



**STATUS REPORT ON STATUTORY MEASURES  
IMPLEMENTED IN TERMS OF THE  
MARKETING OF AGRICULTURAL PRODUCTS ACT,  
ACT NO. 47 OF 1996**

**2019 SURVEY**

**A REPORT BY THE  
NATIONAL AGRICULTURAL MARKETING COUNCIL TO THE  
MINISTER OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT**

**NOVEMBER 2019**

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# 1. SUMMARY

The Marketing of Agricultural Products Act, No. 47 of 1996 (MAP Act), as amended, provides for the establishment of statutory measures. A “statutory measure” means a levy contemplated in section 15, a direction contemplated in section 16 (control of exports of agricultural products), or records and returns in terms of section 18, or registration in terms of section 19. Since 1997, statutory measures namely levies, records and returns, and registration, were approved by the Minister responsible for agriculture (henceforth referred to as the Minister) and promulgated in the Government Gazette, on specific agricultural products, and for specific periods of time. The control of exports of agricultural products was, until today, not requested.

This report on the status of statutory measures, compiled by the NAMC for submission to the Minister, is a shorter version than the previous report, and focus mainly on the various levies collected by the 19 agricultural industries concerned. 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 for specific functions in the specific industry, such as research, information, and transformation. Registration, as well as records and returns, are measures used to collect and disseminate information in a particular industry.

Statutory measures, and specifically levies, play an important role in enabling growth in the relevant agricultural industries by means of effective information management and communication and the collection of funds to finance much-needed functions.

Levies are payable by specific directly affected groups (usually producers and/or exporters and importers) in a specific industry. The point of levy collection is in most cases at the first point of sale. Therefore, the levy income is influenced by crop size and agricultural trade and, to some extent, the levy collection success rate.

The total funds collected through statutory levies by levy administrators in the 2019 survey amounted to approximately R641.2 million, which is 8.8% higher than the previous survey's reported levy income of approximately R589.2 million.

The 2019 survey shows that approximately R614.8 million was spent on industry functions – an increase of 4.0 % compared to the 2018 survey. Of the total expenditure, approximately 36.4% was spent on research, 12.3% on export promotion/market access, and 11.4% on information. Approximately 19.0% (R116.6 million) was spent on transformation projects. If the levy income collected specifically for deciduous fruit market development and the fruit fly control programme, which is not subjected to the condition of spending 20% on transformation, are excluded, 20.3% of total levies was spent on transformation. Furthermore, if the transformation funds allocated by the SA Cultivar and Technology Agency (SACTA) but not yet spent, is taken into account, the expenditure on transformation would have been 22.6% of total levy expenditure.

The NAMC's findings on the current status of statutory measures promulgated in terms of the MAP Act, as verified by the latest audited financial statements for each levy administrator, and the progress in the funding of transformation by the industries administering statutory levies, are hereby presented to the Minister.

## 2. BACKGROUND

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 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 of the MAP Act 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 statutory measures implemented in terms of the MAP Act.

The MAP Act states that a directly affected group means any group of persons, which is party to the production, sale, purchase, processing or consumption of an agricultural product and includes labour employed in the production or processing of such a product. The NAMC keeps a register that is *inter alia* being used to bring applications for statutory measures, (interventions in the agricultural sector in terms of the MAP Act) to the attention of directly affected groups and to invite such directly affected groups to lodge any objections or representations relating to such a request to the NAMC within a specified time. The viewpoints of directly affected groups are considered before the NAMC formulates its recommendations with regard to the establishment or amendment of statutory measures to the Minister.

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. Since 1997, 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 the NAMC could make a recommendation to the Minister to approve the relevant statutory measures.

The degree of support from directly affected groups will be tested, along with whether the statutory levy will finance a public good – that is, a good or service that is to the benefit of all role players.

Statutory measures are implemented for a specific 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, No. R. 215 of 16 March 2012, and No. R.46 of 31 January 2014.

The MAP Act stipulates that "any levies remaining in the possession of or under the control of any person or body after the period for which such levies were approved, shall be utilized in a manner determined by the Minister". In most cases, statutory levies are approved for a period of four years. During the past few years, the NAMC follows the guideline to recommend to the Minister that all surplus funds must be used for transformation activities, unless levy administrators can convince the NAMC to recommend otherwise.

## 2.1 STATUTORY MEASURES APPLICABLE

The following table summarises the statutory measures applicable in the specific agricultural sectors and the administrating bodies relevant in the 2019 survey:

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

Industry	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
<b>Citrus exported</b>	Citrus Growers' Association	√	√	√
<b>Cotton</b>	Cotton SA	√	√	√
<b>Dairy</b>	Milk SA	√	√	√
<b>Deciduous fruit</b>	HORTGRO	√	√	√
<b>Dried fruit</b>	Dried Fruit Technical Services	√	√	√
<b>Fynbos (proteas)</b>	Cape Flora SA	√	√	√
<b>Maize, Winter cereals, Sorghum and Oilseeds</b>	South African Grain Information Service		√	√
<b>Lucerne</b>	National Lucerne Trust	√	√	√
<b>Macadamias</b>	Southern African Macadamia Growers' Association	√	√	√
<b>Milk</b>	Milk Producers' Organisation		√	√
<b>Olives</b>	SA Olive	√	√	√
<b>Pecan nuts</b>	SA Pecan Producers' Association	√	√	√
<b>Pomegranates</b>	Pomegranate Association of South Africa	√	√	√
<b>Pork</b>	SA Pork Producers' Organisation	√	√	√
<b>Potatoes</b>	Potatoes SA	√	√	√
<b>Red meat</b>	Red Meat Levy Admin	√	√	√
<b>Table eggs</b>	SA Poultry Association	√	√	√
<b>Table grapes</b>	SA Table Grape Industry	√	√	√
<b>Wine</b>	SA Wine Information and Systems; Wine Industry Network of Expertise and Technology, Wines of South Africa and Wine Transformation Unit	√	√	√
<b>Winter cereals</b>	Winter Cereal Trust (general levies)	√		
	SA Cultivar and Technology Agency (SACTA)	√		
<b>Wool</b>	Cape Wools SA		√	√

This report further focusses only on statutory levies. Further details on registration, records and returns will follow in the next report on statutory measures.

The specific financial year reported on in this survey, as well as the levy terms applicable, are summarised as follows:

**TABLE 2: STATUTORY LEVIES REVIEWED – 2019 SURVEY**

Product	Administering body	Financial statements	Measure introduced	Measure lapses	Duration
<b>Citrus</b>	Citrus Growers' Association	Apr 2018 – Mar 2019	1 Jan 2017	31 Dec 2020	4 years
<b>Cotton lint</b>	Cotton SA	Apr 2017 – Mar 2018	1 Apr 2014	31 Mar 2018	4 years
<b>Dairy</b>	Milk SA	Jan 2018 – Dec 2019	1 Jan 2018	31 Dec 2022	4 years
<b>Deciduous fruit</b> <b>- Pome and stone fruit</b> <b>- Fruit fly Africa</b> <b>- Market development</b>	HORTGRO Fruit Fly Africa HORTGRO	Oct 2017 – Sep 2018 Jul 2017– Jun 2018 Oct 2017 – Sep 2018	6 Nov 2015 23 Sep 2016 6 Nov 2015	6 Nov 2019 23 Sep 2020 6 Nov 2019	4 years 4 years 4 years
<b>Dried fruit</b>	Dried Fruit Technical Services	Jan 2018– Dec 2018	28 Oct 2016	28 Oct 2020	4 years
<b>Fynbos (proteas)</b>	Cape Flore SA	Mar 2017– Feb 2018	29 Apr 2016	29 Apr 2020	4 years
<b>Lucerne</b>	National Lucerne Trust	Sep 2017– Aug 2018	14 Nov 2014	14 Nov 2018	4 years
<b>Macadamias</b>	Macadamias South Africa	Mar 2018 – Feb 19	15 Nov 2018	14 Nov 2022	4 years
<b>Olives</b>	SA Olive	Nov 2017 – Oct 2018	23 Sep 2016	23 Sep 2020	4 years
<b>Pecans</b>	SA Pecan Producers' Association	Mar 2018– Feb 2019	1 Mar 2016	1 Mar 2020	4 years
<b>Pomegranates</b>	Pomegranate Association of South Africa	Sep 2017– Aug 2018	1 Jan 2016	1 Jan 2020	4 years
<b>Pork</b>	SA Pork Producers' Organisation	Jan 2018 – Dec 2018	1 Nov 2016	31 Oct 2019	3 years
<b>Potatoes</b>	Potatoes SA	Jul 2017 – Jun 2018	1 Jul 2015	1 Jul 2019	4 years
<b>Red meat</b>	Red Meat Levy Admin	Mar 2017– Feb 2018	5 Nov 2014	4 Nov 2018	4 years
<b>Table eggs</b>	SA Poultry Association	Jul 2018 – Dec 2018	27 Jul 2018	31 Mar 2022	4 years
<b>Table grapes</b>	South African Table Grape Industry	Nov 2017 – Oct 2018	28 Oct 2016	28 Oct 2020	4 years
<b>Wine and grapes</b>	SAWIS, Winetech, WOSA and Transformation Unit	Jan 2018 – Dec 2018	1 Jan 2019	31 Dec 2023	4 years
<b>Winter cereals</b>	Winter Cereal Trust SACTA	Nov 2017 – Oct 2018 Mar 2018– Feb 2019	1 Oct 2016 1 Oct 2018	30 Sep 2020 30 Sep 2020	4 years 2 years

