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## GENERAL NOTICE ALGEMENE KENNISGEWING

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### NOTICE 974 OF 2014

#### DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES

#### MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996 (ACT NO. 47 OF 1996)

#### ESTABLISHMENT OF STATUTORY MEASURE AND DETERMINATION OF GUIDELINE PRICES: LEVIES RELATING TO WHEAT, BARLEY AND OATS

I, Senzeni Zokwana, Minister of Agriculture, Forestry and Fisheries, acting under sections 13 and 15 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), hereby –

- (a) establish the statutory measure set out in the Schedule hereto; and
- (b) determine the guideline price, per metric ton, for –
  - (i) wheat as R3,139.30;
  - (ii) barley as R2,445.00; and
  - (iii) oats as R2,132.00.

**SENZENI ZOKWANA**

Minister of Agriculture, Forestry and Fisheries

## Definitions

1. In this Schedule any word or expression to which a meaning has been assigned in the Act shall have that meaning, and unless the context otherwise indicates –
  - “approved silo owner” means a silo owner approved by the Clearing House;
  - “clearing house” means the JSE Commodities Exchange or any other body corporate or unincorporated association or department of the JSE Securities Exchange of South Africa, recognised as such by the Registrar of Financial Markets;
  - “barley” means the kernels of the genus *Hordeum*;
  - “Importer” means any person who imports winter cereal from another country into the Republic of South Africa;
  - “JSE” means the Johannesburg Stock Exchange or its successor in title;
  - “oats” means the kernels of the genus *Avena*;
  - “producer” means a person who produces winter cereal or a person on whose behalf winter cereal is produced;
  - “silo receipt” means a transfer document, utilised as symbolic delivery of the underlying product, issued by an approved silo owner in the form prescribed and on the terms set out in the JSE Futures Contract;
  - “SAGIS” means the South African Grain Information Service, an association not for gain incorporated under section 21 of the Companies Act, 1973 (Act No. 61 of 1973);
  - “the Act” means the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996);
  - “the Trust” means the Winter Cereal Trust, Registration No. IT11410/97
  - “wheat” means the kernels of the species *Triticum aestivum*; and
  - “winter cereal” means wheat, barley and oats.

## Purpose and aims of statutory measure and the relation thereof to the objectives of the Act

2. The purpose and aims of this statutory measure are to provide financial support to winter cereal information, research and transformation functions, which the winter cereal industry identified as essential and are in the interest of the industry.

The maintenance of macro industry information is deemed essential for strategic planning purposes by the winter cereal industry and directly affected groups. The supply of generic market information to all role players, on a continuous basis, is critical in order for the market to operate effectively.

The winter cereal industry supports the principle that generic market information be obtained by means of statutory measures in terms of the Act and that SAGIS should be the official vehicle to achieve this. SAGIS also operates as official information service for the maize, sorghum and oilseeds industries. A statutory levy is required to ensure that the winter cereal industry shares in the gathering and dissemination of proper market information.

Proper and accurate winter cereal market information, which is provided continuously and timeously, will not only increase market access for all participants, but will also

promote efficiency in the marketing of winter cereals and winter cereal products. Proper market information will furthermore enhance the viability of the winter cereal industry and the agricultural sector at large. Market information also enhances food security, as information on national stock levels of winter cereal is available for the market to function properly.

The agricultural sector is expected to ensure food security, strengthen the economy and create job opportunities. This can be reconciled with the provisions of Section 2(3) of the Act. In order to achieve these aims and to further the competitive position of the winter cereal industry continued research is essential.

According to experts in the field of research, the good performance of the South African agricultural sector, despite the lack of high-potential arable land, could to a large extent be attributed to the development and application of agricultural research results. The complex interaction between behavioural patterns of crops and external factors affecting them, such as diseases and pests, often impacts negatively on production and quality, thus creating an urgent demand for new technology in order to keep the agricultural sector profitable. Account should also be taken of consumer preferences within the market.

Specific infrastructure has been created over time in respect of research and it is essential that this infrastructure be retained and maintained to the benefit of the winter cereal industry.

For the optimisation of export earnings it is essential that South African products conform to international quality standards. Researchers and breeders have to ensure that locally produced winter cereal is fully competitive on the international markets.

A significant portion of the funds collected by means of the levy will be focussed on small-scale farmers and the transformation side of the winter cereal industry.

