agricultural industry in
South Africa’

23 March 2016 – St Georges Hotel

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Minister of Agriculture,
Forestry and Fisheries
Senzeni Zokwana

Acknowledgements

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“The Department of Agriculture, Forestry and Fisheries commits to collaborate with Trusts in the advancement of transformation”. Minister of Agriculture, Forestry and Fisheries Senzeni Zokwana



1. Opening and welcome

The Agricultural Trusts Workshop was convened on 23 March 2016 – hosted at Saint Georges Hotel. The workshop was called by the Ministry of Agriculture to determine progress on transformation, allay industry fears yet addressing bottlenecks in the Industry Trusts. The workshop was formally opened by the programme director for the day - Zama Xalisa (Senior Manager Agricultural Trusts). The programme director welcomed all the delegates from the respective industry including the guest of honor Minister of Agriculture, Forestry and Fisheries Senzeni Zokwana together with the delegation from his department. The programme director meted out the purpose of the forum and called for open and frank discussion.

He further indicated that the workshop was meant for Agricultural Industry Trusts Administrators, Chairpersons, Industry and Ministerial trustees to communicate and address concerns together and find a common cause of action, share with the Minister their challenges and successes with

regard to transformation.

2. Address By: Honorable Minister of Agriculture, Forestry and Fisheries, Mr Senzeni Zokwana
The Minister's speech was on the role of Agricultural Industry Trusts as a catalyst to agricultural transformation. In his opening, he applauded the sterling work done by the NAMC in driving and contributing to the transformation agenda of the agricultural sector. He encouraged the agricultural Industry trusts to work together and correct the following key issues:

- Representation of Trustees representing the Minister and those of the industry.
- Amendments of the trust deeds
- Achieving the developmental imperatives of the government such as transformation and those of private business.

He said prior to 1994, the current ruling party, identified agriculture as one the sectors to drive



socio-economic change, stimulate growth, development and job creation. At that time, government developed an integrated rural development strategy guided by the blessings of former State President Nelson Mandela.

The underlying aim of the strategy was to “eliminate poverty and create full employment by the year 2020.” However, South Africa has long been plagued by the ‘two economies’ debate further exacerbating our efforts in eradicating poverty.

He highlighted the goals of the National Development Plan as to eliminate poverty and reduce inequality by 2030 through drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

“With our democratic gains, we cannot afford to let our local and rural communities be denigrated or continue to operate like they did in the era of apartheid” he added.

In addition, the AGRIBEE Charter is about ‘empowering rural and local communities to have access to agricultural economic activities, land, agricultural infrastructure, ownership and skills.’ This is amplified by the government’s Strategic Integrated Projects (SIP 11) which focuses

on rural infrastructure and Agro-Logistics as critical to boost the agricultural sector. Physical and social infrastructure (transport, education, training and development) is necessary to improve previously disadvantaged farmers capacity to arrive at a point of making informed choices. No longer can we adopt a wait and see approach, we have to arm emerging farmers with all the right tools from funding, to training until reaching the success of enterprise development.

In closing, the Minister acknowledged the interventions by the trusts in ensuring that transformation of the agricultural sector is realized. He mentioned few examples below:

- Mohair Empowerment Trust for buying angora goats for Black Mohair farmers,
- Support to Grain Farmer Development Association (GFADA) by Maize Trust, Winter Cereal Trust and Oil and Protein Seeds Development Trust,
- Funding of the university agricultural students bursaries by various Trusts,
- Support of the smallholder farmers in the potato industry by Potato Industry Development Trust through their enterprise development programme,
- National Lucerne Trust for supporting smallholder Lucerne farmers in Taung, and all other Agricultural Industry Trusts.

3. Discussions between Minister and Trusts

Expectations were that the debates will be heated due to the connotation attached to transformation. In retrospective, the most vociferous were Ministerial Trustees who welcomed the meeting but indicated that maybe it could be held bi-annually. Significantly, transformation was addressed from one level (number of transformation programmes) than an open approach (how is development addressed). Such a culture had to be reviewed because what was working for some industries was not ideally working in some sectors.

The MAP ACT was discussed and according to Elaine Alexander (DAFF -DDG: International Trade) the process of amending the MAP Act will resume in the course of 2016. Industry on the other hand raised concern that there was a perception created that it does not want to transform. Issues of using levy money were voluntary and the sector could not afford to solely spend the monies on transformation only. Research improved efficiency of the industry and benefitted smallholder farmers also. Government also had to accept that the transformation could not only be done by industries.

