



Agri-Trust digest

Issue No.: 1

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2. The profile of the Wool Trust
3. Ethical trade is non-negotiable: agricultural bodies need to prioritise it



National Agricultural
Marketing Council
Promoting market access for South African agriculture

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AGRI-TRUST DIGEST

Agri-Trust Digest is a monthly report that is produced by the National Agricultural Marketing Council through the Agricultural Industry Trusts Division. The publication aims to communicate developments as they happen around the different agricultural trusts. The focus of this issue is on two trusts: (i) Mohair Trust and (ii) Wool Trust. The division has three digests which cover Food Agriculture Natural Resource Policy Analysis Networks (FANRPAN), Agricultural Transformation and Agricultural Industry Trusts. Agri-Trust Digest reports on the monthly key developments coming from the operation of different Industry Trusts.

Contributors to this Issue:

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1. THE PROFILE OF THE MOHAIR TRUST

By BM Mpyana

1.1 Background

Mohair Trust was established in September of 1997. The Trust on its establishment inherited a total of **R101 million** from the Mohair Board. The Trust has grown the trust asset to its current value of **R278 million** worth of assets. This picture alone presents a healthy environment where the future of the industry is safeguarded. As such, due credit shall be given to all the trustees from inception for their sterling work.

In realising the responsibility that goes with being the most reliable source of quality mohair, the mohair industry established Mohair South Africa¹ in 1997 to perform some of the activities that were performed by the Mohair Board but not within the scope of the Trust. It is also important to note that Mohair South Africa is an administrator of the Mohair Trust.

1.2 What is it that the Mohair Trust stands for?

As stated in the Deed of Trusts - 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
- With regard to research related to the improvement, production, manufacturing, storage and marketing of mohair
- 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, and
- Financial assistance shall be granted in order to promote stability in the mohair industry.

1.3 Transformation

The Mohair Trust established an entity that serves as a sole entity that drives transformation in the Mohair Industry referred to as the Mohair Empowerment Trust. The entity is responsible for graduating the black smallholder mohair farmers into commercial level. In 2017, the trust distributed about 2399 angora goats to six projects owned by Black smallholder mohair farmers, spending approximately **R2,4 million**. Presented below is one of the transformation projects supported by the trust.

Doonrivier project

The Doonrivier project is one of the first beneficiaries of the Mohair Empowerment Trust which was acquired through the Proactive Land Acquisition Strategy (PLAS) land reform programme in 2012. The Doonrivier project is situated in the Somerset East District of the Eastern Cape Province, owned by two cousins (Mr Simphiwe and Linda Fani). To date, the farm has over 134 crossbred beef cows where bonsmara and brahman bulls are used, 1257 angora goats and furthermore created over 8 permanent jobs. It is with no doubt that the contribution by the Mohair Empowerment Trust to graduate the black mohair farmers into commercial level has yielded significant results, and

¹ Mohair South Africa is a recipient of financial support provided by the Mohair Trust on the basis of submitted proposals.

commitment by the farmers played a pivotal role in the success of this project.



Figure 1: Mohair Empowerment Trust beneficiaries, Mr Linda and Simphiwe Fani

1.4 Ministerial Trustee

The Minister of the Department of Agriculture, Forestry and Fisheries (DAFF) is represented by Mr. Thukela Mashologu in the Mohair Trust.



Figure 2: A photo of Mr. Thukela Mashologu

Mr Mashologu is currently working as the Chief Executive Officer (CEO) of the development agency of Chris Hani District Municipality called the Chris Hani Development Agency (CHDA). His job entails driving organizational strategy and business plan, managing day to day operations of the agency; and internal and external stakeholder management. Mr T Mashologu also worked as Senior Regional Officer at IDC a job that entails project development and packaging through participation in feasibility

studies, marketing the regional office and driving new business development within the region, through identifying new business opportunities focusing on corporate/IPAP objectives.

Previously, he acted as the Chief Operating Officer of the Eastern Cape Rural Finance Cooperation, a job that entails the management of project implementation, using resource leverage from the private and public sector in the development of the Agricultural sector. He is actively involved in the agricultural development markets in the Eastern Cape working closely with developmental parastatals, private sector businesses, trade organisations, NGO's and government departments.

He also worked as a Manager of the agriculture and agro-processing at Asgisa in Eastern Cape. His main duties entailed formulation of appropriate business plans and budgets for the agricultural division, to ensure that projects implemented are sustainable and in line with governmental policies. Thukela has extensive experience in the agricultural value chain from ground level to management. He has been part of many provincial government delegations travelling internationally within the agricultural learning exchanges with other countries.

2. THE PROFILE OF THE WOOL TRUST

by
Mr BM Mpyana

2.1 Background of the Wool Trust

The Wool Trust was established on 13 August 1997 by virtue of a resolution of the South African Wool Board passed on 27 September 1997. The Minister approved the trust deed and, by June 1998, the majority of the wool board's assets had been transferred to the trust. A total of **R87 million** was inherited, and its currently valued at **R525 million**. Credit needs to be given to all the Trustees of the Wool Trust from inception for this sterling work.

