



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

# Agricultural Industry Trusts

## Portfolio Committee on Agriculture, Forestry and Fisheries

13 MARCH 2015



# ACRONYMS

NAMC – National Agricultural Marketing Council

DAFF – Department of Agriculture, Forestry and Fisheries

DRDLR – Department of Rural Development and Land Reform

MAP Act- Marketing of Agricultural Products Act

SAWIT- South African Wine Industry Trust

MIT- Meat Industry Trust

NLT-National Lucerne Trust

GFADA-Grain Farmer Development Association

PIDT-Potato Industry Development Trust

NWGA-National Wool Growers Association

WCT-Winter Cereal Trust

CIT-Citrus Industry Trust

NAMPO-National Maize Producers Organisation

RMAA- Red Meat Abattoirs Association

# AGENDA

- Background of Industry of Trusts
- NAMC mandate on Industry Trusts
- Summary of Industry Trusts
- Trust Structure
- Ministerial Trustees and appointments
- Overview of the Industry Trusts today
- Transformation overview
- Challenges
- Legal opinion
- Way forward
- Conclusion

# Parliamentary questions

- What are the Agricultural Industry Trusts?
- Were the Trusts established through an Act of Parliament, if so, which Act?
- Who constitute the Trusts?
- What is the role or function of the Trust in each sector/commodity?
- How do they raise revenue, how is it used & what is it used for?
- The NAMC's role in the management of Trusts
- Whom do the Trustees report to?
- Farmer development projects by each Trust?
- Trusts progress in addressing transformation?

# BACKGROUND OF INDUSTRY TRUSTS

- Closure of former control boards
- The process started in 1996
- Trusts operates under MAP Act (No. 47 of 1996)
- Trusts inherited the assets from former control boards
- The Minister approved the Trusts and the Deeds of each Trust
- Regarded as an option to retain certain functions related to industry- utilise funds for the purpose they were collected for.

# BACKGROUND OF INDUSTRY TRUSTS (continuation)

- 12 Agricultural Industry Trusts.
- The Minister (DAFF) is represented in all Trusts.
- NAMC facilitates the communication process between the Trusts, Ministerial Trustees and State.
- Facilitates the of the nomination of Ministerial Trustees and provides induction (new trustees).
- 26 Ministerial Trustees, excluding SAWIT.
- Trusts manages in total of over R2 billion worth of assets, mainly financial assets.

## NAMC MANDATE ON INDUSTRY TRUSTS

- Is to manage the communication and reporting processes between the Minister of the DAFF, the Ministerial Trustees and Industry Trusts.
- To report on annual basis to the Minister of the DAFF through the “Status Report on Agricultural Trusts” on the operations and functioning of the Trusts.

# SUMMARY OF INDUSTRY TRUSTS

TRUST	DATE ESTABLISHED	TOTAL INHERITED ASSETS (transferred from former Boards) R	CURRENT VALUE OF ASSETS R
Citrus Trust	February 1999	16 689 489	16 969 745
Cotton Trust (closed September 2013)	September 1997	8 289 880	7 552 898
Deciduous Fruit Industry Dev Trust	August 1998	13 692 000	14 462 795
Seed Industry Trust	August 1997	2 952 398	1 975 255
Maize Trust	August 2000	862 228 772	958 461 389
Meat Industry Trust	May 1998	44 363 570	39 870 085
Mohair Trust	September 1997	101 391 436	267 009 941
Oil and Protein Seeds Dev Trust	October 1997	74 086 064	294 041 648



# Continuation

TRUST	DATE ESTABLISHED	TOTAL INHERITED ASSETS (transferred from former Boards) R	CURRENT VALUE OF ASSETS R
Sorghum Trust	February 1999	6 554 135	22 715 728
Winter Cereal Trust	November 1997	11 239 713	96 021 099
Wool Trust	August 1997	87 625 322	432 585 221
Potato Industry Dev Trust	September 2004	0	14 797 765
Wine Industry Trust **	December 1998	Transfer from KWV :  1999 -2008:  369 000 000	10 690 634
<b>TOTAL FUNDS IN INDUSTRY TRUSTS</b>		<b>Total value of assets at end of February 2013</b>	
		<b>2 058 843 733</b>	

