



**National Agricultural  
Marketing Council**  
Promoting market access for South African agriculture



# **Status Report on Statutory Measures**

**2013 Survey**

# **Status Report on Statutory Measures**

**IMPLEMENTED IN TERMS OF THE  
MARKETING OF AGRICULTURAL PRODUCTS ACT,  
ACT NO. 47 OF 1996**

**2013 SURVEY**

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**A REPORT BY THE  
NATIONAL AGRICULTURAL MARKETING COUNCIL  
TO THE MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES**

**JULY 2014**

# Contents

<b>1.</b>	<b>SUMMARY</b>	<b>1</b>
<b>2.</b>	<b>BACKGROUND</b>	<b>3</b>
2.1	The Map Act	3
2.2	Declaration of agricultural products	3
2.3	Duration of statutory measures	4
2.4	Support for statutory measures	5
<b>3.</b>	<b>CURRENT STATUTORY MEASURES</b>	<b>6</b>
3.1	Summary of statutory measures applicable in South Africa	6
3.2	Survey conducted and methodology followed	7
3.3	New statutory measures	7
3.4	Discontinuation of statutory measures	9
3.5	Financial periods under review	10
<b>4.</b>	<b>REGISTRATION, RECORDS AND RETURNS</b>	<b>13</b>
4.1	Introduction	13
4.2	Agricultural information	13
4.3	Confidentiality of statutory information	14
4.4	Status of registration, records and returns	14
<b>5.</b>	<b>STATUTORY LEVIES</b>	<b>18</b>
5.1	Introduction	18
5.2	Conditions of approval	18
5.3	Levy income	18
5.4	Levy expenditure	21
5.5	Comparison of statutory levy income and expenditure	24
<b>6.</b>	<b>AGRI BENCHMARK COUNTRIES</b>	<b>28</b>
6.1	Introduction	28
6.2	Levies in Agri Benchmark countries	29
6.3	Notes regarding some Agri Benchmark countries	33
6.4	An analysis of information provided	34
6.5	Conclusion	35
<b>7.</b>	<b>EXTENT OF STATUTORY MEASURES IN SOUTH AFRICA</b>	<b>36</b>

<b>8.</b>	<b>TRANSFORMATION.....</b>	<b>38</b>
8.1	Statutory funds available for transformation projects.....	38
8.2	New transformation guidelines.....	41
8.3	A dedicated transformation fund.....	44
8.4	Problems encountered by levy administrators.....	44
8.5	Database of developing farmers and other role players.....	49
8.6	Focus of transformation projects.....	51
<b>9.</b>	<b>TRENDS REGARDING ALLOCATION OF STATUTORY FUNDS.....</b>	<b>53</b>
<b>10.</b>	<b>CONCLUSIONS.....</b>	<b>60</b>

**LIST OF TABLES**

Table 1:	A summary of statutory measures.....	6
Table 2:	Statutory levies reviewed.....	10
Table 3:	Role players in the value chain.....	15
Table 4:	Total amount of statutory levies collected.....	19
Table 5:	Levy expenditure and allocation to functions.....	22
Table 6:	Levy income and expenditure.....	24
Table 7:	Agricultural products subjected to statutory levies.....	36
Table 8:	Transformation expenditure as percentage of income.....	38

**LIST OF GRAPHS**

Graph 1:	Percentage levy increase since 2001.....	53
Graph 2:	Levy funds spent of administration costs.....	54
Graph 3:	Levy funds spent on information and industry liaison.....	55
Graph 4:	Levy funds spent on research.....	56
Graph 5:	Levy funds spent on transformation.....	57
Graph 6:	Levy funds spent on consumer education/local promotions .....	58
Graph 7:	Levy funds spent on export promotions.....	59

**LIST OF ANNEXURES**

Annexure A:	Contact details of Levy Administrators and Transformation Managers.....	61
Annexure B:	Transformation projects funded by statutory levies.....	63
Annexure C:	Detailed statutory levies per commodity.....	94

# ABBREVIATIONS

AFASA	African Farmers' Association of South Africa
AgriBEE	Agricultural Broad-Based Black Economic Empowerment
AHDB	Agriculture and Horticulture Development Board
AIMS	Agricultural Information Management System
AMIE	Association of Meat Importers and Exporters
ARC	Agricultural Research Council
CGA	Citrus Growers' Association
DAFF	Department of Agriculture, Forestry and Fisheries
DPFO	Developing Poultry Farmer's Organisation
DFTS	Dried Fruit Technical Services
GFADA	Grain Farmer Development Association
FPEF	Fresh Producer Exporters' Forum
MAP Act	Marketing of Agricultural Products Act, No. 47 of 1996
NAMC	National Agricultural Marketing Council
NERPO	National Emergent Red Meat Producers' Organisation
NLT	National Lucerne Trust
PDI	Previously Disadvantaged Individuals
PIDT	Potato Industry Development Trust
PPECB	Perishable Products Export Control Board
RMIF	Red Meat Industry Forum
SAFEX	South African Futures Exchange
SAGIS	South African Grain Information Service
SAMAC	Southern African Macadamia Growers' Association
SAMPRO	South African Milk Processors' Organisation
SAPPA	South African Pecan Producers' Association
SAPA	Southern African Poultry Association
SAPPO	South African Pork Producers' Organisation
SATI	South African Table Grape Industry
SAWIS	South African Wine Industry Information and Systems
WCT	Winter Cereal Trust
Winetech	Wine Industry Network of Expertise and Technology
WOSA	Wines of South Africa







# 1. SUMMARY

The Marketing of Agricultural Products Act, No. 47 of 1996 (MAP Act), as amended, provides for the establishment of statutory measures. The MAP Act stipulates that a statutory measure needs to be approved by the Minister of Agriculture, Forestry and Fisheries (henceforth referred to as the Minister) and promulgated in the *Government Gazette* to become enforceable.

Section 9 of the MAP Act directs that the National Agricultural Marketing Council (NAMC) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years. Since 2001, the NAMC has conducted an annual review of all statutory measures implemented in terms of the MAP Act (the statutory measures implemented are levies, records and returns, and registration). This review (2013 survey) is the thirteenth report on statutory measures compiled by the NAMC and submitted to the Minister.

In this report, the following statutory measures are reported on: registration, records and returns, and levies. A statutory levy is a charge per unit of an agricultural commodity at any point in the marketing chain between the producer and the consumer. It is collected for specific functions such as funding for research, information, or transformation. Registration is a statutory measure implemented in some agricultural sectors for the purpose of building a database of industry role players such as exporters, importers, processors and producers. Records and returns are implemented for the collection and dissemination of generic market information. Although the latter two statutory measures (registrations and records & returns) are essential in the administration and inspection of statutory levies, the main objective of these measures is to provide a database of all role players involved in the particular industry, and to gather and disseminate information necessary for industry role players to take informed decisions about production and marketing issues in an industry. Therefore, statutory measures play an important role to enable growth in the relevant agricultural industries by means of effective information management and communication and to collect funds to finance much needed functions.

The 2013 survey provides information on the amount collected through statutory levies (approximately R409.1 million, an increase of 10.0 % compared to the 2012 survey), to analyse the amount spent (approximately R421.6 million) and the areas of application.



Statutory levy income and expenditure could be verified by referring to the audited financial statements of the relevant levy administrators. Furthermore, the 2013 survey shows that approximately R421.6 million was spent on industry functions – an increase of 13.2 % compared to the 2012 survey. Of the total expenditure, approximately 30.7 % was spent on research, 23.2 % on transformation projects, 9.9 % on local consumer education, 14.5 % on export promotion, and 10.0 % on information (more detail in Table 5 of this report).

As part of the 2013 survey, the NAMC analysed the statutory levy situation in Agri Benchmark countries (a group of 30, mostly developed countries). A number of 15 countries responded to the questionnaire sent by the NAMC. The overwhelming majority of these countries (87 %) are also administering statutory levies in order to collect funds to finance generic functions in the relevant agricultural industries.

In July 2014, the NAMC adopted new transformation guidelines to replace the guidelines which were effective since 2007. The purpose of the new guidelines is to increase the return on investment of funds earmarked for transformation.

The NAMC's findings on the current status of statutory measures promulgated in terms of the MAP Act, as reviewed for the latest audited financial year period for each administrator, are hereby presented to the Minister.

## 2. BACKGROUND

### 2.1 The MAP Act

The MAP Act stipulates that any directly affected group may apply for statutory measures, namely statutory levies, control of the export of agricultural products, records and returns, and registration, provided that the procedures prescribed in Section 10 of the Act are followed.

The MAP Act further stipulates that the Minister shall only consider a request for the establishment of a statutory measure if the request is consistent with the objectives as set out in Section 2 of the Act.

These are:

- (a) to increase market access for all market participants;
- (b) to promote the efficiency of the marketing of agricultural products;
- (c) to optimise export earnings from agricultural products; and
- (d) to enhance the viability of the agricultural sector.

No statutory measure or prohibition in terms of Section 22 (prohibition of import and export of agricultural products) that is likely to be substantially detrimental to food security, the number of employment opportunities within the economy or fair labour practices, may be instituted in terms of the MAP Act.

One of the functions of the NAMC, as stipulated in Section 9 of the MAP Act, is to investigate the establishment, continuation, amendment or revocation of statutory measures affecting the marketing of agricultural products, and to evaluate the desirability, necessity or efficiency and if necessary, propose alternatives to the establishment, continuation, amendment or repeal of a statutory measure, and to report to and advise the Minister accordingly. Furthermore, the NAMC may direct any institution or body of persons designated for the purpose of implementing or administering a statutory measure to furnish the Council with such information pertaining to the statutory measure, as the Council or the Minister may require.

Section 9 further directs that the NAMC shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years. Since 2001, the NAMC has conducted an annual review of all statutory measures implemented in terms of the MAP Act.

### 2.2 Declaration of agricultural products

Statutory measures are implemented for a specific agricultural product. The MAP Act initially stipulated in its definition that an 'agricultural product' is a primary product declared as an agricultural product in terms of subsection (2) of the MAP Act. This definition was amended on 14 November 1997 by the deleting of the word 'primary', to read that an agricultural product is a product declared as an agricultural product.

On 4 September 1997 (Government Gazette Notice No. R. 1189), the Minister declared a list of products as agricultural products for the purpose of the MAP Act. Since then, statutory measures on various agricultural products have been approved and promulgated. Where statutory measures were requested on products not particularly declared as agricultural products, or where uncertainties existed as to whether products were included or not, the notice regarding the declaration of agricultural products was amended. Amendments were approved and promulgated in Government Notices No. R. 487 of 23 April 1999, No. R. 1148 of 2 December 2005, No. R. 553 of 22 May 2009 and No. R. 215 of 16 March 2012.

In 2013 the cotton industry requested that the notice regarding the declaration of agricultural products, be amended again to include cotton under natural fibres, as well as products containing cotton, as listed in the Customs and Excise Tariff Book. The proposed amendment was approved and signed by the Minister on 5 December 2013, and were published in the Government Gazette of 31 January 2014 (Notice No. R. 46).

### **2.3 Duration of statutory measures**

Since 1997, statutory measures promulgated in terms of the MAP Act, have been approved for a maximum period of four years. However, the MAP Act does not prescribe the duration of a statutory measure. The NAMC is of the opinion that, especially in the case of statutory levies, the level of support, business plan, etc. should be tested on a more regular basis, at least every four years if an industry requests that the measure should be continued.

In the past, there were requests that the Minister should consider to approve some statutory measures, such as records & returns and registration, for a longer period than four years. For example, the previous statutory measures administered by the South African Grain Information Service (SAGIS), were also approved for four years and expired on 30 April 2012. On 3 May 2011, SAGIS requested that the relevant statutory measures be continued for an indefinite period, or alternatively, for a further period of four years to lapse on 30 April 2016. The NAMC Council debated the issue that statutory measures, excluding statutory levies, be promulgated for periods longer than four years. Eventually, the Council decided to remain with the four-year period and consequently recommended to the Minister to approve the SAGIS statutory measures for four years only.

## 2.4 Support for statutory measures

The MAP Act stipulates that an application for statutory measures must contain particulars of 'evidence of support by directly affected groups' before the Minister could consider the approval of the statutory measures. For the past 16 years, the NAMC follows the guideline that there must be an indication that at least 67 % of role players subjected to the proposed statutory measures and at least 67 % of the production of the product (measured in terms of the production of the role players), should support an application before we could make a recommendation to the Minister to approve the relevant statutory measures.



### 3. CURRENT STATUTORY MEASURES

#### 3.1 Summary of statutory measures applicable in South Africa

The following table summarises the statutory measures that were applicable in the agricultural sector in terms of the 2013 survey:

**TABLE 1: A SUMMARY OF STATUTORY MEASURES**

INDUSTRY	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus exported	Citrus Growers' Association (CGA)	•	•	•
Cotton	Cotton SA	•	•	•
Dairy	Milk SA	•	•	•
Deciduous fruit	HORTGRO Services	•	•	•
Dried fruit	Dried Fruit Technical Services	•	•	•
Fynbos (proteas)	HORTGRO Services	•	•	•
Grains (maize, oilseeds, sorghum, and winter cereals)	South African Grain Information Service (SAGIS)		•	•
Lucerne	National Lucerne Trust	•	•	•
Mangoes	Subtrop	•	•	•
Milk	Milk Producers' Organisation		•	•
Mohair	Mohair SA		•	•
Olives	SA Olive	•	•	•
Pecans	SA Pecan Producers' Association	•	•	•
Pork	SA Pork Producers' Organisation	•	•	•
Potatoes	Potatoes SA	•	•	•
Poultry and eggs	Southern African Poultry Association	•	•	•
Red meat	Red Meat Levy Admin	•	•	•
Sorghum	Sorghum Trust	•		
Table grapes exported	SA Table Grape Industry	•	•	•
Grapes and grape juice intended for the production of wine	SAWIS Winetech WOSA WIDA	•	•	•
Winter cereals	Winter Cereal Trust	•		
Wool	Cape Wools SA		•	•

There are currently 20 industries that have statutory measures relating to registration, records and returns, and 18 industries that have statutory levies.

### 3.2 Survey conducted and methodology followed

In order to monitor the application of statutory measures and to report thereon to the Minister, the NAMC has developed questionnaires relating to statutory measures, which were sent to the administrators of these statutory measures in January 2014. The questionnaires were completed and returned to the NAMC to be processed to compile this report. Administrators were also requested to attach audited financial statements to the completed questionnaires so that the NAMC could verify some of the information provided in the completed questionnaires.

The NAMC adopted policy guidelines for administration costs, transformation expenditure and generic promotions for levy administrators to follow. However, the NAMC has limited influence regarding the projects financed by statutory levies. In order to make a bigger impact with funds available for transformation, the NAMC recently adopted new transformation guidelines (see paragraph 8.2 of this report).

### 3.3 New statutory measures

By the end of July 2014, the following new statutory measures were in the process to be investigated, and could be promulgated soon, namely –

#### **AgriHUB (fruit information)**

The fruit industries represented by HORTGRO, South African Table Grape Industry (SATI), Fresh Produce Exporters' Forum (FPEF) and Citrus Growers' Association (CGA) have formed AgriHUB to fill the gap created by the Perishable Products Export Control Board's (PPECB) inability to provide sound shipping information. AgriHUB will only deal with high level information, and no sensitive, individual or privileged information will be handled. There have been some problems getting permission to use some entities' information, and some entities being slack in providing information. The fruit entities with statutory powers (HORTGRO, SATI and CGA) are considering using these statutory powers to ensure good information is collected and distributed.

#### **AMIE statutory measures**

On 26 February 2014, the Association of Meat Importers and Exporters (AMIE), applied for the establishment of statutory measures relating to levies, registrations, the keeping of records and rendering of returns regarding the importation of chicken products. AMIE proposed a statutory levy of 2c/kg (excluding VAT) on imported chicken products. The estimated income from the proposed statutory levy is between R5.1 million (for 2014/15) and R5.9 million (for 2017/18) per year. AMIE requested the Minister's approval for the establishment of the proposed statutory measures for a period of four years. By the end of July 2014 the NAMC was still in the process to finalise its investigation in this regard, where after the Council will make a recommendation to the Minister.

**Grain products statutory measures**

On 23 January 2014, the Maize Forum and the Wheat Forum applied for the introduction and promulgation of statutory measures, namely registration and the keeping of information and submitting monthly returns in respect of maize products, wheaten products and animal feeds. The proposal entails that the South African Grain Information Service (SAGIS) will be responsible for the registration, as well as the collection, processing and distribution of the information associated with the statutory measures that were requested.

The two Forums agreed to propose that each seller, importer and exporter of animal feed, maize products and wheaten products should keep complete records for each calendar month in respect of animal feed, maize products and wheaten products sold, imported or exported for commercial purposes. Furthermore, that the same persons mentioned, should within 10 working days from the end of each calendar month, submit to SAGIS an accurate prescribed return in respect of animal feed, maize products and wheaten products sold, imported or exported. Every seller and exporter of animal feed should also within 10 working days from the end of each calendar month submit to SAGIS an additional accurate prescribed return in respect of animal feed raw materials added to or used in the production or manufacturing of animal feed. Responsible persons include any person who acts in the capacity of the persons mentioned above. During the NAMC's investigation process, various concerns were raised by directly affected groups. Consequently the applicants changed their focus from products 'sold' to products 'manufactured'. By the end of July 2014 the NAMC was still in the process to finalise its investigation, where after we will make a recommendation to the Minister for his consideration.

**Macadamia statutory measures**

On 5 March 2014, the Southern African Macadamia Growers' Association (SAMAC), on behalf of directly affected groups in the macadamia industry, applied for the establishment of statutory measures (levies, registration and records & returns) on in-shell macadamia nuts, macadamia kernel and macadamia trees (both in nurseries and in the field) for a four-year period. By the end of July 2014, the NAMC was still in the process to finalise its investigation regarding the proposed macadamia statutory measures application.



### 3.4 Discontinuation of statutory measures

Since the promulgation of the MAP Act, more and more industries applied to the Minister for the approval of statutory measures. The first two statutory measures which were approved in terms of the MAP Act, was the sorghum statutory levy on 8 May 1998 and the winter cereal statutory levy on 1 October 1998. Although statutory measures are only approved for a maximum period of four years, industries that make use of statutory measures, normally apply to the Minister for the continuation of statutory measures, with the result that statutory measures could be applicable in a specific industry for a very long time. For example, the sorghum statutory levy is now in existence for almost 16 years, after they requested on a number of occasions (a few months before the expiry date) for the continuation of these statutory levies. For some reason or another, commodity organisations could also decide not to apply for the continuation of statutory measures. The first industry which done so, was the grapefruit industry. In November 2010 the Minister approved a grapefruit export promotion statutory levy, for a period of two years, to finance export promotions. This grapefruit statutory levy lapsed on 25 November 2012, but the grapefruit industry decided not to apply for the continuation of this statutory levy. For the financial year ended 31 March 2012, the grapefruit industry collected R5 761 619 through statutory levies for export promotions. Recently, the poultry statutory measures, after four years since implementation, lapsed on 9 October 2013. Also in this case, the poultry industry, the biggest agricultural industry in South Africa, decided not to apply for the continuation of these statutory measures.

The NAMC is of the opinion that statutory measures could have major benefits for the development of a particular agricultural industry and that all directly affected groups should participate to create an enabling environment for more industries to make use of statutory measures. It is not foreseen that more and more industries will stop using statutory measures, unless the implementation of unfriendly policy decisions motivates them to do so.





### 3.5 Financial periods under review

Table 2 provides details of the relevant agricultural industry, the administering body, the financial statements and the duration of the levies reviewed in this report.

