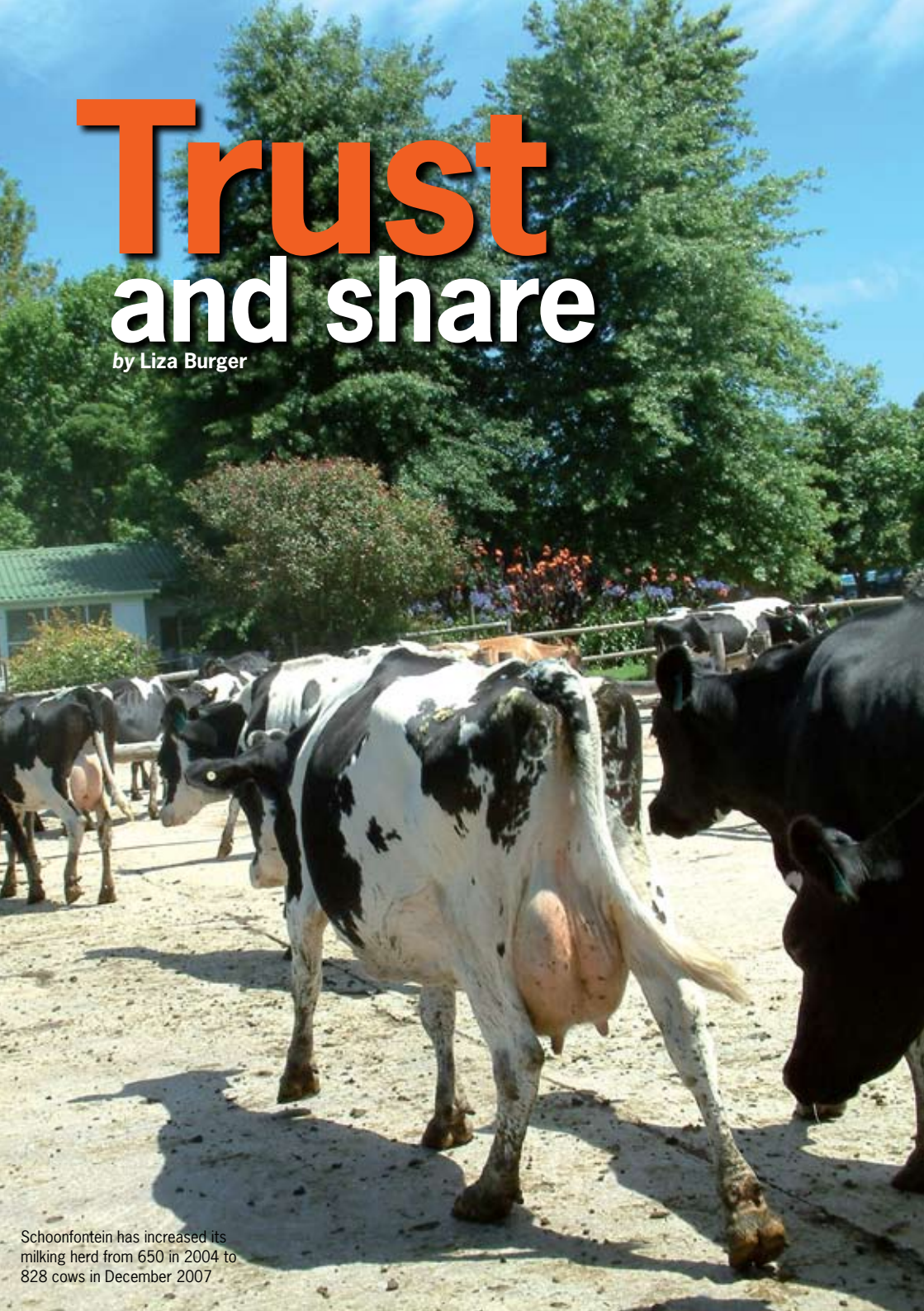


# Trust and share

by Liza Burger



Schoonfontein has increased its milking herd from 650 in 2004 to 828 cows in December 2007

**Many farmers have little hope for successful black economic empowerment (BEE) in the agricultural sector. But dairy farmers have taken the bull by the horns and are making a great success of BEE through share-milking schemes.**

One very successful BEE project in the Eastern Cape is the Grasslands Development Trust. The project has been running in the Eastern Cape for quite some time now and is benefiting all its investors. The scheme is located in the Tsitsikamma. Well-known dairy farmer, Trevor Elliot, helped to establish the Trust on the Schoonfontein dairy farm. This farm is owned by the Trust.

