



NAMC

Promoting market access for South African agriculture



Levy and Trust Transformation report 2022

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This report was compiled in collaboration with all the trusts and levy administrators.

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Acronyms

AAMP	Agriculture and Agro-processing Master Plan
AgriBEE	Agricultural Black Economic Empowerment
ARC	Agricultural Research Council
BBBEE	Broad-Based Black Economic Empowerment
BCI	Better Cotton Initiative
BEE	Black Economic Empowerment
CASP	Comprehensive Agricultural Support Programme
CFSA	Cape Flora South Africa
CGA	Citrus Growers Association
CGA-GDC	Citrus Growers Association Grower Development Company
Co-op	Cooperative
DAG	Directly Affected Groups
DALRRD	Department of Agriculture Land Reform and Rural Development
DIRCO	Department of International Relations and Cooperation
DFDC	Deciduous Fruit Development Chamber
DRDAR	Department of Rural Development and Agrarian Reform
DTIC	Department of Trade Industry and Competition
EC	Eastern Cape
EIA	Environmental Impact Assessment
ETN	Ethical Trade Norway
FNB	First National Bank
GP	Gauteng
HACCP	Hazard Analysis and Critical Control Points
KZN	KwaZulu Natal
LDARD	Limpopo Department of Agriculture and Rural Development
M & E	Monitoring and Evaluation
MAP Act	Marketing of Agricultural Products Act
MIT	Meat Industry Trust
MP	Mpumalanga
MSc.	Master of Science
NAMC	National Agricultural Marketing Council
NLT	National Lucerne Trust
NWGA	National Wool Growers Association
OAC	Oilseed Advisory Committee
OPDT	Oil and Protein Seeds Development Trust
PDI	Previously Disadvantaged Individuals
Ph.D.	Doctor of Philosophy
PIDT	Potato Industry Development Trust
PLAS	Pro-Active Acquisition Strategy
POMASA	Pomegranate Association of South Africa
PSA	Potato South Africa



PTO	Permission to Occupy
ROI	Return on Investment
RPO	Red Meat Producers Organization
SA	South Africa
SACTA	South African Cultivar Technology Association
SAFA	South African Feedlot Association
SAMAC	Macadamias South Africa
SAPA	South African Poultry Association
SAPPA	South African Pecan Producers Association
SAPPO	South African Pork Producers Organization
SATI	South African Table Grapes Industry
SAWITU	South African Wine Industry Transformation Unit
SIZA	Sustainable Initiative of South Africa
TRC	Transformation Review Committee
VAT	Value-added tax
WC	Western Cape
WCDoA	Western Cape Department of Agriculture





Executive summary

According to Section 9 of the Marketing of Agricultural Products (MAP) Act (47) of 1996, the National Agricultural Marketing Council (NAMC) shall investigate the applications of statutory measures, report to the Minister and evaluate and review such measures at least every two years. Since 2001, the NAMC has conducted an annual review of all statutory measures implemented in terms of the MAP Act (the statutory measures implemented are levies, records and returns, and registration). This report focuses on the status of transformation interventions funded through statutory levy income and trust expenditure as part of the industry's commitment to inclusivity. The activities funded through statutory levy income and trust funds include administration (not more than 10%), industry priorities in research and development, consumer education, market access (foreign and local) and transformation (at least 20%). It is important to note that the trusts use the same guidelines in funding transformation. Registration, records, and returns are measures used to collect and disseminate information in a particular industry. The trust funds are the assets (monetary or fixed property) inherited by these industry trusts/bodies from the control boards during deregulation. The statutory levies are industry commitments to ensure competitiveness, sustainability and viability.

Agricultural trust funds and statutory levy funds play a critical role in funding transformation in South Africa's agricultural sector in line with the transformation guidelines of the NAMC. **Figure 1** shows that the percentage share of transformation spending in total levy expenditure increased over time while trust share fluctuated. During the period under review, about 20.0% (R179.2 million) was spent on transformation projects by levy administrators, an increase of R32.2 million compared to the R147 million spent in the 2020/21 financial year. On the trusts' side, transformation support amounted to approximately R55.9 million during the period under review from R73 million in 2013, representing a decrease of R13.54 million (in 2021). The industry collectively spent over R235 million on transformation, an increase of 10.68% from R210 million spent previously. To achieve competitiveness and inclusivity in the agricultural industry, all stakeholders agree that collaborations present the potential for high impact, reflected in the delivery models outlined in the Agriculture Agro-processing Masterplan (AAMP).



1. Introduction

This report aims to provide an overview of the progress/regress of transformation activities funded through statutory levies and trust funds for 2022-2023. As amended, the Marketing of Agricultural Products Act (Act no. 47 of 1996) provides for industry financing through statutory levies and trusts. These two well-established and sustainable sources of funding are used to support several generic activities in the agricultural sector. Transformation is one of the pillars financed through these two instruments aligned with NAMC's transformation guidelines. Initially, the main activities funded around transformation were training, mentorship, social projects, and training

material development. However, in recent years, levy and trust administrators have focused more on enterprise development, skills development, and management control. The report highlights trusts and industries' activities related to transformation, which should provide a clear understanding of the efforts to increase inclusivity in the sector. The report covers the work of the NAMC's Transformation Review Committee (TRC), Trust and levy expenditure on transformation over the years, Employment equity within the trusts and industries, actual activities funded, beneficiaries and impact created.





2. NAMC transformation guidelines

The Marketing of Agricultural Products Act, No. 47 of 1996 (MAP Act) defines the process for introducing statutory measures, and industries have used it to get statutory measures approved and gazetted. The Minister of Agriculture, Land Reform and Rural Development is responsible for approving statutory applications from commodity groups after investigations, co-ordination and recommendations have been made by the NAMC. One of the conditions of approval is that 20% of the levies collected should be used to fund transformation interventions in that sub-sector. To ensure effectiveness and efficiencies, the NAMC developed transformation guidelines that prescribe the establishment of the TRC, which monitors and evaluates the use of the 20% committed to transformation.

2.1. Transformation Review Committee (TRC)

The TRC reviews transformation business plans (in line with the NAMC Transformation Guidelines presented in Table 1) submitted as part of the levy applications and provides feedback. Industries approach transformation in different ways. As a rule, industry activities and budget allocations should be aligned with the guidelines. The TRC assesses the transformation business plan whenever an industry applies to continue or establish statutory levies. Furthermore, levy administrators must submit an annual transformation business plan concerning the activities they expect to undertake in a given financial year. The TRC reviews and approves proposed transformation activities and monitors and evaluates previous transformation performances.



Table 1: NAMC transformation guidelines

Pillar	Activities	Percentage
Enterprise development	<ul style="list-style-type: none">• Fund agribusinesses of black-owned farms by procuring production infrastructure, materials and inputs.• The industry shall fund soil preparation services for field crops and horticultural products.• The livestock industry is responsible for purchasing vaccinations, dosage programmes and veterinary services.• The industry shall fund the cost of accreditation and various legal and professional services (such as the Sustainable Initiative of South Africa (Siza) or the Hazard Analysis and Critical Control Points (HACCP)).• The industry shall assist farmers in accessing the market, including facilitating supply agreements or purchase contracts.• The industry shall fund business plan development.• The industry shall explore other funding options to increase the transformation budget (such as the Comprehensive Agricultural Support Programme (CASP), Jobs Fund and others).• The industry shall ensure that appropriate agricultural infrastructure, machinery and equipment are in good condition (e.g., electricity, water and bio-security measures).• The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses.	60%
Skills Development	<ul style="list-style-type: none">• Farmers and other stakeholders involved in the agricultural value chain, such as propagators, herders, processors, marketers, operators of machines and equipment, mechanics, and supervisors, will be trained and mentored to better manage their operations.• Training shall be provided by SETA-accredited skills developers in terms of the AgriBEE Charter.• The industry shall grant bursaries to black people to ensure they can develop the capabilities they need to manage their farms and agribusinesses.	18%
Management control	The industry shall fund the position of transformation manager. The appointment in this capacity shall only be funded for members of black-designated groups committed to equity.	17%
Ownership	The industry, or alternative funding sources, shall or can purchase equity in existing enterprises for black-designated groups.	5%
Socio-economic development	Industries are encouraged to perform activities that contribute positively to workers' quality of life and their communities.	

2.2. Reviewed industry transformation business plans

The NAMC transformation guidelines focus mainly on the 20% transformation expenditure of the total levy income, which supports black farmers and agripreneurs in industries that use statutory levies. Businesses that apply for statutory levies are required to submit a business plan detailing their transformation activities and budget. During the reporting period, five (5) transformation proposals/plans have been received and reviewed by the TRC, including South Africa Cultivar Technology Association (Lupines); South Africa Dairy Industry; South African Wine Industry Development and Empowerment Foundation; SAPA Egg Organization; and South African Wine Industry Transformation Unit.



2.3. Monitoring and Evaluation (M&E) through site visits

Section 4 of the NAMC transformation guidelines indicates that at any given time, the NAMC TRC may conduct site visits on the transformation projects to verify what is happening as part of monitoring and evaluating transformation activities. In the 2021/22 financial year, the TRC conducted six (6) transformation site visits¹ to transformation projects implemented by levy administrators, as highlighted below.

2.3.1. South African Table Grapes Industry (SATI)

On June 17 and 18, 2021, representatives of the NAMC Transformation Review Committee (TRC) and the SATI Transformation Manager conducted site visits in the Western Cape Province. The purpose of the visit was to conduct an M&E process on the progress of SATI's transformation projects. Five (5) projects were visited, and the farmers all appreciated SATI's assistance, especially with new vineyards and technical support. Each project faced different challenges, but all exported their produce.

2.3.2. Pomegranate Association of South Africa (POMASA)

On September 2 and 3, 2021, representatives of the NAMC TRC, POMASA, Chris Hani Development Agency and the Eastern Cape Department of Agriculture conducted site visits in the Eastern Cape Province to assess the potential role of POMASA in the projects and carry out an M&E process on them. POMASA visited four (4) projects and identified one in Mitford as having growth potential. POMASA currently supports it with technical support and SA & Global Gap training.