**TABLE 2: STATUTORY MEASURES REVIEWED – 2013 SURVEY**

Product	Administering body	Financial statements	Measure introduced	Measure lapses	Duration
Citrus	Citrus Growers' Association	Apr 12 – Mar 13	4 Jan 2013	31 Dec 2016	4 years
Cotton lint	Cotton SA	Apr 12 – Mar 13	1 Apr 2012	31 Mar 2014	2 years
Dairy	Milk SA	Jan 13 – Dec 13	30 Jan 2009	23 Dec 2013	4 years
Deciduous fruit	HORTGRO Services				
- Pome and stone fruit		Oct 12 – Sep 13	30 Sep 2011	29 Sep 2015	4 years
- Fruitfly Africa		Oct 12 – Sep 13	10 Aug 2012	9 Aug 2016	4 years
- Market development		Oct 12 – Sep 13	8 Mar 2013	7 Mar 2017	4 years
Dried fruit	Dried Fruit Technical Services	Jan 13 – Dec 13	2 Nov 2012	1 Nov 2016	4 years
Fynbos (proteas)	HORTGRO Services	Oct 12 – Sep 13	30 Sep 2011	29 Sep 2015	4 years
Grains (maize, oilseeds, sorghum and winter cereals)	The South African Grains and Information Services	May 12 – Apr 13	1 May 2012	30 Apr 2016	4 years
Lucerne	National Lucerne Trust	Sep 12 – Aug 13	10 Sep 2011	9 Sep 2014	3 years
Mangoes	Subtrop	Oct 12 – Sep 13	29 Oct 2010	31 Dec 2014	4 years
Milk	Milk Producers' Organisation	Nov 12 – Oct 13	6 Mar 2012	1 Nov 2015	3 years
Mohair	Mohair SA	Jul 12 – Jun 13	19 Oct 2012	31 Jul 2016	4 years
Olives	SA Olive	Oct 12 – Sep 13	1 Jun 2012	30 Apr 2016	4 years
Pecans	SA Pecan Producers' Association	Jul 13 – Apr 14	9 Mar 2012	8 Mar 2016	4 years
Pork	SA Pork Producers' Organisation	Jan 13 – Dec 13	1 Nov 2010	31 Oct 2014	4 years
Potatoes	Potatoes SA	Jul 12 – Jun 13	4 Aug 2011	3 Aug 2015	4 years
Poultry and Eggs	SA Poultry Association	Jan 13 – Dec 13	9 Oct 2009	8 Oct 2013	4 years
Red meat	Red Meat Levy Admin	Mar 12 – Feb 13	5 Nov 2010	4 Nov 2014	4 years
Sorghum	Sorghum Trust	Mar 12 – Feb 13	1 Mar 2010	28 Feb 2014	4 years
Table grapes	South African Table Grape Industry	Nov 12 – Oct 13	16 Nov 2012	15 Nov 2016	4 years
Wine and grapes	SAWIS	Jan 12 – Dec 12	16 Apr 2010	31 Dec 2013	4 years
	Winetech	Jan 12 – Dec 12	16 Apr 2010	31 Dec 2013	4 years
	WOSA	Jan 12 – Dec 12	16 Apr 2010	31 Dec 2013	4 years
	WIDA	Jan 12 – Dec 12	16 Apr 2010	31 Dec 2013	4 years
Winter cereals	Winter Cereal Trust	Nov 12 – Oct 13	1 Oct 2010	30 Sep 2014	4 years
Wool	Cape Wools SA	Jul 12 – Jun 13	22 Jun 2012	30 Jun 2016	4 years

Most of the administrators of statutory measures are Section 21 companies and some of them are trusts. In the case of deciduous fruit, lucerne seed and hay, sorghum, and winter cereals, the relevant trusts are responsible for the administration of statutory levies.

The financial years differ for each industry, depending on the marketing season of the agricultural product. Most of the levies reported on were implemented for terms of four years.

In the case where statutory measures have lapsed or are close to its lapsing date, the relevant industries requested ministerial approval for the continuation of the relevant statutory measures.

### **Citrus industry**

On 4 January 2013, after ministerial approval was obtained, new citrus statutory measures were promulgated, to be valid from the date of publication until 31 December 2016.

### **Cotton industry**

Although the cotton statutory measures lapsed on 31 March 2014, the Minister has already approved new statutory measures, to be valid for four years, from 1 April 2014 until 31 March 2018.

### **Dairy industry**

On 20 December 2013, after ministerial approval was obtained, new dairy statutory measures were promulgated, to be valid from the date of publication until 31 December 2017.

### **Lucerne industry**

The current statutory levies on lucerne seed and lucerne hay will lapse on 9 September 2014. On 15 November 2013, the National Lucerne Trust (NLT) requested, on behalf of directly affected groups in the lucerne industry, for the continuation and increase of statutory levies, to be promulgated for four years. Due to discussions between the NLT and SANOR, the NAMC was still in the process of investigating the proposed statutory levies at the end of July 2014.

### **Mango industry**

The mango statutory measures will lapse on 31 December 2014. It means that the industry needs to apply soon if they want to continue with statutory measures.

### **Pork industry**

On 24 March 2014, the Minister approved new statutory measures (statutory levies, registration and submission of records and returns) in the South African pork industry, for a period of three years to lapse on 31 October 2016. The relevant Notices were published in the Government Gazette of 18 April 2014.



### **Potato industry**

The potato statutory measures will only lapse on 3 August 2015, but Potato SA is already in the process of applying for the continuation of their statutory measures for a further four years.

### **Poultry industry**

The four - year term of poultry statutory measures officially lapsed on 8 October 2013 and the broiler, chick and egg producers have not applied for the continuation of the statutory measures. In their response dated 7 April 2014 to the NAMC's questionnaire regarding the status of statutory measures, SAPA mentioned that the statutory levy is generally speaking 'despised' by the poultry industry (especially the broiler industry), and especially noting that approximately R105 million was collected over the four years from 2009 until 2013. SAPA also indicated that the egg statutory levy may well be renewed in 2015, but at a much reduced level compared to the first levy cycle which may adversely affect flock health and welfare activities, and transformation activities. It is not foreseen that the broiler industry will apply for the continuation of their statutory measures.

### **Red meat industry**

As the red meat statutory measures will lapse on 4 November 2014, the Red Meat Industry Forum applied on 22 April 2014 for the continuation of the red meat statutory measures for a further four years.

### **Sorghum industry**

On 7 April 2014, the Minister approved the Sorghum Forum's application for the continuation of statutory levies for a further period of four years, to lapse on 28 February 2018.

### **Wine industry**

The four-year period for the wine statutory levies lapsed on 31 December 2013. On 20 December 2013, after ministerial approval was obtained, the new wine statutory measures were published to be valid from 1 January 2014 until 31 December 2017.

### **Winter cereal industry**

The current four-year period of winter cereal statutory levies will lapse on 30 September 2014. The industry already applied for the continuation of these levies, but they only applied for the continuation for a two year period. This is an indication that the winter cereal industry is in the process to review the future use of statutory levies. At this stage the industry has difficulty in taking long-term decisions given the uncertainties regarding future legislation and representation on agricultural trusts.

## 4. REGISTRATION, RECORDS AND RETURNS

### 4.1 Introduction

In terms of Section 19 of the MAP Act, the Minister may, by notice in the Gazette, direct that any person mentioned with regard to an agricultural product or class thereof, to which the notice pertains and which such person has in his or her possession or under his or her control, shall be registered as specified in the notice.

Furthermore, in terms of Section 18 of the MAP Act, the Minister may, by notice in the Gazette, direct that any person shall keep such records and returns as may be specified with regard to the agricultural products or classes thereof to which the notice pertains and which such person has in his or her possession or under his or her control, and may direct that such records and returns be furnished to the institution or body of persons referred to in the notice. Such records and returns shall be kept for the period, or furnished at the time and in the manner determined in the notice.

Although these two statutory measures are essential for the administration and inspection of statutory levies, the main objective of these measures is to provide a database of all role players involved in the industry and to gather information necessary for industry role players to take informed decisions about production and marketing issues in a particular industry.

### 4.2 Agricultural information

The maintenance of macro industry information is regarded as critical for strategic planning by all agricultural industries, as well as for individual directly affected groups. In order for the market to operate effectively, industries regard the supply of generic market information to all role players, on a continuous basis, as essential.

Farmers need reliable, up-to-date market indicators for production planning and marketing of products. In the era of the one-channel marketing dispensation, marketing boards fulfilled this requirement. Industry organisations continued with this service after the deregulation of the market. Unfortunately, with the current Competition Act, certain problems had come to the fore with regards to the sharing of information. The Competition Commission had concerns regarding information exchange between and from industry associations, as this could create a basis for anti-competitive behaviour. Industry organisations are directly affected by this legislation and this has led to the situation where certain important market information could not be disseminated to farmers and other role players in the value chain.



Most of the commodity organisations which are administering statutory measures relating to registrations and records & returns have done so without any concerns raised by the Competition Commission.

#### **4.3 Confidentiality of statutory information**

Section 23 of the MAP Act addresses the issue of the confidentiality of statutory information. It means that no individual information obtained should be disclosed unless required to do so by a court of law or with the written consent by the Minister.

#### **4.4 Status of registration, records and returns**

Registration is a statutory measure that specifies the persons in a value chain who should register in a specific commodity. Table 3 on the next page provides information about the role players who are registered in the 20 industries as a result of statutory measure implemented. These role players include producers, processors, importers, exporters, retailers, etc.

Statutory measures relating to records and returns are also implemented for the same 20 industries, for the purpose of collecting market information. The role players responsible for rendering returns differ in each industry and are not necessarily the same as the role players who registered.

TABLE 3: ROLE PLAYERS IN THE VALUE CHAIN

Industry	Number of role players registered	Number of returns
Citrus	Commercial producers – 1 400 Registered exporters – 321	321
Cotton lint	Commercial producers – 116 Small-scale producers – 725 Ginners – 6 Spinners – 5	11
Dairy products and milk	Milk buyers – 153 Importers – 105 Producer-distributors – 125	383
Deciduous fruit	Producers – 1 205 Exporters/traders – 189	186
Dried fruit	Producers – 1 308 Importers – 8 Packers/processors – 28 Exporters – 23	25
Fynbos (proteas)	Producers – 84 Exporters – 11 Veld harvesters – 11	75
Lucerne	Lucerne seed producers – 220 Lucerne seed cleaners – 7 Lucerne seed traders – 19 Lucerne hay producers – 432 Lucerne hay traders – 53	59
Mangoes	Exporters – 6 Pack houses – 32 Registered mango processors – 30	21
Milk	Producers – 3 500	2 064
Mohair	Brokers – 3 Buyers – 8 Producers – 1 013	1 024
Olives	Producers – 124 Importers – 28	152
Pecans	Producers – 392	392
Pork	Registered abattoirs – 153 Exporters of live pigs – 2	153

Potatoes	Bag manufacturers – 6 Processors – 9 Potato certification services – 1 Importers – 4 Exporters – 13 Retailers – 12 Producers – 635 Fresh produce markets – 23	678
Poultry	Broilers – 117 Broiler hatcheries – 39 Egg producers – 170	39
Red meat	Abattoirs – 326 Livestock agents – 49 Exporters (hides & skins) – 9 Importers – 60 Meat processors – 20 Tanneries – 7	467
SAGIS (maize, oilseeds, sorghum, winter cereals)	Commercial silo owners – 218 Processors – 850 Harbour silo owners – 95 End consumers – 35 Importers / exporters – 171 Traders with own silos – 115 Other traders – 49	1522
Table grapes	Producers – 316	126
Wine	Primary producers – 3 440 Producer cellars – 50 Private cellars – 509 Producing wholesalers – 23 Exporters – 43	4065
Wool	Wool growers – approximately 10 986 Wool brokers – 6 Wool buyers – 9 Wool processors – 2 Wool traders – 96	17

Some aspects to be noted with regard to registrations, records and returns, as reported by the relevant industries, include the following:

### **Cape Wools SA**

Cape Wools is the only organisation with a comprehensive statistical database of the South African wool industry and all the information is available on its official website at [www.capewools.co.za](http://www.capewools.co.za). Apart from providing an SMS messaging service to all producers with cell phones, field officers also distribute information to wool growers in rural areas through information days, workshops, training sessions and annual congresses.

**Cotton SA**

All persons who produce seed cotton, buy seed cotton from producers, process seed cotton, purchase cotton lint from producers or ginnerers, and who import or export cotton, should register with Cotton SA and keep records and render returns to Cotton SA.

Information on local seed cotton and cotton lint stocks, production and consumption data, as well as crop estimate data are disseminated to the industry, within approximately one month after the month when the returns are expected. Due to the small size of the industry and the limited number of persons required to submit statutory returns, no specific verification is deemed necessary. Cotton data supplied by ginnerers in their monthly returns are, however, verified annually by the ginnerers' auditors, as levies payable are based on this information.

To ensure the confidentiality of information through statutory measures, Cotton SA makes sure that all information collected is only be disseminated in a summarised form.

**National Lucerne Trust**

The National Lucerne Trust, the national representative institution in the South African lucerne industry, expressed their concern that they are unable to collect and disseminate imported lucerne seed figures, notwithstanding the fact that the Minister promulgated statutory measures to collect this information.





## 5. STATUTORY LEVIES

### 5.1 Introduction

In terms of Sections 15 of the MAP Act, the Minister may, by notice in the Gazette, promulgate a statutory levy in a specific agricultural sector to finance generic functions. A statutory levy is a charge per unit of an agricultural commodity at any point in the marketing chain between the producer and the consumer, which is collected to fund specific functions such as research, information, transformation, etc.

### 5.2 Conditions of approval

Conditions of approval include the following, namely that –

- › 70 % of the levy income is spent on generic functions such as consumer assurance, consumer education, information, research, etc;
- › not more than 10 % of levy income is spent on administration costs;
- › at least 20 % of levy income is spent on transformation (development of emerging farmers and other role-players in line with NAMC's guidelines on transformation).
- › the statutory levy income and expenditure be audited by the Auditor General, with the percentage allocated towards transformation clearly indicated;
- › surplus funds should not form part of the assets of the administrator and be utilised with the approval of the Minister after the lapsing of the levy (for example, after four years);
- › the administrator maintains a database of black role-players and their market share in order to monitor the progress of transformation in the relevant industry; and
- › the NAMC has observer status on the Board of the administrator to ensure compliance with the original intent of the application.

### 5.3 Levy income

Table 4 shows the levy income, the total value of products at the first point of sale, levy income as a percentage of the value of the product, and the levy collection rate percentage for the different commodities.

**TABLE 4: TOTAL AMOUNT OF STATUTORY LEVIES COLLECTED**

Product	Levy income R	Total value of product at the first point of sale * R	Levy income as a percentage of the value of the product %	Levy collection rate %
Citrus (exported)	39 452 963	7 000 000 000	0.56	100.00
Cotton lint	2 414 809	176 000 000	1.37	100.00
Dairy products	32 019 779	9 754 000 000	0.33	106.10
Deciduous Fruit		1 625 094 975	4.72	
- Pome and stone fruit	39 033 210			96.00
- Fruitfly Africa	18 453 944			92.00
- Market Development	19 173 854			96.00
Dried fruit	4 646 362	569 626 735	0.82	96.00
Fynbos (proteas)	308 634	36 742 690	0.84	94.00
Lucerne	1 328 644	268 898 000	0.50	75.00
Mangoes	709 436	84 000 000	0.84	65.00
Olives	1 101 401	43 620 124	2.52	40.49
Pork	18 071 010	3 786 000 000	0.48	103.3
Pecans	1 036 000	624 000 000	0.17	97.00
Potatoes	33 754 684	7 500 000 000	0.45	98.75
Poultry	20 985 104	41 510 000 000	0.05	94.81
Red meat	27 431 309	20 185 000 000	0.14	98.80
Sorghum	1 501 813	350 000 000	0.43	70.05
Table grapes	19 381 060	4 200 000 000	0.46	99.53
Wine	75 246 149	4 131 400 000	1.82	100.00
Winter cereals	53 020 498	7 212 409 000	0.74	97.36
<b>TOTAL</b>	<b>409 070 663</b>	<b>109 056 791 524</b>	<b>0.38</b>	

\*as provided by levy administrators

#### **Total levies collected**

The total levies collected for the year under review amounted to R409.1 million, which is 10.0 % more than the R371.9 million reported as total levy income in the previous review. The poultry statutory levies officially lapsed on 8 October 2013, in other words they only collected the statutory levy for nine months of their 2013 financial year. This resulted that for the 2013 survey, they only collected approximately R21.0 million compared to the approximately R26.9 million in the 2012 survey.

#### **Total value of product at first point of sale**

The total value of agricultural products subject to statutory levies at the first point of sale for the 2013 survey (approximately R109.1 billion) is approximately 5.4 % more than the total value during the 2012 survey (approximately R103.5 billion).

**Level of statutory levies**

Section 15 (4) (a) of 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. For the 2013 survey, the total levy income as a percentage of the value of agricultural products at the first point of sale is approximately 0.38 %. The deciduous fruit industry has three different statutory levies, and in total, their statutory levy is 4.72 % of the value of the product at the first point of sale, in other words, very close to the upper limit of statutory levies as prescribed in the MAP Act.

**Levy collection rate**

The average collection rate of all products is approximately 92.3 %. It must be mentioned that it was mainly the smaller industries which achieved a relative low collection rate. These industries are lucerne (75 %), mangoes (65 %), olives (40 %) and sorghum (70 %). Especially the olive industry experienced difficulty to collect the statutory levy on imported olive oil, but they are in the process of addressing this problem. It must also be mentioned that the mango and olive industries do not have a long history of statutory levy collection and it is assumed that over time, their collection rate will improve.

**Specific comments from levy administrators regarding the collection of statutory levies:****Cotton industry**

Cotton SA motioned that due to the fact that there were only five levy collection points during the financial year under review, the problems and costs relating to the levy administration were negligible. They achieved a collection rate of 100 %.

**Dried fruit industry**

For the 2013 financial year, the DFTS budgeted to collect R3 880 000, but the actual statutory levy income was R4 646 362 – approximately 20.0 % more than expected. A higher crop and better pack out figure resulted in higher levies collected.

**Mango industry**

The 65 % collection rate in the mango industry must be seen against the background that statutory measures are a relative new concept for them. Statutory levies are collected from mango processors, but only 21 of the 30 processors are providing information to Subtrop, the administrator of the mango statutory levies. Subtrop indicated that final letters of demand were issued to processors which are not paying the levies and if not successful, legal action might follow soon.

**Olive industry**

According to SA Olive the reasons for the difference between the budgeted levy income and the actual levy income (R2.7 million compared to R1.1 million) is that the administration of statutory measures is still a relatively new concept to the olive industry. Due to the fact that reliable import statistics is not available, the industry could not verify the information received from importers. The industry is busy developing import regulations and standards on olive oil, which will force importers to comply with before they apply for import permits. Unfortunately, this is a lengthy process but when these regulations are in place it would be possible to achieve a much higher collection rate on imported olive oil, because importers could be requested to indicate if they paid statutory levies before they be issued with an import permit to import olive oil. Furthermore, the industry decided that the initial focus point after the promulgation of the statutory measures was to firstly build trustworthy working relationships as well as proper understanding / education of how the statutory funds will be disbursed. The industry also appointed a General Manager who will ensure that all processes are in place.

**Potato industry**

Potatoes South Africa, as levy administrator for potatoes, is of the opinion that there is still an amount of the potential levy income that is not being collected. However, it is not possible to attach an exact amount thereto. Examples thereof are firstly companies dealing in packaging material, be it locally manufactured and/or imported on which the levy is not paid, and secondly in cases where potatoes are sold in bulk. The collection of such levies will put additional pressure on the administration and the administration costs. Potatoes South Africa has engaged the services of Agri Inspec to track new plastic bag manufacturers so that Potatoes South Africa can engage with them to commence the processes to ensure successful levy collection.

**Sorghum industry**

For the 2012/2013 financial year (2013 survey) the Sorghum Trust budgeted for a statutory levy income of R2 144 000, while the actual levy income was only R1 501 813 – only 70 % of budgeted levy income. The Trust mentioned that a considerably smaller sorghum crop was harvested than what was expected.

**Winter cereal industry**

The industry achieved a collection rate of 97.36 %. The actual winter cereal consumption figures as well as fluctuations in carry-over stocks contributed to this difference.

**5.4 Levy expenditure**

Table 5 shows the levy expenditure reported as part of the 2013 survey. The total expenditure of levy funds for the 2013 survey amounted to R421.6 million, which is 13.2 % more than the R372.5 million expenditure reported in the 2012 survey.

