



NAMMC
Promoting market access for South African agriculture

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

2021 SURVEY

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

NOVEMBER 2021

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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 of the MAP Act, the control of exports of agricultural products in terms of Section 16, 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 (hereafter 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 (Section 16) was, until today, not requested or implemented.

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 report on the status of statutory measures, compiled by the NAMC for submission to the Minister, focuses on the various levies collected by the 19 agricultural industries concerned, as well as the status of transformation funded by means of statutory levy income, including the activities funded through the statutory levy meant for transformation. 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 finance specific functions in the specific industry, such as research, market access, information and transformation. Registration, as well as records and returns, are measures used to collect and disseminate information in a particular industry.

Levies are payable by specific directly affected groups (usually producers and/or exporters and importers) in a particular 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.

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

The levy administrators’ total funds collected through statutory levies in the 2021 survey amounted to approximately R808.9 million, which is 9.9% higher than the previous surveys reported levy income of roughly R735.8 million. This increase can be attributed to, amongst other things, the soybean and winter cereals breeding levies approved over the last few years.

The 2021 survey shows that approximately R698.2 million was spent on industry functions, increasing 6.0% compared to the R658.7 million spent in the 2020 survey. Of the total expenditure, about 38.5% was spent on research, 8.7% on export promotion/market access, and 9.3% on information. About 21.1% (R147.2 million) was spent on transformation projects. It is important to note that all the figures analysed in this 2021 survey were obtained from the relevant audited financial statements as received from levy administrators.

The coronavirus disease 2019, or COVID-19, pandemic had a severe impact on all spheres of the South African economy, including agriculture and the 19 industries relevant to this report. However, the pandemic did not affect the levy income and expenditure for most of the sectors in the 2021 survey. The industries that were impacted by this included the pomegranate industry, where the hard lockdown had a significant impact on the operations in harbours, resulting in some exporters selling their produce locally, which decreased the budgeted levy income. The wine industry also indicated that the pandemic had an impact on the levy income in the wine industry. The COVID-19 pandemic did affect how administrators reacted to the questionnaire sent out to gather information to compile this report, as information was limited in some cases.

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 (ban on 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 of – and if necessary, to 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 to implement or administer 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 who are party to the production, sale, purchasing, 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 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 to the Minister with regard to the establishment or amendment of 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 can consider the approval of the statutory measures. Since 1997, the NAMC has been following the guideline that there must be an indication that at least 67% of role players subject to the proposed statutory measures representing at least 67% of the production of the product (measured in terms of the production of the role players) must support an application before the NAMC can 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 benefits 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 or not products were included, 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 possession of or under the control of any person or body after the period for which such levies were approved shall be utilised in a manner determined by the Minister”. In most cases, statutory levies are approved for four years. Over the past few years, the NAMC has been following 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 IMPLEMENTED

The following table summarises the statutory measures implemented in the specific agricultural sectors and the administering bodies relevant in the 2021 survey:

TABLE 1: SUMMARY OF STATUTORY MEASURES IMPLEMENTED

Industry	Adminstrating Body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus	SA Citrus Growers' Association	X	X	X
Cotton	Cotton SA	X	X	X
Dairy	Milk SA	X	X	X
Deciduous fruit	HORTGRO	X	X	X
Dried vine fruit (raisins)	Raisins South Africa	X	X	X
Fruit industry	Agrihub		X	X
Fruit fly	Fruit Fly Africa	X		
Fynbos (proteas)	Cape Flora SA	X	X	X
Maize, winter cereals, sorghum and oilseeds	South African Grain Information Service		X	X
Lucerne	National Lucerne Trust	X	X	X
Macadamias	SA Macadamia Growers' Association	X	X	X
Milk	Milk Producers' Organisation		X	X
Olives	South African Olive Industry Association	X	X	X
Pecan nuts	SA Pecan Producers' Association	X	X	X
Pomegranates	Pomegranate Association of South Africa	X	X	X
Pork	SA Pork Producers' Organisation	X	X	X
Potatoes	Potatoes SA	X	X	X
Red meat	Red Meat Levy Admin	X	X	X
Soybeans	SA Cultivar and Technology Agency (SACTA)	X		
Table eggs	SA Poultry Association	X	X	X
Table grapes	SA Table Grape Industry	X	X	X
Wine	SA Wine Information and Systems; Wine Industry Network of Expertise and Technology; Wines of South Africa and Wine Transformation Unit	X	X	X
Winter cereals	Winter Cereals Trust (general levies)	X		
	SA Cultivar and Technology Agency (SACTA)	X		
Wool	Cape Wools SA		X	X



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 – 2021 SURVEY

Product	Administering body	Financial statements	Measure introduced	Measure lapses	Duration
Citrus	SA Citrus Growers' Association	Apr 2020 – Mar 2021	1 Jan 2021	31 Dec 2024	4 years
Cotton lint	Cotton SA	Apr 2020 – Mar 2021	20 July 2018	31 Mar 2022	4 years
Dairy	Milk SA	Jan 2019 – Dec 2020	1 Jan 2018	31 Dec 2022	4 years
Deciduous fruit - Pome and stone fruit & market development - Fruit Fly Africa	HORTGRO	Oct 2019 – Sep 2020	6 Nov 2019	6 Nov 2023	4 years
	Fruit Fly Africa	Jul 2019 – Jun 2020	23 Sep 2020	23 Sep 2024	4 years
Dried vine fruit	Raisins South Africa	Jan 2020 – Dec 2020	28 Oct 2020	28 Oct 2024	4 years
Fynbos (proteas)	Cape Flora SA	Mar 2019 – Feb 2020	29 Apr 2020	29 Apr 2024	4 years
Lucerne	National Lucerne Trust	Sep 2019 – Aug 2020	30 Nov 2018	14 Nov 2022	4 years
Macadamias	Macadamias South Africa	Mar 2020 – Feb 2024	15 Nov 2018	14 Nov 2022	4 years
Olives	South African Olive Industry Association	Nov 2019 – Oct 2020	23 Sep 2020	23 Sep 2024	4 years
Pecans	SA Pecan Producers' Association	Mar 2020 – Feb 2021	1 Mar 2020	1 Mar 2024	4 years
Pomegranates	Pomegranate Association of South Africa	Sep 2019 – Aug 2020	1 Jan 2020	1 Jan 2024	4 years
Pork	SA Pork Producers' Organisation	Jan 2020 – Dec 2020	1 Nov 2019	31 Oct 2022	3 years
Potatoes	Potatoes SA	Jul 2019 – Jun 2020	1 Jul 2019	1 Jul 2023	4 years
Red meat	Red Meat Levy Admin	Mar 2019 – Feb 2020	17 Aug 2018	4 Nov 2022	4 years
Soybeans	SACTA	Mar 2020 – Feb 2021	1 Mar 2019	28 Feb 2021	2 years
Table eggs	SA Poultry Association	Jul 2020 – Dec 2020	27 Jul 2018	31 Mar 2022	4 years
Table grapes	South African Table Grape Industry	Nov 2019 – Oct 2020	28 Oct 2020	28 Oct 2024	4 years
Wine and grapes	SAWIS, Winetech, WOSA and SAWITU	Jan 2020 – Dec 2020	1 Jan 2019	31 Dec 2023	4 years
Winter cereals	Winter Cereals Trust	Nov 2019 – Oct 2020	1 Oct 2016	30 Sep 2020	4 years
	SACTA	Mar 2020 – Feb 2021	1 Oct 2020	30 Sep 2022	2 years

The statutory levies on soybeans to fund breeding and technology are reported for the first time in this report.

The total funds collected through statutory levies reported in the 2021 survey amounted to approximately R808.9 million, which is 9.9% higher than the previous survey's reported levy income of roughly R735.8 million.



3. STATUTORY LEVIES

3.1 TOTAL LEVY INCOME

TABLE 3: TOTAL STATUTORY LEVY INCOME – 2021 SURVEY

Product	Levy income 2021	Total value of product at first point of sale	Levy income as a percentage of the value of the product
	R	R	%
Citrus (exported)	108 102 782	19 376 552 000	0,6%
Cotton lint	11 991 781	943 300 000	1,3%
Dairy products	60 078 788	17 130 262 000	0,4%
Deciduous fruit	118 768 042	8 332 155 098	1,4%
***Pome and stone	65 932 120		
***Market development	24 947 892		
***Fruit Fly Africa	27 888 030		
Dried fruit	10 328 572	1 674 061 000	0,6%
Fynbos (proteas)	908 868	116 610 208	0,8%
Lucerne	2 508 029	1 109 138 476	0,2%
Macadamias	26 844 259	3 270 000 000	0,8%
Olives	1 848 684	75 712 576	2,4%
Pecan nuts	7 481 785	1 175 700 000	0,6%
Pomegranates	787 938	97 246 048	0,8%
Pork	40 669 784	13 757 094 900	0,3%
Potatoes	49 517 469	10 500 000 000	0,5%
Red meat	49 644 570	28 000 000 000	0,2%
Soybeans	89 600 307	6 022 299 000	1,5%
Table eggs	8 402 663	8 200 000 000	0,1%
Table grapes	32 166 534	8 000 000 000	0,4%
Wine	92 468 114	5 784 700 000	1,6%
Winter cereals (general)	35 411 911	8 418 034 326	0,4%
Winter cereals (SACTA)	61 408 266	8 418 034 326	0,7%
TOTAL	808 939 146	150 400 899 958	0,5%

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 2021 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

