



**REPORT BY THE
NATIONAL AGRICULTURAL MARKETING COUNCIL
ON THE STATUS OF THE AGRICULTURAL INDUSTRY
TRUSTS**

2020 SURVEY

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THERE ARE CURRENTLY 11 INDUSTRY TRUSTS, OF WHICH SEVEN RECORDED A DECREASE IN THE ASSET BASE AND ONLY FOUR RECORDED AN INCREASE BY SMALL MARGINS. THE INDUSTRY TRUSTS' CURRENT ASSET BASE IS VALUED AT R 2.2 BILLION IN THE 2019/20 REPORTING PERIOD, FROM R 2.3 BILLION REPORTED IN THE 2018/19 PERIOD, WHICH SHOWS A DECREASE OF OVER R 67.1 MILLION.



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TABLE OF CONTENTS

ITEM	PAGE
LIST OF TABLES	iv
LIST OF FIGURES	v
EXECUTIVE SUMMARY	vi
SECTION ONE: THE ACTIVITIES OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL WITH REGARD TO THE AGRICULTURAL INDUSTRY TRUSTS	01
1.1. Introduction	01
1.2. Engagement between the NAMC and agricultural industry trusts	01
1.3. Appointment of ministerial trustees	01
SECTION TWO: GENERAL TRUST INFORMATION	03
SECTION THREE: FINANCIAL INFORMATION	05
3. Introduction	05
3.1. Reasons for asset growth/decline	06
3.1.1. Horticultural trusts	06
3.1.2. Field crop trusts	06
3.1.3. Livestock trusts	06
SECTION FOUR: TRANSFORMATION INFORMATION	07
4. Introduction	07
4.1. Summary of the trusts' transformation expenditure for the period between 2012 and 2018	07
4.2. Field crops trusts	08
4.2.1. Maize Trust funding	08
4.2.2. Sorghum Trust funding	08
4.2.3. Oil and Protein Seeds Development Trust funding	08
4.2.4. Winter Cereals Trust Funding	10
4.3. Horticultural trusts	11
4.3.1. Citrus Industry Trust	11
4.3.2. Deciduous Industry Development Trust	12
4.3.3. Potato Industry Development Trust	12
4.4. Livestock trusts	14
4.4.1. Mohair Trust	14
4.4.2. Wool Trust	15
4.4.3. National Lucerne Trust	19
4.4.4. Meat Industry Trust	20
4.5.Challenges faced by the agricultural industry trusts with regard to transformation	20

SECTION FIVE: PRODUCTION AND TRADE INFORMATION	21
5.1. Potato Industry Development Trust	21
5.2. Wool Trust	21
5.3. Citrus Industry Trust	21
5.4. National Lucerne Trust	21
5.5. Mohair Trust	21
SECTION SIX: CONCLUSIONS	22

LIST OF TABLES

TABLE	DESCRIPTION	PAGE
Table 1:	Representation within the boards of the industry trusts	11
Table 2:	Trusts' asset bases for the 2018/2019 and 2019/20 financial years	13
Table 3:	Maize Trust expenditure on transformation	16
Table 4:	Oil and Protein Seeds Development Trust expenditure on transformation	17
Table 5:	The details of the OPDT expenditure on transformation	17
Table 6:	Winter Cereal Trust's transformation projects supported under GFADA	18
Table 7:	Details of the projects funded in the citrus industry through the Citrus Industry Trust	19
Table 8:	Details of the potato projects funded through the Potato Industry Development Trust	21
Table 9:	Transformation projects of the Mohair Trust	22
Table 10:	Summarises the expenditure during the 2019/20 financial year for the Wool Trust's transformation initiatives.	23
Table 11:	Communally produced wool presented for marketing through the auction system	26
Table 12:	Transformation interventions by the National Lucerne Trust	27
Table 13:	Wool production in volume trends to showcase transformation progress in the sector (million kg grease wool)	29

LIST OF FIGURES



FIGURE	DESCRIPTION	PAGE
Figure 1:	Trusts’ transformation expenditure over eight years (2012 to 2020)	15

EXECUTIVE SUMMARY

The trusts in South Africa operate in terms of the prescripts of the Trust Property Act (57) of 1988. However, the agricultural industry trusts operate with mandates derived directly from the Marketing of Agricultural Products Act (47) 1996. The status report on agricultural industry trusts is an annual report by the National Agricultural Marketing Council produced in collaboration with the industry trust administrators. This report aims to inform the Minister of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the industry on the status of the trust assets. The report further outlines activities performed with the proceeds of the investments and transformation financed by each trust. The industry trusts have a mandate to ensure that the assets are protected and adjusted annually to cater for inflation while using the proceeds generated from the investments to fund industry activities such as research and development, transformation, industry promotion and training aligned to enterprise development.

The year 2019/20 was one of the most challenging due to the COVID-19 pandemic, which impacted most of the industry's asset base. There are currently 11 industry trusts, of which seven recorded a decrease in the asset base and only four recorded an increase by small margins. The industry trusts' current asset base is valued at R 2.2 billion in the 2019/20 reporting period, from R 2.3 billion reported in the 2018/19 period, which shows a decrease of over R 67.1 million.

There are currently 82 trustees, 56 of whom represent the industry and only 26 of whom (12 females and 14 males) represent the Minister of Agriculture, Land Reform and Rural Development. It is important to note that the status quo in terms of the number of male versus female representation on the Board of Trustees is likely to change, as the newly appointed ministerial trustees are mainly females. The delay is due to delays in the Master of the High Court registration processes.

The industry trusts remain key vehicles to drive transformation in the agricultural sector. Even during the COVID-19 pandemic, the trusts raised the bar high by spending over R76,6 million on transformation in the 2019/20 reporting period compared to the R65,7 million expenditure in the 2018/19 survey – an increase of about R 10.9 million. The efforts of the trusts towards transformation are visible and highly commendable. Interestingly, with the development of the Agriculture and Agro-Processing Master Plan, more opportunities and collaborations may emerge between the industry trusts, government, and other key stakeholders to enhance transformation and inclusivity within the agriculture agro-processing sectors.

Furthermore, tracking the impact of transformation funds in the sector remains a major challenge, especially in terms of keeping records on the number of smallholder farmers and the volumes produced and the distribution of the volumes to the markets. However, the same cannot be said for the commercial sector. The details are outlined in the status report sections, which are subdivided as follows:

- › Section one covers the activities of the NAMC with regard to the agricultural industry trusts;
- › Section two covers general information relating to governance;
- › Section three covers financial information;
- › Section four covers transformation information; and
- › Section five covers production and trade information.
- › Section six covers conclusions.

The status report¹ on the agricultural industry trusts is hereby presented to the Minister of DALRRD and the Portfolio Committee on Agriculture, Land Reform and Rural Development.