In the previous report, the sorghum levy was included for the last time as the levy term lapsed in February 2018, while new statutory levies on eggs are reported on for the first time in this report.



## 2.2 INDUSTRY INFORMATION

The following table contains information on total production by the industries concerned, indicating the developing farmers and BEE partnerships' share in production, as reported by the administrators of statutory levies.

TABLE 3: PRODUCTION INFORMATION

	2018 Survey			2019 Survey		
	Total production	Developing farmers and partnerships	% of total production	Total production	Developing farmers and partnerships	% of total production
Citrus (exported - tons)	1 845 000	-	-	2 000 000	-	-
Cotton lint (tons)	10 100	248	2.4	15 714	1 449	9.2
Dairy products (tons)	3 253 682	-	-	3 410 536	-	-
Deciduous fruit (tons)	1 034 275	445 092	43.0	983 607	423 941	43.1★
Dried fruit (wet tons)	299 466	14 973	5.0	32 729	3 927	12.0
Table eggs	-	-	-	-	-	-
Fynbos (proteas - stems)	21 267 850	1 701 428	8.0	22 373 613	1 789 889	8.0
Lucerne (tons)	279 550	-	-	410 459	-	-
Macadamias (tons)	44 610	100	0.2	-	-	-
Olives (tons)	16 920	508	3.0	12 259	368	3.0
Pecans (tons)	16 482	350	2.1	18 200	100	0.5
Pomegranates (tons)	5 776	58	1.0	4 538	100	2.2
Pork (tons)	219 626	9 240	4.2	244 159 680	10 831 483	4.4
Potatoes (tons)	2 152 505	9 205	0.4	2 467 635	7 635	0.3
Red meat (tons)	1 206 833	410 742	34.0	1 042 741	326 256	31.3
Table grapes (4.5kg cartons)	67 575 159	5 121 608	0.1	62 064 749	5 031 730	8.1
Wine (tons)	1 437 261	23 346	1.6	1 243 630	23 783	1.9
Winter cereal (tons)	2 018 342	26 359	1.3	2 001 849	26 861	1.3

★ 9% of production is by 100% black ownership farms while 34% is from BEE partnerships (of which 20% is black farmer production), and 57% of total production is from white commercial farmers.

It seems that some industries made good progress with transformation. For example, the deciduous fruit industry reported that 43.1% of total production was produced by black farmers and BEE partnerships. An increase in production by developing farmers and partnerships increased in the cotton, dried fruit and table grape industries.

It should be borne in mind that these figures are in some cases estimated by administrators and cannot be verified. It also represents production volumes that reached the formal market and informal trade and subsistence farming in these industries are excluded.

The following information contains the number of producers in the industries concerned, that was also obtained from the administrators of statutory measures:

**TABLE 4: PRODUCER INFORMATION**

	2018 Survey			2019 Survey		
	Total number of producers	Developing farmers and partnerships	% of total	Total number of producers	Developing farmers and partnerships	% of total
<b>Citrus</b>	1 000	-	-	1 200	-	-
<b>Cotton lint</b>	1 220	1 080	88.5	1 569	1 438	91.6
<b>Dairy products</b>	1 486	8	0.5	1 253	8	0.6
<b>Deciduous fruit</b>	1 172	102	8.7	1 157	55	4.7
<b>Dried fruit</b>	1 027	249	24.2	124	18	4.5
<b>Fynbos</b>	67	3	4.5	80	4	5.0
<b>Lucerne</b>	303	40	13.2	263	-	-
<b>Macadamias</b>	700	100	14.3	-	-	-
<b>Olives</b>	150	4	2.7	174	4	2.3
<b>Pecans</b>	723	63	8.7	720	60	8.3
<b>Pomegranates</b>	138	2	1.6	58	1	1.7
<b>Pork</b>	1 990	1 800	90.5	532	400	75.2
<b>Potatoes</b>	552	20	3.6	538	21	3.9
<b>Red meat</b>	1 232 000	1 207 000	98.0	285 000	257 000	90.2
<b>Table eggs</b>	-	-	-	-	-	-
<b>Table grapes</b>	373	31	8.3	573	34	5.9
<b>Wine</b>	3 029	70	2.3	2 873	69	2.4
<b>Winter cereal</b>	2 325	225	9.7	2 325	225	9.7

Administrators of statutory measures stated in many instances that the information is not available. Most administrators only have information on the developing farmers that are included in their specific transformation projects. The NAMC will keep on encouraging administrators to obtain as much information as possible in order to promote, monitor and evaluate the progress with transformation in the agricultural sector.

It is evident that although there are many developing farmers and BEE partnerships in certain industries such as the cotton, pork and red meat industries, production lacks far behind compared to commercial farming due to poorer farming conditions and practises, and various other problems.

### 3. STATUTORY LEVIES

#### 3.1 TOTAL LEVY INCOME

The total funds collected through statutory levies reported in the 2019 survey amounted to approximately R641.2 million, which is 8.8% higher than the 2018 survey's reported R589.2 million.

TABLE 5: TOTAL STATUTORY LEVY INCOME – 2019 SURVEY

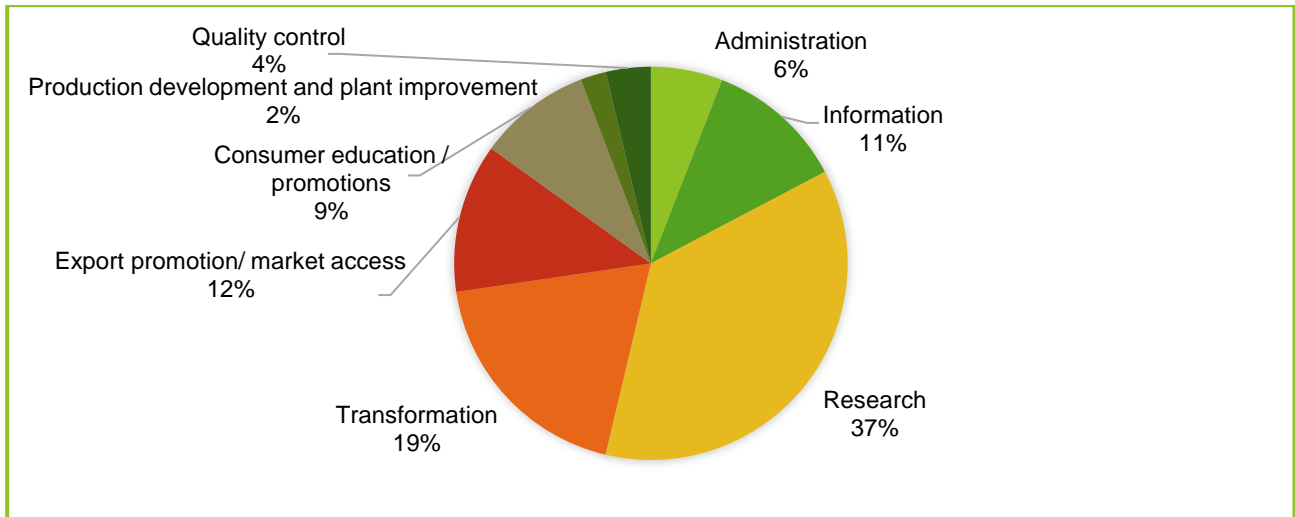
Product	Levy income	Total value of product at the first point of sale	Levy income as a percentage of the value of the product
	R	R	%
<b>Citrus (exported)</b>	91 640 398	19 376 552 000	0,5%
<b>Cotton lint</b>	4 164 108	371 000 000	1,1%
<b>Dairy products</b>	51 914 430	11 596 262 000	0,4%
<b>Deciduous Fruit</b>	99 017 989	7 038 336 823	1,4%
<b>***Pome and stone</b>	53 451 543		
<b>***Fruit Fly Africa</b>	23 450 390		
<b>***Market Access</b>	22 116 056		
<b>Dried fruit</b>	8 180 196	1 394 061 000	0,6%
<b>Fynbos (proteas)</b>	652 150	116 610 208	0,6%
<b>Lucerne</b>	2 426 993	937 728 800	0,3%
<b>Macadamias</b>	12 100 933	3 270 000 000	0,4%
<b>Olives</b>	1 868 817	66 742 290	2,8%
<b>Pecan nuts</b>	5 463 805	1 180 000 000	0,5%
<b>Pomegranates</b>	535 967	97 045 952	0,6%
<b>Pork</b>	32 071 988	5 981 912 160	0,5%
<b>Potatoes</b>	47 794 381	10 200 000 000	0,5%
<b>Red meat</b>	46 101 020	28 130 000 000	0,2%
<b>Table eggs</b>	2 527 087	7 400 000 000	0,0%
<b>Table grapes</b>	26 667 695	5 000 000 000	0,5%
<b>Wine</b>	106 066 477	6 298 000 000	1,7%
<b>Winter cereal (general)</b>	36 345 787	7 029 110 949	0,5%
<b>Winter cereal (SACTA)</b>	65 661 893	7 029 110 949	0,9%
<b>TOTAL</b>	<b>641 202 114</b>	<b>122 512 473 131</b>	<b>0,5%</b>