# THE INDUSTRY TRUSTS STRUCTURE

- Board of Trustees (Ministerial and Industry Trustees)
- Trusts Administrators/CEO's/Asset Managers
- Industry Associations /Organisations (beneficiaries)

# MINISTERIAL TRUSTEES

INDUSTRY TRUSTS	ADMINISTRATORS	MINISTERIAL TRUSTEES
Citrus Trust	Ms Elza Taylor	<ol style="list-style-type: none"> <li>1. Mr. Godfrey Rathogwa (Chairperson)</li> <li>2. Ms. Patricia Motlogelo</li> <li>3. Mr Alex Sithole</li> </ol>
Deciduous Fruit Industry Dev. Trust	Mr Anton Rabe	<ol style="list-style-type: none"> <li>1. Mr. Mxoli Poto (Chairperson)</li> <li>2. Mr. Ismail Motala</li> <li>3. Ms. Malmsey Rangaka</li> <li>4. Mr. Elton Jathptas</li> </ol>
National Lucerne Trust	Mr Derrick Engelbrecht	<ol style="list-style-type: none"> <li>1. Mina Gill</li> </ol>
Maize Trust	Mr Leon Du Plessis	<ol style="list-style-type: none"> <li>1. Dr Toto Hewu</li> <li>2. Mr. Sandile Ndlungwane</li> <li>3. Ms. Khanya Mahlathi</li> </ol>
Meat Industry Trust	Ms Alet Du Plessis	<ol style="list-style-type: none"> <li>1. Dr Vuyokazi Penxa</li> <li>2. Dr Penuelle Maduna</li> <li>3. Mr. Mike Mlengana</li> </ol>
Mohair Trust	Mr Deon Saayman	<ol style="list-style-type: none"> <li>1. Mr. Thukela Mashologu</li> </ol>
Oilseeds and Protein	Mr Gerhard Keun	<ol style="list-style-type: none"> <li>1. Ms. Constance</li> </ol>

# MINISTERIAL TRUSTEES cont.

INDUSTRY TRUSTS	ADMINISTRATORS	MINISTERIAL TRUSTEES
Sorghum Trust	Mr Leon Du Plessis	1. Mr. Happy Mohane
Winter Cereal Trust	Mr Ishmael Tshame	1. Mr. Andrew Makenete 2. Mr. Neo Masithela 3. Mr. Nosey Petersen 4. Mr. Tato Make 5. Ms. Mmaphefo Mabe 6. Ms. Johlene Ntwane
Wool Trust	Mr Andre van de Venter	1. Mr. Zandisile Wapi

# APPOINTMENT OF MINISTERIAL TRUSTEES

- A Trustee must be a South African citizen.
- Preferable, at least two appointed trustees shall be of each gender.
- Appointees should understand and be able to analyse and interpret the financial statements and investments.
- Appointees should be knowledgeable and understand the transformation policies of government of the Republic.
- The appointees should possess a desire to advocate for the emerging farmers and the poor.
- Appointees should be sensitive to issues of diversity.

## OVERVIEW OF THE INDUSTRY TRUSTS TODAY

- Invests funds to various asset managers.
- Disburse returns to beneficiaries to support industry related functions/ activities.
- Support transformation initiatives e.g. student bursaries, tree planting projects, communal shearing sheds, Corporate Social Investments etc.
- NAMC having an observer status in Trusts board meetings and other sub committees.



