



Agri-Trust digest

Issue No.: 05

In this issue we cover the following topics:

1. **South Africa's Agricultural Trust Asset**
2. **Meeting between the Minister of DAFF and Agricultural Industry Trusts**
3. **Induction of the Newly Appointed Ministerial Trustees**



National Agricultural
Marketing Council
Promoting market access for South African agriculture

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AGRI-TRUST DIGEST

Agri-Trust Digest is a monthly report that is produced by the National Agricultural Marketing Council through the Agricultural Industry Trusts Division. The publication aims to communicate developments as they happen around the different agricultural trusts. The focus of this issue is on three topics: (i) South Africa's Agricultural Trust Asset, (ii) Meeting between the Minister of DAFF and Agricultural Industry Trusts and (iii) Induction of the Newly Appointed Ministerial Trustees. The division has three digests which cover the Food Agriculture Natural Resource Policy Analysis Network (FANRPAN), agricultural transformation, and agricultural industry trusts. *Agri-Trust Digest* reports on the monthly key developments coming from the operation of different industry trusts.

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1. SOUTH AFRICA'S AGRICULTURAL TRUST ASSET

By

Bonani Nyhodo, Matsobane (BM) Mpyana, Elekanyani Nekhavhambe, and Nomantande Precious Yeki

1.1. Introduction

The South African agricultural sector inherited from the Control Boards assets to the value of about R668 million. According to the latest status report, the current value of the assets stands at R2.38 billion rand. The praise for the increased value needs to go to the Board of Trustees made up of industry representatives and a Ministerial representative.

1.2. Outlook of the Trusts

Table 1 presents the standing of the trusts as at the establishment and in 2017, expressed in value terms. It is important to note that the expressed values are not in liquid form as the investments include immovable assets (buildings and warehouses). At the time of inheritance, the Maize Trust, followed by Mohair Trust and the Wool Trust, were the biggest inheritors (R319.2 million, R101.4

million, and R87.6 million respectively). As of February 2018, these three biggest trusts were still among the biggest, except that the Wool Trust asset overtook the Mohair Trust asset. Therefore, the most prominent three trusts are the Maize Trust (R1 billion) followed by the Wool Trust (R525.5 million) and the Oil and Protein Seeds Development Trust (R317.8 million).

The smallest trusts at the onset were the National Lucerne Trust (R3 million) followed by the Sorghum Trust (R6.6) and then the Winter Cereals Trust (R11.2 million). At that time the Potato Industry Development Trust was not yet formed and it needs to be noted that this Trust did not inherit any assets and was started from scratch. Also, of strategic importance to note is that all the trusts that closed in between these years are not included, such as the Cotton Trust. There was a communications breakdown with the South African Wine Industry Trust (SAWIT), hence it is also not included.

Table 1: Asset value at inheritance and current value

Trust Name	Total Inherited Assets (million)	2017 Asset value (million)
Citrus Industry Trust	R16.6	R15.7
Deciduous Fruit Industry Development Trust	R13.7	R16.1
Maize Trust	R319.2	R1.056
Meat Industry Trust	R44.4	R45.7
Mohair Trust	R101.4	R278.3
National Lucerne Trust	R3.0	R2.4
Oil and Protein Seeds Development Trust	R74.1	R317.8
Potato Industry Development Trust	R0.00	R14.1
Sorghum Trust	R6.6	R27.3
Winter Cereal Trust	R11.2	R91.5
Wool Trust	R87.6	R525.1
Total	R677.8	R2.387

Source: NAMC (2018)

In short, the assets increased because the assets of several trusts grew impressively while some slightly increased and others declined.

1.3. Transformation expenditure

Presented in Table 2 is the outline of the allocations of industry trusts toward transformation. A short brief of what has been financed by all the allocated funds is summarised in the discussion to follow:

1.3.1. Horticulture

- **CIT:** Financed 31 students at R561 400 registered at SA universities.
- **DFIDT:** Financed seven students at a cost of R350 000 registered at Stellenbosch University.
- **PIDT:** Financed enterprise development at a cost of R6 036 965 (seed procurement, mentorship, business development, business plans, pre-

feasibility studies, farm-based training and new farmer induction).

1.3.2. Field Crops

- **Maize Trust:** Financed five students at a cost of R485 058 and allocated R18 035 369 to GFADA for enterprise development (soil correction, crop insurance and mentorship).
- **Oil and Protein Seeds Development Trust:** Financed eight students, and farmers received soybean training on soybean food and planting. Allocated R276 734 to GFADA to finance enterprise development (soil correction, crop insurance and mentorship).
- **Sorghum Trust:** Allocated R276 734 to GFADA to finance enterprise development (soil correction, crop insurance and mentorship).
- **Winter Cereals Trust:** Financed 12 students at a cost of R882 690 and allocated R3 976 479 to GFADA for enterprise development (soil correction, crop insurance and mentorship) for 16 farmers.

1.3.3. Livestock

- **Meat Industry Trust:** Financed 12 students at a cost of R1 680 000 or R720 000.
- **Mohair Trust:** Financed 40 farmers to purchase angora goats (R2 420 015) and provide training (R2 193 262).
- **National Lucerne Trust:** Financed enterprise development for about 40 farmers at a cost of R650 00 in Taung.
- **Wool Trust:** Financed six production advisors to work directly with the emerging farmers (to assist with enterprise development: Shearer training, distribution of rams, black ram breeders).