¹ This report was compiled by Mr Matsobane (BM) Mpyana, Mr Bonani Nyhodo, Dr Ndumiso Mazibuko, Mr Elekanyani Nekhavhambe and Ms Nomantande Yeki



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SECTION ONE: THE ACTIVITIES OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL WITH REGARD TO THE AGRICULTURAL INDUSTRY TRUSTS



1.1 Background

Section 1 reports on the activities performed by the NAMC under the Agricultural Industry Trusts Division for the reporting period, covering work pertaining to the co-ordination between the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the agricultural industry trusts. The matters reported to the Minister, Mrs A.T. Didiza, include, but are not limited to, the appointment of ministerial trustees (recommending names, with the Minister making the appointments), the co-ordination of 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 inform the Minister of the status) on the work of the agricultural industry trusts. The details of each of these activities are presented in the subsections that follow.

1.2 Engagement between the NAMC and agricultural industry trusts

On 11 March 2021, the National Agricultural Marketing Council (NAMC), through its Industry Trusts Division, hosted its annual workshop with the industry trusts, as well as various key departments such as the Department of Justice and the Department of Agriculture, Land Reform and Rural Development, to share the successes achieved and the challenges faced in the work of the industry trusts. Over 35 delegates attended the 2021 workshop, and due to the COVID-19 pandemic, the workshop was hosted virtually through MS Teams. The majority of the trusts reported a decline in their asset base due to COVID-19; however, there are still positive forecasts that the markets may rebound and things will go back to normal in the near future. The industry trusts highlighted challenges regarding the lengthy period of approval for the appointment of trustees, which involves registering the trustees with the Master of

the High Court.

The challenges of delays with the Master of the High Court were discussed, and the Deputy Master committed to assisting the trusts in fast-tracking the process. The NAMC will work together with the Minister's office to ensure that the delays in the approval of ministerial submissions are addressed.

The comprehensive report regarding the engagement is available at www.namc.co.za.

1.3 Appointment of ministerial trustees

The terms of Ms P. Sello-Motlogeloa and Mr A. Sithole in the Citrus Industry Trust lapsed in May 2019 and they were replaced by Ms H. Lefophane and Ms F. Thovhogi. In the Winter Cereals Trust, the terms of Mr A. Bartlett and Ms M. Mnisi lapsed and they were replaced by Dr T. Tsilo and Ms B. Fakudze. Following the Minister's appointment, the NAMC conducted a comprehensive induction for the newly appointed ministerial trustees to gear them up for their respective duties. The induction covered the role of the NAMC with regard to the industry trusts and the unpacking the governance of the trusts for the trustees to clearly understand their roles in the respective trusts where the Minister is represented. The ministerial trustees' terms in the Maize Trust, Sorghum Trust, Oil and Protein Seeds Development Trust, and Deciduous Fruit Industry Development Trust have lapsed, and the Minister has not yet approved the replacement trustees.



TRUST ADMINISTRATORS

LIVESTOCK



FIELD CROPS



HORTICULTURE



Deciduous
Fruit Industry
Development
Trust



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

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SECTION TWO: GENERAL TRUST INFORMATION

2.1 Introduction

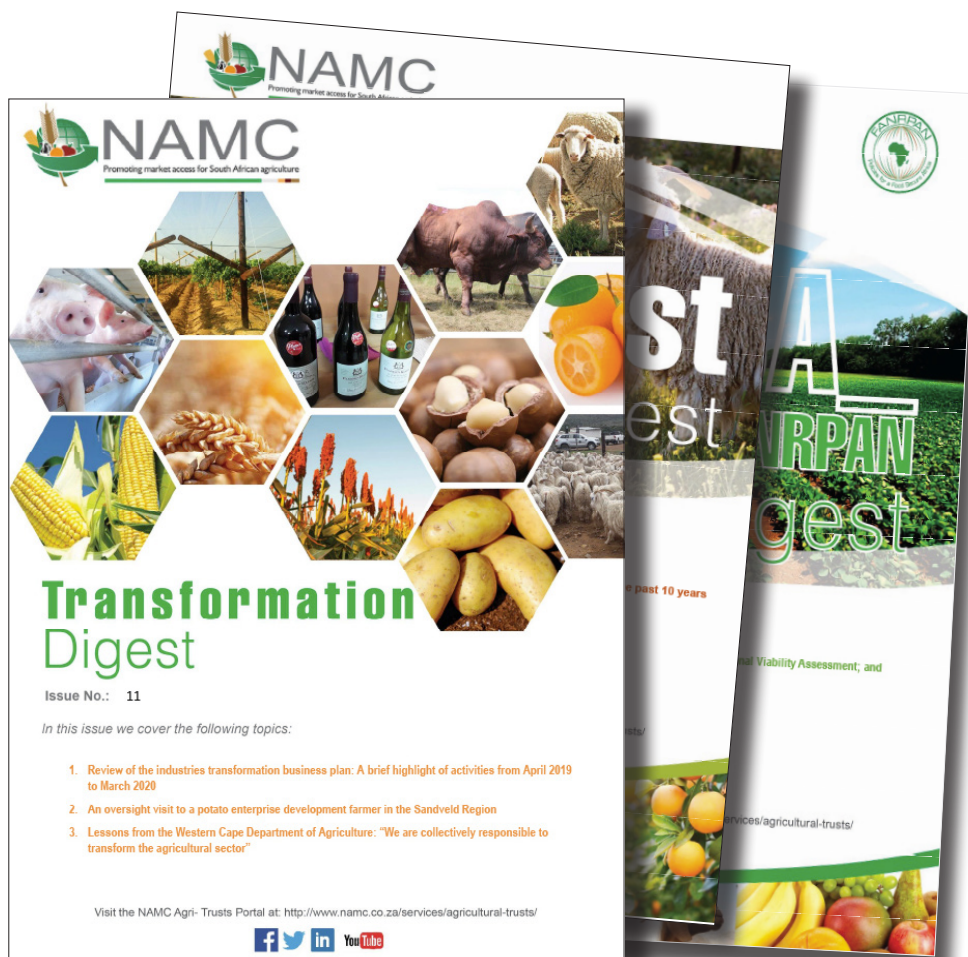
This section presents information on the governance of the trusts. There are currently 82 trustees, of whom 56 represent the industry and only 26 (12 females and 14 males) represent the Minister of Agriculture, Land Reform and Rural Development. It is important to note that the status quo in terms of the number of male versus female representation on the Board of Trustees is likely to change, as the newly appointed ministerial trustees are mainly females. The process has been prolonged due to delays in the Master of the High Court registration processes. Table 1 below shows the representation within the board of each industry trust.