Elliot is the biggest dairy farmer in the country and has seven large farms in the Tsistikamma, Gamtoos and Fish River valleys. He was also voted farmer of the year for 2007 by the Eastern Cape Agricultural Writers' Association.

Elliot says that share-milking schemes have been part of the dairy industry in New Zealand for more than 100 years, and all their problems have been sorted out. In South Africa this approach to dairy farming is helping BEE-schemes to come to life and stay alive.

Grasslands Development Trust was founded by Elliot in February 2004. It benefits 49 current and retired employees of Grasslands. They are represented by a board of trustees. Jan van Zyl, an agricultural consultant, also helps with the project and is an advisor for the Trust.

The Trust bought Schoonfontein Farm in the Tsitsikamma with funds that it partly received from the Land Redistribution for Agricultural Development (LRAD) programme. The LRAD contributed 35% of the cost of the farm through grants. The other 65% was covered by a loan from Standard Bank.

The share-milking contract between Grasslands Agriculture and the Trust is based on the New Zealand model. The Trust owns all the fixed assets, while Grasslands owns the movable assets and runs the farm with Johan Maritz as farm manager.

Schoonfontein is a high-production dairy farm and, together with their share milker, the Trust built a milking shed, renovated pastures, built water troughs, upgraded laneways and built seven houses for employees.

**The successes**

Since occupying the farm on 1 May 2004 and milking since October 2004, Schoonfontein has reached commercial success and BEE recognition. In 2005 the Grasslands Development Trust and Grasslands were voted "BEE deal of the year" by The Business Map Foundation.

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From the left are the trustees of the Grasslands Development Trust: Elias Zepe (Schoonfontein), Nelson Awu (Mangere), Patrick Qeque (No 2 Dairy), Erick Toyi (Gradita), Vovi Mdunyelwa (Grasslands), Boyce Chabeni (Vlakte), Moos Blaauw (retired workers) and Elvis Whiskey (Heemstede). On the right is Trevor Elliot of Grasslands Agriculture, who founded the trust. Absent on the photograph is John Nonganga (Veelgeluk)

The farm has increased its milking herd from 650 in 2004 to 828 cows in December 2007. The commercial achievement the past few years is such that the Trust could afford to reduce the bank loan by R1 million and pay beneficiaries dividends of R15 000 each in 2005 and 2006.

Since its inception, the capital expenditure of the Trust on Schoonfontein amounts to R2 215 million, while R1 315 has been spent on interest. In 2007 at a Trust meeting on 4 December, each beneficiary enjoyed an early Christmas and received dividends worth R30 000 each! According to Elliot, they expect an even bigger dividend for 2008.

“We never expected Schoonfontein to do as well as it did this year,” says Moos Blaauw, a retired worker who serves on the board of trustees and represents the retired beneficiaries. “We can only thank Mr Elliot and his family for their good work. Without them this dream would never have come true.”

Another beneficiary and the chairman of the trust, Nelson Awu, has been with Grasslands Agriculture for a decade now. “I was apprehensive about the whole scheme at first, not knowing what to expect, and not believing that a white farmer would want to really help us succeed. However, since we received our first dividends in 2005 and realising what it means to be a co-owner of such a large farm, none of us have looked back.”

He adds that it is good to know you have someone you can trust for sound advice. “I can see how things are run at Grasslands, so we try to duplicate the recipe with a few adjustments where necessary for our operation. We are also very grateful for the extra training some of us received.”

Apart from the financial empowerment, the Grasslands Development Trust has made extensive training available to its beneficiaries and their spouses. Additional training was given to the trustees and included life skills, HIV/Aids awareness, money management and basic business skills.

Grasslands’ farm cadet and training programmes have delivered one black farm manager so far. He currently manages a farm with 550 cows and 200 heifers and also has three black herd managers under his wing.



Nelson Awu, the chairman of the Grasslands Development Trust

### What is a trust?

A trust is a kind of relationship in which a person, called a trustor, transfers something of value, called an asset, to another person, called a trustee. The trustee then manages and controls this asset for the benefit of a third person, called a beneficiary. An asset is any kind of property and includes land.

### What are the uses of a trust?

Trusts have several uses and can be of much benefit if they are properly set up and managed. Trusts have certain tax benefits. Trusts are complex legal documents and cannot be used in all situations. Before establishing a trust you should seek legal advice. If you have questions, or need more information about trusts, contact an attorney who is knowledgeable on trust and estate planning matters. [UM](#)



Trevor Elliot, the dairy farmer who helped to establish the Trust