

STATUS REPORT ON **AGRICULTURAL** INDUSTRY TRUSTS



2018 survey



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About NAMC

The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No 59 of 1997 and Act No. 52 of 2001. We are a statutory body reporting to the Minister of Agriculture, Forestry and Fisheries.

Our mandate is captured in our four core divisions namely;



**Agribusiness
Development**



Agricultural Trusts



Statutory Measures



**Markets and
Economic Research
Centre (MERC)**



Our Vision

Strategic positioning of agriculture in a dynamic global market.



Our Mission

To provide marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa.

The work of the NAMC is aligned to the four strategic objectives as set out in Section 2 of the MAP Act, 1996 namely;

Increasing market access
to all market participants



More efficient marketing of
agricultural products



Increased export earnings
from agricultural products



Enhanced viability of the
agricultural sector



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LIST OF ACRONYMS

ARC	Agricultural Research Council
BEE	Black Economic Empowerment
CA	Citrus Academy
CGA	Citrus Growers' Association
CGA-GDC	Citrus Growers Association Grower Development Company
CIT	Citrus Industry Trust
DAFF	Department of Agriculture, Forestry and Fisheries
DFI	Deciduous Fruit Industry
DFIDT	Deciduous Fruit Industry Development Trust
DRDAR	Department of Rural Development and Agrarian Reform
GDP	Gross Domestic Product
GFADA	Grain Farmer Development Association
GM	Genetically Modified
IDC	Industrial Development Corporation
LDI	Laborie Dialogue Initiative
MAP	Marketing of Agricultural Products Act
MOU	Memorandum of Understanding
MSc	Master of Science
MT	Maize Trust
NAMC	National Agricultural Marketing Council
NLT	National Lucerne Trust
NWGA	National Wool Growers' Association
OPDT	Oil and Protein Seeds Development Trust
PhD	Philosophiae Doctor
PIDT	Potato Industry Development Trusts
PMT	Project Management Team
PSA	Potatoes South Africa
SAGIS	South African Grain Information Support
SAWIT	South African Wine Industry Trust
SMME	Small, Medium and Micro Enterprises
ST	Sorghum Trust
TRC	Transformation Review Committee
WCT	Winter Cereal Trust
WT	Wool Trust



ACTING CHAIRPERSON: NAMC

Over the past five years, Agricultural Industry Trusts has displayed or shown the willingness to achieve transformation within the sector. The 2016/17 annual status report on Agricultural Industry Trusts shows that since that establishment of Trusts from 1994, the Trusts' assets value has grown and was value at over R2.38 billion (both monetary and fixed property). The same report also showed that about R53.3 million was spent on various transformation activities within the agricultural sector.

I am more convinced that Trusts are the important vehicle to transform the South African agricultural sector. Collaboratively with the NAMC and other Departmental organisations as well as commodity associations, Trusts can realise its meaningful impact through the entire value chain of agriculture ultimately ushering in a balance in the Country food security and job creation status quo.

For the year under review, 2017/18, Trusts' assets value has also grown and was recorded R2.44 billion. The Trusts' collectively spend about R61, 4 million on transformation (from R53.3 million in 2016/17). This indicate an increase of approximately R8.1 million over a year. Above all the work of the Trust' Boards with their respective Trustees and the Ministerial Trustees proved to be vital to the Trusts to achieve their respective mandates. Noteworthy, the objectives of the Trusts are aligned with the objectives of the Marketing Agricultural Products Act (MAP Act No.47) of 1996.

Particularly, the objective relating to enhancing the viability of the Agricultural sector. The NAMC on the behalf of the Department of Agriculture, Forestry and Fisheries (DAFF) plays the liaison role between the Minister and the Agricultural Industry Trusts. I am indebted to the great work, As the NAMC, that the Trusts administrator have done to date in collaborations with the Trust Chairpersons.

I would like to mention that most of the Trusts have adopted to utilise their monies on transformation the same way 20% of statutory levy income monies are spend, as in line with the NAMC guideline of transformation. Part of the work that NAMC and Ministerial Trustees do and to do is to monitor and evaluate the progress and measure the spent by Trusts monies on transformation.

Honourable Minister, Chairperson of the Portfolio Committee of Agriculture, Forestry and Fisheries, and members of the Portfolio Committee, the NAMC hereby submits it's 2017/18 Annual Report status on Agricultural Industry Trusts.

Mr Harry Prinsloo

Acting Chairperson: National Agricultural Marketing Council



CHIEF EXECUTIVE OFFICER: NAMC

The timing of the release of the status report on the Agricultural Industry Trusts for the 2018 survey comes at the time where South Africa has celebrated 25 years of freedom on the 27 April 2019. Furthermore, a year where South Africans will be exercising their important right of participating in the national elections through casting a vote, on 8 May 2019. The ruling party, has taken a decision to revisit the constitution on the land issue and amend certain sections.

The historical background of the agricultural sector cannot be ignored as the past has resulted in the former control boards and the democracy has created a new agricultural sector which is inclusive, and resulted in the establishment of the Industry Trusts. It is with no doubt that the agricultural industry Trusts have made a significant contribution in the development of the previously marginalised individuals (farmers) through their transformation initiatives.

Since the establishment of the Trusts, guided by the National Agricultural Marketing Council (NAMC) the Trusts' assets have managed to see a growth in the asset base from R2.38 billion in 2017 to R2.44 billion in 2018. Transformation and inclusivity are on top agenda of the government and in 2017, the AgriBEE sector codes were published in the government gazette which speaks directly to the sector we operate within.

This has seen the NAMC amending its transformation guidelines to speak to the AgriBEE score cards. The Trusts expenditure on transformation has also recorded an increase from R53,3 million in 2017 to R61,4 million in 2018, showing a positive increase of R8,1 million year on year. The Trusts, together with the government also are commendable on ensuring that the gender gap on the board of Trustees is addressed. Although, there are critical challenges particularly on the production and trade information more can be done in addressing the traceability issues which pose a bearing on the success of transformation in the agricultural sector.

In closing, the NAMC is committed to continue to work together with the industry Trusts and the agricultural sector as a whole to ensure that work of transformation is elevated to the next level through the number of smallholder farmers graduated to the commercial level.

Aluta continua...

Mr Zama Xalisa

Chief Executive Officer: National Agricultural Marketing Council



EXECUTIVE SUMMARY

Annually, the National Agricultural Marketing Council (NAMC), through the Agricultural Industry Trusts, releases a Status of the Industry Trusts Report in collaboration with the all the Trusts (administrators¹). The status report seeks to provide an update to the Minister of Agriculture, Forestry and Fisheries (DAFF) on the current status of the Industry Trusts pertaining to the Trusts' assets, operations, and performance and transformation initiatives.

Currently, there are eleven (11) agricultural industry Trusts operating under the auspices of the Trust Property Act (No. 57 of 1988) and the Marketing of Agricultural Products Act (No. 47 of 1996) that are in direct liaison with the NAMC. The total asset value of the Trusts was R2,44 billion in 2016, declining to R2,38 billion in 2017, and increased to R2,44 billion in 2018. The governance of these Trusts is undertaken through Trustees that represent industry stakeholders and the Minister, adding up to 81 Trustees. The Minister's representation comprises twenty-five (25) Ministerial appointees, and there 56 industry appointed Trustees.

It is important to note that at the time of compiling this report, ten (10) women and fifteen (15) men comprised the twenty-five Ministerial Trustees. These Agricultural Industry Trusts were formed during the deregulation process, with the exception of the Potato Industry Development Trust that was formed at the initiative of that industry, which has grown impressively. It is important to note that, of the eleven (11) Trusts, three (3) administer statutory levies, namely The Potato Industry Development Trust, the National Lucerne Trust, and the Winter Cereal Trust.

Tracing the transformation progress in the Industry remains a major challenge, and during the reporting period, only four Trusts managed to provide information regarding production and trade. These Trusts are the Wool Trust, Potato Industry Development Trust, Mohair Trust, and Winter Cereal Trust. The grain Trusts have all put their transformation expenditure in the hand of GFADA. The Citrus Industry Trust has started to assist in the development of viable black commercial farmer subsector by channelling some funds to the Citrus Growers Association-Grower Development Company (CGA-GDC).

The Deciduous Fruit Development Trust is still only financing student bursaries, a matter that was raised with the Trust and will be addressed in the 2019 calendar year. The Meat Industry Trust did not respond to the matters asked about, as it has started engagements to deal with transformation, in addition to the bursaries. Judging from the information provided, the commercial sector is still in dominance (in terms of production volumes) as compared with the developing sector. The statistics provided show that the number of commercial potato producers in the industry is estimated at 532, of which 42 are the black potato producers who have participated on the enterprise development programme since its inception. Furthermore, the potato industry has an estimated 3000 producers who are supported through the small grower development programme and receive all the technical information that is generated by the potato industry.

Where there is a need, mentorship support is also provided. In the wool industry, there is an estimated number of 40 000 developing farmers and 8000 commercial farmers. Furthermore, in the Winter Cereals Industry, there is an estimated 1650 producers of wheat and 400 producers of barley, whereas, the number of developing farmers remains low, at 150 producers of wheat and 75 producers of barley.

In order to outline and provide a clear picture of the status of the Trusts, this Report is sub-divided into five (5) sections:

- ♦ Section One (1) covers the activities of the NAMC's divisions that works directly with the Trusts;
- ♦ Section Two (2) outlines the governance matters relating to the Trusts;
- ♦ Section Three (3) presents the financial outlook of all the different Trusts;
- ♦ Section Four (4) covers transformation work done by each Trust; and
- ♦ Section Five (5) covers the production and trade information pertaining to each Trust.

The Status Report² of the Agricultural Industry Trusts for the 2018 survey is hereby presented to the Minister of Agriculture, Forestry and Fisheries.

¹ This report is compiled in consultation with the Administrators of the respective Trusts, through means of a structured questionnaire completed by the Trusts, and all the Trusts responded, giving a 100% response rate.

² Compiled by Mr B Nyhodo, Mr BM Mpyana, Ms P Yeki and Mr E Nekhavhambe

SECTION 1





ACTIVITIES OF THE NAMC'S AGRICULTURAL INDUSTRY TRUSTS DIVISION

Section One (1) reports on the activities performed by the NAMC's Agricultural Industry Trusts Division for the reporting period. This only covers work pertaining to the coordination between the Minister of the Department of Agriculture, Forestry and Fisheries (DAFF) and the various Agricultural Industry Trusts. The matters reported to the Minister Zokwana include, but are not limited to: the appointment of Ministerial Trustees (recommending names and the Minister makes the appointments), the coordination of the engagements between the Minister and the Trusts (to get first-hand information on the progress and directly engage the Trusts), and the submission of the Status Report (to apprise the Minister of the status) that is substantiated by visits to the transformation projects. The details of each of these activities are presented in the subsections that follow.

1.1. Engagement between the Minister and Industry Trusts

On the 9th November 2018, a workshop between the Minister of DAFF and Agricultural Industry Trusts was held. The attendance was very good, as almost all the Trusts were represented. The engagement was twofold: a closed session was held between the Minister and his Trustees, and another session was held between the Minister and the Trusts. The workshop was aimed at creating a platform of engagement on key strategic matters which required the Minister's intervention. Furthermore, it allowed the Minister to share his expectations regarding the operations and deliverables from the Industry Trusts. It is with no doubt that the Industry Trusts are key vehicles for driving transformation in the agricultural sector. After a successful workshop, the following strategic matters were tabled: the matter of delays experienced in registering Trustees by the Masters of the High Court needs Ministerial intervention (in this regard, Minister Zokwana undertook to engage the Minister of Justice); the Minister urged all Industry Trusts not to use the Deeds of Trust as instruments to block transformation in cases where the founding documents do allow the documents to be amended, where needed; and the Minister also asked all Trustees, both Ministerial and Industry Trustees, to serve the broader interests of the country, rather than narrow and mutually exclusive interests.

1.2. Appointment of Ministerial Trustees

The terms of the Ministerial Trustees in the Potato Industry Development Trust (PIDT) and Mohair Trust (MT) have lapsed. In the PIDT, the term of Mr S. Mabuza lapsed and he was reappointed, while in the MT, the term of Mr T. Mashologu lapsed and he was replaced by Ms N. Hadi. In the South African Cultivar Technology Agency (SACTA), two Ministerial Trustees (Prof P. Mashela and Mr A. Mbotshelwa) were appointed. To a certain extent, the issue of gender imbalances in the Trusts was addressed and the current status is that ten (10) of the Ministerial Trustees

are women and fifteen (15) are men. Noteworthy, is the appointment of the second Ministerial Trustee (Mrs Unati Ntintelo Speirs) in the Oil and Protein Seeds Development Trust. This came about as a result of the persistence of the NAMC regarding the appointment of a second Trustee in order to have a balance in the decision-making process by the Trust. At the close of business, the NAMC was already in the process of arranging the appointments/reappointments of three Ministerial Trustees on Winter Cereal Trust.