Table 1: Representation within the boards of the industry trusts

Trust Category	Trust Name	Age of the Trust (years)	Board of Trustees
Horticulture	Citrus Industry Trust	22	Mr Z. Mavimbela (Outgoing); Mr J. Brand (Vice-Chairperson); Dr H. Ngwenya (Chairperson); Mr A. Sithole (outgoing); Ms P. Sello-Motlogeloa (outgoing); Mr P. Dempsey; Ms H. Lefophane (incoming) & Ms F. Thovhogi (incoming).
	Deciduous Fruit Industry Development Trust	22	Mr I. Motala (Chairperson); Ms K.M. Rangaka; Mr T. Abrahams; Mr N. Dicey; Mr E. Jefthas & Mr J. Sauls.
	Potato Industry Development Trust	17	Mr G.E. Yzel (Chairperson); Mr W.M. Fourie; Mr M.S. Mabuza; Mr D.H. van Zyl & Dr B.J. Pieterse.
Field crops	Maize Trust	23	Dr J.L. Purchase (Chairperson); Dr S.S. Ndlungwane (Vice-Chairperson); Ms M.E. Mabe; Mr Z. Ngejane; Mr D.J. Mathews & Mr B.C. Schoonwinkel.
	Sorghum Trust	24	Mr H. Mohane; Mr W. Groothof (Chairperson); Mr J. de Wet Boshoff; Mr D. Beets & Mr R. Pholo.
	Oil and Protein Seeds Development Trust	24	Mr A.R.D.H. Moosa (Chairperson); Mr J.D. Boshoff (Vice-Chairperson); Ms J.M. van der Merwe; Mr R.E. Monaisa; Mr R. Küsel; Mr D.I. Schutte; Mr K. Gaoraelwe & Ms U.C. Speirs.
	Winter Cereals Trust	24	Mr N.H. Masithela [(Chairperson), (outgoing)]; Ms M.E. Mabe (outgoing); Mr B.B. Make (Outgoing); Mr A.W. Bartlett; Ms M.M. Maphanga; Mr T.V. Mongoato; Ms J. van der Merwe; Mr G.R. Penny; Ms M. Purnell; Mr B. Mokgatlhe; Mr J.F. de Villiers; Mr A.P. Theron (outgoing); Mr R.P. Krige (incoming); Dr S.T. Xaba (incoming); Dr M.P. Bopape-Mabapa (incoming) & Mr S.L. Mabombo (incoming).
	National Lucerne Trust	24	Mr D. Malan (Chairperson); Mr J. Potgieter; Mr C. Bhiya; Mr R. Roselt; Mr B.D. Megaw; Mr S. Brunette & Mr R. Strydom.
Livestock	Meat Industry Trust	23	Mr D. Olivier (Chairperson), Mr W. Clack; Mr George Southey; Mrs B. Tlhabane; Dr T. Hewu & Mrs N. Motshegoa.
	Mohair Trust	24	Mr R. Kirsten (Chairperson); Mr M. Shires; Mr J. Oelofse; Ms N. Hadi; Mr I. Staats; Mr G. Hope; Mr C. Hobson; Mr A. Greeff; Mr D. Short; Mr D. Nel; Mr S. Fani & Mr C. Kemp.
	Wool Trust	24	Mr H.N. Bonner; Ms N.E. Dlula (outgoing); Mr A.R. Kidson; Dr A. Moore; Ms N.O. Sigidi; Mr J.P. Stucken; Ms J. Letswalo (incoming) & Mr H.A. van Schalkwyk (Chairperson).

NATIONAL AGRICULTURAL MARKETING COUNCIL

AGRICULTURAL INDUSTRY TRUSTS



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SECTION THREE: FINANCIAL INFORMATION

3. Introduction

This section provides financial information regarding all the industry trusts for the reporting period of 2019/20. Table 2 shows the asset values for the 2018/19 and 2019/20 financial years (FYs) and the difference. The agricultural industry trusts’ total value has decreased by R 67.1 million compared to the previous cycle (2018/19), which shows that over the past three FYs, the asset value decreased from R 2.4 billion in 2017/18 to R 2.3 billion in 2018/19 and recently to R 2.2 billion in 2019/20. Only four out of 11 industry trusts managed to record an increase in the asset value, whereas the remaining seven recorded decreased asset value. This decrease may be as a result of COVID-19. It is important to note the section after Table 2 that explains the increases and decreases in asset value.

Table 2: Trusts’ asset bases for the 2018/2019 and 2019/20 financial years

Trust Name	Total Asset Value (R)		Change (R)
	2018/19	2019/20	
Citrus Industry Trust	15 447 855	14 811 430	-636 425,00
Deciduous Fruit Industry Development Trust	17 113 818	17 121 862	8 044,00
Maize Trust	1 030 342 303	1 002 121 609	-28 220 694,00
Meat Industry Trust	48 048 852	50 154 619	2 105 767,00
Mohair Trust	274 274 112	261 115 585	-13 158 527,00
National Lucerne Trust	1 844 933	1 858 567	13 634,00
Oil and Protein Seeds Development Trust	314 890 562	309 242 325	-5 648 237
Potato Industry Development Trust	22 782 515	28 029 018	5 246 503
Sorghum Trust	26 208 750	23 896 147	-2 312 603
Winter Cereals Trust	64 480 385	54 781 411	-9 698 974
Wool Trust	543 703 763	528 889 536	-14 814 227
Total	2 359 137 848	2 292 022 109	-67 115 739

3.1. Reasons for asset growth/decline

3.1.1. Horticultural trusts

- › **Citrus Industry Trust:** The Trust's asset base decreased from R 15.4 million in the 2018/19 financial year to R 14.8 million in the 2019/20 financial year. The Trust recorded a decrease in two consecutive FYs. However, this was due to the poor market and investment performance.
- › **Deciduous Fruit Industry Development Trust:** The Trust's asset base increased from R 17.11 million to R 17.12 million between the 2018/19 and 2019/20 financial years due to the trustees' allocation of investments into the various portfolios.
- › **Potato Industry Development Trust:** The Trust's asset base increased from R 22.7 million to R 28.0 million between the 2018/19 and 2019/20 financial years. The Trust's assets increased, despite lower income, mainly due to unspent funds attributed to the COVID-19 situation and the associated regulations. Certain projects could not be carried out, and training sessions and meetings could not take place. As a result, the unused funds were invested and thus increased the investment amount.

3.2.2. Field Crop Trusts

- › **Maize Trust:** The Trust's asset base declined from R 1.03 billion to R 1.00 billion between the 2018/19 and 2019/20 financial years, which was due to market volatility and lower growth performance on investments. Markets are busy stabilising, and better performance is expected in the next financial year.
- › **Oil and Protein Seeds Development Trust:** The Trust's asset base decreased from R 314.8 million to R 309.2 million between the 2018/19 and 2019/20 financial years due to market fluctuations, increasing the transformation budget, as well as fewer interests and dividends.

- › **Sorghum Trust:** The Trust's asset base decreased from R 26.2 million to R 23.9 million between the 2018/19 and 2019/20 financial years. The decrease was due to market volatility and funding policy that will deplete the Trust's funds over time.
- › **Winter Cereals Trust:** The Trust's asset base decreased from R 64.4 million to R 54.8 million between the 2018/19 and 2019/20 financial years. The assets of the Trust decreased due to the loss from the investments of the Trust. The Trust's investment mandate is reviewed by the Trust Investment Committee, which meets annually to evaluate and review the Trust's investments. The investment mandate of the Trust is reviewed when a situation occurs that deems it necessary.
- › **National Lucerne Trust:** The Trust's total asset value increased from R 1.84 million to R 1.86 million between the 2018/19 and 2019/20 financial years due to normal annual appreciation.