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 2019 survey, the total levy income as a percentage of the value of agricultural products at the first point of sale is approximately 0.5%.

### 3.2 TOTAL LEVY EXPENDITURE

The 2019 survey shows that approximately R614.8 million was spent on industry functions – an increase of 4.0% compared to the 2018 survey. Of the total expenditure, approximately 36.4% was spent on research, 19.0% on transformation projects, 12.3% on export promotion/market access, and 11.4% on information. These percentages were almost the same as in the previous survey.

**FIGURE 1: ALLOCATION TO SPECIFIC FUNCTIONS – 2019 SURVEY**



**TABLE 6: ALLOCATION OF LEVY EXPENDITURE – 2019 SURVEY**

Functions	2016 survey	2017 survey	2018 survey	2019 survey	2019
	R	R	R	R	%
<b>Administration</b>	26 846 253	30 720 833	35 555 179	36 302 695	5,9
<b>Information</b>	33 507 938	52 100 101	60 641 637	70 021 940	11,4
<b>Research</b>	176 362 303	181 455 248	215 400 274	223 900 766	36,4
<b>Transformation</b>	88 846 024	94 100 152	113 382 930	116 601 648	19,0
<b>Export promotion/ market access</b>	81 121 908	63 457 305	72 274 642	75 319 655	12,3
<b>Consumer education / promotion</b>	52 102 231	49 646 329	53 235 633	57 045 906	9,3
<b>Production development</b>	8 146 266	10 385 802	16 450 062	9 633 739	1,6
<b>Plant improvement</b>	5 712 346	5 832 081	3 713 823	3 293 961	0,5
<b>Quality control</b>	16 994 722	17 365 018	20 261 675	22 692 905	3,7
<b>TOTAL</b>	<b>489 639 991</b>	<b>505 062 869</b>	<b>590 915 855</b>	<b>614 813 215</b>	<b>100</b>

Further details on the levy expenditure per industry and per function are provided in Table 7 on the next page.

TABLE 7: LEVY ALLOCATIONS TO FUNCTIONS, PER INDUSTRY AND IN TOTAL- 2019 SURVEY

	Administration	Information	Research/cultivar development	Transformation	Export promotion / market access	Consumer education / promotion	Production development	Plant improvement	Quality control	Total per industry and % of total
	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure
<b>Citrus exported</b>	4 221 635	5 552 114	49 004 557	17 940 785	10 348 574					<b>87 067 665</b>
<i>% of total expenditure</i>	4,8%	6,4%	56,3%	20,6%	11,9%					100,0%
<b>Cotton</b>	122 195	7 222 497	700 000	546 965		689 532			477 064	<b>9 758 253</b>
	1,3%	74,0%	7,2%	5,6%		7,1%			4,9%	100,0%
<b>Dairy</b>	4 817 755	4 288 106	2 835 465	9 896 098		16 632 266			8 163 151	<b>46 632 841</b>
	10,3%	9,2%	6,1%	21,2%		35,7%			17,5%	100,0%
<b>Deciduous fruit</b>	4 376 152	4 903 042	61 939 835	11 499 575	18 819 892	1 418 698		3 293 961		<b>106 251 155</b>
	4,1%	4,6%	58,3%	10,8%	17,7%	1,3%		3,1%		100,0%
<b>***Pome / stone fruit</b>	4 376 152	4 903 042	37 599 919	11 375 355	3 144 587			3 293 961		<b>64 693 016</b>
	6,8%	7,6%	58,1%	17,6%	4,9%			5,1%		100,0%
<b>***Fruit Fly Africa</b>			24 339 916	124 220						<b>24 464 136</b>
			99,5%	0,5%						100,0%
<b>***Market Access</b>					15 675 305	1 418 698				<b>17 094 003</b>
					91,7%	8,3%				100,0%
<b>Dried fruit</b>	751 219	1 477 531	3 601 041	1 357 076	1 087 536					<b>8 274 403</b>
	9,1%	17,9%	43,5%	16,4%	13,1%					100,0%
<b>Fynbos (proteas)</b>	93 936	80 754	238 705	187 623	6 538					<b>607 556</b>
	15,5%	13,3%	39,3%	30,9%	1,1%					100,0%
<b>Lucerne</b>	212 890	674 766	1 193 701	160 774						<b>2 242 131</b>
	9,5%	30,1%	53,2%	7,2%						100,0%
<b>Macadamias</b>	1 372 701	4 875 280	1 775 348	4 929 375	895 652					<b>13 848 356</b>
	9,9%	35,2%	12,8%	35,6%	6,5%					100,0%
<b>Olives</b>	137 400	137 400	255 286	383 754		871 113				<b>1 784 953</b>
	7,7%	7,7%	14,3%	21,5%		48,8%				100,0%

	Administration	Information	Research/cultivar development	Transformation	Export promotion / market access	Consumer education / promotion	Production development	Plant improvement	Quality control	Total per industry and % of total
	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure	Rand and % of total expenditure
<b>Pecan nuts</b>	369 241	1 037 900	2 470 091	1 219 242			263 269			<b>5 359 743</b>
	6,9%	19,4%	46,1%	22,7%			4,9%			100,0%
<b>Pomegranates</b>	49 006	25 786	176 358	21 853		26 974				<b>299 977</b>
	16,3%	8,6%	58,8%	7,3%		9,0%				100,0%
<b>Pork</b>	1 489 974	3 663 276	732 635	8 388 558		14 529 140	4 052 018		2 879 596	<b>35 735 197</b>
	4,2%	10,3%	2,1%	23,5%		40,7%	11,3%		8,1%	100,0%
<b>Potato</b>	3 697 477	8 463 736	10 725 506	9 165 173		10 601 566				<b>42 653 458</b>
	8,7%	19,8%	25,1%	21,5%		24,9%				100,0%
<b>Red meat</b>	3 863 213	1 876 683	5 460 975	9 299 822		11 367 733	5 318 452		8 580 909	<b>45 767 787</b>
	8,4%	4,1%	11,9%	20,3%		24,8%	11,6%		18,7%	100,0%
<b>Table eggs</b>		764 722	68 509	282 610		908 884				<b>2 024 725</b>
		37,8%	3,4%	14,0%		44,9%				100,0%
<b>Table grapes</b>	2 660 624	6 269 888	9 412 569	5 936 751	4 847 133				2 592 185	<b>31 719 150</b>
	8,4%	19,8%	29,7%	18,7%	15,3%				8,2%	100,0%
<b>Wine and grapes</b>	1 995 225	15 358 423	13 764 990	26 664 660	39 314 330					<b>97 097 628</b>
	2,1%	15,8%	14,2%	27,5%	40,5%					100,0%
<b>Winter Cereal (general)</b>	3 883 387	3 350 036	18 910 925	8 160 954						<b>34 305 302</b>
	11,3%	9,8%	55,1%	23,8%						100,0%
<b>Winter cereal (SACTA)</b>	2 188 665		40 634 270	560 000						<b>43 382 935</b>
	5,0%		93,7%	1,3%						100,0%
<b>Total</b>	<b>36 302 695</b>	<b>70 021 940</b>	<b>223 900 766</b>	<b>116 601 648</b>	<b>75 319 655</b>	<b>57 045 906</b>	<b>9 633 739</b>	<b>3 293 961</b>	<b>22 692 905</b>	<b>614 813 215</b>
<b>% spent on function</b>	5,9%	11,4%	36,4%	19,0%	12,3%	9,3%	1,6%	0,5%	3,7%	100,0%