# TRANSFORMATION OVERVIEW OF DIFFERENT INDUSTRY TRUSTS

# TRANSFORMATION OVERVIEW

- **NLT** : Taung project, supporting 20 farmers with 400 hectares
- **PIDT**: Supporting 16 enterprise development farmers, 55 small growers (food security gardens) and farm base training for farm workers
- **Maize Trust: GFADA** 53 farmers with 4982 hectares in EC, NW, MP and
- **Grain SA**: 3 600 emerging black farmers trained. 120 emerging farmers are advanced farmer project within the Development Programme.
- **Wool Trust**: R1.85 million allocated for the supply of shearing equipment to 76 communal sheds in the EC. 33 856 quality rams distributed
- **Bursary Funded for 2013-14**  
MIT Trust 12, Citrus 45 and PIDT 25 and Maize Trust



# CITRUS INDUSTRY TRUST

- The Trust does not fund transformation projects.
- Funds student Bursaries

ACTIVITY	C.I.T	AGRI-SETA	OTHER	TOTAL BURSARY PROPOSED 2014
POSTGRADUATES (22)	R565 868	R297 000	R50 000	R912 868
UNDERGRADUATES (39)	R733 704	R328 000	R10 000	R1 071 704

# DECIDUOUS FRUIT INDUSTRY TRUST

## TRANSFORMATION PROJECTS

NAME OF TRAINING/ SUBCONTRACTED	TYPE OF PROGRAMME	TYPE OF FARMER	COMMODITY TYPE	LOCATION/ REGION/VILLAGE	FUNDING ALLOCATED
Siphila Sonke Outreach Programme	Meals and fruit for children-kids club	Commercial/small holder and subsistence	Crèche & after care centre	EGVV	<b>R70 000</b>
Novo Packhouse	Substance abuse programme	Commercial/small holder and subsistence	Fruit pack house	Western cape	<b>R65 030</b>
Procare	Support care worker programme-peer workers	Commercial/small holder and subsistence	Fruit farmers	All areas	<b>R100 000</b>

## Cont.

NAME OF TRAINING/ SUBCONTRACTED	TYPE OF PROGRAMME	TYPE OF FARMER	COMMODITY TYPE	LOCATION/ REGION/VILLAGE	FUNDING ALLOCATED
Norsa Youth Centre	Youth development programme for the children of seasonal workers	Commercial/ smallholder and subsistence	Community centre	Boland areas	<b>R50 000</b>
Prokidz Foundation	A social programme for children to cope with psycho social issues, such as abuse	Farm worker children	Social workers	All areas	<b>R50 000</b>
Kriegler Farms	Substance abuse programme	Commercial Farmer	Table grape farm	Hex valley	<b>R40 000</b>



NAME OF TRAINING/ SUBCONTRACTED	TYPE OF PROGRAMME	TYPE OF FARMER	COMMODITY TYPE	LOCATION/ REGION/VILL AGE	FUNDING ALLOCATED
4u Development & Training	Substance abuse Commercial/smallholder and subsistence programme	Commercial/ smallholder and subsistence	Training company	Langkloof area	<b>R80 000</b>
Agri management Africa	Improved family values	Commercial/ smallholder and subsistence	Training company	Western cape	<b>R50 000</b>
<b>TOTAL</b>					<b>R505 030</b>

The total amount spent on Transformation projects amount to **R505 030**.

• **BURSARIES AND INTERNSHIPS = R175 500**

# MAIZE TRUST

## TRANSFORMATION PROJECTS

- THE INITIAL FUNDING APPROVED BY GFADA IN 2012/2013
- **TOTAL = R510 325**

# APPROVED MAIZE PROJECT BUDGET 2012/13

SURNAME AND INITIALS	AREA (ha)	INSURANCE WEIGHT	INSURANCE (R)	LIME (R)	SOIL SAMPLE (R)	MENTOR WEIGHT	MENTOR (R)	TOTAL (R)
LETUKA M.A.	113	66%	66,003	0	0	33%	11,187	<b>R 77 191</b>
MAKOELE L.J.	71	66%	41,471	0	0	33%	7,029	<b>R 48 500</b>
MAKUBO M.	100	66%	58,410	0	0	66%	15,000	<b>R 73 411</b>
CHABALALA S.P.	40	100%	35,400	0	0	66%	7,920	<b>R 43 321</b>

## Cont...

METSIMAHOLO C.P.A	50	66%	29,205	0	0	33%	4,950	<b>R 34 155</b>
MOLOI S.M.	150	100%	132,750	0	3,000	100%	15,000	<b>R 150 751</b>
MTHIMKHULU E.	50	66%	29,205	83,000	0	33%	4,950	
<b>TOTAL</b>	<b>574</b>		<b>363,239</b>	<b>83,000</b>	<b>3,000</b>		<b>61,086</b>	<b>R 510 325</b>

