



Funding of Transformation through Statutory Levies and Trust funds in the agricultural sector (including the red meat industry)



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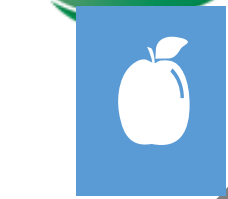
Microsoft Teams – Trade Awareness Workshop



Who is the National Agricultural Marketing Council (NAMC)

- ❖ NAMC is an advisory body to the Minister of Agriculture & Directly Affected Groups (DAGs)
- ❖ NAMC established in terms of MAP Act of 1996. It has 4 strategic objectives
- ❖ NAMC conducts research on agricultural policy, marketing & trade – advice ITAC & Competition Commission
- ❖ NAMC administers statutory measures and agricultural trusts for all agriculture products, except SUGAR

NAMC Divisions



Agribusiness
Development (AD)



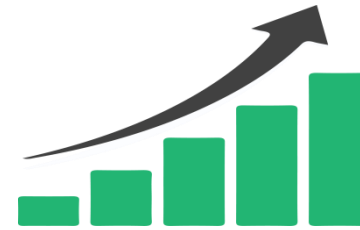
Markets and
Economic
Research Centre
(MERC)



Statutory
Measures (SM)



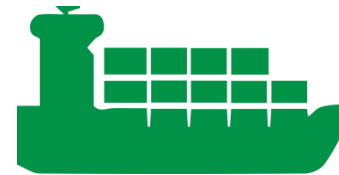
Agricultural
Trusts



Increasing of market
access for all market
participants



Promotion of the efficiency of
the marketing of agricultural
products



Optimization of export
earnings from
agricultural products



Enhancement of the
viability of the
agricultural sector



Statutory Measures Provided for in the MAP Act

- The MAP Act makes provision for four statutory measures –



Levies
(section 15)



**Records and
returns (section 18)**



Registration
(section 19)



**Control of exports
of agric products**
(section 16)

- They complement each other



Est. Agricultural Trusts

- Bodies that were established after the disbandment of the former control boards during **the market deregulation process** in 1996.
- **Responsibility:** Protect producers from excessive price fluctuations (long term economic survival)
- The assets of the **control boards (R677 million)** were then transferred into these **Agricultural Trusts (current valued over R2 billion)**.
 - ✓ 11 Trusts (commodity specific)
 - ❖ Observer status
- **Mandated:** Protect and grow assets, and use the proceeds to finance industry work.
- **Governance:** Board of Trustees (**26:56**) & Trust deeds



Statutory levies income, 2020 Survey

Product	Levy income 2020	Total value of product at first point of sale	Levy income as a percentage of the value of the product
	R	R	%
Citrus (exported)	90 851 271	19 376 552 000	0,5%
Cotton lint	8 281 436	658 000 000	1,3%
Dairy products	56 346 019	15 104 262 000	0,4%
Deciduous fruit	108 655 174	6 779 274 744	1,6%
***Pome and stone	59 482 955		
***Market development	23 259 509		
***Fruit Fly Africa	25 912 710		
Dried fruit	9 112 801	1 674 061 000	0,5%
Fynbos (proteas)	803 448	116 610 208	0,7%
Lucerne	2 409 189	1 241 231 544	0,2%
Macadamias	29 904 420	3 270 000 000	0,9%
Olives	1 560 736	75 712 576	2,1%
Pecan nuts	5 171 553	1 180 000 000	0,4%
Pomegranates	906 906	97 045 952	0,9%
Pork	37 283 046	11 879 252 136	0,3%
Potatoes	50 976 926	10 200 000 000	0,5%
Red meat	47 055 419	28 000 000 000	0,2%
Soybeans	68 962 355	6 022 299 000	1,1%
Table eggs	8 221 717	7 900 000 000	0,1%
Table grapes	28 184 164	7 900 000 000	0,4%
Wine	90 932 073	6 161 200 000	1,5%
Winter cereals (general)	37 121 696	8 418 034 326	0,4%
Winter cereals (SACTA)	53 060 243	8 418 034 326	0,6%
TOTAL	735 800 592	144 471 569 812	0,5%





Transformation Guidelines

Pillar	Activities (examples)	Allocation %
1 Enterprise development	• Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs. • For field crops and horticultural products, the industry shall fund with soil preparation services. • For livestock, the industry shall fund the purchase of vaccination, dosage programmes and veterinary services. • Fund the cost of accreditation, various legal and professional services (such as Siza or HACCP). • The industry shall assist farmers to access the market including the facilitation of supply agreements or purchase contracts. • The industry shall fund the development of business plans. • The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others). • Assist in ensuring that appropriate agricultural infrastructure, machinery and equipment are in place and good condition (e.g. Electricity and water, bio-security measures, etc.). • The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses.	60%