**TABLE 8: COMPARISON BETWEEN INCOME AND EXPENDITURE**

Industry	Levy income	Levy expenditure	Surplus/deficit
	R	R	R
<b>Citrus (exported)</b>	91 640 398	87 067 665	4 572 733
<b>Cotton lint</b>	4 164 108	9 758 253	-5 594 145
<b>Dairy products</b>	51 914 430	46 632 841	5 281 589
<b>Deciduous fruit</b>	99 017 989	106 251 155	-7 233 166
<b>***Pome and stone</b>	53 451 543	64 693 016	-11 241 473
<b>***Fruit Fly Africa</b>	23 450 390	24 464 136	-1 013 746
<b>***Market Development</b>	22 116 056	17 094 003	5 022 053
<b>Dried fruit</b>	8 180 196	8 274 403	-94 207
<b>Fynbos (proteas)</b>	652 150	607 556	44 594
<b>Lucerne</b>	2 426 993	2 242 131	184 862
<b>Macadamias</b>	12 100 933	13 848 356	-1 747 423
<b>Olives</b>	1 868 817	1 784 953	83 864
<b>Pecan nuts</b>	5 463 805	5 359 743	104 062
<b>Pomegranates</b>	535 967	299 977	235 990
<b>Pork</b>	32 071 988	35 735 197	-3 663 209
<b>Potatoes</b>	47 794 381	42 653 458	5 140 923
<b>Red meat</b>	46 101 020	45 767 787	333 233
<b>Table eggs</b>	2 527 087	2 024 725	502 362
<b>Table grapes</b>	26 667 695	31 719 150	-5 051 455
<b>Wine</b>	106 066 477	97 097 628	8 968 849
<b>Winter cereal (general)</b>	36 345 787	34 305 302	-5 051 455
<b>Winter cereal (SACTA)</b>	65 661 893	43 382 935	22 278 958
<b>TOTAL</b>	<b>641 202 114</b>	<b>614 813 215</b>	<b>19 296 959</b>

In the cotton industry, statutory levy income forms only a small part of total income and the expenditure exceeding levy income was funded by other income. The winter cereal SACTA surplus levy funds can be attributed to funds allocated to transformation that will be spent in the next financial year, due to difficulties in finalising the transformation business plans.

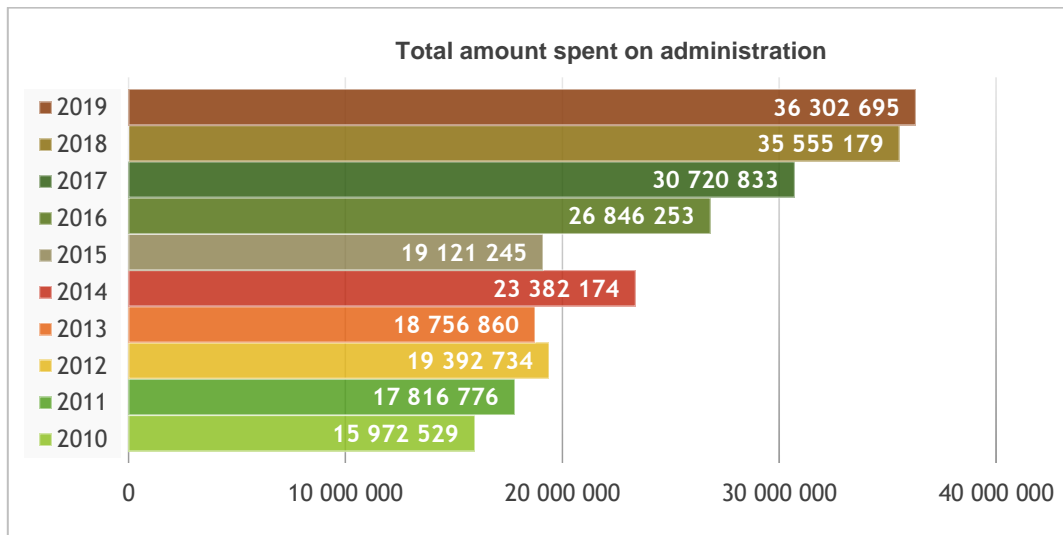
### 3.3 TRENDS IN EXPENDITURE ON SPECIFIC FUNCTIONS

The pages that follow contain an evaluation of the total spending on generic functions for the past ten years.

#### Administration:

The NAMC's guidelines on the utilisation of levy funds stipulate that not more than 10% of levies collected should be used for administrative purposes. The 2019 survey shows an average of approximately **5.9% (R36.3 million)** of levies collected was spent on administration costs, which is well below the guideline of 10%. Audit fees are one of the major components of administration costs. The figure below indicates the total expenditure on administration for the past 10 years:

**FIGURE 2: LEVY FUNDS SPENT ON ADMINISTRATION FOR THE PAST 10 YEARS**

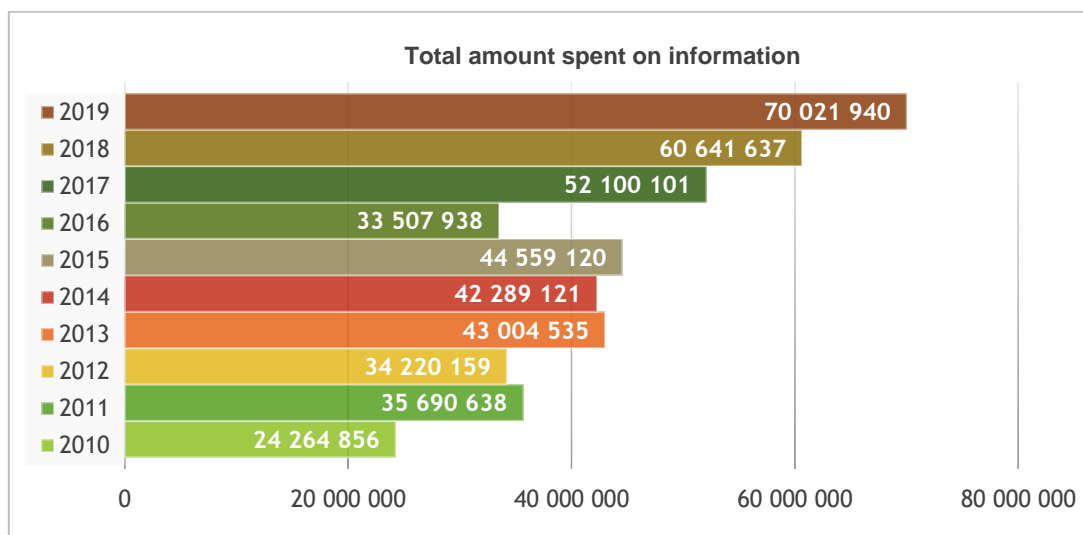


As can be seen on Table 7, a number of commodity organisations (fynbos and pomegranates) are struggling to meet the 10% guideline that not more than 10% of statutory levy income should be used for administrative expenditure. The NAMC will meet with these industries in the near future to rectify this situation.

**Information:**

For the past ten years, the levy expenditure on information more than doubled. For the 2019 survey, approximately **11.4% (R70.0 million)** of total levy expenditure was allocated to the information function. The cotton, lucerne and macadamia industries spent the most on information and industry liaison.