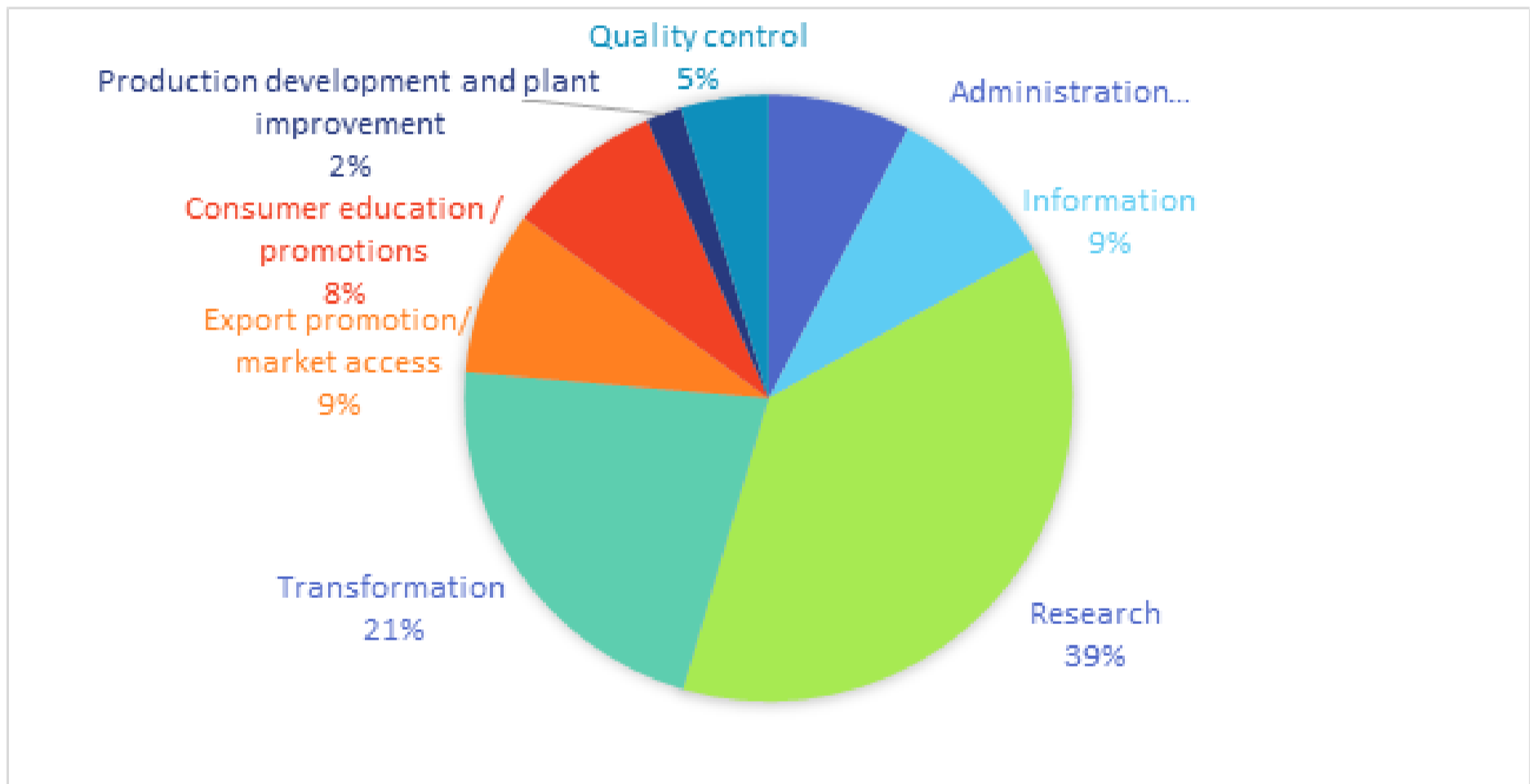
The 2021 survey shows that approximately R698.2 million was spent on industry functions – an increase of 6.0% compared to the R658.7 million spent in the 2020 survey. Of the total expenditure, approximately 38.5% was spent on research, 8.7% on export promotion/market access, and 9.3% on information. Approximately 21.1% (R147.2 million) was spent on transformation projects. These percentages were almost the same as in the previous survey.

TABLE 4: ALLOCATION OF LEVY EXPENDITURE – 2021 SURVEY

Functions	2017 survey	2018 survey	2019 survey	2020 survey	2021 survey	2021
	R	R	R	R	R	%
Administration	30 720 833	35 555 179	36 302 695	41 340 218	52 949 652	7,6
Information	52 100 101	60 641 637	70 021 940	73 707 321	64 593 792	9,3
Research	181 455 248	215 400 274	223 900 766	244 075 627	268 581 600	38,5
Transformation	94 100 152	113 382 930	116 601 648	124 393 310	147 236 706	21,1
Export promotion / market access	63 457 305	72 274 642	75 319 655	78 352 505	61 031 638	8,7
Consumer education / promotion	49 646 329	53 235 633	57 045 906	54 335 881	58 111 407	8,3
Production development	10 385 802	16 450 062	9 633 739	10 669 201	11 390 985	1,6
Plant improvement	5 832 081	3 713 823	3 293 961	3 930 873	1 717 815	0,2
Quality control	17 365 018	20 261 675	22 692 905	27 881 177	32 631 993	4,7
TOTAL	505 062 869	590 915 855	614 813 215	658 686 113	698 245 588	100



FIGURE 1: ALLOCATION TO SPECIFIC FUNCTIONS – 2021 SURVEY



Further details on the levy expenditure per industry and per function are provided in Table 5 on the next page.

TABLE 5: LEVY ALLOCATIONS TO FUNCTIONS, PER INDUSTRY AND IN TOTAL - 2021 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	%	
Citrus exported	13 105 978		486 366		55 718 527		21 258 106		9 103 773											99 672 750	
% of total expenditure	13,1%		0,5%		55,9%		21,3%		9,1%											100,0%	
Cotton	158 948		8 051 785		1 139 608		1 547 759				1 034 340						2 748 013			14 680 453	
	1,1%		54,8%		7,8%		10,5%				7,0%						18,7%			100,0%	
Dairy	6 917 739		1 064 263		1 926 013		5 820 311				20 260 210						8 519 217			44 507 753	
	15,5%		2,4%		4,3%		13,1%				45,5%						19,1%			100,0%	
Deciduous fruit	4 512 542		4 955 092		58 991 057		10 448 950		17 965 044						1 717 815					98 590 500	
	4,6%		5,0%		59,8%		10,6%		18,2%						1,7%					100,0%	
***Pome / stone fruit	4 512 542		4 955 092		31 153 787		9 979 082		3 817 397						1 717 815					56 135 715	
	8,0%		8,8%		55,5%		17,8%		6,8%						3,1%					100,0%	
***Market Access									14 147 647											14 147 647	
									100,0%											100,0%	
***Fruit Fly Africa					27 837 270		469 868													28 307 138	
					98,3%		1,7%													100,0%	
Dried fruit	805 040		1 092 318		2 370 617		2 788 121		3 272 476											10 328 572	
	7,8%		10,6%		23,0%		27,0%		31,7%											100,0%	
Fynbos (proteas)	88 475		87 820		220 287		171 737		130 000											698 319	
	12,7%		12,6%		31,5%		24,6%		18,6%											100,0%	
Lucerne	225 745		311 230		1 425 515		530 637													2 493 127	
	9,1%		12,5%		57,2%		21,3%													100,0%	
Macadamias	1 843 499		310 625		8 924 188		7 235 916		834 598											19 148 826	
	9,6%		1,6%		46,6%		37,8%		4,4%											100,0%	
Olives	98 991		430 766		143 061		398 531				760 561									1 831 910	
	5,4%		23,5%		7,8%		21,8%				41,5%									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
Pecan nuts	478 719 7,2%	783 249 11,8%	3 175 508 47,9%	1 703 073 25,7%	298 695 4,5%	185 219 2,8%				6 624 463 100,0%
Pomegranates	97 178 12,8%	28 720 3,8%	328 947 43,3%	213 988 28,2%	50 000 6,6%	41 201 5,4%				760 034 100,0%
Pork	3 234 167 7,6%	6 737 320 15,8%	1 580 353 3,7%	8 425 360 19,8%		4 238 606 10,0%			8 015 556 18,8%	42 546 820 100,0%
Potatoes	4 645 567 10,5%	10 622 851 24,0%	9 430 963 21,3%	8 830 030 19,9%		10 762 180 24,3%				44 291 591 100,0%
Red meat	3 685 545 6,7%	3 540 984 6,4%	6 967 160 12,6%	12 197 356 22,1%		6 967 160 12,6%			8 614 892 15,6%	55 299 734 100,0%
Soybeans	2 129 278 3,1%		48 998 443 70,8%	18 079 528 26,1%						69 207 249 100,0%
Table eggs	921 636 11,1%	1 776 603 21,3%	331 295 4,0%	2 792 540 33,5%		1 610 820 19,3%			899 470 10,8%	8 332 364 100,0%
Table grapes	2 264 746 7,4%	5 997 900 19,5%	8 663 599 28,2%	5 885 464 19,1%	4 093 311 13,3%				3 834 845 12,5%	30 739 865 100,0%
Wine and grapes	1 987 125 2,6%	15 053 554 19,8%	14 925 384 19,6%	18 842 753 24,8%	25 283 741 33,2%					76 092 557 100,0%
Winter cereals (general)	4 289 416 20,9%	3 262 346 15,9%	5 291 803 25,8%	7 675 602 37,4%						20 519 167 100,0%
Winter cereals (SACTA)	1 459 318 2,8%		38 029 272 73,3%	12 390 944 23,9%						51 879 534 100,0%
Total	52 949 652	64 593 792	268 581 600	147 236 706	61 031 638	58 111 407	11 390 985	1 717 815	32 631 993	698 245 588
% spent on function	7,6%	9,3%	38,5%	21,1%	8,7%	8,3%	1,6%	0,2%	4,7%	100,0%

TABLE 6: COMPARISON BETWEEN INCOME AND EXPENDITURE

Industry	Levy income	Levy expenditure	Surplus/deficit
	R	R	R
Citrus (exported)	108 102 782	99 672 750	8 430 032
Cotton lint	11 991 781	14 680 453	-2 688 672
Dairy products	60 078 788	44 507 753	15 571 035
Deciduous fruit	118 768 042	98 590 500	20 177 542
***Pome and stone	65 932 120	56 135 715	9 796 405
***Market development	24 947 892	14 147 647	10 800 245
***Fruit Fly Africa	27 888 030	28 307 138	-419 108
Dried fruit	10 328 572	10 328 572	0
Fynbos (proteas)	908 868	698 319	210 549
Lucerne	2 508 029	2 493 127	14 902
Macadamias	26 844 259	19 148 826	7 695 433
Olives	1 848 684	1 831 910	16 774
Pecan nuts	7 481 785	6 624 463	857 322
Pomegranates	787 938	760 034	27 904
Pork	40 669 784	42 546 820	-1 877 036
Potatoes	49 517 469	44 291 591	5 225 878
Red meat	49 644 570	55 299 734	-5 655 164
Soybeans	89 600 307	69 207 249	20 393 058
Table eggs	8 402 663	8 332 364	70 299
Table grapes	32 166 534	30 739 865	1 426 669
Wine	92 468 114	76 092 557	16 375 557
Winter cereals (general)	35 411 911	20 519 167	14 892 744
Winter cereals (SACTA)	61 408 266	51 879 534	9 528 732
TOTAL	808 939 146	698 245 588	110 693 558

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 soybean SACTA surplus levy funds of approximately R20.4 million can be attributed to funds allocated to breeding and technology and transformation, which will be spent in the next financial year.



