
DECIDUOUS FRUIT INDUSTRY APPLICATION FOR THE CONTINUATION OF STATUTORY MEASURES ON POME AND STONE FRUIT

NAMC REQUESTING COMMENTS / INPUTS FROM INDUSTRY ROLE PLAYERS

On 29 March 2023, the Minister of Agriculture, Land Reform and Rural Development received a request from HORTGRO, for the continuation and amendment of statutory measures (levies, records & returns and registration) on pome fruit (apples and pears) and stone fruit (plums / prunes, peaches / nectarines and apricots) in terms of the Marketing of Agricultural Products Act (MAP Act), 1996.

HORTGRO, the national umbrella industry service body for a range of horticultural crops, applied on behalf of Hortgro Pome and Hortgro Stone. Hortgro Pome and Hortgro Stone is registered as Non-Profit Companies, representing the all pome and stone fruit production regions in South Africa. Both fall under the structure of HORTGRO, the umbrella industry service organisation.

HORTGRO requested that the proposed statutory measures be approved for a new four-year period with effect from 1 November 2023 and lapse four years later.

Currently, the following statutory measures are applicable on pome and stone fruit, to lapse on 5 December 2023, namely –

- The payment of levies in terms of Section 15 of the MAP Act;
- Keeping of records and returns in terms of Section 18 of the MAP Act; and
- Registration of persons and institutions in terms of Section 19 of the MAP Act.

HORTGRO requested that the current statutory measures on pome and stone fruit be continued and amended as follows -

- The payment of levies in terms of Section 15 of the MAP Act;

Traditional levy on -

- i. Fresh pome and stone fruit (domestic and export) as well as processed apples;
- ii. Dried tree fruit;

Trade and market focused levy on -

- iii. Pome and stone fruit exported (export levy);
 - iv. Fresh stone fruit delivered to local fresh produce markets (local market levy);
 - v. Dried tree fruit trade and market focussed levy;
- Keeping of records and returns in terms of Section 18 of the MAP Act; and
 - Registration of persons and institutions in terms of Section 19 of the MAP Act.

In terms of registration and records & returns, it is argued that the maintenance of macro industry statistics and market information is critical for long-term planning relating to production, orderly marketing and infrastructural capacity by the industry (producers and exporters), Government and service / input suppliers.

According to HORTGRO, the registration, in terms of section 19 of the MAP Act, of producers, exporters, retailers, fresh produce markets, trade, processors, packers and juice plants will ensure the availability and provision of continuous, timeous and accurate information relating to the products and adherence to sound fruit handling discipline and protocols, business principles and ethical trading as well as to administer the requested statutory measures.

Furthermore, submitting records and returns, in terms of section 18 of the MAP Act, will ensure the availability and provision of continuous, timeous and accurate information relating to the products indicated above, to all stakeholders in the industry deemed to be essential to ensure informed decision making and a stable and profitable industry.

HORTGRO indicated that no information shall be required, in terms of this measure, which discloses confidential information of a marketing nature, and in particular, no returns disclosing, *inter alia*, contracting parties; purchasers of fruit; prices of services or the prices obtained for fruit, or any similar information.

The payment of the levy, in terms of section 15 of the MAP Act, will be used to finance the following:

- Scientific Research and Development, including Technology Transfer;
- Plant Material Management;
- Trade, Market Access, Market Development, Logistics, and Infrastructure;
- Broad Based Black Economic Empowerment and Economic Development;
- Learning and Development, including Training and Socio Economic Development;
- Information and Market Intelligence;
- Resource Management and Sustainability;
- Communication and Industry Representation;
- Financial Management and Administration; and
- Human Resource Management.

The proposed levy amounts are as follows:

| Pome fruit (apples and pears) | Current 2022/23 | Proposed 2023/24 | Proposed 2024/25 | Proposed 2025/26 | Proposed 2026/27 |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Fresh domestically delivered (traditional levy) | 6,00 c/kg | 6,00 c/kg | 6,00 c/kg | 6,40 c/kg | 6,40 c/kg |
| Trades and markets focussed levy (only on exports) | 3,00 c/kg | 3,00 c/kg | 3,00 c/kg | 3,20 c/kg | 3,20 c/kg |
| Processed apples (Rand/ton) | R11,00 /ton | R11,00 /ton | R11,00 /ton | R11,80 /ton | R11,80 /ton |
| Dried pome fruit (traditional levy) | 25,00 c/kg | 26,00 c/kg | 26,00 c/kg | 27,00 c/kg | 27,00 c/kg |

| Stone fruit (apricots, peaches & nectarines, plums and prunes) | Current 2022/23 | Proposed 2023/24 | Proposed 2024/25 | Proposed 2025/26 | Proposed 2026/27 |
|---|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Traditional levy (domestically delivered and exported): | | | | | |
| Apricots | 24,00 c/kg | 22,50 c/kg | 22,50 c/kg | 23,40 c/kg | 24,30 c/kg |
| Peaches & nectarines | 15,00 c/kg | 14,00 c/kg | 14,00 c/kg | 14,60 c/kg | 15,10 c/kg |
| Plums and prunes | 20,00 c/kg | 18,60 c/kg | 18,60 c/kg | 19,30 c/kg | 20,00 c/kg |
| Dried stone fruit (Trades and market development levy) | 25,00 c/kg | 26,00 c/kg | 26,00 c/kg | 27,00 c/kg | 27,00 c/kg |
| Trades and market development levy (export only): | | | | | |
| Apricots | 12,60 c/kg | 11,80 c/kg | 11,80 c/kg | 12,30 c/kg | 12,80 c/kg |
| Peaches & nectarines | 25,00 c/kg | 23,70 c/kg | 23,70 c/kg | 24,60 c/kg | 25,60 c/kg |
| Plums and prunes | 12,00 c/kg | 11,30 c/kg | 11,30 c/kg | 11,80 c/kg | 12,20 c/kg |
| Local trade / markets levy | | | | | |
| Peaches & nectarines | 5,00 c/kg | 4,70 c/kg | 4,70 c/kg | 4,90 c/kg | 5,10 c/kg |
| Plums and prunes | 2,40 c/kg | 2,20 c/kg | 2,20 c/kg | 2,30 c/kg | 2,40 c/kg |
| Dried | 8,00 c/kg | 8,30 c/kg | 8,30 c/kg | 8,60 c/kg | 8,60 c/kg |

Given the current financial constraints in the sector due to a range of ongoing trade and production challenges, including logistics, high input costs, interest rates and hail damage, it has been agreed with producers to keep the increase of statutory levies as low as possible. Projected growth in volumes over the next four years should and subsequent higher levy income, should be sufficient to finance the identified priorities and needs of the industry over the next four-year levy term.

The utilisation of levies will continue to be aligned with the guidelines and directives of the NAMC with annual reporting to the NAMC and the Auditor General.

The NAMC believes that the statutory measures requested are consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

Directly affected groups (e.g. agents, certification bodies, exporters, export inspection bodies, fresh produce markets, producers, processors, packers and traders) in the pome and stone industry, are kindly requested to submit any comments, in writing, regarding the proposed statutory measures, to Mathilda van der Walt (mathildavdw@namc.co.za) on or before 5 May 2023, to enable the Council to finalise its recommendation to the Minister in this regard.