**FIGURE 3: LEVY FUNDS SPENT ON INFORMATION FOR THE PAST 10 YEARS**

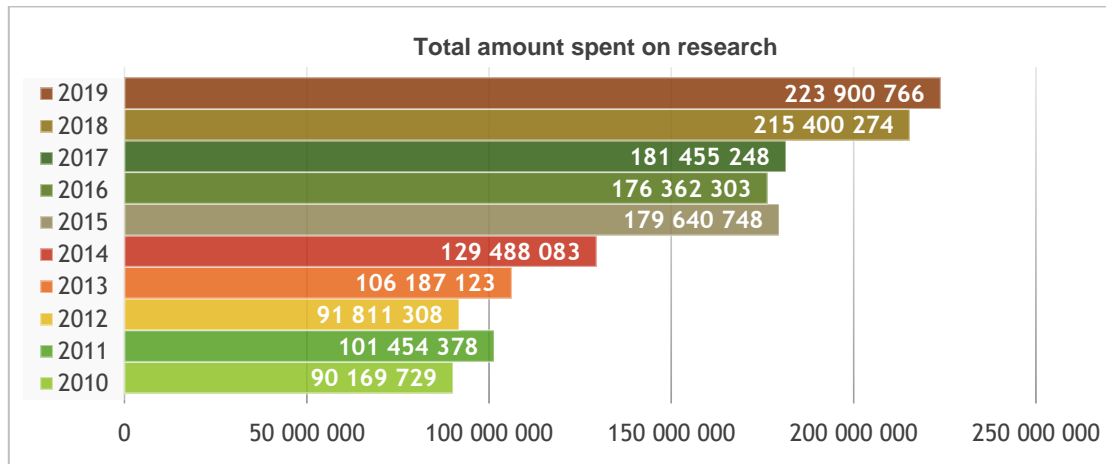




## Research:

Research is the generic function that receives the largest proportion of total statutory levies. A steady increase in levies spent on research is evident over the past ten years, as indicated in Figure 4. The 2019 survey shows that approximately **36.4% (or R223.9 million)** of total levy expenditure was allocated to the research function.

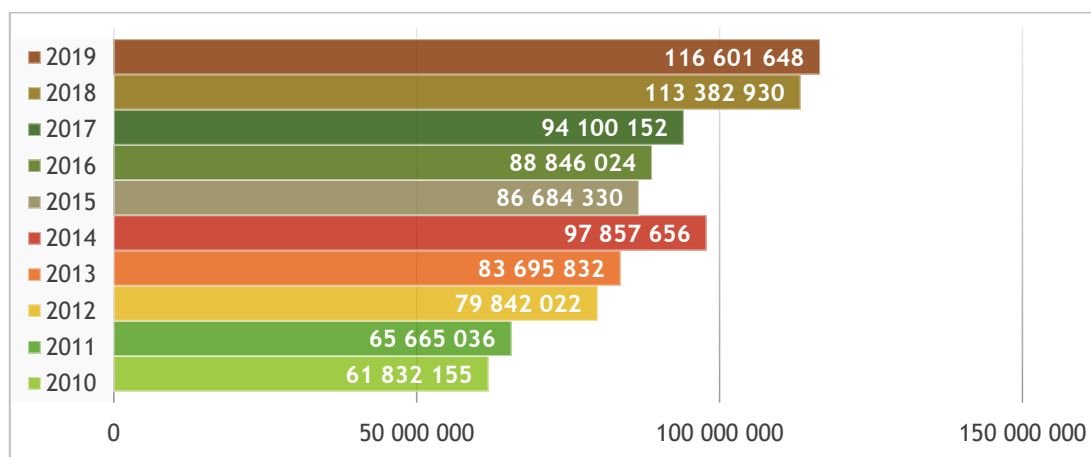
**FIGURE 4: LEVY FUNDS SPENT ON RESEARCH FOR THE PAST 10 YEARS**



## Transformation:

According to the 2019 survey, approximately **19.0% (R116.6 million)** was spent on transformation projects, compared to R113.4 million reported in the previous survey, an increase of 2.8%. It should be noted that the levy income of R22.1 million collected specifically for deciduous fruit market development and R23.4 million for the fruit fly control programme, is not subjected to the condition of spending 20% on transformation. If these are excluded, 20.3% of total levies are spent on transformation. If the transformation funds allocated by SACTA of approximately R13 million is taken into account, the expenditure on transformation could have been 22.6% of total levy expenditure.

**FIGURE 5: LEVY FUNDS SPENT ON TRANSFORMATION FOR THE PAST 10 YEARS**

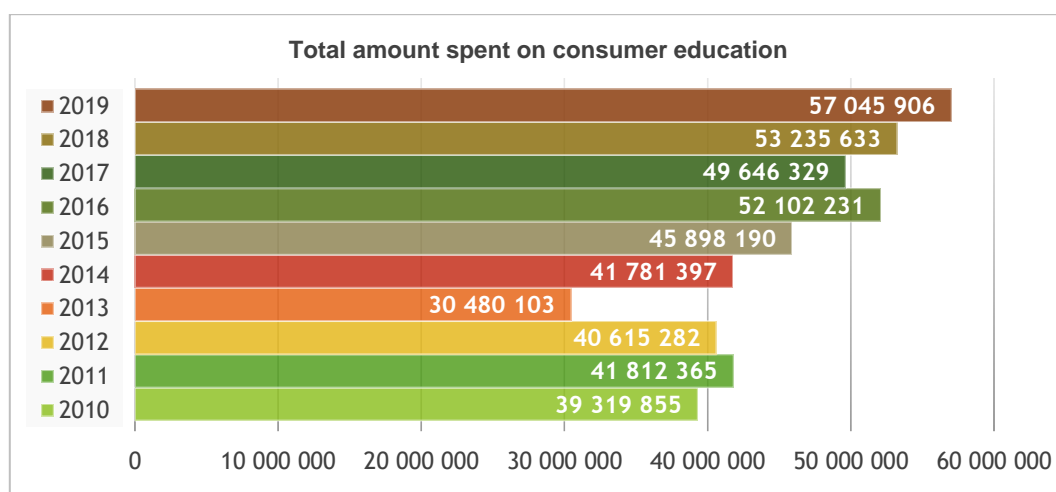


The wine industry was the biggest contributor to transformation (R26.7 million), followed by the citrus industry that spent R17.9 million on transformation.

### Consumer education / local promotions:

As per the 2019 survey, approximately **9.3% (R57.0 million)** of total levy expenditure was spent on consumer education / promotions, compared to the R53.2 million reported in the previous survey. The figure below shows the total expenditure on this function over the past 10 years.

**FIGURE 6: LEVY FUNDS SPENT ON CONSUMER EDUCATION / LOCAL PROMOTIONS FOR THE PAST 10 YEARS**

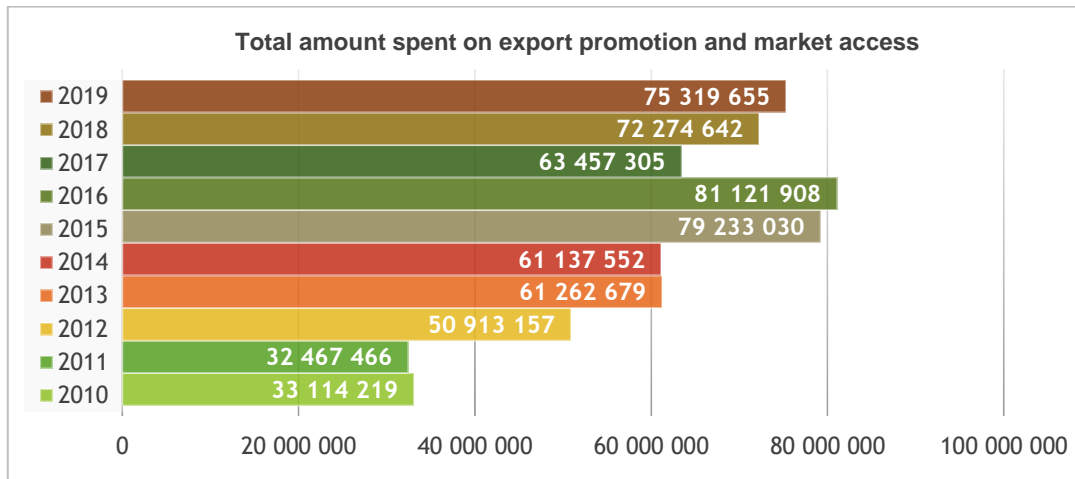


It is mainly the livestock industries which are strongly of the opinion that a major part of statutory levies must be allocated to consumer education / local promotions. The dairy industry allocated 35.7% of levy funds towards this function, while the pork and red meat industries respectively allocated 40.7% and 24.8% of levy funds towards consumer education and local promotions to market their produce. The cotton, potato and olive industries also allocate a percentage of statutory funds towards this function.

