

THE MAIZE TRUST

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c/o L&L Agricultural Services

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15TH ANNUAL GENERAL MEETING OF THE MAIZE TRUST

ADDRESS BY THE CHAIRPERSON OF THE BOARD OF TRUSTEES

MR. J.K. (KARABO) PEELE

Ladies and Gentlemen, it is an honour for me to address you on this 15th commemoration of the existence of the Maize Trust and to welcome you to this Annual General Meeting of the Trust.

Reflection on the Trust's existence

It is surely appropriate for me to spend a few moments reflecting on the Trust's operations over the past 15 years. The Maize Trust came into existence in August 1998 after long and difficult negotiations between the then Minister of Agriculture and representatives from the maize industry, after the demise of the Maize Board.

The provisions and stipulations of the Deed of the Trust are the result of these negotiations. These provisions were a compromise by both the Minister, on behalf of Government, and industry role-players. However, first and foremost in everybody's mind at the time were the benefits that a Trust of this nature could bring to the maize industry as a whole.

The Maize Trust was therefore born as the custodian of industry, which are to be used to the advantage of the industry at large within the agreed principles and policies as stipulated in the Deed.

The objectives of the Trust are simple and to the point, namely to fund projects and actions that are to benefit the industry with regard to:

- 1) Market and Production related research;
- 2) Market information; and
- 3) Market access.

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TRUSTEES: Mr. J.K. Peele (Chairperson), Mr. J.F. de Villiers (Vice-Chairperson),
Ms. K.P.N. Daly, Mr. C.K. Ferreira, Dr. T.J. Hewu, Dr. J.L. Purchase.
ADMINISTRATORS: L&L Agricultural Services.

The first year or two of the Trust's existence were primarily spent by the appointed Trustees in dealing with the development of the Trust's funding norms and procedures. These appear to have been complicated discussions and very little funding was done by the Trust during this period, as can be seen later. The disadvantage of this was that projects in the industry lacked funding in the beginning years of the Trust, but the advantage of course was that the Trust could build reserves for future utilisation.

Once these issues were resolved, the Trust could fortunately begin to operate properly and funding of important industry projects could commence. These have grown over the years and the Trust is currently spending approximately R50 million per annum on project funding that is directly aimed at the improvement of the maize industry.

The investments of the Trust have always been managed prudently and with great caution, which resulted in very good returns and a steadily growing asset value.

This was done in line with the policy to have an evergreen Trust that could be maintained to the advantage of the maize industry. Funding by the Trust is done annually to a maximum of 6% of the Trust's asset value in order to achieve this policy.

The costs of the Trust are strictly managed and are kept as low as possible. This proves the fiduciary responsibility of all the Trustees that have been appointed to the Trust over time and is still the case up to this day.

Over the years the Trust has endeavoured to identify and implement new initiatives in conjunction to the normal funding of projects that would benefit the industry. There are several successful initiatives that have been launched by the Trust since its inception, which have all benefitted the maize industry and often also created opportunities and benefits for the other grains and oilseeds industries.

A few of these initiatives were initiated by the Maize Trust and in others the Trust played an important part with the funding thereof. Some of the highlights in the industry where the Trust has or is still playing an important role, are the following:

1. The development and co-funding of the Southern African Grain Information Service (SAGIS) and the Southern African Grain Laboratory (SAGL)
2. The development of a model to predict the effect of changes in the agricultural industry (BFAP)
3. Funding of a highly successful Farmer Development Programme for emerging maize farmers managed by Grain SA
4. The development of a crop estimates model (DAFF/SiQ (Pty) Ltd)
5. A generic marketing campaign for maize ("Pap Idols")
6. South Africa's participation in the WTO dispute on trade subsidies
7. A dedicated and focused Schools Programme, managed by Grain SA, to increase knowledge and awareness under school children about maize, farming and careers in agriculture
8. The launch of the Maize Trust Bursary Scheme
9. The launch of a pilot project to assist black emerging farmers and the formation of the Grain Farmer Development Association (GFADA)
10. The allocation and distribution of maize meal to the value of R1 million to help the poor