The statutory measure shall be administered by the Winter Cereal Trust. The levies collected shall be administered in separate accounts. The Trust shall be audited in accordance with generally accepted accounting practices.

An increase in research applications have been experienced by the Winter Cereal Trust over the past years, which could not all be accommodated within the available funds of the Trust. Levy funds are required to partly compensate for the diminished funds in respect of research and also to make provision for new research projects to be funded. However, the calculation of a continued levy and the budget of the Winter Cereal Trust are dependent on Government continuing to fund its proportion of winter cereal research.

#### **Product to which statutory measure applies**

3. This statutory measure shall apply to winter cereal.

**Area in which statutory measure applies**

4. This statutory measure shall apply within the geographical area of the Republic of South Africa.

**Imposition of levy**

5. A levy is hereby imposed on all winter cereal –
- (a) sold by or on behalf of the producer thereof;
  - (b) imported into the Republic of South Africa;
  - (c) processed or converted or caused to be processed or converted into a winter cereal product, by or on behalf of the producer thereof, if the winter cereal product is intended to be disposed of;
  - (d) exported from the Republic of South Africa, if the levy in respect of such winter cereal has not already been paid in terms of paragraph (a), (b) or (c); and
  - (e) in respect of which a silo receipt has been issued, if the levy in respect of such winter cereal has not already been paid in terms of paragraph (a) or (b).

**Amount of levy**

6. The amounts of the levies (excluding Value Added Tax) will be as follows:

Wheat	1/10/2014 to 30/9/2016	R17-00 per metric ton
Barley	1/10/2014 to 30/9/2016	R16-00 per metric ton
Oats	1/10/2014 to 30/9/2016	R13-00 per metric ton

**Persons by whom levies are payable**

7. (1) The levy payable in terms of clause 5 shall –
- (a) in the case of a levy contemplated in clause 5(a), be payable by the buyer of the winter cereal;
  - (b) in the case of a levy contemplated in clause 5(b), be payable by:
    - (i) the buyer of the winter cereal where the winter cereal is sold by the importer; and
    - (ii) the importer of the winter cereal where the importer is also the processor thereof.
  - (c) in the case of a levy contemplated in clause 5(c), be payable by the processor or converter of the winter cereal;
  - (d) in the case of a levy contemplated in clause 5(d), be payable by the exporter of the winter cereal; and
  - (e) in the case of a levy contemplated in clause 5(e), be payable by the person issuing such silo receipt.
- (2) The amount of the levy payable by the buyer in terms of sub-clause (1)(a) and (b)(i) may be deducted from the purchase price payable to the producer or the importer, respectively.

- (3) The amount of the levy payable by the person issuing the silo receipt in terms of sub-clause 1(e) may be recovered from the person to whom such silo receipt is issued.

#### **Payment of levy**

8. (1) Payment of a levy imposed in terms of clause 5 shall be made by the persons contemplated in clause 7 not later than the last day of the month following the month in which the winter cereal was purchased, processed, converted or exported or in which a silo receipt was issued.
- (2) Payment shall be made in favour of the Winter Cereal Trust.
- (3) Payment shall –
- (a) when forwarded by post, be addressed to –  
The Administrator  
Winter Cereal Trust  
P O Box 7088  
CENTURION  
0046
- (b) when delivered by hand, be delivered to –  
The Administrator  
Winter Cereal Trust  
Block C  
INKWAZI Office Park  
1249 Embankment Road  
CENTURION

#### **Conditions of approval**

9. This statutory measure is subject to the following conditions:
- (a) That 70% of levy income be spent on research and information, 20% on transformation (development of emerging farmers) and not more than 10% on administration;
- (b) That levies be accounted for, in a manner and to the extent acceptable to the Auditor-General, separately from any other funds or assets under the control of the Sorghum Trust, and audited by the Auditor-General; and
- (c) That after the lapsing of the levy, any surplus funds be utilised subject to the approval of the Minister.

#### **Commencement and period of validity**

10. (1) This statutory measure shall come into operation on 1 October 2014 and shall lapse on 30 September 2016.
- (2) Notwithstanding the provisions of sub-clause (1), the Minister may, after evaluation and review of the measure under section 9(1)(f) of the Act, by notice in the

**Government Gazette determine that the measure shall lapse on a date specified in that notice: Provided that such date shall not be later than the date determined under sub-clause (1).**