

A REPORT¹ BY THE NATIONAL AGRICULTURAL MARKETING COUNCIL ON THE STATUS AGRICULTURAL INDUSTRY TRUSTS IN SOUTH AFRICA

2023 SURVEY



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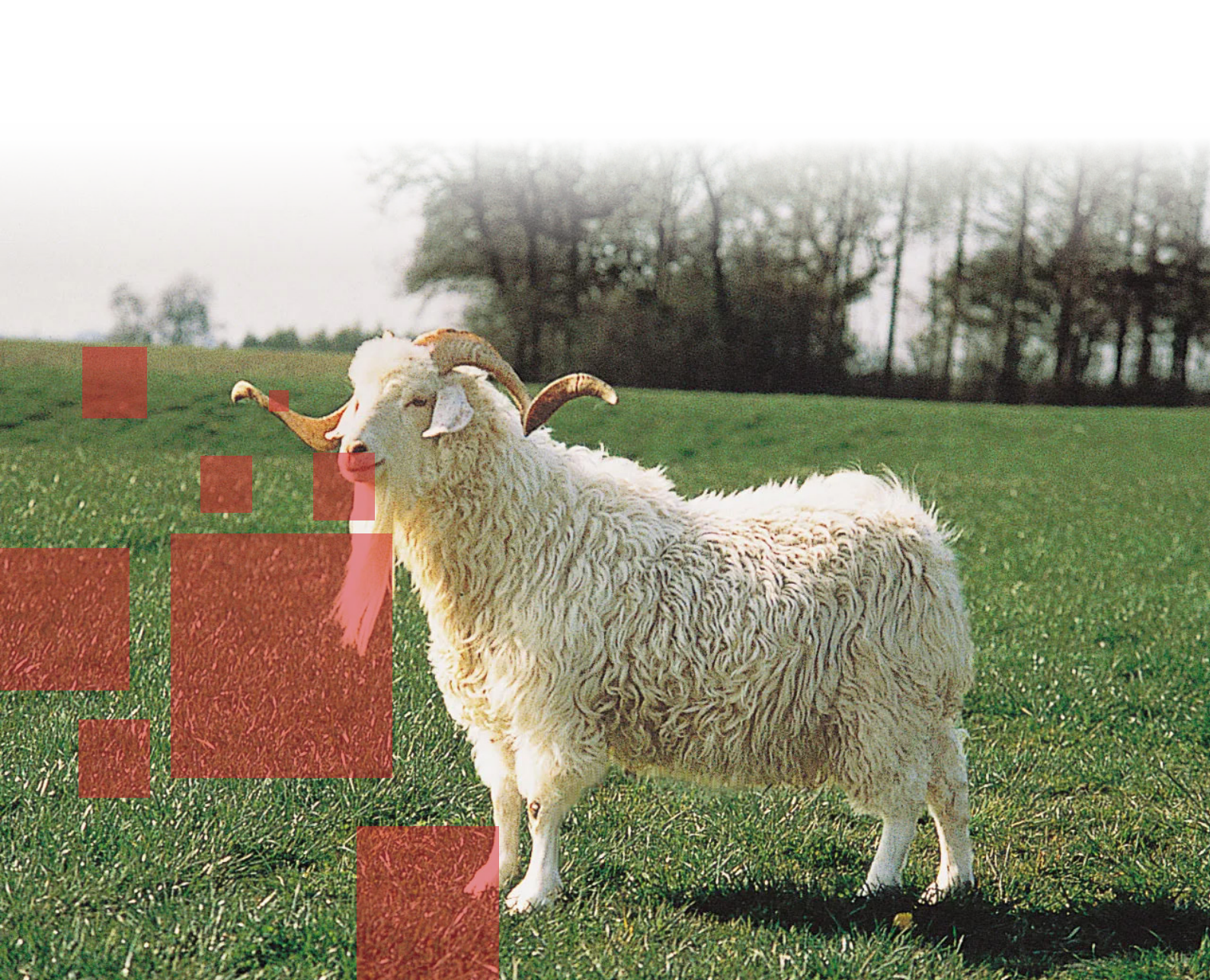
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ACRONYMS

| | | |
|--------|---|---|
| AAMP | - | Agriculture and Agro-Processing Master Plan |
| AEF | - | Agro-Energy Fund |
| ARC | - | Agricultural Research Council |
| BFAP | - | Bureau for Food and Agricultural Policy |
| BWC | - | Bursary Working Committee |
| CA | - | Citrus Academy |
| CIT | - | Citrus Industry Trust |
| CGA | - | Citrus Growers' Association |
| DALRRD | - | Department of Agriculture Land Reform and Rural Development |
| DFIDT | - | Deciduous Fruit Industry Development Trust |
| GFADA | - | Grain Farmer Development Association |
| MET | - | Mohair Empowerment Trust |
| MIT | - | Meat Industry Trust |
| MSc | - | Master of Science |
| NAMC | - | National Agricultural Marketing Council |
| NLT | - | National Lucerne Trust |
| OPDT | - | Oil and Protein Seeds Development Trust |
| PhD | - | Doctor of Philosophy |
| PSA SA | - | Potatoes South Africa - South Africa |
| SAGL | - | Southern African Grain Laboratories |
| SAGRA | - | South African Grain Farmers Association |
| SAGIS | - | South African Grain Information Service |
| SANSOR | - | South African National Seed Organization |
| VCRT | - | Value Chain Round Table |



INDUSTRY CONTEXT FOR THE REPORTING PERIOD

The Department of Agriculture, Land Reform and Rural Development (DALRRD) Minister, Honourable Minister Thoko Didiza, and social partners from industry, government, and civil society organisations involved in the agriculture and agro-processing sectors signed the Agriculture and Agro-processing Master Plan (AAMP) more than 22 months ago. The National Agricultural Marketing Council (NAMC) and the Department of Agriculture, Land Reform and Rural Development (DALRRD) finalised duties and responsibilities to manage the implementation of the AAMP between June and October 2022. The NAMC has been engaging industries and stakeholders for the development and implementation of production schemes, establishing or reviving the value chain round tables (VCRT) as outlined in the AAMP. Several key developments have occurred, among them the Blended Finance Scheme, a program established in partnership with DALRRD and the Land Bank to commercialize development farmers, aiming to facilitate meaningful participation of black producers and majority black-owned enterprises in controlling agricultural value chains. Through this initiative, a total value of 123 applications worth R953 million were approved, with R550 million distributed to date.