### Export promotion and market access:

The 2019 survey indicated that approximately **12.3% (R75.3 million)** of total levy expenditure was allocated to export promotion and market access, compared to the approximately R72.3 million reported in the 2018 survey. The horticultural industries, namely the citrus, deciduous fruit, table grape and wine industries, spent a major portion of their statutory funds on export promotion activities.

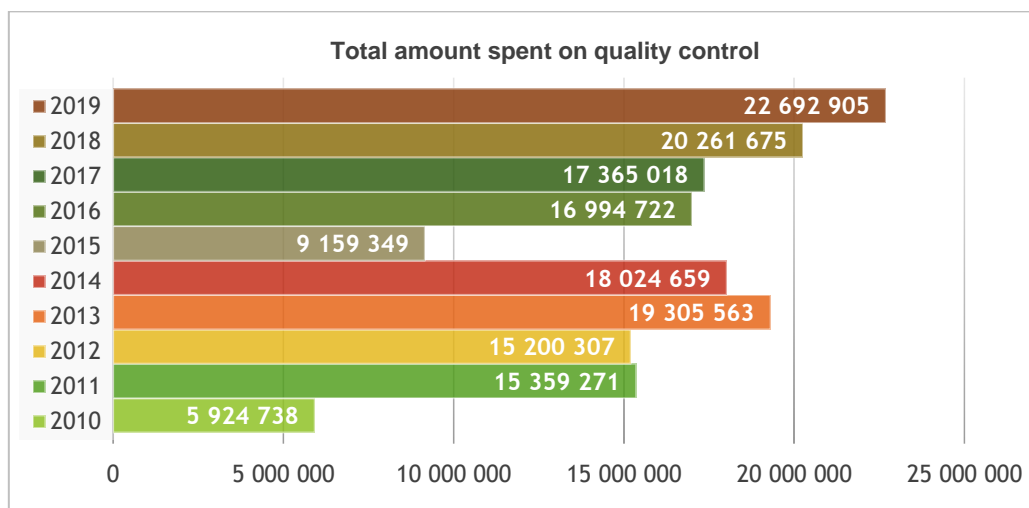
**FIGURE 7: LEVY FUNDS SPENT ON EXPORT PROMOTION / MARKET ACCESS FOR THE PAST 10 YEARS**



**Quality control:**

The function of quality control is mainly undertaken by the cotton, dairy, pork and red meat industries, with the objective of ensuring that consumers have peace of mind when using these products. An amount of **R22.7 million (3.7% of total levy expenditure)** was spent on quality control.

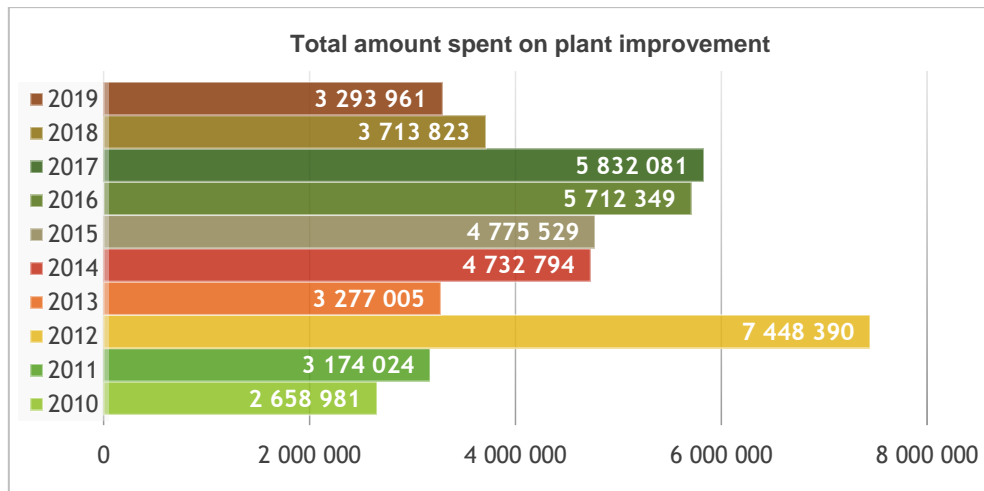
**FIGURE 8: LEVY FUNDS SPENT ON QUALITY CONTROL FOR THE PAST 10 YEARS**



### Plant improvement:

The deciduous fruit industry spent approximately **R3.3 million (0.5% of total levy expenditure)** on plant improvement.

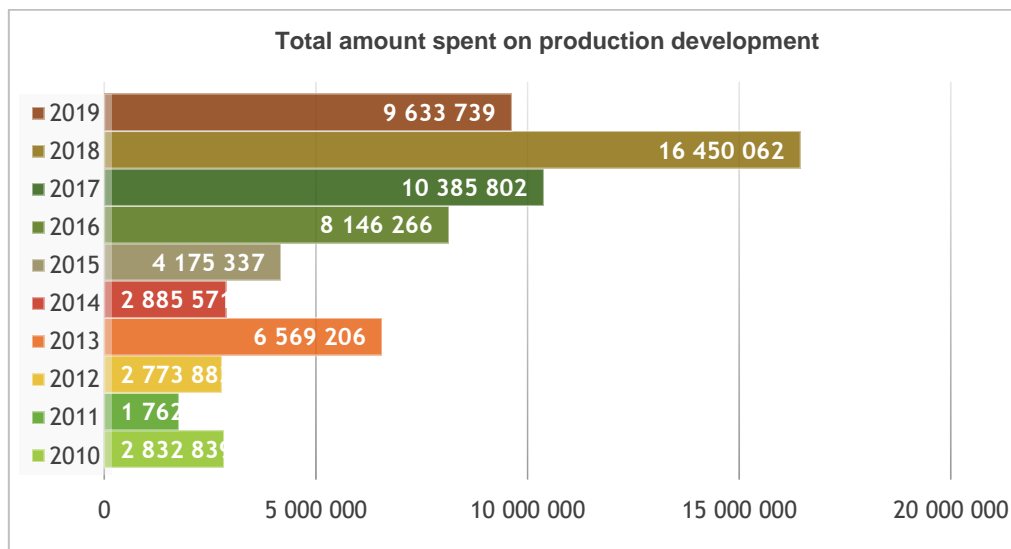
FIGURE 9: LEVY FUNDS SPENT ON PLANT IMPROVEMENT FOR THE PAST 10 YEARS



### Production development

Although only a small percentage of statutory levy expenditure was allocated to production development, the pecan nut, pork and red meat industries spent **R9.6 million (1.6% of total levy expenditure)** on production development.

FIGURE 10: LEVY FUNDS SPENT ON PRODUCTION DEVELOPMENT FOR THE PAST 10 YEARS



## 4. TRANSFORMATION

### 4.1 NAMC TRANSFORMATION GUIDELINES

On 10 April 2018, the NAMC held a Workshop with industry representatives and representatives of the then Department of Agriculture, Forestry and Fisheries (DAFF) after which the following Transformation Guidelines were adopted:

Pillar	Activities	%
<b>Enterprise Development</b>	<ul style="list-style-type: none"> <li>• Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs.</li> <li>• For field crops and horticultural products, the industry shall fund with soil preparation services.</li> <li>• For livestock, the industry shall fund the purchase of vaccination, dosage programmes and veterinary services</li> <li>• Fund the cost of accreditation, various legal and professional services (such as Siza or HACCP).</li> <li>• The industry shall assist farmers to access the market including the facilitation of supply agreements or purchase contracts.</li> <li>• The industry shall fund the development of business plans.</li> <li>• The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others).</li> <li>• Assist in ensuring that appropriate agricultural infrastructure, machinery and equipment are in place and good condition (e.g. Electricity and water, bio-security measures, etc.).</li> <li>• The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses</li> </ul>	60%
<b>Skills Development</b>	<ul style="list-style-type: none"> <li>• The industry shall fund training and mentoring farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, mechanics and supervisors to develop capabilities to better manage their farm and agribusinesses.</li> <li>• Training shall be provided by SETA- Accredited skills developers in terms of the AgriBEE Charter</li> <li>• To ensure these capabilities in future to manage farm and agribusinesses the industry shall fund bursaries for black people to develop such capabilities</li> </ul>	18%
<b>Management Control</b>	The industry shall fund the position of transformation manager. Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.	17%
<b>Ownership</b>	The industry themselves or using funding alternatives shall or can purchase equity in existing enterprises for Black Designated Groups.	5%
<b>Socio Economic Development</b>	Industries are encouraged to do activities that contribute positively to the quality of life of workers and their communities.	