11. The application on behalf of all the agricultural trusts to get clarity on the tax exemption status of the trusts (SARS)
12. The development and erection of the Grain Building in Pretoria
13. The development of a common and focused mycotoxin research strategy and a dedicated panel of mycotoxin experts (Facilitator: Prof P.S. Steyn)
14. Implementing a system of funded internships at universities and industry entities for bursary students of the Trust
15. The development of a Public-Private-Partnership to possibly co-fund approved mycotoxin research projects in future (Department of Science and Technology)
16. The development of a conservation agriculture strategy for maize and the appointment of a specific facilitator to drive this process (Facilitator: Dr Hendrik Smith at Grain SA)

Most of these initiatives have grown from strength to strength. However, the Trust is still constantly trying to identify new ventures that could further benefit the South African maize industry.

Bursary Scheme

The Trust's bursary scheme is proving to be very successful and 8 MSc and 4 PhD students have already completed their studies with bursaries granted by the Trust since 2007. No less than 5 MSc and 2 PhD bursary students will be completing their studies at the end of 2013.

Most of these bursary students that have completed their studies have found employment in agriculture or related fields in South Africa.

Six internships have since 2010 been funded by the Trust and more enquiries have recently been received for possible interns to be funded. The internship programme is aimed at providing experience to bursary students until they get employment opportunities.

The past financial year

In 2012/2013 the Trust paid an amount of nearly R46 million to beneficiaries and reached an agreement with the National Agricultural Marketing Council (NAMC) to donate a further R30 million to the Grain Farmer Development Association (GFADA). An additional amount of nearly R36 million was also approved by the Trustees during the year for payment to beneficiaries after year-end.

The total donations of R319 million from the Maize Board to the Trust currently relates to an asset value of R958 million.

Transformation assistance over the fifteen years exceeds an average of 20% of the Trust's total annual funding. In this particular financial year approximately 45% of the Trust's funding was allocated to transformation projects and donated to GFADA. The balance of the Trust's funding was *inter alia* spent on research projects and projects related to the collection and dissemination of market information, other industry activities and the transfer of technology.

Monitoring Measures

The performance of beneficiaries is monitored through appropriate progress reports and physical visits where deemed appropriate. In some instances monitoring is done by means of regular visits and interaction through coordinators appointed by the Trust.

Board of Trustees

Continuation of Trustees is extremely important to ensure the correct functioning of the Trust. During the past financial year there were no changes to the Trustees and the composition of the Board of Trustees is as follows:

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|--------------------|--------------------------------------|
| Karabo Peele | Ministerial representative |
| Toto Hewu | Ministerial representative |
| Penny Daly | Ministerial representative |
| Jannie de Villiers | White maize producer representative |
| Neels Ferreira | Yellow maize producer representative |
| John Purchase | Maize processor representative |

Investment Performance

Although the financial markets are very volatile, the Trust's investments are still delivering reasonable returns. In this regard, I particularly wish to thank the Trust's Investment Adviser, as well as the Asset Managers of the Trust for the returns that are achieved. The Trust still makes use of the services of the same three Asset Managers as before, namely Allan Gray, Prescient and Foord Asset Managers.

Since the inception of the Trust it has always received an unqualified audit report, which proves the efficient operations and management of the affairs of the Trust.

Appreciation

I wish to thank everybody who has contributed to make this year a success, in particular the members of the different Industry committees, the members of the Maize Forum and the coordinators and reviewers that have assisted in the evaluation of project proposals.

I also wish to thank each of the applicants that applied for funding to the Trust. We appreciate your contribution to the maize industry through the projects that you are involved in.

I further wish to thank each and every directly affected group, organisation, association and individual in the maize industry for their co-operation and support in making it possible for the Trustees to achieve the objectives of the Trust. A special word of thanks is also extended to each of you that made an effort to attend this Annual General Meeting of the Maize Trust.