The Agro-Energy Fund (AEF) was launched in South Africa to address challenges faced by the agriculture and agro-processing sectors, which were not meeting their potential due to loadshedding. Developed in partnership with the DALRRD, the AEF provides funding for acquiring alternative energy assets. It focuses on supporting energy-intensive agricultural activities like irrigation and on-farm cold chain related operations, aiming to mitigate the impact of power outages and bolster the sector's resilience. Meanwhile, the NAMC

AAMP- Project Management Unit in coordination with the DALRRD Directorate Marketing, has successfully established and put into operation four VCRTs (Value Chain Round Tables) focusing on fruits, wool, grain, and wine. The red meat VCRT is nearing operationalization. These VCRTs are co-chaired by industry and government leaders. Concurrently, we have nine production schemes in various stages of development, encompassing mohair, citrus, grain, milk, red meat, cotton, avocado, lucerne, and wine. We are pleased to note the involvement of Agricultural Trusts in these structures, facilitated through beneficiary organizations such as Cape Wools SA, Red Meat Industry Services, Grain SA, Mohair Empowerment Trust, and others. The Agricultural Industry Trusts, whether through its beneficiary organizations or transformation units, has positioned itself to align and implement the AAMP as per their agreement. Henry Ford said "Coming together is the beginning. Keeping together is progress. Working together is success." This sentiment could not be more practical to the current state of agriculture and the implementation of the AAMP.

In 2022/23, Agricultural Trust assets grew by around R83.6 million, rising from R2.48 billion in the previous fiscal year to R2.57 billion. This increase was due to the gradual recovery seen in investment markets both domestically and internationally. Additionally, Agricultural Trusts experienced rising transformation spending from 2017/18 to 2020/21, followed by a significant decrease in 2021/22, due to the Covid-19 pandemic. However, in 2022/23, spending surged to R82 million, marking a notable increase from R55.9 million in the previous year.

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

1.1. Background

Section 1 presents the activities performed by the NAMC under the Agricultural Industry Trusts Division for the reporting period on the coordination between the Minister and the agricultural industry trusts. The Minister, Mrs A.T. Didiza, was informed about several activities, including the appointment of ministerial trustees (recommendations, with the Minister appointing them), the coordination of engagements between the Minister and the agricultural industry trusts (to obtain first-hand information about progress and to engage the trusts directly), and the submission of the Status Report (to inform the Minister of the progress) on the work of the agricultural industry trusts. The following subsections provide more information on each of these activities.

1.1.1. Summary

During the reporting period, the Agricultural Industry Trust Unit convened a face-to-face annual Trusts workshop with industry stakeholders to discuss successes and challenges faced by the Trusts. All agricultural industry trusts presented, highlighting increased asset values attributed to market recovery from COVID-19. The discussion underscored the importance of partnership and collaboration among agricultural trusts, particularly those linked through by-products like grains and lucerne, while on the wool industry they indicated their plans to establish an empowerment trust based on lessons learned from the mohair industry.

The boards of the Deciduous Fruit Industry Development Trust, Mohair Trust and Oil and Protein Seeds Development Trust have welcomed the appointments of Ms. Wendy Petersen, Mr. A. Dladla and the reappointed Mr S. Shandu and Ms D. Makgatho respectively. Following those appointment was inductions organized by NAMC to familiarize them with their roles and responsibilities.

1.2. Highlights of the activities performed during the reporting period

1.2.1. Engagement between the NAMC and agricultural industry trusts

On 9 March 2023, the NAMC held its first face-to-face annual Trusts workshop at Southern Sun Hotel (O.R. Tambo International Airport) since the start of the global pandemic in 2020. Various key role players, including departmental representatives, attended the workshop to discuss the successes and challenges related to the work of the agricultural industry trusts. All agricultural industry trusts were represented and made their presentations. Most of the industry asset value had increased, and the growth in trust assets was attributed to the recovery of investment markets from COVID-19's initial impact.

During the discussion, it became evident that partnership and collaboration among the trusts were critical to improving their operations. Furthermore, it was noted that trusts linked through by-products, such as grains and lucerne, were feeders to the livestock industry and need to collaborate. It was shared that the wool industry was re-organising its institutional setup for transformation – taking the lesson from the mohair industry to establish empowerment trusts.

Appointment of ministerial trustees

The Trust Deeds grant the Minister the authority to appoint or replace ministerial trustees in the event of term expirations or trustee resignations. Ms. Wendy Petersen has been appointed to the board of the Deciduous Fruit Industry Development Trust (DFIDT) following Mr. Elton Greeve's resignation. Furthermore, the Mohair Trust Ministerial Trustee is Mr A Dladla who replaced Dr N, Hadi. The Oil and Protein Seeds Development Trust welcomed the reappointed Mr S. Shandu and Ms D. Makgatho



After all appointments, the NAMC organised a thorough induction for the newly appointed ministerial trustees to prepare them for their responsibilities after the Minister's appointment. The NAMC induction focused primarily on the NAMC's role in relation to industry trusts and the governance of these trusts so that trustees would be aware of the responsibilities they bear with respect to trusts on which they represent the Minister. The administrators of the Trusts also present of the trust and its work. The problem with delays in ministerial submission approval is becoming more efficient than before. However, there are still conflicts of interest among stakeholders and difficulties with the registration of ministerial trustees with the Master Court.