The NAMC held an Agricultural Industry Transformation Workshop on 8 February 2019 at the Southern Sun Hotel, OR Tambo. Industries were represented by Trust administrators and levy administrators, Agri SA, NAMC, the then Department of Agriculture, Forestry and Fisheries and Deputy Minister. Dr M Mokoena, Director: BBBEE Charters Compliance, gave an overview of what the expectations are on Transformation. The legislation and development of the BEE charter codes and purpose thereof were explained and how industries should comply.

Ms K Mosoma, Senior Manager: Agribusiness Development of the NAMC presented an overview of the NAMC's Transformation Guidelines and what the NAMC's purpose and activities are to promote and develop transformation. Dr Mazibuko, Senior Economist: Statutory Measures, NAMC, gave an informative presentation on site visits to transformation projects funded by statutory levies, as part of the TRC's monitoring and evaluation of transformation efforts by the various industries. Challenges experienced and success stories were shared as well.

The Deputy Chairperson of the NAMC, Mr H Prinsloo, gave an overview of the other 80% of levy income used to fund important industry functions. The Workshop was well attended and all were positive about funding and implementing transformation in the agricultural industry.

## **4.2 TRANSFORMATION REVIEW COMMITTEE (TRC)**

Statutory levy administrators are required to spend a minimum of 20% of the levy income on transformation activities, although the activities are varying per different industry commodities. Each time the industry applies for the continuation or establishment of statutory measure, the TRC assess the business plans relating to transformation. "Business plan" means a detailed and systemic formulation of a programme of action with specific objectives or deliverables, time-frames and a budget. Also, on an annual basis, levy administrators/ industries submit their annual business plan regarding their transformation activities envisaged for that financial year.

The NAMC transformation guidelines focuses mainly on the transformation expenditure of 20% of the total levy income, which is meant for the support of black farmers in the specific industry. During the 2018/19 financial year, seven (7) transformation business plan proposals were received and reviewed by the TRC, namely –

- Milk SA;
- National Lucerne Trust (NLT);
- Macadamia South Africa (SAMAC NPC);
- Potatoes SA;
- Red Meat Industry (RMIF);
- Wine Industry; and
- Winter Cereal Trust & SACTA.

Section 4 of the NAMC guideline of transformation as amended in 2018 indicate that at any given time of the year, the NAMC undertakes farm and enterprise visits. This is part of the

monitoring and evaluation of the transformation activities implemented by the industry. In the 2018/19 financial year, the TRC has conducted farm and enterprise visits in seven (7) industry commodities, namely-

- National Lucerne Trust (NLT) transformation projects

A total of sixteen projects were visited on 3 and 4 April 2018 in Taung, North West Province. These projects focus on the cultivation and utilisation of lucerne hay as well as marketing and extension services. Noteworthy is that the total land distributed to these projects amounts to 450 hectares. They vary in their existence from 1 to 6 years. On an annual basis, the projects cuts about 6 times, with an average price of R 2 100 per ton produced and sold to Lucerne feeds, in Taung. The NLT is looking for expansion of these projects by acquiring another additional land of 600 ha from the Traditional Authority of Itereleng area.

- Macadamia South Africa (SAMAC) transformation project

On 11 July 2018, the TRC visited Emkhayidein Macadamia Nut Cooperative which is located in Richards's Bay, under Mhlathuze Local Municipality of Uthungulu District, KwaZulu Natal Province. Emkhayidein Cooperative is owned by 9 members, of which seven are youth (at the age less than 35 Years) and elderly females. Emkhayidein Cooperative is operating at a land which they obtained through lease agreement for a period of 45 years. The land is owned by the church "Shembe" which gave title deed to the Cooperative. The total area of land granted to the Co-op amounts to 52 hectares and only 5 hectares is under plantation of macadamias trees. SAMAC assisted the project with enterprise development activities such as bush clearing & land preparation; provision of trees; chemical for pest management; and short course training. The project has about 47 ha for expansion. However, the project is still at an early stage and it requires financial support to run the basic operations of the farm such as pest management control and improving security.

- Citrus Industry transformation project

The Citrus Grower Association Development Company (CGADC) is the recipient of 20% of statutory levy income from the Citrus Grower Association (CGA) to implement transformation within the citrus industry. CGADC has been assisting smallholder farmers with technical support, extension services and facilitating government liaison with a plan to fund the enterprise development. On 2 And 6 September 2018, two projects were visited:

**Mabunda Citrus Farm:** The farm is situated at Limpopo Province at Xitlakati village near Tzaneen. The farm was established in 1998 with 300 ha communal land. Out of that 300 ha, 203 ha is under full production of Valencia and Starr ruby grapefruit and 21 ha planted lemons. The farm is export orientated and 1 527 000 cartons citrus was exported in 2017 which was higher than the export volume exported (600 000 cartons) in 2016.

**Maqoma Farm "Gonzama":** Maqoma farm is located in the Eastern Cape Province in the Raymond Mhlaba Local Municipality. The land was acquired by lease agreement form of land ownership with an option to purchase. The farm size is 52 ha of which 30

ha is under citrus production. The farm produced approximately 520 tons in the 2017/18 season of which 50% was exported.

- Deciduous Fruit Industry transformation projects

On 27 and 28 September 2018, the NAMC along with Hortgro and the Deciduous Fruit Development Chamber (DFDC) who are the custodians of transformation initiatives in the deciduous fruit industry, visited seven (7) transformation projects. Most of them acquired land through the Proactive Land Acquisition Strategy (PLAS) programme. These projects market their produce (nectarines, apples and pears) locally (e.g. local fresh produce market, institutional markets such as hospitals and schools and international markets).

Apart from the 20% statutory levy funds, Hortgro managed to obtain additional funds such as the job fund which is adding value to transformation within the deciduous fruit industry. The following are the activities funded under transformation programmes amongst the previously disadvantaged black farmers, namely

- Assisting farmers with infrastructure development (e.g. construction of loading area, boreholes, upgrading of feeder dam and irrigation pipeline);
- Assisting farmers with implements (e.g. tractor); and
- Assisting farmers with production inputs (e.g. chemicals, and trees)

Important is to note that these projects create about 300 seasonal jobs. There is no doubt that transformation on these farms will increase the number of jobs created both seasonal and permanent.

- Wine industry

On 3 and 4 December 2019, six transformation projects within the wine industry were visited in their operational units. The visits afford the NAMC team an opportunity to see what is going on and engage the industry on what has to be aligned to ensure proper transformation as per the objective of redressing the past imbalances. It is important to note that enterprise development in the wine industry is unique and encompasses the wine brands and developments of vineyards on the farms. A report by Vinpro indicated that 24 of the 59 existing wine brands has been supported to date. There are many challenges faced by the brands in the industry and one intervention that needs to be considered by the Transformation Unit is to develop one or two wine sellers that will supply the wines to the brands.

- Potato Industry

On 9 to 11 October 2018, five (5) transformation projects within the potato industry supported by both the Potato Industry Development Trust (PIDT) funds, as well as 20% statutory levy funds, were visited:

Mr Erence Pooko: Farming under 10 ha communal land, he produced 32 tons/ha of potatoes. He markets his potatoes mainly to Mozambique as well as in the local markets.



Mr Enos Mahwai: Producing about 41 tons/ ha on average, his potatoes are traded mainly to Mozambique. He plans to include selling his potatoes on the local Fresh Produce Markets.

Mr Aldrin Lawrence: Producing on average 61 tons/ha, his potatoes are traded on the fresh produce markets in different regions such as Johannesburg, Tshwane, Durban and Welkom.

Mr Phophi Raletjena: He has 271 ha under production and produced 52 tons/ha. His potatoes are traded mainly in Mozambique, and he plans to also sell his produce at the Johannesburg and Tshwane Fresh Produce Markets.

Mr Aubrey Ratjomane: He has 15 ha under production and his potatoes are traded on the Johannesburg and Tshwane Fresh Produce Markets.