1.3. Monitoring and Evaluation of the Transformation Projects supported through the Trusts' funds

The status report of the previous cycle was communicated with the Minister and the Portfolio Committee and can be accessed at <https://www.namc.co.za/wp-content/uploads/2018/08/Status-Report-2016-17.pdf>. The NAMC was involved in farm visits as part of the monitoring and evaluation of the transformation work. For the reporting period, the transformation initiatives in the Potato Industry Development Trust, National Lucerne Trust, and Mohair Trust were visited. The NAMC is satisfied with the transformation progress to date, as this was evidenced by the statistics, as shown in Sections 4 and 5 of this Report. The Potato Industry Development Trust, through Potatoes South Africa, has identified and implemented transformation as one of its core businesses. Other Trusts, such as the Oil and Protein Seeds Development Trust³ and the Meat Industry Trust, have already entered into discussions on the transformation strategy to be followed by the two Trusts. Furthermore, the Grain Farmer Development Association (GFADA), as funded by the four grain Trusts, has achieved great successes in terms of the graduation of farmers from the emerging to the commercial level. To date, over 30 black commercial farmers in the grain industry are enjoying the benefits of this support. Other Trusts are also on the right track, as outlined in Section 4 of this Report.

³ At a meeting on 6 June 2019, the Board of Trustees will be discussing their strategy/plan regarding their transformation approach.

SECTION 2





GENERAL TRUSTS INFORMATION

This section presents general information pertaining to the administration of the respective Trusts. There are currently eleven (11) Agricultural Industry Trusts which are commodity specific. These Trusts are each governed by a Board of Trustees (comprising Ministerial and Industry Trustees). In this report, there is an outline of the leadership role played within the Boards of Trustees – the aspect of the Trust Chairperson. Since the establishment of the Potato Industry Development Trust (PIDT) in 2004 the Trustees has elected the same Chairperson who is an industry representative. Furthermore, in the Oil and Protein Seeds Development Trust; the National Lucerne Trust the Mohair Trust; and Wool Trust have never been chaired by a Ministerial Trustee.

2.1. Representation within the Trusts

2.1.1. Horticultural Trusts

Since 1999, the position of Chair of the Citrus Industry Trust has been held, on a number of occasions, by Ministerial Trustees. However, from 2018 to date, the Trust has been chaired by an Industry Trustee (Mr M. Fry), following a spell by a Ministerial Trustee. The same trend was experienced in the Deciduous Fruit Industry Development Trust, which was chaired by Ministerial Trustees between 2006 and 2007, and then between 2008 and 2011, the Trust was chaired by an Industry Trustee. However, from 2012 to date, the Trust has been chaired by Ministerial Trustees. The PIDT was established in 2004 and has since then been chaired by the same Chairperson (industry trustee) who is elected by the members of the Trust to serve as chairperson for a period of one year at a time.

2.1.2. Field Crops Trusts

In the Maize Trust, between 1998 and 2004 and from 2010 to 2012, the appointment of the Trust Chairperson has been in the hands of the industry. However, from 2005 to 2009 and between 2012 and 2017, the Trust was chaired by a Ministerial Trustee. Currently, the Maize Trust is chaired by an Industry Trustee, Dr J. Purchase. Since the establishment of the Oil and Protein Seeds Development

Trust and the Sorghum Trust, the position of Chairperson of the Trust has been under the leadership of the Industry. Furthermore, the Winter Cereal Trust was chaired by Industry Trustees from 1997 to 2015, and from 2015, the status quo changed and a Ministerial Trustee took over as the Chairperson of the Trust, which continues to the present time. In the National Lucerne Trust, the position of Chairperson of the Trust has been in the hands of the Industry, and this will run until the year 2021.

2.1.3. Livestock Trusts

Since its establishment of the Meat Industry Trust in 1998, the position of Chair of this Trust has been balanced in terms of representation. In the Mohair Trust, the Trust has never been chaired by a Ministerial Trustee since its establishment. The same can be said of the Wool Trust.

Of the 11 Trusts, the pattern has been the Industry Representatives have dominated in serving as chairpersons of the Boards of Trustees, with fewer Ministerial Representatives serving as chairpersons. This is indicated by eight (8) Trusts (the Maize, Sorghum, Mohair, Wool, Potato, Lucerne, Oilseeds and Citrus Industry Trusts) that have been chaired by Industry Representatives, with only three (3) Trusts (the Deciduous, Meat and Winter Cereal Trusts) being chaired by Ministerial Trustees.

Table 1: Administration of the Trusts over the years

TRUST CATEGORY	TRUST NAME	DATE ESTABLISHED	CHAIRPERSON'S NAME		CONSTITUENCY	PERIOD SERVED
			Current	Former		
Horticultural Trusts	Citrus Industry Trust	1999	Mark Fry (Industry)	E Brock G Rathogwa P Motlogeloa	Ministerial Ministerial Ministerial	1999/03 2004/16 2017/18
	Deciduous Fruit Industry Development Trust	1999	I Motala (Ministerial)	JS Isaacs D Ndaba AE Jordaan M Poto	Ministerial Ministerial Industry Ministerial	2006 2007 2008/11 2012/16
	Potato Industry Development Trust	2004	E. Yzel (Industry)		Industry	2004
Field crops Trusts	Maize Trust	1996	J Purchase (Industry)	J. Grobler J. Botma J. De Villiers A. Makenete K. Peele J de Villiers K Peele S Ndlungwane	Industry Industry Industry Ministerial Ministerial Industry Ministerial Ministerial	1998/9 1999/04 2004/5 2005 2005/10 2010/12 2012/16 2016/17
	Oil and Protein Seeds Development Trust	1997	A.R. Moosa (Industry)	L.G. Ekermans G.J. Pretorius J.H. Gordon J.H. McBain	Industry Industry Industry Industry	2014 2002/3 2004/9 2010/13 1997/01
	Sorghum Trust	1997	A. Nebe (Industry)	H. Gordon	Industry Industry	1998/07 2008/16
	Winter Cereal Trust	1997	N. Masithela (Ministerial)	E. Moolman A. Beyers J de Villiers	Ministerial Industry Industry Industry	2015 1997/9 1997/9 2000/15
	National Lucerne Trust	1997	D. Malan (Industry)	H. Potgieter	Industry Industry	2018/21 2015/17
Livestock Trusts	Meat Industry Trust	1998	T. Hewu (Ministerial)	T. Davidson S. Cornellius M. Mokoena L. Kugel	Industry Ministerial Ministerial Industry	2008/14
	Mohair Trust	1997	D. Herold (Industry)	M Grobler E Hobson	Industry Industry Industry	2013 1997/9 2000/12
	Wool Trust	1997	H. van Schalkwyk	F. Bishop D. Pieterse P. Kingwill	ndustry Industry Industry Industry	2016 1997/05 2005/7 2007/16

It can be seen Table 2 that of the 11 Trusts, only five of the Trusts (Citrus Industry, Winter Cereal, Deciduous Fruits, Maize and Meat Industry Trusts) have equal numbers of representation on the Boards of Trustees. However, the same cannot be said in the other six (6) Trusts, namely the Mohair, Wool, Lucerne, Sorghum, Oilseeds and Potato Industry Trusts.

Table 2: Current board of Trustees including the former Ministerial Trustees

TRUST CATEGORY	TRUST NAME	INDUSTRY	MINISTERIAL	
			Current	Former
Horticultural Trusts	Citrus Industry Trust	M. Fry, R. Mavimbela & J. Brand.	H. Ngwenya, A. Sithole, P. Motlogeloa	M.G. Rathogwa, E. Brock, V. Jansen, N. Mbilase, P. Kema, T. Mafeo
	Deciduous Fruit Industry Development Trust	T. Abrahams, N. Dicey.	E. Jeffhas, J. Sauls, I. Motala, M. Rangaka,	D. Ndaba, M. Poto, S. Erasmus, G. Rathogwa, M. Mopeli, J. Isaacs, P. de Cluver.
	Potato Industry Development Trust	E. Yzel, F. Du Ploy, D. Van Zyl, & W. Fourie.	M. Mabuza	N. Rabuli, N. Gondo, N. Mokose
	Maize Trust	J. Purchase, D. Mathews, B. Schoonwinkel,	Z. Ngejane, M. Mabe, S. Ndlungwane.	L. Baloyi, R. Mohlalane, N. Leitch, A. Makenete, G. Mokoena, J. Gordon, K. Peele, W. Ngxekana, L. Thahane, K. Daly, N. Mahlati, T. Hewu
Field crops Trusts	Oil and Protein Seeds Development Trust	A.R. Moosa, J.D. Boshoff, J.M. van der Merwe, R.E. Monaisa, A. Botha, D.I. Schutte.	K. Gaoraalwe & U. Ntintelo	M.G. Rathogwa, D. Montshwe, C. Seoposengwe
	Sorghum Trust	W. Groothof, J de Wet Boshoff, A. Nebe & R. Pholo.	H. Mohane,	Z. Duze, T. Mashile
	Winter Cereal Trust	J. van der Merwe, G. Penny, M. Purnell, B Mokgatle, J. de Villiers, A. Theron (outgoing) & R. Krige (Incoming)	N. Masithela, M. Mabe, B. Make, A. Bartlett, M. Maphan-ga, V. Mongoato, C. Bhiya,	L. Penyenye, J. Tube, S Makhubela, M. Mosia-poa, J. le Roux, K. Gaoraalwe, G. Dall, T. Ram-abulana, P. Olorunju, M. Letuka, W. Pieterse, J. Ntwane, A. Makenete.
	National Lucerne Trust	J. Potgieter, E. Malan, R. Roselt, A. Schlebusch, S. Brunette & R. Strydom	C. Bhiya,	M. Gill
	Meat Industry Trust	L. Kugel, B. Swart, T. Davidson,	B. Tlhabane, T. Hewu & N. Motshegoa	K. Gaoraalwe, S. Mgidlana, M. Mokoena, L. Makuleni, S. Cornelius, L. Witbooi, Z. Majokweni, V. Penxa, P. Maduna and M. Mlengana
Livestock Trusts	Mohair Trust	D. Herold, R. Kirsten, J de Klerk, S. Fani, A. Greeff, G. Hope, C. Martins, D. Nel, I Staals, M. Shires & G. Stegmann	N. Hadi,	T. Mashologu (2012-2018)
	Wool Trust	H. Bonner, A. Kidson, A. Moore, O. Sigidi, P. Stucken & H. Van Schalkwyk.	N. Dlula,	Mr Siza Nevelin Manjezi, Mr Sihlwele Obrey Bomela, Ms Cynthia Nowongile Molo, Mr Zandisile Wapi



SECTION 3





FINANCIAL INFORMATION

This section provides financial information regarding all the 11 Industry Trusts for the reporting period. The table below shows the asset values for the 2016/2017 and 2017/2018 financial years. Noteworthy, the total value of the Agricultural Industry Trusts has increased from what it was in the previous cycle (2016/2017) by R43,2 million. However, looking at the individual Trusts, there are mixed performances. It is important to note that there is a section after Table 3 that explains the reasons behind the increases and decreases.