# MEAT INDUSTRY TRUST

## TRANSFORMATION PROJECTS

### ➤ RMAA-Practical Abattoir Skills



# Continuation

## PROVINCES(7)

- Limpopo, Gauteng, KwaZulu-Natal, Eastern Cape, Western Cape, North West and Mpumalanga.
- Amount spent – **R274 400.**
- BURSARIES
- **R300 000** annually (postgraduate studies)

# MOHAIR TRUST

## TRANSFORMATION PROJECTS

- Mentorship and Skills Transfer
- Amount allocated – **R168 650**

## *Continuation*

- Mohair Training Courses (short courses)
- Amount allocated – **R29 700**

## Continuation

Name of the farmers/ projects supported	Type of farmers	Location/ region/village
Hardwood	Smallholder	Klipplaat, Eastern Cape
Damascus	Smallholder	Prince albert, Eastern Cape
Pearston(Nelsig)	Smallholder	Pearston, Eastern Cape
Grootvlei	Smallholder	Steytlerville,Eastern Cape
Aberdeen	Smallholder	Aberdeen, Eastern Cape
Matatiele/ Mountfletcher	Smallholder	Matatiele & Mountfletcher, Eastern Cape
Oude Muragie	Commercial	De Rust, Western Cape
Swartrivier	Smallholder	Prince Albert

# Continuation

Tulpleegte	Smallholder	Beaufort West, Western Cape
Hoekskuil	Smallholder	Beaufort West, Western Cape
Driefontein	Commercial	Somerset East, Eastern Cape
Constant	Smallholder	Somerset East, Eastern Cape
Glencole	Smallholder	Ugie, Eastern Cape
Kromdraai	Smallholder	Aliwal North, Eastern Cape
Nieuveld/ Langkuil	Smallholder	Beaufort West, Western Cape

# ABERDEEN MOHAIR PROJECT



# DAMASCUS MOHAIR PROJECT



# MOUNTFLETCHER MOHAIR PROJECT





# NATIONAL LUCERNE TRUST

## TRANSFORMATION PROJECTS

- Taung Project - North West
- 20 Black farmers
- Trust donated **R217 500.**
- The project will be expanded with a further donation of **R170 000.**

# OIL AND PROTEIN SEEDS DEVELOPMENT TRUST

## TRUST TRANSFORMATION PROJECTS

Title of project	Commodity	Location	Funding allocated 2013/2014
Farmer development by GrainSA: pula/imvula	Sunflower Soybean Groundnut	All Provinces	R 417 091
'Farmer development by Grain SA: training'	Sunflower	North West	R0 (Included in 2012/2013 budget- R 186 492)



<b>Title of project</b>	<b>Commodity</b>	<b>Location</b>	<b>Funding allocated 2013/2014</b>
'Farmer development by Grain SA: soycow'	Soybean	Matatiele, Eastern Cape	R0(Included in 2012/2013 budget- R 428 853)
'Groundnut development project: Mpumalanga farmers'	Groundnut	Ehlanzeni District Municipality Mpumalanga	R0(Included in 2012/2013 budget- R 112 200)
'The development and training of sustainable soy farmers, consumers with further progression to soy preneurs level' eden social development foundation.	Soybean	Free State KwaZulu Natal Eastern Cape	<b>R 1 051 600</b>

## *Continuation*

- **Research projects – R 8 698 915**
- **Bursary fund – R 200 000**

# POTATO INDUSTRY DEVELOPMENT TRUST

## TRANSFORMATION PROJECTS

### Enterprise Development Programme

Provinces;

- KwaZulu-Natal (9), Eastern Cape (6), Free State (2) and Limpopo (1)

- Funding Allocated - **R 3 067 871**

### Small Grower Development Programme

- 9 Communities-Average of 50 Members Per Community

# Continuation

Provinces , namely:

Kwazulu-Natal:

- Appelsbosch, Port Edward, Bulwer, Elandskop

Eastern Cape:

- Flagstaff, Lusikisiki, Bizana, Mqanduli, Mthatha.
- Funding Allocated           - **R 361 621**

# *Continuation*

## **Tertiary Skills Development**

- 9 interns and 13 bursaries
- Funding allocated **-R1 067 6409**

## **Farm Based Training**

- 420 beneficiaries
- Funding Allocated **-R2 085 798**

## *Continuation*

### **ADDITIONAL EXPENSES ON TRANSFORMATION ACTIVITIES**

- Transformation Symposium - **R474 060**
- African Farmers Workshop/NAMPO - **R126 630**

**Total amount spent on transformation = R7 183 620**

- Bursaries= **R340 250**



# WINTER CEREAL TRUST

## TRANSFORMATION PROJECTS

### SAB BARLEY FARM(SABBI)

- Mentorship of newly graduated agricultural students

### GRAIN SA

- Grain SA farmer development programme

## PROJECTS APPROVED AT GFADA IN 2013

### Griekwaland-Wes Korporatief Projects

- Winter Cereal Trust approved an amount of **R500 381** for GWK Projects through GFADA.
- Actual amount spent on projects – **R115 774.80**

# *Continuation*

## Vrystaat Korporasie Beperk (VKB) Projects

- WCT approved an amount of **R825 816** for VKB Projects through GFADA.

# TOTAL BUDGET ALLOCATED BY GFADA AS PER PROPOSAL

<b>Training and extension services</b>	<b>= R 96 000, 00</b>
8 Training sessions @ R 3 000/session	= R 24 000, 00
2 Site visits/project x 6 months x R 6 000/month	= R 72 000, 00
➤ <b>Insurance</b> R518.70/ha x 370ha	<b>= R 191 919,00</b>
➤ <b>Soil correction:</b>	<b>= R 143 412,00</b>
Grid @ R 222.30/ha (VAT incl.) x 370ha	= R 82 251,00
Mapping @ R 165.30/ha (VAT incl.) x 370ha	= R 61 161,00

## Cont...

- **Irrigation scheduling @ R2000/farming unit x 4 = R 8 000.00**
- **High Technology Farming @ R165/ha x 370 ha = R 61 050,00**
- **Total Costs = R 500 381,00**

# BREAKDOWN OF FUNDS ON TRANSFORMATION ACTIVITIES

ACTIVITY	FUNDING AMOUNT	ACTUAL SPENDING
Crop insurance	R 191 919.00	R 0
Mentoring & training	R 96 000.00	R 57 640.00
Soil restitution (96ha)	R 143 412,00	R 37 984.80
Irrigation scheduling(96ha)	R 8 000.00	R 4 000.00
High technology farming(96ha)	R 61 050,00	R 16 150.00
<b>TOTAL</b>	<b>R 500 381.00</b>	<b>R 115 774.80</b>

# BREAKDOWN OF FUNDS ON TRANSFORMATION OF THE GWK PROJECTS

ACTIVITY	FUNDING AMOUNT	ACTUAL SPENDING
Crop insurance	R 66 393.60	R 9 481.08
Mentoring & training	R 50 560.00	R 50 560.00
Soil correction	R 49 612.80	R 49 612.80
<b>TOTAL</b>	<b>R 166 566.40</b>	<b>R 109 653.88</b>

# WOOL TRUST

## TRANSFORMATION PROJECTS (2013/14)

- Enterprise Development - R 2 126 050
- Skills Development and Training - R 5 480 234
- Bursaries - R285 000



# ENTERPRISE DEVELOPMENT

- **NWGA Shearing shed equipment R 1 795 300**
- **Pilot Project (Zulukama Project)/ R300 000**

# TRANSFORMED KOLOMANE SHEARING SHED

BEFORE



AFTER



## Cont...

- Wool Handler Training – **R30 750**
- Wool Trust Received **R16.9** Million from Government (DRDLR to NWGA) For:
  - Enterprise Development Schemes
  - Skills Development and Training