3.2.3. Livestock Trusts

- › **Meat Industry Trust:** The total asset base increased from R 48.0 million to R 50.1 million between the 2018/19 and 2019/20 financial years due to the rising market value of investments.
- › **Mohair Trust:** The total asset base decreased from R 274.2 million to R 261.1 million between the 2018/19 and 2019/20 financial years due to the decrease in the investors' portfolio resulting from a downturn in the international economic climate and the COVID-19 effect.
- › **Wool Trust:** The total asset base decreased from R 543.7 million to R 528.9 million between the 2018/19 and 2019/20 financial years due to poor market performance, which resulted in a decrease of about 2.72 % in the asset base.

SECTION FOUR: TRANSFORMATION INFORMATION

4. Introduction

This section covers the trusts’ expenditure on transformation. 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.

4.1. Summary of the trusts’ transformation expenditure for the period between 2012 and 2020

Figure 1 presents the trusts’ transformation expenditure from the 2012/13 survey to the 2019/20 survey. The trusts continue to be the key vehicle in driving transformation in the sector. The trusts spent over R 76.6 million on transformation in the 2019/20 reporting period compared to the R 65.7 million expenditure in the 2018/19 survey – an increase of about R 10.9 million. The efforts of the trusts towards transformation are visible and highly commendable. Interestingly, with the development of the Agriculture and Agro-Processing Master Plan, more opportunities and collaborations may emerge between the industry trusts, government and other key stakeholders to enhance transformation and inclusivity within the agriculture agro-processing sectors.

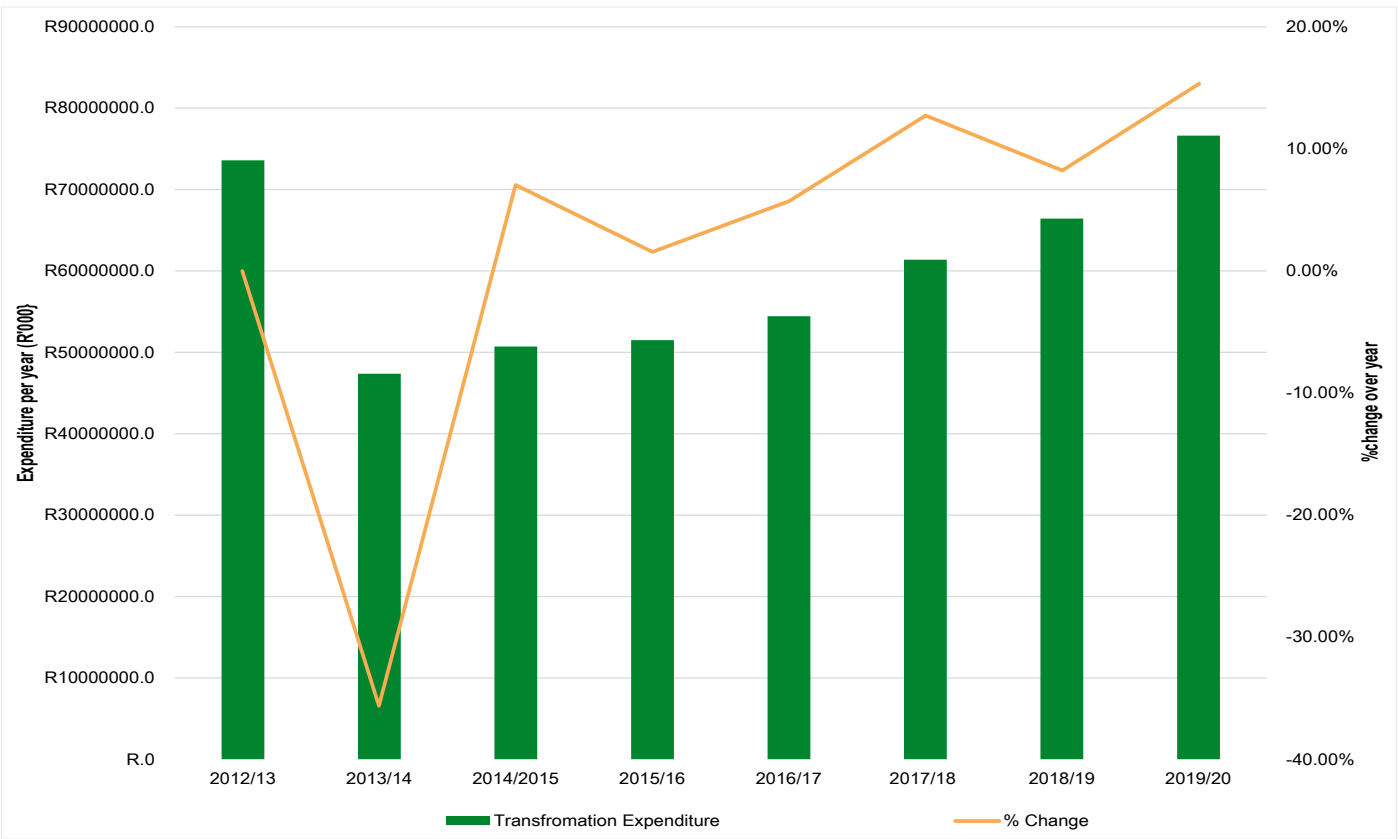


Figure 1: Trusts’ transformation expenditure over eight years (2012 to 2020)

Table 4: Oil and Protein Seeds Development Trust expenditure on transformation

Activity	Amount (R)
Training	710 600
Bursaries	500 000
Individual farmers	5 000 000
Enterprise development/community projects	1 427 942
Other (information, technology transfer & production)	6 429 754
Total	14 068 296

Table 5: The details of the OPDT expenditure on transformation

Activity	Province	No. of beneficiaries	Amount spent
Farmer Development by GrainSA (training and Pula/Imvula)	All provinces (9)	16 482 copies distributed & over 306 learners attended training	R887 653
Student bursaries	All provinces (9)	7 MSc and 3 PhD	R500 000
Development of oilseed farmers (soybeans and sunflowers) through GFADA	Free State, North West, Gauteng, Mpumalanga & Eastern Cape	16 soybean farmers & 15 sunflower farmers	R3 625 238
Oil and protein seeds transformation initiative by Oilseeds Advisory Committee & OPDT	KwaZulu–Natal	20 soybean farmers	R456 265
Groundnut cultivar trial by Mpumalanga Department of Agriculture	Mpumalanga	-	R50 000
Development and training of sustainable soy-in-food consumers with progression to soy-preneurs level by Eden Social Development Foundation Addressing food insecurity by supporting economic growth for emerging farmers by Vaal University of Technology	KwaZulu–Natal	911 (soy awareness) & 289 (planting)	R997 765
Promoting soybean household production and processing	-	-	R200 000

4.2.4. Winter Cereals Trust Funding

The main focus of the Trust with regard to transformation is on the development of black farmers in the industry to become sustainable commercial farmers. The farmer development programmes are run on the basis of a holistic farming programme that entails crop rotation systems. In addition to farmer development, the Trust further funds capacity building for the industry. The capacity building in terms of human development is fourfold: bursaries, internship, post-doctoral study and industry succession plan. The Winter Cereals Trust's expenditure on transformation is presented in Table 6. For the period under review, over R 5 million was spent on transformation activities.