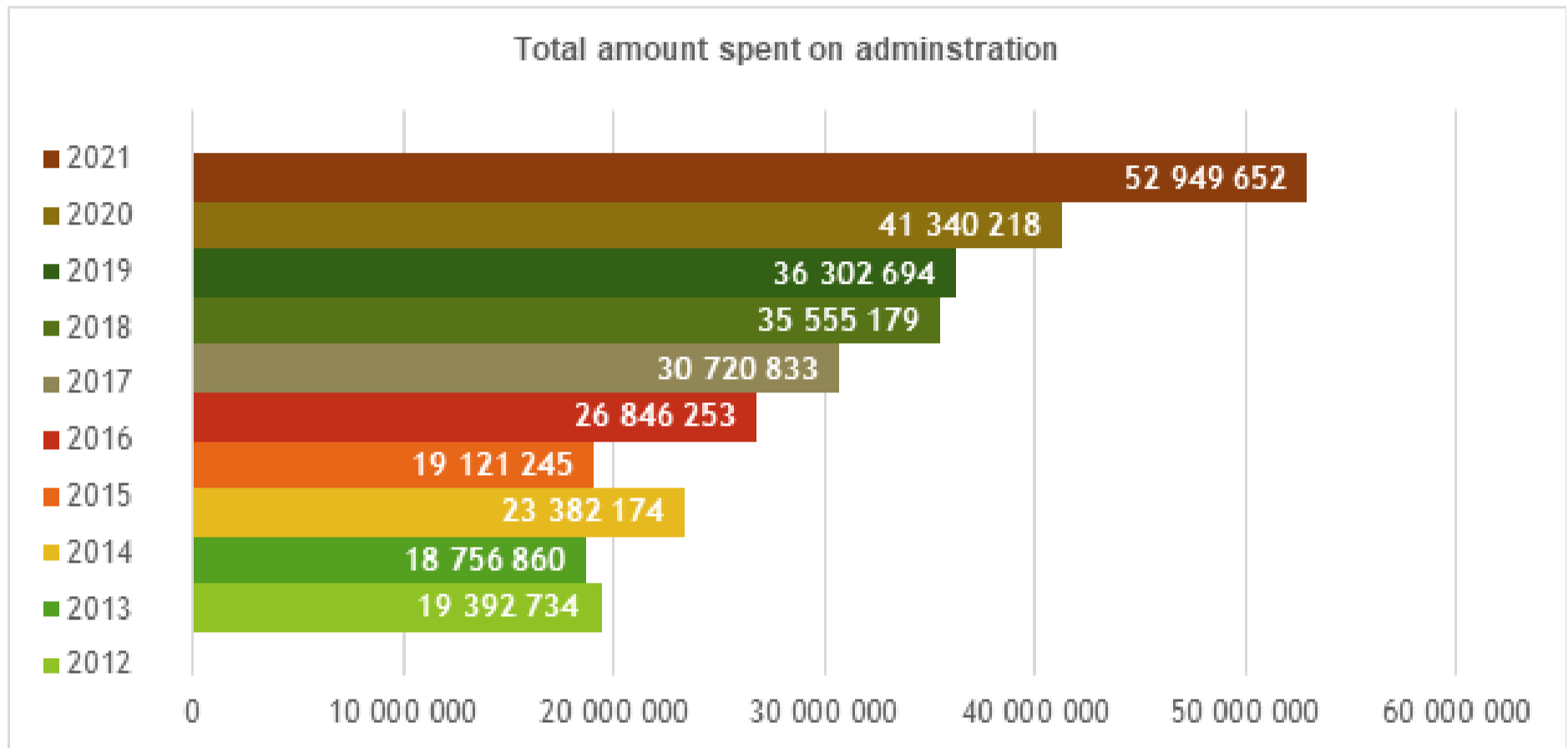
3.3 TRENDS IN EXPENDITURE ON SPECIFIC FUNCTIONS

The following pages contain an evaluation of the total spending on generic functions for the past 10 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 2021 survey shows that an average of approximately 7.6% (R52.9 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 expenditure on administration for the past 10 years.

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

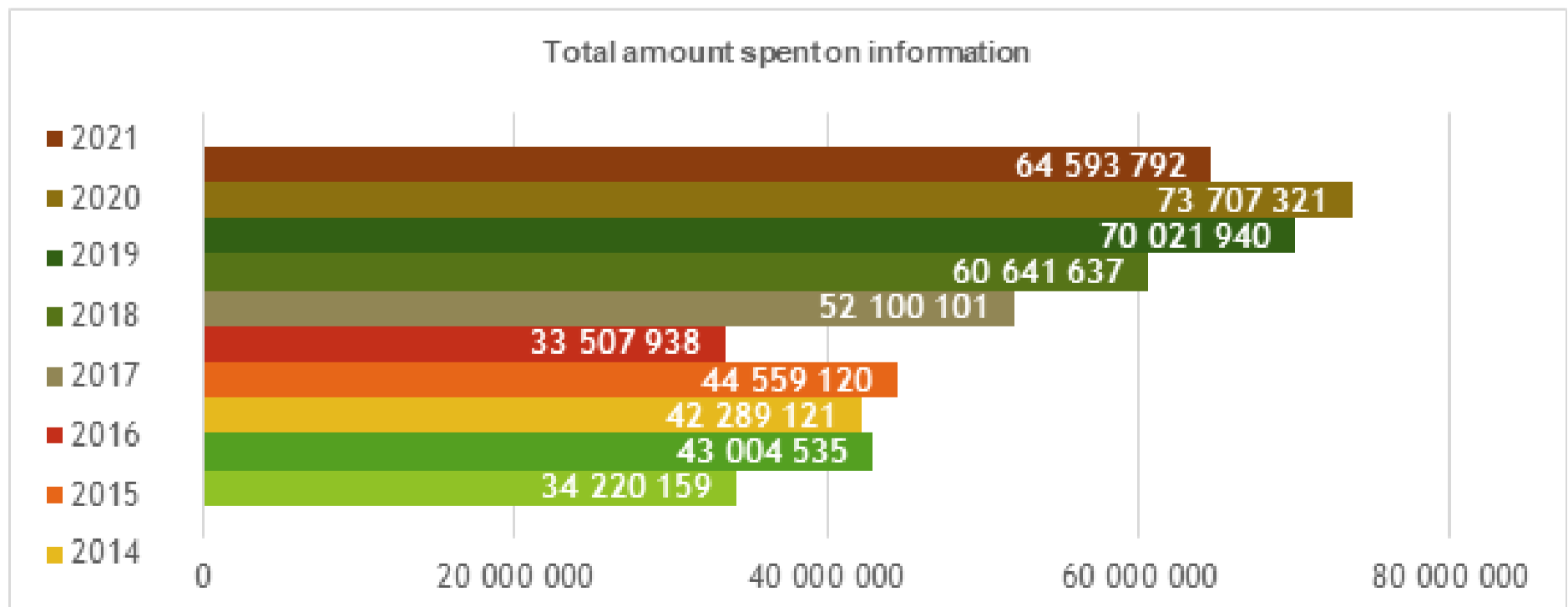


As can be seen in Table 5, some commodity organisations (fynbos, dairy, citrus and pomegranates) are struggling to meet the 10% guideline that not more than 10% of statutory levy income should be used for administrative expenditure. The NAMC will meet with these industries in the near future to rectify this situation.

Information:

For the 2021 survey, approximately 9.3% (R64.6 million) of total levy expenditure was allocated to the information function. The cotton, potatoes and table egg industries spent the most on information and industry liaison.

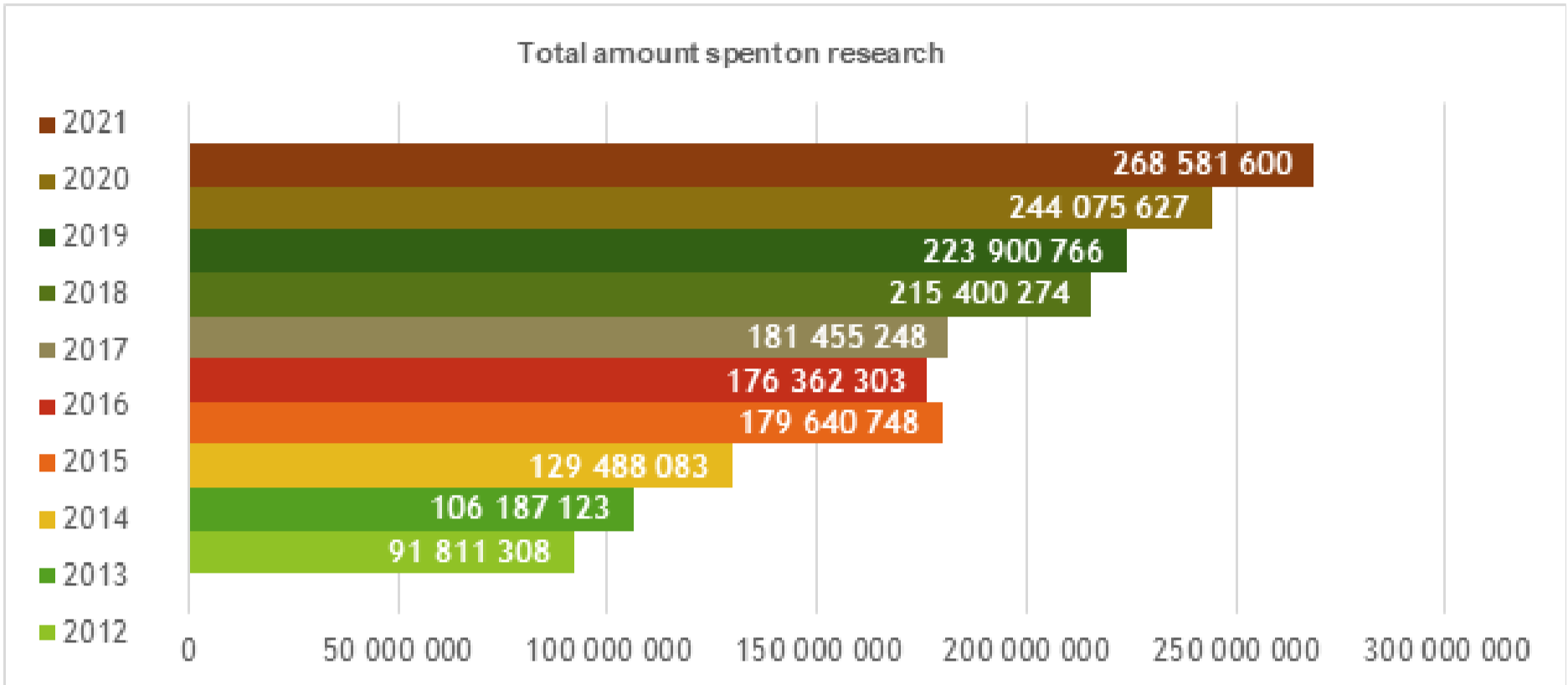
FIGURE 3: LEVY FUNDS SPENT ON INFORMATION OVER THE PAST 10 YEARS



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 10 years, as indicated in Figure 4. The 2021 survey shows that approximately 38.5% (or R268.6 million) of total levy expenditure was allocated to the research function. The increase is seen because of SACTA spending on research, as per their approved levy.

