



**National Agricultural  
Marketing Council**

Promoting market access for South African agriculture

## ***CONTRIBUTION OF AGRICULTURAL INDUSTRY TRUSTS TO AGRICULTURAL DEVELOPMENT AND TRANSFORMATION***



**Held on 8 March 2012  
Birchwood Hotel, Johannesburg**

**Organised By: National Agricultural Marketing Council (NAMC)**



#### COMPILED BY:

1. Mr. Bonani Nyhodo:  
Senior Researcher at  
NAMC
2. Mr. Sifiso Ntombela:  
Senior Economist at  
NAMC
3. Mr. Lindikaya Myeki:  
Economist at NAMC

#### ACKNOWLEDGEMENTS:

##### **NAMC Agricultural Trust Division:**

1. Mr. Zama Xalisa
2. Dr. Xolile Ngetu
3. Ms. Tsepiso Kati
4. Ms. Julia Faku
5. Mr. Stephen Monamodi
6. Mr. Tshepiso Maphatane
7. Ms. Mahlogonolo Lediga

#### Agricultural trusts:

1. Citrus Industry Trust
2. Cotton SA Trust
3. Deciduous Fruit Industry  
Development Trust
4. Maize Trust
5. Meat Industry Trust
6. Mohair Empowerment Trust
7. National Lucerne Trust
8. Oil and Protein Seed  
Development Trust
9. Potato Industry Trust
10. Sorghum Trust
11. South African Wine Industry  
Trust
12. Winter Cereals Trust
13. Wool Trust



# TABLE OF CONTENTS

<b>CHAIRPERSON: NTOMBI MSIMANG .....</b>	<b>1-2</b>
<b>AGRICULTURAL TRUSTS DIVISIONAL HEAD: ZAMIKHAYA XALISA .....</b>	<b>3-4</b>
<b>PURPOSE OF THE WORKSHOP .....</b>	<b>6</b>
<b>SUMMARY OF RECOMMENDED ACTIONS .....</b>	<b>8</b>
<b>1. OPENING, WELCOME AND KEYNOTE ADDRESS</b>	
1.1. Opening Remarks: Programme Director (Mr Zama Xalisa, NAMC).....	11
1.2. Welcome Note: Ms Ntombi Msimang, NAMC Board Chairperson .....	12-13
1.3. Welcome Address: Dr Mono Mashaba, Chief Director, DG's Office .....	14-15
<b>2. AGRICULTURAL TRUSTS AND GOVERNMENT ROLES IN AGRICULTURAL SECTOR:</b>	
<b>HON. MINISTER TINA JOEMAT-PETTERSSON.....</b>	<b>16-21</b>
<b>3. AGRICULTURAL INDUSTRY TRUSTS' FINANCIAL <i>STATUS QUOS</i> AND PROGRESS WITH TRANSFORMATION</b>	
3.1. Wool Industry Trust: Mr Peter Kingwill .....	23-25
3.2. Mohair Industry Trust: Mr Bongani Ndhlovu .....	26-27
3.3. Meat Industry Trust: Dr Steven Cornelius .....	28-29
3.4. Deciduous Fruit Industry Development Trust: Mr Louis van Zyl .....	30-31
3.5. Citrus Industry Trust: Mr Godfrey Rothogwa .....	32
3.6. South African Wine Industry Trust (SAWIT): Ms Sharon Morco-Thyse .....	34-35
3.7. Potato Industry Development Trust: Ernst Yzel.....	36-37
3.8. Cotton SA Trust: Mr Piet Potgieter.....	38
3.9. Oil and Protein Seeds Development Trust: Mr Gerhard Keun .....	39
3.10. Maize Trust and Sorghum Trust: Mr Leon du Plessis.....	40-41
3.12 Winter Cereal Trust: Mr Katlego Gaoraelwe .....	42-43
<b>4. ZERO HUNGER AND MASIBAMBISANE INITIATIVES: MR BONGA MSOMI.....</b>	<b>44</b>
<b>5. CONCLUDING REMARKS AND WAY FORWARD.....</b>	<b>46</b>

# Foreword

**Chairperson: Ms. Ntombi Msimang**



The National Agricultural Marketing Council (NAMC) is pleased to report on the outcomes and success of the 2012 Agricultural Industry Trust Workshop. Since the beginning of my term as NAMC Chairperson, I have never come across such an expertly organised event. The history between the NAMC and the trusts has been documented as somewhat unfavourable, yet for the first time we were able to find an equal footing and common understanding of issues affecting the growth of agriculture.

Our mandate pertaining to industry trusts has always been clear and definite, i.e. monitoring the management of these trusts. Critically, our interest lies in transformation, and while the trusts have taken major strides in advancing transformation, a number of significant challenges remain. Transformation does not happen in a vacuum – it starts with basic training to ensure that small-scale farmers are capacitated to farm sustainably. Giving such farmers access to markets is also key to the process of full transformation.

Transformation in South Africa is essential for a variety of reasons. Overall, 60% of rural communities in this country rely on agriculture for their basic survival, and empowering these communities with the necessary skills and programmes will make a positive contribution towards food security. We were also honoured by the presence of the Minister of Agriculture,



Forestry and Fisheries, Ms Tina Joemat-Pettersson, who in her address spoke at length about how transformation will greatly assist in reducing poverty and hunger in South Africa. In light of the circumstances faced by the NAMC and the industry trusts, working towards a common goal, i.e. growing the sector, is of the utmost importance, and despite any reservations, we are at least moving forward!

