

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES

NO. 1398

15 DECEMBER 2017

**MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996
(ACT No. 47 OF 1996)****CONTINUATION OF STATUTORY LEVIES ON MILK AND OTHER DAIRY
PRODUCTS AND THE DETERMINATION OF GUIDELINE PRICES IN RESPECT OF
MILK AND OTHER DAIRY PRODUCTS**

I, Senzeni Zokwana, Minister of Agriculture, Forestry and Fisheries, acting under sections 10, 13, 14 and 15 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996) hereby -

- (a) Amend the levies and other requirements as provided for in Regulation 1218, dated 20 December 2013, and to change it to be as set out in the attached Schedule; and
- (b) Determine the guideline prices for milk and other dairy products as set out in the attached Schedule.

SENZENI ZOKWANA
MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES.

SCHEDULE

1. Definitions

In this Schedule any word or expression to which a meaning has been assigned in the Act shall have that meaning, unless the context otherwise indicates -

“**consumers**” means the end users of milk;

“**milk producer**” means a person that produces milk by the milking of cows, goats or sheep;

“**retailers**” means persons that sell milk directly to consumers; and

“**the Act**” means the Marketing of Agricultural Products Act, 1996 (Act 47 of 1996), as amended.

2. The products subject to the levies and the levies are as follows:

Customs Tariff Classification	Product Description	Levy (Vat exclusive)			
		2018 c/kg	2019 c/kg	2020 c/kg	2021 c/kg
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	1,37	1,46	1,54	1,64
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter	13,25	14,04	14,88	15,78
04.03	Buttermilk, curdled milk and cream, yoghurt, 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	4,98	5,28	5,59	5,93

	added fruits, nuts or cocoa				
04.04	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.	4,02	4,26	4,52	4,79
04.05	Butter and other fats and oils derived from milk, dairy spreads	14,20	15,05	15,95	16,91
04.06	Cheese and Curd	19,82	21,01	22,27	23,60

3. The levies set out under 2 shall be paid by:
- a) Persons who buy raw (unprocessed) milk for the purpose of processing it or to use it to manufacture other products, or to sell it to persons located outside the jurisdiction of the Republic of South Africa, or to move it outside the jurisdiction of the Republic of South Africa;
 - b) Persons who import a product which is subject to a levy in terms of 2;
 - c) Persons who are milk producers and who process the raw (unprocessed) milk produced by them, or use it to manufacture other products, or who sell it to consumers, or who sell it to persons located outside the jurisdiction of the Republic of South Africa, or who move it outside the jurisdiction of the Republic of South Africa; and
 - d) Persons who sell raw (unprocessed) milk to retailers.
4. The levies set out under 2, shall be paid by the persons listed in 3 to Milk SA not later than 15 days after the month in which the actions that created the levy liability, took place.

5. The payment of levies shall be accompanied by the levy return form as prescribed by Milk SA. Payment and levy return forms shall –

(a) when forwarded by post, be addressed to:

Milk SA
PO Box 1961
Brooklyn Square
0075

(b) when delivered by hand, delivered to:

Milk SA
Brooklyn Forum Building
Ground Floor (GL004)
C/o Fehrsen & Veale Street
Brooklyn
Pretoria

(c) when paid electronically, should be made to:

Milk SA
ABSA Bank
Acc. No. 405 895 6897
Branch: Brooklyn
Code: 634 156

The return form can electronically be conveyed to Milk SA at:

admin@milksa.co.za

6. The statutory measure described in this schedule shall –
- (a) apply within the geographical area of the Republic of South Africa; and
 - (b) come into operation on the date of publication hereof and shall lapse on 31 December 2021.
7. The purpose of the levies set out under 2, is to finance actions that are necessary to further, in respect of the dairy industry, the objectives set out in section 2(2) of the Act and it is as follows:
- a) **Consumer Education**
From a national point of view and to promote the viability of the dairy industry, consumers should be informed of the health and nutritional advantage of milk and other dairy products. Informed consumers will not only contribute to the national well-being in respect of nutrition and health, but especially also to the viability and sound development of the dairy industry. The education will be conducted in such a way that it will not erode the marketing activities of any firm in the dairy industry that are aimed at differentiating its products from that of competitors.
 - b) **Improvement of the quality of milk and other dairy products**
From a nutritional and health point of view, milk and dairy products have important roles to play in the national household. In order to protect the integrity of milk and other dairy products, consumer interest and fair competition, the promotion of compliance of these products with the compositional, food safety and metrology standards are required. Also, work must be conducted to deal with amendments of these standards, the creation of new standards in light of, for example, technological developments and the work of Codex, as well as voluntary standards to which references are made in the legal

standards. The abovementioned actions are important issues in respect of the viability of the dairy industry and the growth of the markets for the products concerned.