2.3.3. South African Pork Producers Association (SAPPO)

On September 8 and 9, 2021, the NAMC TRC representatives and SAPPO conducted site visits in Mpumalanga to perform M&E on SAPPO's projects in the province. The TRC team and SAPPO visited two (2) projects receiving SAPPO mentorship and technical assistance. The two projects are not receiving any additional funds and have the potential to grow and expand. One of the beneficiaries is under the SAPPO mentorship programme, which includes technical assistance and veterinary visits, which is beneficial since veterinary and biosecurity interventions are expensive.

2.3.4. Potato South Africa (PSA)

On December 2 and 3, 2022, the NAMC Transformation Review Committee was invited by PSA to monitor and evaluate some of the transformation projects that PSA is currently implementing with transformation funds in the Limpopo province. The invitation was also extended to Potato Industry Development Trust (PIDT) trustees and Potato Transformation Committee members. The TRC team and PSA visited five (5) projects under their enterprise development programme. The beneficiaries operate on tribal land with Permission to Occupy (PTO). PSA assists with the projects and the Limpopo Department of Agriculture and Rural Development (LDARD) with funding and procuring machinery, irrigation infrastructure construction, and production inputs.

¹TRC could not visit as many projects as in previous years, primarily due to COVID-19 restrictions.

2.3.5. Hortfin (Hortgro)

On December 6 and 7, 2021, the NAMC TRC was invited by Hortgro to monitor and evaluate some of the transformation projects currently being supported through the Hortfin loan in the Western Cape. The invitation was also extended to the Department of Agriculture, Land Reform and Rural Development (DALRRD), Western Cape Department of Agriculture (WCDoA) and Hortfin employees. The team and Hortgro visited four (4) projects that Hortfin supports. The projects also receive additional support from the DALRRD, WCDoA, Jobs Fund and the SATI. Hortfin aims to provide affordable credit at reasonable interest rates to black farmers.

2.3.6. South African Wine Transformation Unit (SAWITU)

On March 31 and April 1, 2022, the NAMC TRC was invited by SAWITU to some of the transformation projects that SAWITU is currently supporting with transformation funds in the Western Cape. The invitation was extended to the DALRRD, WCDoA, Proudly South Africa, and the Department of Trade Industry and Competition (DTIC). The purpose of the visit was to monitor and evaluate the supported projects and establish collaborations and partnerships between stakeholders to ensure co-ordinated support for the beneficiaries while improving black-owned wine brands' market share and competitiveness. A total of four (4) projects were visited, including the Wine Arc, which is the home of black-owned wine brands established to accommodate and facilitate marketing and distribution. Most projects visited were AgriBEE partnerships with plans for previously disadvantaged individuals to become the majority shareholders.

2.3.7. Challenges identified by the TRC

Several challenges have been identified that hinder the success of these projects to be commercially viable as per industry standards. The industry cannot resolve these challenges independently but must provide co-ordinated support. The challenges are as follows:

- Access to funding from commercial banks;
- Access to sufficient land for expansion;
- Lack of water for irrigation;
- Inability to use the farms as collateral to obtain bank financing;
- The impact of COVID-19 on the market, prices, and logistics; and
- Load-shedding affecting irrigation schedules and daily farm operations.

2.4. Industry Transformation Committee Meetings

NAMC TRC members participated in various industry transformation committees to strengthen relationships and observe and guide industry transformation activities. For the period under review, the TRC participated in the following transformation committees:

- Potato South Africa (PSA) Transformation Committee meeting;
- Raisins South Africa Transformation Committee meeting;
- South African Poultry Association (SAPA) Transformation Committee meeting; and
- South African Pork Producers Organization (SAPPO) Business Development meeting.



Figure 1:
NAMC, DALRRD, HORTGRO and
HORTFIN representatives with
Jacob's jam founders

3. Employment equity and job creation by agricultural trusts and commodity industries during the 2021/22 period

The DALRRD urges all its stakeholders to adhere to the Employment Equity Amendment Act, No. 47 of 2013, which aims to achieve equity in the workplace by promoting equality of opportunity and fair treatment in employment. It also ensures equal representation at all levels throughout the organisation. Agricultural trusts and commodity industries have started employing people from previously disadvantaged groups. At present, agricultural trusts and commodity industries employ 257 individuals. The proportion of Africans, coloureds, Indians, and whites is approximately 32.7%, 17.1%, 1.2% and 49.02%, respectively. Furthermore, this presents a worrying picture of employment equity, as transformation aims not only to enhance black producers' and agripreneurs' competitiveness, but also to close the gap between workers and service providers. **Table 2** shows the staff composition of statutory measures and trust administrators by race.

Table 2: Staff composition of statutory measures and trust administrators

Industry/trust name	African	Coloured	Indian	White
Cotton SA	8	-	-	10
Pecan SA	1	-	-	8
SACTA	1	-	-	-
Milk SA	4	2	-	3
SAPPO	8			
Table eggs	2	-	-	4
Cape flora	-	-	-	1
Mohair South Africa	4	-		6
Fruit South Africa	11	-	2	6
Deciduous Fruit Industry Trust	-	1	-	1
Meat Industry Trust	-	2	-	3
National Lucerne Trust	-	-	-	2
Oilseed & Protein Development Trust	-	-	-	2
Sorghum Trust	-	-	-	1
CGA-GDC	8	-	-	-
Fruit Fly Africa	-	8		4
Deciduous Fruit Industry (DFDC)	11	18	-	26
Macadamia	4	-	1	11
Raisins SA	-	2	-	4
SAWITU	-	2	-	-
SATI	1	5	-	6
POMASA	-	-	-	1
Winter Cereals Trust	2	-	-	-
Oil and Protein Seeds Development Trust	-	-	-	2
SA Olives	-	1	-	1
Wool Trust	-	2	-	2
Potatoes South Africa	19	1	-	20
National Lucerne Trust	-	-	-	2
Total	84	44	3	126

Source: Industry information (2023)



4. Agricultural trust and levy income/expenditure on transformation over the years (2012/13 to 2021/22)

Trusts and levy income are essential for funding transformation in the agricultural sector. Trusts fund transformation with their proceeds, while there is a 20% condition for transformation on levies collected. The NAMC’s transformation guidelines have proven to be an effective tool for funding transformation within the sector. According to **Figure 2**, during the period under review about 20.0% (R179.2 million) was spent on transformation projects by levy administrators, which represents an increase of R32,2 million compared to the 147 million spent in 2020/21. On the trusts side, transformation support amounted to approximately R55.9 million. This represent a R13.54 million decrease (in 2021). Notably, in the previous survey (2021) the transformation spending of the trusts decreased by R13.54 compared to the R10.19 million increase in the 2020 survey. This represents a decrease in transformation spending by the trusts in the past two years. Both the trusts and commodity industries together spent approximately R235.1 million on transformation during the period under review, which is a 10.68% increase from the previous year spending of R210 million. Collaborations remains a major impact on transformation as both the industries and the government are embarking on the journey of implementing the Agriculture Agro-processing Masterplan (AAMP) which will promote competitiveness and inclusiveness.

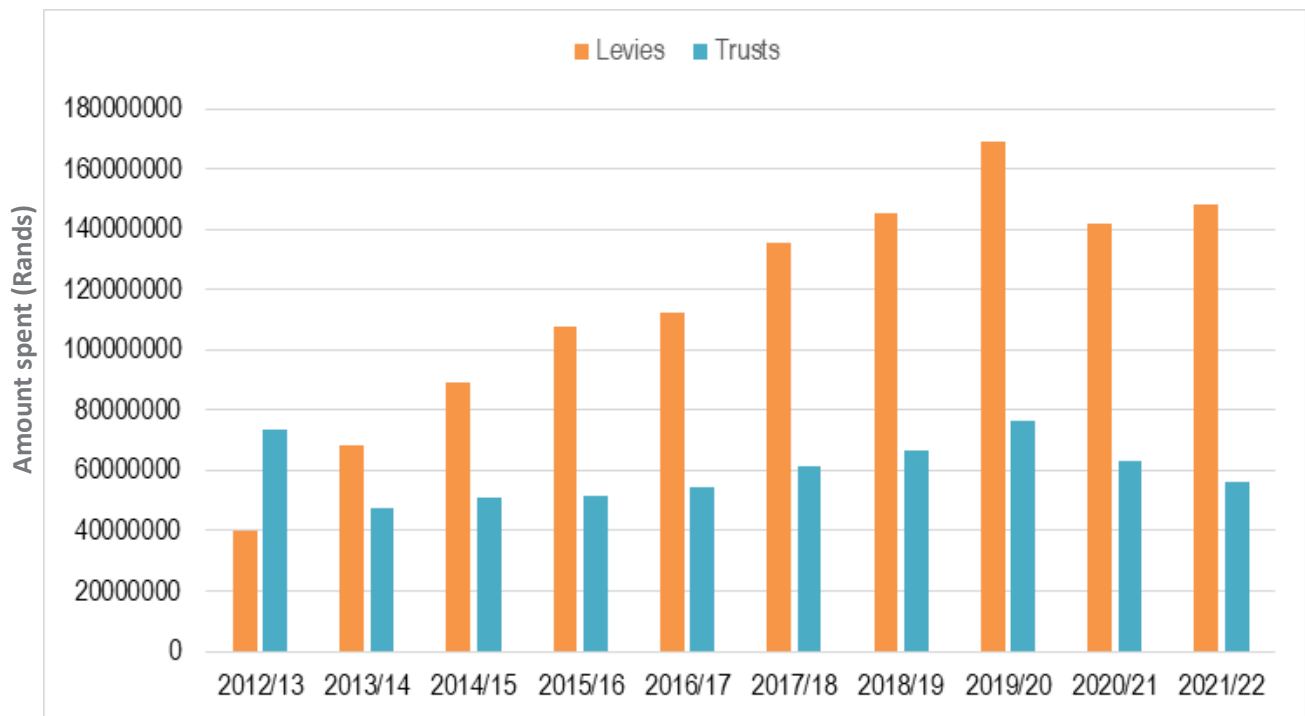


Figure 2: Agricultural trusts and levy expenditure on transformation

5. Transformation initiatives

5.1. Field crops

5.1.1. Cotton South Africa

Cotton South Africa provides training, mentorship, implementation and monitoring of transformation for black smallholder farmers in South Africa. The industry is directly involved in five (5) projects and indirectly in seven (7) others, all based in the Mpumalanga province. Cotton SA spent approximately R1.3 million on transformation, where R114 200 was allocated to enterprise development focusing on corporate governance and approximately R1.1 million to skills development to conduct training, respectively (see **Table 3**). Moreover, R15 588 will be added to the ownership component as part of establishing a new gin. Better Cotton Initiative (BCI) compliance training was conducted as part of the socio-economic development initiative, with R77 263 being spent on this initiative.