Potatoes SA together with PIDT assisted the above-mentioned farmers with the enterprise development activities such as seeds provision and mentorship. However, most of these farmers still need to be trained on agro processing activities, in particular, product handling, washing and packaging, which are important element for business compliance.

- Pecan nut industry  
A pecan nut industry transformation project was visited on the 13th of March 2019. The farm is situated in the Rayton area, Tshwane District, Gauteng Province. To date, SAPPA has assisted the farm with activities such as bush clearance; soil preparation; purchasing and supplying of the pecan trees (48 trees at a cost of R200- R300 per unit tree); planting of the trees; and the installation of an irrigation system.

### 4.3 TRANSFORMATION FUNDED FROM LEVY INCOME

As levy administrators should spend at least 20% of statutory levy income on transformation projects, the NAMC annually review how this goal was achieved. Although all the functions funded by levies are calculated throughout this document as a percentage of total expenditure, this **part focuses on transformation expenditure as percentage of levy income**. The next table indicates the total levy income, transformation expenditure, the transformation expenditure as a percentage of levy income and total levy expenditure.

**TABLE 9: TRANSFORMATION EXPENDITURE AS A PERCENTAGE OF LEVY INCOME**

Industry	Levy income	Transformation	Transformation as % of levy income	Total expenditure
	R	R		R
Citrus (exported)	91 640 398	17 940 785	19,6%	87 067 665
Cotton lint	4 164 108	546 965	13,1%	9 758 253
Dairy products	51 914 430	9 896 098	19,1%	46 632 841
Deciduous fruit	99 017 989	11 499 575		106 251 155
Pome and stone	53 451 543	11 375 355	21,3%	64 693 016
***Fruit Fly Africa	23 450 390	124 220	0,5%	24 464 136
***Market Access	22 116 056	0		17 094 003
Dried fruit	8 180 196	1 357 076	16,6%	8 274 403
Fynbos (proteas)	652 150	187 623	28,8%	607 556
Lucerne	2 426 993	160 774	6,6%	2 242 131
Macadamias	12 100 933	4 929 375	40,7%	13 848 356
Olives	1 868 817	383 754	20,5%	1 784 953
Pecan nuts	5 463 805	1 219 242	22,3%	5 359 743
Pomegranates	535 967	21 853	4,1%	299 977
Pork	32 071 988	8 388 558	26,2%	35 735 197
Potatoes	47 794 381	9 165 173	19,2%	42 653 458
Red meat	46 101 020	9 299 822	20,2%	45 767 787
Table eggs	2 527 087	282 610	11,2%	2 024 725
Table grapes	26 667 695	5 936 751	22,3%	31 719 150
Wine	106 066 477	26 664 660	25,1%	97 097 628
Winter cereal (general)	36 345 787	8 160 954	22,5%	34 305 302
Winter cereal (SACTA)	65 661 893	560 000	0,9%	43 382 935
<b>TOTAL</b>	<b>641 202 114</b>	<b>116 601 648</b>	<b>18,2%</b>	<b>614 813 215</b>
<b>TOTAL EXCLUDING ***</b>	<b>595 635 668</b>	<b>112 536 339</b>	<b>18,9%</b>	

\*SACTA reserved funds for transformation to the amount of approximately R13million that will be spent in the next financial year, as their initial transformation business plans were not approved by the NAMC TRC.

In total, 18.2% of levy income was spent on transformation. If the transformation funds allocated by SACTA of approximately R13 million is taken into account, the expenditure on transformation could have been 20.2% of total levy income.

The July 2014 Transformation Guidelines was applicable during the reporting period of levy administrators in the 2019 survey. Levy administrators indicated that they spent the transformation funds pertaining to the pillars of transformation, as follows:

**TABLE 10: PERFORMANCE ON PILLARS OF TRANSFORMATION**

	2019 Pillars of transformation			
	Enterprise development	Skills development	Employment equity, Management control, Socio economic development, Ownership	Total spent on transformation
	(guideline 50%)	(guideline 20%)	(guideline 30%)	
<b>Citrus (exported)</b>	10 700 000	500 000	6 740 785	<b>17 940 785</b>
<b>Cotton lint</b>	117 150	429 815	0	<b>546 965</b>
<b>Dairy products</b>	5 665 559	4 230 539	0	<b>9 896 098</b>
<b>Deciduous fruit</b>	7 796 788	2 116 170	1 586 617	<b>11 499 575</b>
<b>Dried fruit</b>	831 246	335 831	190 000	<b>1 357 077</b>
<b>Fynbos (proteas)</b>	87 882	99 741	0	<b>187 623</b>
<b>Lucerne</b>	59 000	101 774	0	<b>160 774</b>
<b>Macadamias</b>	4 246 755	95 127	587 493	<b>4 929 375</b>
<b>Olives</b>	0	383 754	0	<b>383 754</b>
<b>Pecan nuts</b>	968 866	173 419	76 956	<b>1 219 241</b>
<b>Pomegranates</b>	0	0	21 853	<b>21 853</b>
<b>Pork</b>	4 357 348	470 472	3 560 738	<b>8 388 558</b>
<b>Potatoes</b>	5 028 401	754 302	3 382 470	<b>9 165 173</b>
<b>Red meat</b>	5 182 566	3 425 156	692 100	<b>9 299 822</b>
<b>Table eggs</b>	0	0	0	<b>282 610</b>
<b>Table grapes</b>	3 349 663	846 549	1 740 539	<b>5 936 751</b>
<b>Wine</b>	14 074 012	6 641 544	5 949 104	<b>26 664 660</b>
<b>Winter cereal (General)</b>	5 357 109	2 335 648	468 197	<b>8 160 954</b>
<b>Winter cereal (SACTA)</b>	0	560 000	0	<b>560 000</b>
<b>TOTAL</b>	<b>67 822 345</b>	<b>23 499 841</b>	<b>24 996 852</b>	<b>116 601 648</b>
	58,2%	20,2%	21,4%	100,0%

Table 11 shows that approximately R67.8 million or 58.2% of total transformation expenditure was aimed at enterprise development, approximately R23.5 million or 20.2% was spent on skills development and approximately R25.0 million or 21.4% was spent on employment equity, management control, ownership etc.

## 5. CONCLUSIONS

This report on the status of statutory measures, compiled by the NAMC for submission to the Minister, is a shorter version than the previous report, and focused mainly on the various levies collected by the 19 agricultural industries concerned. The previous 2018 survey report was more comprehensive, as the effect of research on the viability of the agricultural sector as well as more detail on registration and records & returns, were included. The next report in 2020 will cover more aspects of transformation and the effect of statutory measures on the objectives of the MAP Act.

Statutory measures, and specifically levies, play an important role in enabling growth in the relevant agricultural industries by means of effective information management and communication and the collection of funds to finance much-needed functions.

The total funds collected through statutory levies by levy administrators in the 2019 survey amounted to approximately R641.2 million, which is 8.8% higher than the previous survey's reported levy income of approximately R589.2 million.

The 2019 survey shows that approximately R614.8 million was spent on industry functions – an increase of 4.0% compared to the 2018 survey. Of the total expenditure, approximately 36.4% was spent on research, 12.3% on export promotion/market access, and 11.4% on information. Approximately 19.0% (R116.6 million) was spent on transformation projects. If the levy income collected specifically for deciduous fruit market development and the fruit fly control programme, that is not subjected to the condition of spending 20% on transformation, are excluded, 20.3% of total levies was spent on transformation. If the transformation funds allocated by the SA Cultivar and Technology Agency (SACTA) but not yet spent, is taken into account, the expenditure on transformation would have been 22.6% of total levy expenditure. Furthermore, approximately R67.8 million or 58.2% of total transformation expenditures was aimed at enterprise development, approximately R23.5 million or 20.2% was spend on skills development and approximately R25.0 million or 21.4% was spent on employment equity, management control, ownership etc.

It is clear that the levy administrators started to allocate transformation expenditure in accordance to the pillars of transformation, which is in line with the conditions of approval for the statutory levies.

Looking at the expenditure on generic functions over the past years, it can be seen that the funding of all functions, except for plant improvement and production development, showed an increasing trend.

In conclusion, the NAMC wishes to thank the statutory measure administrators who supplied the necessary information, as well as the Minister's office for their efficient assistance in the processing of applications for the implementation, amendment and continuation of statutory measures.

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