TABLE 5: LEVY EXPENDITURE AND ALLOCATION TO FUNCTIONS – 2013 SURVEY

	Administration	Transformation	Export promotion	Research	Information and industry liaison	Production development	Consumer education/ promotion	Plant improvement	Quality control	Total
Citrus	1 895 960 4	8 839 976 19	6 417 066 14	26 866 452 59	1 609 339 4					45 628 793 100
Cotton	81 979 1	756 292 11		100 000 2	3 529 858 54		384 488 6		1 731 175 26	6 583 792 100
Dairy	3 017 350 8	8 218 968 21		1 533 193 4	2 605 796 7		18 159 623 47		5 254 385 13	38 789 315 100
Deciduous fruit (Pome and stone)	2 606 915 7	7 806 642	2 097 203	17 137 140	4 488 510			3 803 862 10		37 940 272 100
Deciduous fruit (Fruitfly Africa)	1 232 946 7			15 385 379						16 618 325 100
Deciduous fruit (Market development)			13 629 739 100							13 629 739 100
Dried fruit	368 871 8	941 621 20		1 850 751 40	563 577 12			928 932 20		4 653 752 100
Fynbos (proteas)	32 636 11	26 961 9	138 133 46	71 589 24	30 681 10					300 000 100
Lucerne	108 950 8	372 942 29		476 350 37	177 188 14				161 455 12	1 296 885 100



	Administration	Transformation	Export promotion	Research	Information and industry liaison	Production development	Consumer education/promotion	Plant improvement	Quality control	Total
Mangoes %	10 000 1	189 133 27		356 000 50			158 942 22			714 075 100
Olives %	169 847 40	40 000 10		30 000 7	30 000 7		149 250 36			419 097 100
Pecans %	172 506 22	5 000 1		500 394 63	117 245 14					795 145 100
Pork %	974 166 6	4 162 096 25		710 154 4	839 299 5		8 408 539 51		1 393 545 9	16 487 799 100
Potato %	1 748 270 6	7 183 621 24	7 347 936 25	7 383 560 25	5 965 295 20					29 628 682 100
Poultry %	1 432 571 4	11 270 856 28		6 333 384 16	4 586 103 11		10 385 935 25		6 720 311 16	40 729 160 100
Red meat %	3 177 633 12	10 148 713 39		2 472 175 10	111 744 1	2 885 571 11	4 134 620 16		2 763 788 11	25 694 244 100
Sorghum %	69 581 3	150 000 7		1 375 848 60	682 235 30					2 277 664 100
Table grapes %	2 001 067 11	4 056 940 23	3 318 429 18	6 508 960 36	2 206 682 12					18 092 078 100
Wine %	1 290 729 2	23 104 059 34	28 177 247 42	3 367 811 5	11 291 819 17					67 231 665 100
Winter cereals %	2 990 197 6	10 583 836 20		37 028 943 68	3 453 750 6					54 056 726 100
Total	23 382 174	97 857 656	61 125 753	129 488 083	42 289 121	2 885 571	41 781 397	4 732 794	18 024 659	421 567 208
%	5.55	23.21	14.50	30.72	10.03	0.68	9.91	1.12	4.28	100

## 5.5 Comparison of statutory levy income and expenditure

According to the audited financial statements of the different levy administrators, the levy income and expenditure for the different levy administrators for their latest audited financial year were as follows:

**TABLE 6: LEVY INCOME AND EXPENDITURE**

Product	Levy income R	Levy expenditure R	Surplus/deficit R
Citrus (exported)	39 452 963	45 628 793	-6 175 830
Cotton lint	2 414 809	6 583 792	-4 168 983
Dairy products	32 019 779	38 789 315	-6 769 536
Deciduous fruit	76 661 008	68 188 336	8 472 672
Dried fruit	4 646 362	4 653 752	-7 390
Fynbos (proteas)	308 634	300 000	8 634
Lucerne	1 328 644	1 296 885	31 759
Mangoes	709 436	714 075	-4 639
Olives	1 101 401	419 097	682 007
Pecans	1 036 000	795 145	240 855
Pork	18 071 010	16 487 799	1 583 211
Potatoes	33 754 684	29 628 682	4 126 002
Poultry	20 985 104	40 729 160	-19 744 056
Red meat	27 431 309	25 694 244	1 737 065
Sorghum	1 501 813	2 277 664	-775 851
Table grapes	19 381 060	18 092 078	1 288 982
Wine	75 246 149	67 231 665	8 014 484
Winter cereals	53 020 498	54 056 726	-1 036 228
<b>TOTAL</b>	<b>409 070 663</b>	<b>421 567 208</b>	<b>-12 496 545</b>

As shown in Table 6, levy expenditure exceeded levy income in most of the industries. The deciduous fruit, potato and wine industries reported fairly high surpluses. Statutory levies are normally promulgated for a four-year period and industries budget that income and expenditure match over a four-year period. Therefore, deficits are funded by surplus levy income from previous financial years, or by other income. Deficits may also be attributed to lower than expected crop sizes and consequently lower than budgeted levy income.

The MAP Act stipulates that the Minister must decide how any surplus funds are dealt with after the period of a statutory levy has lapsed (for example after a four-year period). Experiences in the past have proven that over a four-year period (or the period for which the levy was approved), levy expenditure equals or is very close to levy income. Only a few industries have reported surpluses after the lapsing date of the relevant levy, or requested ministerial approval for spending those levy funds. For example, Milk SA reported a surplus of approximately R3.8 million at the end of the four-year levy period that ended in 2013. In May 2014 the NAMC confirmed a previous decision, namely that in future, all surplus funds remaining after a levy period, should be used for transformation purposes.

**Comments by levy administrators regarding the funding of shortages include the following:**

**Citrus industry**

For the 2012/13 financial year, the CGA spent approximately R6.2 million more than statutory levy income. The financial statements of the CGA indicated that apart from surplus funds, the CGA received interest on investments, collected voluntary levies from citrus growers, received mentorship funding from DAFF and funds from AgriSETA.

**Cotton industry**

For many years, the expenditure of Cotton SA is much more than statutory levy income. Due to a 29 % decrease in the local cotton crop during the 2012/13 financial year, statutory levy income decreased by R1 649 295 compared to the previous financial year. Consequently, for the 2012/13 financial year, Cotton SA's statutory levy income was approximately R2.4 million, while their expenditure was approximately R6.6 million. To finance this shortage, Cotton SA received the following 'other income' –

• A voluntary contribution from spinners on cotton lint imported	R237 720
• Grading tests and training	R852 197
• Investment income	R215 833
• Royalties on labels	R183 893
• Letting of facilities	R973 316
• Secretarial services	R30 000
• Other income	R1 100 142

To address future shortages, the Cotton Trust sold its building and donated the funds to Cotton SA. This contribution from the Trust to Cotton SA as stated in the financial statement for the period until 31 March 2013, amounted to R24 612 156.

**Dairy industry**

For the 2013 financial year, Milk SA, the administrator of the dairy statutory levies, spent R38 789 315 on statutory expenditure, but received only R32 019 779 as statutory income, an over-expenditure of R6 769 536. The reason for this over-expenditure is that the 2013 financial year was the last year of the four-year levy period. Milk SA had to do this expenditure to prevent that they had a big amount of surplus funds at the end of the four-year levy period, which surplus funds would be subjected to ministerial approval in terms of the MAP Act. Notwithstanding the 2013 expenditure, Milk SA still experienced a surplus of R3 842 137 at 31 December 2013 and they subsequently requested ministerial approval to spend this surplus funds. In May 2014 the NAMC confirmed a previous decision that in future, all surplus funds available by the end of a four-year levy period should be used for transformation purposes.

**Olive industry**

The 2012/13 financial year was the first full year ever of collecting statutory levies. The SA Olive Board, after consulting its members, decided to accumulate a sufficient funding surplus before the statutory funding is allocated to the proposed activities stipulated in the application for statutory levies. Other problems with levy administration include the following –

- Lack of proper information for olive oil and table olive importers, which resulted that the anticipated bulk levy income could not be collected. Various approaches have been made in this regard to retrieve the information. Efforts are now being made to ensure that importers are given ample opportunity to come to the table and comply with the statutory measures.
- SA Olive also appointed a full time General Manager to manage the process regarding the collection of statutory levies.

**Potato industry**

Potato SA indicated that their surplus of R4 126 002 for the 2012/13 financial year, is funds carried over to the next financial year. According to them, the transfer of funds in the Potato Industry Development Trust (PIDT) is inevitable because the Trust operates in unique circumstances that about 90 % of the levies are collected via the packaging manufacturers. The income is recorded according to accounting practices (on the date of the sale), but the levies (approximately R5 million per month) are recovered by the packaging manufacturers, through their systems, from the producers and paid over to the PIDT in approximately 60 days' time. Levies that are recorded, for example, in the last month of the financial year (in June 2013), are only received in August/September 2013. This creates a situation that forces them to carry over funds to prevent that they experience cash flow problems.



### **Poultry industry**

For the 2013 survey, the poultry statutory levy income was approximately R21.0 million while their statutory levy expenditure for the same period amounted to approximately R40.7 million – an over- expenditure of approximately R19.7 million. The poultry statutory levies were implemented on 9 October 2009 and lapsed on 8 October 2013. The industry did not apply for the continuation of statutory levies. The reason for this huge over-expenditure in the 2013 survey was that during the first two years of the four-year levy period, SAPA collected much more than what they spent. Consequently, during the last two years of their four-year levy period, they spent much more than what they collected in statutory levies. Particularly, their expenditure towards transformation started from a very low base. In the first year, SAPA spent only approximately 6 % of levy income on transformation, but in the fourth year, they spent approximately 54 % of levies collected on transformation activities. On average, over the four-year levy period from 2009 until 2013, SAPA spent approximately 22 % of levy income on transformation.



## 6. LEVIES IN AGRI BENCHMARK COUNTRIES

### 6.1 Introduction

‘Agri Benchmark’ is a global, non-profit network of agricultural economists, advisors, producers and specialists in key sectors of agricultural and horticultural value chains. Their motto is ‘understanding agriculture worldwide’. Within Agri Benchmark, farm-level knowledge is combined with an analysis of international commodity markets and value chains. In this way they are able to provide scientifically consistent and soundly based answers on strategic issues to decision-makers in policy, agriculture and agribusiness.

The Agri Benchmark Network was founded in 2006 and is a non-political and non-profit activity. Rules and values of the network are developed by mutual agreement. Currently they operate in terms of four separate divisions, namely a Beef and Sheep Network, a Cash Crop Network, a Horticultural Network and a Pig Network.

In March 2013 the NAMC approached the Beef and Sheep Network, comprising of 30 countries with a short questionnaire in order to compare South Africa’s statutory levies with similar instruments in the other Agri Benchmark countries. The countries were requested to answer the following questions:

1. Do you have levies in your agricultural sector? ‘Yes’ or ‘no’?
2. If ‘yes’, what is the extent of levies? *For example, in South Africa, approximately 70 % of the total agricultural production is subjected to a levy.*
3. What functions are financed by the levies? *E.g. research, information and promotions.*
4. The level of the levy? *E.g. the levy represents 0.6 % of the price of the agricultural product at first point of sale.*
5. Who is administering the levy? *Individual commodity organisations or Government?*

A number of 15 countries completed the questionnaire and their responses could be summarised as follows:

6.2 Levies in Agri Benchmark countries						
No	Country	Levies	Extent	Functions	Level of levy	Administrators
1.	Algeria	Yes	Levies are only applicable on a few products, including cereals and grapes used for wine. The levies are also applicable on the imported product.	The levies finance the services and faculties as determined by the members of the commodity organisations	Less than 1 %.	The National Chamber of Agriculture, a Government institution, is administering the levies.
2.	Argentina	Yes	One official is of the opinion that the Argentine farmer is bankrupt. The levies are applicable on local production and on the exported product.			The difference spheres of Government are administering the levies.
3.	Australia	Yes	Almost all agricultural products are subject to a statutory levy. The general arrangement is that for every Australian dollar collected from industry contributions for functions such as research and disease control, the Australian Government is making a matching (dollar for dollar) contribution.	Research Disease control Marketing	Less than 1 %	The levies are collected by the Australian Government but administered by commodity organisations.

No	Country	Levies	Extent	Functions	Level of levy	Administrators
4.	Brazil	Yes	In Brazil, 100 % of agricultural production is subject to a statutory levy.	Infrastructure Research Political representation	Between 0.54 % and 2 %	Organisations like agricultural unions and cooperatives are administering the levies.
5.	Canada	Yes	The largest commodities, i.e. beef, canola, etc., have levies. A number of smaller commodities are looking to set up levies as they are realising they are being left behind in terms of research as the Canadian government is now allocating research dollars according to industry matching dollars and a levy is one of the few ways to raise a match to indicate research is important. However, collecting a levy on some of the smaller commodities is very difficult.	Domestic marketing International marketing Research	Canada has a national and a provincial levy. In some cases, levy payers could apply that the provincial levy be paid back to them. The national levy is non-	Each commodity is responsible for applying and administering their own levy.
6.	France	Yes	More than 90 % of agricultural production is subject to a levy and this figure is increasing all the time.	Research Information Promotions	Approximately 0.5 % of the value of the product	Commodity organisations
7.	Germany	No	In Germany compulsory levies in their agricultural sector are not relevant anymore, since the law which constituted the levies since the late 1960s was declared unconstitutional by the German constitutional court (the highest court in the country) in 2009 after being challenged by a poultry farmer. According to the information we received, most of the functions financed with levies, were discontinued since the court's ruling.			

8.	Mexico	No	In Mexico, they do not have any levies or check-off payments. Some organisations however charge a cost to producers for animal health. The income is managed by the specific farmers union.				
9.	Namibia	Yes	The Namibian agricultural sector has three statutory bodies, namely the Meat Board, the Namibian Agronomic Board and the Karakul (Swakara) Board	Research Information Promotions Agricultural unions	Levy of 0.6 % of stock slaughtered locally, but 0.8 % on imported products	Statutory bodies, for example the Meat Board.	
10.	New Zealand	Yes	In New Zealand, more than 80 % of agricultural production is subject to an industry agreed and industry managed levy. Their Government has no influence over the utilisation of the collected levies, except for providing the enabling legislation.	Research International trade access Information Promotions	Less than 1 % of the value of an agricultural product at the first point of sale.	The levy is administered by each commodity group. Each commodity group has to obtain a new mandate every five years from levy payers through a voting process.	
11.	Russia	Yes	Producers could choose between a Single Agricultural Levy or a General Tax System.		The levy is 6 % of total profits.	The Russian Government is administering the levy.	
12.	Spain	Yes	Spain has levies on sheep meat, goat meat, pork and milk.	Research Information Promotions	Levies being paid by producers and traders (50 % each). Levies less than 1 % of the value at first point of sale.	Individual commodity organisations are administering the levies.	
13.	United Kingdom	Yes	More than 75 % of total agricultural production is subject to a levy.	Research Information	Less than 1 %. England has a higher rate (app 10 % more) for late payments	Public sector levy organisations	



14. Ukraine	Yes	The Ukraine reported on levies paid by retailers who sell beverages.	New vineyards Storage Research	About 1.5 % of the value.	The Ukraine Government is administering the levies.
15. USA	Yes	The USA has federal marketing orders and state marketing orders and the levies are called check-offs. More than 75 % of agricultural production being affected by these check-offs.	Research Grading and standards Advertising Promotions	Less than 1 % at first point of sale.	Various boards are actually collecting the levies.



### 6.3 Notes regarding some Agri Benchmark countries

#### **Australian levy system**

Australia's farm businesses are world leaders in production efficiency, sustainability, product quality, innovation and supply and response to market needs. An effective system of primary industry levies and charges assist agricultural businesses to work together, pooling their effort and resources to find solutions to priority issues. It can support research and development, promotion and marketing, residue testing, and plant and animal health programmes.

Usually an industry body identifies the need for a levy or charge to respond to a problem or opportunity requiring collective industry funding. The organisation puts a levy proposal to its members for discussion and consults with the Department of Agriculture on the proposal.

The levy system has enabled industries to maintain their position in highly competitive world markets. Other smaller and emerging industries also appreciate the benefits of industry cooperation and resource sharing. Examples of levy use include the funding invested by Research and Development Corporations in R&D. Investments result in productivity increases and also deliver public good results like regional development, food safety improvements, environmental benefits, medical advances and new consumer products.

The Australian Government role, through their Department of Agriculture, is to liaise with industries that want a levy system and to implement an effective collection system at minimum cost.

The Levies Revenue Service within the Department is responsible for the effective delivery of levies, by administering, collecting and disbursing levies, on a cost recovery basis, on behalf of industries.

#### **New Zealand levy system**

New Zealand has legislation which empowers groups within the agricultural sector to establish an industry levy on any form of agricultural production. This empowering legislation is the Commodity Levies Act 1990. An industry group can propose to establish a levy for any purpose they define, but they must then ballot their sector participation (the potential levy payers) and obtain a greater than 50 % level of support for the levy. This support must be greater than 50 % of levy payers and must represent greater than 50 % of the production of the voting members. Each commodity group that collects levies have to report annually to levy payers. Each commodity group has to obtain a new mandate every five years from their levy payers, through a fresh vote meeting the same thresholds. They had situations where the mandate, in full or part, has been lost when the renewal has been sought – the wool levy was lost from beef and lamb around 2010.

### **United Kingdom (UK) levy system**

The UK is referring to England, Northern Ireland, Scotland and Wales. The Agriculture and Horticulture Development Board (AHDB) is a statutory levy board, funded by farmers, growers and others in the supply chain and managed as an independent organisation (independent of both commercial industry and of Government).

Their purpose is to make the agriculture and horticulture industries more competitive and sustainable through factual, evidence-based advice, information and activity. The AHDB deliver extensive research and development programmes which are delivering scientifically-robust and commercially useful outcomes for their levy payers.

Levy payers are at the heart of what the AHDB is doing. The delivery of support services to levy payers is focused through six branded operating divisions covering about 75 % of total agricultural output in the UK. Commodities covered are –

- Pig meat in England
- Beef and lamb in England
- Commercial horticulture in Great Britain
- Milk in Great Britain
- Potatoes in Great Britain
- Cereals and oilseeds in the UK.

The work of AHDB is funded by farmers, growers and others in the supply chain through statutory levies – not from central Government. The funds raised from each commodity sector are ring-fenced to ensure they are used only to the benefit of the sector from which they were raised.

In order to deliver genuine levy payer focus there is a sector advisory committee (known as ‘sector board’) for each of the six commodity sectors represented by AHDB. Each sector board comprises levy payers, other stakeholders from the sector and independent members. The main AHDB Board has delegated the responsibility to each sector board ***to develop the most appropriate strategies to meet the challenges of the sector; to ensure the relevant levy rate is recommended in order to provide adequate funding for the required work; to monitor strategy implementation and to approve remedies where performance deviates from plan.*** The sector board members are appointed by the AHDB.

## **6.4 An analysis of information provided**

### **Levies in Agri Benchmark countries**

The majority of countries which responded (13 out of 15, or 87 %) administer levies in order to finance generic functions in the relevant agricultural industries.

### **The extent of the levies**

In some of the bigger, well developed countries, a major portion of agricultural production is subjected to a levy. Some of these countries and the extent of levies are as follows –

- Australia (approximately 95 % of agricultural production)
- Brazil (close to 100 %)
- Canada (approximately 80 %)
- France (approximately 90 %)
- New Zealand (approximately 80 %)
- United Kingdom (approximately 75 %)
- United States of America (approximately 75 %)

To the contrary, in Germany, levies were phased out after it was declared unconstitutional by the German constitutional court (the highest court in the country) in 2009 after being challenged by a poultry farmer.

### **The functions to be financed by the levies**

The general trend is that levies are used to finance functions such as research, information, local promotions and export promotions. In Namibia, statutory levies are used to finance agricultural unions. In South Africa, the practice in the past was that statutory levies should not be used to finance commodity organisations.

### **The level of the levies**

In almost all the countries, the level of levies is less than 1 % of the price of the agricultural product at the first point of sale.

### **The administration of the levies**

To determine who is responsible (government or commodity organisations) for the administration of levies in the different countries, one could conclude that this role is evenly spread between government and commodity organisations.

In the United States, after many years of wrangling over whether these assessments were taxes or were industry funded self-help programmes, the US Supreme Court ruled that these programmes are actually government programmes.

## **6.5 Conclusion**

After studying levies in Agri Benchmark countries, the assumption could be made that South Africa's statutory levy system is very much in line with what is happening in the biggest and most well-developed countries in the world. One could even make the assumption that the way in which the NAMC report on statutory levies to the Minister is unique and could not be found elsewhere in the world.

The Canadian representative mentioned that their National Check-Off Agency for the beef industry is actually looking at alternative models and would be very interested in a summary of the NAMC's survey if we are willing to share it. A summary was sent to them.

## 7. EXTENT OF STATUTORY MEASURES IN SOUTH AFRICA

Table 7 provides information about agricultural products which are subjected to statutory levies, based on the gross value of the individual agricultural products (Source: DAFF 2014 Abstract).

**TABLE 7: AGRICULTURAL PRODUCTS SUBJECTED TO STATUTORY LEVIES**

		Products levied R ' million	Percentage levied %	Products not levied R ' million	Percentage not levied %	Total R ' million
Field crops	Cotton	68				
	Sorghum	452				
	Winter cereals	6 338				
	Lucerne seed and hay	4 494				
	Maize			24 681		
	Sugar cane			6 707		
	Oilseeds			7 259		
	Other			1 784		
	<b>Sub-total</b>	<b>11 352</b>	<b>21.9</b>	<b>40 431</b>	<b>78.1</b>	<b>51 783</b>
Horticulture	Citrus	7 925				
	Deciduous and dried fruit	12 680				
	Mangoes	80				
	Potatoes	5 547				
	Viticulture	4 277				
	Vegetables			10 230		
	Other			5 743		
	<b>Sub-total</b>	<b>30 509</b>	<b>65.6</b>	<b>15 973</b>	<b>34.4</b>	<b>46 482</b>
Animal products	Dairy	11 645				
	Red meat	22 806				
	Pork	3 721				
	Poultry and eggs	39 913				
	Other			6 526		
	<b>Sub-total</b>	<b>78 085</b>	<b>92.3</b>	<b>6 526</b>	<b>7.7</b>	<b>84 611</b>
<b>TOTAL</b>		<b>119 946</b>	<b>65.6</b>	<b>62 930</b>	<b>34.4</b>	<b>182 876</b>

The total gross value of agricultural production (total production during the production season valued at the average basic prices received by producers) for 2012/ 13 is estimated at R182,9 billion, compared to R164,2 billion in the previous year – an increase of 11.4 %. This increase can be attributed mainly to an increase in the value of poultry products, but in general, the gross value of the majority of all individual agricultural products showed a steady increase. According to Table 7, approximately 65.6 % of all agricultural products, in terms of the gross value of the individual products, are subjected to a statutory levy.

If the statutory measures relating to registration, records and returns are included, 83.1 % of all agricultural products in South Africa (in terms of their gross value) make use of statutory measures. These two figures (65.6 % and 83.1 %) could decrease significantly in the 2014 survey (to approximately 43.8 % and 61.2 % respectively), because the poultry statutory measures lapsed in October 2013 and the poultry industry decided not to apply for the continuation of these statutory measures.