Table 6: Winter Cereal Trust's transformation projects supported under GFADA

Transformation pillar		Activities	Province	Utilization	
				No. of farmers	Amount (R)
1	Enterprise development	Social correction, crop insurance, mentorship and production inputs	Eastern Cape	6	2 907 300
			Free State	1	645 200
			Western Cape	8	2 198 584
Total expenditure on transformation					R5 751 084

An amount of R1 412 627 was spent on skills development and training.

"Other" is R 511 891 which includes management control and reserved funds for projects.

4.3. Horticultural trusts

4.3.1. Citrus Industry Trust

The Trust’s transformation focus areas are training and enterprise development implemented through the Citrus Academy (CA) and Citrus Growers’ Association – Grower Development Company (CGA-GDC). The Trust remains committed to transformation by ensuring active participation of black designated groups in the citrus value chain. In 2019/20, the Citrus industry Trust (CIT), through the CA, spent a total amount of R400 000 on bursaries, and during the same period, a total amount of R100 000 was spent on enterprise development through CGA-GDC in the North West Province. Table 7 presents the details of the projects funded through the Trust’s funds.

Table 7: Details of the projects funded in the citrus industry through the Citrus Industry Trust

Citrus Farm Name	No. of beneficiaries	Units (ha or no.)	Money spent	Market supplied	Volume
Healthy Life for Achievers	2	66	R17 288,33	Processing & export	1 389,18
Bathlako Temo	2	61,5	R17 288,33	Processing	158,72
Gaman 67	2	35	R17 288,33	Processing	793,88
Elandskraal	2	159	R17 288,33	Processing	248,98
Maako Co-operative	1	-	R8 644,17	Processing	717,18
The Spillion Group (Export Agent)	1	-	R8 644,17	Exporters	-
Other	-	-	22 202,50	-	-

4.3.2. Deciduous Industry Development Trust

Currently, the Trust funds one student bursary at Elsenburg Agricultural Training Institute worth R50 000. The Trust believes that investing in human capital remains key to the future of the deciduous fruit industry and agriculture as a whole. The Trust has set aside over R400 000 towards enterprise development initiatives within the deciduous fruit industry, with the implementing agent being the Deciduous Fruit Development Chamber.

4.3.3. Potato Industry Development Trust

The Trust uses Potatoes South Africa (PSA) as its implementing vehicle of all Trust activities, including transformation. Guided by the NAMC's transformation guidelines, more than 20% is spent on transformation. PSA's transformation programme includes supporting black producers to successfully establish their potato farming enterprises, which ensures that the producers are properly skilled by providing training related to enterprise development and technical aspects of potato farming. The programme further ensures that mentors are in place who are responsible for knowledge transfer to new farmers and managing potato enterprises.

The tertiary skills development pipeline offers bursaries and internships to ensure a pool of graduates who can add value to the farming enterprises:

- › **Enterprise Development Programme:** The main focus of the Trust is enterprise development where farmers are assisted with business plans, potato seed, training, mentorship, and linking them with other agribusinesses to develop black commercial farmers (30 ha) in various potato regions in South Africa. The expenditure on enterprise development is currently approximately R4,3 million annually, which is the biggest budget of all the programmes within PSA's core divisions.
- › **Small Grower Development Programme:** This programme can be categorised under socio-economic initiatives that play a crucial role in food security. The communities from rural areas are taught how to plant and harvest potatoes on their own to enhance food security. In instances where there is surplus produce, the crop is sold to the local markets. The Trust has partnered with various provincial departments of agriculture, and during the year under review, 15 communities were supported, reaching an average number of about 750 people. Although the hectares planted ranges from 0.5 ha to 2 ha, the average production in the Vryheid project for three cultivars was estimated at 41 tons/ha for Mondial, 60 tons/ha for Electra and 43 tons/ha for Panamera.
- › **Training:** Training has become crucial in ensuring that the newly established farmers are upskilled to ensure that their business ventures are successful. Previously, PSA conducted a skills audit where gaps were identified; since then, PSA has focused on providing training identified by the skills audit. Training in areas such as financial management and plant production is ranked very high, and this is where the focus was during the year under review. During the reporting period, no formal training took place due to the limitations caused by the lockdown regulations.
- › **Tertiary Skills Development Pipeline:** This programme focuses on offering bursaries to needy and academically deserving students and provides internship and workplace opportunities. The desired outcomes of this programme are developing young talent through tertiary education that builds on the business's sustainability, providing exposure to the potato value chain, and enabling candidates to make informed decisions about their career choices based on exposure and experience.

Table 8: Details of the potato projects funded through the Potato Industry Development Trust

Programme Name	Province	Total Beneficiaries	Unit Hectares	Expenditure (R)	Market Supplied	Total Jobs Created
Enterprise Development Programme	The programme is active in four (4) provinces: KwaZulu-Natal, Eastern Cape, Limpopo and Western Cape.	15 [KwaZulu Natal (1); Eastern Cape (1), Limpopo (11) and Western Cape (1)]	170 ha	4 313 531	Fresh produce markets, processors, exports to Mozambique, and the informal markets (bakkie and informal traders)	150
Small Grower Development Programme	The programme is active in three (3) provinces, namely: KwaZulu-Natal (Appelsbosch, Port Edward, Weenen, Harding, Jozini); Eastern Cape (Flagstaff, Stutterheim, Bizana, Mqanduli, Mthatha, Qumbu, Lusikisiki & Alfred Nzo) and Mpumalanga (Daggakraal, Bryton & Badplaas).	19 communities (average of 50 members per community)	5 ha	77 293	Surplus sold in the community and neighbouring communities	-
Farm-based Training – Financial Management	Mpumalanga and Gauteng	2 students	-	116 800	-	-
Tertiary Skills Development Pipeline	Colleges: (Potchefstroom) & Universities: (Stellenbosch, Pretoria, KwaZulu-Natal, TUT, Limpopo, Venda, North West, Fort Hare)	22	-	515 537	-	-

4.4. Livestock trusts

4.4.1. Mohair Trust

Mohair Trust transformation takes place through the Mohair Empowerment Trust, a separate entity to the Mohair Trust. The Empowerment Trust of the Mohair Industry was established in 2010 to drive black economic empowerment projects within the mohair industry. The Empowerment Trust’s goal is to establish sustainable large-scale black mohair producers that can contribute to the mohair industry, thus providing them with the goats through interest-free loans and providing training to the Mohair Trust beneficiaries. During the reporting period, the Mohair Trust’s transformation expenditure amounted to R5 975 162, with a total of 5667 angora goats in the hands of 17 beneficiaries in the nine supported projects, creating over 68 jobs. Table 9 below indicate the details of the beneficiaries of the Mohair Trust.