c) Empowerment of previously disadvantaged individuals

The viability of the dairy industry is significantly influenced by the extent to which previously disadvantaged individuals are empowered. Empowerment will not only impact positively on the viability of the dairy industry, but also on the other objectives of the Act. The focus is on the empowerment will be to finance black role-players, in the dairy industry on enterprise development. As black role-players enterprise development in the dairy industry also requires support from other institutions in the public and private sectors, the enterprise development initiative includes the facilitation of coordinated efforts by the different relevant parties in the public and private sector regarding black role-players enterprise development. At least 50 percent of the levy income earmarked for empowerment, will be allocated to black role-players enterprise development.

Furthermore, the dairy industry demands employees with specialised skills and knowledge and the provision of such skills and knowledge is of crucial importance to facilitate transformation in the industry and the competitiveness of the industry which is a prerequisite for growth and transformation in the industry. Some aspects of skills and knowledge cannot be funded by user-pay fees or from other sources. Consequently, the levy income will also be used to finance such action.

d) Research and Development

Research and development are required to promote not only the viability of the dairy industry but also to promote the achievement of the other objectives of the Act as set out in section 2(2) of the Act.

Research is fragmented and action is required to ensure co-ordination and that research and development are functional in respect of the strategic direction of the industry namely broadening of the market for milk and other dairy products, improvement of international competitiveness of the South African industry and empowerment of previously disadvantaged individuals. Furthermore, action is required to promote the practical application of local and international research and development in South Africa.

e) Industry Information

Statistical information and other information regarding the dairy industry in South Africa and internationally and analysis of such information are required to promote market access in respect of the dairy industry, the efficiency of marketing of milk and other dairy products, and the viability of the dairy industry. The information regarding the dairy industry and the analysis thereof make market signals visible for role players in the industry which is a prerequisite for the effective functioning of markets and the prevention of the wasteful use of national resources. Also it provides information required by Government institutions and contributes significantly to the achievement of the relevant objectives of the Act.

The requested levies can in no way impact negatively on any of the matters set out in section 2 (2) and section 2 (3) of the Act.

Collectively, the requested measure will create a more viable dairy industry that will enhance the matters set out in section 2 (3) of the Act namely food security, number of employment opportunities and fair labour practice.

8. The expenditure of the income from the levies during the period in respect of which the levies exist, shall be determined in such way that:

- (a) not more than 10 per cent of the income from the levies be spend on the administration of the measure described in this schedule, and
- (b) at least 20 per cent of the income from the levies is spend on empowerment of previously disadvantaged individuals.
9. The collection of the levies and the use of the income from the levies by Milk SA, shall be annually subject to audit by the Auditor-General.
10. Confidential information of any person subject to the statutory measure, obtained by Milk SA through the implementation, administration and enforcement of this statutory measure, shall be dealt with by Milk SA in accordance with section 23 (2) of the Act.

The guideline prices for milk and other dairy products shall be as follows:

Guideline prices

Customs Tariff classification	Product Description	Guideline prices R/kg	Levy as a percentage of guideline price			
			2018 %	2019 %	2020 %	2021 %
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	4.65	0.29	0.31	0.33	0.35
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter	60.00	0.22	0.23	0.24	0.26
04.03	Buttermilk, curdled milk and cream, yoghurt, 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	23.00	0.21	0.22	0.24	0.25

04.04	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	14.00	0.28	0.30	0.32	0.34
04.05	Butter and other fats and oils derived from milk, dairy spreads	58.00	0.24	0.25	0.27	0.29
04.06	Cheese and Curd	84.00	0.23	0.25	0.26	0.28