Table 3: Trusts' asset bases for the 2016/2017 and 2017/2018 financial years

TRUST NAME	TOTAL ASSET VALUE (R)		CHANGE (R)
	2016/17	2017/18	
Citrus Industry Trust	15 692 866	15 870 413	177 547
Deciduous Fruit Industry Development Trust	16 058 272	17 214 634	1 156 362
Maize Trust	1 069 185 475	1 097 016 431	27 827 956
Meat Industry Trust	42 794 555	46 327 678	3 533 123
Mohair Trust	278 262 445	285 366 736	7 104 291
National Lucerne Trust	3 106 386	2 195 540	-910 846
Oil and Protein Seeds Development Trust	317 766 324	318 788 685	1 022 361
Potato Industry Development Trust	14 047 093	19 168 215	5 121 122
Sorghum Trust	27 322 930	28 292 083	969 153
Winter Cereal Trust	76 451 696	74 927 671	-1 524 025
Wool Trust	525 110 831	538 047 252	12 936 421
Total	2 385 798 873	2 443 215 338	43 204 883



3.1. Reasons for asset growth/decline

3.1.1. Horticultural Trusts

- ◇ Citrus Industry Trust: The Trust asset base increased from R15,6 million in the 2016/2017 financial years to R15,8 million in the 2017/2018 financial year. The Trust took bold steps for addressing the declining asset base, including a change in the asset managers. The Portfolio Managers were changed and the funds were transferred into a new asset management firm in August 2018. The Trust reviewed its investment mandate in 2018 and committed itself to fixed-investment strategy, by investing in long-term assets. This coincided with an increase in the value of the unit price of the Trust's investment portfolio. The value of the unit price grew due to increased investor confidence in the equity markets. However, the growth of the fund has been small for now because of the economic climate experienced subsequent to the recent performance by Eskom.
- ◇ Deciduous Fruit Industry Development Trust: The Trust's asset base increased from R16,1 million to R17,2 million between the 2016/17 and 2017/18 financial years. The Trust reviews its investment mandate at each trustee meeting, and the portfolio managers were not changed in the past year.
- ◇ Potato Industry Development Trust: The Trust assets base increased from R14,0 million to R19,1 million. The main reason is the increase in (i) the levy from 2016/17 to 2017/18 and (ii) the volume of potatoes produced. The combined effect resulted in an increase in the total levy received. The assets of the Trust consist mainly of the debtors' book, as well as cash and cash equivalents. Important to note is that Potatoes South Africa constantly attempts to manage costs downwards. Annually, the trust reviews its investment mandate and has not changed the portfolio managers in the past year.

3.1.2 Field crop Trusts

- ◇ Maize Trust: The Trust's asset base increased from R1,06 billion to R1,09 billion between the 2016/2017 and 2017/2018 financial years. This was as a result of sound investment policies and good asset management. Annually, the Trust reviews its investment mandate and has changed the portfolio managers in the past year.
- ◇ Oil and Protein Seeds Development Trust: The Trust's asset base increased from R317,7 million to R318,7 million between the 2016/17 and 2017/18 financial years. This was attributable to funding received from the Department of Science and Technology for the Soyfood Nutrition and Development Programme.

The Trust reviews its investment mandate annually, and if necessary, the mandate can be reviewed at every meeting, depending on the markets. The portfolio managers were not changed in the past year.

- ◇ Sorghum Trust: The Trust's asset base increased from R27,3 million to 28,3 million between the 2016/17 and 2017/18 financial years. This was attributable to sound investment policies. The Trust reviews its investment mandate annually and the portfolio managers did not change in the past year.
- ◇ Winter Cereal Trust: The asset base of the Trust decreased from R76,4 million to R74,9 million between the 2016/17 and 2017/18 financial years, due to negative movements in the investments of the Trust. The Trust's investment mandate is reviewed by the Trust Investment Committee who meet annually to evaluate and review the investments of the Trust. The investment mandate of the Trust is reviewed when a situation occurs that deems it necessary.
- ◇ National Lucerne Trust: The NLT's total asset value decreased by 29 % between the 2016/17 and 2017/18 financial years (from R3,1 million to R2,1 million). The main reason for this decrease in the asset value is the sale to an external company of the building and the two NIR-instruments that were housed in the NLT, as these items were not being held for the primary goals set by the NLT. This decision was duly authorised during the annual meeting of the Board of Trustees for the 2017 year, and the decision was reached unanimously. There was a quorum present and the Ministerial Representative was also present. The Trust reviews its investment mandate annually and the portfolio managers were not changed.

3.1.3. Livestock Trusts

- ◇ Meat Industry Trust: The total asset base increased from R42 million to R46 million between the 2016/2017 and 2017/18 financial years due to the rising market value of investments.
- ◇ Mohair Trust: The total asset base has increased from R278 million to R285 million between the 2016/2017 and 2017/2018 financial years due to the increase in the Old Mutual portfolio. This represents a 3 % increase in the Mohair Trust's asset base. The investment mandate of the Trust is reviewed at least annually. The portfolio managers were not changed in the past year.
- ◇ Wool Trust: The total asset base increased from R525 million to R538 million between the 2016/2017 and 2017/2018 financial years. This represents a 2.5 % increase in the Wool Trust's total asset base.



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SECTION 4





TRANSFORMATION INFORMATION

This section on transformation covers all aspects of transformation and what each Trust is doing in detail. The main objective of this section is to present details of the various industries' approaches to transformation, and outlines the numbers and costs of all the enterprises and persons receiving financial assistance from the Trusts. The discussion is broken down into the three sub-categories of agriculture. This section furthermore provides highlights of the findings that emanated from the site visits⁴ conducted by the NAMC in collaboration with the Industry Trusts.

4.1. Summary of the Trusts' transformation expenditure for the period between 2012 and 2018

Agricultural Industry Trusts are the key vehicles for driving transformation in the sector. The 11 Trusts have spent about R61,4 million on transformation (up from R53,3 million in 2016/17). This indicates an increase of approximately R8,1 million, year-on-year. To date, greater efforts of work have been done by the Trusts; hence, the Trusts' contributions and approaches to transformation are commendable.

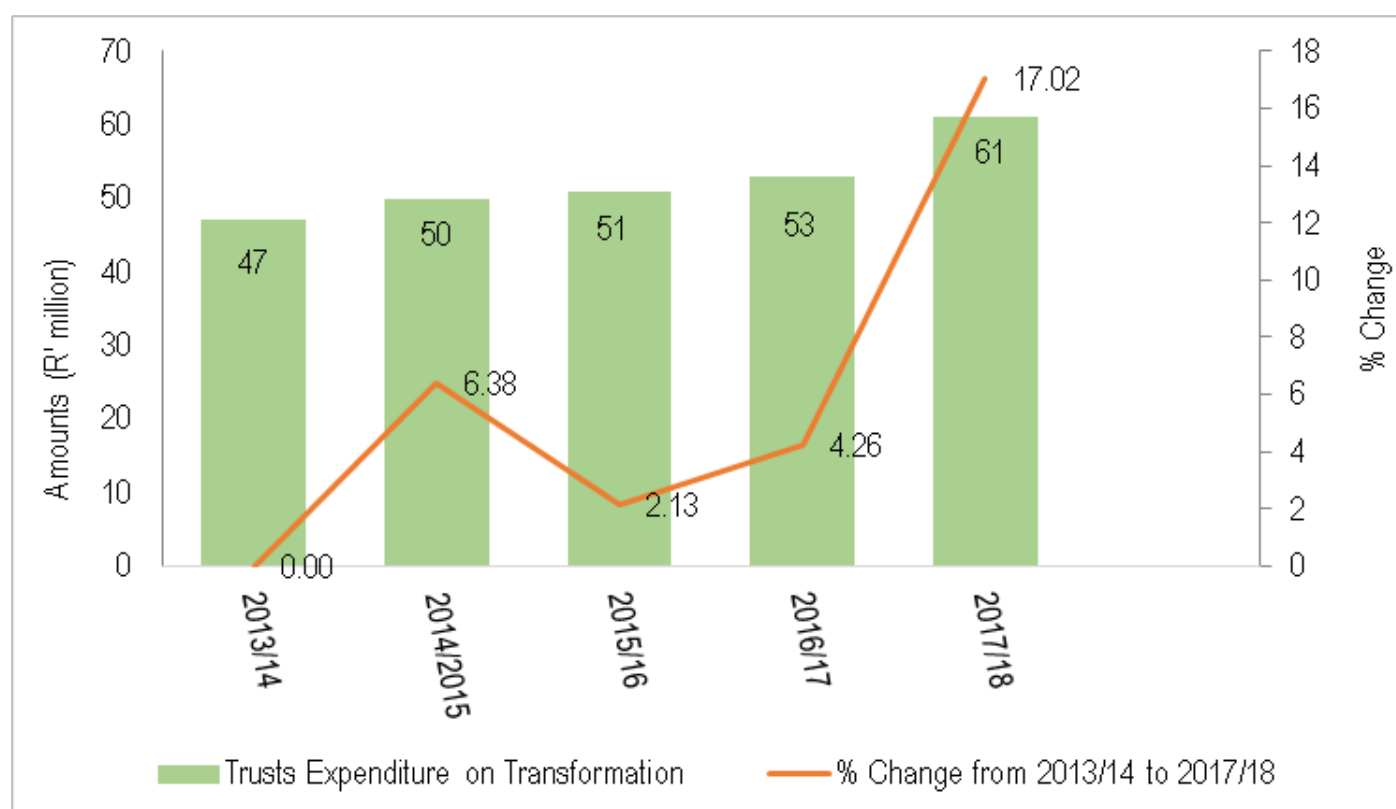


Figure 1: Trusts' Transformation Expenditure from 2013 to 2018

4.2. Details of the transformation initiatives by the Trusts

4.2.1. Field Crops Trusts

GFADA is the transformation conduit of the four grain Trusts (Maize Trust, Sorghum Trust, Winter Cereal, and Oil and Protein Seeds Development Trust). The financial contributions of each grain Trust to the administration costs of GFADA are highlighted in Table 4.

⁴ Transformation projects funded through the Trusts' funds



Table 4: Grain Trusts contributions for 2016/17 and 2017/18

MEMBER	CONTRIBUTIONS (R)		DIFFERENCE (R)
	2016/17	2017/18	
The Maize Trust	3 542 000	3 712 442	170 442
Winter Cereal Trust	634 000	664 542	30 542
Oil and Protein Seeds Development Trust	539 000	564 611	25 611
Sorghum Trust	52 000	54 692	2 692
Total	4 767 000	4 996 557	229 557

4.2.1.1. Maize Trust funding

The transformation focus of the Maize Trust is placed on farmer development, training and skills development, bursaries, and direct farm support. Transformation funding by the Trust is granted to a number of complementary programmes in the endeavour to achieve a broad spectrum of transformation functions that are needed for creating a sector of new black commercial maize farmers. 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 at all the South African universities. The Trust spends approximately R1 million per annum on bursaries. The Maize Trust approved the amount of R8 150 945 to fund new maize farmers in respect of the 2017/2018 season. The summary of allocation and utilisation of the aforementioned fund is shown in Table 5.

Table 5: Number of beneficiaries in the Maize Trust transformation projects in respect of the 2017/18 season

ALLOCATION				FINAL UTILIZATION
Province	No. farmers	Hectares	Amount(R)	Amount
Gauteng & Mpumalanga	4	779	1 853 800	880 994,68
Eastern Cape	4	670	676 818	477 577,19
Free State	1	314	257 000	59 823
North West and Free State	2	400	873 149	
Mpumalanga	2	700	1 235 920	528 640
Free State	4	320	464 000	277 673
TOTAL	17	3 183	5 360 687	2 224 707, 87



4.2.1.2. Sorghum Trust funding

Funds from the Trust are granted on an annual basis to GFADA for direct farmer support and to the Agricultural Research Council for technology transfer and research activities that are directly aimed at emerging farming operations and requirements. The Trust also manages to fund a bursary for one student towards achieving a Master's of Science Degree in Agriculture. An amount of R54 692 was spent in supporting student bursaries. For 2017/2018, one student who had been funded has graduated and is working within the industry.

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. The Sorghum Trust allocated an amount of R235 000 to fund new sorghum farmers in respect of the 2017/18 season.

4.2.1.3. Oil and Protein Seeds Development Trust funding⁵

The OPDT contributed an amount of R564 611 to GFADA during the 2017/2018 financial year. In terms of the OPDT's transformation efforts, the emphasis is on training, mentorship, supplying of information, enterprise development, community projects, bursaries and technology transfer. The common commodities are groundnuts, sunflower, soybean and canola. The total budget approved for transformation projects during the 2017/2018 financial year amounted to R10 323 286.

(i) Support to soybean farmers

The OPDT's final utilisation for the 2017/2018 season amounts to R589 500, which is 87 % of the total original funding. Two farmers in the Mpumalanga Province were supported by covering the costs of hail insurance and mentorship. The reason for the lower utilisation was that the farmers had experienced challenges in planting maize in time, and some had to go a week beyond the cut-off planting time for maize. This, in turn, according to the GFADA report, created a challenge to plant soybean in time. In the case of sunflowers, farmers were able to plant with potential. Two Qwa-Qwa farmers (Free State) were not able to plant soybeans after they had planted maize. They were nevertheless mentored up to planting time (e.g. on business planning and with conducting of initial field preparation). Although the two did not plant soybeans, there is a definite potential for future development.