SECTION TWO: GENERAL TRUST INFORMATION

2. Trust information and background

2.1. Introduction

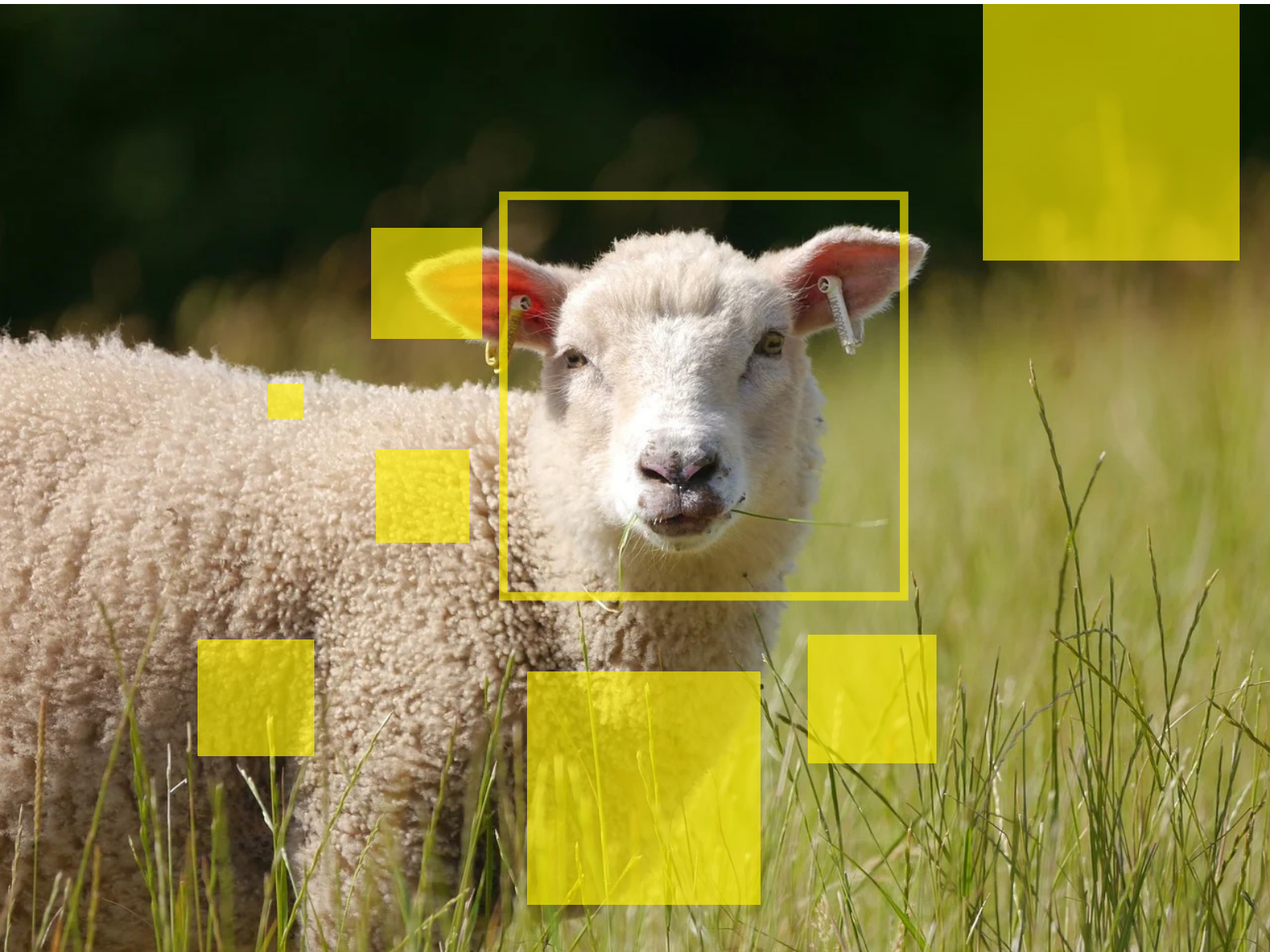
The following section provides information on the trusts' governance, including its administrative structure and the board of trustees. There are currently 82 trustees: 56 representing the industry and 26 representing the Minister. A notable trend is the rise in appointments of female ministerial trustees over the years, with approximately 14 out of 26 ministerial trustees being women. **Table 1** below shows the general information, administration and board members of each trust and the industry board representation.

Table 1: Representation within the boards of the industry trust

| Trust Category | Name of the Trust And Administrator | Administrator | Trust Age (years) | Board of Trustees |
|----------------|--|--------------------|-------------------|---|
| Horticulture | Citrus Industry Trust Fruit South Africa | Ms F. Ratshitanga | 25 | Ministerial representative(s): Dr. H. Lefophane, Ms. F. Thovhogi, and Ms. H. Makhuvha Industry representatives: Mr.J.Brand, Mr. P. Dempsey and, Mr. S.Maqoma. |
| | Deciduous Fruit Industry Development Trust HORTGRO | Ms K. Bezuidenhout | 25 | Industry representative(s): Mr N Dicey (Chairperson), Ms L Visagie Ministerial representative(s): Ms N Williams, Dr. E Blancquart, Mr. J. Mthombeni, Ms W. Peterson |
| | Potato Industry Development Trust Potatoes South Africa | Mr H. Oberholzer | 21 | Industry representatives: Dr. B.J. Pieterse (Chairperson), Mr W. M. Fourie, Mr. D.H van Zyl, Mr G.F. Bester Ministerial Representative(s): Ms N Maceba |
| Field Crops | The Maize Trust Agri Manage Solutions (Pty) Ltd | Mrs B. de Witt | 26 | Ministerial Representatives: Mr B.C. Schoonwinkel (Vice-Chairperson), Mr D.J.M. Mathews, Mr B. Mokgatle Industry Representatives: Mr Z. Ngejane (Chairperson), Mr G.S. Mafuleka, Mr M.K. Thamaga |
| | The Sorghum Trust Agri Manage Solutions (Pty) Ltd | Mrs B. de Witt | 26 | Industry Representatives: Mr. W.J. Groothof (Chairperson), Mr. D. Beets (Vice Chairperson), Dr A. van der Vyer, Mr. R.E. Pholo Ministerial Representative(s): Ms. T. Moagi-Mugonda |
| | The National Lucerne Trust | Mr FP. Ruing | 28 | Industry representatives: Mr. D.E.Malan (Chairperson), Mr. J J A. Potgieter, Mr R.H. Roselt, Mr. H.B Megaw, Mr. A. Beyers and Mr. G Ivan Ministerial Representatives: Mr. C.S.Bhiya, |
| | Oil and Protein Seeds Development Trust. | Mr G. Keun | 27 | Industry Representative: Mr A. Moosa (Chairperson), Dr. A. van der Vyver, Ms J. Tselentis, Mr R.E Pholo, Mr. G. Roos, Mr D. Schutte Ministerial Representatives: Mr. S. Shandu, Ms D.R Mosehla |



| | | | | |
|-----------|--|--------------------------------------|----|--|
| Livestock | Meat Industry Trust Red Meat Levy admin (pty)Ltd | Carolie Viviers and Taimlin Swart | 29 | Industry Representatives: Mr D. Olivier Mr W. Clack,Dr F. Nherera-Chokuda, Ministerial Representative: Dr Z. Majokweni (Chairperson) Ms U. Speirs and Ms S. Sekhoto. |
| | Mohair Trust | Mr. M. Coetzee | 30 | Industry representatives: Mr R. Kirsten (Chairperson), Mr C. Hobson, Mr S. Fani, Mr A. Greeff, Mr G. Hope, Mr J. Oellofse, Mr D. Nel, Mr I. Staats; Mr M. Shires; Mr D. Short; Mr C. Kemp and Ministerial Representatives: Mr A. Dladla |
| | Wool Trust | Mr A. van de Vender | 27 | Industry representatives: Mr H.A. van Schalkwyk (Chairperson). Mr A.R. Kidson; Dr A. Moore; Mr L.I. Maduna, Mr R.A. Kirsten, and Mr I.G. Whittal Ministerial Representatives: Dr L. Makuleni |



SECTION THREE: FINANCIAL INFORMATION

The mandate of agricultural industry trusts is to safeguard the trust assets and fund the proceeds of the industry. Performance of the trust assets is highlighted in this section.