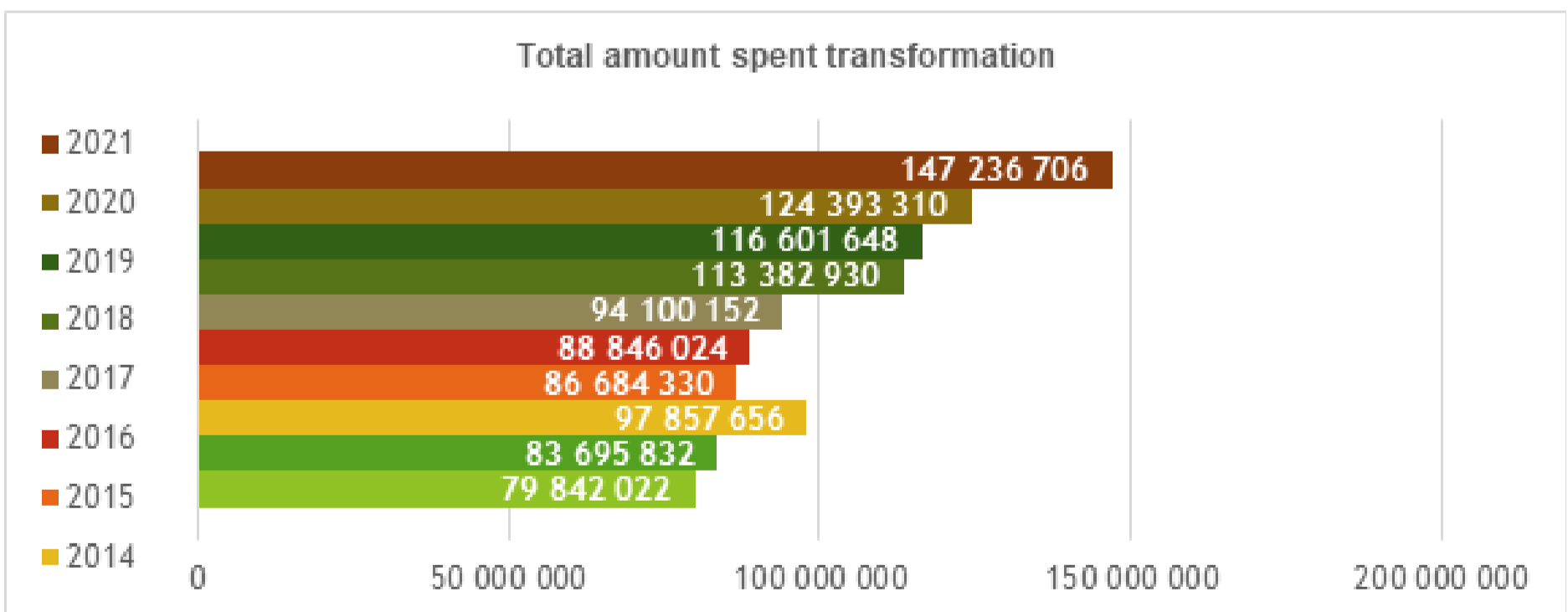
FIGURE 4: LEVY FUNDS SPENT ON RESEARCH FOR THE PAST 10 YEARS



Transformation:

According to the 2021 survey, approximately 21.1% (R147.2 million) was spent on transformation projects, compared to R124.4 million reported in the previous survey, an increase of 18.4%. In the 2021 survey, SACTA had started spending on transformation, which contributed to the increase in the transformation spent. It should be noted that the levy income collected specifically for the fruit fly control programme is not subject to the condition of spending 20% on transformation.

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

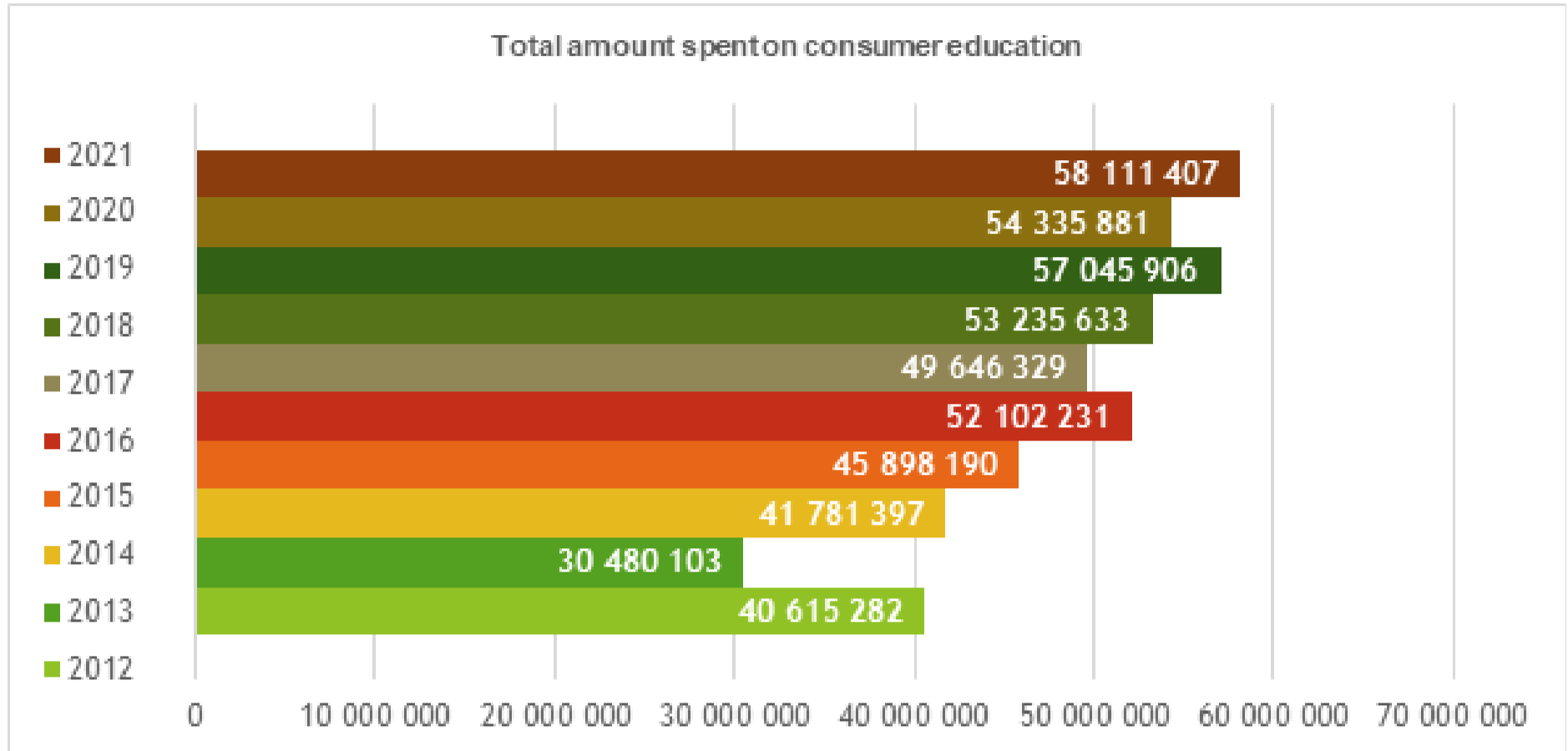


The citrus industry was the biggest contributor to transformation (R21.3 million), followed by the wine industry, which spent R18.8 million on transformation.

Consumer education/local promotions:

As per the 2020 survey, approximately 8.3% (R58.1 million) of total levy expenditure was spent on consumer education/local promotions, compared to the R54.3 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 OVER THE PAST 10 YEARS