(ii) Support to sunflower farmers

The Oil and Protein Seeds Development Trust approved the amount of R728 800 to fund sunflower farmers in respect of the 2017/2018 season. The allocation and utilisation of the aforementioned fund is shown in Table 8. The total final utilisation for sunflower farmers amounts to R589 808.

(iii) Other projects supported through the OPDT transformation funding

Pula/Imvula by GrainSA is a quarterly newsletter distributed (21000 copies, 7 languages) in all the 9 Provinces of South Africa and 8 bursaries of R40 000 for MSc and PhD studies. Furthermore, 24 training courses with 25 learners of each course covering sunflower, soybean, groundnut and canola are offered in the KZN, North West, Mpumalanga, Free state and Western Cape Province through GrainSA. About 1005 entry level soy farmers and consumers (Eden Social Development Foundation) are trained in the KZN province. In all the Provinces of South Africa, training on soyfood awareness in addressing food insecurity through supporting economic growth for emerging farmers, whereas in Limpopo training/community upliftment on soyfood awareness aimed at promoting household production and processing of soybean as a major source of quality protein will be rolled out in the 2018/19 financial year.

⁵ GFADA is not the only beneficiary of the OPDT transformation funds. There are other projects as well mentioned under (ii)



Table 6: Allocation and final utilisation for soybean farmers in respect of the 2017/18 season

ALLOCATION					FINAL UTILIZATION			
Province	Ha	Hail insurance	Mentorship	Total (R)	Ha	Hail insurance	Mentorship	Total (R)
Free State								
Farmer 1	40	40 000	4 000	44 000	-	-	-	-
Farmer 2	40	40 000	4 000	44 000	-	-	-	-
Sub-total	80	80 000	8 000	88 000	-	-	-	-
Mpumalanga								
Farmer 3	320	320 000	29 500	349 500	380	320 000	29 500	349 500
Farmer 4	200	200 000	20 000	220 000	561,5	200 000	20 000	220 000
Sub-total	520	520 000	49 500	569 500	941,5	520 000	49 500	569 500
Grand-total	600	600 000	57 500	657 500	941,5	520 000	49 500	569 500



Table 7: Allocation and final utilisation for sunflower farmers in respect of the 2017/18 season

ALLOCATION						FINAL UTILIZATION				
Area and farmer	Ha	Hail insurance	Soil correction	Mentorship	Total (R)	Ha	Hail insurance	Soil correction	Mentorship	Total (R)
Free State										
Farmer 1	40	20 000	-	4 000	24 000	40	6 156	-	4 000	10 156
Farmer 2	80	40 000	-	8 000	48 000	63	35 095	-	8 000	43 095
Farmer 3	40	20 000	-	4 000	24 000	46.2	10 061	-	4 000	14 061
Farmer 4	40	20 000	40 000	4 000	64 000	60	20 000	39 425	4 000	63 425
Farmer 5	40	20 000	40 000	4 000	64 000	36.3	20 000	40 000	4 000	64 000
Sub-total	240	120 000	80 000	24 000	224 000	245.5	91 312	79 425	24 000	194 737
Northwest										
Farmer 6	150	50 250	-	15 000	65 250	70	11 693	-	15 000	26 693
Farmer 7	200	67 000	-	20 000	87 000	351,1	51 214	-	20 000	71 214
Farmer 8	380	127 000	-	29 500	156 800	609,4	120 543	-	29 500	150 043
Farmer 9	150	50 250	-	15 000	65 250	247,7	29 160	-	15 000	44 160
Farmer 10	150	50 250	-	15 000	65 250	179	33 039	-	15 000	48 039
Farmer 11	150	50 250	-	15 000	65 250	215	39 922	-	15 000	54 922
Sub-Total	1 180	395 300	-	109 500	504 800	1672,2	285 571	-	109 500	395 071
Grand-Total	4 420	515 300	80 000	133 500	728 800	1917,7	376 883	79 425	133 500	589 808



4.2.1.4. Winter Cereal Trust Funding

The focus of the Winter Cereal Trust (WCT) regarding transformation is placed on enterprise development and skills development. The objective of WCT enterprise development is aimed at the commercialisation of emerging black winter cereal producers to enable them to conduct sustainable profitable farming enterprises, and at skills development provided through technical mentorship and training.

The Winter Cereal Trust's expenditure on transformation is presented in Table 8. For the period under review, eleven (11) projects were funded and about R5. 3 million was spent.

Table 8: Winter Cereal Trust's transformation projects supported under GFADA

Transformation pillar	Activities	Province	Utilisation	
			No. of farmers	Amount (R)
Enterprise development	Social correction, crop insurance, mentorship and production inputs	Eastern Cape	2	1 558 829
		Free State	3	1 000 389
		Mpumalanga	2	235 500
		KwaZulu-Natal	1	1 038 080
		Western Cape	4	2 031 335
Sub-total			11	5 864 133
Less: GFADA funds				547 016
Total funding				5 317 117

4.2.2. Horticultural Trusts

Citrus Industry Trust: The Citrus Industry Trust (CIT) funds the CGA-GDC and the Citrus Academy (CA) to render transformation services in the industry through separate trust funds, for enterprise and skills development respectively.

(i) Enterprise development: For the year under review, the CIT, through the Citrus Growers Association Grower Development Company (CGA-GDC), spent an amount of R50 000 towards enterprise development (business development for black citrus growers).

(ii) Skills development: In addition to the above, the CA received an amount of R596 215 from the CIT to fund bursaries. The CA is tasked with addressing the challenges of- amongst others, scarce and critical skills supply, employment equity, and transformation in the South African citrus industry. The main aim is to create and maintain a steady flow of educated and qualified young people into the industry. The latter could also enhance the involvement of youth in the industry, especially those who are looking to forge long and happy careers in it.



Table 9: Demographic of the beneficiaries of the Citrus Industry Trust

Total number of participants	29
Number of females	17
Number of males	12
Number of black students	24
Number of white students	5
Number of students graduated at the end of 2018	0
Number of graduates that started new qualifications in 2019	0
Number of students to continue with qualification in 2019	26
Number of students graduated to work within the industry	1
Number of students graduated to work in the government	0

Source: Citrus Industry Trust (2019)

❖ **Deciduous Fruit Industry Development Trust:** Currently, the transformation endeavours of the Deciduous Fruit Industry Development Trust (DFIDT) are focused on bursary funding for the previously disadvantaged students studying in the field of agriculture at the University of Stellenbosch. The aim is to raise awareness of the existence of the Deciduous Fruit Industry as a sector and source of career opportunities, training, education and development. For the period under review, the DFIDT spent the amount of R350 000 for bursaries for six students. Of the six (6) funded students, three (3) have graduated, of whom one (1) is now working within the deciduous fruit industry.

❖ **Potato Industry Development Trust:** The Potato Industry Development Trust (PIDT) regards transformation as critically important for ensuring that new black entrants to the industry are supported in a sustainable manner to ensure that they graduate fully to the commercial scale. The PIDT allocated the bulk of its funds to its Enterprise Development Programme within the Transformation Core Business, which is in line with NAMC guidelines. The Trust also supports the principle that spending on transformation should be equal to spending on other core business activities, which means that the allocation of funding to the Transformation Core Business should be more than the 20 % suggested in the NAMC guidelines. Over and above the Enterprise Development Programme, the Transformation Core Business also manages the training of new entrants to ensure that they are properly skilled and have access to technical aspects of farming with potatoes. In addition, mentors are used for transferring of knowledge to the new farmers. The tertiary skills development is mainly achieved through offering bursaries and internships, which ensures that there is a pool of graduates who can add value to the potato value chain.

For the period under review, the Trust spent an amount of R4 992 011 on enterprise development, R106 390 on small-grower development (also regarded as community project), R303 910 on farm-based training, R474 402 on the tertiary skills pipeline, and R384 332 on industry exposure (Nampo, Symposium and Communication). The details of each programme are outlined in Table 10.



Table 10: Details of the PIDT Transformation activities

PROGRAMME	ACTIVITIES	AIM & OBJECTIVES
Enterprise development	Procurement of seed, mentorship, Business plans, Pre-feasibility studies, new farmer induction	The bulk of the PIDT funds is directed to the Enterprise Development Programme. The aim of this programme is to develop black farmers until they reach a commercial status, which is a minimum of 30ha under cultivation. The programme is spread across most potato planting regions of the country.
Farm based training	Skills development	Training has become very important for ensuring that the newly established farmers are upskilled to ensure that their business ventures are successful. Previously, Potatoes SA (PSA) conducted a skills audit where gaps were identified, and since then, PSA has been focusing on providing training that was identified by the skills audit. Training such as in financial management, record keeping and plant production were ranked very high, and this is where the focus has been during the year under review.
Socio-Economic Interventions	Information dissemination, training and assisting small growers to plant new cultivars	The Trust has a Small Grower Development Programme, which involves black farmers in communities who plant potatoes, mainly for food security with the remaining crop being sold to the immediate community to generate income. Some farmers graduate into the Enterprise Development Programme. The goals of this programme are to disseminate production and business information through trials; giving farmers practical training on good potato production practices; utilising cultivars, or through demonstration trials as a way of educating, training and disseminating important production information that is necessary for successful potato production. The Trust partners with the Department of Agriculture in the various provinces. This programme has gone a very long way in ensuring that the socioeconomic status of the rural communities improves.
Tertiary skills development	Bursaries (22), internships (2) and work experience (8)	This programme focuses on offering bursaries to needy and academically deserving students, and also provides internship and workplace opportunities. The desired outcomes of this programme are to develop young talent through tertiary education that builds on the sustainability of the business; provide them with exposure to the potato value chain, and enable them to make informed decisions about their career choices, based on exposure and experience

(a) Projects funded under Enterprise and Small-Grower Development Projects

The PIDT has supported twenty-one (21) farmers on enterprise development components, across seven (7) provinces of South Africa. The aspects of job creation and facilitating farmers' access to markets need to be commended. About 15 community projects were supported in KwaZulu-Natal, Eastern Cape and Western Cape, on an average total land size of approximately 5 hectares. Forty-five (45) farmers were trained.



Table 11: Potatoes Enterprise Development, Small-Grower Development Programme, and farm-based training programmes projects

Programme	Programme	No. of beneficiaries	Total (ha)	Market supplied	Total jobs created
Enterprise Development	The programme is active in 7 provinces, Namely KwaZulu-Natal, Eastern Cape, Free State, Limpopo, Gauteng, Mpumalanga and Western Cape	21 Farmers	210	Fresh Produce markets, Mozambique market, Bakkie markets, and Informal markets	252
Small Grower Development	The programme is active in 3 provinces, namely KwaZulu-Natal, Eastern Cape and Western Cape	15 communities (average of 50 members per community)	5	Food Security project	750
Farm-Based Training	Limpopo, KwaZulu-Natal and Eastern Cape	45	-	-	-

4.2.3. Livestock Trusts

Meat Industry Trust: This Trust has currently funded fifteen bursaries, each valued at R60 000, totalling R900 000. Of the students funded, only seven (7) were black people and eight (8) were white people. On 5 March 2019, the Trust held a transformation workshop to discuss the transformation approach by the Meat Industry Trust.

Mohair Trust: This Trust provides interest-free loans in the form of kapatars (castrated goats) or ewes, depending on the assessment of the farm and the farmer, through the Mohair Empowerment Trust. The transformation activities of the Mohair Trust are implemented by a separate entity called “the Mohair Empowerment Trust”. The Mohair Empowerment Trust was established in 2010 to drive black economic empowerment projects within the mohair industry. The main focus of the Mohair Empowerment Trust is to establish a sustainable, large-scale black mohair producer which can contribute to the mohair industry as a whole, and does this by providing recipients with goats via interest free loans and giving them training and ongoing support.

Table 12: Mohair Trust projects supported with the provision of Angora goats

Project name	No. of participants		Total jobs	No. of angora goats	Value (R)
	Male	Female			
Weltevrede	7	1	8	306	297 186
Brankfontein	8	0	8	330	412 633
Irene	8	0	8	333	412 427
Doomrivier	8	0	8	1313	1 160 580
Tulpleedte	4	0	4	300	259 484
Matatiele	4	0	4	208	261 946
Total	39	1	40	2790	2 804 255. 47



For reporting period under review, seven projects were directly funded from the Mohair Empowerment Trust. An amount of approximately R2.8 million was spent on the provision of angora goats to the recipient projects. The Mohair Empowerment Trust is also responsible for the following: all costs associated with the transportation and delivery of consignments or any part thereof to the empowerment partner; serving as a member on the Project Management Team (PMT) and overseeing the functions and operations of the PMT; and remaining involved in the Project through its participation in the PMT for the duration of the agreement.