3.1. Summary

During the 2022/23 financial year, the asset value of Agricultural Trusts rose by about R83.6 million to R2.57 billion, attributed to the recovery in investment markets. This increase surpasses the R47 million increase we experienced in the previous financial year by a significant margin. Notably, the Oil and Protein Seeds Development Trust experienced a decrease of about R21 million, while the Potato Industry Development Trust saw a decrease of around R5.5 million. The Maize Trust holds the largest asset base at R1.1 billion followed by the Wool Trust at R582 million while the National Lucerne Trust has the smallest at R1.7 million.

3.2. Trusts' asset bases for the 2021/22 and 2022/22 financial years

Table 2 provides an overview of the asset bases for various Trusts during the 2021/2022 and 2022/2023 financial years, along with the corresponding changes in their asset values. The asset value performance for the 2022/23 financial year showed an increase of about R83.6 million from R2.48 billion in the previous financial year to R2.57 billion in the reporting period. The increase in asset value of Agricultural Trusts was primarily driven by the gradual recovery in investment markets both domestically and internationally. The Trusts that recorded the most significant decreases are the Oil and Protein Seeds Development Trust, with a decrease of about R21 million and the Potato Industry Development Trust, with a decrease of about R5,5 million. However, this was due to increase in transformation expenditures. The Maize Trust has the largest asset base, with assets amounting to R1,1 billion. On the other hand, the National Lucerne Trust has the smallest asset base, with assets amounting to R1,7 million.

Table 2: Trusts' asset bases for the 2021/2022 and 2022/2023 financial years

| TRUST NAME | 2021/2022 (R' 000) | 2022/2023 (R' 000) | Change (R'000) |
|--|-----------------------|-----------------------|-------------------|
| Citrus Industry Trust | 17 631 | 18 982 | 1 351 |
| Trust Deciduous Fruit Industry Development Trust | 20 654 | 22 802 | 2 148 |
| Potato Industry Development Trust | 29 722 | 24 130 | -5 592 |
| Meat Industry Trust | 54 547 | 62 214 | 7 667 |
| Mohair Trust | 301 397 | 299 738 | -R1 659 |
| Wool Trust Total | 582 514 | 634 541 | 52 027 |
| National Lucerne Trust | 1 966 | 1 799 | -167 |
| The Maize Trust | 1 062 492 | 1 113 557 | 51 066 |
| Trust Oil and Protein Seeds Development Trust | 345 482 | 321 758 | -21 256 |
| The Sorghum Trust | 24 421 | 24 967 | 546 |
| Winter Cereals Trust | 47 192 | 47 192 | 0 |
| Total | 2 488 018 | 2 571 680 | 83 662 |

Source: Trust Balance sheets and own calculations (2024)

3.3. The outlook on the Trust assets

3.1.1. Horticultural trusts

Citrus Industry Trust: The asset value of the trust increased by R1.3 million, from R17.6 million in 2021/2022 to R18.9 million in 2022/2023. The increase in asset value can be attributed to the positive performance of the investments. Allan Gray manages the trust's investments.

Potato Industry Development Trust: The asset value of the Trust decreased by R5.6 million, from R29.7 million in the 2021/2022 financial year to R24.1 million in the 2022/2023 financial year. The decrease in the asset value of the Potato Industry Development Trust (PIDT) stems from underspending in previous years due to circumstances such as Covid restrictions and delays in plant readiness, resulting in accumulated funds that had to be addressed within NAMC guidelines, leading to a sharp increase in spending in the last year of the statutory period and ultimately reducing cash reserves. ABSA manages the trust's investments.

Deciduous Fruit Industry Development Trust: The asset value of the trust increased from 18.9 million in 2021/2022 to 22.8 million in 2022/2023. The increase in assets was driven by the appreciation of Old Mutual investments, as the trust's investments are managed by Old Mutual.

3.1.2. Field crop trusts

The Maize Trust: The asset value of the trust increased by R51 million from R1.06 billion in the 2021/22 to R1.11 billion in the 2022/23 financial year, benefiting from improved market conditions and investment performance. The investments of the Maize Trust are managed by Allan Gray, Coronation, and Ninety-One Asset Managers, while investment advice is provided by Willis Towers Watson.

Oil and Protein Seeds Development Trust: The asset value of the Trust fell by R21 million, from R343 million in the 2021/22 financial year to R321 million in the 2022/23 financial year. This decrease was due to volatility in the markets and the increase in the research budget, specifically for Transformation Projects. Investments in the trust are managed by Foord, Allan Gray, and Old Mutual Wealth.

The Sorghum Trust: The asset value of the Sorghum Trust increased from R24.4 million in 2022 to R24.9 million in 2023, reflecting an increase of about R500,000. This growth was attributed to the outstanding performance of the investment portfolios managed by Nedbank Private Wealth.

Winter Cereal Trust: The assets of the Winter Cereal Trust could not be assessed as its operations are affected by the challenges between Trustees. The Trust did not have its budget approved and finance some of its industry commitments. There is currently a court proceeding on the differences between the Ministerial Trustees and Industry Trustees.

National Lucerne Trust (NLT): The asset value of the Trust decreased by R166 785 from R1.97 million in the 2021/22 financial year to R1.79 million in the 2022/23 financial year. The reason for this decline in the asset value was the lower amount of levies received and subsequently banked. Despite this decrease, there were no changes to the nature of the trust's non-current assets or in the policy governing their usage.



3.1.3. Livestock trusts

Meat industry: The Trust has a current asset value of R62 million which was an increase of at about R7million from the previous financial year. This growth underscores the results of the investment market's performance which is dominantly offshore.

Wool industry - The assets of the trusts are R634,5 million which is a sharp increase of R52 million from the previous year. This 8.9% increase is primarily attributed to the slight recovery of investment markets which had been severely affected during COVID19. The Fundhouse Investment Advisors and Zakly Investments provide financial advisory services to the Wool trust.

Mohair industry - The Mohair trust is responsible for its own bookkeeping and Old Mutual is used for the investment portfolio for funds. The current value of the Mohair trust assets is R299 million which has dropped with R1. million, from R301 million in the previous financial year. This decrease of 1% is a concern for the Mohair trust and it was resulted as an impact from the global shock in asset decrease in value linked to global markets.