Table 3: Cotton SA's transformation expenditure for 2021/22

Pillar	Specific Activities Funded	Province	Amount Spent
Enterprise development	Co-operative governance	Mpumalanga	R114 200
Skills Development	Training	Mpumalanga	R1 161 325
Management Control	Project Management	Mpumalanga	R9 222
Ownership	New Gin	Mpumalanga	R15 588
Socio-economic Development	BCI	Mpumalanga	R77 263
Total			R1 377 598

Commercialization and sustainability: Due to inadequate funding in 2021, approximately 20% of smallholder farmers survived, and roughly 80% could not plant. After receiving support from Cotton South Africa, 88 farmers, or 20% of farmers, survived and remained sustainable.

Participation of black farmers in cotton production: Black farmers' participation in the cotton value chain is crucial in ensuring transformation and inclusivity in the South African agricultural sector. There are approximately 1 667 cotton producers in South Africa, of which 1 619 are smallholder farmers (predominantly black) and 48 are commercial farmers (predominantly white). Moreover, 92-93% of the cotton market is controlled by white commercial farmers, compared to only 7-8% by black smallholder farmers. Cotton SA's national strategy calls for establishing seven cotton gins in South Africa by 2026, with black farmers contributing 20% of the national crop.

5.1.2. Pecan Nuts

The board of the South African Pecan Producers Association (SAPPA) fully supports the transformation of the pecan nut industry. Transformation is overseen by a Transformation Committee chaired by the Director. The manager and technical staff devote 15-20% of their time to transformation. SAPPA has been able to provide 16 000 trees to 95 beneficiaries since the start of the transformation initiatives in 2014. It is estimated that the industry provided 3 500 trees to 37 existing beneficiaries and 13 new beneficiaries during the period under review. SAPPA spent approximately R1.5 million on transformation initiatives (see Table 4). Approximately R1.1 million was allocated for enterprise development to assist farmers in purchasing orchards, soil preparation,



fencing, irrigation, and production inputs. The industry also allocated R318 766 to three (3) black students with bursaries and trained new and existing pecan nut farmers. The transformation initiative supported 40 beneficiaries. Finally, approximately R97 050 was spent on socio-economic development to support schools and non-profit organisations with land to plant trees.

Table 4: SAPPA's transformation expenditure for 2021/22

Pillar	Activities funded	Location	Amount spent
Enterprise development	Orchards establishment	All provinces	R1 115 381
Skills development	Bursaries for black students	All provinces	R318 766
Management control	Transformation manager and intern		R32 818
Socio-economic development	Establishment of orchard trees	All provinces	R97 050
Total			R 1 564 015

Commercialisation and sustainability: Transformation aims to create black commercial and sustainable enterprises. A total of five (5) projects were already commercial before receiving industry support. A new farmer can now be considered commercial, and nine others have been identified to benefit from further support. After receiving industry support, 15 projects have ceased operations, while about 80 continue to function. Considering the long period between planting and harvesting of seven to ten years, only five commercial farmers can sustainably earn an income from pecan nuts.

Black farmers' participation in pecan nuts production: Pecan nuts are produced by approximately 700 to 800 farmers in South Africa, with approximately 300 black smallholder producers compared with 400 commercial farmers (predominantly white). Producing pecan nuts can be challenging since it takes approximately five to seven years to harvest and earn a profit. As a result, some projects are not yet fully profitable pecan nut enterprises.

5.1.3. South African Cultivar Technology Association (SACTA)

The South African Cultivar and Technology Agency (SACTA) was established to administer breeding levies for self-pollinated grain and oilseed crops, such as wheat, barley, oats, soybeans and lupines. SACTA funds enterprise development, research, skills training and socio-economic interventions. In the 2021/22 financial year, SACTA spent approximately R54.9 million on transformation initiatives.

Enterprise development: The SACTA transformation activities are primarily focused on enterprise development. SACTA makes funds accessible to service providers for new commercial farmer development programmes. A total of R48 665 395 was made available to service providers. SACTA's development programme consists of funding a farmer for three (3) years with an interest-free loan. After repaying the loan, the funds are available for the following season. Lastly, funding is available for all crops that are part of an appropriately planned crop rotation programme.

Management control: SACTA production input programmes allow a 7% management fee for service providers to perform their duties. Providers submit a VAT invoice to SACTA for the service fee. Approximately R3.6 million was spent on service providers. **Skills and Training:** SACTA spent approximately R2.2 million on skills development. SACTA introduced PhD, MSc bursary and internship programmes in 2019, focusing on breeding and technology studies. Bursary recipients increased from 15 (8 PhDs and 7 MScs) in 2021 to 19 (10 PhDs and 9 MScs) in 2022. **Socio-economic:** A primary objective of SACTA was to establish, improve, and maintain the water supply for schools in rural areas. SACTA entered into an agreement with Rotary International for a project at five (5) schools. The amount spent on socio-economic development was R38 154.29.

5.1.4. Maize trust

The Maize Trust provides funding for research, market information and transformation activities in the maize industry. Although the Trust does not collect levies, it follows the NAMC generic transformation guidelines. Grain SA grants transformation funds annually for training, technology transfer and farmer skills development. In addition, funds are granted to the Agricultural Research Council (ARC) for technology transfer and research activities directly targeted at emerging farmers. The Trust also administers an annual scholarship programme for MSc and PhD students. The aim is to promote studies in maize-related fields and build professional capacity in the South African agricultural sector. In addition, the Maize Trust funds several internships and a national school programme to educate students from previously disadvantaged communities on possible careers in agriculture and teach them the value of farming. **Table 5** below shows that R18 720 000 has been allocated for transformation in 2021/22.

Table 5: Maize trust's expenditure on transformation for 2021/22

Activities	Amount
Subsistence Farming	R898 000
Potential Commercial Farmers & Mentorship	R8 890 413
Training, study groups, offices, etc.	R8 931 587
Total	R18 720 000

5.1.5. Sorghum Trust funding

Transformation funding by the Trust is granted to complementary programmes to achieve a broad spectrum of transformation functions to create new black commercial sorghum farmers. Funding is annually allocated to Grain SA for training, technology transfer, and farmer skills development and to the ARC for technology transfer and research activities directly aimed at emerging farming operations and requirements. It is, therefore, difficult to assess the true impact of the Trust's funding, but it is entirely in line with the industry's requirements. **Table 6** shows that the Sorghum Trust spent around R1.1 million in the 2021/2022 financial year to support transformation activities. The Sorghum Trust transformation expenditure is highlighted below.



Table 6: Sorghum trust's transformation expenditure for 2021/22

Transformation pillar	Amount
Research	R354 552.30
Market	R535 250.7
Enterprise Development	R273 785.56
Total	R1 163 588.62

5.1.6. Oil and Protein Seeds Development Trust funding

As stated in the Trust Deed, the Trust focuses primarily on research and development initiatives that benefit oilseed producers (developing and commercial) in South Africa and other stakeholders in the value chain. The focus is on sunflower, soybean, canola and groundnut. However, the Trust also manages a transformation programme focusing on training, mentoring, information provision, enterprise development, community upliftment, input financing, insurance and technology transfer. The Trust manages the transformation programme based on project funding within the provisions of the Trust Deed and NAMC's Transformation Guidelines, which require that at least 20% of funds raised are invested in transformation. **Table 7** shows that the Trust spent approximately R16,9 million on transformation in 2021/22. In addition to directly assisting farmers, the Trust awards 10 MSc and PhD bursaries annually to deserving students enrolled at South African universities.

Table 7: Summary of OPDT expenditure on transformation for 2021/22

	Project	Province	No. of beneficiaries	Amount Spent
Enterprise Development	Nutritious snack multimix development			R92 783
	Pula/ Imvula, Training, Trials, Mentorship			R3 753 555
	Soy agro-processing business	KZN		R4 824 291
	Farmer Support for Sunflowers	FS and NW	17 Farmers	R1 783 250
	Groundnut Cultivar Trials	MP		R50 000
	Evaluation of canola cultivars	EC		R94 600
Skills Development	Training, Pula/ Imvula, Trials and Mentorship			R1 075 140
	OPDT/ OAC Bursary Scheme		10 x MSc and PhD Bursaries	R500 000
Socio-economic Development	Soy agro-processing business	KZN		R4 824 291
Total				R16 997 910

5.1.7. National Lucerne Trust (NLT)

The agricultural sector is a major economic driver and determines the viability of many communities throughout South Africa, especially in rural areas. The NLT is committed to assisting emerging farmers and agripreneurs transition from subsistence to a commercial-oriented agricultural system, thereby increasing their income and profit from lucerne products. The NLT has spent R837 118 supporting transformation activities. Key focus on lucerne transformation.



Enterprise and Supplier Development: The NLT's Enterprise and Supplier Development Programme aims to assist in the growth and development of emerging farmers and agripreneurs transitioning from a subsistence to a commercial-oriented agricultural business system. NLT's Enterprise and Supplier Development Programme expenditures totalled R644 800 per year.