The PMT meets every two months at the property of the empowerment partner. The PMT is responsible for the following: conducting physical inspections, from time-to time; the evaluation and monitoring of financial and administrative procedures in respect of commercial mohair farming operations; assessing whether the empowerment partner maintains sufficient cash reserves for operating a commercial mohair-farming operation; assessing the general commercial viability of the project and identifying risks; and monitoring whether the empowerment partner adheres to the sustainable mohair guidelines published by the mohair industry.

National Lucerne Trust: During the reporting year under review, the transformation efforts of the National Lucerne Trust (NLT) were focused on enterprise development, training and skills development.

(i) Enterprise development

The goal of the NLT's Enterprise Development Programme is to assist in facilitating the sustainable growth and development of smallholder farmers to grow and produce products commercially in a sustainable way. The initial engagement with the farmers was to provide funding

for seeds input. Going forward, the NLT will focus on providing on-farm technical assistance/advice; providing on-farm technical training to farmers through outsourced commodity specialists, based on the specific needs of the farmers, which will be determined by the NLT; and exposing the farmers to market-related information. There will also be a larger focus on partnerships between the NLT, industry role-players, and smallholder farmers.

Taung Smallholder Farmer Project (Ongoing)

The NLT supports 40 black farmers by providing 10 ha plots of land, each under pivot irrigation, on 400 ha planted under lucerne in Taung. The Trust's contribution for the 2017/2018 financial year was R62 896 for procuring high quality lucerne seed. The beneficiaries were also assisted with finance access opportunities, technical support, and skills transfer. The NLT also assisted farmers with gaining access to markets, including the facilitation of purchase agreements. The Trust also conducted regular visits to the project to monitor the progress of the work of transformation.

(ii) Training and Skills Development

The NLT's contribution for the 2017/2018 financial year to the training and skills development programme comprised R51 774 for the payment of lucerne hay grading course fees and R50 000 for the payment of a student bursary. Training and skills development programmes are deemed necessary for empowering smallholder farmers with the necessary knowledge and skills to compete on local and international levels. The NLT is committed to the development and growth of smallholder farmers by providing training that ranges from the cultivation of lucerne to the marketing of the end-product. The training is based on knowledge generated by research done in the past by the NLT.

Table 13: Summary of the transformation projects funded by the NLT

Projects	Activities	Amount spend (R)
Enterprise development		
-Taung Smallholder Farm Project	Provision of high-quality lucerne seed	62 896
Training and skills development		
-Skills development	Lucerne hay grading course fees	51 774
University Bursary Scheme	Payment of student bursary	50 000
Total		164 670



4.2.1.4. Wool Trust

Wool Trust: The transformation activities of the Wool Trust focus on enterprise development and skills development. The Wool Trust has contributed funding towards rural development programmes in the Eastern Cape, Free State and Kwazulu-Natal provinces since 1997.

Table 14: Summary of Transformation projects funded by the Wool Trust

Projects	Activities	Amount Spend (R)
Enterprise Development	Zulu Kama Youth Wool Project	521 250
	Bursaries	225 000
Skills Development	Training and Development	8 024 799
	Job Creation (Shearer Training)	2 953 217
Total		11 724 266

Production advisors (Ongoing): A Production Advisor 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. The farmers in these districts have a tradition of wool sheep farming, but their levels of wool production are lower than those of the previous land owners due to their relatively low commercial farming skills. There was a need to provide an experienced Production Advisor, who is fluent in Xhosa, to train, guide and mentor/coach these farmers to develop into fully fledged and successful wool farmers.

Zulu Kama Project (Ongoing): “Indibano” (“to harvest”) is a private-sector-led economic development implementation organisation, based in East London with operations throughout the Eastern Cape, and is 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 thirty-six villages in terms of issues related to economic development, 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 the wool production of the area and thereby create 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.

Job creation: The Trust annually funds a shearer training programme which provides employment opportunities for many unemployed, previously disadvantaged persons. Table 15 shows details of the shearing training conducted during the reporting period.



Table 15: Wool Trust Shearer Training (2017/18)

	Achieved
New recruits- Blade shearing	337
Intermediate- Blade shearing	161
Instructors- Blade shearing	10
New recruits- Machine shearing	116
Intermediate – Machine shearing	162
Total	786

A total of 14 regional, provincial and national shearing championships were hosted during the reporting period.

Table 16: Wool Trust Transformation Bursaries 2017/18

Field of study	Gender		Demographic group	Amount
	Male	Female		
PhD Agriculture	1	0	8 Blacks (5 females & 3 males) 1 Coloured (Female)	R225 000
MSc Agriculture / Biodiversity	1	2		
Diploma Agriculture	1	2		
Media and arts related	0	2		

Training and Development

Production Advisor Projects for the Communal Areas: The Wool Trust continues to fund the deployment of six Production Advisors in the Eastern Cape Communal areas, which was previously funded by the DRDAR. The Wool Trust has committed itself to fund this critical project to the amount of R9,3 million over the period from 30 June 2017 to 30 June 2020.

Skills Development and Transfer: The Production Advisors train these 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.

Table 17: Wool Trust training courses presented to the communities

Course presented	Communities involved	Total attendance
Flock health	45	1 406
Flock Nutrition	50	1 330
Shed shearing management	9	224
Breeding	-	296



Market access and readiness: A total of 740 sheds were visited by Production Advisors to prepare the sheds for shearing and to provide assistance/mentorship with classing and clip preparation for the market. A total of 943 sheds sold their wool through the auction system, compared with 944 in the previous wool season. This could be attributed to tough economic conditions, as producers endeavour to improve their cash flow by selling to speculators and receiving a spot price for their wool.

4.3. The Monitoring and Evaluation of the transformation projects supported through the Trusts' funds

4.3.1. Background of the Site Visits

The National Agricultural Marketing Council (NAMC), through the Transformation Review Committee (TRC), works closely with those Industry Trusts that administer levies and those that do not. The work of the TRC is guided by the transformation guidelines agreed upon in consultation with the industries. The purpose of the site visits is to track progress, provide advice, and engage with farmers on the work done from the transformation expenditure. Set out below are a few 'snapshots' of some of the transformation projects visited.

National Lucerne Trust: On 3 and 4 April 2018, a total of sixteen (16) projects were visited in the Taung area of the North West Province. It is important to note that the total area of land distributed to the beneficiaries amounts to about 450 ha. These projects vary in duration from 1 to 6 years. Most interestingly, these projects cut lucerne about six times a year, earning an average of R2100/ton, which is sold to Lubern Feeds in Taung. Notwithstanding that the Trust's expenditure on transformation in that year was about R650 000, a lack of technical expertise remained a serious challenge, which led to a contractor being appointed to provide mentorship on activities including soil preparation, planting, cutting, racking and bailing. Furthermore, assistance was given regarding transporting lucerne to the market and the maintenance of the centre pivots.

The successes of this project can be said to arise from the well-maintained infrastructure, such as the pivots and electrification, and prices of lucerne as well as the commitment shown by the beneficiaries. New developments in the Lucerne Trust include the identification of approximately 600 ha of land for establishing a proposed lucerne project in the Itireleng area in the North West province. The Trust is working tirelessly, together with the North West Provincial Departments, to promote and select potential agricultural projects that comply with the requirements for government funds to advance transformation in the lucerne industry.

Potato Industry Development Trust: Potato transformation projects were visited from 9 to 11 October 2018 in the Limpopo Province. It is important to note that the Potato Industry Development Trust funds Potatoes South Africa, which is entrusted with implementing the needs of the industry, such as research, transformation⁶, marketing, and information. These projects form part of the enterprise development initiatives undertaken by the potato industry that are aimed at establishing commercial black enterprises which are viable, profitable and sustainable. These beneficiaries are supported with seed grants and procurement, mentorship, business plan development, pre-feasibility studies and new-farmer induction.

The success of these projects cannot be ignored, and this include farmers producing at an average of 45 tons/ha and receiving an average price of R32/bag from the Mozambican market. The price received is excellent, seeing that the farmers sell the potatoes unwashed and not packed. This approach benefits the farmers due to zero transportation costs, as the buyers bring their own transport. The key to the success of the potato industry transformation initiatives has emanated from the well-designed mentorship programme and the ability of farmers to invest the profits generated from their farming activities back into their business by purchasing centre pivots and seeds, and installing boreholes and electricity services. However, potato production alone does not make a farmer successful since potatoes are a rotational crop. Nevertheless, a well-diversified production plan makes a huge difference to the farmer's cash flow. The cash flow is kept positive through the cultivation of crops such as butternuts and cabbage, and the rearing of livestock such as cattle and poultry.

Mohair Trust: On 25 and 26 March 2019, six black-owned mohair projects (Brakfontein, Rietfontein, Driefontein, Irene, Doornrivier and Geluk farm) were visited in and around the mohair capital of South Africa (Port Elizabeth, Eastern Cape Province). It is important to note that the transformation initiatives of the Mohair Trust (funder) are run by the Mohair Empowerment Trust (implementer). There are challenges, such as high electricity costs, infrastructure deficiency, diseases and pests, which need to be addressed and cannot be ignored. It is noteworthy that even though there are serious challenges in the industry, these did not have a significant impact on the success rate of the transformation initiatives in the mohair industry. Farmers have a positive attitude towards their own enterprises, and the result of this positivity was seen in the farmers' ability to negotiate and receive fair prices from brokers, which range between R450/kg and R500/kg per mohair clip.

⁶ Transformation was identified as the core business of Potatoes South Africa.

SECTION 5





PRODUCTION AND TRADE INFORMATION

This section provides information pertaining to production and trade statistics. From the information provided to the NAMC by the Trusts, it was found that only three (3) out of eleven (11) Trusts were able to supply statistics for their respective trusts/industries. This is evidence that there is still an information gap on the statistics regarding the number of commercial producers and smallholder producers in the agricultural sector in South Africa. This challenge can also be traced from the information gap pertaining to the market access aspects of the sector.

5.1. Citrus Industry Trust

The Trust has not yet engaged in any enterprise development activities that directly assist producers. However, during the year 2018/2019 the Trust, through the Citrus Growers Association Grower Development Company (CGA-GDC), has started enterprise development by providing funding of R50 000 to CGA-GDC to facilitate support for black citrus growers.

5.2. Potato Industry Development Trust

As shown in Table 18 and Figure 2 below, the number of potato producers in the industry is estimated at 532. For the period under review Potatoes South Africa supported 19 black potato producers (since inception of the Transformation program 42 black potato producers was supported through the Enterprise Development Programme). Furthermore, the potato industry has an

estimated 3000 producers who are supported through the Small Grower Development Programme and receive all the technical information that is generated by the potato industry. The share of the output of producers (mostly white farmers) that is exported to the international market remains small, at 8 %. Furthermore, the production in volume trends shows that the transformation process is progressing. This is indicated by the number of tons produced by the black farmers, which increased from 1 685 tons in 2012 to 2 469 tons in 2013. Most interesting is an increase from 8 213 tons in 2014 to 9 135 tons in 2015, although the trend decreased between 2016 and 2017, from 8 385 to 7 635 tons, respectively. It comes with no surprises that the commercial sector remains the highest in terms of the volumes produced, which has averaged at 200 million bags since 2012.

Table 18: Number of producers in the Potato Industry in 2017

ITEM	WHITE	BLACK
Number of producers in the industry	532	+3000*
Number of producers supported by the industry Trust	0	19**
Number of producers exporting to the international market	10	0
Share of producers output exported to international market	8 %	0

* Please note that this is Black producers supported through the Small Grower Development programme in partnership with Provincial Departments of Agriculture.