Table 9: Transformation projects of the Mohair Trust

Province	Farm location	Number of beneficiaries	Goats received	Money spent	Jobs created
Eastern Cape	Weltevrede	2	306	297 186	8
Eastern Cape	Brakfontein	2	782	932 365	8
Eastern Cape	Irene	2	333	412 427	8
Eastern Cape	Doornrivier	2	1975	2 013 280	8
Western Cape	Tulpleegte	2	300	259 484	4
Eastern Cape	Matatiele	2	208	261 946	4
Eastern Cape	Rietfontein	2	490	489 500	4
Eastern Cape	Driefontein	1	619	639 350	4
Eastern Cape	Geluk	2	654	669 624	20
Total		17	4451	5 975 162	68

In respect of the above projects, the Empowerment Trust is also responsible for all costs associated with the transformation and delivery of consignments or any thereof to the projects; and it is obliged to serve as a member of the Project Management Team (PMT) and oversee the functions and operations of the PMT and remain involved in the projects. The PMT is required to meet every two months at any property of the projects. The PMT is responsible for physical inspections from time to time; evaluation and monitoring of the clip quality; evaluation and assessment of financial and administrative producers in respect of commercial mohair farming operations; assessment of the general commercial viability of the projects and identification of risks, and monitoring whether the project adheres to the Sustainability Mohair Guidelines published by the mohair industry. **It is important to note that most of these projects adhere to the new standards set out by the industry, referred to as Responsible Mohair Standards (RMS).**

4.4.2. Wool Trust

The Wool Trust’s transformation projects are directed at transforming smallholder wool producers into commercial producers while also integrating black small-scale and communal producers into the wool industry. The main focus of the Trust’s transformation initiatives includes: organising small-scale communal wool sheep producers into wool grower groups and assisting them to collectively harvest, class and pack wool to access the commercial wool market; prioritising and supporting infrastructure development initiatives (i.e. shearing infrastructure) in partnership with government and other stakeholders, including the private sector; supporting and implementing genetic improvement initiatives to improve the quality and quantity of wool produced by black small-scale and emerging producers; awarding bursaries to previously disadvantaged persons to enable them to obtain relevant qualifications and to endeavour to find employment for these bursars in the wool or related industries; and creating jobs through shearer training.

The Wool Trust focuses on these transformation activities because at least 40 000 black small-scale and communal wool sheep producers own an estimated four million sheep in South Africa. The larger herds are located in the Eastern Cape Province. Training and mentoring these producers to optimise their knowledge and skills to manage their flocks (an existing asset they already have) enables them to produce quality wool and improve their income and livelihoods. Improvement of smallholder flocks’ genetic make-up can improve wool quality and quantity through appropriate interventions and partnerships with commercial breeders, government, and other stakeholders. Another approach is to prioritise deserving wool-producing communities to provide proper shearing infrastructure to harvest the clip and prepare it for the formal market, which guarantees market readiness and market access to small-scale wool sheep producers and institutional support to integrate black wool sheep producers into the industry’s decision-making structures and organised agriculture.

Table 10 summarises the expenditure during the 2019/20 financial year for the Wool Trust’s transformation initiatives.

Table 10: Transformation projects funded by the Wool Trust

Focus Area	Expenditure (Rand)
Enterprise development	
- Zulukama Youth Wool Project	200 000
- Communal Wool Advisors	1 132 560
Skills Development	
- Training and Development	6 861 879
- Job Creation (Shearer Training)	3 322 563
- Bursaries	204 591
Total	11 721 593

PROFILES OF TRANSFORMATION PROJECTS FUNDED

Queenstown Production Advisor: A production adviser was 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 Zulukama area of Whittlesea, and also to establish a veld ram club in Elliott. The farmers’ demographics 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. These farmers have a tradition of wool sheep farming, but their wool production levels are lower than those of previous landowners due to their relatively low commercial farming skills. There was a need for an experienced production adviser, who is fluent in Xhosa, to train, guide and mentor/coach these farmers to develop into fully-fledged and successful wool farmers.

The total volume of wool produced by the developing commercial sector and supported by the Queenstown office increased to 5 876 741 kg, but the average price decreased by 30.8 % to 4 926 c/kg (compared to a drop of 23.6 % in the national average wool price). The drop in wool prices is mostly attributed to the impact of the COVID-19 pandemic and subsequent lower demand for wool in the international market (especially Chinese demand). Fortunately, good quality wool continued to be

in demand, emphasising the need to improve the genetic make-up for communal flocks regarding the quality and quantity of wool produced. Government support of the Genetic Improvement Programme has been discontinued since 2019 and it is strongly advised that support to this successful initiative is again considered.

The emerging farmers in the area are organised into four study groups. Each study group's training takes place every two months on a topic relevant to the sheep production cycle during that time of the year. The farmers were also exposed to successful commercial farmers in the area through two farm visits and two visits to the wool value chain in Port Elizabeth. Study group members were trained in (1) basic animal nutrition, (2) basic sheep breeding, (3) shearing shed management, (4) basic animal health, and (5) basic money management. A group of five emerging producers from Humansdorp were also trained in these important learning areas. The coaching of two emerging ram breeders is progressing well, and 16 rams were provided by the two breeders to the genetic improvement project of the NWGA in 2016, followed by 30 rams in 2017, then 75 rams in 2018 and 76 rams in 2019. Seventy rams were selected for the project in 2020, but funding support to the genetic improvement project was discontinued.

Zulukama Project - Communal Agricultural Transformation (CAT) Project: The Olive Leaf Foundation (OLF) is a sustainable development organisation with 30 years of community mobilisation experience. Established in 1989, it addresses land degradation, social fragmentation and poverty in communal areas and aims to benefit historically disadvantaged rural communities, all of whom are involved in livestock ownership and farming. Restoring the depleted grasslands that once supported vast numbers of animals will transform rural communities into thriving economies through training and enterprise development initiatives. The OLF's work in the Hewu community is called the Communal Agricultural Transformation (CAT) project and involves the ongoing training of five villages (Mceula, Kamastone, Bulhoek, Tsitsikamma, and Upper & Lower Zangqokwe) and their rangelands.

The project officially started in March 2019 and is implemented over three years to address the following.

i. Water reticulation infrastructure

implementation: In collaboration with various stakeholders, including Cape Wools, five villages have benefited from funding made available for two primary areas: (1) Livestock drinking water reticulation and (2) Genetics. Each village community listed their most pressing water-related needs and thereafter selected one in line with the budgeted amount. Where possible, developments with multiple benefits were designed and implemented. Mceula is an example of the numerous benefits flowing from one intervention. An existing 50 000-litre water reservoir (with a perimeter drinking trough) was capacitated and now provides water to sheep grazing in the surrounding camp while also supplying water to the community shearing shed that previously had no on-site supply. In addition, the reservoir is now also linked to about half the houses in the village (via the main village pipeline); for years, these household yards had no water for sheep kraaled overnight or when lambing. Two 5 000-litre water tanks and a sheep drinking trough were also provided.