Training and Skills Development: NLT's Training and Skills Development Programme aims to empower emerging farmers and agripreneurs with the necessary knowledge and skills to compete locally and internationally. The NLT supports the UFS Student Bursary Programme, which provides financial assistance to agricultural students. The trust has spent approximately R21 564 on training and skills development.

Socio-Economic Development Programme. The NLT provided rural schools in farming communities in the Oudtshoorn and surrounding area with much-needed education books and stationery supplies. NLT has spent around R21 002 on socio-economic development.

5.2. Livestock

5.2.1. Milk South Africa (Milk SA)

Transformation in the dairy industry means competitiveness and increasing black dairy entrepreneurs' market share. The industry has developed criteria for beneficiaries' selection. They have established partnerships with milk buyers to promote meaningful participation in the dairy market. They have appointed an independent, experienced livestock broker to secure pregnant heifers and a dairy consultant who consults with commercial farmers locally and in neighbouring countries to run workshops with project beneficiaries and workers to develop dairy enterprise technology and business skills.

Enterprise development: Milk South Africa spent R15.6 million on enterprise development. It delivered 305 pregnant heifers to nine beneficiaries and four bulls to two beneficiaries; two beneficiaries were assisted in cutting 44 and 8 hectares of maize for silage on an equal cost-sharing basis. The industry also supplied critical on-farm infrastructure. A cow-holding pen and workers' accommodation with a kitchen and ablution facility were constructed for



one beneficiary on a 25%:75% cost-sharing basis between the beneficiary and Milk SA. Furthermore, a windmill was converted into a solar energy pump for the same beneficiary.

Commercialisation and sustainability: The industry aims to increase black producers' competitiveness and market share in the dairy industry, which will contribute to the sustainability and commercialisation of these dairy enterprises. Milk SA supports 21 dairy enterprises that produce approximately 2 909 002 litres of milk from 827 cows. There are 13 farmers in the Free State Province and 2 or 3 farmers in the other four provinces. Furthermore, Milk SA has formed partnerships with milk buyers and livestock agents to ensure that farmers have access to markets, increase their market share, and access quality pregnant heifers. Milk SA has contributed successfully to the sustainable commercialisation of 20 smallholder dairy enterprises over the past ten years. Over 115 jobs were created.

Black farmers' participation in milk production: According to Milk SA, there are 984 milk producers in South Africa. In 2021, 21 BEE projects produced 2 909 002 tonnes of milk. Milk SA projects contributed only 0.09% to the total milk production (3 403 000 tonnes) in 2021. Notably, the information provided by Milk SA relates to the sustainable commercialisation of smallholder dairy enterprises that Milk SA is supporting.

5.2.2. South African Pork Producers Organisation (SAPPO)

SAPPO is committed to promoting sustainable growth in the pig industry and currently supports 78 farms under mentorship and veterinary services. They also have five farms under accounting services. In the enterprise development area, SAPPO has assisted farmers with financial planning for expanding their piggeries, evaluating carcass

quality, sourcing financial assistance for smallholder farmers, and assisting farmers in combating the spread of African swine fever. During the period under review, SAPPO spent R9 665 540 on transformation, while approximately R4.2 million was allocated for enterprise development with 877 beneficiaries. **Skills development:** SAPPO aims to ensure farmers thoroughly understand piggery production, including all the necessary technical skills. During the review period, they completed practical training on pig production, including the procurement of training materials and travel expenses. Furthermore, SAPPO provided bursaries totalling R62 658 to 9 staff members to improve their knowledge base. Overall, a total of R2.6 million was allocated for skills development.

Commercialisation and sustainability: Through partnerships, SAPPO was able to assist two projects to become commercially viable. They secured funding to purchase 90 gilts and other production inputs, negotiated market agreements and accounting services to prepare financial statements and submitted annual tax returns. Additionally, SAPPO assisted with securing funds for upgrading the pork unit, Pork 360 accreditation.

Additionally, nine projects ceased operation, while 58 remained viable and sustainable after SAPPO provided support.

Management and administration costs: This section includes the costs associated with facilitating transformation support for farmers, with R2 791 373 being invested.

Black farmers' participation in pig production: By increasing black pork producers' participation and market share, SAPPO strives to implement and create inclusive growth. The pork industry employs approximately 519 producers, of whom 351 are

smallholder farmers (predominantly blacks) and 168 are commercial farmers (predominantly whites). Smallholder farmers account for 30% of the market, whereas commercial farmers hold 70%. To increase market share, SAPPO plans to improve production efficiencies and biosecurity measures through mentorship programmes and veterinary services.

5.2.3. Table eggs industry

SAPA believes that transformation is one of the sector's most essential priorities due to the industry's dualistic nature and the general agricultural sector. The industry believes that industry and government should address transformation jointly to ensure tangible results in the sector. The table eggs industry spent R826 919.10 on transformation. Enterprise development expenditures included R246 335 for developing business plans and environmental impact assessments (EIA) for farmers seeking funding to expand their farming activities. Furthermore, most of the funding (R580 584.51) was spent on skills development by conducting audits for farmers and training workshops nationwide.

Commercialisation and sustainability: Over 70 producers receive assistance from the table eggs industry annually. The industry has also assisted 19 DALRRD leased farms with EIAs and business plans. The industry will now be able to support producers with interest-free loans for enterprise development.

5.2.4. Mohair Trust

Mohair Trust transformation is done through the Mohair Empowerment Trust, a separate entity from the Mohair Trust. The Mohair Empowerment Trust was established in 2010 to drive black economic empowerment projects within the mohair industry. The Empowerment Trust aims to develop sustainable large-scale black mohair producers. These producers can contribute to the mohair industry by obtaining goats with interest-free loans, training and support. The trust spent R1 246 492 on transformation

implementation through the Mohair Empowerment Trust. Most funds were used to purchase Angora goats (R802 073) and train emerging farmers (R444 419). It should be noted that the Mohair Empowerment Trust has commercialised several black emerging farmers as part of its five-year programme and looks forward to empowering more farmers in the future. Through the empowerment trust, the Mohair Trust formed partnerships with many entities, including AGRISETA, Grootfontein Agricultural College, NAMC, DRDAR, and many more.

5.2.5. Wool Trust

The Wool Trust's view and approach to transformation are to improve the livelihoods of more than 40 000 existing black small-scale and emerging wool sheep producers in South Africa through appropriate development interventions to:

- improve the quality and quantity of wool produced;
- improve their market readiness and market access;
- improve their household income; and
- assist these producers in commercialising their wool production.

With the support of Cape Wool management, the National Woolgrowers Association of SA (NWGA) is the selected organisation advancing transformation on the industry's behalf. The wool industry transformation strategy is based on organising small-scale producers into wool growers' associations so that they can collectively:

- harvest their clip;
- class;
- pack and prepare the clip to access the formal wool market;
- train and mentor these farmers on basic wool sheep production areas of learning, including but



not limited to sheep shearing;

- wool classing;
- basic livestock nutrition and health;
- prepare and manage shearing sheds.

Furthermore, the industry provides shearing infrastructure based on available funding support from government and other stakeholders. Table 8 illustrates the transformation expenditures of the wool trust.

Table 8: Transformation projects funded by the wool trust

	Project	Province	Amount Spent
Skills Development	Shearer and farmworker training	EC	R3 211 184
Socio-economic Development	Training and mentorship	EC	R4 327 523
Total			R7 538 767

Black farmers participation in wool production: In terms of market share, smallholder farmers hold only 13% of the market, while commercial farmers hold 87%. The industry has 4000 smallholder farmers, 40 000 communal farmers and about 9500 commercial farmers (predominantly white). The comparison between the average price per unit between smallholder farmers and large-scale commercial farmers is R57.92 and R97.36, respectively. Furthermore, the value of sales to informal/formal/international markets for smallholder farmers is R255 013 759.

Infrastructure development: Infrastructure plays a crucial role in wool production and shearing; therefore, the wool trust aims to ensure communal farmers have access to much-needed infrastructure that will allow their wool to be competitive locally and globally. Two sheep shearing sheds were built in Lady Frere (Region 23), and four existing sheds were upgraded (funded by Sibanye Stillwater Mines). The NWGA contracted two (2) Production Advisors for two years under a contract with Ethical Trade Norway (ETN) to enhance its capacity to support wool sheep development initiatives. NWGA Production Advisors assisted 25 communal producers in selecting and purchasing 120 rams to improve their flock genetics. However, discontinuing the Genetic Improvement Programme due to a lack of government funding is extremely concerning.



5.2.6. Red meat industry

The red meat industry determined that training was required in the primary producer segment to develop new entrepreneurial farmers in South Africa. Many extension services are provided as part of the red meat transformation projects to assist developing red meat producers acquire the knowledge and skills they need to increase and sustain their productivity and competitiveness. The red meat industry spent approximately R3 million on transformation. Three institutions implemented red meat industry-related transformation initiatives. One (1) was contracted by the industry, and two (2) were part of the industry. The following initiatives/programmes were implemented.

Obarro training programme - Obarro/SAFA Project aimed to select 15 Black farmers that didn't know how to improve their farming business. It was to equip them with knowledge and guide them with skills until they could farm independently. In total, about R1.4 million was spent on this initiative. The project also involved the recruitment of two (2) agricultural science graduates for an in-service contract, in which they would receive the necessary skills to be employed with the 15 selected farmers. Farmers' training included artificial insemination, bull/calf identification and selection, farm financial management, meat quality and classification, and beef production training. The focus of the initiative/programme was also on providing a service and benefit to 135 emerging farmers, 10 573 animals in a database, 82 x black production farmers, 46 x black production and feedlot farmers, and 6 x black feedlot farmers, 2 x interns.

Red Meat Producers Organization - The Red Meat Producers Organization (RPO) represents South African commercial red meat producers. The

organisation, on behalf of the red meat industry, spent approximately R1 million on transformation during the period under review. In this initiative/programme, farmers' days, on-farm visits, and mentoring sessions were offered, along with animal production programmes focused on developing farmers' skills in animal production and promoting their commercialisation. Red Meat Abattoir Association - The red meat industry spent about R594 000 on veterinary public health, standard-setting, and compliance through the RMAA. As part of ownership, the industry assisted farmers in facilitating the establishment of abattoirs for transformation abattoir owners. It also provided support services (technical aspects of abattoir operation) and verification audits. Moreover, the industry trained abattoir owners on animal welfare and HMS and HACCP (ISO 22000).