** This is Black producers supported through the Enterprise Development Programme

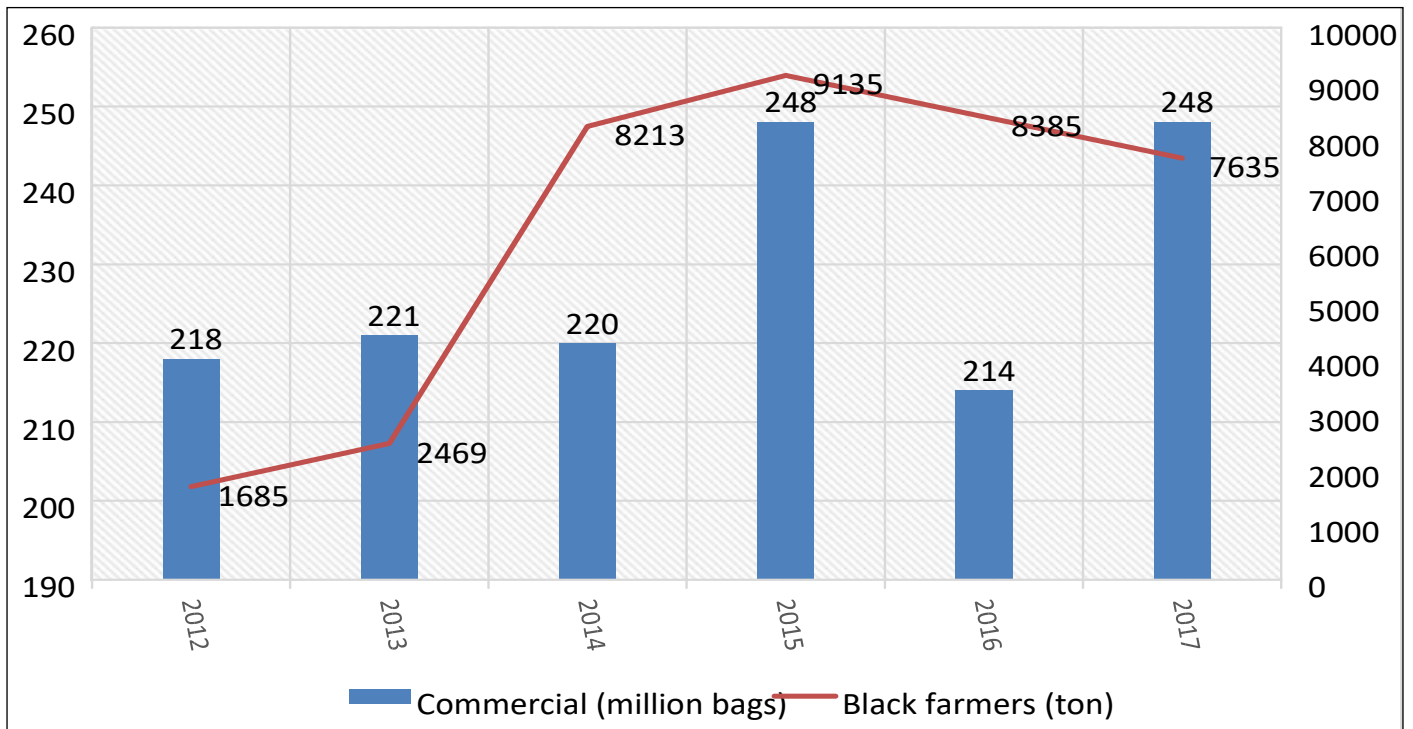


Figure 2: Production in volume trends to showcase transformation progress in the sector (Potatoes)

5.3. Wool Trust

Figure 3 presents the number of producers and the wool volumes in the industry. The figure indicates that the number of producers in the wool industry is estimated to comprise commercial producers at a total of 8 000, and smallholder farmers who are estimated at over 40 000. In terms of the volume trends, the commercial producers still dominate, with a contribution averaging 45,7 %, while the smallholder producers average at 4,4 %, annually.

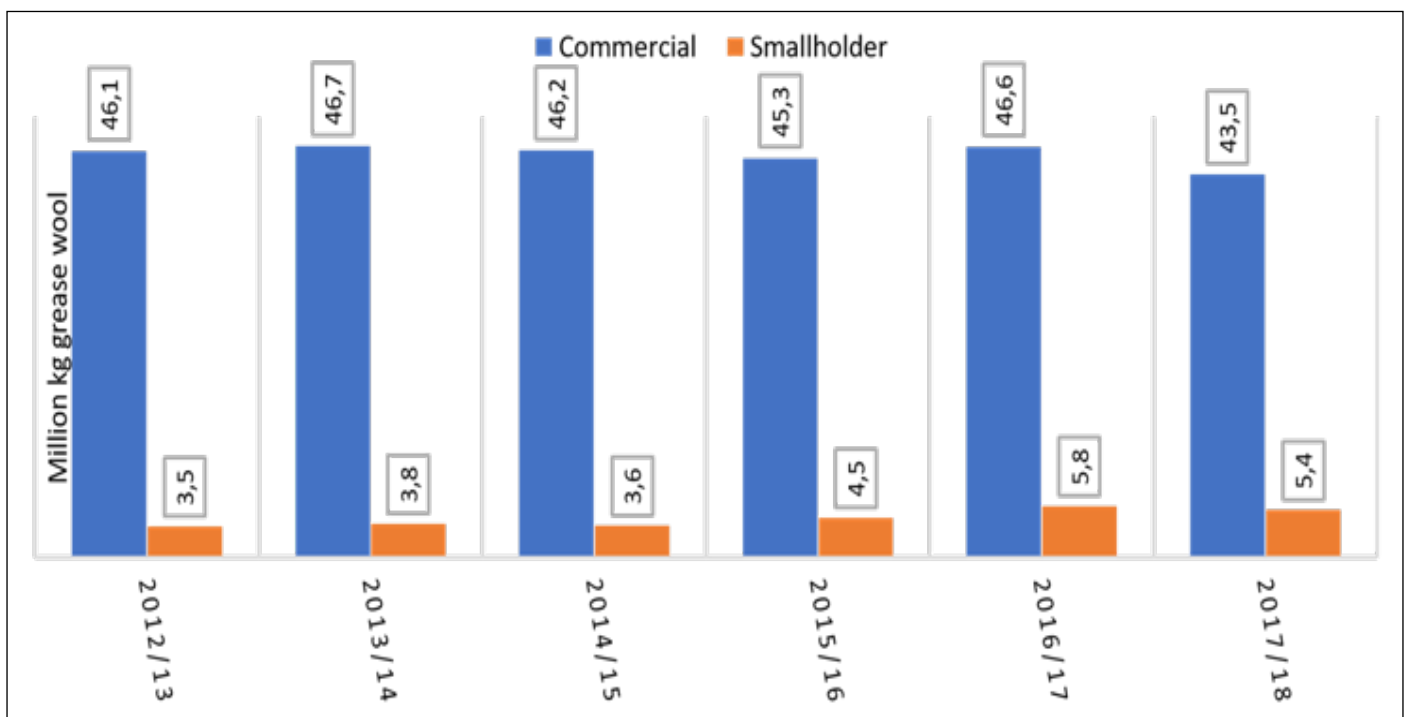


Figure 3: Production in volume trends to showcase transformation progress in the sector (Million Kg grease wool)



5.4. Winter Cereal Trust

As depicted in Figure 4, the number of commercial producers in the Winter Cereals is estimated at 1 650 for wheat and 400 for barley, while the number of developing farmers remains low, at 150 for wheat and 75 for barley. Moreover, the production trends in volumes still remain low for the developing farmers, which are currently estimated at 17 096 tons for wheat and 9 263 tons for barley, compared with that of the commercial farmers, at 1 692 470 tons for wheat and 299 513 tons for barley.

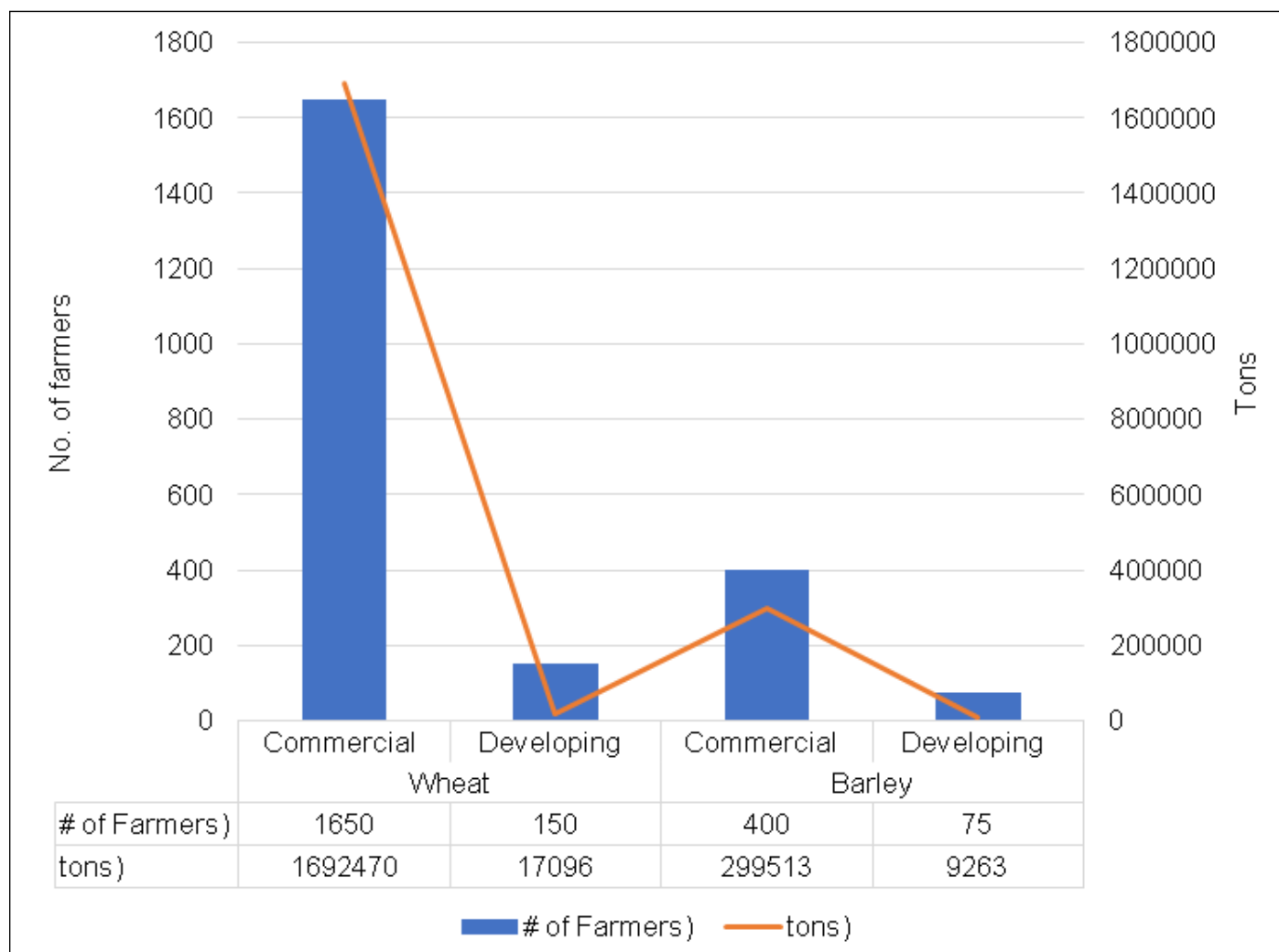


Figure 4: Production volumes and number of producers in the industry (Winter Cereals)

Production of both commodities is primarily aimed at supplying of the local market, and not the export market. The figures below are based on information published by SA Grain Information Service (SAGIS). The splits between commercial producers and developing farmers are estimated figures based on unconfirmed information⁷.

⁷ Many Trusts could not provide information on production and trade.

SECTION 6





CONCLUSIONS

The activities performed by the NAMC's Agricultural Industry Trusts Division for the reporting period only cover the work pertaining to coordination between the Minister of DAFF and the various Agricultural Industry Trusts. The matters reported to the Minister Zokwana include, but are not limited to: the appointment of Ministerial Trustees (recommending names and the Minister approves the appointments), the coordination of the engagements between the Minister and the Trusts (to get first-hand information on the progress and directly engage the Trusts), and the submission of the Status Report (to apprise the Minister of the status) that is substantiated by visits to the transformation projects.

While progress has been made in terms of gender representation in the Trusts (10 women and 15 men), the Industry Representatives have dominated serving on the Boards of Trustees as chairpersons, with fewer Ministerial Representatives serving as chairpersons. This is indicated by eight (8) Trusts (Maize, Sorghum, Mohair, Wool, Potato, Lucerne, Oilseeds, and Citrus Industry Trusts) being chaired by Industry Representatives, while only three (3) Trusts (Deciduous Fruit, Meat, and Winter Cereal Trusts) are chaired by Ministerial Trustees. Moreover, only five of the Trusts (Citrus Industry, Winter Cereal, Deciduous Fruits, Maize and Meat Industry Trusts) have equal representation on the Boards of Trustees. However, the same cannot be said of the six (6) other Trusts, namely the Mohair, Wool, Lucerne, Sorghum, Oilseeds, and Potato Industry Trusts.