It is also clear from Table 7 that directly affected groups involved with animal products are more inclined to make use of statutory levies: 92.3 % of animal products, in terms of gross value, have statutory levies. The maize industry, which is the second largest agricultural sector after the poultry industry, with a gross value of R24.7 billion, does not use statutory levies because it has sufficient funds in the Maize Trust. These funds were transferred from the former Maize Board and are used to finance generic functions in the maize industry. Only 21.9 % of field crops have a statutory levy – taking into consideration the situation regarding maize and the fact that the sugar industry is collecting funds in terms of other legislation.

The gross value of animal products, horticultural products and field crops contributed 47 %, 25 % and 28 % respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 21.8 %, followed by maize industry with 13.5 % and then by cattle and calves slaughtered with 10.2 %.



## 8. TRANSFORMATION

### 8.1 Statutory funds available for transformation projects

One of the conditions of approval for statutory levies is that at least 20 % of levy income should be used for transformation projects. Table 8 below indicates total levy income, transformation expenditure, the transformation expenditure as a percentage of levy income and total levy expenditure.

**TABLE 8: TRANSFORMATION EXPENDITURE AS PERCENTAGE OF LEVY INCOME**

Industry	Levy income R	Transformation expenditure R	Transformation as % of levy income	Total expenditure R
Citrus	39 452 963	8 839 976	22.4	45 628 793
Cotton	2 414 809	756 292	31.3	6 583 792
Dairy	32 019 779	8 218 968	25.7	38 789 315
Deciduous fruit	76 661 008	7 806 642	10.2	68 188 336
Dried fruit	4 646 362	941 621	20.3	4 653 752
Fynbos	308 634	26 961	8.7	300 000
Lucerne	1 328 644	372 942	28.1	1 296 885
Mangoes	709 436	189 133	26.7	714 075
Olives	1 101 401	40 000	3.6	419 097
Pecans	1 036 000	5 000	0.6	795 145
Pork	18 071 010	4 162 096	23.0	16 487 799
Potatoes	33 754 684	7 183 621	21.3	29 628 682
Poultry	20 985 104	11 270 856	53.7	40 729 160
Red meat	27 431 309	10 148 713	37.0	25 694 244
Sorghum	1 501 813	150 000	10.0	2 277 664
Table grapes	19 381 060	4 056 940	20.9	18 092 078
Wine	75 246 149	23 104 059	30.7	66 794 934
Winter cereals	53 020 498	10 586 836	20.0	54 056 726
<b>Total</b>	<b>409 070 663</b>	<b>97 857 656</b>	<b>23.9</b>	<b>421 567 208</b>

As can be seen in Table 8, the deciduous fruit, fynbos, mango, olive, pecan and sorghum industries did not meet the condition that at least 20 % of statutory levy income be spent on transformation. These percentages should however be compared to previous financial years to view the trends of expenditure over the specific terms (usually four years) of levy approval. Reasons for under- expenditure, and in some cases over-expenditure, are as follows:

**Deciduous fruit industry**

The deciduous fruit industry has three different statutory levies, firstly the so-called 'traditional stone and pome statutory levies' where a major portion of levy income is spent on research activities with an income of R39 033 210, secondly the 'export market development campaign levy for stone and pome fruit' with an income of R19 173 854 and thirdly the 'fruit fly control levy in specific production regions' with an income of R18 453 944. The last two statutory levies are specific levies promulgated for a specific purpose, and are not subjected to the NAMC's transformation guideline, and therefore no specific transformation expenditure is reported for these levies. If these two amounts (R19 173 854 and R18 453 944) are deducted from the total levy income from deciduous fruit, it can be argued that 20.0 % (instead of 10.2 %) of the 'traditional' levy income (R39 033 210) was spent on transformation projects in the deciduous fruit industry.

**Fynbos industry**

During the 2012/ 13 financial year, the fynbos industry only spent 8.7 % of levy income on transformation projects. Notwithstanding this relative low percentage spent on transformation, they indicated that over the four-year levy period, they will meet the condition of approval that at least 20 % of levy income be spent on transformation. The industry also indicated that they held a workshop to determine the needs and priorities for transformation.

**Olive industry**

The collection of statutory levies is a relative new concept for the olive industry, because the 2012/13 financial year was the first full financial year they are collecting statutory levies. During the 2012/13 financial year, they only spent 3.63 % of statutory levy income (R40 000) on transformation. The NAMC is of the opinion that this situation should be monitored over a longer period in order to determine if they adhere to the condition of the approval of the statutory levies in the olive industry, namely that at least 20 % of statutory levies collected, should be used for transformation activities. Olive SA is confident that over the four-year levy period, they will spend at least 20 % of levies collected on transformation activities.

**Pecan industry**

During the 2013/14 financial year, the SA Pecan Producers' Association (SAPPA) only spent R5 000 or 0.48 % of levy income of R1.036 million, on transformation activities. The SAPPA indicated that the 2013/14 financial year was the first year of their four-year statutory levy period and that their budget business plan still need to be approved at the next Annual General Meeting. They are however committed to spend at least 20 % of statutory levy income on transformation over the four-year statutory levy period. The NAMC will monitor this situation.

**Poultry industry**

The poultry statutory levy was introduced on 9 October 2009, for a period of four years and was approved on condition that 20 % of levy income be spent on transformation activities. During the first year (2010 survey), SAPA spent only 6.1 % of levy income on transformation and during the second year (2011 survey), only 13.8 % of levy income was spent on transformation. SAPA indicated that their Developing Poultry Farmers' Organisation Co-ordinator was only appointed in the second half of 2010. In 2011, the co-ordinator spent most of his time launching the DPFO brand and building networks and structures nationally and provincially. Therefore SAPA experienced a delay in implementing the projects for developing poultry farmers. According to SAPA, they reached the target of spending at least 20 % of levy income on transformation projects by the end of the four-year levy period in 2013. They indicated that on average, over the four-year levy period, they spent approximately 21.8 % on transformation activities.

**Red meat industry**

The red meat industry reported a relative high expenditure towards transformation (namely R10 148 713 or 37 % of levy income), but this figure must be seen in perspective. For example, the industry regarded a huge portion of their spent on consumer education, as spent on transformation (R4 724 115 was regarded as transformation expenditure), because they argued that black consumers also need to be educated about the nutritional value and health benefits of South African red meat. Recently, the NAMC adopted new transformation guidelines which will in future ensure a better return on funds earmarked for transformation.

**Sorghum industry**

For the 2012/13 financial year (2013 survey), the Sorghum Trust spent only 10 % (or R150 000) of statutory levy income on transformation projects, while the condition of approval was that approximately 20 % of levy income should be used for transformation projects. The Sorghum Trust mentioned that the Sorghum Farmer Development Programme was temporarily terminated at the commencement of the 2012/13 season due to dry conditions at the trial plot areas. This project is to be continued as from the 2013/14 season, particularly in view of the expected higher demand for sorghum for bio-diesel purposes. For the 2013/14 season, the Board of Trustees already approved an amount of R353 650 for this project.

## 8.2 New transformation guidelines

The previous NAMC's transformation guidelines were adopted in July 2007. On 28 May 2013 the NAMC Council gave a directive to its Secretariat to investigate possible alternatives regarding the administration and utilisation of the 20 % portion of the statutory levy funds, which is meant for transformation. The request was made as a result of other directly affected group's opinion that the current system that industries are following is not yielding the desired results.

In order to provide the industries with the opportunity to make inputs regarding the administration and utilisation of the 20 % portion meant for transformation, the NAMC Secretariat arranged a series of meetings in the second half of 2013 with some representatives of industries. Two options were proposed to the industries, namely –

**Option 1:** That levy administrators submit on an annual basis, three months before the start of their financial year, a business plan regarding their transformation activities envisaged for the following financial year, to the NAMC for comments and inputs. As part of their annual business plan, levy administrators should compile customised guidelines with key measurable outcomes for transformation. Within six months after a specific financial year, levy administrators should report on its actual transformation activities, by comparing their activities with the budget for that financial year.

**Option 2:** That levy administrator's transfer the 20 % portion of their statutory levy income, earmarked for transformation, to an independent third party. To ensure that some of the existing transformation projects could continue, levy administrators will be allowed to apply to the established independent third party for funds to pay for these activities.

The NAMC Secretariat also proposed that the NAMC should arrange a workshop with the levy administrators to discuss and clarify the proposed two options for the utilisation of the transformation funds. On 12 March 2014, the NAMC held a workshop to discuss the two options with directly affected groups. From the conclusion drawn from the workshop, the NAMC, guided by the seven pillars of the AgriBEE Sector Code, proposed a list of the activities that could be funded with the transformation funds as well as a list of activities that are not regarded as transformation activities. It must be noted that, due to the nature of levy funds, some of the pillars of the AgriBEE Sector Codes cannot necessarily be funded, e.g. employment equity, since their definitions are broader than the scope of the levy funds.

## Activities regarded as transformation

Pillar	Activities (examples)	Percentage
1. Enterprise development	<ul style="list-style-type: none"> <li>• Production material/inputs</li> <li>• Extension services</li> <li>• Mentorship</li> <li>• Soil preparations</li> <li>• Accreditation (certification for accessing export markets)</li> <li>• Market facilitation (Assist small holder farmers to access the markets)</li> <li>• Business plan development</li> <li>• Industries to assist black farmers to gain access to finance</li> </ul>	More than 50 %
2. Skills development	<ul style="list-style-type: none"> <li>• Bursaries</li> <li>• Farmers and other role players in value chain</li> <li>• Farm workers (if motivated properly due to AgriSETA cuts)</li> </ul>	Approximately 20 %
3. Employment equity	<ul style="list-style-type: none"> <li>• To promote employment equity in the workplace</li> </ul>	Approximately 30 %
4. Management control	<ul style="list-style-type: none"> <li>• Salaries for transformation managers</li> </ul>	
5. Preferential procurement	<ul style="list-style-type: none"> <li>• Procuring from Black owned enterprises/businesses (QSE's/EME's)</li> </ul>	
6. Socio Economic Development	<ul style="list-style-type: none"> <li>• Provision of good housing, clean water, sanitation, electricity, recreation facilities and health care programmes</li> </ul>	
7. Ownership	<ul style="list-style-type: none"> <li>• Increase level of entitlement of Black People to participate in the Economic Interest</li> </ul>	

**Activities not regarded as transformation:**

- General research, information and promotion activities
- Scale neutral activities
- Training of workers (funded by AgriSETA)

**AgriSETA funding**

During the May 2014 discussions with levy administrators, a number of them expressed their frustration due to the cut (in some cases with up to 70 %) in funds they received from AgriSETA. The NAMC was informed that AgriSETA's budget from Treasury was cut because AgriSETA did not allocate a major part of its budget the previous financial year. Due to the developments at AgriSETA, a number of administrators were of the opinion that the NAMC should soften its approach regarding training to be funded by the AgriSETA. In other words, statutory funds earmarked for transformation must be available to finance these training to prevent that workers be negatively affected by the new transformation guidelines. The NAMC is therefore of the opinion that if properly motivated, levy administrators should be allowed to use statutory funds earmarked for transformation, to pay for the training of the relevant farm workers or other labourers in the value chain.

**Option 2 (independent third party)**

In future, the NAMC will also reconsider option 2 in specific circumstances (the transfer of the transformation funds to an independent third party). For example, to transfer all transformation funds to the Grain Farmer Development Association (GFADA) to be responsible for transformation activities in the grain industries, provided that GFADA also adhere to the NAMC's generic transformation guidelines.

**Adoption of new transformation guidelines**

Eventually, the new transformation guidelines were deliberated and adopted by the NAMC Council on 29 July 2014.



### 8.3 A dedicated transformation fund

On 12 March 2014, during the workshop, it emerged from some of the participants, that a five year plan on transformation should be developed. In terms of this plan, all agricultural industries will pay a statutory levy in terms of the MAP Act, to finance transformation activities in the agricultural sector. Furthermore, the Government (DAFF) would be approached to make a Rand for Rand contribution to the funds collected in terms of this plan. The estimated income from the proposed statutory levy is estimated at approximately R256 million per annum. The Government would have to match the income from the proposed levy on a Rand for Rand basis. In July 2014, the NAMC sent a memorandum to the Minister's Office to request the Minister to approve the principle of the proposed establishment of a statutory levy for transformation.

### 8.4 Problems encountered by levy administrators regarding transformation projects and proposed solutions

Included in the questionnaire which forms the basis for the compilation of the 2013 survey, levy administrators were asked if they experienced any challenges in their industry regarding transformation programmes. They responded as follows:

#### Cotton industry

According to Cotton SA, proper irrigation and other infrastructure for small-holder cotton farmers remain a huge problem. Access to funding in the absence of land ownership (collateral) makes it virtually impossible to obtain funding to establish a crop within time. Proper technical support by government remains one of the biggest shortcomings in agricultural today. Current extension staff nor have the knowledge or the necessary experience/skill to assist cotton farmers. In general, capacity at provincial level to implement identified projects is lacking and therefore government is not performing up to the level of expectation that is created by the promises made. The majority of small-holder farmers who are occupying farm land are not committed to farming and selection criteria to identify real farmers should be enforced by government to ensure the proper utilisation of productive farm land. The lack of commitment by government to finalise the Cotton Sector Strategy Plan and to assist with the implementation thereof is a further constraint.

#### Dairy industry

Regarding the project titled 'Empowerment in the primary industry sector: Training, technology transfer, skills development with mentorship of previously disadvantaged individuals in the primary livestock/ dairy sector', Milk SA is in the process of reviewing the target group. The current beneficiaries include black persons who are not orientated to become commercial milk producers, and who only produce milk for own consumption. A Committee will attend to this challenge in the course of 2014.

Another challenge in the dairy industry is that some graduated students who received bursaries from Milk SA, were not offered employment by companies in the dairy industry. Milk SA supplies these students with contact details of processors in their area of choice for future engagement (or the whole country if they so prefer), in order for them to seek employment themselves. It is a bursary condition

that the students present proof every year by October that they have embarked on a search for employment in the secondary dairy industry. In addition, SAMPRO, who administrates the bursaries on behalf of Milk SA, markets the students through newsletters to all levy payers and personal communications with selected processors (who are known to have the best opportunities for engaging these students). Sometimes even personal interventions – when the need for such a qualified students becomes known to SAMPRO – are executed to bring such students in direct contact with processors who expressed such need.

### **Deciduous fruit industry**

HORTGRO indicated that the main challenge regarding transformation is to source sufficient financial support for a comprehensive support package for transformation purposes. They also mentioned that partnerships with other institutions have proven to be very successful in pooling resources to leverage better results with a more inclusive support package to projects. Furthermore, a lack of managerial skills that includes production and financial record-keeping which is crucial in business development and strategic planning, also need to be addressed amongst black growers.

### **Dried fruit industry**

The DFTS mentioned that partnerships with other institutions has proven to be very successful in pooling resources to leverage better results with a more inclusive support package to projects. Social programmes specifically the TB/HIV/Aids programmes reached 58,519 people, of which 31,214 did voluntary testing. The wellness programmes on the other hand reached 3,523 people and 247 support care workers was successfully trained. The main challenges regarding transformation in the dried fruit industry remain sourcing enough financial support for a comprehensive support package and lack of managerial skills that includes production and financial record-keeping which is crucial in business development and strategic planning.

### **Mango Industry**

Subtrop, the administrator of statutory measures in the mango industry, indicted that a major challenge for them is to find suitable transformation projects, but also to meet all the needs of emerging farmers due to their limited budget. Subtrop further mentioned that the size of the informal sector in the mango industry is significant, mainly due to recent land restitutions. Fruit supplied from various land restitution farms that have failed commercially since their handover has moved from the formal to the informal market. The climatic conditions in the major production areas in Limpopo and Mpumalanga are also favourable for the cultivation of mangoes without too much effort and care from the grower. Mango trees are found in almost every yard in the previously disadvantaged and informal settlement areas. A significant portion of the informal sector's production goes for atchar processing. The informal supply to the atchar industry is estimated at between 17 000 and 25 000 tons. According to Subtrop, South Africa has approximately 7 003 hectares of mango trees, of which 3 681 hectares (53 %) are in the hands of commercial farmers while 3 322 hectares (47 %) are in the hands of developing farmers.

**Olive industry**

SA Olive indicated that limited funding during the 2012/13 financial year resulted that no commitments could be made to promote transformation in the olive industry. However, an alternative funding source has been used to proceed with their mentorship programme. Furthermore, the formation of an Industry Transformation Strategic Plan also remains a challenge, and since funding is limited, no future action could be taken. During the 2012/13 financial year, only one bursary was funded.

**Pecan industry**

The SA Pecan Producers' Association indicated that their transformation challenges still need to be identified because their statutory levies were only promulgated for the first time in March 2012.

**Pork industry**

According to the South African Pork Producers' Organisation (SAPPO), financial support for developing pig farmers is not sufficient. Developing units experience serious cash flow problems. Uneconomical units that are not viable are built in remote areas far from feed manufacturers and abattoirs. The producers in remote areas are forced to sell their pigs at auctions at unrealistic prices. The cost of balanced feed is high and is directly influenced by increases in maize and soy oilcake prices. The pork industry is famous for price cycles and when producer prices decrease to levels below production cost, developing pig farmers have no capital reserves to assist them. The pork industry also needs information on average producer prices on a frequent and regular basis to prevent that these farmers are selling their animals for unrealistic low prices. Currently, SAPPO is prohibited in terms of the guidelines of the Competition Commission to provide this service.

**Potato industry**

According to Potatoes SA, potatoes are an extremely cost intensive crop to farm with, e.g. production cost under irrigation can range between R110 000/ha to R150 000/ha, while dry land production cost can range between R60 000/ha to R80 000/ha. Potatoes are also very disease prone, which therefore require a high level of expertise in terms of pest and disease management. Furthermore, potatoes can't be planted on the same land one year after another and hence to farm with potatoes requires a sufficient amount of land to ensure continuity in production by a farmer. As far as the production costs are concerned Potatoes SA through the Potato Industry Development Trust, does not have the financial resources to provide all the financial support required to establish a viable farming business. This means that in terms of the Enterprise Development programme where Potato SA only provides seed, the new farmers have to come up with funds for chemicals, fertiliser, labour and equipment. This is not always possible from the farmer's side. The result is that farmers are not always in a position to secure sufficient funding in time for the production process and hence optimal production is not attained or the farmers discontinue production. Potatoes SA has engaged in a process of pre-feasibility and feasibility studies to assist farmers to structure their business and that can be used to apply for financial support.

Potatoes SA has also engaged with selected financial institutions to find remedies for this situation. Potatoes SA furthermore indicated that as far as management is concerned, farmers in the enterprise development programme are widely distributed which increases the cost of visiting farmers to assist them during planting and spraying programmes. This problem should be addressed by making use of mentors that are in close vicinity of farmers in this programme. this situation. Potatoes SA furthermore indicated that as far as management is concerned, farmers in the enterprise development programme are widely distributed which increases the cost of visiting farmers to assist them during planting and spraying programmes.

### **Poultry industry**

According to SAPA, the key challenge for transformation remains the integration of small, mostly previously disadvantaged producers into the poultry value chain as full and independent participants. The DPFO considers contract growing a useful tool for companies to transform their supply chain, but does not consider this to be transformation of the industry itself. Other challenges regarding transformation in the poultry industry include the following:

- Building capacity in SAPA to match regional transformation needs.
- Getting commercial farmer and SAPA / Industry senior Management buy-in into the industry transformation process. This is slow going, but it is improving.
- Lack of knowledge by some parts of Government of what the smallholder industry entails to be sustainable.
- Getting Government to move faster and more decisively in getting land made available.
- Access to competitively priced feed, day old chicks and other inputs are long overdue. There are still major problems with the quality of some of the inputs smallholder farmers are purchasing.
- Industry [meat industry especially] is mostly high volume driven coupled with retailer's prices that are very inflexible opposite increasing input costs.
- Because of transport costs and high input costs for small farmers, the size of production units required is larger than what many small holder farmers can afford.
- Developing farmers need to be more cluster-orientated in their thinking.
- The high levels of imports continue to limit the market space available for many DPFO members, and Government needs to not only make poultry a designated product, but also to establish systems that use the market space that this designation will give to the major benefit of DPFO producers.
- Finding alternative sources of funding / income in addition to the levy income to enhance industry transformation.

**Red meat industry**

The RMIF indicated that communicating current sciences to emerging South African consumers is a challenge as the level of literacy; home language and access to media need to be taken into consideration. Furthermore, capacity building remains a significant problem within the South African red meat industry. Towards this, the industry promoted capacity building within Universities with regard to training and identification of high potential students. During the 2012/13 financial year 8 PhD and 6 MSc students have been awarded Meat Industry Trust bursaries. During the 2012/13 financial year the industry also funded numerous projects which form part of post-graduate research, and supported 22 post-graduate students. Together the industry makes a significant contribution to post-graduate training in South Africa. Finally, the industry indicated that the greatest problem regarding small scale, communal and new entrant farmers is to identify them individually, and most importantly, in groups. Efficient ways of getting crucial information and support to intended recipients is the key issue.