5.2.7. Meat Industry Trust

The meat industry is not yet eligible for statutory levies, so transformation is financed solely through trust funds. The trust has funded numerous bursaries over the years, with R180 000 allocated in 2022. However, it has funded enterprise development in the past two years and finalised its transformation strategy. As a result of delays, MIT has not been able to utilise its R2 million allocation for the 2022/23 financial year. Applications have been opened for farmers who wish to benefit from the trust. Ten applications have been identified and will be supported, subject to verification. Beneficiaries include four cattle, three sheep, and three goat producers.



5.3. Horticulture

5.3.1. Cape Flora South Africa (CFSA)

Transformation is one of CFSA's primary focus areas. CFSA's approach to transformation is based on partnerships with various stakeholders that can assist black producers address their developmental needs to become economically viable and sustainable. Cape Flora's Transformation Plan seeks to provide an enabling environment for black producers (including wild harvesters) by supporting business development and technical assistance, mentoring, coaching and training. Due to its limited funds, Cape Flora spent about R161 577 on transformation, assisting 33 beneficiaries during the period under review.

Enterprise development: CFSA spent R84 621 on transformation, focusing on enterprise development. The CFSA assisted three (3) projects in developing business plans, input purchase, project evaluation, technical advice and water analysis. Notably, one of the beneficiaries supplies both local and export markets. Additionally, two (2) farmers received funding to participate in a farmer's event under enterprise development.

Commercialisation and sustainability: CFSA supported two projects under its transformation initiatives. Approximately ten (10) different entities have received support in the past five years at various stages of development. These entities continue to receive support. One project, however, has been discontinued.

Black farmers' participation in Cape Flora production: Cape Flora South Africa estimates that there are 98 Cape Flora producers in the country. Five are smallholder farmers with two BEE projects, while 93 are commercial farmers (predominantly white).

5.3.2. Citrus Growers Association – Grower Development Company (CGA-GDC)

Growers Development Company seeks/takes a holistic view of transformation and focuses on external and internal environments. Their external transformation efforts encompass engagements with suppliers and ensuring a continuous focus on diversifying the supply chain through the support of small businesses and black-owned farms. For the 2021/22 financial year, CGA has achieved a level 5 rating on the BBBEE scorecard with 76.37 points under the Agricultural Sector (revised codes) Scorecard for Specialised Entities. **Table 9** shows that approximately 54.4 million was spent on CGA-GDC transformation.

Table 9: CGA-GDC's transformation expenditure for 2021/22

Pillar	Activities funded	Amount spent
Enterprise development		
CGA Grower Development Company	Development of black emerging growers through Enterprise Development	R33 500 000
Skills development		
Citrus Academy	Human capital, skills development and training for the citrus industry. Administration of bursary fund	R8 000 000
CGA	Expenditure on various matters such as SIZA, Mentorship, BBBEE, Jobs Fund - ETBCG Project (JF 8/1388)	R2 542 956
Management control	Operational costs Black beneficiaries of skills development and training	
Ownership		
Socio-economic development		
Preferential procurement		
Total		R54 300 000

Enterprise Development is led by the CGA Grower Development Company (CGA-GDC). CGA-GDC spent approximately R33.5 million supporting 155 majority black-owned citrus enterprises. The CGA has budgeted more than R140 million for Enterprise Development from 2021 to 2025. Additionally, CGA-GDC received R100 000 from the trust for Enterprise Development. The funding supports orchard development, water infrastructure provision, machinery and marketing. The CGA is also implementing a Jobs Fund programme to support the citrus industry transformation in South Africa.

Skills development is led by the Citrus Academy (CA). The Citrus Academy focuses on youth training and current worker upskilling. Each year, the CGA and its operating companies spend approximately R10.5 million delivering training programmes, such as Talent and Leadership Development and Management, a bursary fund, short courses and certifications. The CGA is a key partner in the Sustainability Initiative of South Africa (SIZA). SIZA assists growers in ethical labour compliance and environmental assurance while minimising certification costs. The CGA-GDC assists all majority black-owned citrus enterprises in becoming SIZA compliant.

5.3.3. Macadamia

Macadamia South Africa (SAMAC) employs value chains to promote an inclusive macadamia industry. There are few black-owned enterprises in the nursery and agro-processing sector. In the past, SAMAC focused its business development funding on growers' enterprises. The programme provides previously disadvantaged growers with skills and enterprise development initiatives to help them strengthen their business and production skills to become sustainable commercial growers. The industry spent R7 364 561 on transformation initiatives during the 2021/22 financial year.

Enterprise development: Emerging farmers who use irrigation and trees as part of their enterprise development receive investment from the industry. SAMAC assisted approximately 15 black enterprises in establishing 35 hectares of macadamia trees, providing irrigation, fertiliser, fencing and spraying programmes. SAMAC further provided Macadamia seedlings for the expanding hectares and assisted with ad-hoc requirements (brush cutters, pruning tools, generators, chain saws, pipes). Moreover, 35 new employment opportunities were created by expanding orchards. Approximately R3.6 million was spent on enterprise development.

Skills development: SAMAC assisted qualifying emerging farmers in getting Global GAP accreditation and facilitated a Leadership Development programme for young upcoming farm managers. Furthermore, SAMAC partnered with Recruit Agri on a very successful internship programme. It supported four (4) students with bursaries and organised multiple technical workshops and study groups. A total of R1 736 406 was spent on skills development.

Socio-economic development: The Emkhayideni Co-op is a farm located in Richards Bay near the Emkhayideni Technical School. They have approached SAMAC to assist the school with renovating the Emkhayideni Technical School mobile kitchen, which is used to run its feeding scheme. SAMAC has completed the school kitchen construction and renovation.

Commercialisation and sustainability: SAMAC supports 15 enterprises and has assisted 68 entrepreneurs in commercialising their businesses in the last ten years. At the first point of sale, the black beneficiaries produced 535.85 tonnes of product (tonnage) for R39 652 000.



Black farmers' participation in Macadamia production: SAMAC reports that there are 954 predominantly white commercial farmers and only 348 black smallholder farmers. Smallholder farmers only account for 36% of the industry's market share. Considering these statistics, it can be concluded that farmers are receiving adequate assistance from SAMAC, including its stakeholders, and that the percentage of black macadamia growers is expected to increase over time. Moreover, the industry has about 33 processors and 48 nurseries, respectively.

5.3.4. Raisins South Africa

Raisins South Africa's transformation mandate is to assist growers in becoming sustainable, thereby enabling them to succeed at a higher level. The industry assists black business entities in becoming sustainable commercial entities through enterprise development. As part of skills development, the industry supports farmers with training and provides bursaries for the previously disadvantaged. Socio-economic development offers financial assistance to farming communities. Raisins SA follows NAMC Transformation guidelines in implementing transformation initiatives. During the period under review, Raisins SA has spent R2 788 120.95 on transformation.

Enterprise development: Raisins SA's primary mission is to assist farmers in becoming sustainable businesses, primarily achieved through enterprise development. The industry spent approximately R1.3 million in the period under review, which represents 60% of its transformation budget. As there are limited funds available for the farmers, the industry constantly looks for strategic ways to secure external funding. Through external funding, Raisins SA provided market access and financial support to at least 50 farmers while issuing just over a million rand in revolving credit to about 40 emerging growers. The industry also supplied seven

(7) women farmers with drying facilities upgrading/development and planted 4 hectares for them. Commercial growers also contributed to the project. Furthermore, Raisins SA developed business plans for growers and assisted a Co-op with a Good Governance policy.

Skills development: The industry spent 18% of its transformation funds on skills development. The industry supports the Extension Officer Programme. The programme is focused on transferring technical skills to extension officers of the Department of Agriculture to support black growers across the province. SATI also trained about 300 farmworkers in short courses to enhance their knowledge of the raisins industry. The raisins industry also bridges skill gaps through its internship programme. Of the 54 graduates, approximately eight (8) are employed by emerging growers. A total of R418 190.29 was spent on skills development.

Socio-economic development: The industry supports the socio-economic needs of farming communities and communities of farmworker groups. Raisins SA served soup to 300 members of the Keimoes community. Moreover, the industry sponsored the provincial netball team's travel and clothing expenses. A total of R116 163.97 was spent on socio-economic development.

Commercialisation and sustainability: To date, about twelve (12) enterprises supported by Raisins SA have become commercially viable, which is an excellent achievement for the industry.

Black farmers' participation in raisins production: According to Raisins SA, there are approximately 832 raisins producers in South Africa, of which 700 are commercial farmers (predominantly white), with a market share of 95.5% to 97.5%. The 60 BEE projects represent 1% to 1.75% of the market share,

while smallholder farmers account for about 0.75%. It should be noted that Raisins SA has identified successful BEE projects and is currently raising funds to expand the area covered by these projects by around 5 000 hectares of grape growing, increasing the black-owned market share to between 6% and 9%.

5.3.5. South African Wine Transformation Unit (SAWITU)

SAWITU is the transformation entity for the South African wine industry. The organisation facilitates developing, growing and empowering profitable and sustainable black wine and brandy stakeholders through production infrastructure development, technical assistance, business acumen and management support. It further facilitates access to funding, markets, and corporate governance training to assist businesses. It also promotes compliance with and adherence to fair and ethical working and living conditions for farmworkers. SAWITU spent approximately R24.3 million on transformation during the period under review (see **Table 10**).