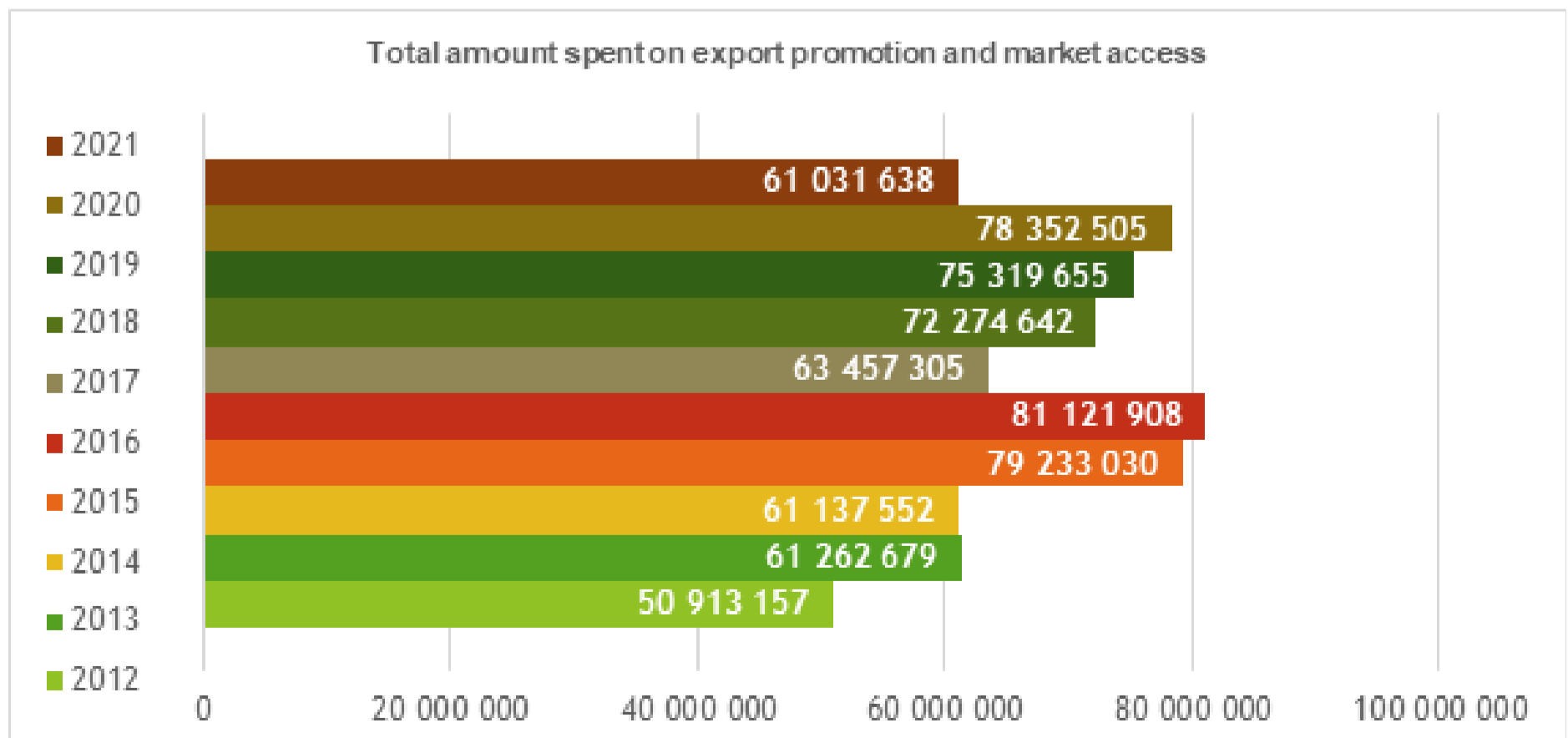


The red meat, pork, dairy, potato and table egg industries mainly spent a major part of statutory levies on consumer education/local promotions. The dairy industry allocated 45.5% of levy funds towards this function, while the pork and red meat industries respectively allocated 24.2% and 24.1% of levy funds towards consumer education and local promotions for marketing their produce.

Export promotion and market access:

The 2021 survey indicated that approximately 8.7% (R61.0 million) of total levy expenditure was allocated to export promotion and market access, compared to the roughly R78.3 million reported in the 2020 survey. The horticultural industries, namely the citrus, deciduous fruit, dried fruit, table grape and wine industries, spent a major portion of their statutory funds on export promotion activities. The market development levy in the deciduous fruit industry is used specifically to fund the market development/consumer education programmes planned in Europe, the Middle East and the Far East.

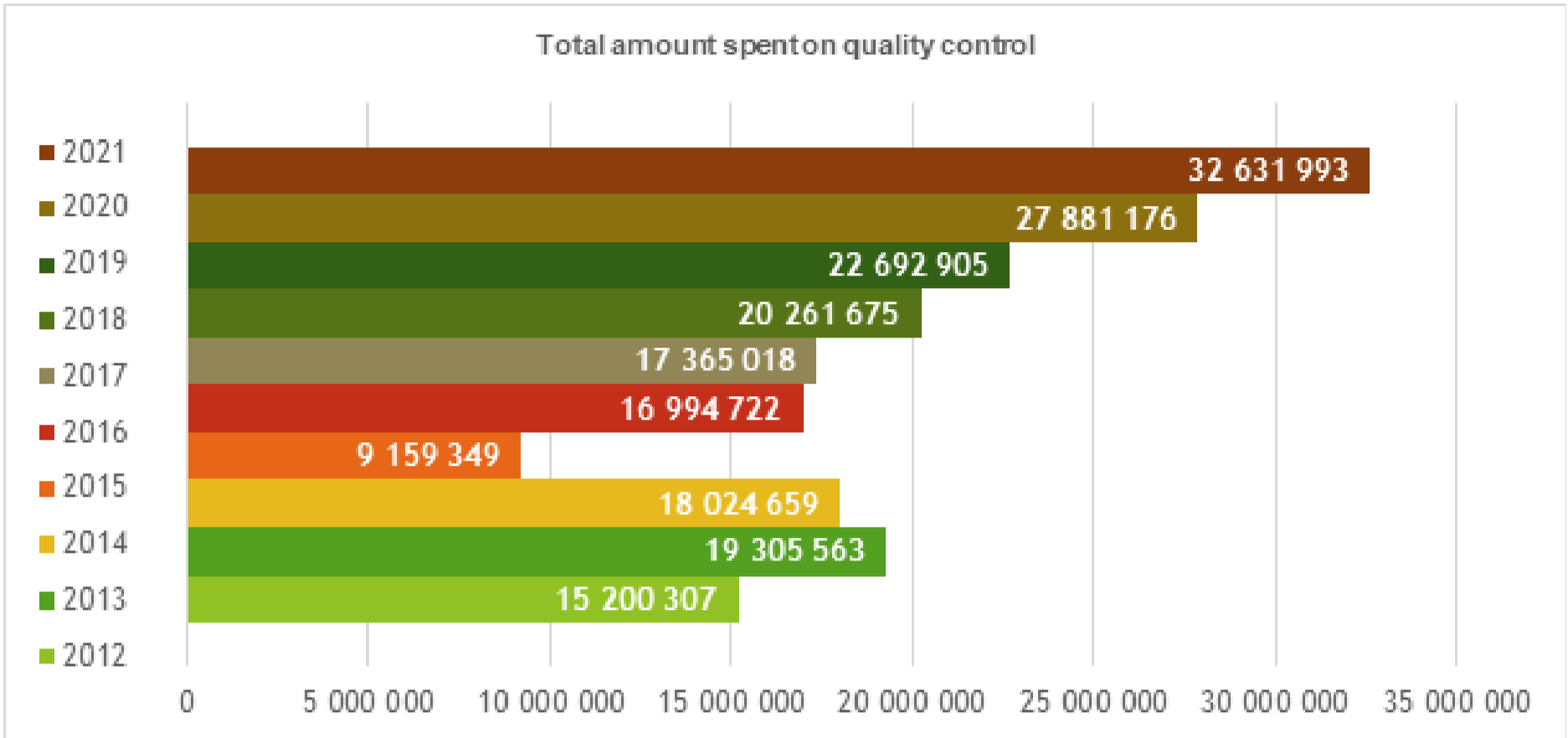
FIGURE 7: LEVY FUNDS SPENT ON EXPORT PROMOTION/MARKET ACCESS OVER THE PAST 10 YEARS



Quality control:

The function of quality control is becoming more important. It is mainly undertaken by the cotton, dairy, pork, red meat, table egg and table grape industries to ensure that consumers have peace of mind when using these products. R32.6 million (4.7% of total levy expenditure) was spent on quality control in 2021.