**As mentioned by the Honourable Minister, agriculture does not happen in the office or in the boardroom.**

I would also like to thank the Department of Agriculture, Forestry and Fisheries (DAFF), as well as all the trusts that presented their transformation scorecards at the workshop. I would like to thank the NAMC council members and the CEO, Mr Ronald Ramabulana, as well as the senior manager of the Agri-Trust Division, Mr Zama Xalisa, for all their hard work to ensure the success of the event.

I am pleased to announce the report and offer it as a discussion document, summarising what was discussed at the workshop and our expectations when it comes to growth.

A handwritten signature in black ink, appearing to read 'Zama Xalisa', written in a cursive style.

## **Agricultural Trusts Divisional Head: Mr. Zamikhaya Xalisa**

It is with a great sense of pride and optimism that the NAMC can reflect on the success of the March 2012 workshop on the role and contribution of agricultural industry trusts in the transformation and development of the agricultural sector.

This comes at a time when we bear witness to immense challenges within the transformation arena, characterised by uncertainty yet offering numerous growth opportunities. It has been said that opportunity often comes disguised as an obstacle or hard work. It is hardly surprising, then, that throughout history, some of the world's greatest achievements have been accomplished by people who endured seemingly insurmountable impediments on their journey to success.

Likewise, the process of transformation must travel the same path to success. In simple economic terms, a higher level of poverty leads directly to a higher crime rate. By the same token, it seems obvious that the more people can be economically active, the more jobs will be created and the lower the crime rate and poverty level will become. This is what transformation is all about – changing people's lives for the better and ultimately to the benefit of the entire country.



We know that we are unlikely to solve any of these challenges without acknowledging that transformation is necessary. Transformation means change; it is inevitable, and thus we must expect it and manage it to ensure a favourable outcome. Over the past two years, the NAMC has drastically improved communication and working relations between the agricultural industry trusts and the DAFF. By establishing guidelines for the appointment of ministerial trustees, we can ensure that the most suitable and skilled individuals are appointed, which also promotes effective participation in driving transformation through the industry trusts.

The NAMC has established capacity-building programmes for ministerial trustees, focusing on corporate governance and investment analysis. Again, these programmes are aimed at enhancing our trustees' capacity to make an effective and efficient contribution towards the work of the industry trusts.





***Workshop Delegates***

# THE PURPOSE OF THE WORKSHOP

The purpose of the workshop was to highlight the role of the agricultural industry trusts in managing the trust funds, and outlining the progress made with regard to transformation within each industry. In this context, the task of the NAMC was also clearly articulated as being to communicate the work of the industry trusts to the Minister of Agriculture, Forestry and Fisheries. In order to achieve the objective of the workshop, the following sub-objectives were identified:

- Understanding the performance of each industry trust in respect of transformation;
- Outlining the spending patterns of industry trust funds;
- Outlining the challenges faced by each industry; and
- Putting all collated information into perspective and articulating the way forward.

Prior to the workshop, several media statements were released with the intention of clarifying the issues surrounding the industry trusts and the Minister. In short, the workshop served no other purpose than that which was formally communicated.

After robust engagements – which at times admittedly grew heated, but were amicably resolved in due course – the workshop participants formulated several recommendations to ensure that the spirit of participation would be translated into action.



***Workshop Delegates***

## SUMMARY OF THE RECOMMENDED ACTIONS

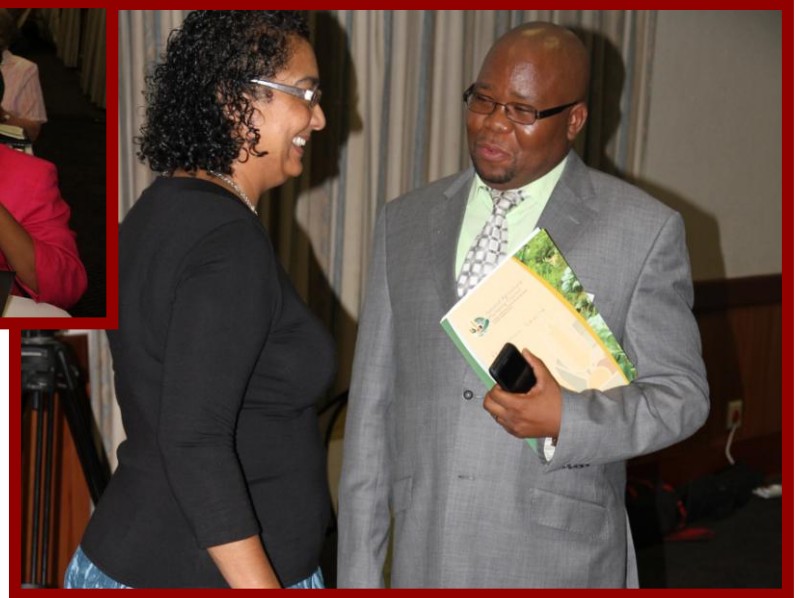
- **Recommendation 1:** *There is a great need to improve communication and collaboration amongst industry trusts and provincial departments of agriculture, and in this regard the provincial governments are urged to embrace the industry trusts and work with them on issues of mutual interest.*
- **Recommendation 2:** *The DAFF is urged to ensure better access to land, finance, knowledge, insurance and infrastructure in order to anchor transformation within agriculture.*
- **Recommendation 3:** *There is an urgent need to fast-track the rate of transformation within the various industries, since the current rate is extremely slow and inadequate.*
- **Recommendation 4:** *The NAMC is urged to continue facilitating dialogue between the industry trusts and government.*
- **Recommendation 5:** *The industry trusts should evaluate the impact of their training and capacity-building programmes.*



