

# Statutory Measures in South Africa; finding meaning, role and its contribution to agriculture



## 1. History of National Agricultural Marketing Council (NAMC)

*In 1937, the National Marketing Council (NMC) was formed to administer the 1937 Marketing Act and to advise the Minister of Agriculture regarding the provisions in the 1937 Marketing Act. The 1968 Marketing Act replaced the 1937 Marketing Act. Approximately three decades later, the 1996 Marketing Act replaced the 1968 Marketing Act. With the promulgation of the 1996 Marketing Act, the name of the NMC changed to NAMC. Officially, the NAMC was formed on 7 January 1997 with the mandate to administer the 1996 Marketing Act. The full name of the 1996 Marketing Act is the Marketing of Agricultural Products Act, Act no 47 of 1996, and the abbreviation is MAP Act.*

Acts &  
Legislations

Marketing of Agricultural  
Products Amendment Bill 2013



## 2. Transition of National Agricultural Marketing Council

In the past, when operated in terms of the 1937 and 1968 Marketing Acts, the NMC was part of the Department of Agriculture, Forestry and Fisheries (DAFF). One of the intentions with the promulgation of the MAP Act was that the NAMC should operate "arms-length" from the Department and subsequently became a statutory body. This meant that the NAMC will be only administering the MAP Act thereby serving as an advisory body.

The MAP Act also applied to deregulating the former Control Boards into Industry Trusts. Deregulation in the agricultural sector was a long process, guided by a number of studies, including the Kassier Report. Together with the 1994 elections, it was inevitable that major changes will take place in all sectors of the economy. Before the promulgation of the MAP Act, the representation on the former Control Boards was

dominated by commercial farmers (white) and decisions taken were mainly aimed to benefit this group. After the promulgation, decision making structure became more representative of the value chain of a specific agricultural sector. Obviously, by losing control or to share the control with other role players in the value chain, compelled commercial farmers to adapt to the new environment.

From the beginning, the NMC / NAMC had a "Council" and a "Secretariat". Initially the NMC Council had 6 members, but with the promulgation of the MAP Act, the NAMC Council increased to 10 members. Council members being appointed by the Minister would approve / oversee the work done by the Secretariat. Previously, the NMC Council members were full time officials of the Department, but soon after the promulgation of the MAP Act, Council members

started to operate on a part time basis. While still part of the Department, the NMC Secretariat was structured in terms of the different commodities. The Secretariat had three Divisions, namely an Animal Husbandry Division, a Field Crops Division and a Horticultural Division. These Divisions were supported by Finance and Administration Division. Since 1997, the NAMC Secretariat became structured in terms of functionalities and created the following Divisions, namely –

- Finance and Administration
- Human Capital
- Statutory Measures
- Markets and Economic Research Centre
- Agri-Business Development, and
- Agricultural Trusts

On 1 January 1999, nine staff members who worked for the NAMC while part of the Department were transferred to the NAMC, which became the new employer of the relevant staff. Today, the NAMC has a staff complement of over 54 members.

## Ministers from 1994



1996- Derek Hanekom



1999- 2006 Thoko Didiza

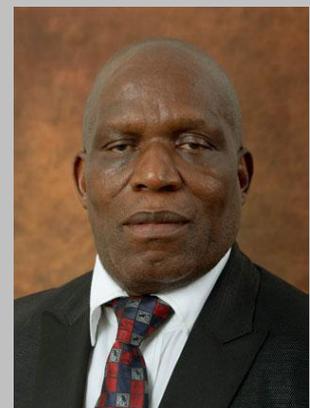


2006 - 2009 Lulu Xingwana



2009-2014 Tina-Joemat Petterson

## Current Minister



2014 Senzeni Zokwana

# 3. Role of Statutory Measures

In South Africa, approximately 80% of total agricultural production is subjected to statutory measures. This is remarkable, especially due to the fact that through legislation, all statutory measures were stopped in the 90's. For a few years, there were no statutory measures in South Africa. Within 15 years, the usage of statutory measures grew to cover currently approximately 80% of total agricultural production.

Around the world, approximately 85% of developed countries are making use of statutory measures in one way or another. The impact of statutory measures is that it enables each agricultural sector which obtained approval from the Minister, to collect levies to finance generic functions, to register certain identified role players, to collect and disseminate information. The objective of these statutory measures is to promote the efficiency of the marketing of agricultural products, to promote

market access, to enhance the viability of the agricultural sector and to increase export earnings. Statutory measures are a powerful mechanism for each agricultural sector to grow the relevant sector and to improve its competitiveness. In summary, the benefit of statutory measures for the agricultural sector in South Africa is to -

- organize an industry,
- grow the industry,
- have funds to pay for important functions, and
- increase the competitiveness of an industry

Since promulgation, the 1996 MAP Act was amended twice, in 1997 and in 2001. The 1997 the Act was *inter alia* amended to make provision for certain aspects regarding the transfer of staff from the Department to the NAMC. The 2001 amendment made *inter alia* provision for the auditing of statutory levies by the Auditor-General. On 14 June 2013 DAFF

published proposed amendments to the MAP Act. Stakeholders were requested to forward written comments to DAFF within 60 days, in other words by 14 August 2013. The Proposed Bill proposed a number of major amendments to the MAP Act, for example, it proposed to close certain loopholes in the current MAP Act, to expand the mandate of the NAMC, to include DAFF's role in the MAP Act and to provide for administrative arrangements between DAFF and the provinces. However, on 26 July 2013, DAFF

announced that the Minister decided to cancel the public consultation process on the Amendment Bill until further notice.

One of the conditions for the approval of statutory levies in terms of the MAP Act, is that at least 20% of these funds being spent on transformation activities. Although the NAMC's transformation guidelines are only applicable on statutory levies collected in terms of the MAP Act, a number of Trusts are using these guidelines when they spend trust funds.

## 4. Agricultural Trusts

Agricultural Trusts inherited the funds from the former control boards when the latter had been phased out. Each Trust's activities are guided by the Deed of Trust, which was approved by the Minister when the funds were transferred from the former control boards. Most of the Trusts have a 50/50% representation, which means that the Minister could appoint 50% of the trustees on the Board of Trustees.

# 5. Statutory Measures in the Next 20 years

The opinion is that currently, the administration of statutory measures in terms of the MAP Act almost reaches a point of *pareto optimum*, in other words, most of the agricultural sectors which wanted to apply for statutory measures, have already done so. A few sectors, such as maize, mohair and wool, inherited sufficient funds from their former control boards and at this stage, it is not necessary for them to apply for statutory

levies. If these funds became insufficient, they might apply for statutory levies in terms of the MAP Act.

The opinion is that in the next 20 years, statutory measures will continue to play an important role in the South African agricultural sector and will ensure that important functions being rendered to the benefit of all living in our country, but specifically to role players in the agricultural sector.

## **Article**

Schalk Burger  
Senior Manager: Statutory Measures

## **Editor**

Majara Monamodi  
Marketing and Communications

**Tel:** 012 341 1115

**Fax:** 012 341 1811

**Email:** [info@namc.co.za](mailto:info@namc.co.za)