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## PRESS RELEASE

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### WINE INDUSTRY

### APPLICATION FOR THE AMENDMENT OF THE STATUTORY MEASURES IN THE SOUTH AFRICAN WINE AND BRANDY INDUSTRY

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### NAMC REQUESTING COMMENTS / INPUTS FROM DIRECTLY AFFECTED GROUPS IN THE WINE INDUSTRY

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On 16 January 2023, the Minister of Agriculture, Land Reform and Rural Development received a request from the South African (SA) wine and brandy industry, in terms of the Marketing of Agricultural Products Act (MAP Act), Act No 47 of 1996, to amend the current statutory measures.

The applicants for the proposed amendment are SALBA (South African Liquor Brandowners' Association), representing trade; and Vinpro, representing wine grape producers and wine cellars. SALBA and Vinpro therefore, represent the payers of the wine statutory levies. The current statutory measures applicable, in the South African wine and brandy industry (the industry), will expire on 31 December 2025.

Currently, the industry is structured to conduct its operational or business services to the industry *via* a number of designated operating units. These units are the SA Wine Industry Information and Systems NPC (SAWIS), Wine Industry Network of Expertise and Technology NPC (WINETECH), Wines of South Africa Export Marketing NPC (WOSA), SA Wine Industry Transformation Unit NPC (SAWITU), South African Brandy Foundation

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Council Members: Mr. A. Petersen (Chairperson), Ms. T. Ntshangase (Deputy Chairperson),  
Prof. A. Jooste, Mr. S.J. Mhlaba, Ms. F. Mkile, Ms. N. Mokose, Ms. S. Naidoo, Mr. G. Schutte and Dr. S.T. Xaba.

(SABF) and Wine and Agricultural Ethical Trading Association (WIETA). Currently, each unit operates as a separate cost centre and legal entity within its own governance and audit systems.

The statutory measures (currently) applicable are as follows:

- Registration (SAWIS);
- Records & Returns (SAWIS); and
- Levies:
  - Research and development levy (R&D) (WINETECH);
  - Information levy (SAWIS);
  - Export levy (WOSA);
  - Transformation levy (SAWITU);
  - Brandy levy (SABF); and
  - Ethical trade levy (WIETA).

When the industry applied for the implementation of the current statutory measures (in May 2021) the planned revision of the industry structures was not yet finalised. Over the past three years, various evaluations and discussions emphasized the need for much closer collaboration and a more focused approach between the various structures with the focus on improving efficiencies. These include areas of possible duplication and / or overlapping of services. Four main areas were identified where significant improvement is needed namely:

- Transformation;
- Communication;
- Market growth; and
- Advocacy.

The industry proposes that a new legal entity, namely the SA Wine non-profit company (SA Wine) be established, consolidating industry structures and statutory measures.

The current statutory measures, and the proposed changes, in the industry are indicated as follows:

<b>Current Statutory measures applicable</b>	Registration, Records and Returns	Brandy levy	Export Levy	R&D levy	Information Levy	Ethical trade levy	Transformation Levy
<b>Responsible business unit</b>	SAWIS	SABF	WOSA	WINETECH	SAWIS	WIETA	SAWITU
<b>Proposed consolidation and changes</b>	Registration, Records and Returns	Brandy levy	Export Levy	Proposed consolidation: Research & development, information levy and ethical trade			
<b>Responsible entity</b>	SAWIS <i>(remains unchanged)</i>	SA Wine					

Note: at least 20% of the levies collected will be allocated towards transformation projects.

In future SA Wine will be the responsible entity for the implementation and administration of statutory measures in the industry. Although SA Wine will receive all statutory funding this consolidation process will not affect the current statutory levy levels and will remain the same, as approved by the Minister on 25 August 2021, for the remainder of the period, ending 31 December 2025.

It is proposed that the industry strategic objectives will be met *via* a programme framework and SA Wine will be accountable and responsible for it. The programme framework is set out as follows:

- Market growth:
  - o International wine market development;
  - o Local brandy market development;
  - o Black wine and brandy enterprise development (international and local market);
- Research, development, innovation and knowledge and technology transfer;
- People development, incorporating industry wide people development, transformation skills development, socio-economics development and ethical trade system support; and
- Business and market intelligence.

The NAMC believes that the application by SALBA and Vinpro for the amendment of the current statutory measures is consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

**Directly affected groups (e.g. wine producers, wine traders, wine spirit producer, and exporters of drinking wine) in the industry are kindly requested to submit any comments, in writing, regarding the proposed statutory measures, to Mathilda van der Walt ([mathildavdw@namc.co.za](mailto:mathildavdw@namc.co.za)) on or before 24 February 2023, to enable the NAMC to finalise its recommendation to the Minister in this regard.**