



PRESS RELEASE

POTATO INDUSTRY - APPLICATION FOR THE CONTINUATION OF STATUTORY MEASURES

NAMC REQUESTING COMMENTS

On 24 August 2018, the Minister of Agriculture, Forestry and Fisheries received a request from Potatoes South Africa (PSA) for the continuation of statutory measures in the potato industry for a new term of four years. The existing statutory measures expire on 30 June 2019, and it is proposed that the new period be from 1 July 2019 and lapse on 30 June 2023.

The PSA requested the introduction and promulgation of the following statutory measures in the potatoes industry:

- Section 15 of the Marketing of Agricultural Products Act (MAP): Levies relating to potatoes;
- Section 18 of the MAP Act: Records and returns; and
- Section 19 of the MAP Act: Registration.

The proposed statutory measure relating to registration of the relevant role players with PSA is necessary to assist the administrator to ensure that continuous, timeous and accurate market information relating to the potato industry is available to all role players.

The proposed statutory measure relating to records and returns to be submitted to PSA is necessary to ensure continuous, timeous and accurate market information.

The proposed statutory levy will finance:

- basic as well as applied research, including cultivar development and evaluation, and the dissemination of all relevant technical information;
- the gathering, processing, analysing and compiling of industry related information, including market statistics, and the dissemination thereof;
- marketing, inclusive of the development of foreign markets for South African potatoes and generic product promotion;
- transformation, inclusive of black economic empowerment, e.g. by creating market access for emerging farmers (small and medium scale) as well as development projects related to the potato production and marketing chain; and
- the levy administration services rendered by the appointed administrator.

The proposed statutory levies for the four year period are as follows:

Commodity	2018/2019	2019/20	2020/21	2021/22	2022/23
	Current levy amount	c/kg			
Table potatoes	2,125	2,050	2,130	2,210	2,290
Seed potatoes *	0,844	0,814	0,846	0,878	0,910
Potatoes for processing	0,997	0,962	0,999	1,037	1,074
Potatoes for export	2,125	2,050	2,130	2,210	2,290
Imported potatoes	1,500	1,447	1,504	1,560	1,617

(* The differentiation in the levy payable by the various commodities is based on the services received. For example, seed potatoes will not benefit from generic product promotion and seed producers are therefore exempted from paying for this service.)

Initially, the levy will decrease from the 2018/19 to the 2019/20 period (with 0,075c/kg), however, PSA managed to keep the annual increase for the rest of the period, at 3.76% on average, which is well below the current inflation rate.

The MAP Act stipulates that a statutory levy may not exceed 5% of the price realised for a specific agricultural product at the first point of sale. The maximum of 5% must be based on a guideline price calculated as the average price at the first point of sale over a period not exceeding three years. The proposed guideline prices are calculated as follows:

Commodity	Guideline price (average 2015-2017 price) (R/kg)	Percentage of guideline price (%)			
		2019/2020	2020/2021	2021/2022	2022/2023
Table potatoes	3.45	0.59	0.62	0.64	0.66
Seed potatoes	8.24	0.10	0.10	0.11	0.11
Potatoes for processing	2.95	0.33	0.34	0.35	0.36
Potatoes for export	3.45	0.59	0.62	0.64	0.66
Imported potatoes (FOB)	12.11	0.12	0.12	0.13	0.13

From the above it is clear that the guideline price is well below the 5% as prescribed by the MAP Act. For the 2019/20 financial year, PSA is expected to collect R49 712 875 to finance generic functions in the potato industry.

The NAMC believes that the continuation of the proposed statutory levy is consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

Directly affected groups (e.g. producers, traders, agents, processors, exporters and importers) in the potato industry are kindly requested to submit any comments, in writing, regarding the proposed implementation of statutory measures, to the NAMC on or before 28 September 2018, to enable the Council to finalise its recommendation to the Minister in this regard.

ENQUIRIES:

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