***DAFF: Hon. Tina Joemat-Pettersson  
and  
Representatives of DAFF & NAMC***



# OPENING, WELCOME AND KEYNOTE ADDRESS





## I.I. OPENING REMARKS

The workshop was formally opened by Mr Zama Xalisa, the programme director, who, after thanking all the delegates for attending, proceeded to do the following:

- Recognise the members of the NAMC board and secretariat, the heads of the provincial departments and the DAFF representatives present at the workshop;
- Acknowledge the presence of the media;
- Request the chairpersons of the various industry trusts, as well as the ministerial trustees, to stand and briefly introduce themselves to the other attendees.



Mr Xalisa then clearly stated the purpose of the workshop as being “*to highlight the role of industry trusts in managing the trust funds and the progress made in transformation within each industry*”.

In accordance with good practice during industry trust meetings, the workshop was opened with a scripture reading and prayer, after which Mr Xalisa recounted a short story for illustrative purposes.

## I.2. WELCOME NOTE

- Ms Msimang welcomed everyone present and acknowledged the role of the DAFF in assisting the NAMC to achieve its mandate. As a means of introducing the workshop, Ms Msimang asked the NAMC council and board members to stand and briefly introduce themselves to the delegates.
- Ms Msimang recognised, in no uncertain terms, that the DAFF is the mother body of the NAMC, and in doing so emphasised the importance of the agricultural sector as the backbone of the country's economy. She then posed the following question: *"Why are farmers, as important as they are in the economy, still among the poorest in the country?"*
- Ms Msimang then gave a background description of how the agricultural trusts came to be established following the deregulation of the agricultural sector the late 1990s, highlighting the importance of agriculture as a tool for development.
- It is very important that agriculture speaks with one voice, since it is the most important economic sector in the country. The only person with an excuse to ignore agriculture is someone who can survive without food!
- Despite the existence of trusts in the meat, wool, sorghum and other industries, some questions remain:
  - Why are we not making progress?
  - Why are rural farmers getting poorer?
- The activities of the 13 agricultural industry trusts are governed by the Marketing of **Agricultural Products (MAP) Act of 1996**, and as such the NAMC ensure that the

**trusts** comply with the requirements of the Act and that there is a proper reporting system in place. The NAMC does not disperse the trust funds, however, since its mandate is purely to ensure that the trusts comply with the aforementioned Act.

**We need to ensure that we drive change in the area of rural development, but this is only possible if we speak with one voice.**

## I.3. WELCOME ADDRESS

Dr Mashaba argued that the work of the agricultural trusts was the main focus of the workshop. He recognised the NAMC for effectively organising the workshop, stating that the calibre of the delegates served as testimony to this.



Mr Mashaba stated that the workshop presented an opportunity for the DAFF and the various industry trusts to engage honestly and openly on the issues affecting the agricultural sector. However, he also noted that the Minister's upcoming address would give the DAFF its marching orders. The presentations of the different industries would elucidate the status of transformation within the respective sectors. Efficiency is important to ensure increased productivity, and the DAFF recognises and appreciates the work of the industry trusts in this regard.

The slow pace of transformation is a major challenge for government, and the existing structure does not allow trusts to engage vigorously on issues of transformation. The overall objective of government when it comes to transformation is the equitable distribution production factors.

Everyone must agree that the industry trusts have a much bigger role to play in addressing transformation, and the DAFF is willing to collaborate with all concerned in view of creating more job opportunities and uplifting the socio-economic status of the poor, thereby supporting the goals of the new growth-path economic policy. In this regard, the DAFF recognises and appreciates the work done by the trusts, although there is still room for improvement.

Another DAFF initiative aimed at reducing poverty and enhancing rural development is the “Zero Hunger” programme (with the collaboration of the Department of Basic Education and the Department of Social Development).

In his closing remarks, Dr Mashaba thanked the workshop organisers and expressed hopes of a good outcome.

*Another DAFF initiative aimed at reducing poverty and enhancing rural development is the “Zero Hunger” programme*

# Agricultural Trusts and Government Roles in Agricultural Sector



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

Hon Minister

Tina Joemat-Pettersson





The minister opened her speech by mentioning that we have come a long way from the days of racially divided meetings and acts of discrimination. She encouraged the use of the internationally recognised term “small-scale farmer” rather than “emerging farmer”. She also referred to the triple threat of unemployment, inequality and hunger as the major issues facing the agricultural industry today.