3.1. Below were some of the captured topical issues discussed at the Workshop; highlights

3.1.1. Maize trust

The chairperson of the Maize trust, Mr Ndlungwane, indicated that the agricultural sector is the least transformed sector in South Africa. He further reflected on the factors that hampered the transformation of the agricultural sector, in respect to Industry Trusts as follows:

- Lack of access to market
- Lack of access to finance
- Lack of access to land ownership
- Lack of partnership between government and industry trusts, and

- Lack of inclusion of transformation agenda in the Trust deeds
- Dilemma the trusts are facing is in terms of regular engagements with the minister.

In addition, Dr Toto Hewu from the Maize trust indicated that if the private public partnerships (PPP) were genuine and aimed at upliftment of the black people, the partnership would have yielded satisfactory results. The challenge is that this partnerships end up putting other groups into debts.

Challenges between Government and Industry Trusts

Dr John Purchase indicated that the amended MAP Bill was released in 2013 for comments and inputs. The Bill has some element of political interference in the work of the Trusts.

3.1.2. Deciduous Fruit Industry Development Trust

Ms Mamsey Rangaka from the Deciduous Fruit Industry Development Trust, eluded that there are farmers who need assistance, and passionate about farming “why is it difficult for them to be part of transformation in terms of funding support?”

Mr Ismael Motala indicated that Trusts focus is on Social transformation and not on transformation that is aimed at developing and empowering farmers’ participation throughout the value chain.

It was believed that “political powers can change the transformation of the industries”

3.1.3. Oil and protein seeds development trust

According to Azak Moosa from Oil and Protein Seeds Development Trust, said the lack of funding to support research institutions,

exportation of oilseeds, etc remained a challenge in the oil and protein seeds industry.

3.1.4. Mohair trust

Mr Tukela Mashologu reported that the Mohair Trust has started with the programme to empower black mohair farmers through the mohair empowerment trust to commercialise them, the challenge is in terms of land ownership and minority representation. Some of the land especially in the Eastern Cape was under communal control and it thus made it difficult to farmers to explore.

3.2. General Comments

Honourable Minister Zokwana, indicated that the money allocated by his department to support Black farmers may not be enough because it is assumed that once you have land you are likely to farm. He further stated that collaboration between Trusts and government can be a good vehicle to drive transformation in the agricultural sector through supporting smallholder farmers. In addition, land bank should be the bank for agriculture and the department should overlook on the number of provinces and beneficiaries that need assistance from CASP and other programmes.

The Minister has insisted on the need to have ministerial representatives in the trusts as a way of working together between trusts and government, furthermore, ministerial trustees are appointed to provide an update to the minister through the NAMC on the operations of the trusts.

“The aim of government is not to take powers from the trusts, but to work together with the trusts to the betterment of South African agricultural sector”

4. Recommendations

- Formation of a single body that drives transformation where funds meant for transformation can be channeled. This could be linked to a once-off transformation levy which can be invested with for example the Landbank and the transformation body lives off the interest.
- Inclusion of rural development and treasury departments to have integrated approach to supporting emerging/smallholder farmers, hence there are good programmes such as CASP and Recap. This can create an element of efficiency and holistic approach in channeling production resources.
- To establish a task team to look at the viability of the establishment of a single body to drive transformation and report back. In addition, the task team will also be able to quantify the work done and challenges faced.
- The focus should be to do transformation, aim is not to take power from trusts
 - Embrace gender issues on the appointment of the Trustees and support provided by the Trusts
- Research is needed (more funding must be given to research institutions) given the issues of climate change and other issues.
- Create sufficient time so that the each trust can be able to quantify their challenges and successes within the trusts they represent the Minister on.
- The meeting with Trustees after Budget speech is the most crucial one.

5. Resolutions

- The formation of a single transformation body and task team
- The NAMC to develop terms of reference for the task team
- Regular engagements between the task team, Ministerial trustees and Minister facilitated by the NAMC.
- The NAMC to engage with South African Wine Industry Trust for the Minister to appoint his Trustees
- The Department of Rural Development and Land Reform, and Water and Environmental affairs be invited in the next Trusts workshop.

6. Conclusion

In closing, the Minister pleaded with the Trusts to move forward on the issue of the presentation made by the NAMC to the portfolio committee.

He further encouraged the Trusts to learn from each other and continue to support research institutions to produce agricultural graduates to respond to issues such as climate change, drought and unemployment in South Africa.

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