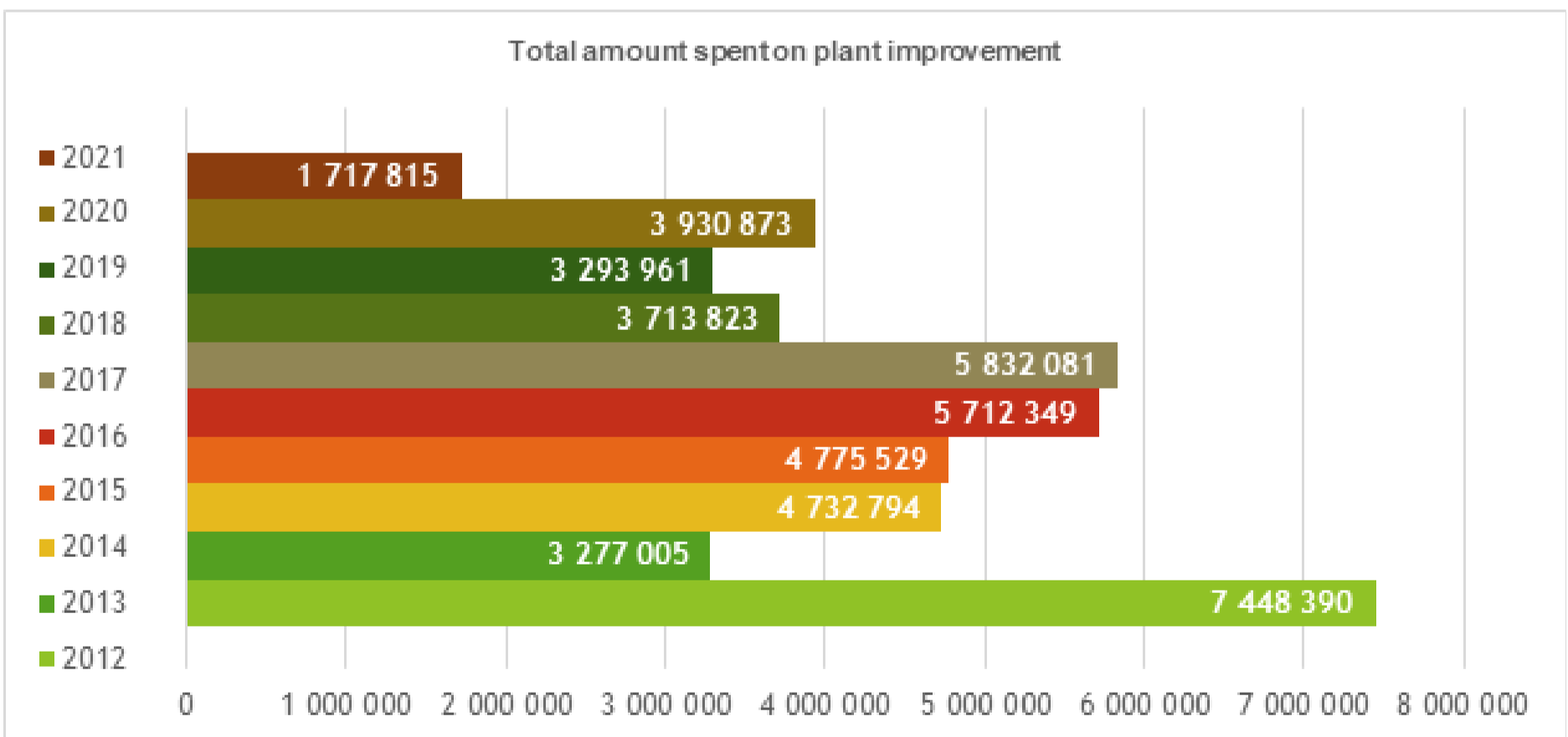
FIGURE 8: LEVY FUNDS SPENT ON QUALITY CONTROL OVER THE PAST 10 YEARS

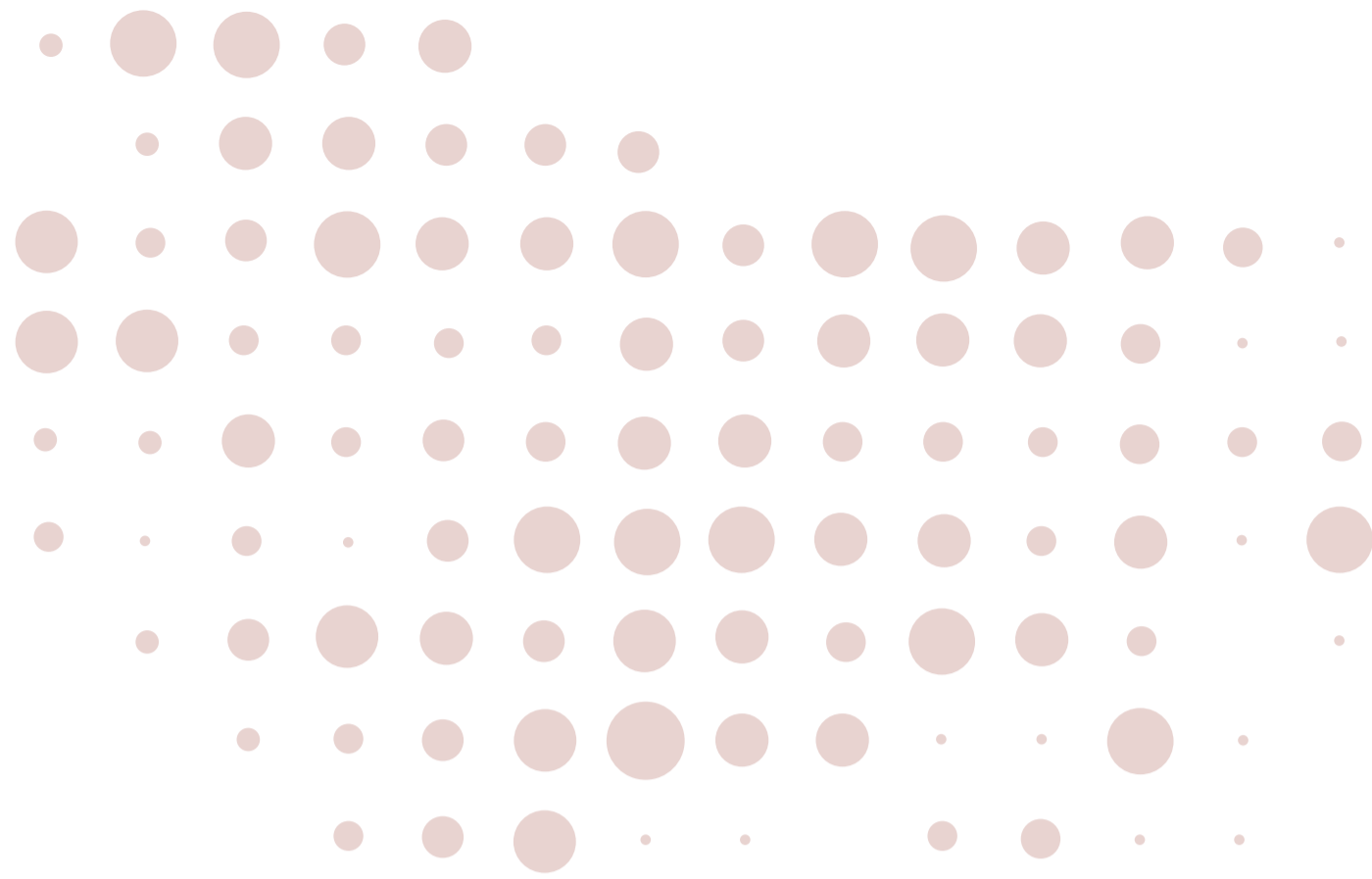


Plant improvement:

The deciduous fruit industry spent approximately R1.7 million (0.2% of total levy expenditure) on plant improvement in 2021.

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

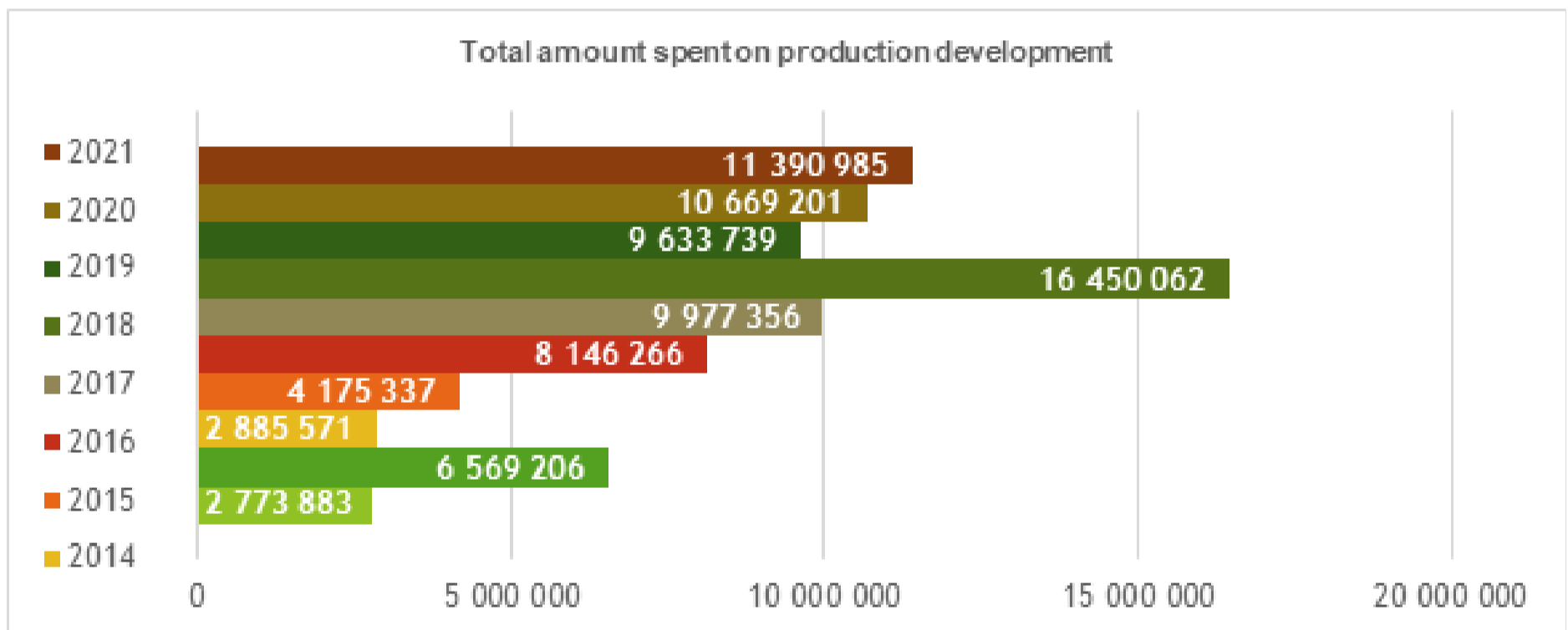




Production development

Although only a small percentage of statutory levy expenditure was allocated to production development, the pecan nut, pork and red meat industries spent R11.4 million (1.6% of total levy expenditure) on production development.

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



4. TRANSFORMATION

4.1 NAMC TRANSFORMATION GUIDELINES

The current NAMC transformation guidelines were adopted in April 2018 and can be summarised as follows:

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

The duality and concentration levels of South Africa's agricultural sector are affirmed by the Stats SA 2017 Agricultural Commercial Census, which shows that 40 122 commercial farms produce more than 87% of the value of total agricultural output. Of the commercial value, the mega farms that account for 6.5% are responsible for two-thirds of agricultural value and more than half of employment in the sector. However, the agricultural census excludes a further 108 000 households that practice commercial farming as their main source of income and a further 122 200 households that practice commercial farming as a secondary source of income. These figures highlight the need for transformation in the South African agricultural sector. The NAMC transformation guidelines aim to guide the industry in addressing the transformation of the agricultural sector.

According to the Bureau for Food and Agricultural Policy (BFAP), the future of the country's agricultural sector is dependent on government and industry making the right policy and investment choices. There are four critical policy issues, namely:

- land reform and farmer support, which includes policy certainty and property rights;
- infrastructure and technology, including water infrastructure;
- increasing access for local farmers to the major international agricultural markets; and
- the development of statistical baseline information to understand activity within South Africa's agricultural sector in terms of the entrants of small black farms (generally deemed those of about one hectare of land) and transformation.

4.2 TRANSFORMATION REVIEW COMMITTEE (TRC)

The NAMC has established the Transformation Review Committee (TRC) to review the transformation business plans compiled by levy administrators. In terms of the conditions of approval for statutory levies, levy administrators are required to spend at least 20% of the levy income on transformation activities. Although the activities funded vary per industry, these should be in line with the NAMC's transformation guidelines. Each time an industry applies for the continuation or establishment of statutory levies, the TRC assesses the transformation business plan. Furthermore, on an annual basis, levy administrators submit their annual transformation

business plans regarding transformation activities envisaged for a particular financial year. The TRC reviews and approves the proposed transformation activities. The TRC also reviews the previous performance of the industry in terms of transformation activities and conducts monitoring and evaluation.