The Minister thanked the NAMC chairperson, CEO and council members for their hard work and inspirational efforts within the agricultural sector. To quote: *“NAMC, the ship you are driving is heading towards the right direction and I applaud you for your work”*. As testimony to the magnitude of the workshop, the minister revealed that she had cancelled three other meetings in order to attend. She expressed optimism in the future of the agricultural industry trusts and the NAMC, saying that anyone with a negative attitude towards agriculture and South Africa does not belong here, since they would be detrimental to the marketing of the agricultural sector. Over the past two years, the South African agricultural sector has been vigorously marketed on the African continent and around the world – evidenced in the fact that agricultural exports to Kenya have increased threefold during the past year alone.

## **The following issues facing the agricultural sector were detailed:**

### **Job Creation**

When developing the Growth Path Strategy, agriculture was identified as second on the list of sectors with the most potential to provide jobs and promote economic growth and as a key driver of the country's economy.

The agricultural industry has been losing jobs since 1970, but in contrast Stats SA reported an increase of 26 000 jobs in the agricultural sector in the third quarter of 2011, followed by another increase in the fourth quarter. This proves that some of the decisions we have taken since 2009 have been the right ones.

### **Production Capacity**

In 2011, maize demand outstripped supply for the first time, perhaps aided by government's Masibambisane project, aimed at reducing poverty in communal areas. The main goal of the programme is to ensure food security amongst the poorest of the poor and to increase production capacity in the country.

### **Land**

Land degradation and erosion in the Eastern Cape Province and other areas is a major concern. The objective is to return people to their former land in the rural areas with the support of the Masibambisane project and other governmental programmes.

The Minister reminded government officials and other stakeholders that agriculture does not happen in the boardroom or the office, but rather on the farm – which is where we need to be.

### **Agricultural Research and Technology**

There must be more dedicated investment in agricultural research development and technology in order to improve competitiveness within the industry.

### **Access to Markets and Finance**

Farmers now have increased access to finance, with the Land Bank offering a lending rate far below prime rate and farmers being given more reasonable repayment terms.

The DAFF is currently engaging with retailer and wholesaler markets to determine whether they can deal with the issue of market access, since the government is focusing on finance access.

### **Access to Agricultural Insurance and Better Disaster Management Practices**

Another area of concern is access to insurance in the event of disasters such as foot-and-mouth disease (FMD), floods and drought.

### **President's infrastructure initiatives**

As detailed in the president's state-of-the-nation address, we are committed to building agricultural infrastructure, irrigation dams and roads. The fact of the matter is that the cost of doing business in South Africa is too high, and with the current decline in trade with the European Union (EU), South African exports are being relocated to other markets.

We can all agree that agriculture cannot do everything. As such, the president's infrastructure-driven economy initiative promotes collaborative efforts by all government spheres to ensure efficient road and rail transport facilities for agricultural goods from production points to markets.

### **Minister's comments on the media's impact on the agricultural sector**

Negative reporting on agriculture by the media has a detrimental effect on the sector, and the good work done by the industry, such as the Zero Hunger programme and other initiatives, must be acknowledged.

### **Opportunities for farmers**

The Department of Trade and Industry (DTI) is due to sign the off-take agreement with farmers to produce stocks to be used in producing biofuels. In this regard, the minister has established a delivery forum to identify areas for delivery, with delivery targets to be communicated to Cabinet.

The aim of the delivery forum is to foster collaboration and to fast-track implementation in the agricultural sector, focusing on co-ordination and eliminating the overlaps between different governments departments and institutions.

### **Challenges facing the industry trusts**

Each trust must report to the Minister on the specific challenges being faced, including issues of imports and tax and any other challenges affecting the industry's ability to achieve its developmental objectives.

**The NAMC and DAFF support international trade, but foreign companies entering South Africa, such as Wal-Mart, must not be allowed to destroy local producers.**

**In closing, the Minister stated that the time has come for people to leave their offices, walk the walk, and respect all farmers.**

# AGRICULTURAL INDUSTRY TRUSTS

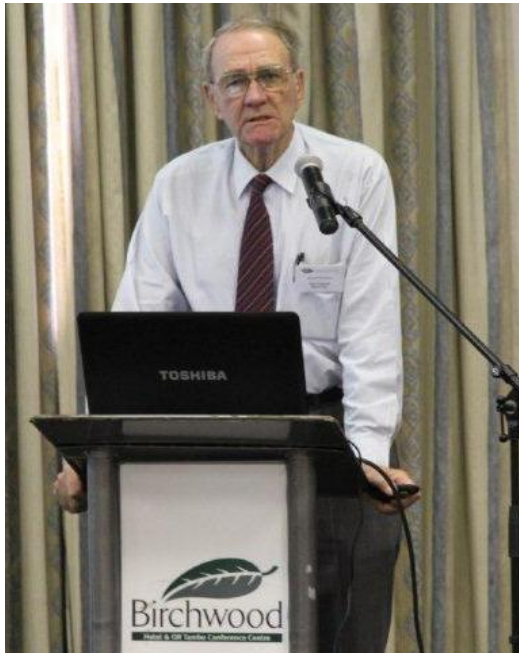
## Financial Status Quos and Progress on Transformation





### 3.1. WOOL INDUSTRY TRUST

Mr. Kingwill gave some brief background information on the Wool Industry Trust, outlining its



**Mr Peter Kingwill**  
*Chairperson: Wool Trust*

vision to achieve sufficient capital growth and income generation from assets, and to maximise the funding of activities that benefit the wool industry, as well as the role players involved at both producer and pipeline level on a long-term sustainable basis.