The total assets of the Trusts reported in the 2018 survey increased to approximately R2,44 billion, compared with R2,38 in the 2017 survey. This represents an asset value increase of about R43,2 million in 2018. The Trust with the largest asset value is the Maize Trust, with over R1 billion, followed by the Wool Trust at R538,1 million, and then the Mohair Trust at R285,3 million. The Trust with the lowest asset value remains the National Lucerne Trust, with a total asset base of R2,2 million, followed by the Citrus Industry Trust at R15,9 million and then the Deciduous Fruit Industry Development Trust, with an asset value of about R17,2 million. For the 2018 survey, the National Lucerne Trust and Winter Cereal Trust are the only Trusts that decreased in terms of asset value, with declines of R0,910 million and R1,5 million, respectively.

The 2018 survey shows that the transformation spending by the Trusts increased in 2018 to R61,4 million, compared with R53,3 in the 2017 survey, representing an increase of R8.1 million in 2018.

The statistics provided shows that the number of commercial potato producers in the industry is estimated at 532 of which 42 are the black potato producers who have participated on the Enterprise Development programme since its inception. Furthermore, the potato industry has an estimated 3000 producers who are supported through the small grower development programme and receive all the technical information that is generated by the potato industry. In the Wool Industry, there is an estimated number of 40 000 developing farmers and 8 000 commercial farmers. Furthermore, in the Winter Cereals Industry, there is an estimated 1 650 producers of wheat and 400 producers of barley, whereas the number of developing farmers remains low, at 150 producers of wheat and 75 producers of barley. The NAMC wishes to thank the Trusts' Administrators for providing information contained in this report, and the Minister's office and DAFF for assisting us to process the submissions for the appointment of Ministerial Trustees and honouring our engagements to discuss matters relating to the operations of the Trusts.

ANNEXURES





ANNEXURE 1: FINANCIALS

Annexure 1.1: Citrus Industry Trust Financial information

	2016/17 (R)	2017/18 (R)	Change
Financial Status			
Other Financial assets	15 411 111	15 771 307	360 196
Cash and cash equivalents	281 755	99 106	-182 649
Total assets value	15 692 866	15 870 413	177 547
Trust income for the year			
Capital gain on unit trust	-	30 560	30 560
Dividends received	84 521	49 034	-35 487
Fair value adjustment	251 617	329 286	77 669
Foreign other income	52	-	-52
Interest received	344 416	338 006	-6 410
REIT - income	22 704	48 450	25 746
Total income	703 310	795 336	92 026
Trust Expenditure for the year			
Accounting fees	3 532	5 358	1 826
Advisory	178 636	182 257	3 621
Bank charges	5 125	3 516	-1 609
Bursaries	775 700	535 700	-240 000
Secretarial fees	85 476	64 653	-19 823
Travel – local	39 653	32 681	-6 972
Trustees fees	61 000	40 608	-20 392
Venue and the conference expenses	4 577	3 016	-1 561
Total expenditure	1 153 699	867 789	-285910



Annexure 1.2: Deciduous Fruit Industry Development Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Financial status			
Value of buildings			
Value of investments	15 696 637	17 108 064	1 411 427
Total assets	16 058 272	17 214 634	1 156 362
Trust income for the year			
Interests from investments	569 743	418 154	-151 589
Other income	85 671	193 323	107 752
Total income	655 314	611 477	43 837
Trust expenditure for the year			
Total expenses	247 969	200 859	-47 110



Annexure 1.3: The Maize Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Investments	R1 069 185 475	R1 097 016 431	R27 827 956
Total assets	R1 069 185 475	R1 097 016 431	
Income on Investment	R34 369 936	R40 217 439	R5 847 503
Total income for the year	R34 369 936	R40 217 439	
Total expenditure of the year	R56 998 842	R47 167 002	-R9 831 840
Transformation	R23 463 381	R19 680 679	-R3 782 702
Research	R22 771 067	R16 777 464	-R5 993 603
Information	R10 474 510	R10 503 371	R28 861
Industry events/function	R289 884	R205 488	-R84 396



Annexure 1.4: Meat Industry Trust Financial information

	2016/17 (R)	2017/18 (R)	Change
Financial status			
Value of investments	42 696 897	46 231 050	3 534 153
Other cash	95 217	96 627	-1 410
Total assets	42 794 555	46 327 678	3 533 123
Trust income for the year			
Dividends received	379 585	379 906	321
Interest from investments	727 674	726 738	-936
Fair value adjustments	0	3 824 912	3 824 912
Disposal of assets	60 484	71 050	10 566
Total income	1 167 743	5 002 606	3 834 863
Trust expenditure for the year			
Transformation	890 000	870 000	20 000
Other expenses	880 786	703 795	176 991
Total expenditure	1 770 786	1 573 795	196 991



Annexure 1.5: Mohair Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Value of buildings	17 246 160	17 409 271	163 111
Value of investments	251 941 433	257 176 408	5 234 975
Property, plant and equipment	1 856 514	2 003 553	147 039
Producer pool loans	1 204 244	1 471 457	-267 213
Trade receivables	364 131	600 125	-235 994
Cash and cash equivalents	5 647 963	6 705 922	-1 057 959
Total assets	278 262 445	285 366 736	-7 104 291
Trust income for the year			
Interest received	16 263	34 684	-18 421
Investment realised	18 581 684	15 050 000	3 531 684
Rent received	359 144	419 127	-59 983
Sale of tops	994 007	-	994 007
Other income	51 181	859 997	-808 816
Total income	20 002 279	16 363 808	3 638 471
Trust expenditure for the year			
Research	179 246	69 658	109 588
Promotions	5 280 128	5 198 504	81 624
Information	73 030	110 541	-37 511
Industry events or function	574 032	582 244	-8 212
Transformation	1 172 630	716 460	456 170
Other expenses	8 283 756	9 028 095	-744 339
Total expenses	15 562 822	15 705 502	-142 680



Annexure 1.6: National Lucerne Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Value of buildings	1 696 239	-	-1 696 239
Value of investments	486 522	1 736 015	1 249 493
Other	923 625	459 525	-464 100
Value of plant and equipment	746 203	62 223	-683 980
Cash and cash equivalents	4 124	262 190	258 066
Trade and other receivables	173 298	124 836	-48 462
Current tax receivable	-	10 276	10 276
Total assets	3 106 386	2 195 540	-910 846
Trust income for the year			
Levy income	2 353 970	2 426 993	73 023
Lucerne seed	651 478	269 260	-382 218
Lucerne hay	1 702 492	2 157 733	455 241
Other income	232 024	208 385	-23 639
Rental income	38 520	-	-38 520
Accreditation and certification	193 463	113 629	-79 834
Interest received	41	50	9,00
Fair value adjustments	-	94 706	-94 706
Total income	2 585 994	2 635 378	49 384
Trust expenditure for the year			
Research and development	903 982	1 193 701	289 719
Advertising, promotion and information	479 745	674 766	195 021
Transformation	680 621	179 792	-500 829
Administration	161 077	193 872	32 795
Total expenditure	2 225 425	2 242 131	16 706



Annexure 1.7: The Oil and Protein Seeds Development Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Financial status			
Value of investments	317 734 707	318 757 068	1 022 361
Other (furniture and fittings)	31 617	31 617	-
Total assets	317 766 324	318 788 685	1 022 361
Total income for the year			
Interests from investments	5 211 257	4 281 162	-930 095
Other income (dividends)	3 485 327	3 415 532	-69 795
Other income (DST)	-	905 690	905 690
Total income	8 696 584	8 602 384	-94 200
Trust expenditure for the year			
Research	3 925 322	5 117 519	1 192 197
Information	2 308 854	2 584 887	276 033
Industry events or functions	1 228 422	1 148 241	-80 181
transformation	2 599 449	2 800 463	201 014
Other expenses (operating expenses)	2 260 854	2 665 369	404 515
Total expenditure	12 322 901	14 316 479	1 993 578



Annexure 1.8: Potato Industry Development Trust Financial Information

	2016/17 (R)	2017/18 (R)	Change
Financial status			
Value of investments	1 142	2 503 699	2 502 557
Value of cash in bank	2 611 198	4 162 913	1 551 715
Value of debtors	11 434 754	12 501 603	1 066 850
Total assets value	14 047 094	19 168 215	5 121 122
Trust income for the year			
Interest from investments	23 500	185 276	161 776
Statutory levy income	42 463 090	47 794 381	5 331 291
Other income	40 222	41 816	1 593
Total income	42 526 812	48 021 473	5 494 660
Total expenditure for the year			
Research	9 832 258	10 725 506	893 248
Market development and generic product pro-motions	10 895 501	10 601 566	-293 935
Information	7 548 170	8 463 736	915 566
Transformation	10 083 016	9 165 173	-917 843
Administration costs	3 551 604	3 697 477	145 873
Other expenses	344 915	341 017	-3 898
Total expenditure	42 255 464	42 994 475	739 011



Annexure 1.9: Sorghum Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Investments	27 322 930	28 292 083	969 153
Total assets	27 322 930	28 292 083	
Total income for the year			
Income on investments	1 608 205	1 759 047	150 842
Statutory levy income	894 971	1 191 752	296 781
Total income	2 503 176	2 950 799	447 623
Total expenditure for the year			
Transformation	381 379	68 976	- 312 403
Research	1 627 011	130 461	-1 496 550
Information	423 051	766 600	343 549
Industry events/functions	109 519	117 185	7 666
Other (operational costs)	510 595	581 628	71 033
Total expenditure	3 051 555	1 664 850	-1 386 705



Annexure 1.10: Winter Cereal Trust financial information

	2016/17 (R)	2017/18 (R)	Change
Financial position			
Value of the investments	76 451 696	74 927 671	-1 524 025
Total assets	76 451 696	74 927 671	-1 524 025
Trust income for the year			
Statutory levy income	31 515 613	36 345 787	4 830 174
Barley levy	1 586 753	1 630 760	44 007
Wheat levy	29 928 860	34 715 027	4 786 167
Interest from investments	4 383 096	-576 525	-4 959 621
Interest from bank account and call account	406 274	438 569	32 296
Other income (Unutilised funds from approved projects)	0	1 250 389	1 250 389
Total income	36 304 983	37 458 220	1 153 237
Trust expenditure for the year			
Administration	3 487 535	3 222 403	-265 132
Research	27 791 117	17 218 420	-10 572 697
Barley research	861 975	898 208	36 233
Wheat research	26 929 142	16 320 212	-10 608 930
Commission paid	654 786	660 984	6 198
Information	1 937 603	3 350 036	1 412 433
Transformation	3 212 012	8 160 954	4 948 942
Capacity building	3 357 988	1 692 505	-1 665 483
Total expenditure	40 441 041	34 305 302	-6 135 739



Annexure 1.11: Wool Trust Financial Information

	2016/17 (R)	2017/18 (R)	Change
Financial status			
Investments	340 019 375	365 385 702	7,5 %
Investment property	180 700 000	170 335 000	-5,7 %
Plant and equipment	383 176	376 626	-1,7 %
Trade and other receivables	1 115 657	101 259	90,9 %
Cash and cash equivalents	2 892 623	1 848 665	-36,1 %
Total assets	525 110 831	538 047 252	2,5 %
Income for the year			
Gross rental income	23 119 324	24 643 667	6,6 %
Tenant recoveries	2 781 875	2 833 279	1,9 %
Dividends received	4 801 291	4 998 953	4,1 %
Interest received	1 275 396	1 155 963	-9,4 %
Other	3 280	2 407	-26,6 %
Profit on sale of shares	2 495 988	2 623 085	5,1 %
Total income	34 477 154	36 257 354	5,2 %
Trust expenditure for the year			
Distribution for R&D projects	8 800 000	0	-100 %
Wool industry funding	17 381 431	18 648 665	7,3 %
Direct operating expenses	7 055 544	8 689 815	23,2 %
Investment administration fees	1 105 410	1 097 767	-0,7 %
General expenses	1 130 169	1 161 024	2,7 %
Total expenditure	35 472 554	29 597 271	-16,6 %



ANNEXURE 2: QUESTIONNAIRE



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Pretoria 0002
Private Bag, X935, Pretoria 0001
Tel: 012 341 1115
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AGRICULTURAL INDUSTRY TRUST QUESTIONNAIRE (SURVEY)

To:
Agricultural Trusts Administrators/ CEO's

Status Report on Agricultural Industry Trust (2017/18)

For:
The Minister of the Department of Agriculture, Forestry and Fisheries (DAFF)

Rationale of the survey

This questionnaire is communicated with the Agricultural Industry Trusts to get the status quo in the operations of the Trusts to be presented to the Minister. The Minister's interests are more on whether the assets are increasing or decreasing (and associated reasons), as well as getting a clear picture of the activities that are funded by the Trusts. More specifically get an idea of the work each Trust is doing aimed at redressing the imbalances of the past (transformation). In this regard, the Minister wrote to all Trusts in 2017 following the 2015/16 report to re-consider their approach to transformation that is mostly training driven (bursaries) to other pillars of transformation especially enterprise development. In order for the NAMC to compile the "Status Report on Agricultural Trusts – 2017/18 Survey", the Trusts Administrators/CEO's are requested to provide the NAMC with the following information¹:

¹ Before the document is finalised it will be shared with the Trusts for your inputs.