4.2.1 Reviewed Industry Transformation Business Plans

The NAMC transformation guidelines focus mainly on the transformation expenditure of 20% of the total levy income, which is meant to support black farmers and agripreneurs in industries utilising statutory levies. During the 2020/2021 financial year, seven (7) transformation business plan proposals were received and reviewed by the TRC, namely –

- Raisins Industry (Raisins SA)
- Citrus Industry (CGA)
- Dairy Industry (Milk SA)
- South African Cultivar and Technology Agency (SACTA)
- SA Olive Industry Association (SA Olive)
- Red Meat Industry (RMIF)
- Winter Cereals Trust (WCT)

4.2.2 Monitoring and Evaluation (M&E) – Site visits

Section 4 of the 2018 NAMC transformation guidelines, as amended, indicates that at any given time, the NAMC TRC may undertake transformation project site visits to verify what is on the ground as part of the monitoring and evaluation exercise of the transformation activities implemented by levy administrators. In the 2019/20 financial year, the TRC conducted two (2) transformation site visits to transformation projects implemented by levy administrators, as highlighted below. The main reason the TRC was unable to visit the same number of projects as in previous years was mainly due to the COVID-19 restrictions.

□ Dairy Industry (Milk SA)

From 7 to 11 September 2020, the representatives of the NAMC TRC, along with the Milk SA transformation manager, conducted site visits in the Free State, KwaZulu-Natal, Eastern Cape and North West provinces. The purpose of the visits was to conduct a Monitoring and Evaluation (M&E) exercise on the progress of Milk SA's transformation projects within the dairy industry. A total of 15 projects were visited and the beneficiaries were pleased with the support received. All the farmers visited appreciated the assistance and outlined the following:

- The off-take agreement features of the approach,
- Infrastructure support, including the upgrading of milking parlours and electricity,
- The fodder flow and animal health aspect,
- The flexibility to purchase farm inputs in ensuring the success of the ventures, and
- The selection criteria that seem to get the best from their cows.

However, the following challenges were raised:

- Infrastructure upgrades: one of the hindrances of milk productions development among small farmers is the lack of supporting infrastructure,
- Pasture management and fodder management: farm records are very clear that most of these farmers get the best from their cows during the summer months when conditions are good, but this changes in winter due in the main to issue of nutrition, and
- Access to veterinary services: there are still challenges in terms of farmers accessing veterinary services that are much needed in ensuring the health of the cows. It appears that in some parts, farmers struggle even with the testing of their milk.

• Pomegranate Industry (POMASA)

On 27 November 2020, the representatives of the NAMC, along with those of the National Department of Agriculture's Department of Land Reform and Rural Development (DALRRD), under the Directorate Marketing and AgriBEE Chatter Compliance, as well as the Limpopo DALRRD, conducted a site visit to a pomegranate industry. The transformation project is located in the Waterberg District Municipality of the Limpopo Province. The project is owned by a young male farmer who had been working with his uncle for approximately six years at the time of visitation. The total farm size is estimated at 128 ha with various farm enterprises such as maize, vegetables and pomegranates. Pomegranate production is currently taking place on a 10-ha orchard with trees that are four years old, dominated by two cultivars. In addition, the project uses electricity, as well as water from boreholes, along with seasonal (20-30) and permanent (3) labourers to produce a yield ranging from 10 to 20 tons. The project has great potential for expansion or commercialisation. The following challenges were observed, with some mentioned by the producer:

• Improper infrastructure

There is a lack of proper infrastructure to assist the project during the harvesting period. The farm needs an agro-processing infrastructure that allows for the packaging of its produce, as well as a cold room to store pomegranate produce and maintain good quality before the product is delivered to the markets. Due to the lack of farm infrastructure and equipment, the farm does not have a Global Gap certificate to unlock access to the export market.

• Farm geographical location

The farm is located in a geographical area that is prone to hailstorms. The farm owner highlighted that they are vulnerable to hailstorms that could destroy their pomegranates before the actual harvest starts.

4.2.3 Industry Transformation Committee Meetings

As part of strengthening good working relationships, observing and guiding industry transformation activities, the NAMC TRC members participated in a number of the industry transformation committees. For this period under review, the TRC participated in the following transformation committees:

- o Poultry Industry Transformation Review Committee (SAPA);
- o Dairy Industry Transformation Committee (Milk SA);
- o Pork Industry Transformation Committee (SAPPO);
- o South African Cultivar and Technology Agency (SACTA);
- o Raisins Industry (Raisins SA); and
- o Wine Industry Transformation Unit Committee (SAWITU).



Potato industry officials and the NAMC team, discussing the transformation progress with Mr Joseph, a potato farmer in the Sandveld region



Rietfontein Farm, with Mr Williams showing his goats to NAMC officials

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 reviews how this goal has been 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 a 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 7: TRANSFORMATION EXPENDITURE AS A PERCENTAGE OF LEVY INCOME

Industry	Levy income	Transformation	Transformation as % of levy income	Total expenditure
	R	R	%	R
Citrus (exported)	108 102 782	21 258 106	19,7%	99 672 750
Cotton lint	11 991 781	1 547 759	12,9%	14 680 453
Dairy products	60 078 788	5 820 311	9,7%	44 507 753
Deciduous fruit	118 768 042	10 448 950	8,8%	98 590 500
***Pome and stone	65 932 120	9 979 082	15,1%	56 135 715
***Market development	24 947 892			14 147 647
***Fruitfly Africa	27 888 030	469 868	1,7%	28 307 138
Dried fruit	10 328 572	2 788 121	27,0%	10 328 572
Fynbos (proteas)	908 868	171 737	18,9%	698 319
Lucerne	2 508 029	530 637	21,2%	2 493 127
Macadamias	26 844 259	7 235 916	27,0%	19 148 826
Olives	1 848 684	398 531	21,6%	1 831 910
Pecan nuts	7 481 785	1 703 073	22,8%	6 624 463
Pomegranates	787 938	213 988	27,2%	760 034
Pork	40 669 784	8 425 360	20,7%	42 546 820
Potatoes	49 517 469	8 830 030	17,8%	44 291 591
Red meat	49 644 570	12 197 356	24,6%	55 299 734
Soybeans	89 600 307	18 079 528	20,2%	69 207 249
Table eggs	8 402 663	2 792 540	33,2%	8 332 364
Table grapes	32 166 534	5 885 464	18,3%	30 739 865
Wine	92 468 114	18 842 753	20,4%	76 092 557
Winter cereals (general)	35 411 911	7 675 602	21,7%	20 519 167
Winter cereals (SACTA)	61 408 266	12 390 944	20,2%	51 879 534
TOTAL	808 939 146	147 236 706	18,2%	698 245 588
Total excluding Fruit Fly Africa and Market Development	783 991 254	146 766 838	18,7%	

In total, 18.2% of the actual levy income was spent on transformation. If one excludes the income and transformation expenditure for Fruit Fly Africa and market development, the expenditure on transformation is 18.7% of total levy income.



Levy administrators indicated that they spent the transformation funds pertaining to the pillars of transformation as follows:

TABLE 8: PERFORMANCE ON PILLARS OF TRANSFORMATION

	2021 Pillars of transformation			Total spent on transformation
	Enterprise development	Skills development	Employment equity, Management control, Socio-economic development, Ownership	
	(Guideline 60%)	(Guideline 18%)	(Guideline 22%)	
Citrus (exported)	12 527 080	3 104 960	5 626 066	21 258 106
Cotton lint	212 805	1 162 409	172 543	1 547 759
Dairy products	2 666 992	1 235 253	1 918 066	5 820 311
Deciduous fruit	8 115 063	423 500	1 440 519	9 979 082
Deciduous fruit (fruitfly)	449 868	0	20 000	469 868
Dried fruit	2 199 189	501 862	87 070	2 788 121
Fynbos (proteas)	171 737	0	0	171 737
Lucerne	358 239	155 228	17 170	530 637
Macadamias	6 021 065	867 768	347 083	7 235 916
Olives	0	398 531	0	398 531
Pecan nuts	1 289 604	328 753	84 716	1 703 073
Pomegranates	213 988	0	0	213 988
Pork	4 276 471	2 250 299	1 898 590	8 425 360
Potatoes	4 922 909	920 008	2 987 113	8 830 030
Red meat	7 043 100	4 425 156	729 100	12 197 356
Soybeans	14 079 528	778 200	3 221 800	18 079 528
Table eggs	2 340 688	451 852	0	2 792 540
Table grapes	3 767 689	672 907	1 444 868	5 885 464
Wine	14 457 310	835 000	3 550 443	18 842 753
Winter cereals (General)	6 074 291	1 412 447	188 864	7 675 602
Winter cereals (SACTA)	10 052 427	700 000	1 638 527	12 390 944
TOTAL	101 240 043	20 642 133	25 354 530	147 236 706
	68,8%	14,0%	17,2%	100,0%

Table 8 shows that roughly R101.2 million or 68.8% of total transformation expenditure was aimed at enterprise development, while approximately R20.6 million or 14.0% was spent on skills development, and about R25.3 million or 17.2% was spent on employment equity, management control, ownership, etc. These figures highlight that the expenditure on transformation is in line with the NAMC transformation guidelines.

This compares to the 2020 survey of approximately R79.3 million or 63.7% spent on enterprise development, R18.5 million or 14.8% spent on skills development, and R26.7 million or 21.4% spent on employment equity, management control, ownership, etc.

4.4 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 9: PRODUCTION INFORMATION

	2020 Survey			2021 Survey		
	Total production	Developing farmers and partnerships	% of total production	Total production	Developing farmers and partnerships	% of total production
Citrus (exported - tons)	2 000 000	841 240	42,06	2 839 071	152 930	5,37
Cotton lint (tons)	36 043	1 686	4,68	43 686	2 037	4,66
Dairy products (tons)	3 432 802	-	-	3 427 331	3 695	0,11
Deciduous fruit (tons)	979 282	232 560	23,75	1 043 278	333 109	31,92
Dried fruit (wet tons)	75 940	6 000	7,90	75 940	6 000	7,90
Fynbos (proteas - stems)	24 607 008	-	-	24 380 137	1 219 007	5,00
Lucerne (tons)	442 150	-	-	410 660	-	-
Macadamias (tons)	86 948	26 948	30,99	146 000	66 000	45,21
Olives (tons)	14 541	436	3,00	15 763	473	3,00
Pecans (tons)	16 969	600	3,54	21 377	645	3,01
Pomegranates (tons)	6 400	100	1,56	6 421	1 928	30,03
Pork (kg / 82kg Carcass)	268 667 322	9 367 882	3,49	284 536 987	9 395 089	3,30
Potatoes (tons)	2 610 262	100 262	3,84	2 687 464	17 464	0,65
Red meat (tons)	1 217 819	383 140	31,46	1 076 000	429 000	39,87
Table eggs	555 775	22 401	4,03	566 000	28 300	5,00
Table grapes (tons)	297 450	27 871	9,37	297 675	26 751	8,99
Wine (tons)	1 247 522	24 325	1,95	1 342 112	27 412	2,04
Winter cereals (tons)	2 302 892	32 144	1,40	1 880 000	22 567	1,20

The information in the above table cannot be used as proof that industries made progress with transformation. It should be kept in mind that these figures are, in some cases, estimated by administrators and cannot be verified. Also represented are production volumes that reached the formal market, while informal trade and subsistence farming in these industries are excluded.