SECTION FOUR: TRANSFORMATION INFORMATION

Currently transformation in the agricultural sector is funded by two sources: trust funds and statutory levies (derived directly from the instruments stipulated in the Marketing of Agricultural Products Act of 1996). This section will briefly illustrate some of the initiatives taken by trusts in advancing transformation. For more information on transformation funded by trusts moreover by the levies there is a separate report called “Transformation report on trusts and levy expenditures”.

4.1. Summary

A significant change occurred in the 2022/23 financial year, marked by a substantial increase in transformation expenditure compared to previous years, with trusts allocating R82 million, up from R55.9 million in the 2021/22 financial year. The Trusts with the higher asset value is likely to allocate more funds towards transformation due to the proceeds from investments. Enterprise development received the highest funding, followed by skilled development, management control, and finally socio-economic activities.

4.2. Transformation expenditure for the past decade

Trust and levy funds are the lifeblood of South Africa’s agricultural sector, funding transformation with proceeds from investments or rental income from their assets. Levies collected are subject to a 20% requirement to be spent on transformation. The NAMC’s transformation guidelines have proven useful in funding sector transformation.

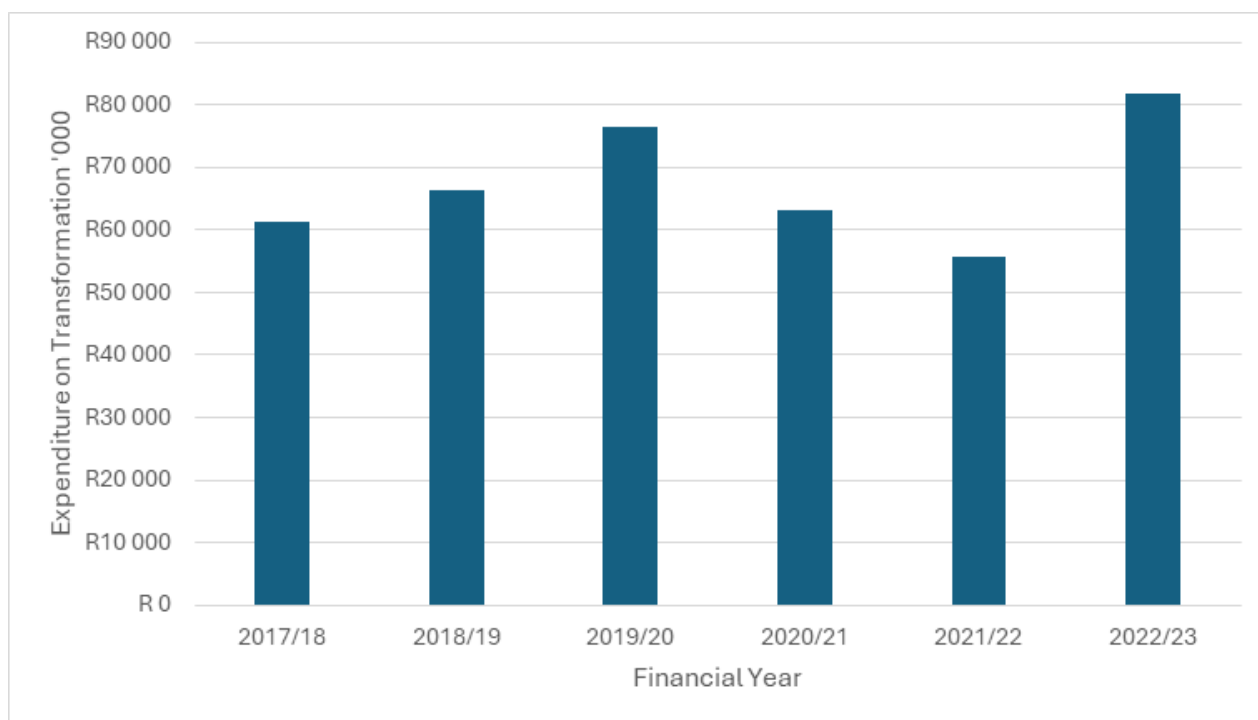


Figure 1: Agricultural Trusts expenditure on transformation

Source: NAMC calculations from Trust Reports.

Figure 1 shows Agricultural Trusts expenditure on transformation from 2017/18 financial year to 2022/23 financial year. From the 2017/18 financial year through to the 2020/21 financial year, there was a general increasing trend in transformation expenditure, with a slight decrease noted in 2020/21. However, there was a significant decrease in 2021/22 which could be attributed to various factors such as the impact of Covid-19 pandemic. The notable change occurred in the 2022/23 financial year, where there was a substantial increase in transformation expenditure compared to previous years. The trusts spent R82 million, a notable increase from R55.9 million in the 2021/22 financial year. This increase might indicate a renewed focus or investment in transformation initiatives, driven by increased funding allocation.

4.2. Field crops trusts.

4.2.1. The Maize Trust

The Maize Trust provides funding for Industry Bodies to implement research, market information, and transformation activities within the maize industry. Although the Maize Trust does not manage any statutory levies, its transformation program is guided by the NAMC’s transformation guidelines. During the 2022/23 financial year, approximately R27 million was allocated by the Trust specifically for transformation initiatives. These transformation funds are channelled into various programmes aimed at fostering the emergence of new black commercial maize farmers. Annually, funding is allocated to Farmsol, Grain SA and Phahama Grain Phakama (PGP) for activities such as training, technology transfer, and farmer skills development. Furthermore, the Trust administers an annual bursary scheme targeting MSc and PhD students. The aim is to stimulate studies in maize-related fields and to create skilled capacity within South African agriculture. Furthermore, the Maize Trust extends funding to several interns and supports a national school program aimed at informing learners from previously disadvantaged communities about potential careers in agriculture.

Table 3: The Maize Trust expenditure on transformation for 2022/2023

| Activities | Amount |
|---|--------------------|
| Bursaries | R1 318 250 |
| Potential Commercial Farmers and Mentorship | R18 317 894 |
| Training, study groups, offices, etc. | R 7 529 736 |
| TOTAL | R27 165 881 |

Source: The Maize Trust (2024)

4.2.2. The Sorghum Trust

The Trust provides transformation funding to several complimentary programs aimed at achieving a broad spectrum of transformation functions to create new black commercial sorghum farmers. Although the Sorghum Trust does not manage any statutory levies, its transformation programme is guided by the NAMC’s transformation guidelines. The Trust grants funding to Grain SA on an annual basis for training, technology transfer, and farmer skills development. The Trust also manages an annual scholarship for MSc or PhD students. The aim is to stimulate studies in sorghum-related fields and to create skilled capacity in South African agriculture. In terms of the Trust’s policy, most of the bursaries are granted to previously disadvantaged students from all the South African universities.

