



NAMC

Promoting market access for South African agriculture



Agri-Trust digest

Issue No. 13

In this issue we cover the following topics:

- 1. Trust assets in light of COVID-19: What could be the impact?**
- 2. Highlights of the induction of the new ministerial trustees in the Winter Cereals Trust and Citrus Industry Trust**
- 3. Announcements**

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AGRI-TRUST DIGEST

Agri-Trust Digest is a bimonthly report produced by the National Agricultural Marketing Council (NAMC) through the Agricultural Industry Trusts Division. The publication aims to communicate developments as they happen around the different agricultural trusts. The focus of this issue is on three topics: (i) Trust assets in light of COVID-19: What could be the impact?; (ii) Highlights of the induction of the new ministerial trustees in the Winter Cereals Trust and Citrus Industry Trust; and (iii) Announcements. The division has three digests, which cover the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN), agricultural transformation, and agricultural industry trusts. *Agri-Trust Digest* reports on key developments coming from the operation of the different industry trusts.

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1. TRUST ASSETS IN LIGHT OF COVID 19: WHAT COULD BE THE IMPACT?

By
Matsobane (BM) Mpyana

There are currently 11 agricultural industry trusts, which were established during the market deregulation process in the 1990s in South Africa. These trusts inherited over R667 million worth of assets (both monetary and fixed). The mandate provided to the trusts is to keep the assets evergreen through investing in the investment portfolios such as those managed under Allan Gray, Foord, Old Mutual and Coronation, to mention a few. The main purpose is to grow the asset base and finance the industry's work through the investment proceeds.

The current status quo remains – i.e. that the inherited asset base of R667 million has been increased to over R2 billion. Most of the trusts have performed extremely well in ensuring that the trust assets do not get depleted, and the NAMC applauds the work done thus far by the respective industry trusts.

At the beginning of January 2020, a new global virus (COVID-19) was announced, and later in the year, it was declared a pandemic. This pandemic has changed how business is conducted in various parts of the world, and most countries have introduced a system of lockdowns to manage the spread of the virus.

With the above in mind, it can be argued that the functioning and/or financing of the agricultural sector in South Africa is through trust funds and levies from the agricultural industries, which spend approximately R180 million on transformation activities (enterprise and skills development) alone.

The trust assets were valued at R2.3 billion in 2019, which is down from the R2.4 billion of 2018 (a decline of over R132 million). Individually, in 2019, most of the trusts reported a decline in their asset base/trust investment. The implication could be that in the next status report, the asset base could be worse due to the impact of COVID-19 as the markets are not performing well, and this could affect the funding of certain

agricultural sector activities such as student bursaries, research and information, as well as enterprise development initiatives such as investment in transformation projects.

In conclusion, most government funds are now being redirected to fund the acquisition of the COVID-19 vaccines. The wish is that such developments will bring much-needed relief to the agricultural sector and its resilience.

The NAMC, through its Agricultural Industry Trusts Division, is committed to assisting the trusts to do the best they can in keeping the trust assets evergreen and getting enough from investments to fund industry affairs.

2. HIGHLIGHTS OF THE INDUCTION OF THE NEW MINISTERIAL TRUSTEES IN THE WINTER CEREALS TRUST AND CITRUS INDUSTRY TRUST

By
NAMC's Agricultural Industry Trusts Division¹

On 10 November 2020, the National Agricultural Marketing Council (NAMC), through the Agricultural Industry Trusts Division, held its first virtual induction session for the newly appointed ministerial trustees in the Winter Cereals Trust (2) and Citrus Industry Trust (2). The Minister of Agriculture, Land Reform and Rural Development recently appointed Ms M.H. Lefophane and Ms F. Thovhogi to the Citrus Industry Trust and Ms B.D. Fakudze and Dr T.J. Tsilo to the Winter Cereals Trust (WCT). All trustees were present at the meeting, along with the two trust administrators.

The purpose of this engagement was to welcome newly appointed trustees and support them in adjusting to their new roles. Hence, the meeting's programme provided trustees with all the necessary information from both the NAMC's core divisions and the respective trusts. The induction provided the trustees with an opportunity to

¹ Mr Bonani Nyhodo (Senior Manager), Mr Matsobane (BM) Mpyana, Ms Precious Yeki and Mr Elekanyani Nekhavhambe

virtually meet colleagues from the NAMC, as well as the trust administrators and other new trustees.