**Sorghum industry**

Sorghum is a diminishing industry due to the lower demand for sorghum. Production is therefore decreasing and there is little interest among developing farmers in the production of sorghum. Sorghum is mainly produced by developing farmers for their own consumption and not for commercial use. According to the Sorghum Trust, sustainable transformation projects for sorghum are limited. GFADA, Grain SA and the Land Bank are in the process of finalising an agreement of financial support to emerging farmers, which should increase the viability of sorghum transformation projects. The bio-fuel developments should also contribute to more interest among black farmers to produce sorghum and therefore be assisted.

**Table grape industry**

SATI mentioned that although they have seen a significant contribution by Government to the transformation of the industry, coordination between Government departments is a concern. Access to water and affordable land is also becoming a concern. Though institutions of Government are now beginning to seek to play an active role in the table grape industry, credit financing models appear to be biased to other commodities.



**Wine industry**

Within the wine industry the average vineyard worker has a Grade 3 qualification, which means that they have a low level of literacy and numeracy. Although there are many efforts to up-skill and train these individuals, this will require an enormous effort and patience to achieve the desired result.

The number of black students that achieve a matric pass in science and mathematics remains very low, which means that the number of students that qualify for studying viticulture and oenology as well as other science related degrees remains low. If the wine industry wants to remain competitive in the global environment, it needs to attract students that achieve good results in maths and science.

On the positive side in the last couple of years there has been a steady increase in the number of black students that study towards degrees that benefit the wine industry. This is positive for Winetech as these students are those that can do research in the wine industry.

One of the challenges that WOSA faces is to oversee the transformation process, but with very limited resources and capacity challenges. The transformation courses are very costly resulting in very few success stories.

**Winter cereal industry**

The Winter Cereal Trust indicated that during the 2013 planting season, their farmer development programmes (for black producers) were scaled down due to economic realities such as the relative low price of wheat and also unfavourable climatic conditions.

**8.5 Database of developing farmers and other role-players**

On the question if levy administrators have a database of developing farmers and other role players in their industry and if yes, are they willing to provide such as database to the NAMC, they responded as follows –





Citrus	Attached to the completed questionnaire, the Citrus Growers' Association provided a database of black citrus growers (more detail is available on request).
Cotton	The names and addresses of 497 small-holder cotton farmers are currently stored in Cotton SA's producer address database. These include past and present cotton farmers. Cotton SA indicated that this information could be made available to the NAMC.
Dairy	Milk SA indicated that they do have a database of developing farmers / role players and they are willing to provide it to the NAMC.
Deciduous fruit	HORTGRO indicated that they have a database of all farmers that produces pome and stone fruit. The database can also distinguish between commercial growers and PDI farmers. The database also includes information on role players to ensure that they communicate effectively with all parties relating to specific information and requests. However, they indicated that producer information is always treated with strictest confidentiality and no individual producer information may be made available to any third party without the written consent of the owner.
Dried fruit	As an industry organisation, the DFPT has a database of all farmers that produces pome fruit, stone fruit and dried fruit. The database can also distinguish between commercial growers and PDI farmers. The database also includes information on role players to ensure that we communicate effectively with all parties relating to specific information and requests. However, producer information is treated with strictest confidentiality and no individual producer information may be made available to any third party without the written consent of the owner.
Mangoes	They have such a list and on request, it could be made available to the NAMC.
Olives	SA Olive indicated that a database is available, containing the details of developing farmers and role players within the sector.
Pecans	The SAPPA is still in the process to update their database.
Pork	SAPPO provided the NAMC with a comprehensive list of black farmers and other role players in the pork industry.
Potatoes	Potatoes SA has a database of black role players they are assisting. However, it is known that there are also other black small holder potato producers that operate outside the ambit of the Potatoes SA enterprise development programme. The database pertaining to these farmers are not necessarily up to date.
Poultry	SAPA and the DPFO have a detailed electronic data base of developing / smallholder farmers, established commercial farmers, abattoirs, supply chain players and key industry role players. The data base can be examined at SAPA's offices and can be made available to the NAMC.
Red meat	The RMIF indicated that NERPO could provide the NAMC with access to their database of developing farmers / role players.
Sorghum	The Sorghum Trust does not have a database of developing farmers and role-players in the industry. GFADA and Grain SA have indicated that they intend to develop a database of developing grain farmers.
Table grapes	SATI indicated that a database of developing farmers and other table grape role players has already been given to the NAMC.
Wine industry	As part of their completed questionnaire, SAWIS provided a database of developing farmers / role players in the wine industry.
Winter cereal	The Winter Cereal Trust provided the NAMC, as part of their completed questionnaire, a list of participants involved in their transformation projects.

Recently, the NAMC started the initiative to implement the Agricultural Information Management System (AIMS), which purpose is to consolidate all governmental information systems. The DAFF and other role players decided that the NAMC should coordinate the rolling out of AIMS on a national basis. The NAMC is of the opinion that databases developed and maintained by statutory measures could serve as a sound basis for the implementation of AIMS.

## 8.6 Focus of transformation projects funded by statutory levies

Levy administrators were also requested to indicate where their transformation projects had the highest impact – a number of seven options were provided and they were requested to tick a maximum of three options. The seven options were as follows:

- Mentoring
- Access to inputs
- Access to credit
- Provide for infrastructure
- Access markets
- Provision of technology and extension services
- Provision of agricultural educational opportunities to black role-players.

Levy administrators responded as follows:

Industries	Mentoring	Access to inputs	Access to credit	Provision of infrastructure	Access to markets	Extension services	Educational opportunities
Citrus	x					x	x
Cotton	x				x	x	
Dairy	x						x
Deciduous fruit	x				x	x	
Dried fruit	x	x		x			
Fynbos (proteas)	x	x				x	
Lucerne	x	x			x		
Mangoes						x	
Pecans	x		x			x	
Pork	x				x	x	
Potatoes	x	x				x	x
Poultry	x					x	
Red meat	x	x			x	x	
Sorghum	x		x			x	
Table grapes			x	x			x
Wine	x				x	x	x
Winter cereal	x					x	x

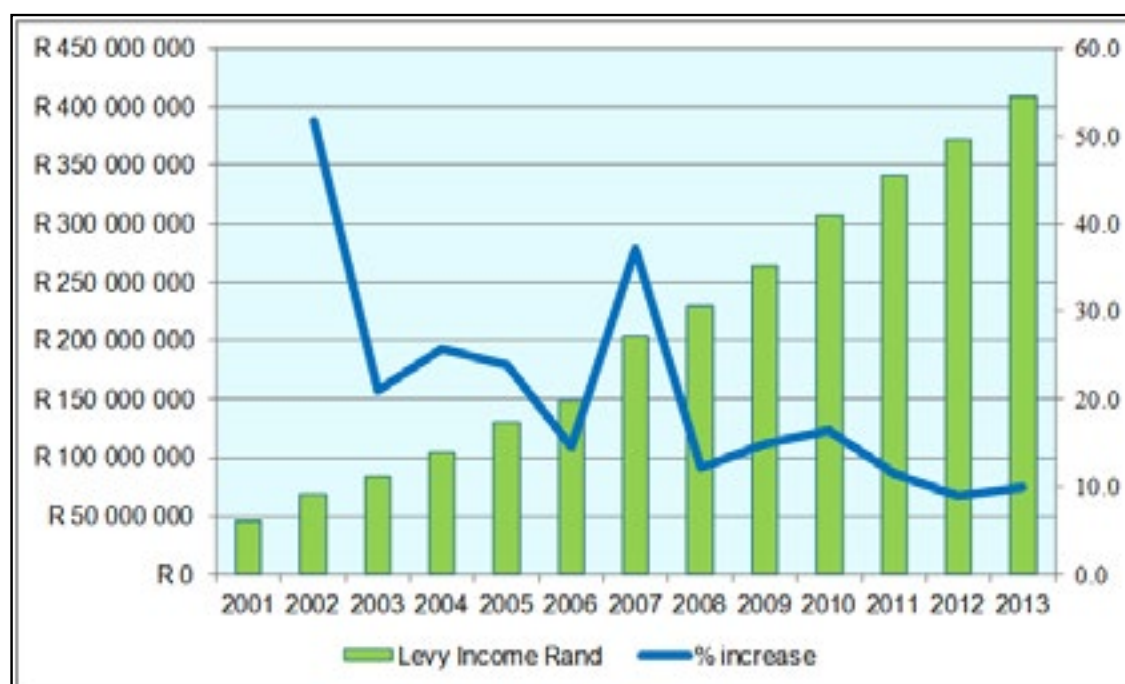
From the above it is clear that levy administrators mainly spent transformation funds on mentoring and extension services. Assistance relating to access to credit and provision of infrastructure received much less attention. The assumption is made that other institutions need to come to the table in order to provide a complete package to develop black producers to its full potential.



## 9. TRENDS REGARDING ALLOCATION OF STATUTORY FUNDS

Statutory levies in South Africa have a long history. The first statutory levies were introduced in the 1930s in terms of the 1937 Marketing Act, then the 1968 Marketing Act and lately in terms of the 1996 Marketing Act (MAP Act). The first statutory levies in terms of the MAP Act were promulgated in 1998. Since then a number of industries have followed, with the result that currently 65.6 % of agricultural production is levied in one way or another. The next graph gives a summary of the statutory levies collected since 2001 as well as the percentage increase of levies on an annual basis. It is interesting to note that the annual increase of statutory levies shows a decreasing trend. The reason for the decreasing trend in the percentage increase of levies collected for the past 12 years (blue line), is that most of the bigger agricultural industries are already making use of statutory levies and future levy increases will to a great extent only reflect increases due to inflation, rather than an increasing number of industries applying for statutory levies.

**GRAPH 1: PERCENTAGE LEVY INCREASE SINCE 2001**



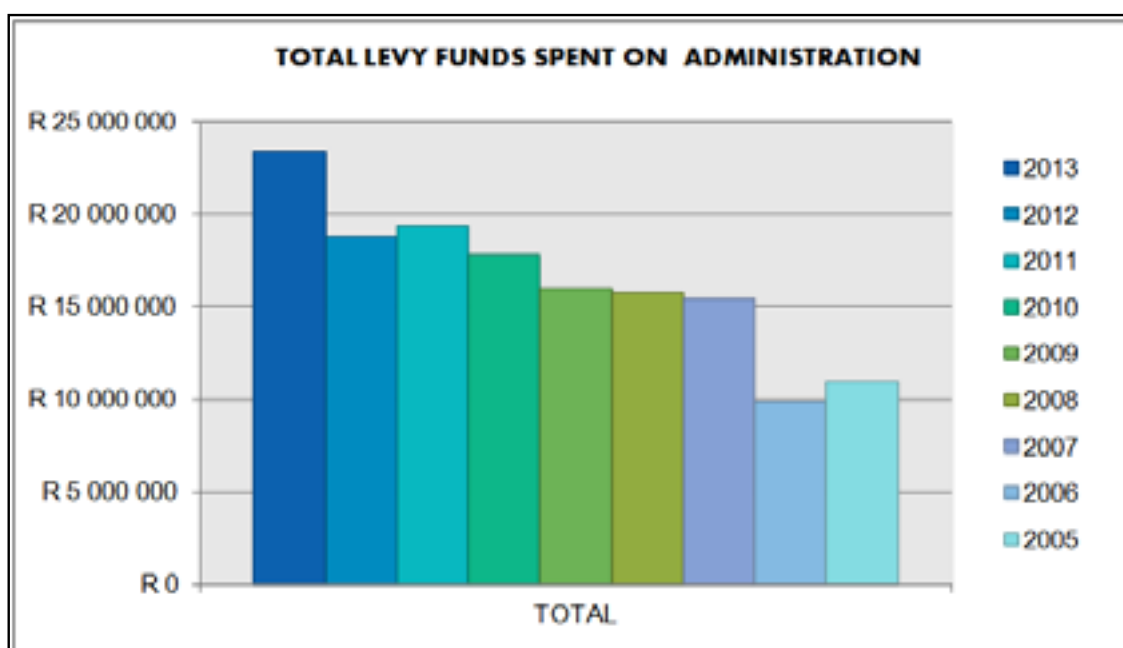
Statutory levies in South Africa are collected to finance generic functions in a particular agricultural industry. Generic functions mean functions that benefit all role players and that certain role players could not be excluded from benefitting by the specific function.

On the next few pages, the NAMC will evaluate spending on generic functions for the past nine years. Although this Report (2013 survey) is the 13th survey regarding the status of statutory levies, the NAMC only started nine years ago to record statutory expenditure in a more detailed manner.

### **Administration**

With regard to the utilisation of statutory funds, the NAMC has implemented a guideline that not more than 10 % of levies collected should be used for administrative purposes. The 2013 survey shows that, on average, approximately 5.7 % (R23.4 million) of levies collected were spent on administration costs, which is below the guideline of 10 %. One of the largest components of administration costs is audit fees.

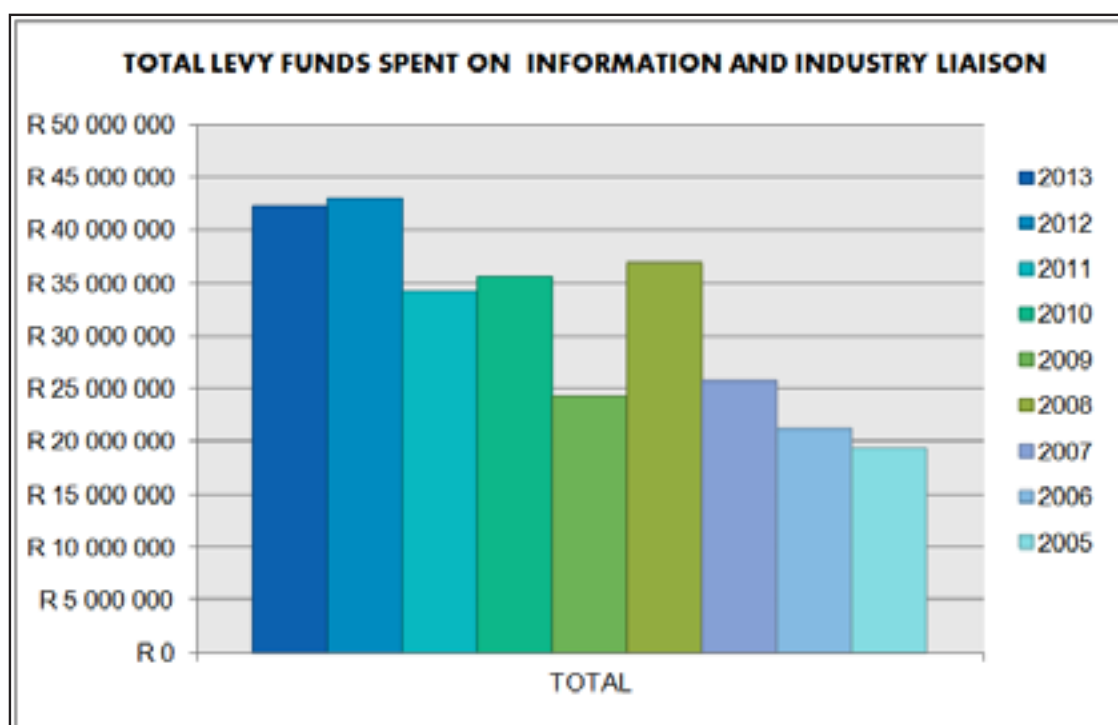
**GRAPH 2: LEVY FUNDS SPENT ON ADMINISTRATION COSTS**



### **Information**

Accessible, accurate market information that is regularly and timeously available, not only increases market access but also promotes efficiency in the marketing of the product. Further, it also contributes to the optimisation of export earnings, and enhances the viability of the relevant agricultural industries and the agricultural sector at large. Market information is essential for all role players in a deregulated marketing environment if they are to make informed decisions and if the market is to operate effectively. Without a continuous stream of proper, accurate and timeous market information, the market will not develop as it should, and role players, including emerging farmers, will not be able to participate on an equal footing. According to information reported during the 2013 survey, approximately 10.0 % (R42.3 million) of total levy expenditure was allocated to the information function. The wine industry spent R11.3 million, the potato industry R6.0 million and the deciduous fruit industry R4.5 million on information and industry liaison. Levy funds spent on the information and the industry liaison functions are shown in the next graph:

**GRAPH 3: LEVY FUNDS SPENT ON INFORMATION AND INDUSTRY LIAISON**



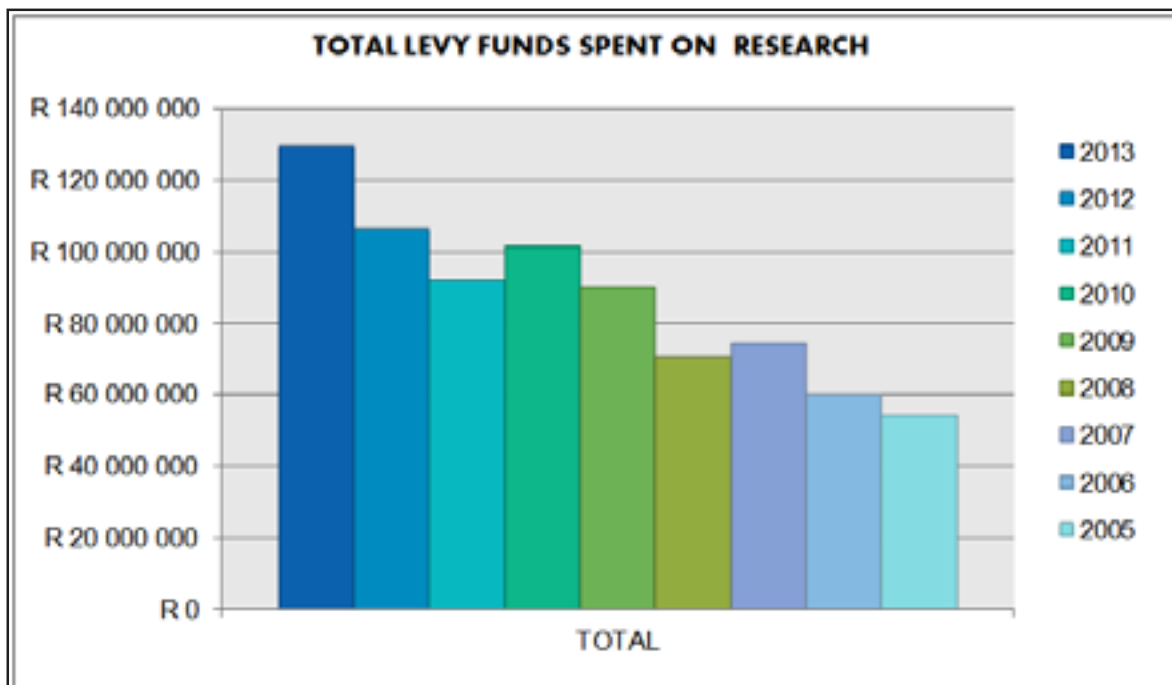


### Research

Research is the generic function that receives the biggest proportion of total statutory levies. The 2013 survey shows that approximately 30.7 % (or R129.5 million) of total levy expenditure was allocated to the research function. The satisfactory performance of the South African agricultural sector, despite the lack of high-potential arable land and the low rainfall, can to a great extent be attributed to the development and application of agricultural research results.

The transfer of levy funds for research projects by the relevant industries concerned is shown in the next graph:

**GRAPH 4: LEVY FUNDS SPENT ON RESEARCH**

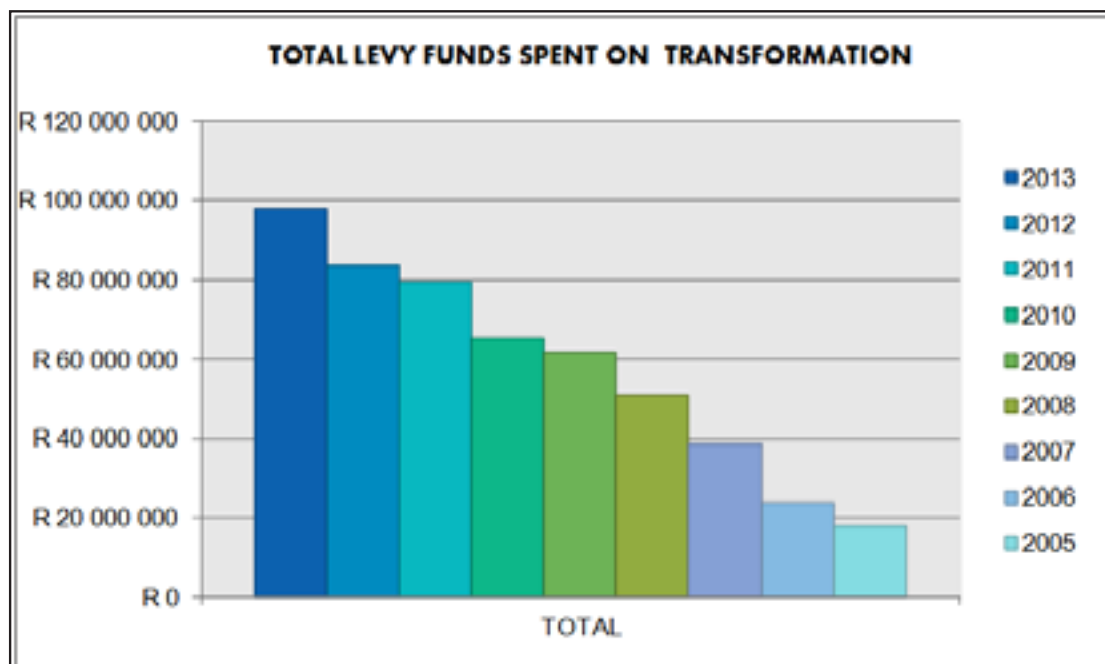


### **Transformation**

As mentioned earlier, the NAMC adopted a guideline that at least 20 % of levy income should be used for transformation purposes. According to the 2013 survey, approximately **23.9 % (R97.9 million)** was spent on transformation projects. A summary of the transformation projects in the relevant industries is provided in **Annexure B** of this report.