› **Livestock genetics:** The improvement of wool genetics is an ongoing process within the target community and is sometimes hamstrung by novice wool growers (there are many new wool growers in the region). These new wool farmers individually purchase breeding sheep, with the negative consequences including, but not limited to, (i) The sellers are frequently unscrupulous speculators; (ii) Agents selling sheep often don't know the farmer's exact requirements; or (iii) Farmers attend auctions where they purchase sheep that lack superior wool-producing genetics.

To counteract the above challenges, the CAT project has helped facilitate each participating village in developing management structures that can support and train new farmers in the wool production sector. The CAT project has also provided successful wool production training to existing wool growers in the target community, including excursions to learn from local commercial wool producers, visits to the Wool

Exchange in Port Elizabeth, and ongoing training by NWGA extension officers. As developing a sense of ownership and responsibility is an integral part of achieving sustainability, the OLF has devised a system to procure better wool genetics whereby beneficiaries contribute 50 % of the amount paid for sheep. This means that more sheep are purchased and ensures that the sheep are well cared for.

The Wool Trust's funding for improved wool genetics was used to purchase sheep for primarily female sheep farmers within the five villages. This gender mainstreaming approach aligns with national and global imperatives to promote gender equity within the farming and economic sectors. In addition, in a community with numerous female-headed households, this gender mainstreaming sheep project will alleviate poverty. The new sheep with better wool genetics will form part of the CAT project's monitoring and evaluation plan, and the economic value of these genetic inputs will be tracked and recorded on an annual basis. As groups are formed and empowered, this will also be recorded, with relevant information made available in future project reports. Funding for the Zulukama Project was discontinued in 2020.

Bursaries: Since the establishment of the bursary fund, 33 students have graduated, of which 10 have been employed in agriculture-related industries. The total expenditure on bursaries awarded to previously disadvantaged students in 2020 amounted to R204 591.

Training and Development

- **Production advisor project for communal areas:**

The communal areas started with 846 wool growers' associations (or shearing sheds) in 1997, which had increased to 1 219 by 2020. There is a dire need for production advisory services in these areas. The Wool Trust funded the deployment of six production advisors in the Eastern Cape communal areas that the Department of Rural Development and Agrarian Reform (DRDAR) had previously funded. The Wool Trust committed to funding this critical project to R9,3 million from 30 June 2017 until 30 June 2020. This support has unfortunately been discontinued and alternative funding support is still to be sourced.

- **Skills development and transfer:** The Wool Trust has contributed funding towards rural development programmes in the Eastern Cape, Free State and Kwazulu-Natal since 1997. 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, as well as veld, pasture and nutrition management. A total of 183 courses were presented during the year under review and over 3 843 producers attended the training.

- **Market readiness and market access:** A total of 337 sheds were visited by production advisors to prepare sheds for shearing and to provide assistance/mentorship with classing and clip preparation for the market. A total of 1 219 sheds sold their wool through the auction system during the past season, compared to 1 187 in the previous wool season. This improvement could be attributed to the requirement that wool exports to China must meet minimum storage and temperature parameters as stipulated on the export certificate due to SA losing its FMD free status. See Table 11 for detailed statistics.

Table 11: Communally produced wool presented for marketing through the auction system

Season	Kilograms available for Auction	Value (Rand)	National Average Price (R/kg)	Communal Average Price (R/kg)
97/98	222 610	1 502 908	1 225	675
99/00	336 700	1 965 557	1 102	584
01/02	535 911	6 927 640	2 277	1 293
03/04	2 029 556	17 768 955	2 109	876
06/07	2 345 991	30 791 496	2 594	1 313
08/09	2 666 933	43 149 706	2 548	1 618
10/11	3 027 276	71 749 104	3 900	2 370
11/12	3 555 077	113 015 898	3 657	3 179
12/13	3 461 937	131 842 578	5 537	3 803
13/14	3 806 993	137 919 368	6 016	3 623
14/15	3 582 123	130 849 388	6 863	3 652
15/16	4 462 089	233 618 024	7 740	5 235
16/17	5 812 641	299 882 007	8 205	5 159
17/18	5 422 122	383 607 431	9 907	7 075
18/19	4 737 000	336 979 827	11 265	7 114
19/20	5 876 741	289 475 740	8 603	4 926

It is customary to recognise those shearing sheds/woolgrowers who have achieved outstanding results in developing their sheep project for increased wool income. Five regional winners and an overall winner received the 2020 NWGA/Zoetis Prestige awards. The sheds rewarded with regional prices were Xholingada in Idutywa, Delville in Cala, Magadla in Maclear and Jozanas Hoek in Sterkspruit.

Springoove 2 was selected as the overall winner in the annual competition. Criteria relating to net income, bin bales, average bale mass, clean yield, wool market indicator and kilograms fleece were used to determine the winners. Springoove 2 produced good quality sheep and is on the same level of production as commercial producers.

Job creation: The Wool Trust annually funds a shearer training programme that provides employment opportunities for many unemployed previously disadvantaged persons. NWGA managed to leverage R 1 075 260 from AgriSETA to support Wool Trust funding towards the sheep shearing programme. A total of 731 shearers were trained during the reporting period, which included 384 beginner blade shearers, 88 intermediate blade shearers, 19 machine shearer instructors, 130 beginner machine shearers and 129 intermediate machine shearers.

4.4.3. National Lucerne Trust

The agricultural sector is a key economic driver and determines the viability of many communities throughout South Africa, especially in our country’s rural areas. The local and international market for lucerne hay and seed products presents a great opportunity to establish and sustain smallholder lucerne farmers’ sustainable growth and development. The National Lucerne Trust (NLT) is committed to assisting smallholder farmers in moving from subsistence to commercially oriented agricultural systems, thereby increasing their income and profit from production. Smallholder farmers’ income growth is fundamental to economic and social development, to the farmer’s ability to reinvest in their farms, and to the sustainable supply of lucerne products to both the local and international markets.

The NLT’s key focus areas of transformation during the year under review:

Enterprise and supplier development: The goal of the NLT’s Enterprise and Supplier Development Programme is to assist in the sustainable growth and development of smallholder farmers to grow and produce commercially in a sustainable way. Smallholder farmers depend on access to good quality seed, which is fundamental to their production systems. During the year under review, the NLT donated lucerne seed, moisture meters, lucerne hay samplers and COVID-19 facemasks to smallholder farmers in the North West and Western

and Eastern Cape provinces. The NLT also focused on exposing the farmers to market-related information. In December 2020, the NLT placed a near-infrared spectrophotometer (NIR) instrument, for the grading certification of lucerne hay, in Somerset East in the Eastern Cape Province. Going forward, farmers will have the opportunity to analyse their hay product for sale at no cost.

Training and skills development: The NLT’s Training and Skills Development Programme aims to empower smallholder farmers with the necessary knowledge and skills to compete on a local and international level. During the year under review, the NLT funded the lucerne hay grading course fees of smallholder farmers, NIR operators, lucerne hay graders, and lucerne hay traders who attended courses in the Northern and Eastern Cape provinces. The NLT also supported the University of the Free State’s (UFS) student bursary programme, which assists students with funding within the agricultural field.