Table 10: SAWITU's expenditure on transformation for 2021/22

Pillar	Number of beneficiaries	Amount spent
Enterprise Development	Approximately 68 enterprises benefited	R22 234 440
Skills Development and Learning	More than 200 learners and students supported	R1 162 500
Social Development	About 40 learners supported, 139 wines accredited and 47 485 workers benefited	R1 431 400
Operational costs		R2 431 400
Total		R24 339 176.45

Enterprise development: SAWITU's enterprise and skills development project budgets are allocated towards supporting emerging black-owned brands, farms, farmworkers and staff in the wine industry. The total amount allocated for the 2021/22 financial year was approximately R22.2 million. Twenty-two (22) Black Owned Brands enterprises were given grant funding to purchase marketing, packaging, promotional, accounting services and travel costs. Fourteen (14) enterprises were provided with infrastructure development, manufacturing asset acquisition and equipment. Furthermore, approximately 20 enterprises received market access support for local and international trade shows and exhibitions. This opportunity allows Black Owned Brands (BOBs) to showcase their products and have exposure to international importers, retailers, buyers, the media and customers. Lastly, 12 enterprises were assisted with liquor license applications.

Skills development: The PYDA-funded programme provides training opportunities for youth and PDI learners to develop the skills to find meaningful employment in wine tourism. Most participants (95%) obtain employment after completing this programme. Furthermore, labour union programmes were also supported. SAWITU has spent approximately R1.1 million on skills development.



Socio-economic development: SAWITU helped 139 wines become accredited for ethical trade and production, benefitting 47 485 workers. Crochet and knitting classes were presented to farmworker women in a pilot project. These classes aimed to ensure that women acquire additional skills and start developing their small businesses. Furthermore, assistance was provided to a farmworker community school in the Western Cape to facilitate the provision of additional math and science tutoring classes for farmworker children. The school was renovated, and COVID-19 protocol measures were implemented. During the period under review, SAWITU spent approximately R1.4 million on socio-economic development.

Partnerships: SAWITU intends to develop partnerships and collaborations between various stakeholders to fulfil its mandate. As industry influencers, they guide policy issues and drive industry transformation. The WCDoA, DALRRD, DTIC, Department of International Relations and Cooperation (DIRCO) and the NAMC play a significant role in SAWITU's transformation mandate. Without these partnerships and collaborations, leveraging funding, support and resources would not be possible. Support includes funding, market access, mentorship, technical services and advocacy support. The WCDoA is a co-sponsor of The Wine Arc initiative in Stellenbosch. TWA support includes e-commerce development, maintenance, market access and mentorship.

5.3.6. South African Table Grapes Industry (SATI)

SATI's strategic goal remains to create a progressive, sustainable and equitable table grape industry. According to NAMC guidelines, SATI facilitates and supports the transformation of the table grape industry through economic development, land reform, training, and capacity building. The transformation portfolio supports black farmers and their routine services, such as enterprise development, the Vineyard Development programme and helpdesk, skills training and bursaries, and social and economic development (farmworker initiatives). As shown in **Table 11**, SATI invested approximately R6.6 million in transformation during the reporting period.



Table 11: SATI's transformation expenditure for 2021/22

Pillar	Activities funded	Beneficiaries	Amount spent
Enterprise development			
Vineyard Development programme	Support (subsidise) farmers to renew and expand their vineyards	385 beneficiaries	R2 968 563
Helpdesk and Advisory services	Accounting services, soil surveying, professional service and advisory services, farm visits, etc,	11 beneficiaries	R568 791
Hortfin	Loan funding- two transactions approved	391 beneficiaries	R338 431
Skills development			
Bursaries	Fund black students to study at a university of the choice	11 students	R696 635
Study Tour	Fund black farmers and transformation manager to attend the open field days of the cultivar breeders	2 farmers and transformation manager	R219 959
Modular Course and other on farm or Leadership short course	Online or on farm training, technical training and leadership development	6 beneficiaries	R124 853
Management control	Management	1 male & 1 female	R1 625 753
Agri Got Talent/ Farmer worker development	Sponsor the training and prizes		R129 619
Total		837	R6 672 604

Enterprise development: For the financial year 2021/2022, SATI contributed approximately R3 875 785 as part of enterprise development to assist farmers in expanding and renewing their vineyards, removing unproductive, old or unwanted cultivars, improving yields and yield quality, reducing claims, and ensuring crop protection (netting). Furthermore, SATI provides farmers with accounting, soil surveying, professional and advisory services, farm visits, and compliance management. The organisation also assists farmers in complying with the global gap, internal compliance, marketing and commodity approach assessment of their funding applications. SATI has also contributed to Hortfin, a loan programme that combines Hortgro, SATI and the wine industry. Two transactions were approved towards the end of the financial year.

Skills development: SATI spent R916 594 on skills development during the 2021/22 financial year on bursaries and training on modular courses, supporting twenty-two (22) black students with tuition fees, study materials, accommodation and living expenses. In addition, SATI funded two (2) black farmers and a transformation manager to attend cultivar breeder open field days in the United States. They visited one of the largest nurseries in the Southern Hemisphere, commercial farms and cold storage facilities. A total of 10 days were spent at these institutions and farms.

Commercialisation and sustainability: During the period under review, SATI assisted about seven (7) farms. All supported enterprises remained operational for the 2021/22 financial year. One farmer, however, continues to struggle due to old vineyards. SATI supported the project with electricity installations in January. It should be noted that all the other companies assisted over the past six years have increased their volumes and packing-outs every year.



Black farmers' participation in table grapes production: SATI reports that there are 295 growers with 37 Broad-Based Black Economic Empowerment (BBBEE) initiatives and 258 commercial farmers (predominantly white). Additionally, smallholder farmers and BBBEE initiatives account for about 9.3% of the market share, approximately 90.7% of which belongs to commercial farmers, equating to 70 490 010 cartons of 4.5 kg each.

5.3.7. Pomegranate Association of South Africa (POMASA)

POMASA's principal activity is to promote the pomegranate industry value chain. POMASA's key focus area is transformation, fully supported by the board of directors and associated resources. Although the industry is too small for dedicated transformation capacity, transformation remains a priority with a dedicated transformation portfolio at the board level. Specifically, the transformation strategy is designed to facilitate enterprise development by providing business development support, access to markets and market readiness (including meeting market requirements), technical assistance, building networks of primary producers and engaging government departments. Notably, no transformation projects were supported during this period. The Mitford project (Eastern Cape) started in September 2021. In the reporting period, POMASA spent R40 995 on transformation activities. POMASA's assistance is intended to facilitate the commercialisation of these growers over time.

5.3.8. South African Olive Industry Association

SA Olive fully supports and embraces the transformation process and follows NAMC guidelines. Despite this, it has limited funding resources. As SA Olive cannot finance land or infrastructure, it can only provide technical advice, business support (e.g., business planning, farm day events), knowledge transfer, mentorship,

networking and exposure opportunities to facilitate the transformation process. For the period under review, SA Olive spent R474 836 on transformation. Currently, the industry supports three (3) projects directly and has mentorship programmes in progress at four (4) farms. Support includes:

- Technical advice;
- Networking in the industry;
- Meeting facilitation;
- Business plan review;
- Provision of industry information and statistics;
- Product knowledge sharing;
- Supplying products for events and promotions;
- Providing a platform for personal exposure;
- Enhancing social media visibility.

Commercial farmers (predominantly white) hold the entire market share, with only two (2) BEE projects operating in the industry. For SA Olive to increase the market share of smallholder farmers in the industry, new entrants should be supported on the downstream (branding-marketing) end of the value chain to establish a brand. They can integrate upwards, i.e., buy land and grow olives in the future. Newcomers to the olive farming industry may find the process challenging.

5.3.9. Citrus Industry Trust

The trust fund's beneficiaries within the citrus industry are the Citrus Academy (CA) and Citrus Growers' Association – Grower Development Company (CGA-GDC), with a critical focus on skills development and enterprise development, respectively. The trust remains committed to transformation through black-designated groups' active participation in the citrus value chain. The trust spent about R150 000 on enterprise development and awarded bursaries of R350 000 to about 24 students during the period under review.

5.3.10. Deciduous Industry Development Trust

The trust itself is not responsible for transformation. The trust receives proposals for funding projects related to the industry, and the trustees evaluate the proposals and award funding accordingly. The trust has funded bursaries (developing human capital) in the past. The trust, however, has funded a feasibility study in the Free State province to investigate the possibility of deciduous fruit farming as part of economic development. The trust plans to invest in new transformation projects once it receives funding proposals from its entities.

5.3.11. Potato Industry Development Trust

Potatoes South Africa (PSA) executes all trust activities as the trust's implementing agency. Using the NAMC's transformation guidelines, more than 20% of the budget is devoted to transformation. PSA's transformation programme assists black producers in establishing profitable potato farming enterprises. The support ensures farmers are adequately qualified by providing training related to enterprise development and technical aspects of potato farming. The trust spent approximately R10.6 million on transformation during the 2021/22 financial year.

Enterprise Development Programme:

Approximately R2.0 million was spent on enterprise development, with an additional R30 million from DALRRD. The enterprise development strategy is based on expanding the acreage of deserving producers. The project involves hosting regional meetings to disseminate information and establishing partnerships with stakeholders such as the Jobs Fund, McCain, Nulandis, NTK/VKB, Afgri, and provincial government departments. The enterprise development programme has about 17 beneficiaries creating around 150 jobs in various provinces (KZN, Limpopo & WC) with an average of 50 tonnes per hectare.

Small Grower Development Programme: This programme can be classified under socio-economic initiatives, which play a crucial role in food security. Small Grower Development aims to achieve food security through subsistence farming and sell excess crops to communities. The initiative involves 33 communities, with each project having approximately 50 community members guided through planting and harvesting processes. The programme has been expanded to Mpumalanga, Limpopo and Gauteng, with more communities benefitting. Future initiatives will focus on the Northwest and Free State. A total of R268 384 was spent on this initiative.

Skills development: Training aims to ensure that newly established farmers are well equipped to manage their businesses. PSA conducted training on mechanisation, seed production, financial management, tuber moth and irrigation scheduling to benefit 50 farmers. The tertiary skills development pipeline programme offers bursaries to needy and academically deserving students and provides internship and workplace opportunities. The Trust currently funds nineteen (19) students from previously disadvantaged backgrounds and institutions, and 12 of them also received funding from AgriSETA. Roughly R1.5 million was spent on this initiative.