Levy funds allocated the past nine years for transformation purposes by the relevant industries are shown in the next graph. This graph shows a strong upward trend due to the fact that the NAMC amend its transformation guidelines on a continuous basis. In 1998, the first statutory levies were approved with the provision that approximately 10 % of levy income be spent on transformation activities. In August 2005 this guideline was changed to approximately 20 % and in 2010 it was further changed with the provision that at least 20 % of levy income be used for transformation activities. In 2014 the NAMC adopted new transformation guidelines in order to increase the return on investment of funds being used for transformation. Although the 'at least 20 %' provision was not changed, the NAMC adopted specific generic transformation guidelines with the focus on enterprise development.

**GRAPH 5: LEVY FUNDS SPENT ON TRANSFORMATION**

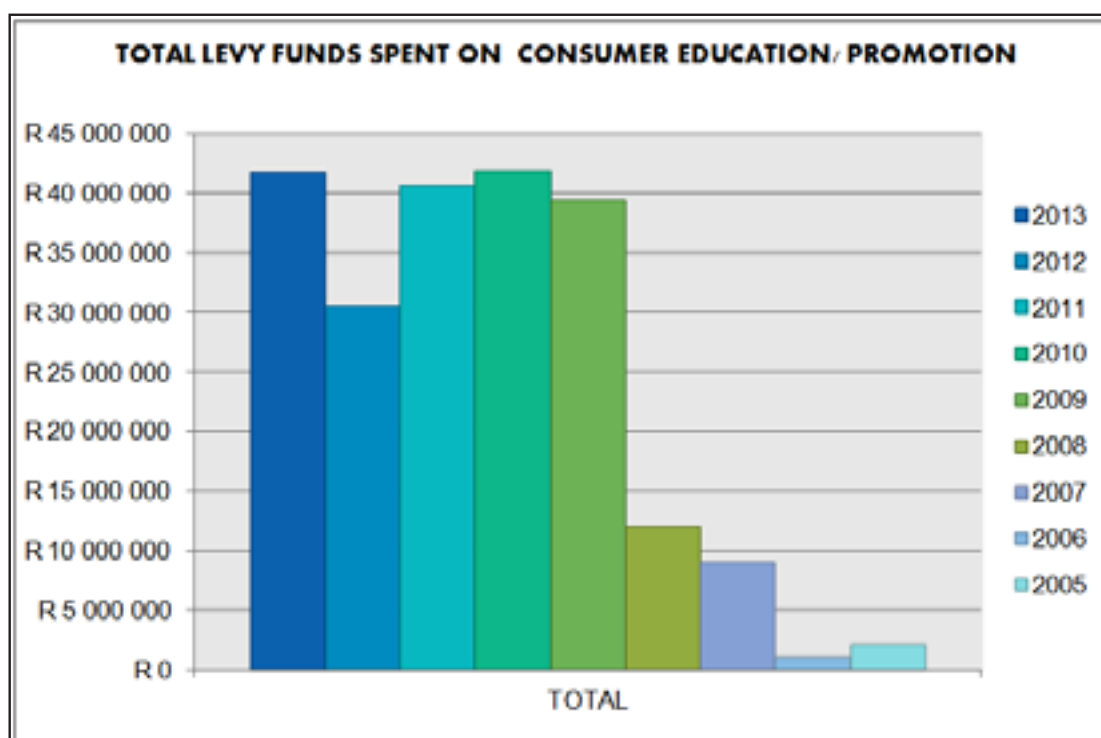


### **Consumer education / Local promotions**

During the 2013 survey, approximately 9.9 % (R41.8 million) of total levy expenditure was spent on consumer education / promotions compared to the R30.5 million (8 % of total expenditure) during the 2012 survey. On 16 August 2005 the NAMC held a Workshop with role-players in the agricultural sector regarding the desirability of generic promotions and if statutory funds should be used to finance generic promotions. According to the summary of the Workshop, representatives of the different commodity organisations supported the function of generic promotions and that it be funded by statutory measures.

It is mainly the livestock industries, namely, the dairy, pork, poultry and red meat industries that have embarked on consumer education and local promotions to market their produce. The cotton, mangoes and olive industries also allocate some statutory funds towards consumer education and local promotions. The next graph shows the total expenditure towards this function for the past nine years:

**GRAPH 6: LEVY FUNDS SPENT ON CONSUMER EDUCATION/PROMOTION**



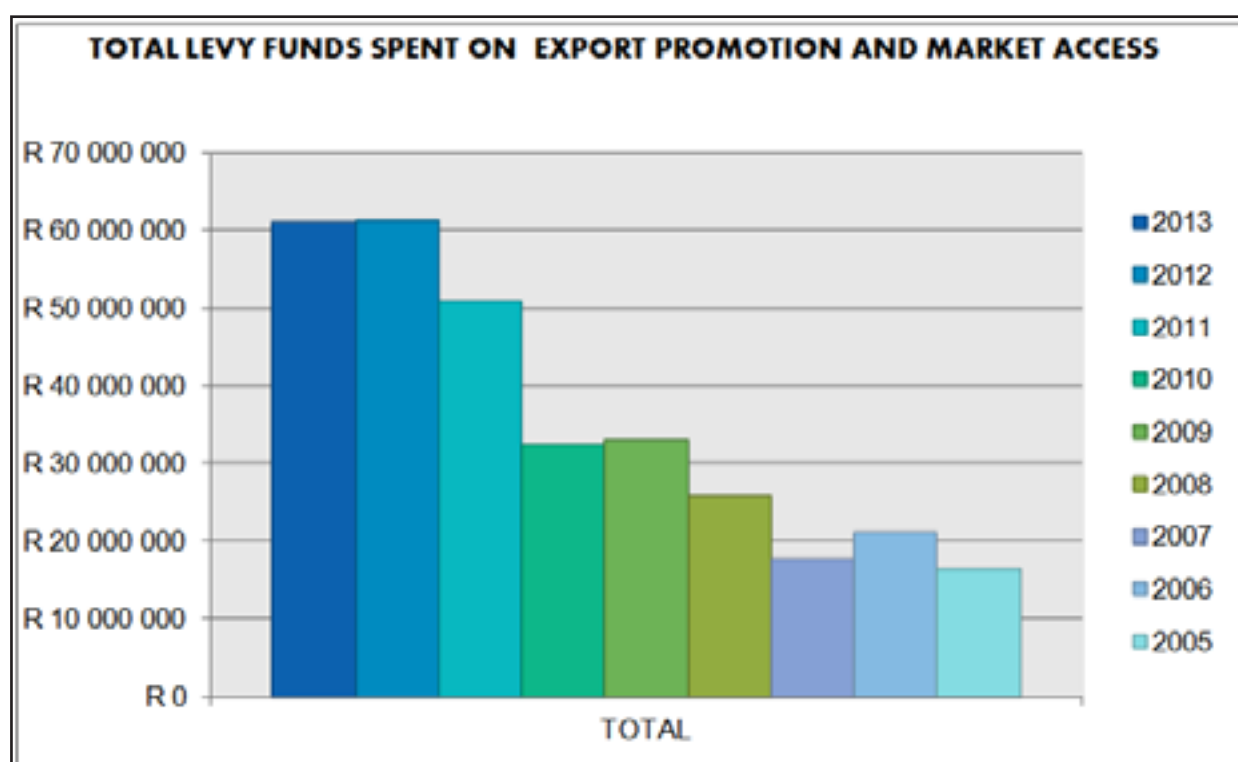
### **Export promotion and market access**

The 2013 survey indicated that approximately 14.5 % (R61.1 million) of total levy expenditure was allocated to export promotion and market access compared to the approximately R61.3 million (16 %) allocated during the 2012 survey. It is the horticultural industries, namely, the citrus, deciduous fruit, table grape and wine industries, that have spent a major part of their statutory funds on export promotion activities.

In recent years, role players involved in the horticultural industries were convinced that expenditure towards export promotion activities offers a satisfactory return on investment and also assists them to sell their produce at higher prices on overseas markets.

The following graph shows expenditure on export promotion for the past nine years.

**GRAPH 7: LEVY FUNDS SPENT ON EXPORT PROMOTION/MARKET ACCESS**



**Quality control**

The function of quality control is mainly undertaken by the cotton, dairy, lucerne, pork, poultry and red meat industries, with the objective of ensuring that consumers have peace of mind when they use these products. An amount of **R18.0 million (4.3 % of total levy expenditure)** was spent on quality control.

**Plant improvement**

The deciduous fruit and dried fruit industries spent approximately **R4.7 million (1.1 % of total levy expenditure)** on plant improvement compared to the approximately R3.3 million that was spent the previous year.

**Production development**

The red meat industry is the only industry which is allocating funds to production development, and spent **R2.9 million (0.7 % of total levy expenditure)** on production development, compared to the R6.6 million that was spent the previous year.



## 10. CONCLUSIONS

Total statutory levy income reported in the 2013 survey increased to approximately R409.1 million, compared to approximately R372.0 million in the 2012 survey – an increase of approximately 10.0 %. The biggest collectors of statutory levies were the deciduous fruit industry with R76.7 million, the wine industry with 75.2 million and the winter cereal industry with R53.0 million. Total statutory levy expenditure increased to approximately R421.6 million, compared to approximately R372.5 million in the 2012 survey. This is an increase of 13.2 %. If one considers the trend in levy expenditure during the past few years, it is apparent that statutory levies have become more important in financing generic functions in the agricultural sector. The 2013 survey shows that total expenditure of approximately R421.6 million was allocated to the following functions, namely Administration (5.6 %), Transformation (23.2 %), Export promotions (14.5 %), Research (30.7 %), Information (10.0 %), Local promotions (9.9 %), Quality control (4.3 %), Plant improvement (1.1 %) and Production development (0.7 %).

The 2013 survey shows that, in total, transformation (23.2 %) is the second biggest expenditure item after expenditure towards research (30.7 %). Notwithstanding the greater funds allocated to transformation, the NAMC adopted new transformation guidelines in July 2014 to replace the guidelines which were approved in 2007.

As part of the 2013 survey, the NAMC obtained information from Agri Benchmark countries about the administration of statutory levies in their agricultural sectors. From their responses, it is clear that the administration of statutory levies in South Africa is very much in line with what is happening in the developed countries of the world.

The four-year levy period of statutory levies in the poultry industry, the biggest agricultural sector in South Africa lapsed in October 2013 and the industry did not apply for the continuation of these levies. It is therefore foreseen that the total levy income figures for the 2014 survey will be lower than the previous year.

It is clear that the bigger, well established industries are in most cases administering statutory measures much more efficient than the smaller, unorganised industries. Smaller industries, such as the mango and olive industries, are struggling to achieve a higher collection rate of statutory levies. The NAMC must therefore spend more time and effort to assist these industries to become more efficient in the administration of statutory measures.

Finally, the NAMC wants to thank levy administrators for providing the information contained in this report and also wants to thank the Minister's Office and DAFF in assisting us to process applications for the implementation, amendment and continuation of statutory measures in such an efficient manner.



## **Annexures**

## ANNEXURE A

## CONTACT DETAILS OF LEVY ADMINISTRATORS AND TRANSFORMATION MANAGERS

Administering body	Contact person	Contact	Transformation Manager	Contact
Citrus Growers' Association of SA	Mr Justin Chadwick	T 031 765 2514 F 031 765 8029 justchad@iafrica.com	Mr Lukhanyo Nkombisa	031 765 2514 072 257 8386 lukhanyo@cga.co.za
Cotton SA	Mr Hennie Bruwer	T 012 804 1462/7 F 012 804 8616 henniebruwer@cottonsa.org.za	Mr Peter Komane	012 804 1462 082 952 9871 peter.cottonsa@vodamail.co.za
National Lucerne Trust	Mr Derick Engelbrecht	T 044 272 8991 F 044 279 2838 lusern1@mweb.co.za		
Milk SA	Mr Nico Fouché	T 012 460 7312 F 012 460 9909 nico@milksa.co.za	Mr Godfrey Rathogwa	012 460 7312 082 900 6712 godfrey@milksa.co.za
HORTGRO Services	Mr Anton Rabe	T 021 870 2900 F 021 870 2915 anton@hortgro.co.za		
SA Mango Growers' Association	Mr Johan Benade	T 015 306 6244 F 015 307 6792 johan@subtrop.co.za		
SA Table Grape Industry	Mr Willem Bestbier	T 021 872 1438 F 021 872 4375 rhomona@satgi.co.za	Mr Phil Bowes	T 021 872 1438 F 021 872 4375 phil@satgi.co.za
Dried Fruit Technical Services	Mr Dappies Smith	T 021 870 2925 F 021 871 2192 dappies@dtd.co.za		
South African Pecan Producers' Association	Mr Heiko W Meyer	T 083 979 6822 F 012 870 2915 admin@sappa.za.org		
Southern African Poultry Association	Mr Kevin Lovell	T 011 795 9928 F 011 795 2590 Kevin@sapoultry.co.za	Mr Moses Modise	T 011 795 9928 F 011 795 2590 modise@sapoultry.co.za
South African Pork Producers' Organisation	Mr Simon Streicher	T 012 361 3920 F 012 361 4069 info@sapork.com	Mr Simon Streicher	T 012 361 3920 F 012 361 4069 info@sapork.com

Potatoes SA	Dr Andre Jooste	T 012 349 1906 F 012 349 2641 elsabe@potatoes.co.za	Nomvula Xaba	T 012 349 1906 F 012 349 2641
Red Meat Levy Admin	Ms Alet du Plessis	T 012 348 7572 F 012 361 9837 aletd@levyadmin.co.za	Mr Langelihle Simela	T 012 349 1906 F 012 349 2641
Sorghum Trust	Mr Leon du Plessis	T 012 807 3958 F 012 349 8707 l-lagric@mweb.co.za	Mr Nico Vermaak	056 515 2145 082 449 9897 nicov@grainsa.co.za
Winetech WOSA SAWIS	Ms Yvette van der Merwe	T 021 807 5719 F 021 807 6000 yvette@sawis.co.za		
Winter Cereal Trust	Mr Ishmael Tshame	T 012 663 1660 F 012 663 3109 Ishmael.Tshame@Wctrust.co.za	Mr Zolile Duze	072 611 0775



## ANNEXURE B

## TRANSFORMATION PROJECTS FINANCED BY STATUTORY LEVIES

**Citrus:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Human Capacity Development: Citrus Academy	To address: low skills levels, employment equity, scarce and critical skills, land transition and quality skills delivery	Bursary Fund – 64 students (R1 441 533) Holiday work programme – 9 students Industry exposure programme – 31 students Internships – 10 students	1 925 000
Grower Development (Scale Neutral)	Assist new growers with market access, research, representation, administration, information, logistics, and market development.  See CGA Annual report	400 emerging citrus growers and community beneficiaries	3 631 490
Recapitalisation Assistance	Assist growers to access recap funds	20 emerging growers	141 489
Extension Services	Transfer technology to new growers.	400 emerging citrus growers and community beneficiaries	1 197 589
Grower Development (Specific)	Address specific grower issues e.g. land reform, access to funding, training.	400 emerging citrus growers and community beneficiaries	674 412
Mentorship	Coach new growers		664 793
Fruits of Success	Publicise transformation success in citrus industry		73 547
Citrus Growers' Development Chamber	Provide a voice for the black citrus growers	17 members of chamber and their constituencies	531 656
<b>Total</b>			<b>8 839 976</b>

**Cotton:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)								
Training	<p>Cotton SA is an AgriSETA accredited training institution with a training manager, the late Dr Martie Botha, who was contracted in the 2012/13 season to manage this function. The training of small-holder farmers takes place in collaboration with local government and the agricultural colleges in the small-holder farmer cotton production regions.</p> <p>The courses are theoretical as well as practical, the latter making up about 60 % of course content.</p> <p>Experts in each field are drawn from various sectors to impart their expertise to the group in training. Although financial management is dealt with in module 4, each module also covers financial aspects.</p> <p>Lectures are presented as far as possible in the farmers' own language or otherwise in English. In case of illiterate farmers, extension officers may accompany them to provide assistance.</p> <p>During the report year, 29 small-holder farmers from the Limpopo Province enrolled for training. Up to the end of 2013, 1009 small-holder farmers have attended these courses (359 from KwaZulu-Natal, 242 from the Limpopo Province, 340 from Mpumalanga, 37 from the Eastern Cape and 31 from the North West Province).</p> <p>Cotton SA's training programme as detailed above are ongoing and regarded as the cotton industry's core transformation initiative. Cotton SA will therefore continue to concentrate the major share of any transformation funds and other resources at its disposal towards these goals.</p> <p>The contact details of the current training co-ordinator are as follows:</p> <table><tr><td>Mr. David Mtsweni</td><td>Tel 012 804 1462</td></tr><tr><td>P O Box 912232</td><td>Faxb 012 804 8616</td></tr><tr><td>SILVERTON</td><td>Cell 083 444 9077</td></tr><tr><td>0127</td><td>E-mail bdauid@cottonsa.org.za</td></tr></table>	Mr. David Mtsweni	Tel 012 804 1462	P O Box 912232	Faxb 012 804 8616	SILVERTON	Cell 083 444 9077	0127	E-mail bdauid@cottonsa.org.za		189 285
Mr. David Mtsweni	Tel 012 804 1462										
P O Box 912232	Faxb 012 804 8616										
SILVERTON	Cell 083 444 9077										
0127	E-mail bdauid@cottonsa.org.za										





Mentorship programme	<p>mentorship programme in view of the need for a support system for farmers already trained in cotton production.</p> <p>This project is aimed to provide an initial number of mentors who can support and impart knowledge and practical skills to small-holder farmers, in order for the latter to produce cotton in a sustainable and profitable manner. In the long term, the project will present the small-holder farmer with an opportunity to farm commercially, moving away from subsistence farming, by being supported by a skilled extension workforce, who has access to information and technology and who can share their problems and experiences with other farmers. Mentors involved in the programme report to the manager of the Mentorship Programme, Mr Percy Macaskill, who for the past 24 years has been involved with many courses and other actions to encourage and assist emerging farmers to grow cotton profitably.</p> <p>Central government no longer makes funding available for mentorship programmes which are now the responsibility of provinces. Requests for funding from the provinces have not been very successful so far.</p> <p>The contact details of the Manager of the Master Mentorship Programme are as follows:</p> <table><tr><td>Mr. Percy Macaskill</td><td>Tel</td><td>012 8041462</td></tr><tr><td></td><td>Fax</td><td>012 8048616</td></tr><tr><td></td><td>Cell</td><td>082 492 1493</td></tr><tr><td>E-mail</td><td colspan="2">percyqm@vodamail.co.za</td></tr></table>	Mr. Percy Macaskill	Tel	012 8041462		Fax	012 8048616		Cell	082 492 1493	E-mail	percyqm@vodamail.co.za		382 074
Mr. Percy Macaskill	Tel	012 8041462												
	Fax	012 8048616												
	Cell	082 492 1493												
E-mail	percyqm@vodamail.co.za													

Development	<p>Small-holder cotton farmers are represented by a director on the Board of Cotton SA as well as on the relevant sub-committees of Cotton SA. One such sub-committee is the Small-Holder Cotton Farmers' Forum with the main objective to increase market access for the small-holder cotton farmer. The small farmer representative on the Board also played an important facilitating role with regard to the Makhathini development programme and the rescuing of the Makhathini cotton gin for small-holder farmers. The contact details of the small farmer representative on the Board of Cotton SA and who is currently also the Vice-Chairman of Cotton SA, are as follows:</p> <p>Mr. Ndlela Phenias Gumede                      Tel 035 572 1236  P O Box 44    Fax 035 572 1236  JOZINI    Cell 082 762 6201  3969    E-mail npgumede@webmail.co.za</p>		144 095
Cotton Strategy	<p>Although the process to amend the Cotton Sector Strategy and the Implementation Plan (developed on the initiative of Cotton SA, government and role-players with the aim amongst others to broaden participation by small growers) commenced four years ago, no further progress has been made due to little interaction between government and role-players over this time.</p> <p>The services of Mr Peter Komane, the previous Cotton Strategy Implementation Manager, have partly been retained to assist in establishing and expanding small-holder farmer cotton production. During the report year the total direct expenditure by the cotton industry on the Cotton Strategic Plan amounted to R40 838.</p>		40 838
<b>Total</b>			<b>756 292</b>

