



NAMC

Promoting market access for South African agriculture



NAMC:

Information initiatives funded through statutory levies and trust funds.

Trade Awareness Workshop: for wool, mohair and cotton exports

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PRESENTATION OUTCOME

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Who is the NAMC ?

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What we do ? Statutory Measures and Agricultural Industry Trust

03

Structures to support transformation



WHO IS THE NAMC ?

- **Establishment:** The NAMC was established in terms of Sections 3 and 4 of the MAP Act No. 47 of 1996, as amended by Act No. 59 of 1997 and Act No. 52 of 2001.
- **Mandate:** The NAMC strategic function is that of Advisory body that advises the Minister and Directly Affected Groups on all matters relating to marketing of agricultural products

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

WHAT WE DO?

Statutory Measures

Purpose:

- To facilitate the implementation of statutory measures, namely statutory levies, registrations and records & returns in the livestock, field crops and horticultural subsectors.
- The MAP Act makes provision for those statutory measures and they complement each other

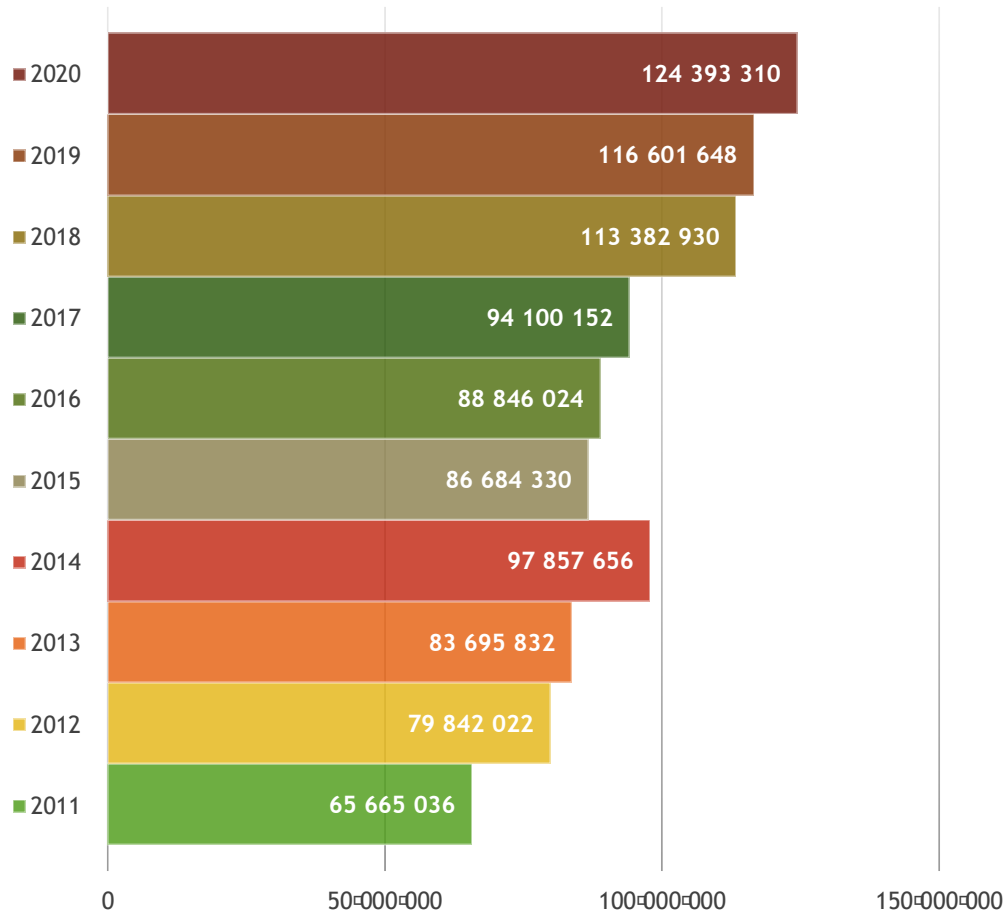
Key outputs include

- Statutory measure investigations
- Statutory measure promulgations (gazette)
- Committee secretarial support
- Status of statutory measures advisory reports



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%	

WHAT WE DO ?

Agricultural Trusts

- Bodies that were established after the disbandment of the former control boards during **the market deregulation process** in 1996.
- The assets of the **control boards (R677 million)** were then transferred into these **Agricultural Trusts (currently valued at over R2.4 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

Agricultural Trusts Assets

TRUST NAME	TOTAL ASSET VALUE (R'000)		CHANGE (R'000)
	2019/2020	2020/2021	
Citrus Industry Trust	R14 811	R16 065	R1 253
Deciduous Fruit Industry Development Trust	R17 122	R18 999	R1 878
Maize Trust	R1 002 122	R1 061 365	R59 244
Meat Industry Trust	R50 155	R58 830	R8 675
Mohair Trust	R261 116	R249 760	-R11 356
National Lucerne Trust	R1 859	R1 867	R8
Oil and Protein Seeds Development Trust	R311 133	R343 754	R32 621
Potato Industry Development Trust	R28 029	R27 860	-R169
Sorghum Trust	R24 904	R23 052	-R1 852
Winter Cereal Trust	R54 781	R47 192	-R7 589
Wool Trust	R528 890	R561 589	R32 699
Total/Average	R2 294 922	R2 410 332	R115 411

Notes

Original asset inheritance was R677 million,

- The value of assets increased from R2,3 billion in 2020 to R2,4 billion in 2021; an increase by over R115 million. The increase was as a result of the investment market recovery from the impact outbreak of COVID-19.