The National Wool Growers' Association (NWGA) and Cape Wools, as the operational arms of the Wool Industry Trust, manage and facilitate all transformation, research and information programmes. A Wool Transformation Strategy has been developed for use by the NWGA, focusing on transformation with the aim of improving competitiveness and profitability amongst emerging wool-sheep farmers.

#### **Activities in this regard include:**

- Ensuring access to profitable markets;
- Providing training and knowledge development;
- Implementing the Code of Best Practice; and
- Providing training to shearers and enabling participation in shear competitions.

### **Successful transformation activities in the wool industry**

- **Shearing sheds:** The NWGA has constructed approximately 71 sheds in communal areas, which serve as community training centres for farmers, as well as wool-sorting facilities.
- **Shearing equipment and skills:** The Trust has made R1.85 million available for shearing equipment in communal shearing-sheds in the Eastern Cape Province.
- **Sheep quality improvement:** As part of the Woollen Sheep Development Programme, which is a joint initiative with the Eastern Cape Provincial Government, approximately 3000 good-quality rams have been introduced into communal areas to improve the genetic make-up and the quality and quantity of wool in the province. A total of 236 communities benefited from this initiative during 2010/11.
- **Reducing the gap between communal and commercial wool prices:**

The graph shows communal prices compared to commercial prices for wool between 2004/05 and 2009/10. The price improvement is due to the development of production capacity and the strengthening of shearing skills. Even those farmers falling in the bottom third saw a communal price increase from 24.5% to 43.9% compared to commercial farm prices during the period under review.
- **Training:** A total of 621 training sessions, attended by 8389 emerging farmers, were held during the past financial year (2010/11). These sessions focussed on wool-sheep management and production, marketing, animal health, tattooing and branding, stock theft, finance and administration, reproduction, wool classing and sheep shearing.

### **Challenges in the wool industry**

- One of the main inhibitors of further progress – especially in terms of improving reproduction, which is essential to increased profitability – is the difficulty of implementing sound grazing management in the communal land ownership environment (which needs to be understood within the context of communal farming).
- Stock theft is a major problem that is eroding the profitability of emerging farmers and discouraging new entrants.
- Market access is made difficult by the poor condition of the roads in areas where emerging farmers are located (which needs to be addressed at a political level).

**It is important to note that despite several interventions, there are some challenges remain.**

## 3.2. MOHAIR TRUST

The empowerment trust of the mohair industry was established in 2010. Its objective is to promote Black Economic Empowerment (BEE) within the mohair industry. The main funding for the Mohair Empowerment Trust originates from the Mohair Industry Trust.

Mr Ndlovu argued that this source of funding is insufficient if the current rate of achieving the objectives is to increase. In this regard, the Mohair Empowerment Trust has launched fund-raising initiatives aimed at assisting beneficiaries to repair their windmills – an activity not allowed by the Mohair Trust due to the prevailing trust deed conditions.

The mohair industry was introduced by means of a brief presentation on the Angora goat, without which the mohair industry would not exist. Interestingly, the Angora goat is sheared twice per annum.

The Mohair Empowerment Trust is responsible for the transformation activities of the Mohair Industry Trust, namely:



*Mr Bongani Ndlovu*

*Manager: Mohair Empowerment Trust*

Mentorship and training programmes through the South African Mohair Growers' Association (SAMGA);

- Angora farming skills;
- Animal health products;
- Free advisory services; and
- Bursary schemes.

The Mohair Empowerment Trust aims to create a conducive environment for previously disadvantaged farmers, with the objective of establishing them as financially independent commercial farmers and addressing the issues of unemployment in the country. Results for bursary schemes offered at Nelson Mandela Metropolitan University (NMMU).

The budget is approximately R1.49 million, with 44% spent on projects, 45% on administration, and the remainder on capital expenditure.

### **Challenges within the Mohair Empowerment Trust**

- Lack of access to agricultural land;
- Restrictive conditions of lease agreements;
- Lack of co-operation amongst departments; and
- Difficulty in attracting donor funding.

### 3.3. MEAT INDUSTRY TRUST

The structure of the programme focuses more on horticulture and field crops, and therefore the Poultry Trust and others did not form part of the programme. Dr Cornelius thanked the NAMC for their efforts and dedication over the past three to four years.



*Dr Steve Cornelius  
Chairperson: Meat Industry Trust*

The Meat Industry Trust (MIT) was established in 1998, with initial assets worth R40 million transferred from the former Meat Board. The MIT does not administer, nor benefit from, levy funds, and its sole objective is to provide training, support and assistance to emerging farmers so as to improve their capacity to start and manage agricultural operations. The secondary objective is to conduct research relating to animal welfare.

The MIT can be viewed in three stages:

**First stage:** Earmarking of funding for the South African Meat Industry Company (SAMIC) and the National Emergent Red Meat Producers' Organisation (NERPO).