Transformation Guidelines

Pillar	Activities (examples)	Allocation %
2 Skills Development	- The industry shall fund training and mentoring farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, mechanics and supervisors to develop capabilities to better manage their farm and agribusinesses. - Training shall be provided by SETA- Accredited skills developers in terms of the AgriBEE Charter. - To ensure these capabilities in future to manage farm and agribusinesses the industry shall fund bursaries for Black Designated Groups to develop such capabilities.	18%
3 Management Control	The industry shall fund the position of transformation manager . Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.	17%
4 Ownership	The industry can purchase a stake/equity in existing enterprises for PDIs .	
5 Socio- Economic Development	Industries are encouraged to do activities that contribute positively to the quality of life of workers and their communities.	5%



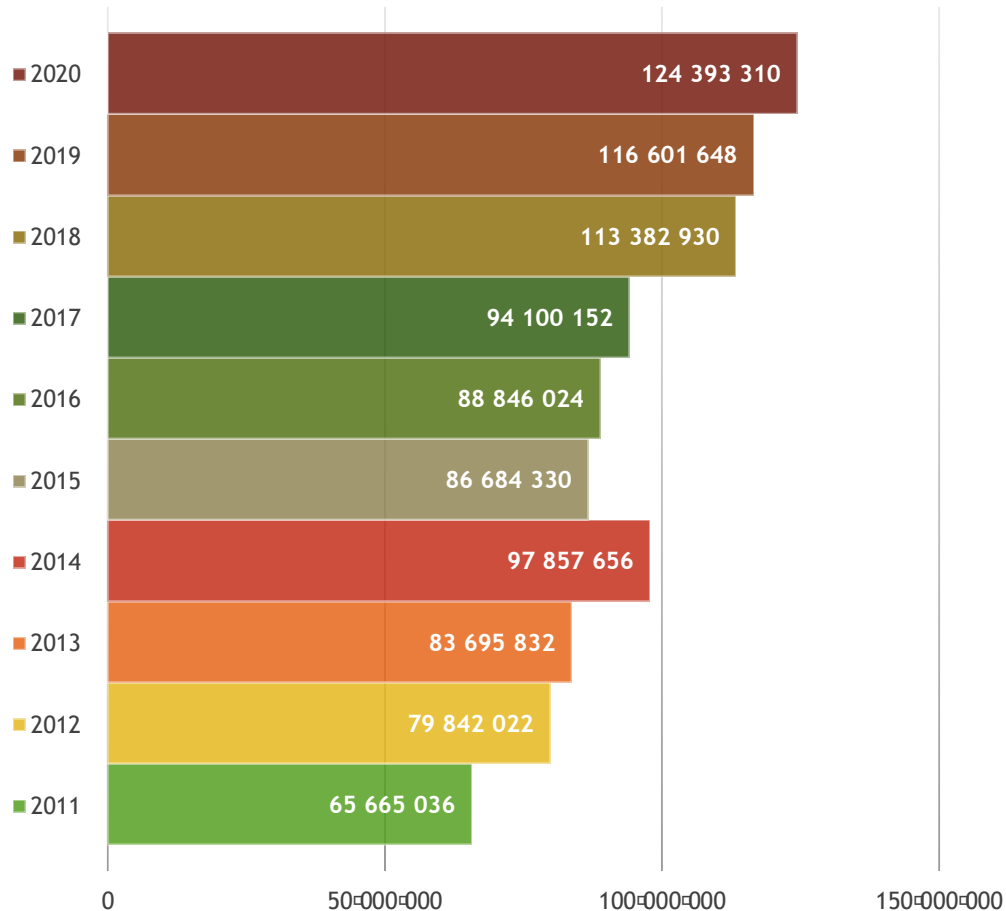
Agricultural Trusts Outlook

Trust Name	2019 Asset value (R)	2020 asset value (R)	2020 Asset (+/-) R
Citrus Industry Trust	15 447 855	14 811 430	-636 425,00
Deciduous Fruit Industry Development Trust	17 113 818	17 121 862	8 044,00
Maize Trust	1 030 342 303	1 002 121 609	-28 220 694,00
Meat Industry Trust	48 048 852	50 154 619	2 105 767,00
Mohair Trust	274 274 112	261 115 585	-13 158 527,00
National Lucerne Trust	1 844 933	1 858 567	13 634,00
Oil and Protein Seeds Development Trust	314 890 562	309 242 325	-5 648 237
Potato Industry Development Trust	22 782 515	28 029 018	5 246 503
Sorghum Trust	26 208 750	23 896 147	-2 312 603
Winter Cereal Trust	64 480 385	54 781 411	-9 698 974
Wool Trust	543 703 763	528 889 536	-14 814 227
Total/Average	2 359 137 848	2 292 022 109	-67 115 739