1.4. Concluding remarks

The total trust asset has increased in value. The biggest trusts have performed well.

Reference

- NAMC. 2018. *Survey 2016/17 – Status Report on Agricultural Trusts*. Pretoria: National Agricultural Marketing Council.

2. MEETING BETWEEN THE MINISTER OF DAFF AND AGRICULTURAL INDUSTRY TRUSTS

By

Matsobane (BM) Mpyana and Bonani Nyhodo

The National Agricultural Marketing Council (NAMC), through its Agricultural Industry Trusts Division, convened a meeting between the Minister of DAFF, Mr Zokwana, and the industry trusts. The purpose of the meeting was to share with the Minister the challenges, successes and areas of intervention required. The meeting was divided into two sessions whereby session one dealt with ministerial trustees, and session two dealt with all representation of the trusts. This article focuses solely on session two.

Highlights of the engagement

The trusts' representatives were given an opportunity to share the pertinent issues with the Minister. The issues can be summarised as follows:

The Grain Trusts (Maize, Sorghum, Winter Cereals, and Oil and Protein Seeds)

One can arguably conclude that the grain trusts are doing well regarding transformation. This can be evidenced by the adoption of the Grain Farmer Development Association (GFADA) as a sole transformation entity to drive transformation. All the grain trusts divert their transformation funds into it. GFADA assists farmers in the area of mentorship, crop insurance and soil correction. To date, over 30 black commercial farmers have been established through GFADA.

Horticultural Trusts

The Citrus Industry Trust has a balanced representation on the Board of Trustees. Although the asset of the Trust was not growing, the Board decided to appoint new fund managers with a mandate to grow the asset. The Trust amended its Deed, to be inclusive of transformation and divert its transformation funds towards enterprise

development. The fund was set aside in collaboration with the Citrus Growers' Development Company to develop business plans for the black citrus growers in the industry. The Deciduous Fruit Industry Trust is currently funding bursaries and establishing ways on how effectively and efficiently the Trust can contribute to enterprise development.

Livestock Trusts

The Meat Industry Trust is establishing meaningful ways to fund black-owned enterprises rather than bursaries. It is for this reason that a transformation workshop will be held during February 2019 to investigate areas of need for black farmers as part of transformation initiatives. The Wool Trust and Mohair Trust are good examples of ground-roots actioning of transformation. The trusts assist communal farmers with rams and angora goats respectively. The Wool Trust transformation initiatives are implemented by the National Wool Growers' Association and Cape Wools SA, and six production advisors have been appointed, whereas the Mohair Trust initiatives are implemented by the Mohair Empowerment Trust. The National Lucerne Trust is supporting lucerne farmers in the Taung area. The Trust managed to secure an export market to China, and the farmers are being capacitated on the export standards such as grading.

Summary of the issues that require the Minister's Intervention

The grain trusts requested that the Minister engage with relevant stakeholders on the removal of VAT on grains. The sorghum industry is diminishing due to non-competitiveness of the industry. All the trusts face a challenge with the Department of Justice on the registration of trustees. Trust deeds seem to be stumbling blocks to transformation as they are always used as a point of reference for transformation not to be actioned.

Matters of strategic importance include:

- The matter of delays in registering trustees by the Master of High Court needs Ministerial intervention (in this regard Minister Zokwana undertook to engage the Minister of Justice);

- The Minister urged all industry trusts not to use the deeds of trust as instruments to block transformation in cases where the founding documents need to be amended;
- The Minister also asked all trustees, both ministerial and industry trustees, to serve the broader interests of the country and not their own narrow and mutually exclusive interests;
- The workshop agreed that some ground had been covered and there is still more to be done; and
- The workshop resolved that a platform to allow ministerial trustees to exchange ideas is needed, even if it is in the form of a social media platform.

INDUCTION OF THE NEWLY APPOINTED MINISTERIAL TRUSTEES

By

Matsobane (BM) Mpyana

The NAMC co-ordinates communication between the Minister of DAFF and industry trusts through the Agricultural Industry Trusts Division. This is done through the submissions on the nomination of ministerial trustees to be approved by the Minister. On 8 November 2018, the newly appointed ministerial trustees were inducted. The purpose of the induction is to ensure that the trustees are clued up regarding the mandate and the functioning of the trusts, as well as their roles and responsibilities within the trusts on which they represent the Minister.

The new trustees are inducted on the mandate that governs the trusts and the NAMC's role in the trusts. Six ministerial trustees attended the induction, namely:

- Oil and Protein Seeds Development Trust:
 - o Ms Unati Speirs Ntintelo and
 - o Mr Katlego Gaoraelwe
- National Lucerne Trust:
 - o Mr Clovis Bhiya
- South African Cultivar and Technology Agency:
 - o Prof. Phatu Mashela and
 - o Mr Ayanda Mbotshelwa
- Potato Industry Development Trust:
 - o Mr Shadrack Mabuza

The NAMC divisions' representatives were afforded an opportunity to deliver presentations on their work. The Market and Economic Research Centre (MERC) was

represented by Dr Christo Joubert, the Statutory Measures Division by Mr Schalk Burger, the Agricultural Industry Trusts Division by Mr BM Mpyana and the Agribusiness Development Division by Ms Precious

Nengwekhulu. It can be concluded that the Induction programme went well, and the ministerial trustees understood their roles and responsibilities within the trusts on which they represent the Minister.

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