Commercialization and sustainability: The potato production industry requires a minimum of 30 hectares for commercial production. To date, two (2) farmers have successfully commercialised. However, several farmers operate on a 15-hectare average, with some receiving more than 60 tonnes per hectare, which is comparable to a farm operating on 30 hectares with an average tonnage of 45.



Partnerships: PSA has established partnerships with several institutions to facilitate the placement of funded students. Partnerships are formed with potential employers who host PSA-funded internship students. Moreover, solid partnerships are in place with several provinces' agriculture departments (KZN, LP, EC, GP, and MP). The partners here are crucial in mobilising the community to participate in small-grower projects. They are responsible for ensuring these projects succeed by monitoring their progress. Lastly, the trust has partnered with the following institutions to ensure the sustainability of enterprise development projects: VKB, McCain, PepsiCo, and various Departments of Agriculture and Rural Development.

5.3.12. Hortgro

The Pome/Stone Fruit Industry focuses on Economic Development/Land Reform, Skills Development and Training and capacity building (primarily in the Western Cape and Eastern Cape). The industry's approach is derived from its strategic plan, embedded in the 4-year strategic framework. The industry continuously strives to implement actions/initiatives to increase the participation of previously excluded groups throughout the value chain (with an emphasis on pomes and stones), which is meaningful and impactful. The industry aims to double by 2050 through inclusive growth. During the period under review, Hortgro spent approximately R26 8 million on transformation. Hortfin was granted the largest share of funding, whereas DFDC received approximately R4.5 million.

Enterprise development: Under enterprise development, Hortgro spent R25 111 078 on the following activities:

- Hortfin – approved and funded nine (9) businesses worth R151 million;
- planted 83 hectares of orchards;
- created 967 permanent and seasonal jobs;
- assisted 11 enterprises with compiling or updating business plans in support of funding applications;
- supported 14 projects with CASP grants and 3 entities with LDS funds;
- provided technical and managerial support to four (4) businesses;
- contributed to the expansion of the industry in areas outside the traditional scope of the DFDC by providing capacity and funding; and
- supported 21 BEE entities in terms of critical accreditations for gaining/maintaining market access through SIZA, focusing on social and environmental compliance.

Skills development: Hortgro provided internships and mentoring to youth by appointing a mentor who helped place interns with employers and supported them. Furthermore, Hortgro provided bursaries to nine (9) black deserving students, and they also signed a 3-year partnership contract with AgriSETA. A total of R1 303 954 was spent on skills development.

Socio-economic development: With an emphasis on social and environmental compliance, Hortgro spent approximately R414 700 supporting 21 BEE entities to gain/maintain market access through the Sustainable Initiative of South Africa (SIZA). Moreover, the industry provided mentoring, training, coaching, and other support to the ten finalists of the talent competition for Agri-workers.

Partnerships: Partnerships are essential for black growers and agripreneurs' success; therefore, the industry has positioned itself to attract partners who bring different resources and expertise. Hortgro has formed strategic partnerships with:

- Western Cape Department of Agriculture –
Funding and resources such as agri-specialists/advisors, monitoring and evaluation;
- National Treasury: Jobs Fund – financial support
to augment industry funding;
- SATI/Vinpro – collaboration on Hortfin project and
financial support;
- Landbank/FNB – lending to developing businesses.

The success of many of these partnerships has resulted in direct economic benefits to beneficiaries through co-investment in these businesses, increased output, and job creation. Another aspect is compliance with market requirements, allowing many black growers to become part of the formal economy and increased participation in the value chain. It is, therefore, essential to leverage financial and human resources, gearing additional funding – grants and loans - to ensure efficient and cost-effective implementation of projects.

Black farmers' participation in pome and stone production: The transformation of the pome and stone industry is critical to increasing black producers' market and production share. During the period under review, there were 1 158 producers in the pome and stone industry. The industry reports 37 black smallholder producers with 37 BEE projects compared to approximately 1 089 commercial producers (primarily white). Furthermore, commercial farmers represent approximately 92% of the market, while smallholder producers account for only 8%. The industry plans to double its size by 2050.





5.3.13. Deciduous Fruit Development Chamber

The Deciduous Fruit Development Chamber of South Africa (DFDC-SA) believes in developing black producers in the deciduous industry and transforming the industry in all South African provinces. Its mandate is to transform the deciduous fruit economy and increase Black producers' footprint nationwide. With an industry of 54 000 hectares planted across South Africa and only 1400 hectares belonging to black producers, DFDC would like to see an industry that is rapidly growing in other provinces with emerging producers. Furthermore, DFDC-SA has signed MoUs with the following stakeholders: ARC, Gauteng Department of Agriculture, Mpumalanga Department of Agriculture, and Limpopo Department of Agriculture. The objective is to expand deciduous fruit development in these non-traditional areas of the commodity. In the reporting period, DFDC-SA spent R194 320 on transformation to fund transformation pillars, as presented in **Table 12**. The DFDC-SA spent R72 300 on DFDC Annual Training in Langkloof and Mpumalanga for enterprise development. Furthermore, the industry spent R32 620 on skills development and R89 400 on management control. Currently, 80% of deciduous fruit farmers are based in the Western Cape; therefore, the DFDC-SA strategy is to expand into other provinces, such as Mpumalanga and Limpopo.

Table 12: DFDC's transformation expenditure for 2021/22

Pillar	Project title/ Programme	Location	Number of beneficiaries			Amount spent
			Males	Females	Youth	
Enterprise Development	DFDC Annual Training Programme	Langkloof and Mpumalanga	15	10	6	R72 300.00
Skills Development	DFDC Annual Training	W/C Producers	5	3	1	R32 620.00
Management control	DFDC Annual Training Programme	Langkloof & Mpumalanga Farmers	15	10	5	R89 400.00
Total			35	23	11	R194 320.00



6. Success stories

Despite the industry's setbacks, there are some success stories to share. These anecdotes also indicate progress in industry transformation initiatives. The highlighted experiences demonstrate that numerous gaps remain, but collaboration has yet to achieve many success stories. The following are examples of such successes.

6.1. Cape Flora

Cape Flora does not have sufficient funds to support black producers in commercialisation. The industry's policy is to assist projects at various stages of development and if progress is evident. The two latest successes to share are:

- Project one (1): started as general workers on a commercial fynbos farm and now run their own business, selling flowers to exporters and other clients. They have successfully applied for support from CASP and cannot keep up with all the orders they get. They have extended the area for wild harvesting and are negotiating with the local government to obtain land for planting fynbos cut flowers.
- Project two (2); the producer attended a Cape Flora South Africa (CFSA) producer's workshop in 2021 and successfully applied for CASP funding. Her plantings have delivered their first harvest already. Currently, she is constructing a packing shed to process and pack her flowers and flowers from the surrounding farms.

6.2. Potato Industry Development Trust

While the potato industry faced many challenges in implementing transformation, there are also many success stories to share, such as:

- In February 2022, a farmer won the Potatoes South Africa (PSA) 2022's Enterprise Development Farmer of the Year award. He competed with two other finalists from Limpopo and won an all-expenses-paid trip to a potato conference in Malawi as well as Bayer products worth R65 000;
- PSA was requested to submit proposals for the March and June planting seasons of 2022 by the DALRRD. A funding request was submitted for 22 farmers, of whom 10 were considered 'New Era Farmers' with approval of R22.7 million;
- A farmer operating sustainably on 15 hectares successfully exited the enterprise programme during the 2021/22 period.

6.3. Raisins SA

Raisins SA assists many black farmers. Several young people, however, have been trained and placed in respective organisations as part of their transition strategy and to ensure that they become employable graduates. The following are some success stories:

- Raisins SA, in collaboration with the DALRRD, has assisted 75 graduates with placements and stipends under their graduate development programme;
- Twenty (20) of the 75 graduates have already secured permanent employment in farms, DALRRD, banks and processing facilities;
- The graduate programme has been endorsed by the DALRRD and other stakeholders (banks and processors), and commodity groups are also interested. It will now be a continuous programme.



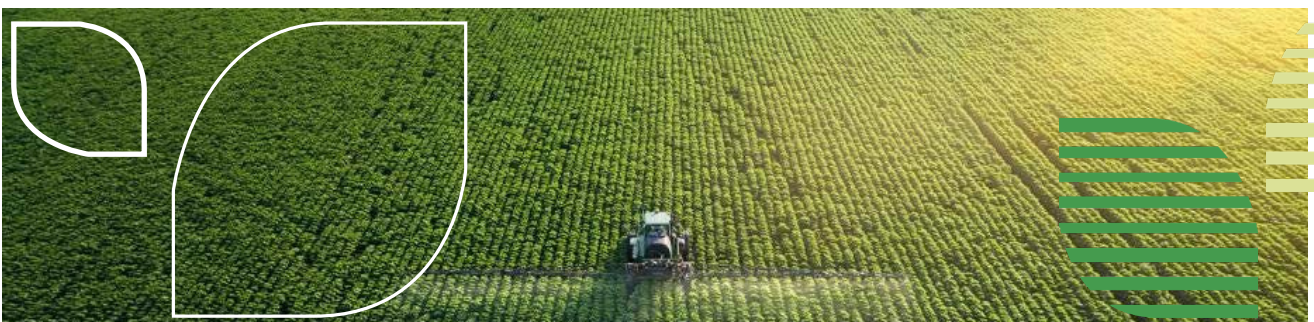
7. Challenges facing the agricultural sector impacting on transformation

Implementing transformation remains a crucial mandate for trusts and levy administrators, extending to the public service. The private sector (trusts and industries) plays a prominent role in promoting inclusive growth and participation. Nevertheless, the private sector continues to face challenges that make implementing all the necessary changes for transformation difficult. Here are some of the challenges that various agricultural trusts and industries/levy administrators have raised for the attention of the government, especially the Minister of DALRRD:

- Production inputs – During the period under review, production input costs have more than doubled, partly due to the geopolitical conflict between Russia and Ukraine. Most black farmers now rely on industry or government support for their production inputs.
- Load-shedding – Farmers and agripreneurs depend on electricity for many functions, including irrigation and daily farm operations. Some farmers have been driven out of business due to electricity supply disruptions. Enterprise development must include electricity/power support (renewable or fossil fuels) to enable farmers to run competitive and sustainable enterprises.
- Ownership of land – The Pro-Active Land Acquisition Strategy (PLAS) needs revisiting. The support of new lessees must be co-ordinated between government departments, the selection

of land reform beneficiaries (right jockeys), and induction programmes emphasising commercial returns.