Levy Expenditure on Transformation

Total amount spent on transformation



Industry	Levy income	Transformation	Transformation as % of levy income	Total expenditure
	R	R	%	R
Citrus (exported)	90 851 271	20 124 877	22,2%	93 575 075
Cotton lint	8 281 436	1 821 635	22,0%	13 702 359
Dairy products	56 346 019	10 557 683	18,7%	51 976 169
Deciduous fruit	108 655 174	12 331 333	11,3%	104 931 493
***Pome and stone	59 482 955	11 600 968	19,5%	56 804 946
***Market development	23 259 509			20 366 225
***Fruitfly Africa	25 912 710	730 365	2,8%	27 760 322
Dried fruit	9 112 801	3 103 038	34,1%	12 058 452
Fynbos (proteas)	803 448	152 551	19,0%	573 711
Lucerne	2 409 189	255 877	10,6%	2 376 327
Macadamias	29 904 420	3 738 823	12,5%	16 086 054
Olives	1 560 736	438 261	28,1%	1 724 876
Pecan nuts	5 171 553	1 130 138	21,9%	6 165 238
Pomegranates	906 906	357 093	39,4%	937 928
Pork	37 283 046	9 423 521	25,3%	37 290 851
Potatoes	50 976 926	11 344 210	22,3%	44 026 441
Red meat	47 055 419	10 080 745	21,4%	47 320 399
Soybeans *	68 962 355	14 067 409 ringfenced for transformation		2 217 512
Table eggs	8 221 717	979 654	11,9%	5 491 238
Table grapes	28 184 164	5 692 299	20,2%	32 398 206
Wine	90 932 073	15 867 480	17,4%	88 182 406
Winter cereals (general)	37 121 696	16 994 092	45,8%	45 091 261
Winter cereals (SACTA) *	53 060 243	23 511 582 ringfenced for transformation		52 560 117
TOTAL	735 800 592	124 393 310	16,9%	658 686 113
Total excluding Fruit Fly Africa, Market Development, Soybeans and Winter Cereals (SACTA)	564 605 775	123 662 945	21,9%	

* SACTA reserved funds for transformation to the amount of approximately R14.1 million for soybeans and R23.5 million for winter cereals that will be spent in the next financial years, as the NAMC TRC did not approve their initial transformation business plans.



Performance on pillars of transformation

2020 Pillars of transformation

	Enterprise development	Skills development	Employment equity, Management control, Socio-economic development, Ownership	Total spent on transformation
	(guideline 60 %)	(guideline 20 %)	(guideline 30 %)	
Citrus (exported)	11 500 000	800 000	7 824 877	20 124 877
Cotton lint	395 000	1 302 909	123 726	1 821 635
Dairy products	5 644 808	3 077 455	1 835 420	10 557 683
Deciduous fruit	9 891 158	675 929	1 764 246	12 331 333
Dried fruit	1 640 789	683 229	779 020	3 103 038
Fynbos (proteas)	141 551	11 000	0	152 551
Lucerne	112 848	132 039	10 990	255 877
Macadamias	2 126 344	523 799	1 088 680	3 738 823
Olives	80 555	357 706	0	438 261
Pecan nuts	864 536	238 868	26 734	1 130 138
Pomegranates	79 297	257 059	20 737	357 093
Pork	4 381 348	446 429	4 595 744	9 423 521
Potatoes	6 013 531	1 943 351	3 387 328	11 344 210
Red meat	5 963 489	3 425 156	692 100	10 080 745
Soybeans				
Table eggs	729 654	250 000	0	979 654
Table grapes	3 491 592	540 499	1 660 208	5 692 299
Wine	12 753 360	1 516 000	1 598 120	15 867 480
Winter cereals (General)	13 448 347	2 276 375	1 269 370	16 994 092
Winter cereals (SACTA)				
TOTAL	79 258 207	18 457 803	26 677 300	124 393 310
	63.7 %	14.8 %	21.4 %	100.0 %



Trusts' Transformation Expenditure

Year	Expenditure on Transformation (R'm)
2012/13	73, 5
2013/14	47, 3
2014/15	50, 7
2015/16	51, 4
2016/17	54, 4
2017/18	61, 3
2018/19	66, 3
2019/20	76, 6
Totals	405, 3

- **Prescription:** 20% be spend on transformation_ Trusts spend over 30% of the total funds on transformation interventions.

- **Activities:** development and Enterprise skills development



Concluding Remarks

- The system of statutory measures is well developed – started in 1937.
- At least 20% should be spent on transformation (in-line with the NAMC transformation guidelines)
- Expand access to technical knowledge and enterprise development for black farmers- augment Commodity Groups' Levies/Trusts
 - Grow and protect the assets
 - Trusts & transformation spending
- NB: Statutory measures are enabling growth in the agricultural sector by means of effective information collection and management, communication and the funding of research, transformation, export promotions and other essential generic functions.





THANK YOU

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