**Second stage:** Implementation of industry levy and rebuilding of trust assets.

**Third stage:** Utilisation of interest derived from investing assets to address deficiencies in the industry.



The trust provides training to smallholder farmers, thus enabling them to manage their own farming operations. Training programmes include Hygiene Awareness, Hazard Analysis and Critical Control Point (HACCP), Hygiene Management System (HMS), Basic Business Principles, Animal Handling and others. The MIT bursary scheme was launched in 2007 and is aimed at postgraduate students at historically Black universities. In addition, the Trust conducts research directed at the promotion of animal welfare, with one current project focusing on predator control, and another on climate change and its effect on livestock farming.

### 3.4. DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST

The Deciduous Fruit Industry Development Trust (DFIDT) inherited R13.5 million in capital from the former Deciduous Fruit Board, but may only utilise between R700 000 and R800 000 per annum for project and administration costs.



*Mr Louis van Zyl  
Manager: DFIDT*

There are six trustees in total – four appointed by the minister, and two appointed by the industry. The Trust's objectives include economic and social development and training, with the aim of uplifting previously disadvantaged farmers in the deciduous fruit

industry, providing assistance to beneficiaries, organising training and capacity-building activities, and liaising with the DAFF, NAMC and provincial departments of agriculture.

Two main projects aimed at achieving the goals of transformation are currently underway, namely:

### - **Economic Development Project**

This project, which is aimed at increasing production amongst previously disadvantaged farmers, commenced in 2009 and will lapse in 2014.

The goal is to establish 1000 new hectares (600 ha in the Western Cape, and 400 ha in the Eastern Cape, Mpumalanga and Free State provinces) of deciduous fruit trees, thus integrating these farmers into the commercial fruit production and marketing arena. Thus far, approximately 306 ha have been established through this project, with a 92% survival rate recorded amongst the trees already planted. Constraints such as lack of planting material, financial resources and proper establishment planning are, however, threatening the success of the project. Economic development project – tree establishment in deciduous fruit industry.

### - **Social Development Project**

This project focuses on the empowerment of farm workers and the youth, as well as overall capacity-building, encompassing the following:

- Family values;
- Overcome Dependency, Empower Yourself (ODEY) Programme;
- Youth Foundation;
- Community Care (bursary);
- Top-of-the-Class Programme; and Farm Security

## 3.5. CITRUS INDUSTRY TRUST

The Citrus Industry Trust was established in 1999, and its programmes are operated by the Citrus Growers' Association as the operational arm of the citrus industry.

**The objectives of the Trust are as follows:**

- To finance basic and applied research;
- To finance competence development in promoting a representative South African society;
- To grant bursaries towards citrus industry studies;
- To finance the collection, compilation and dissemination of industry statistics and information;
- To finance and nurture marketing skills; and
- To promote the citrus industry, especially overseas.



Due to limited funding, the Trust has been unable to achieve all the afore-mentioned objectives, and a decision was thus made to allocate funds in the form of grants or bursaries, constituting a long-term investment. The Trust believes that co-ordination and alignment of

**Social development project – reducing alcohol abuse in  
the deciduous fruit industry**

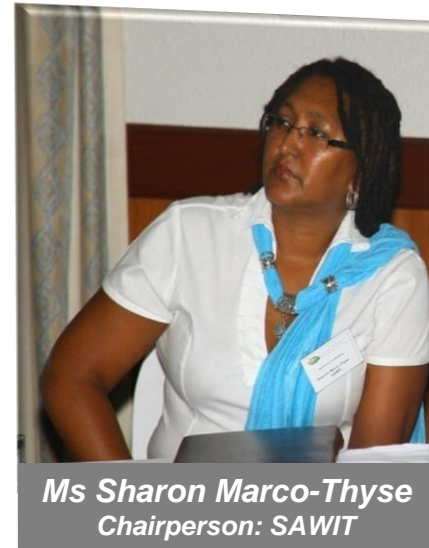


***Workshop Delegates***

## 3.6. SOUTH AFRICA WINE INDUSTRY TRUST

SAWIT has been operating independently since parting ways with KWV in 2008. With no government or industry funding, the Trust has approximately 4500 business entities, of which only 4.4% is owned by previously disadvantaged individuals.

The wine industry contributes about R163 billion per annum to South Africa's gross domestic product (GDP) and employs 275 606 people both directly and indirectly (58% unskilled, 29% semi-skilled, and 13% skilled), while an additional R4.2 billion is generated annually through wine tourism. The transformation of the wine industry can only be achieved if sustainable new ownership is encouraged and supported. It is important to fast-track transformation in the wine industry, which provides significant economic, employment and development opportunities in relation to production, trade, exports and tourism.



The Trust is currently undertaking three MAJOR strategic interventions towards the Zero Hunger Campaign in line with the Infrastructure Development Plan, namely:

- Scarce skills development training programme;
- Job fund programme aimed at creating job opportunities; and
- Agricultural steel production initiative aimed at increasing production quantities.

### **Challenges faced by the South African Wine Industry Trust**

- Over the past 14 years, the economic viability of emerging and small-scale farmers has been restricted by an inability to enter and sustain markets.
- The small volumes produced by small-scale farmers make it difficult for them to compete with large-scale farmers in local and global markets.
- The funds available for transformation are limited, and although SAWIT continues with its fund-raising efforts, external assistance from government and/or donors is desperately needed. The following activities are seen as a means to address the problem of limited funding:
- Investigating the possibility of accessing the empowerment and transformation levy as a potential source of funding in terms of the relevant legislation, with this request first lodged with the NAMC in 2009; and Making a formal representation and application for the allocation of some or all of the empowerment and transformation levy to assist with delivery on the ministerial mandate.