**Dairy:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Empowerment in the primary industry sector: Training, technology transfer, skills development with mentorship of previously disadvantaged individuals in the primary livestock/ dairy sector.	<p>Objective: Transformation of previously disadvantaged individuals (farm workers and farmers) through training and technology transfer.</p> <p>Courses presented:</p> <ul style="list-style-type: none"> <li>• Dairy Production (1 day and 5 day courses)</li> <li>• Socio-economic empowerment (5 days)</li> <li>• Artificial insemination (5 day)</li> <li>• Animal Husbandry / Care for farm animals (5 days)</li> <li>• Animal Health and treatment (5 days)</li> <li>• Safety in the workplace (5 days)</li> <li>• Basic business skills (5 days)</li> <li>• Tractor maintenance (5 days)</li> </ul>	796 students	2 134 388
Empowerment in the primary industry sector: Mentoring of developing dairy farmers in the primary sector. (Project manager: Centre for Producer Development)	<p>Objective: The main objectives of the project are for the Elim farm to become a profitable unit and to supply milk to the Elim settlement at a reduced price. In order to achieve this, the following goals were set for 2013:</p> <ol style="list-style-type: none"> <li>a. Milk 200 cows by June 2013.</li> <li>b. Establish additional 20 ha of pasture by May 2013.</li> <li>c. Maintain strict financial control.</li> <li>d. Sustain good herd health.</li> <li>e. Maintain good communication with Elim community and Moravian church governing bodies.</li> </ol> <p>Outcomes: Towards the above goals, the following have been achieved:</p> <ol style="list-style-type: none"> <li>a. 115 Cows had been milked in December 2012 and 149 in December 2013 (+34).</li> <li>b. 23 ha of pastures were established in December 2012 and 44 ha in December 2013 (+11 ha).</li> <li>c. A budget was in place for 2013 and monthly management meetings attended to the financials.</li> <li>d. There was close involvement of veterinarians.</li> <li>e. The management team communicated with the Elim community throughout the project in order to secure their support. 'Elim Dairy' signed a lease agreement with the Moravian Church which is the owner of the land, so that land related problems could be resolved and growth could be achieved.</li> </ol>	450 House holds	199 713

Empowerment in the primary industry sector: Design and Development of the Curriculum as well as Learning Material Development for a Dairy Farming Occupational Qualification	The Minister of Higher Education and Training (HET) launched the QCTO (Quality Council for Trades and Occupations) in February 2010. With this launch, South Africa entered a new dispensation for the development of occupational qualifications. A new structure (the QCTO) and a new model for qualification development were established. The implication of this is that the SGB generated qualifications currently registered on the NQF (National Qualifications Framework) will need to be replaced as they will become redundant at the expiry dates. Therefore, currently registered qualifications need to be replaced according to the QCTO model. The development process prescribed by the QCTO deviates quite substantial from the previous SAQA model in order to address the needs of the workplace in a more specified manner.		835 643
Graduate Placements for Workplace Experience on a Dairy Farm	'Graduate placements or workplace experience' for graduates is an AgriSETA initiative and programme. The objective was to provide an opportunity for graduates to gain experience on a dairy farm for a maximum period of one year.		13 500
The Milk SA Guide to Dairy Farming in South Africa	The book 'The Milk SA Guide to Dairy Farming in South Africa' was first issued in 2009. It contains the best practices and basic principles of 'running' a milk parlour. Therefore, it is aimed at empowering all persons involved in dairying, and in particular the black emerging milk producers who would like to be transformed into commercial producers, as well as the farm workers who would like to follow a career path. This new (2013) edition is enriched and aligned with the new curricula, as mentioned in the above-mentioned project.		330 000
Empowerment in the secondary industry sector	Empowerment of previously disadvantaged individuals in the secondary dairy industry sector through skills development.	±25 000 workers in the secondary industry sector	2 295 297
Transformation Co-ordination and Facilitation	Implementation of sustainable commercialisation dairy programme (Effective and efficient implementation of the utilisation of surplus funds)		1 275 881
Support services	Meetings, staff and administration costs.		1 134 545
<b>Total</b>			<b>8 218 968</b>

**Deciduous fruit:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Evaluation of newly developed apple cultivars and apple rootstocks for the 2nd economy	Evaluate apple cultivars for developing and upcoming fruit producers as well as small-scale, resource limited producers and home-based growers. Provide informal training of management practices to help with fruit production.		65 941
Evaluation of newly developed stone fruit hybrids and rootstocks for the 2nd economy	Evaluate stone fruit hybrids for developing and upcoming fruit producers as well as small-scale, resource limited producers and home-based growers. Provide informal training of management practices to help with fruit production.		37 092
Post-graduate Students	40 post-graduate students funded on 41 projects = 35 % of all research projects are focused on capacity development Black post-graduate students	24	1 519 229
Plum Power	Introduce informal sector to market/product spec @ requirements		716 253
Technology transfer	15 Symposiums / seminars / Field day events arranged by HORTGRO Science. Previously disadvantages individuals invited to attend events free of charge.	207	41 400
Technology transfer	35 training DVD's in English		42 500
Technology transfer	35 training DVD's translated into Afrikaans and Xhosa		75 000
Farm worker Wellness Programme	A Psycho-social training programme to ensure changed behaviour and individual growth.	564 direct and 2 256 indirect	301 250
ODEY – Substance Abuse (Overcome Dependency Empower Yourself)	On-farm (mobile) substance abuse rehabilitation and support treatment programme	112 direct and 560 indirect	65 000
Bursary Scheme	Pre-graduate Students & Post-graduate Students	25 students	592 647
Technical Training DVDs	www.saorchard.co.za – available on website for upcoming farmers as well as training for farm workers. Translated from English into Afrikaans and Xhosa	unlimited	610 000
School Tours (5)	Visit the organisations in the industry to view and learn about careers and what it entails	232 learners and 13 teachers	78 813
Visit the Agri Mega Bien Donne Show	Farm Workers visited the Bien Donne Show to attend a training work shop and to learn more about the agricultural industry. Supply busses and entry tickets	1 000	20 000
Health and Safety training	Training done by Philani	243	248 900

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Career Exhibitions	Agricultural Career Exhibition Programme run by PMA	1000 students and School Learners visited the Exhibitions	36 824
Internship	Part of the Koue Bokkeveld Internship Programme		33 000
Study trip for farm managers and upcoming farmers	Industry and Market Access perspective – Visit the Fruit Logistica, International Markets and the Port of Hamburg and Rotterdam	4	162 000
SIZA Programme	Administrator for SIZA events	2 Train-the-Trainer Workshops 12 Workshops	54 000
Industry transformation stories	Contracted a Journalist to write good stories about transformation in the industry	Broader public	35 000
Nyanisa HIV / AIDS Project	Produced and distributed 60 000 HIV DVD's to the agriculture industry. Funded by AgriSETA and AgriSA (R1 million)	60 000	80 000
School Book Project	Distribute books to PDI Schools for their Libraries	28	345 000
Land Reform and Tree Planting Project	To establish deciduous fruit – actual plantings was 98 ha To increase production footprint of PDI farmers significantly To help small scale farmers reach commercial status Integrate small scale and PDI farmers into commercial structures Provision of technical assistance and support The establishment and maintenance of suitable land reform models Conduct feasibility studies Evaluation of business plans for new and existing projects Source additional funding for land reform projects Financial assistance as required from NAMC to give PDI farmers exposure to markets Continued support to DFDC in terms of coordination and implementation of alternatives	150	2 646 793
<b>Total</b>			<b>7 806 642</b>



**Dried fruit:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
School tours	To introduce high school students to agricultural careers and to inform them about our industry.		9 500
Social development programmes	To maintain and support expertise and actions to aid women, families, communities with life skills, youth development, health to empower these individuals in their family life and work environment.  To empower health workers with knowledge and training regarding TB / HIV / Aids. Continued farm worker development.		145 314
Economic Development	Evaluation of new cultivars together with emerging farmers and supply planting material.		172 300
Land Reform	The establishment and maintenance of suitable land reform models. Feasibility studies. Evaluation of business plans for new and existing projects. Source additional funding for land reform projects. Continued support to smallholder farmers in terms of coordination and implementation of initiatives.		108 500
Technical Advisor	Mentorship & Technical advisory to small scale farmers.		392 448
General Advisory	To maintain / Manage Transformation portfolio.		113 559
<b>Total</b>			<b>941 621</b>

**Lucerne:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Taung	Lucerne hay production - <ul style="list-style-type: none"> <li>• The Lucerne Trust is donating lucerne seed to black farmers (25 kg per ha)</li> <li>• In Taung area, back farmers producing lucerne under irrigation (pivot system)</li> <li>• The Trust already assisted 20 farmers on a total area of 200 ha (10 ha per farmer)</li> <li>• The plan is to assist another 20 farmers on a further 200 hectares</li> <li>• Farmers also being assisted with the harvesting and the marketing of their lucerne</li> </ul>	20 farmers	372 942
<b>Total</b>			<b>372 942</b>

**Mangoes:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Hawker promotion	To educate and supply info regarding mangoes to enhance business. To supply branding for hawkers.	60	158 942
Photo charts	To educate farmers on a visual basis on flower malformation and other diseases that could affect their crops negatively.	30	20 000
Extension services	Assist and educate farmers with regard to mango production on an ongoing basis through study groups and special events.	30	10 191
<b>Total</b>			<b>189 133</b>

**Pork:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Training Institute	To improve and maintain training and to be appointed as a Trainer Service Provider for the pork industry by AgriSETA. An additional lecture room was erected and equipment purchased needed for artificial insemination training. Application was lodged with AgriSETA to become an accredited Training Service Provider for the pork industry.	All the developing pig farmers	846 499
Training of Developing pig farmers	Capacity building to assist developing pig farmers to become viable commercial operations.	186	320 283
Bursaries	To build capacity.	8	136 880
Mentorship	Transferring of skills to developing pig farmers. Mentors assist developing pig farmers and develop their managerial skills. These skills are needed to become commercial pig farmers and to operate viable units.	39	698 708
Visits by pig veterinarians	All developing units to be visited by pig veterinarians on a regular basis. Health status of the units improved.	75	235 767
Carcass competition	To encourage developing pork producers to improve the carcass quality produced. The results confirmed that the quality of the carcasses improved.		40 762
Remuneration of Transformation Manager, Transformation Liaison Officer and travelling cost	SAPPO appointed a full time Transformation Officer and Liaison Officer to assist developing farmers and new entrants.	All the developing pig farmers	648 269
Office rental, telephone cost and travelling cost of committee members	The office used by the Transformation Manager is rented. Telephone and internet services are provided. The Portfolio Committee responsible for managing the portfolio met 7 times and members had to travel to Pretoria for meetings.		192 063
Farmer's days and study groups	The establishment of study groups for developing pig farmers and organising of Farmer's days. The aim is to assist pig farmers to better their operations.		104 346



Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Management of recapitalised developing farm	To assist KZN Department of Agriculture to turn a recapitalised farm around. A manager and an assistant manager were appointed to manage the farm for 6 months. After 6 months the farm was profitable and sustainable.	7	300 000
Professional and financial services	To assist developing pig farmers with the technical design, site visits and supervision during the erection of new units or expansions/ improvements. Financial services were provided to farms.		239 885
Replacement of vehicle used by Transformation Manager	To provide transport to remote and rural areas.		398 634
<b>Total</b>			<b>4 162 096</b>

**Potatoes**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Enterprise Development Programme	<p>To assist in setting up, supporting and growing viable new black owned potato producing enterprises.</p> <p>To develop an economic programme that is aimed at sustainable potato production by small holder farmers in order to utilise available land and assist to the maximum benefit of an integrated production system</p> <p>To develop small holder farmers to grow and produce commercially in a sustainable way</p> <p>To establish sustainable fully fledged commercial farmers</p>	<p>18</p> <p>KwaZulu-Natal: 9</p> <p>Eastern Cape: 6</p> <p>Free State: 2</p> <p>Limpopo: 1</p>	3 067 871
Small Grower Development Programme	<p>To disseminate production and business information through demonstration trials.</p> <p>The Outcome of this programme is to support food security within the rural communities.</p> <p>To ensure best practices of potato production.</p> <p>To identify farmers which have the potential to grow into the Enterprise Development Programme.</p>	<p>9 communities (average of 50 members per community)</p>	361 621

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Tertiary Skills Development Pipeline	<p>To develop the technical capacity for the farming enterprise by offering bursaries to deserving students.</p> <p>To develop students from the farming enterprise to acquire technical tertiary education so that they can add value to the farming enterprises. To further enhance their skills through internships and workplace experience programmes.</p> <p>To provide internship training opportunities primarily for bursars in relevant study disciplines requiring practical training and exposure as part of their qualification condition.</p> <p>To provide Workplace Experience training opportunities primarily for bursars in relevant study disciplines requiring workplace experience to enhance the employment opportunities.</p> <p>Development of young talent through tertiary education that build on the sustainability of the business.</p> <p>Exposure to the potato value chain.</p> <p>Candidates making informed decisions about their career choices based on exposure and experience.</p>	<p>9 Interns</p> <p>13 Bursaries</p>	1 067 640
Farm Based Training	<p>To assist in developing potato farmers with technical and business skills to enable them to farm profitably.</p> <p>To improve the quality of potato production by improving the knowledge base of the potato producers at levels.</p>		2 085 798
Other expenditure	Transformation Symposium		474 060
Other expenditure	African Farmers Workshop/ NAMPO		126 631
<b>Total</b>			<b>7 183 621</b>



**Poultry:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Ensure DPFO Committees performance – national and provincial / regional	The DPFO Committee must provide the leadership for the transformation projects. To ensure Committee attendance – we cover travel and accommodation costs via the levy, and cost of leadership training. We also provide cell phones and cell phone time at Levy cost to ensure effective and timely communication. SAPA also sponsor travel and meeting costs in the Committee members' provinces.	10 at DPFO Committee level and some 100 or more committee members regionally.	1 667 524
Provide travel sponsorship to Members	Ensure members can get to and participate in important meetings in their provinces and in the annual SAPA AVI Africa Congress.	Varies according to the event and frequency – between 300 to 400	See above
DPFO Branding and related new entrant mentoring and training, and building provincial capacity.	To increase DPFO membership and ensure a unique identity and 'rally point' for the DPFO, a logo has been developed and agreed to by the DPFO Committee. Formal launch of the logo has been done at 6 provincial meetings during 2011 in conjunction with provincial agriculture officials, with completion of the last three provinces to be done Q1 and Q2 in 2012. A specific outcome is to provide regional leadership through the Brand and attract more developing farmers, who will believe that the DPFO is there to guide and assist them. So far this is working, but having created expectations, we continue to build activities related to these expectations. The work also includes setting up provincial work groups / cooperatives / task teams where such groups determine their own limitations and how they can be overcome with the help of SAPA. Work Groups have been established in all provinces; under the leadership of the relevant DPFO Committee member for that province. Shareholder Engagement – introducing DPFO to Government structures and other key stakeholders including financial. Success has been had in all provinces. Also with the National Empowerment Fund, national DAFF and the Land Bank.	255 at present signed up – with more to come out of the 2000 or so on the data base, collected during regional meetings and workshops	See above
DPFO Statistics gathering and reporting	Reported quarterly, to create awareness of common industry concerns of developing farmers and to demonstrate market opportunities. The process has been expanded in 2013. General statistics of the whole industry are also available to developing / smallholder farmers via the SAPA Poultry Bulletin and web site.	All developing farmers, DPFO members or not.	199 029

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Consumer education activities – shared costs	Various activities that are of benefit to developing farmers. The 'Eggs are Magic' campaign specifically has helped grow the market that DPFO egg producers can sell into.	Not known exactly, but it is many judging from attendance at regional gatherings	270 673
Scientific Research – shared costs	Activities related to disease prevention and understanding. Work done in conjunction with the University of Pretoria and others.	All developing farmers, DPFO members or not	7 018
Share of once off research facilities recapitalisation	Facilities specifically related to disease identification and management at the University of Pretoria OP Campus. Includes share of the new BSL3 facility.	All developing farmers. DPFO members or not	473 879
Share of SAPA Research Chair in Poultry Disease and Production	The Research Chair is employed by the U of Pretoria, but funded by SAPA for a period of 5 years. The Chair started in August 2012.	All developing farmers, DPFO members or not.	173 497
Share in the running of the SAPA Poultry Disease Management Agency (PDMA)	Be an integral part of the outcomes of disease research and management for the benefit of developing farmers. Spread of disease and lack of food safety may be more pronounced in rural areas. Includes State Vet and Extension officer training which directly benefits rural based farmers.	All developing farmers, DPFO members or not.	578 859
Share of Broiler Organisation Media Campaign	Campaign to support industry on specific meat product related issues, including promoting product value.	All developing farmers, DPFO members or not.	172 531
Share of Broiler Manager costs	Post created to do work necessary to help protect the broiler industry, relate to Government on transformation matters, and more	All developing farmers, DPFO members or not.	62 565
Share of Industry Training	SAPA Training and Development Manager provide a training service to all industry participants, but especially to developing farmers.	All developing farmers, DPFO members or not.	430 173 –

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Share of Forensic Investigations into illegal imports	Share of the work that relates to investigation into fraudulent imports, and arises out of the customs monitoring work.	All developing farmers, DPFO members or not.	343 962
Share of Legal Trade Actions	To protect the SA poultry meat market from cheap meat imports	All developing farmers, DPFO members or not.	1 781 873
Share of Trade Research	To protect the SA poultry market – mainly meat – from cheap meat imports. Especially important for smallholder farmers	All developing farmers, DPFO members or not.	1 368 646
Share of broiler residue testing	To enhance food safety and enhance export opportunities	All developing farmers, DPFO members or not.	424 925
Share of independent meat inspection project	Abattoir related – project with DAFF to put acceptable model in place at poultry abattoirs	All developing farmers, DPFO members or not.	127 971
Levy collection Share of costs	DPFO share of cost to collect and administer the Levy	All developing farmers, DPFO members or not.	123 979
Competition Commission investigation	Shared costs of the work done to satisfy the Competition Commissions investigation	All developing farmers	68 486
Allocated costs from various projects	For all the projects described in this list there are attracted costs within SAPA including portions of salaries, travel, office rent and the like.	All developing farmers	1 236 508
SAPA allocated costs	Shared costs of SAPA office operating costs, and management input costs.	All developing farmers	1 601 760
<b>Total</b>			<b>11 270 856</b>

**Red meat:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
NERPO: Capacity for lobbying and advocacy	<ul style="list-style-type: none"> <li>• A pool of members who are sufficiently representative of the smallholder farmers</li> <li>• Competent and influential leadership from grassroots through to national level</li> <li>• A national office managed by professionals with necessary competencies to provide appropriate technical support</li> <li>• To influence policy and legislation in favour of smallholder livestock farmers</li> <li>• To facilitate sound decision making by collating, interpreting and disseminating economic related information to members</li> </ul>		1 756 376
NERPO: Emerging livestock farmers would like to belong to a farmer's union which can represent their interests and aspirations, and has leadership that is democratically elected, is transparent and with high moral values and good governance	The African Farmers' Association of South Africa (AFASA) has grown to be a well organised and representative of small holder farmers in SA and has played a key role in the development of the new policies on land reform, influencing the agriculture transformation agenda and fostering unity within the sector. AFASA and NERPO have been key contributors to the development of new policies on land reform based on the green paper. Although the policy development process was not yet completed, the extent of consultations in the development of the policies is laudable and the general unity of purpose between the Department of Land Reform and Rural Development and organized agriculture was commendable.		(Included in R1 756 376 figure above)
NERPO urges the SA government to abide by its commitment to increase agricultural productivity by 6 % per year and investment in agriculture to at least 10 % of the national annual budgets, as per the pledge by the African Union States in 2003	SA commenced with its Comprehensive African Agriculture Development Programme (CAADP) in 2011. Seek to develop the investment plans for agriculture at provincial and national level.		(Included in R1 756 376 figure above)

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
NERPO: Transformation Farmer Training and mentorship have the greatest impact on developing farmers in the emergent sector and hence remain a key intervention	<p>NERPO has adopted training and mentorship, as its key farmer support and development programme. Intent is to yield graduates with enough practical experience to venture into farming on their own or become well-informed technocrats in farmer support services.</p> <p>Expediting access to technical support through:</p> <ul style="list-style-type: none"> <li>• Information days</li> <li>• NERPO publications</li> <li>• Training and mentorship</li> <li>• Lobbying and advocacy</li> </ul> <p>Scale up the training of young agricultural interns by taking in at least 20 interns from DAFF and training them in NERPO's Young Agricultural Entrepreneurial Development Programme while assisting them to develop farmer study groups and primary cooperatives.</p> <p>Use training pamphlets from Afrivet and similar materials as basic training tools within the study groups.</p>		(Included in R1 756 376 figure above)
NERPO: Transformation livestock improvement and market access facilitation	<p>NERPO has designed a training programme of basic financial literacy, which is intended for the beneficiaries of NERPO credit schemes.</p> <p>Expediting access to finance:</p> <ul style="list-style-type: none"> <li>• NERPO livestock credit scheme (increase value of NERPO credit facilities from R50 million to R200 million at the outset)</li> <li>• NERPO infrastructure and machinery fund (inject high quality stock, production facilities and equipment into the developing agriculture sector)</li> </ul> <p>Challenges with the credit facilities (improve credit worthiness of farmers who have used the credit facilities and repaid other loans timeously)</p>		(Included in R1 756 376 figure above)