PART A: GENERAL TRUST INFORMATION

1. Board of Trustees and Trust Deed:

1.1. What is the name of the Trust?

1.2. When was the trust established?

1.3. Please list the former chairpersons of the Trust up to the current one (on the table below)

Full Names	Duration (e.g. 1997-2000)	Stakeholder (e.g. producer or Ministerial)

1.4. Please list all Ministerial Trustees who have served in the Trust

Full Names	Duration (e.g. 1997-2000)

1.5. Please fill the Table below with information of the current Board of Trustees:

Full Names	Portfolio	Stakeholder representing (e.g. producer or Ministerial)	End of the term
	Chair		
	Member		
	Member		
	Member		
	Member		
	Member		
	Member		
	Member		
	Member		
	Member		
	Member		

1.6. Is the number of the member of the Board of Trustees small or big?

- If "big", what is the proposed number of required reductions?

- If "small" by how many trustees to increase the number?

2. Deed of Trust

2.1. Please attach latest copy of the Trust Deed

2.2. Was the Deed of Trust amended in 2017/18?

- If "Yes", please provide details and the date of the amendments?

- If "No", when was the last amendment made (year and date)?

2.3. Are there any plans to amend it or process already unfolding (if yes, how far)?

2.4. How often does the Trust sort legal advises on matters pertaining to its operations?



PART B: FINANCIAL POSITION

3. Trusts financial position – past two years

3.1. Please attach all financial statements and audit report

3.1.1. Balance sheet,

3.1.2. Income and expenditure statement,

3.1.3. Any other financial report,

3.2. Kindly help identify the following financial lines or line items:

	2016/17 (R)	2017/2018 (R)	Change
Financial Status			
- Value of buildings	- .	- .	- .
- Value of Investments	- .	- .	- .
- Other (specify)	- .	- .	- .
Total assets value	- .	- .	- .
Trust Income for the year			
- Rental Income	- .	- .	- .
- Interests from investments	- .	- .	- .
- Statutory levy income	- .	- .	- .
- Other income (specify)	- .	- .	- .
Total income	- .	- .	- .
Trust Expenditure for the year			
- Research	- .	- .	- .
- Promotions (local and abroad)	- .	- .	- .
- Information	- .	- .	- .
- Industry events or function	- .	- .	- .
- Transformation	- .	- .	- .
- Other expenses	- .	- .	- .
Total expenditure	- .	- .	- .

3.3. Has the trust asset increased/decreased or remained stationary?

Increased	
Decreased	
Stationary	

3.3.1. If “increased” what can this increase be attributed to?

3.3.2. If “decreased” what can this decrease be attributed to?

3.3.3. If “stationary” why?

3.4. How frequently does the trust review its investment mandate?

3.5. Have you changed Portfolio Managers in the past year?



PART C: TRANSFORMATION PROJECTS

4. Transformation and industry approach

4.1. Briefly explain the Trust's view on transformation.

.....

.....

.....

.....

.....

4.2. What is the main focus of the Trust in relations to transformation?

4.2.1. Training,

4.2.2. Enterprise development

4.2.3. Socio-economic interventions

4.2.4. Other (specify)

4.3. What are the reasons of focusing on the identified transformation activities?

.....

.....

.....

.....

.....

4.4. How many projects were funded through the transformation funds?

4.5. Direct support by the Trust?

4.6. Implementing organization?

4.7. In the case of implementing organization (how is the fee agreed?)

4.8. Does the Trust have a monitoring approach of transformation work?

4.5. Please list the students who are currently funded by the Trust (Table below).

Full names	Race	Gender	Degree/Grade	Year	School	Budgeted amount

4.6 How many students have graduated?

4.7 How many are working within the industry?

4.8 How many are in government?

4.9 How many are unemployed?

4.10 How much has the trust spent in each of the following pillars?

Pillar	Budget amount	Share of total (as stipulated above)
Training or bursaries		
Individual farmer		
Community project		
Other, specify		
Total		



4.11 Please provide detail of activities and expenditure for individual focus areas (identifies above)?

Province	Activity description	Number of beneficiaries	Units (ha or no)	Money spent	Market supplied ²	Number of Jobs created

From the projects listed above: please lists jobs created

Project name	Owner/s	Male	Male disabled	Female	Female disabled	Total
Black						
White						
Indian/Asian						
Coloured						

4.12 Contact details of the project coordinators for each of the projects listed above (full names and phone number).

4.13 Did it have any effect on the volumes produced or income (and by how much)?

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4.15 Five (5) best pictures of transformation projects

4.16 What are the challenges encountered on transformation?

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4.17 What can the Minister do to assist the trust?

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4.18 If there is any information you want to add:

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² If the Trust's transformation focus is on enterprise development



PART D: PRODUCTION AND TRADE INFORMATION

5.1. Number of producers in the industry in 2017

ITEM	White	Black
Number of producers in the industry		
Number of producers supported by the industry trust		
Number of producers exporting to the international markets		
Share of producers' output exported to the international markets		

5.2. Production in volume trends to showcase transformation progress in the sector

Pillar	Farmer category	2012	2013	2014	2015	2016	2017
Maize	Commercial						
	Black						
Wool	Commercial						
	Black						
Oil & Protein	Commercial						
	Black						
Mohair	Commercial						
	Black						
Winter cereal	Commercial						
	Black						
Meat	Commercial						
	Black						
Sorghum	Commercial						
	Black						
Citrus	Commercial						
	Black						
Deciduous	Commercial						
	Black						
Potato	Commercial						

END

THANK YOU FOR TAKING YOUR TIME
TO FILL THE QUESTIONNAIRE



ANNEXURE 3: CONTACT DETAILS

Industry Trusts	Responsibility	Contact person
Citrus Industry Trust	Administrator	Dr K. Liphadzi Tel: 012 007 1150 Email: ceo@fruitsa.co.za
Deciduous Fruit Industry Development Trust	Administrator	Mr A. Rabe Tel: 021 870 2900 Email: anton@hortgro.co.za
Maize Trust	Administrator	Mr L. du Plessis Tel: 012 807 3958 Email: leon@llagric.co.za
Meat Industry Trust	Administrator	Ms A. du Plessis Tel: 012 348 7572 Email: aletd@levyadmin.co.za
Mohair Trust	Administrator	Ms L. Humphreys Tel: 041 487 1386 lindsay@mohair.co.za
National Lucerne Trust	Administrator	Ms S. Vermeulen-Fenthum Tel: 082 773 4849 Email: sunet@lusern.org
Oil and Protein Seeds Development Trust	Administrator	Mr G. Keun Tel: 011 234 3400 Email: oliesade@opot.co.za
Potato Industry Development Trust	Administrator	Ms E. Els Tel: 012 349 1906 Elsabe@potatoes.co.za
Sorghum Trust	Administrator	Mr L. du Plessis Tel: 012 807 3958 leon@llagric.co.za
Winter Cereal Trust	Administrator	Mr I. Tshiame Tel: 012 007 1152 Email: ishmael.tshiame@wctrust.co.za
Wool Trust	Administrator	Mr A. van der Venter Tel: 041 484 4307 Email: andre@wooltrust.co.za
SA Wine Industry Trust	Administrator	Mr C. Eramus

TRUST ADMINISTRATORS

LIVESTOCK



FIELD CROPS



HORTICULTURE



Deciduous
Fruit Industry
Development
Trust



For more information, contact:
Tel: (012) 341 1115 | Email: info@namc.co.za



www.namc.co.za

National Agricultural Marketing Council Core Divisions

AGRIBUSINESS DEVELOPMENT

The Agribusiness Development Division (ADD) of the National Agricultural Marketing Council was established in 2006 to collaborate with various institutions both nationally and internationally in designing and implementing programmes that are aimed at increasing market access, encouraging new business development and capacity building of historically disadvantaged enterprises. The NAMC strategic placement and relationship with public and private institutions built over many years enabled the Agribusiness Development division in facilitating programmes that have the potential to achieve the government outcomes.

The Agribusiness Development Division collaborates with government, industry and academia to provide programs such as:



Market Access

This programme aims at increasing market access for smallholder farmers. This programme is divided into three categories, namely: market information, market access and business development support



Capacity Building

Having recognized the skills deficiencies within the country's agricultural sector, the ADD has contributed to capacity building efforts by designing and facilitating the delivery of various training programmes through various partnerships and collaborations.



NRMDP

National Red Meat Development Programme is a red meat program anchored by the Department of Rural Development and Land Reform to assist communal livestock farmers in linking them to formal red meat value chain

AGRICULTURAL TRUSTS

The Industry Trusts are managed by board of trustees, in which the Minister is represented. The Ministerial trustees are entrusted to ensure that the Industry Trusts carry out the objectives of the Trust deeds, by aligning them to government transformation mandate. The Ministerial trustees will then report to the Agricultural Trusts division of the NAMC on the operation and financial performance of the Trusts in which the NAMC should communicated that to the Minister.

Moreover, the Industry Trusts portfolio, the division is also entrusted to monitor activities on transformation in the agricultural sector.



Agricultural Industry Trusts

The Agricultural Trusts Division is responsible for the nomination process of the Ministerial trustees, and advice the Minister of agriculture, forestry and fisheries with proposed names who then do appointment. As part of Ministerial trustees' capacity development, training on corporate governance is facilitated to capacitate trustees with the skills on corporate governance and financial management.



Industry Transformation Support

Through the Council, the Transformation Review Committee (TRC) was established in 2014, to independently review, comment and provide inputs to the transformation business plans supplied by the industries; to monitor the transformation activities supported by the industries, and to establish how government can collaborate with industries in support of transformation.

The Committee was established to independently monitor the administration and utilization of the 20% transformation levy income and expenditure. Furthermore, ensure that industries adhere with the NAMC guidelines in spending the 20% levy fund.

STATUTORY MEASURES

The purpose of the Statutory Measures Division is to facilitate the process to implement statutory measures in order to promote the efficiency of the marketing of agricultural products. In support of this goal, the following objectives are pursued:

- ◇ To implement statutory measures in support of the objectives of the Marketing of Agricultural Products Act.
- ◇ To enable the relevant industries to collect funds to finance important generic functions; and,
- ◇ To enable the relevant industries to collect and disseminate important agricultural information in order to promote growth within the specific industry.



Statutory Measures Applicable

There are currently 22 industries that have statutory measures relating to registration, records and returns, and 18 industries that have statutory levies.



Agricultural Products

For purposes of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), the Minister approved the products declared as agricultural products.



Crop Estimates Liaison Committee

During 1998 the Minister for Agriculture and Land Affairs requested the National Agricultural Marketing Council (NAMC) to chair the Crop Estimates Liaison Committee (CELC), who is represented of directly affected groups in the different grain industries.

RESEARCH

The Markets and Economic Research Centre (MERC) was established in 2007 as part of the transformation of NAMC and expanding its functions to enable it to dispense more evidence-based markets and economic advice to the Minister and other stakeholders. MERC is an economic and market research programme that tracks economic trends, provides market information and undertakes marketing policy research. Its research focuses on three main focus areas in line with the strategic objectives of the NAMC: agro-food chains and markets; trade and; smallholder market access



Agro-Food Chains

Farm-to-retail price releases, monthly, quarterly and annual food price analyses, grains supply and demand estimates reports.



Smallholder Market Access

Studying factors contributing to successful access to agri-markets, especially for smallholder farmers and new entrants.



Trade

This focus area undertakes studies on current and potential export markets for South African products.

Get in
TOUCH



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<https://www.namc.co.za/services/agribusiness/>

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All Agri-Trusts output can be accessed online at:
<https://www.namc.co.za/services/agricultural-trusts/>

Designed by: Daniel **Rambau** | Stephen **Monamodi**