However, from the above, there are some instances where an increase was reported in developing farmers' and partnerships' production, namely in the deciduous fruit, macadamia, pomegranate, red meat and wine industries. In terms of industries like the dairy industry, they highlighted production figures from projects they are supporting through their transformation work.

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

TABLE 10: PRODUCER INFORMATION

	2020 Survey			2021 Survey		
	Total number of producers	Developing farmers and partnerships	% of total	Total number of producers	Developing farmers and partnerships	% of total
Citrus	1 500	160	10,67	1 300	157	12,08
Cotton lint	2 711	2 381	87,83	1 530	1 179	77,06
Dairy products	1 164	0	0,00	1 073	20	1,86
Deciduous fruit	1 015	102	10,05	1 132	57	5,04
Dried fruit	775	125	16,13	775	125	16,13
Fynbos	80	4	5,00	98	4	4,08
Lucerne	263	0	0,00	263	0	0,00
Macadamias	184	173	94,02	290	275	94,83
Olives	180	4	2,22	194	4	2,06
Pecans	720	60	8,33	720	61	8,47
Pomegranates	57	4	7,02	57	4	7,02
Pork	552	378	68,48	507	312	61,54
Potatoes	619	69	11,15	513	16	3,12
Red meat	285 500	259 500	90,89	285 500	259 500	90,89
Table eggs	521	299	57,39	330	251	76,06
Table grapes	271	34	12,55	272	23	8,46
Wine	2 778	69	2,48	2 693	84	3,12
Winter cereals	2335	230	9,85	1 992	262	13,15

The above shows that many more developing farmers and partnerships might be active in specific industries, such as cotton, pork, red meat and macadamia.

The administrators of statutory measures stated in many instances that the information is not available. Most administrators only have information on the developing farmers 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 also important for government and industry bodies to work together in developing these databases.

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 lags far behind compared to commercial farming due to lack of resources, as well as lack of a co-ordinated approach to the commercialisation of black producers and other constraints.

4.5 TRANSFORMATION SUCCESS STORIES

Not all of the 19 industries concerned could report on outstanding successes with transformation initiatives. However, some industries did excel and are reported on as follows. The table below summarises some of the success stories from industries in respect of transformation funded through statutory levies.

TABLE 11: TRANSFORMATION SUCCESS STORIES

Industry	Success Stories
Citrus (exported)	The citrus industry has created a body called the Citrus Growers' Development Chamber, which advises on transformation. The Chamber represents all the black citrus growers in the Republic of South Africa. The CGA Grower Development Company was formed to assist with the transformation strategy of the industry. The industry has seen the growth of black exporting growers from 50 to 78 from 2013 to 2020, respectively. More than 20 000 permanent and 70 000 temporary jobs have been created.
Cotton lint	Cotton SA has mentored and managed the Nkomazi Cotton Project to be a successful BCI-approved project. The Better Cotton Initiative (BCI), or just Better Cotton for short, is the largest cotton sustainability programme in the world. In order to become BCI licensed, the participants had to comply with international standards. In local terms, they had to comply with 90% of RSA national agricultural legislation. The NEF is investigating the possibility of constructing a new cotton gin in Nkomazi, working with the farmers. Large portions of land are still available for future production in the Nkomazi area. The aim of Cotton SA is to develop black farmers in Nkomazi to their full potential.
Dairy	The total number of cows in milk increased by 16%, while the milk volume increased by 23% during the year under review compared with 2019. One of the project beneficiaries who was selling unpasteurised milk has started to pasteurise the milk and has also extended his customer base. Beneficiaries have accepted Milk SA's principle of cost sharing in developing their businesses after receiving the initial 100% grant support. The industry is contributing to the sustainable commercialisation of 20 existing smallholder dairy enterprises. From January 2018 to July 2021, a total of 338 pregnant heifers or cows were delivered to black dairy entrepreneurs, while veterinary services support was provided to all beneficiaries who received the pregnant heifers/cows. A total of 2 357 tons of lucerne were delivered (on average, 13 beneficiaries received lucerne support each year between 2018 and 2020). Only one beneficiary was supported with a 1 000-litre pasteurising machine. The milk production volume ranged from 2 688 092 kilograms to 3 695 239 kilograms between 2018 and 2020.
Deciduous fruit	The DFDC Commercialisation Programme is a R120 million project funded through the Jobs Fund (R60 million), the Western Cape Department of Agriculture (R40 million) and Hortgro (R20 million). These funds were invested into 21 black-owned businesses in order to commercialise these entities in the Western and Eastern Cape. This programme was implemented over a four-year period with a two-year post-monitoring period by the Jobs Fund. The beneficiaries of this programme were selected based on the following criteria: 100% black ownership; existing pome and stone fruit producers; the ability to be commercialised; the ability to expand and create new jobs. The high-level project objectives were to expand and/or replace 306 ha and create 505 new jobs, of which 350 would be permanent and 150 seasonal. The identified constraints to commercialisation were addressed through the fast-tracking of expansion and upgrading of primary production capacity, replacing obsolete cultivars and increasing the area under production. Other measures included assistance with production inputs of newly established plantings, increased mechanisation and supporting infrastructure, including the upgrading of packhouses, increased marketability of produce through better cultivars and quality standards, compliance with market requirements in order to supply any market of choice (Global GAP and SIZA compliant), integrate into the value chain and create sustainable employment. To a lesser extent, the extension of the public-private partnerships with government (WCDOA, the Jobs Fund and the Eastern Cape Department of Agrarian Reform) has proven beneficial to all stakeholders.
Dried fruits	The industry managed to secure funding to assist seven women in terms of input costs and also planting additional hectares in future. The Department of Agriculture deployed four of their extension officers to be trained by industry, of which one officer was placed with the industry full time, which served to increase capacity. The industry placed and trained 54 graduates throughout the value chain and also with emerging growers to assist on farms. A revolving credit facility with two packers has been established, assisting 70 growers with harvest funding and pruning funds. The packers are matching the industry funds.
Lucerne	The goal of the NLT's Enterprise and Supplier Development Programme is to assist in the sustainable growth and development of smallholder farmers to grow and produce commercially in a sustainable way. Smallholder farmers depend on access to good quality seed, which is fundamental to their production systems. During the year under review, the NLT donated lucerne seed to smallholder farmers in the North-West, Western Cape and Eastern Cape provinces. The NLT also focused on exposing the farmers to market-related information. In December 2020, the NLT also placed a near-infrared spectrophotometer [NIR-instrument], for the grading and certification of lucerne hay, in Somerset East in the Eastern Cape Province. In the future, farmers will have the opportunity to analyse their hay products for sale at no cost.
Potatoes	Potatoes SA has been embarking on the Enterprise Development Programme with the main aim to gradually commercialise black farmers. The following are some of the highlights under the Enterprise Development Programme: <ul style="list-style-type: none"> • Phophi Raletjena: he started with 5 ha and has been gradually expanding to the current 55 ha. Phophi has exited the Enterprise Development Programme and is now a fully-fledged commercial farmer. He has been linked up with financiers and markets. • Andrew Nekgotha started with 7 ha and, with the assistance of his mentor, managed to achieve 60 tons/ha on his first harvest. He has now expanded to 17 ha, with 10 ha funded by the Department of Agriculture. • Bheki Nene was identified and was supported with 18 ha. He achieved an average of 43 tons per ha for his first crop under the Enterprise Development Programme. He received funding from the Kagiso Trust to continue with his operations.
Table grapes	Hortfin approved a finance facility for development, infrastructure and production input (approximately R30 million) for a 100% black-owned table grape farm. After consulting with SATI and the government, two distressed farms increased their production; they planted new vineyards and replaced the old vineyards, which were part of their underperformance. The number of cartons produced increased on the planted hectares of BBBEE initiatives and the efficiency of most of these farms improved. In terms of support from SATI, farmers have access to assistance and have managed to plant new cultivars that give higher yields, as can be seen on farms that have been supported over the past five years.

5. CONCLUSIONS

This report on the status of statutory measures, compiled by the NAMC for submission to the Minister, focuses on the various levies collected by the 19 agricultural industries concerned and the status of transformation funded by means of statutory levy income. 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, specifically levies, play an important role in enabling growth in the relevant agricultural industries through 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) within a particular 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 the levy administrators in the 2021 survey amounted to approximately R808.9 million, which is 9.9% higher than the previous survey's reported levy income of roughly R735.8 million. This increase can, amongst other things, be attributed to the soybean and winter cereal breeding levies which were approved during the last few years.

The 2021 survey shows that approximately R698.2 million was spent on industry functions, increasing 6.0% compared to the R658.7 million spent in the 2020 survey. Of the total expenditure, about 38.5% was spent on research, 8.7% on export promotion/market access, and 9.3% on information. Approximately 21.1% (R147.2 million) was spent on transformation projects.

The coronavirus disease 2019 or COVID-19 pandemic impacted all spheres of the South African economy, agriculture, and the 19 industries relevant to this report. However, the pandemic did not have an impact on the levy income and expenditure for most of the industry in the 2021 survey. The industries that were impacted by this include the pomegranate industry, where the hard lockdown had a significant impact on the operations in harbours, resulting in some exporters selling their produce locally, which decreased the budgeted levy income. The wine industry also indicated that the pandemic had an impact on the levy income in the wine industry. The COVID-19 pandemic did affect how administrators reacted to the questionnaire sent out to gather information to compile this report, as information was limited in some cases.

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.

ANNEXURE A

CONTACT DETAILS OF LEVY ADMINISTRATORS AND TRANSFORMATION MANAGERS

Administering Body	Contact Person	Transformation Manager
Agrihub (fruit industry information)	Jolene Wium 072 249 1234 jolene@agrihub.co.za	Not applicable
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