Trusts' Transformation Expenditures

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
2020/21	63.07
Totals	544, 57

Transformation figures for the reporting year:

- Prescription: 20% be spend on transformation_ Trusts spend over 30% of the total funds on transformation interventions.
- The transformation support amounted to R63 million during the 2021 period
- Representing a R13.54 million decrease (in 2021) compared to the R10.19 million increase in the past survey period (in 2020)

Trusts' Transformation Expenditures

- **Prescription:** 20% be spend on transformation, however, trusts spend over 30% of the total funds on transformation interventions.
- **Activities per Trust**



PIDT

Procurements of seeds and provision of memberships,



Maize Trust –

Provision of farmer support, training & bursaries;



Wool Trust-

Training of shearers, mentorship and bursaries;



Mohair Trust-

Purchase & supply of angora goats, training and bursaries;



Citrus Trust-

Provision of bursaries and enterprise development;



Sorghum Trust-

Seed procurement, training and granting of bursaries;



Meat Industry-

Provision of veterinarian services and training;



DFID-

Provision of bursaries;



Winter Cereal-

Training & bursaries, crop insurance, mentorship and production inputs;



Lucerne Trust –

Procurement of seeds, production information, training & bursaries;



OPDT-

Mentorship, supply of information, seed procurement, bursaries, and technology transfer.

STRUCTURES TO SUPPORT TRANSFORMATION

What is TRC?

NAMC Transformation Review Committee is a team within the National Agricultural Marketing Council and Department of Agriculture (DALRRD-Directorate: BBBEE Charters Compliance) which focuses on Transformation within the agricultural sector based on the 20% collected from levies and trust funds

TRC mandate?

The mandate of the Transformation Review Committee (TRC) is to oversee that industries adhere to the 20% use of levies and trust funds collected for Transformation as stipulated by the Minister of Agriculture, Land Reform and Rural Development. The TRC also ensures that industries align their Transformation business plan activities to NAMC's Transformation guidelines which are in line with AGRIBEE Sector Codes. The TRC also does the M&E of these transformation projects.

Transformation guidelines

- The existing guidelines were drafted in line with the **AGRIBEE sector codes of December 2017**.
- Display **4 pillars**:
 - Ownership, Enterprise and supplier development, Skills development, Management control, Socio-economic development
- **At least 20%** of its statutory measure funds OR trust funds to be spent on transformation – in line with the AGRIBEE balance scorecard.
- Encourage industries that are not collecting levies to follow the same Transformation guidelines – **uniformity** in transformation



Transformation Guidelines

Pillar (s)	Examples	%
Enterprise Development (1)	<ul style="list-style-type: none"> • Fund agribusinesses of black-owned farms with the <u>procurement of production infrastructure, material and inputs.</u> • For field crops and horticultural products, the industry shall fund <u>soil preparation services.</u> • For livestock, the industry shall fund <u>the purchase of vaccination, dosage programmes and veterinary services.</u> • <u>Fund the cost of accreditation,</u> various legal and professional services (such as Siza or HACCP). • The industry shall assist farmers to <u>access the market</u> including the facilitation of supply agreements or purchase contracts. • The industry shall fund the <u>development of business plans.</u> • The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others). • Assist in ensuring that appropriate <u>agricultural infrastructure, machinery and equipment</u> are in place and good condition (e.g. Electricity and water, bio-security measures, etc.). • <u>The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses.</u> 	60%
Skills Development (2)	<ul style="list-style-type: none"> • The industry shall fund <u>training and mentoring farmers</u> 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 <u>fund bursaries for Black Designated Groups to develop such capabilities.</u> 	18%
Management Control (3)	The industry shall fund the <u>position of transformation manager.</u> Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.	17%
Ownership and Socio- Economic Development	The industry can <u>purchase a stake/equity in existing enterprises for PDIs.</u> Industries are encouraged to do activities that contribute <u>positively to the quality of life</u> of workers and their communities.	5%

Conclusion

- Prescription: 20% be spent on transformation, however, trusts spend over 30% of the total funds on transformation interventions.
- Over the 10 years the trusts have spent an average of R60 m annually on transformation and while R95 m collected from levies
- Industries have achieved great impact however with more funds greater impact can be achieved.

THANK YOU !!



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