Socio-economic development: The goal of the NLT’s Socio-economic Programme is to make a difference in the lives of children from socio-economically disadvantaged families. Huis Triomf Child and Youth Care Centre: Huis Triomf is a children’s home for boys between the ages of 8 and 18 years. During the year under review, the NLT supported the centre with lockers for each child. Table 12 shows the details of the NLT’s transformation interventions for the 2019/20 reporting period.

Table 12: Transformation interventions by the National Lucerne Trust

Pillar	Number of beneficiaries	Expenditure (R)
Enterprise and Supplier Development Programme	192	358 239
Training and Skills Development Programme	17	155 228
Socio-economic Development Programme	30	17 170
Total	239	530 637

The NLT also funded an R 50 000 bursary for one student in agricultural economics at the University of the Free State.

4.4.4. Meat Industry Trust

The Meat Industry Trust (MIT) is currently funding 11 student bursaries valued at an amount of R 677 000 and the MIT has agreed that transformation is an integral part of their perspective. The Trust has provisionally approved an amount of R 1.6 million per annum for future transformation projects.

4.5. Challenges faced by the agricultural industry trusts with regard to transformation

Citrus Industry Trust: Lengthy process of appointing ministerial trustees: It would be ideal to fast-track the registration of the trustees with the Master of the High Court.

Deciduous Fruit Industry Development Trust: Not enough funds to sponsor more black students.

Potato Industry Development Trust: Access to finance for Enterprise Development farmers to ensure continuation and expansion after exiting the programme; access to land, infrastructure and equipment, as well as technical expertise.

Maize Trust: Success is being achieved with new black commercial farmers, although this has proven to be a slow process. The Trust has decided to improve collaboration between the transformation service providers, and the process is ongoing.

Sorghum Trust: Little success is being achieved with the development of new black commercial sorghum farmers. The Trust has decided to improve collaboration between transformation service providers and across industries to stimulate sorghum production and avoid possible duplication.

Winter Cereals Trust: Climate change and the competitiveness of winter cereals crops compared to other grains crops are the major challenges facing the Trust regarding the development of black emerging farmers. There has been a drastic shift to the summer crops (maize, soybeans and sunflowers) by black farmers due to the challenges above. Farmers view wheat as a high-risk crop compared to summer crops due to the shift in rainfall pattern, yield and price competitiveness. South African producers can produce enough wheat and eliminate imports, but the low wheat yields (tons/ha) and prices discourage

farmers from planting wheat. For this reason, the Winter Cereals Trust has prioritised research projects that address these challenges faced by farmers.

Potato Industry Development Trust: Access to finance for Enterprise Development farmers to ensure continued expansion after exiting the programme, as well as access to land, infrastructure and equipment, remain a challenge for Enterprise Development farmers. The Minister could assist in liaising with government agencies and the banks regarding the extension of development finance to Enterprise Development farmers and liaising with the Department of Land Affairs to explore opportunities in terms of access to land.

Meat Industry Trust: The Trust is currently awaiting the appointment of the three ministerial trustees in terms of the Trust Deed. The current trustees can only maintain the Trust and make no new decisions on allocating bursaries or transformation projects.

Mohair Trust: Problems include lack of ownership of land to secure finance, as well as unproductive farms due to the wrong people occupying the land; the farms are too small and not economically viable; there are infrastructure challenges and there is a need for a younger generation of farmers to occupy the farms.

Wool Trust: There is still a huge need for development support in communal areas, specifically for shearing infrastructure, production advice and genetic improvement.

National Lucerne Trust: To achieve full empowerment of smallholder farmers, these farmers need to farm for themselves rather than be farmed by contractors. The NLT believes that sustainable development will only occur when the individual farmer is equipped to take full responsibility for his or her operations. For this to happen, the NLT needs to align its transformation goals with other industry role players to pool the resources.

The challenges experienced by the NLT include the collection of levies on uncertified locally produced lucerne seed that is sold on the black market and the collection of levies of lucerne hay produced for commercial purposes that is NOT analysed by the NIR-instrument, these levies are payable by the first lucerne hay dealer dealing with such lucerne hay.

SECTION FIVE: PRODUCTION AND TRADE INFORMATION

5.1 Potato Industry Development Trust

The total number of potato producers in the industry is estimated at 678, of which 560 are white commercial producers and 118 small black producers. The Potato Industry Development Trust supported 15 black producers during the year under review with the resources available to them. It is important to note that the black farmers supported under Enterprise Development are currently operating at the commercial level.

5.2 Wool Trust

The number of wool producers in the industry is estimated at 8494 commercial and 40 000 smallholder farmers (mainly communal farmers). Table 13 shows that over the eight years, the commercial sector has been in dominance with an average of 44.1 million kg of grease wool produced, whereas the smallholder wool production is averaged at 4.7 million kg of grease wool.

Table 13: Wool production in volume trends to showcase transformation progress in the sector (million kg greasy wool)

Trust	Producer Category	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Wool	Commercial	46,1	46,7	46,2	45,3	46,6	43,5	38,6	41,3
	Smallholder	3,5	3,8	3,6	4,5	5,8	5,4	4,7	6,5

5.3. Citrus Industry Trust

There are currently 145 black citrus enterprises in the citrus industry, of which 6 are supported through the Citrus Industry Trust. Seventy-six black farmers participate in the international markets and have a market share of about 14 %. In terms of production volumes, the commecial citrus producers account for an estimated 2 829 355 tons while the smallholder citrus producers account for 270 673 tons.

5.4. National Lucerne Trust

It is estimated that there are 127 lucerne hay producers, 42 hay traders, 263 seed producers and 12 seed cleaners in the lucerne industry as per the database of the Trust.

5.5. Mohair Trust

The mohair industry has approximately 1000 commercial mohair producers and about 95 % of all the mohair produced is exported to the international markets.

SECTION SIX: CONCLUSIONS



The National Agricultural Marketing Council would like to thank the administrators, the Board of Trustees, the transformation managers and all stakeholders involved in the work of the 11 industry trusts for their continued support to ensure that the Minister and the Portfolio Committee is up to date with the transformation interventions and asset base. The NAMC commends the industry trusts' sterling work in ensuring that the trust assets are protected and the proceeds generated from the investments finance the industry work.

NOTES:

National Agricultural Marketing Council

Core Divisions

AGRICULTURAL INDUSTRY 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.

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

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.

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536 Francis Baard Street, Meintjiesplein
Building, Block A, 4th Floor, Arcadia, 0007



(012) 341 1115



(012) 341 1811/1911



NAMC
Private Bag X935, Pretoria, 0001



info@namc.co.za



www.namc.co.za

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GET IN TOUCH

536 Francis Baard Street, Meintjiesplein Building,
Block A, 4th Floor, Arcadia, 0007



Private Bag X935, Pretoria, 0001



012 341 1115



012 341 1811



info@namc.co.za



www.namc.co.za