Table 4 presents a summary of the Sorghum Trust’s spending allocations. In the 2022/23 financial year, the Trust approved R1.16 million in funding with R273,785 was allocated for transformation initiatives. New role players approached the Sorghum Trust for funding to implement transformation initiatives. However, the Trust encountered difficulties in obtaining sufficient and reputable information from these new entities. As a result, no funds were spent on transformation during the period under review.

Table 4: The Sorghum Trust allocation for transformation for 2022/23

| Activities | Amount (R) |
|--------------------|----------------------|
| Research | R354 552.30 |
| Market Information | R535 250.76 |
| Transformation | R273 785.56 |
| Total | R1 163 588.62 |

Source: The Sorghum Trust (2024)

4.2.3 Oil and Protein Seeds Development Trust

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. For the 2022/23 financial year, the trust spent approximately R24 million in transformation. In addition to direct assistance to farmers, the trust awards 10 MSc and PhD bursaries annually to deserving students enrolled in South African universities.

Table 5: OPDT expenditure on Transformation for 2022/23

| Activities | Amount (R) |
|--|--------------------|
| Farmer Development (Training, Pula/ Imvula, Trials and Mentoring, advanced Farmer input support) | R5 261 308 |
| Creating job opportunities in Soy planting and micro and macro Soy agro-processing businesses | R7 538 945 |
| Transformation initiatives | R11 000 000 |
| Bursary Scheme | R700 000 |
| Community upliftment | R197 027 |
| Total | R24 697 208 |

Source: OPDT (2024)

4.2.4 National Lucerne Trust

The Trust’s goal is to help aspiring farmers and agribusiness owners advance from subsistence to commercial farming systems. Table 6 provides a summary of the transformation projects supported by the National Lucerne Trust. In the 2022/23 financial year, the NLT spent approximately R504,522 on transformation initiatives. Specifically, the NLT provided R255,000 to the Smallholder and Agripreneur Development Project during the period under review while R67,000 was allocated to the UFS Student Bursary and the Lucerne Hay Grading Course. Lastly, the NLT allocated R1,750 to socio-economic development initiatives.

Table 6: Transformation projects supported by National Lucerne Trust for 2022/23

| Pillar | Activities Funded | Expenditure (R) |
|---------------------------------|--|-----------------|
| Enterprise Development | Smallholder Farmer and Agripreneur Development Project | R255 858.85 |
| Training and Skills Development | Lucerne Hay Grading Course and UFS student Bursary | R67 720.20 |
| Socio-economic Development | Sustainable Rural Education and Development Project | R 1 750 |
| Management Control | Personnel costs | R179 192.95 |
| Total | | R504 522 |

Source: NLT (2024)

4.3. Horticultural trusts

4.3.1. Citrus Industry Trust

The Trust does not carry out any operations. Transformation is implemented by the Citrus Academy and the Citrus Growers' Association - Grower Development Company (CGA-GDC). The CGA-GDC focuses on the enterprise development of black citrus growers, while the Citrus Academy primarily offers bursaries and short courses for training and skill development within the citrus industry. In the period 2022/2023, the Trust spent about R350,000 on enterprise development and R250,000 on bursaries.

4.3.2. Deciduous Industry Development Trust



The Trust itself is not responsible for implementing transformation projects. The trust requests proposals from the sector, evaluates them, and awards funding to the project that best suits their aim. In the past, the trust provided funding for human capital development (bursaries). More recently, the trust has provided funding for a feasibility study to explore the prospect of reviving deciduous fruit farms in the Free State Province (economic development). A total of R345,000 was allocated for the Free State Feasibility project in 2021, with anticipation of additional funding for a new project in 2024. The trust is in process to fund another project focussed on Capacity Building and Training.

4.3.3. Potato Industry Development Trust

The Trust itself is not responsible for implementing transformation. Potatoes South Africa (PSA) carry out all trust-related activities, it is the trust's implementing agency. More than 20% of statutory levies is invested in transformation as guided by NAMC's transformations guidelines. Developing Producers Committee has the responsibility to nominate representatives to the Potatoes South Africa Transformation Committee and to identify needs, challenges, and opportunities for emerging Black commercial producers. In the 2022/23 financial year, the Trust spent approximately R13.8 million on transformation.

- Enterprise Development Programme:

Develops Black farmers to grow and produce potatoes commercially in a sustainable way, in the 2022/23 financial year there were 15 Enterprise Development Farmers supported. PSA have collaborated Limpopo and Western Cape departments of Agriculture, Kagiso Trust, Afgri, VKB and others. PSA provides support in the form of seed purchase, mentorship, prefeasibility studies and business plans for New Era farmers. Seed



is provided on a four (4) year 25% sliding scale, this is to ensure that at the end of the four-year support period, farmers can stand on their own and run a sustainable venture. About R8.3 million was spent on Enterprise Development with and additional R30 million received from DALRRD.

- Small Grower Development Programme:

A subsistence farming project aimed at communities focusing on food security, rural development and job creation and reached over 800 community members in the past financial year with an average of 55 participants per project. 45 projects were supported in KZN, Eastern Cape and Limpopo and approximately R400 000 was spent.

- Skills development:

PSA has continued to provide skills development programmes for the Enterprise Development farmers to ensure that they are properly equipped to make sound business decisions. A skills audit was conducted and indicated where there are gaps in terms of skills, all the Enterprise Development farmers are being assisted with Financial Management training. The main purposes of this programme are to provide students with exposure to the potato industry and to enable them to make informed decisions about their career choices based on the exposure and experience they received. A total number of 19 students are currently funded by the Trust and 12 of them also received funding from AgriSeta. R1.1 million was spent on Skills Development.

- Commercialization and sustainability:

The potato industry defines commercial as at least 30 hectares. Four growers have successfully commercialised to date. It should be mentioned, too, that the industry has increased the average number of farmers to 15 hectares. A tonnage of

more than 60 tons per hectare is being received by some of these farmers, which is the same as 45 tonnes on 30 hectares produced on average.

- Partnerships:

PSA has partnered with several institutions to facilitate the placement of funded students. Partnerships are formed with potential employers and arrangements are made to host PSA-funded interns. There are also strong partnerships with the various departments of agriculture in several provinces (KZN, LP, EC, GP, MP). These partners are crucial in mobilising the community to participate in smallholder projects. A monitoring programme is in place to ensure the success of these projects. 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.

4.4. Livestock Trust

4.4.1. Meat Industry Trust

An amount of R2 million has been approved for Transformation, with applications currently being finalized for successful candidates who are going to be funded for enterprise development. Buhle Academy has been appointed as a Service Provider to help in the verification and evaluation of the top 10 nominated farmers.