### 3.7. POTATO INDUSTRY DEVELOPMENT TRUST

Potatoes were first brought to Europe by Spaniards searching for gold in what is now known as Cuba and have since become a staple in global food security. The potato industry in South Africa has 640 commercial growers and approximately 300 000 subsistence growers,

with each hectare of potato crops creating 1.2 jobs.

The industry creates 65 000 jobs at farm level (equivalent to 10% of agricultural employment).

About 52% of all the produce sold in the FPM goes to hawkers, which also creates employment.

The industry has four main focal areas regarded as the transformation footprint, namely:

- Enterprise development;
- Small grower development;
- Tertiary skills development pipeline; and
- Farm-based training.



The Trust spends about 24% of its funds on transformation activities, and the transformation budget has increased from R4.2 million in 2007/2008 to R5.2 million in 2010/2011. Enterprise development and small-scale grower development is aiming at supporting and



training at least six new entrants every year. Below is a photograph of some of the pioneer producers in the potato-farming industry today.

### **Challenges facing the potato industry**

- Difficulty accessing funding for small-scale farmers;
- Lack of technical support in terms of extension services and “feet on the ground”;
- Challenges in terms of mechanisation (e.g. tractors, implements, and washing and sorting equipment);
- Lack of mentorship and dedicated goodwill efforts; and
- Lack of access to markets.

### 3.8. COTTON SA TRUST

The cotton industry is one of the smallest in South Africa, with only three producers and six trustees. The Trust collects no levies, and its main source of revenue is rental income from the leasing of office space.

**The objectives of the Trust are as follows:**

- Financing the stimulation and promotion of cotton production, demand, consumption and research;
- Financing the provision, distribution and dissemination of relevant information; and
- Assisting any individual or institution promoting any branch of the agricultural industry that relates to cotton and which has similar objectives to the Trust.



***Mr. Piet Potgieter***  
***Chairperson: Cotton S.A. Trust***

The Trust is not engaged in any projects as such, but rather focuses on providing funding to beneficiaries. However, the implementation of the National Cotton Strategy Plan will broaden the participation of small-scale growers and enable them to contribute approximately 25% towards the total national cotton crop by 2015.

### 3.9. OIL AND PROTEIN SEED DEVELOPMENT TRUST



The main objectives of the Oil and Protein Seed Development Trust is the promotion and development of the Oil Seeds Industry in South Africa by financing of research projects with regards to the improvement, production, hoarding, processing and marketing of Oil Seeds. There are various projects that are funded by the Trust which are to the benefit of small-holder as well as commercial farmers. The following projects support transformation and small-holder farmers exclusively:

- **Groundnut Development Program** – increase groundnut production and ensure food security. There is about 73 small-scale farmers across 6 municipalities in low and mid veld areas of Mpumalanga that benefits from this program
- **Farmer Development Program** – addresses household and national food security issues. It also promotes rural prosperity by reducing the over-usage of limited resources
- **Development and Training** – targets farmers and consumers at entry level of soya and assist them to become entrepreneurs in the soya industry.

## 3.10. THE MAIZE AND SORGHUM TRUSTS



**Mr Leon du Plessis**  
*Administrator: Maize & Sorghum Trust*

The presentation focused on trust funds with regard to the transformation mandate. The Maize Trust, which was formed in 1998, charges no levies on maize, since all Trust activities are funded with the money received from Trust fund interest and other external sources.

Although the Trust is involved in training, bursary schemes and school programmes through Grain SA, the presentation focused on projects directly related to transformation, including:

- Projects involving study groups and support to small-scale farmers;
- Projects focusing on communication and the operation of trial plots;
- Farmer of the Year project; and
- Grain Farmer Development Association (GFADA) project.

Transformation activities account for approximately 32% of the Trust budget, equating to R16.3 million.

In closure of Mr Keun, he stated the way forward of Oil and Protein Seed Development Trust, which is to continue to fund existing and new transformation projects with emphasis on food security, job creation and market access

### 3.10.1 SORGHUM TRUST

After the Sorghum Control Board was closed in the mid-1990s, the sorghum industry and government reached an agreement on the structure, deed, objectives and composition of the Board, as well as the transfer of its assets first to the Sorghum Forum and then to the Sorghum Trust, to be utilised to the benefit of the industry as a whole. The recent decline in sorghum production can be attributed to certain yield, market and economic factors. Other reasons for the decline in production are:

- Lower levy income and decline in funding;
- Farmers' adversity towards production;
- Pressure on the Trust to fund the industry.

Research activities are the top priority when it comes to fund allocation (50%), while market information and transformation initiatives receive an equal share of 50% each, with 10% dedicated to administration. Transformation initiatives include training, trial plots, study groups, information transfer, and the GFADA. New transformation projects remain a major challenge for the Trust, however.

#### **Challenges facing the sorghum industry**

- Negotiations over two years with the NAMC regarding the formation of the body in an effort to assist farmers with crop rotation, which is currently limited by the Trust's capacity;
- Formation of grain farmer associations in 2008, focusing on correction, crop insurance and assistance in terms of farmer training and skills; and
- Limited access to finance, which prevents the funding of farmers (although assistance with crop insurance is currently being provided).