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
SAMIC	SAMIC is a quality assurance company and 3 BEE appointments comprising the transformation process to ensure quality and safety of meat in South Africa through world class quality audits, inspections and service performance	417 abattoirs are audited, inspected and/or serviced by SAMIC	1 096 155
Hygiene Management System	To provide the learners with the necessary knowledge and skills to implement an Hygiene Management System in an abattoir	39 learners (12 government officials)	124 054
Training of black butchers	Training based on orientation (personal hygiene, shop hygiene, machinery, knives, classification of meat, block test, cooking methods and level 1 first aid) and meat cutting	31 students (24 male, 7 female)	172 800
Lead Auditors Training	To provide the learners with accreditation and certification to conduct audits for compliance to legislation and regulatory requirements	5 learners (3 government officials)	23 937
Beef Up Campaign	<p>The aim is to maintain a good level of knowledge and awareness of the nutritional value and health benefits of South African beef, emphasizing the full enjoyment value, versatility, convenience and safety of South African beef in balanced diet s and to communicate this across the spectrum of all consumers and their families.</p> <p>Key messages also include that beef is produced in a sustainable, ethical and environmentally friendly manner.</p> <p>The important role played by the butcher as final custodian of our perishable products has been entrenched and expanded on to all levels of our community ensuring their ultimate buying experience. The effectiveness of direction, promotions and editorials is evaluated annually and then refocused.</p>		2 035 718
Health Professional campaign	Health Professionals advise members of the society what to eat. We aim to keep them informed of the health benefits of eating red meat including lamb & mutton		248 302



Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Consumer Education including	We aim to educate the younger members of our society, consumer on the health benefits of eating red meat and specifically lamb & mutton. Transformation – Education of the emerging consumer on the basics of caring and consuming lamb & mutton.		2 440 095
Production development	<p>It was agreed by the Red Meat Producers' Organization (RPO) and the National Emergent Red Meat Producers' Organization (NERPO), collectively known as the Federation of Red Meat Producers, that the NERPO who represents smallholder livestock farmers, would implement transformation projects for primary producers in the red meat industry.</p> <p>The major support to smallholder farmers focuses on the following:</p> <ul style="list-style-type: none"> <li>• Optimal utilization of available land and development of infrastructure;</li> <li>• Farmer training and mentorship;</li> <li>• Improvement of quantity and quality of saleable livestock;</li> <li>• Development of entrepreneurial skills;</li> <li>• Improving smallholder access and markets;</li> <li>• Encouraging collective action by the live stock farmers so that they may attract discounted prices in input procurement and lower transaction costs in bulk marketing; and</li> <li>• Providing access to development finance designed to enable farmers to grow their livestock enterprises.</li> </ul>		1 322 387
Predation training	To train emerging and farm workers in predation prevention		150 000

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Employ 2 black staff members in experimental tannery	SHALC granted money towards ISTT – newly employed staff assist with running of practical courses in the tannery, they ensure chemical containers are full, that scales are kept clean and assist students with loading and operating some of the larger tanning drums		50 000
Research which benefitted emerging farmers	<ul style="list-style-type: none"> <li>• Characterisation of heterosis in beef cattle</li> <li>• Food-borne pathogens in communal cattle production</li> <li>• Investigate the lower income South African consumers' perception towards beef &amp; sheep meat</li> <li>• Economic support programmes – Cattle, Sheep, and Goats.</li> <li>• Improved Production Efficiency in Beef Cattle</li> <li>• Tolerance to ticks in Nguni beef cattle</li> </ul>		699 537
Training of black livestock marketing agents	Training based on legislation applicable to the sector and an understanding of the marketing agents business environment		29 352
<b>Total</b>			<b>10 148 713</b>

**Sorghum:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Grain SA – Sorghum Farmer Development Programme	<p>Area: Limpopo, Mpumalanga, North West and Eastern Cape.</p> <p>Project objectives: To establish and manage sorghum trial plots. To hold sorghum farmer's days. To offer training courses on sorghum production and production practices. To develop training manuals and training material.</p> <p>Project description: This project was temporarily terminated at the commencement of the 2012/2013 season due to dry conditions at the trial plot areas. The project is to be continued as from the 2013/2014 season, particularly in view of the expected higher demand for sorghum for bio-fuel purposes.</p>		
Grain Farmer Development Association	<p>Area: All sorghum production areas and provinces.</p> <p>Project description: To assist developing farmers with funding of the following: (1) Soil correction (includes soil analysis and cost of lime). (2) Insurance premiums. (3) Mentorship.</p> <p>Project objective: To develop emerging black sorghum farmers into successful commercial producers of sorghum.</p>		150 000
<b>Total</b>			<b>150 000</b>

**Table grapes:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Preferred Cultivar, Preferred Country programme- Enterprise Development	Up to 8 enterprises assisted to purchase market scarce cultivars. Nearly R 12 million in outside funds leveraged in support of capital requirements, fiduciary requirements and feasibility studies for these enterprises. SATI's professional time spent advocating for enterprise needs.	513	635 657
Market Mediation	Promoted historically disadvantaged table grape producers in their markets overseas. Over 500 000 readers of prominent magazines and newspapers were educated about producers (named by farm and by person). Smart phone technology (gaming) and quick response technology were used to bring this about.	800	547 279
Mentorship and Training	10 enterprises requested assistance and received assistance in needs driven consulting and training of black managers and/or co-owners of enterprises.	80	448 135
Bursaries-Grape Academy	2 bursary holders are currently placed in key jobs that can affect the future of significant parts of the industry. 3 additional bursaries were awarded this period in priority areas of research.	5	548 870
Training Material Development-Grape Academy	The skills and knowledge of over 100 consultants, managers and workers was brought to about 50 enterprises through the post-harvest training DVDs (more recipients are expected to participate in 2014). Another DVD series was developed, relating to best production practices. An additional R500 000 was leveraged from AgriSETA for the development of this peer reviewed, SAQA aligned production DVD. Contributors to the DVD's did not charge for their contributions, which add to the value of resources leveraged by the industry.	500	264 223

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Training of students-Grape academy	The new levy agreement is accommodating of an education programme at the University of Stellenbosch. SATI has a seconded expert at the university who teaches table grape specific course work to BSc students, who otherwise would need to follow the wine production programme.	10	562 088
Modular Course-Grape Academy	The ARC/Elsenburg/SATI modular course is the flagship production focused training programme in the industry. SATI is now the administrator of this project, which is founded on the ideals of public/private partnerships.	13	1 050
Corporate Social Initiatives	Pre-school education of farm workers' children, to help ensure rural transformation under the pillar, Rural Development, Poverty Alleviation in the AgriBEE codes.	100	97 580
Ethical trade platform	Investment in the SIZA project. Ensuring that employment equity, Skills Development, Rural Development and Poverty Alleviation become a function of market access.		579 597
International symposium	Seconded staff member learning new practices to assist the industry with skills development, specific to core issues. This staff member presents the Stellenbosch course as well as the modular course.		63 863
Support services	Salaries, travel and communication supporting activities of the Transformation Manager and the Training Manager.		308 598
<b>Total</b>			<b>4 056 940</b>

**Wine:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
SAWIS	<p>All black people benefit from, have access to and receive all our information and statistics.</p> <p>The Information Centre, as a facilitator of information, has a multiplying effect in respect of a wide spectrum of industry relevant information. It is especially beneficial to and was set up to target SMME's and black people, and should be regarded as a transformation project. No membership fee is applicable to black people.</p> <p>Also, in accordance with our employment equity plan it is SAWIS's commitment to give preference to the appointment of suitably qualified black people.</p> <p>Level 3 contributor, verified by IQUAD BEE verification.</p>	<p>61</p> <p>53 % (34 of 64) of total staff is black</p>	3 853 969
Winetech – Exposure and Training	Winetech provided a list of students who benefitted from their financial support.	<p>98</p> <p>50 % (1 of 2) of total staff is black</p>	8 709 920
WIDA  Bursaries	<p>Focus on Human Resource development, Social Upliftment and Labour relations.</p> <p>Provide financial support to students at various tertiary educational institutions</p>	<p>2 learners</p>	<p>2 402 370</p> <p>53 044</p>
WOSA CBI – Prowein 2012	BEE companies that are part of the CBI programme are supported annually as per WOSA's agreement with the CBI. With only 3 companies that still qualify for support WOSA allocated 3 @ R15 000. Total R 45 000 covered costs of travel, accommodation and ground transport for these companies to participate at Prowein 2012.	3 companies	45 000

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Bursaries	WOSA contributed R40 000 towards post-graduate marketing internship programmes and other marketing training development programmes of the PDI's (black).		40 000
Marketing	Enterprise development and marketing support of emerging business x 30 companies @R20 000 per company.	30 companies	600 000
WIETA	Contribution made to Wine Industry Ethical Trade Association to promote ethical trade in the industry.		1 500 000
Other	<p>Further Outreach of WOSA Corporate Social Responsibility activities through RELATE and support with purchase of bracelets for promotions at WOSA international events.</p> <p>Assistance from WOSA staff:</p> <ul style="list-style-type: none"> <li>• Personnel time</li> <li>• Costs of crafts bought from previously disadvantaged people</li> <li>• BEE accredited suppliers to the Cape wine show.</li> </ul> <p>WOSA is a level 2 contributor accredited through Empowerdex.</p>	64 % (7 of 11) of total staff is black	450 600  871 938 81 812 4 495 406
<b>Total</b>			<b>23 104 059</b>



**Winter cereal:**

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Grain SA	<p>Grain Farmer Development Programme – R 1 625 644</p> <p>This programme includes the following functions and has a strong linkage with other programmes:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Creation and servicing of study groups</li> <li><input type="checkbox"/> Preparation of trial plots and presentation of farmers' days</li> <li><input type="checkbox"/> Training material and courses for farmers</li> <li><input type="checkbox"/> Communication through radio broadcasts and written media.</li> </ul> <p>Schools programme – R 440 000</p> <p>This programme is executed in collaboration with other contributors to the programme, such as the Maize Trust and AgriSETA. DVD's are shown at schools to stimulate scholars to become interested in agriculture.</p>		2 065 644
SAB Barley Farm	<p>Student Internship</p> <p>Annually, one or two students from a previously disadvantaged background, who has recently finished their agricultural studies at an Agricultural college, are given the opportunity to gain some experience of practical small grain farming on a commercial farm and in a research facility environment.</p>		264 520

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
Grain Farmer Development Association (GFADA)	<p>Black farmers in the Qwa-Qwa area (between Kestell, Harrismith and Phuthadijhaba) have at their disposal relatively good resources applicable to wheat production. They have security of tenure (sole ownership in most cases), farming experience and also technical farming knowledge. However, the majority of these farmers were in dire financial positions. The farmers approached VKB Ltd (an Agribusiness involved in that area), with a request to give the farmers an opportunity to stay in business.</p> <p>In order to give the farmers complete support (mentorship, finance, access to input and product markets), they were integrated into a Farmer Development Programme. This was a combined effort of Grain SA, VKB, the Provincial Department of Agriculture of the Free State and the Winter Cereal Trust. Several input suppliers were also involved in providing the farmer's with multidisciplinary support.</p> <p>Similar programmes have been managed by OVK Operations Ltd (Ladybrand), GWK Ltd (Douglas) and other agri-businesses in the grain production areas.</p>		1 500 000

Project title	Objectives and outcome	Number of beneficiaries	Amount (R)
ARC: Small Grain Institute	Developed wheat farmers also have resources necessary for production but there are some limitations to some extent. Conversely, emerging farmers are aspiring to expand their wheat farming enterprises to become commercial but most of the resources are limiting and unless they are being assisted through training and production practices they cannot prosper. This category is capable of becoming commercial wheat farmers provided assistance is given to them over a long period. They are already producing but do not reach the potential yield as expected of them. The ARC-Small Grain Institute can assist these farmers given the well-established knowledge-base and infrastructure available within this institution. ARC-Small Grain Institute does not provide any financial assistance to the emerging farmers except technical know-how. The names of the farmers who meet the criteria set will be submitted in due course with their details. A target of approximately 80 aspiring wheat farmers will receive training, analytical and advisory services, of which at least 50 should be commercial farmers at the end of 5 years period. The difference is due to the fact that some farmers will leave wheat farming while the same time other will be joining.		2 414 080
Other administration, information and research projects.	The Winter Cereal Trust follows an approach to allocate some administration, information and research expenditure, to transformation. In other words, the Trust does ad hoc allocations regarding these scale neutral projects, which benefitting both commercial and developing, and eventually add this expenditure to transformation expenditure. This practice will be addressed in the next financial year, because the NAMC is in the process to amend its transformation guidelines, and such practices will be prohibited in terms of the amended transformation guidelines.		630 833
Provisions	Organisations and projects to be identified in the future.		3 708 759
<b>Total</b>			<b>10 583 836</b>

## DETAILED STATUTORY LEVIES PER COMMODITY – 2013 SURVEY

Specific levy amounts (excluding VAT)	
<b><u>Citrus industry</u></b>	
A levy payable by producers of all export citrus fruit is applicable as follows:	
2013	<b>3.13 c per kg</b> (47 cents per 15 kg carton)
2014	<b>3.33 c per kg</b> (50 cents per 15 kg carton)
2015	<b>3.53 c per kg</b> (53 cents per 15 kg carton)
2016	<b>3.73 c per kg</b> (56 cents per 15 kg carton)
<b><u>Cotton industry</u></b>	
<b>20 c per kg</b> of cotton lint produced, payable by ginner to Cotton SA.	
<b><u>Dairy industry</u></b>	
The dairy statutory levies for the four-year period until 23 December 2013 were as follows:	
<b>1.0 c per kg</b> on milk and cream, not concentrated nor containing added sugar or other sweetening matter	
<b>9.6 c per kg</b> on milk and cream, concentrated or containing added sugar or other sweetening matter	
<b>3.6 c per kg</b> on buttermilk, curded milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits, nuts or cocoa	
<b>2.9 c per kg</b> on whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter not elsewhere specified or included	
<b>10.3 c per kg</b> on butter and other fats and oils derived from milk, dairy spreads	
<b>14.4 c per kg</b> on cheese and curd.	
On 20 December 2013, new statutory levies for the next four years, until 31 December 2017, were promulgated. The levies are as follows:	
<b>1.3 c per kg</b> on milk and cream, not concentrated nor containing added sugar or other sweetening matter	
<b>12.5 c per kg</b> on milk and cream, concentrated or containing added sugar or other sweetening matter	
<b>4.7 c per kg</b> on buttermilk, curded milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits, nuts or cocoa	
<b>3.8 c per kg</b> on whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter not elsewhere specified or included	
<b>13.4 c per kg</b> on butter and other fats and oils derived from milk, dairy spreads	
<b>18.7 c per kg</b> on cheese and curd.	

**Deciduous fruit industry****1. Pome and Stone Fruit Levies:**

**3 c per kg** on all pears on export (all classes) and domestic volumes on municipal markets and retail level (all classes)

**6.5 c per kg** on all peaches and nectarines on export (all classes) and domestic volumes on municipal markets and retail level (all classes)

**8.5 c per kg** on all apricots on export (all classes) and domestic volumes (all classes)

**3 c per kg** on all apples on export (all classes) and/or domestic volumes on municipal markets and retail level (all classes)

**0.6 c per kg** on all apples destined for the manufacturing of apple juice concentrate by concentrate processing plants

**2. Market development and consumer education campaign:**

The following statutory levies were approved and promulgated on 8 March 2013, administered by HORTGRO Services:

Export market development – 50c per standard export carton or the equivalent rate per kilogram on all other sizes of export (all classes) cartons.

Local consumer education – 10c per standard carton or the equivalent rate per kilogram on all other sizes of (all classes) cartons delivered to the local market.

**3. Integrated area-wide fruit fly control programme in specific production areas:**

Levy on the deciduous fruit hectares in the specific deciduous fruit production regions:

Elgin, Grabouw, Vyeboom and Villiersdorp area:

- Apples and Pears: R125 per hectare per annum;
- Plums, Peaches/Nectarines and Apricots: R200 per hectare per annum.

Hex River Valley:

- Table and Dried Grapes: R280 per hectare per annum.

Warm Bokkeveld, Wolseley and Tulbagh:

- Apples and Pears: R175 per hectare per annum;
- Plums, Peaches/Nectarines and Apricots: R250 per hectare per annum; and
- Table and Dried Grapes: R250 per hectare per annum

**Dried fruit industry**

The dried fruit levies are as follows:

**7 c per kg** for dried vine fruit (2012/2013 and 2013/2014)

**8 c per kg** for dried vine fruit (2014/2015 and 2015/2016)

**12 c per kg** for dried tree fruits (2012/2013 and 2013/2014)

**14 c per kg** for dried tree fruits (2014/2015 and 2015/2016)

**Fynbos (protea) industry**

**R1.60 per standard export carton** in 2011/12,

**R1.72 per standard export carton** in 2012/13,

**R1.85 per standard export carton** in 2013/14 and

**R2.00 per standard export carton** in 2014/15.

**Lucerne industry**

**60 c per kg** on clean seed

**R3 per ton** on lucerne hay not analysed by a NIR instrument

**R5 per ton** for lucerne hay analysed by a NIR instrument

**Mango industry**

**3 c per kg** (R30 per ton) fresh mangoes intended for processing (including atchar, juice, dried mangoes and mangoes for fruit salads).

**Olive industry**

The following levy amounts were approved:

	2011/12	2012/13	2013/14	2014/15
Olive oil - levied on a per litre basis (p/l)	40c p/l	41c p/l	42c p/l	43c p/l
Table olives - levied on a per kg basis (p/kg)	8c p/kg	9c p/kg	10c p/kg	11c p/kg

**Pecan nut industry**

**15 c/kg** on all pecans and pecan products

**Pork industry**

**R7.00 per head** of pigs slaughtered at abattoirs and pigs exported live

**Potato industry**

**1.675 c per kg** for table potatoes

**0.665 c per kg** for certified seed potatoes

**0.785 c per kg** for processed potatoes

**1.675 c per kg** for exported potatoes

**1 183 c per kg** for imported potatoes

**Poultry industry**

Per day-old female parent broilers chickens sold or placed:	Per one dozen packaged eggs sold:
October 2009 – December 2010: R1.32	October 2009 – December 2010: 2.23 cents
January – December 2011: R1.45	January – December 2011: 2.45 cents
January – December 2012: R1.45	January – December 2012: 2.45 cents
January – December 2013: R1.52	January – December 2013: 2.57 cents





**Red meat industry****Cattle:**

**R3.87 per head** – deducted and retained from the selling price of each designated animal by the buyer of such animal

**R6.45 per head** – payable by the owner at slaughter, to the abattoir

**R400 per year** or part thereof – payable by each meat trader in respect of each outlet

**R0.03 per kg** of imported red meat and red meat products

**R6.45 per head** of cattle exported live

**0.07 %** of commission on the sale of designated animals

**R0.0124 per kg** of hides produced locally

**Sheep and goats:**

**R0.83 per head** – deducted and retained from the selling price of each designated animal by the buyer of such animal

**R1.25 per head** – payable by the owner at slaughter, to the abattoir

**R400 per year** or part thereof – payable by each meat trader in respect of each outlet

**R0.03 per kg** of imported red meat – payable by the importer of the red meat and red meat products

**R1.25 per head** of sheep/goat exported live

**0.07 %** of the commission on the sale of designated animals, collected by that agent in respect of the sale of designated animals

**R0.0124 per kg** of skins – payable by the processor of the skin produced locally

**Processed meat:**

**R0.0124 per kg** of red meat, red meat products and pork purchased by meat processors for processing or further processing.

**Sorghum industry**

**R16.00 per ton** sorghum on all first buyers and producers of sorghum. The accountability for the payment thereof shall be shared between them on a fifty-fifty basis, and payable to the Sorghum Trust.

**Table grape industry**

**8 c per kg** on all exported volumes of table grapes (all classes)

**Wine and grapes**

The following wine and grape statutory levies were applicable in the 2012 financial year:

**Research and development levy:**

Grapes: R15.82 per ton

Grape juice concentrate: 2.26 c per litre at 17.4 degrees Balling

Drinking wine: 2.26 c per litre

Distilling wine and wine spirit: 1.95 c per litre at 10 % alcohol by volume

**Wine export generic promotion levy:**

Export wine in bulk: 7.96 c per litre

Otherwise 10.95 c per litre

**Information levy:**

Grapes: R10.71 per ton

Grape juice concentrate: 1.53 c per litre at 17.4 degrees Balling

Drinking wine: 1.53 c per litre

**Empowerment and transformation levy:**

Grapes: R2.12 per ton

Grape juice concentrate: 0.30 c per litre at 17.4 degrees Balling

Drinking wine: 0.30 c per litre.

**Winter cereal industry**

On 2 August 2010, the Minister approved the following levies on all winter cereal sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy in respect of such a winter cereal has not been paid before:

Term	Wheat	Barley	Oats
1/10/2010 to 30/9/2011	R14 per metric ton	R13 per metric ton	R10 per metric ton
1/10/2011 to 30/9/2012	R15 per metric ton	R14 per metric ton	R11 per metric ton
1/10/2012 to 30/9/2013	R16 per metric ton	R15 per metric ton	R12 per metric ton
1/10/2013 to 30/9/2014	R17 per metric ton	R16 per metric ton	R13 per metric ton



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### Notes:

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