4.4.2. Mohair Trust

The Trust spent at least R2.7 million on transformation which was an increase of R1.5 from the previous financial year, this is spent on mentoring and training emerging farmers as well as providing goats to emerging farmers that have land. **Table 7** below shows the breakdown in transformation budget

Table 7: Transformational budget of Mohair trust

| Transformational target | Budget |
|---|-------------------|
| Providing goats to farmers with land | R1 499 247 |
| Providing mentorship and training to emerging farmers | R1 256 598 |
| Total spent | R2 755 845 |

Source: Mohair Trust (2024)

4.4.3. Wool trust

R10 million has been spent towards bursaries and skills development as well as shear training which secures job creation for trainees. The bursary program has graduated at least 43 graduates, and more than half of these graduates are employed in the agricultural sector. This is important work as it addresses various challenges such as lack of skills/education, unemployment, as well as strengthening the industry workforce to ensure its sustainability and inclusivity.

Table 7: Transformation project of the Wool trust

| Transformational target | Amount allocated R |
|---------------------------------|--------------------|
| Bursaries | R127 055 |
| Skills development and training | R5 656 632 |
| Job creation (Shearer training) | R4 244 631 |
| Total | R10 028 318 |

Source: Wool Trust (2024)

4.5. Challenges faced by the agricultural industry trusts regarding transformation.

The Maize Trust: The Maize Trust has been successful in its transformation programme. However, challenges with the Grain Farmer Development Association (GFADA) have left a gap in the coordination of transformation projects, particularly between the different grain and oilseed industries. Efforts are being made to improve the coordination of transformation programmes. A special Transformation Review Panel has been established to recommend future transformation efforts, targets and goals.

The Sorghum Trust: The Sorghum Trust's transformation programme has been successful. However, the demise of the Grain Farmers Development Association (GFADA) has unfortunately created a gap in the coordination of transformation projects, particularly between the various grain and oilseed industries.

National Lucerne Trust: The trust is faced with a shortage of funding.

SECTION FIVE: OUTLINE OF INDUSTRY STRUCTURES

This section highlights the organisations that work directly with the trusts to fulfil their mandates. The section also provides a brief overview of the scope of work of each organisation identified.

The Maize Trust: Industry bodies funded by the trust include The SA Grain Laboratory (SAGL), Agricultural Research Council (ARC), Grain SA, Phahama Grain Phakama NPC (PGP) South African Grain Information (SAGIS), Bureau for Food and Agricultural Policy (BFAP), University of Stellenbosch, Sandy Soils Development Committee, North-West University, NAMC, South African Grain Farmers Association (SAGRA), Cape Peninsula University, University of Pretoria and The South African National Seed Organisation (SANSOR). All trust beneficiaries report bi-annually on the progress and results of the projects funded. Beneficiaries funded including:

- **Grain SA Farmer Development Programme:** In this programme, emerging farmers are trained, mentored and developed to become self-sustaining commercial farmers.
- **ARC:** The objective of this programme is to focus on research and technology transfer activities that benefit emerging farmers and address their specific needs.
- **The Maize Trust Bursary Scheme:** The scheme aims to develop capacity for highly skilled personnel within South Africa's grain industry.
- **GrainSA schools Programme:** The aim is to inform previously disadvantaged learners about agriculture and career opportunities.
- **Industry beneficiaries:** The objective is to improve maize quality, yield and resistance to diseases and pests, thereby maintaining the competitiveness of South African farmers in the international marketplace.

The Sorghum Trust: All trust beneficiaries report bi-annually on the progress and results of the

projects funded. Structures and beneficiaries include:

- **ARC:** The objective of this programme is to focus on research and technology transfer activities that benefit emerging farmers and address their specific needs.
- **GrainSA Scholarship Scheme:** The scheme aims to develop capacity for highly skilled personnel within South Africa's grain industry.
- **Industry beneficiaries:** The objective is to improve sorghum quality, yield and resistance to diseases and pests, thereby maintaining the competitiveness of South African farmers in the international marketplace. The Sorghum Trust does not administer statutory levies. However, its transformation programme is guided by NAMC's transformation guidelines. The trust provides annual funding to Grain SA to implement transformation activities such as training, technology transfer and farmer skills development. The Sorghum Trust also funds the Agricultural Research Council (ARC) for technology transfer and research into emerging farming practices and needs.

National Lucerne Trust

There is a minimum of four [4] and a maximum of seven [7] trustees on the NLT Board, with one [1] trustee representing the Minister of Agriculture, Land Reform and Rural Development. The remaining six [6] represent specific sectors of the lucerne industry: lucerne seed producers, cleaners and merchants, lucerne hay producers, merchants, processors and smallholder farmers.

Oil and Protein Seeds Development Trust (OPDT)

The structures of the OPDT Trust include the Oilseeds Advisory Committee, the SA Groundnut Forum, the Sunflower, Soybean and Soyfood



Forum and the Research Priority Committee. Beneficiaries of the trust are ARC-GCI, SAGL, NAMC, WCDA, SAGIS, FABI, University of Pretoria, BFAP, Eden Social Development Foundation, University of the Free State, Grain SA, FarmSol, Stellenbosch University, Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs.

Potato Industry Development Trust (PIDT)

Potatoes South Africa, the administrator of the trust, is the only industry structure that reports to the trust and is responsible for implementing its strategic priorities. The trust also has reporting internal committees: The Potato Industry Development Trust, the Risk and Audit Committee, the Bursary Committee, the Research and Technical Advisory Committee and the Potato Transformation Advisory Committee. The committees act as advisory bodies, informing the trust of the strategic implications and relevance of activities or projects.

Meat Industry Trust

The industry has a Bursary Working Committee (BWC) which deals with bursaries for MSc and PhD students.

Mohair Trust

- The structures within the mohair industry that work with the Mohair Trust are Mohair South Africa, which is responsible for promoting the industry;

- The South African Mohair Growers Association (SAMGA), another organisation responsible for representing all mohair producers in South Africa;
- The Mohair Empowerment Trust (MET), which is responsible for the empowerment of the industry;
- The Mohair Brokers Association, which represents mohair brokers;
- The Mohair Buyers Association, representing mohair buyers;
- The Mohair Processors Association, representing the mohair processors;
- The Angora Ram Breeder's Society, representing angora goat genetics and
- The Farmworkers Association, representing mohair farm workers.

Wool Trust

As the beneficiary of the Wool Trust, Cape Wools South Africa (Cape Wools SA) is the only organisation that reports to the Wool Trust. Cape Wools SA is the official representative body for the South African wool industry, representing the collective interests of wool producers, buyers, processors, brokers, traders, small stockbreeders, workers, and inspectors. Through their partnership with other major wool-producing nations, they promote the interests of the wool community in South Africa and abroad.