# CHALLENGES: TRUSTS

## MINISTERIAL REPRESENTATION

- Appointment Process
- Trusteeship Experience
- Experience & Appropriate Industry Exposure
- Need a more consultative nomination process

## ADMINISTRATION

- Autonomous from government
- Dominated by Pre-Deregulation Personalities
- Poor Demographic Representation/Male dominated
- “Old Boy School Club”

## ACCOUNTABILITY

- Limited to beneficiaries (private sector, members)
- Government intervention is limited by Trusts Deeds
- Unclear how much jurisdiction government has

# CHALLENGES:TRUST

## TRUST FUNDING

- Source from Control Boards (transferred to trusts)
- Insufficient to cover administration ( Lucerne, Sorghum, Cotton)
- Frequent request for Additional funding

## PROJECTS FUNDING

- Focus on Research, Information, Project based, temporary by nature
- Historical Service Provider (repeat)
- Limited relevance to national strategic goals (transformation, empowerment, Land Reform, etc)
- Poor understanding /Appreciation of the transformation Agenda

## ACCOUNTABILITY

- Limited to beneficiaries (private sector, members)
- Government intervention is limited by Trusts Deeds
- Unclear how much jurisdiction government has

# LEGAL OPINION : Government Jurisdiction on Trust's Assets

## OBJECTIVE

- Role of Government in the trusts post deregulation
- Implementation of transformation agenda
- Enforce accountability to government
- Use legislation (MAP Act) as leverage instrument

## PROBLEM

- Industry trustees not obliged to report to the minister/NAMC
- Trust deeds determined by trustees
- Funds utilization – discretion of the trustees (trust deeds)
- Appointment of **all** trustees is determined by the trust deeds
- Ministerial trustees are usually the minority
- Trust decision process – usually determined by unanimous vote

## ACCOUNTABILITY

- Limited to beneficiaries (prvt sector, members)
- Government intervention is limited by Trusts Deeds
- Unclear how much jurisdiction government has



# LEGAL OPINION : Legal Findings

## FUNDS OWNERSHIP

Collected Levies by Control Boards  
Transferred to trusts by law  
Trusts funds are public assets  
Collected for specific industry functions

## TRANSFERRING TRUSTS ASSETS TO PUBLIC DOMAIN

Good possibility to achieve this: funds are public assets

No legal impediment against such imposition.  
This can be achieved through:

- Amendment of Trust Deeds
- Amending the MAP Act
- Listing the Trusts under the PFMA

## AMENDMENT OF TRUST DEEDS

MAP Act does not confer any powers to  
NAMC/Government  
Only trustees can amend  
Amendment determined by trust deed

## TRUSTEES: Appointment & Accountability

Regulated by trust deeds  
Trustees accountability is determined by objectives  
of the trust  
Only ministerial trustees are accountable to  
government

# LEGAL OPINION : Conclusion

Deregulation Process – achieved desired results ?

Resulting short comings may suggest need for policy review

Policy review process would provide opportunity to re-look at the new role for all agricultural trusts.

The policy review process would require comprehensive due diligence to determine strength & weakness for the status quo

Possible impact of envisaged changes (positive & negative)



# Way forward

- Support funding of transformation activities in support of govt policies and strategies.
- Focus on enterprise development throughout the value chain
- Support funding of Student bursaries- Previously Disadvantaged Individuals (PDI's)
- Ministerial trustees to meet the Minister of DAFF.

- Amendments of Trust Deeds where necessary to accommodate current environment.
- Continue to advise Trusts for development of investment strategies to grow the Capital (TVM - Time Value of Money).
- Capacity building programmes for Ministerial Trustees

An aerial photograph of a vast, flat agricultural landscape. The foreground and middle ground are dominated by rows of lush green crops, likely a vineyard, with a distinct zig-zag or chevron pattern. A central canal or irrigation system winds through the fields. In the background, there are rolling hills under a clear sky. A white rectangular box with a black border is superimposed over the center of the image, containing the text 'Thank You' in a bold, red, sans-serif font. On the right side of the image, there are several tall utility poles with cross-arms. The overall scene is bright and clear, suggesting a sunny day.

**Thank You**