Mr Nyhodo welcomed all the new ministerial trustees and highlighted the fact that the engagement was the first of its kind to include presentations from the trust administrators. The ministerial trustee positions are highly contested. As trustees step into this journey, they must remember that everything is possible and that all they need is positive energy. The trustees represent the Minister in the respective trusts and are expected to support all the policies governing the Department of Agriculture, Land Reform and Rural Development in line with the trust deed. Due to past injustices, the top priority is to ensure the advancement of transformation within the agricultural sector and also increase the competitiveness of the sector in the global market.

In closing, the induction went well, and the NAMC wishes the newly appointed trustees well in their new roles.

2. ANNOUNCEMENTS

2.1. Potatoes SA NPC APPOINTS NEW CEO²



Figure 1: Mr Willie Jacobs

Willie Jacobs took over the leadership of Potatoes SA (PSA) as Chief Executive Officer (CEO) from Dr André Jooste, who left the organisation after nine years as part of his career planning. Initiatives established by Dr Jooste are highly regarded and supported by the industry. Under Dr Jooste's leadership, valuable research was done not only in terms of product but also in terms of producer concern issues in specific areas.

The potato industry is privileged for Willie to have accepted the position of CEO at PSA. The Board of Directors of PSA is confident that Willie, with his expertise and experience as an agricultural economist, will build and expand on the legacy of Dr Jooste. Willie officially took up office on Monday 18 January 2021. He studied BSc Agricultural Economics at the University of the Free State and obtained an MBA at North-West University.

Recently he worked on several contracts as an independent consultant. Most of the contracts were agricultural funding and management related. Previously he worked as an executive at the Land Bank, serving corporate clients, and later as executive director of Obaro Financial Services, where farming activities were funded. Willie considers the impressive legacy of Dr Jooste – during which he succeeded in breaking the ice, in particular with regard to the transformation financing agenda and piloting some of the improved financing methodologies in the potato industry as well as liaison with government – as a legacy that will in future assist him in his role as CEO.

The difference between Dr Jooste's creation of a good foundation for entry into the market and the direction that Willie will take is the utilisation of Willie's financial exposure when it comes to the farming profit of potato producers and placing potatoes as a product within the consumer environment on a new level. For Willie, it is important to have the ability to address the risk of everything that could affect the quality, volume and consumability of the product in order to support stability in the potato industry. The risk of producing a specific cultivar lies in its quality and production volumes. For this reason, PSA must continue to provide the research capacity in order to address these needs.

Willie concedes that with all these factors taken into consideration, the producer as marketer and business owner must understand all the factors that impact his or her business by making informed decisions for himself or herself. Willie aspires to see PSA and its members expand the market space of potatoes to the extent that

² This is a media statement from Potatoes SA

there will be room for new entrees without impeding existing producers. He sees his role in PSA as the spearhead, with a sharp focus on the accuracy and relevance of the organisation's outputs through a management style of involvement, participation and facilitation. He trusts that each of PSA's current staff

members, in their own right, are the best the market has to offer for their specific role, and he will find pride in bolstering that capacity.

“The NAMC would like to wish you well in your new role and we are looking forward to working with you – congratulations.”

2.2. A legend has fallen in the Mohair Empowerment Trust



Figure 2: Mr Paseka Alfred Harres

The Mohair industry is mourning one of its beneficiaries who passed away on 29 December 2020, Mr Paseka Alfred Harres. Mr Harres was a beneficiary of the Mohair Empowerment Trust, the transformation entity funded through the Mohair Trust and was farming under the Nthwantsho trading farm located in Matatiele under the Alfred Ndzo District Municipality. He managed a 200 ha farm, with a standard carrying capacity of 150 ha (natural grazing veld). He held over 300 Angora goats, producing about 450 kg at an average selling price of R288, which gave him an income of over R129 600 in six months.

“Our heartfelt condolences are with the family and friends of Mr Harres during this difficult time.”

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