SECTION SIX: CONCLUSION

The assets of the Agricultural Trust increased by approximately R83.6 million in 2022/23 from R2.48 billion to R2.57 billion in the preceding fiscal year. The slow but steady revival of the global and domestic financial markets was the cause of this increase. In addition, because to the Covid-19 epidemic, Agricultural Trusts had a considerable fall in transformation investment in 2022/23 after seeing increased spending in 2017/18 and 2020/21. Spending, however, increased significantly to R82 million in 2022/23 from R55.9 million in the year before.

The NAMC would like to express its deep appreciation and gratitude to the Trust Administrators, Board of Trustees, Transformation Managers and Officers and other stakeholders involved in the eleven (11) industry trusts for their continued support in keeping the Minister and Portfolio Committee abreast of the transformation interventions and asset base. The NAMC commends the excellent efforts of the industry trusts to preserve their assets and ensure that investment returns are used to fund industry activities.



Agricultural Industry Trusts Questionnaire – 2023 Survey

To:

Agricultural Trusts Administrators/CEOs

Status Report on Agricultural Industry Trusts (2022/23)

For:

The Minister of the Department of Agriculture, Land Reform and Rural Development (DALRRD)

The rationale of the survey

This questionnaire is distributed to the Agricultural Industry Trusts to get the status quo in the operations of the Trusts to be presented to the Minister. The Minister is mainly interested in whether the assets are increasing or decreasing (and associated reasons), as well as getting a clear indication of the activities funded by the Trusts. More specifically, to get an idea of the individual Trust's work aimed at redressing the imbalances of the past (Transformation). In order for the National Agricultural Marketing Council (NAMC) to compile the "Status Report on Agricultural Trusts – 2022/23 Survey", the Trusts Administrators/CEO's are requested to provide the NAMC with the following information¹:

¹Before the document is finalised it will be shared with the Trusts' administrators for information verification and inputs.

SECTION A: TRUST BACKGROUND

- a. Who (person and company) is the administrator of the trust?
- b. Where is the location of the trust, in terms of the Local Municipality/District?
- c. How many personnel are employed by the administrator and what are the demographics of the employees (e.g., gender, age, race)?
- d. When was the trust established?
- e. Who are the current members of the Board of Trustees and their representation?
- f. Who is the Chairperson of the Trust?
- g. What is the duration of the current serving chairperson?

SECTION B: TRUST ASSET(S)

- a. How much is the current value of all assets?
- b. List the assets' names, locations, and values of each asset.
- c. By how much did it increase or decrease from the previous financial year?
- d. What are the reasons for the changes in the value of assets?
 - i. If there was a decrease, what measures have been put in place to address it?
 - ii. Does the change affect the trust's ability to fund its operations/activities?
- e. Which investment portfolio company/s is used for the trust funds?
- f. Which company is doing the bookkeeping for the Trust?

SECTION C: INDUSTRY FUNDING

- a. How many industry bodies are funded by the trust, their role and amount spent? Please list them
- b. Does the trust also implement any activities?
 - i. If yes, do these activities link smallholder farmers to the markets?
 - ii. Based on the answer above, how many smallholder farmers have been linked to the markets?
- c. What are the areas of focus for the trust's budget?
- d. Can you provide a budget breakdown of the activities funded by the trust or through the trust funding?
- e. Please specify the benefit (s) of the activities funded by the trust towards the entire industry. Please elaborate
- f. What is the impact of the work funded?
- g. How does the trust make the funding decision (a pre-set amount or based on the budget from the beneficiary institutions?)

SECTION D: DEED OF TRUST

- a. Please attach the latest copy of the Trust Deed
- b. Was the Deed of Trust amended in 2022/23?
 - i. If "Yes", please provide details and the date of the amendments.
 - ii. If "No", when was the last amendment made (year and date)?
 - iii. Are there any plans to amend it or is the process already unfolding (if yes, how far)?
- c. Was there any legal advice sorted on matters pertaining to its operations during the reporting period?



SECTION E: INDUSTRY STRUCTURES

- a. How many industry structures (organisations/committees) report to the Trust? Please list them
- b. What is the role of each of these structures?
- c. Does the trust experience any challenges in running its affairs, regarding the Master of High Court and/or industry? If yes, how would you like the NAMC intervene?
- d. How does the Trust ensure transparency and accountability in its operations?
- e. Are there regular reports or updates provided to stakeholders? If yes, how often? Specify the reports provided

SECTION F: TRANSFORMATION

- a) How much has been spent on transformation by the trust during the reporting period?
- b) What transformation activities are currently funded by the trust? Please include the budget breakdown per activity
- c) How is the implementation of transformation structured within the trust?
- d) What partnerships have been formed with different organisations in the implementation of transformation activities?
- e) What are the challenges faced by these transformation projects?
- f) Should the NAMC do more in terms of assisting trusts with transformation? If yes, how?
- g) How is the employment equity of the trust administrator? Highlight race and gender.
- h) Is there any impact on the transformation funded by the trusts?
 - i. If yes, what are the success stories from the transformation activities funded?
 - ii. If not, what are the potential reasons?
- i) Does the Trust have strategies and targets in terms of transformation? Please provide brief details.

SECTION E: AGRICULTURE AND AGROPROCESSING MASTER PLAN (AAMP)

The AAMP was signed by the social partners in the agriculture and agro-processing sectors in South Africa as a social compact and strategy for inclusivity and economic growth. Please use the table below to indicate the various programmes your trust are currently implementing aligned to the specified six pillars of the AAMP.



| Pillar | Activities or programmes | Stakeholders involved | Description | Targets or indicators | Means of verification | Risks |
|---|--------------------------|-----------------------|-------------|-----------------------|-----------------------|-------|
| Resolving policy ambiguities and creating an investment friendly environment | | | | | | |
| Investing in, and maintaining enabling infrastructure | | | | | | |
| Providing comprehensive farmer support, developmental finance, R&D, and extension services | | | | | | |
| Improving food security, increasing production and employment, and ensuring decency and inclusivity | | | | | | |
| Facilitating market expansion, improving market access, promoting trade | | | | | | |
| Improving localized food production, reducing imports, and expanding agro-processing exports. | | | | | | |

Date sent out: 30 October 2023

Due date: 18 February 2024

Thank you for your cooperation in providing this important information for the compilation of the “Status Report on Agricultural Trusts – 2022/23 Survey.” Your contribution is valuable for assessing the industry’s progress and informing policy decisions.



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