2.2 What is it that the Wool Trust stands for?

- 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.

2.3 Transformation

During 2017, the Trust spend approximately R10 million on transformation with specific focus on enterprise and skills development. A total of 3027 rams has been distributed in the areas of Chris Hani,

Joe Gqabi, Alfred Nzo, OR Thambo and Amathole District. Furthermore, a total of six production advisors has been appointed to assist wool emerging farmers in the communal areas. The project started off with 846 wool shearing sheds in 1997 and increased to 1400 in 2017. Below is some of the wool trust supported transformation projects.



Figure 3: Stud rams bred on the farm of Mr Maduna, in Lady Grey.

2.4 Ministerial Trustee

The Minister of the Department of Agriculture, Forestry and Fisheries (DAFF) is represented by Ms. Nonqaba Dlula in the Wool Trust.



Figure 4: A photo of Ms. Nonqaba Dlula

Ms Dlula has more than 20 years of accounting work experience and she held a number of managerial positions in the field of accounting and finance. She is currently the manager of accounting operations dealing with the compilation of financial statements, management accounting reporting, project accounting and project proposal.

3. ETHICAL TRADE IS NON-NEGOTIABLE: AGRICULTURAL BODIES NEED TO PRIORITISE IT

By
Bonani Nyhodo

3.1 Introduction

In a globalised business environment everything that is done needs to be above board and conform to the societal acceptable norms. A question can be asked as to whose norms shall be respected and short answer is that “those of the actual buyer of the product or service offering”. Therefore, ethical trade, especially, for an export-oriented sector is non-negotiable. The world order (food, fibre and natural resources) is filled with many actors driving different agendas. South Africa’s agriculture has been on the receiving end of some of the publications around matters of ethical trade and industries had and continue to do damage control.

3.2 Discussion (background and context)

In the couple of years (between 2008 – 2010) the NAMC did a Section 7 Investigation on ethical trade in the fruit and wine industry. The report did make a number of recommendations of which few if not none were implemented. It came out during the investigation that ethical trade covers three broad areas: (i) business aspect, (ii) environmental aspect, and (iii) social aspect. All the three aspects were noted to be equally important in the face of responsible and sensitive international consumers who are buying from reputable retail brands. These reputable retail brands have auditing codes that are geared to ensuring that their buying practises recognise the importance of ethical conducts that their buyers regard highly.

The Human Rights Watch in 2011 released a document that outlined a very negative picture of farm workers treatment in the fruit and wine farms. Unfortunately, the report to some degree wanted to create a problem while attempting to deal with another problem by calling for international consumers to reconsider their purchases of the

South African produce. This led to the industry to be vigilant on its ethical trade work that saw the existence of SIZA Initiative in the fruit industry and strengthening of Wine Industry Ethical Trade Association (WEITA) that looked on both vineyards and fruit farms. The report of the Human Rights Watch was challenged by the industry bodies or its content and intentions.

In 2018, the Mohair Industry’s plight was shaken when a video surfaced from People for Ethical Treatment of Animals – PETA). The images of shown in the video do not present a picture any responsible industry can be proud of. However, the nature of the presentation of the video was a message that seem to suggest that all Mohair farmers treated their animals badly. That sentiment can be challenged as Angora Goats are seen by farmers as their assets and as soft animal’s harsh conditions would destroy the herd population. Mohair South Africa sent their initial statement on the 4th May 2018 http://www.mohair.co.za/application/storage/upload/mohair_south_africa_statement_04052018.pdf expressing its shock on the contents of the video that came to light on the 2nd May 2018 showing the treatment of goats in the shearing shed environment. They went on to challenge some aspects of the contents of the video footage in perspective of the whole industry. A second statement was released by Mohair South Africa on the 6th June 2018 that indeed outlined that the bad treatment of animals by any stakeholder on-farm or shearing environment cannot be celebrated. In that the industry outlined that it had launched its investigation on the matter http://www.mohair.co.za/application/storage/upload/mohair_sa_final_statement_6_june_201864647296_9.pdf.

The NAMC upon receiving and seeing the video footage released a statement on the 11th June 2018 <http://www.namc.co.za/wp-content/uploads/2018/06/MOHAIR-PRESS-STATEMENT-11-JUNE-2018.pdf> where it

condemned the undesirable treatments and requested the Mohair Industry to identify the farms and put measures to stop the practice. The NAMC also made an observation that the video was used to brush the whole industry badly while incidence may have happened in one shed or very few. The NAMC also noted that ordinarily farmers are good to their assets (goats in this case).

Conclusion

It can be said with all certainty that the report on Mohair is not the last of its kind nor is it the first. Industry bodies need to be on their toes and deal

with unethical conducts of any forms within their respective value chains. It needs to be noted, frankly, that civil society formations will uncover unethical conducts within the industry value chains (be their animal welfare based or farm worker based). The role of these civil society formations need to be respected by all stakeholders. It would serve a lot of justice if in their work conclusions are drawn to the specific areas of the problem not the whole industry. The industry organisation need to do everything possible to ensure that ethical conduct is a non-negotiable in the affairs of all actors in the value chain.

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