- Blended finance – Blended finance models will need to be made more accessible to businesses and individuals with limited track records and security. A more comprehensive range of funding options is also required.
- Production cost facility – Growers need a production cost facility that is accessible and can be repaid at very low interest rates.
- Market access – Market access issues must be addressed to gain access to new markets and maintain market share in existing markets. When the market/demand issue is resolved, production (supply) and investment will benefit everyone, including black producers and entrepreneurs.
- Investment – A significant investment in bulk/enabling infrastructure is essential in other provinces, along with the lack of electricity, the poor condition of roads, water usage and licensing, and the ports. All of these factors affect the province's ability to supply (produce) high-quality products and meet domestic and international market demands.



8. Conclusion

The industry's commitment to transformation is evident in its continuous support to black role-players in line with government initiatives (AgriBEE Sector Codes), as outlined in the Transformation Guidelines. The recent shocks (COVID-19 and the European War) had minimal effect on the share of transformation from the two sources (levies and trusts). The industry spent around R235.1 million on transformation in 2021/22, which is 10.68% increase from the year. The report explicitly outlines that the sector remains dualistic in nature with black farmers still having a production and market share of more/less than 10%. This indicates that more efforts are still required to mainstream black role-players. Moreover, the report further highlights the importance of collaborations (Public-Private-Partnership) in the implementation of transformation as it creates much needed impact and avoids the provision of uncoordinated development support. It is therefore significant for the industry to align their transformation focus with the recently signed AAMP which aims to increase competitiveness and promote inclusivity.





Appendix A

Appendix A

Transformation managers contact details

Appendix B

2021/22 Levy and trust transformation questionnaire

Appendix A

Transformation managers contact details

Administering Body	Contact Person	Transformation Manager
Cape Flora SA (Fynbos)	Ms. Karien Bezuidenhout Tell: 021 870 2900 Fax: 021 870 2915 karien@hortgro.co.za	
Citrus Growers' Association of SA		Mr. Lukhanyo Nkombisa Cell 072 257 8386 lukhanyo@cga-gdc.co.za
Cotton SA		Mr. Peter Komane Tell: 012 804 1462 Cell: 082 952 9871 peter.cottonsa@vodamail.co.za
National Lucerne Trust	Mr. Fritz Ruppig Tell: 044 272 8991 Cell: 082 823 7201 fritz@lusern.org.za	
Milk SA		Mr. Godfrey Rathogwa Tell: 012 460 7312 Cell: 082 900 6712 godfrey@milksa.co.za
HORTGRO	Mariette Kotze Tell: 021 870 2900 mariette@hortgro.co.za	
DFDC	Mr. Ismail Motala Tell: 021 205 7133 ismailm@dfdc.co.za	
SA Macadamia Growers' Association		Mr. Juandre du Toit Tell: 012 001 4107 Cell: 071 611 5184 juandre@samac.org.za
SA Olive Industry		Mr. John Scrimgeour Tell: 0218683120 Cell: 0833815287 buffet@icon.co.za
SA Table Grape Industry		Mr. Wilton September Tell: 021 872 1438 Cell: 021 872 4375 wilton@satgi.co.za
Raisins SA		Ms. Simone Sell Tell: 054 495 0283 Simones@raisinssa.co.za
SA Cultivar & Technology Agency (SACTA)		Mr. Sandile Mahlangu Cell: 076 597 8278 Sandile@sactalevy.co.za
South African Pecan Producers' Association		Mr. Andre Coetzee Cell: 083 271 6577 andrecoetzee@hortgro.co.za



South African Pork Producers' Organisation		Ms. Kgadi Senyatsi Tell: 012 100 3035 Cell: 073 861 3588 kgadi@sappo.org
Pomegranates Association of South Africa	Ms. Andriette de Jager Tell: 021 870 2900 Cell: 021 870 2915 andriette@hortgro.co.za	
Potatoes SA		Ms. Nomvula Xaba Tell: 012 349 1906 Fax: 012 349 2641 Nomvula@potatoes.co.za
Red Meat Industry Services	Mr. Dewald Olivier Tell: 082 800 3737 dewald@rmis.co.za	
South African Wine Transformation Unit (SAWITU)		Ms. Wendy Petersen Tell: 021 276 3210 Cell: 082 578 4465 wendy@witu.co.za
Mohair Empowerment Trust		Ms. Beauty Mokgwamme Tell: 041 581 1681 beauty@mohair.co.za

Agricultural Industry Trusts and levy administrators Transformation questionnaire

2021/2022 Survey

Purpose of the survey

This questionnaire is communicated with the Trusts and Levy administrators, CEOs and transformation managers to get the status of the transformation activities funded through the trusts' funds and 20% transformation levy as per the pillars of the National Agricultural Marketing Council (NAMC) generic transformation guidelines. The NAMC established a Transformation Review Committee which monitors the work of transformation by various industries. The NAMC acknowledges that over the years the industries administering levies and trusts funds have done excellent work funding key areas around enterprise and skills development. This collection of information will be done annually for the NAMC to compile the "annual transformation report on interventions funded through trusts funds and the 20% statutory levy funds". The Trusts and Levy Administrators/CEOs and/or Transformation / Development Managers are requested to kindly provide the NAMC with the following information:

PART A: General information

- 1.1. Name of your organization & industry:
- 1.2. Does the industry trust/industry have a Transformation Manager/Officer? If yes, please fill in the table below:

Table 1: Transformation manager/officer information

Name of Transformation manager/office	Gender		Age	Ethnic group	Contact details
	M	F			

- 1.3. Please in the below employment equity table:

Table 2: Employment equity details

No. of staff employed:	African			Coloured			Indian			White		
Top management												
Senior management												
Professionally qualified												
Skilled												
Semi-skilled												
Unskilled												
Total												



PART B: Transformation initiatives / projects

- 2.1. What is the industry/trust view and approach to transformation?
- 2.2. Does the industry/trust have a transformation strategy with targets?
 - 2.2.1. If yes, please attach
 - 2.2.2. If not, why not?
- 2.3. How many transformation initiatives/projects are supported by the Trust/industry levy administrator?
- 2.4. What is the annual value of all Supplier Development Contributions made towards black-owned enterprises by the trust/industry?

Table 3: Supplier development contributions

Males	Females	Youth
R	R	R

- 2.5. Have any partnerships been developed for the implementation of trust/industry transformation? If yes,
 - 2.6.1. Which stakeholders and what type of support are provided through these partnership (s)?
 - 2.6.2. What challenges is the industry/trust(s) facing as a result of these partnership (s)?
 - 2.6.3. What are the successes of these partnerships?
 - 2.6.4. How many transformation initiatives/projects have been commercialised through these partnerships? Please name them and share some of the success stories
- 2.7. What approach is used by the trust/industry to monitor the progress?
- 2.8. The table below presents the NAMC’s pillars of transformation, please complete it

Table 4: Pillars of transformation guidelines

Pillar	Project title	Specific activities funded	Outcomes of programmes (Please provide details e.g., areas/ regions, actions performed, hectares/ livestock numbers/ tonnages produced, jobs created etc.)	Number Beneficiaries	Markets	Location	Status of supported/ planned projects	Amount spent	% of the amount spent
Enterprise development									
Skills development									
Management control									
Ownership									
Socio-Economic development									
Total									

2.9. Based on the information provided in Table 4, How many Transformation initiative beneficiaries have been commercialized by the trust/ industry to date?

2.9.1. How many projects stopped operating after receiving trust/industry support?

2.9.1.1. How many of the beneficiaries are still viable after the trust/industry support?



2.9.1.2. In terms of the projects supported, how many of them are sustainable?

2.9.2. The table below seeks to gather information regarding the producers in your industry, please complete

Table 5: Industry information to track transformation in the sector

Estimated number of producers	Number of smallholder farmers (predominantly black producers)	Number of commercial farmers (predominantly whites)	Number of BEE projects and their market share?	Percentage Market share of smallholder farmers (predominantly black producers)	Percentage Market share of commercial farmers (predominantly white producers)

Based on the information provided in **Table 5**, what is the industry plan to address the gaps around the market shares?

2.10. What are the challenges faced by the trust/industry with regard to transformation?

2.11. Any other matter you would like to share for the Minister's attention regarding transformation?

PART C: Black farmer's value chain participation

- Subsistence farmer: producing for household consumption, may market limited surplus production with an annual turnover of less than R50 000.
- Medium Scale commercial farmers: producing for markets with an annual turnover ranging between R5 Million and R20 Million
- Large scale farmers: producing for the market to make a profit with an annual turnover above R20 Million

Table 6: Predominantly black farmer's participation

	Subsistence farmers	Medium Scale Commercial farmers	Large Scale commercial farmers
3.1 Production of the product (tonnage)			
3.2 Value of production per category of smallholder farmers (Rands)			
3.3 Share in the domestic market sales (%)			
3.4 Share in the domestic market sales (%) in the agro-processing			
3.5 Share in the export market sale (%) to SADC countries			
3.6 Share in the export market sale (%) to EU countries			
3.7 Number of producers in the industry			
3.8 Number of jobs created in a farming enterprise			
3.9 Gender of producers			
3.10 Productions areas and size by region			
3.11 Average price per unit			
3.12 Value of Sales to Informal markets / formal markets /international markets			
3.13 Total value (at the first point of sale) of local production levied (not the value of the whole industry)			





Designed by:
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