## 3.11 WINTER CEREAL TRUST

The objective of the Trust is to undertake and/or financially support scientific, technical or industrial research with regard to winter cereals in South Africa.

The Trust's 2011 budget was R43.6 million, of which 23.5% was spent on transformation-related activities, 60% on research, and 6% on information services.

**Transformation projects include:**

- **Agricultural Research Council (ARC) Small Grain Institute, Bethlehem:** Farmer support programme for the development and resourcing of poor farmers.
- **Grain SA:** Grain farmer development programme, including a school programme.
- **South African Breweries (SAB) Barley Farm:** Student internship programme.



*Mr Katlego Gaoraelwe*  
*Trust: WCT*

### **Challenges facing the winter cereal industry:**

- Producers must be encouraged to keep on producing in an effort to ensure food security;
- Producers must produce quality products that will be acceptable to the consumer;
- Producers should remain competitive (in terms of quality and economically); and
- Young farmers must be attracted and encouraged to participate in the industry.



# ZERO HUNGER AND MASIBAMBISANE INITIATIVE



Mr Bonga Msomi

**The presentation on the Zero Hunger initiative touched on a number of important issues, notably the following:**

- The need for a food security policy for South Africa;
- The food poverty line of R260.00 per month set by the food security policy;
- Goal of the food security policy;
- Strategic objectives of the policy;
- Challenges compromising the adequate availability of food;
- Policy and strategic response; and
- Institutional framework.





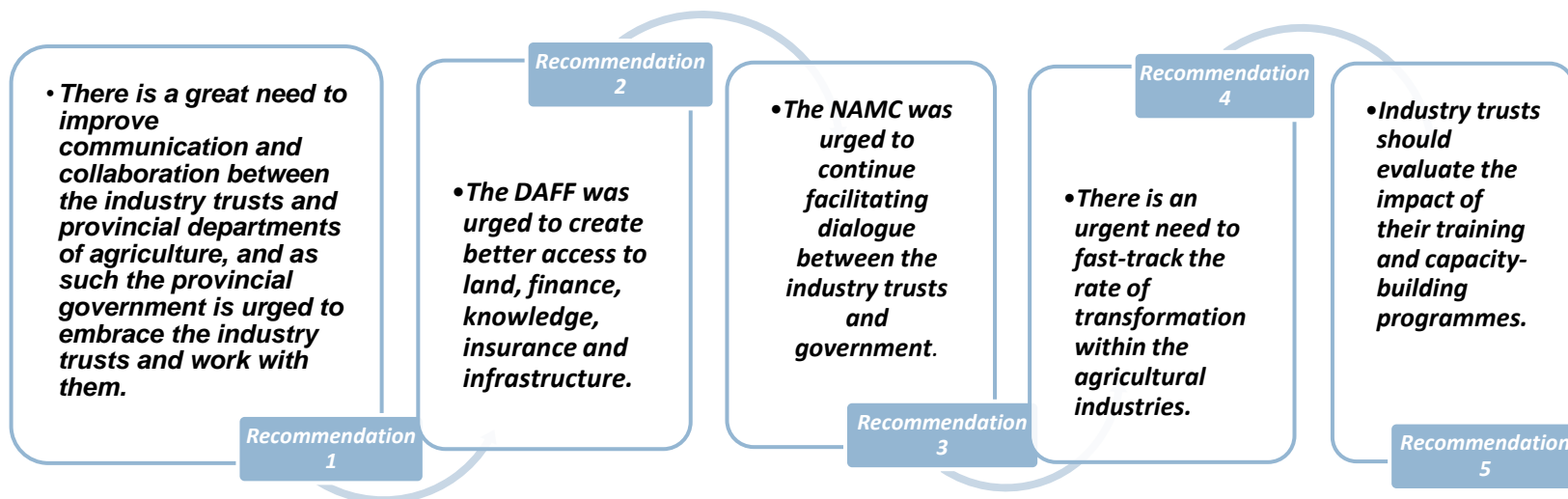
***Gauteng MEC for Agriculture:  
Ms Nandi Mayathula-Khoza***

# CONCLUDING REMARKS AND WAY FORWARD



Mr. Ronald Ramabulana  
NAMC: CEO

The concluding remarks served to acknowledge the role of the agricultural sector in enabling stakeholders to prosper and transform.



# TRUSTS WORKSHOP SPONSORS

**MAIZE TRUST**



**DECIDUOUS FRUIT INDUSTRY  
DEVELOPMENT TRUST**

**WOOL TRUST**



**POTATO INDUSTRY  
DEVELOPMENT TRUST**



**CITRUS INDUSTRY TRUST**

*Cotton SA Trust*



*Katoen SA Trust*



National Agriculture  
Marketing Council  
*Together, building agriculture for the future*

Block A, 4<sup>th</sup> Floor, Meintjiesplein Building, 536 Schoeman  
Street, Arcadia, Pretoria 0002 Private Bag, X935,  
Pretoria 0001

Tel: 012 341 1115 : Fax: 012 341 1911/1811

[www.namc.co.za](http://www.namc.co.za)