
DECIDUOUS FRUIT INDUSTRY APPLICATION TO BENEFIT FROM A STATUTORY LEVY IN THE DECIDUOUS FRUIT INDUSTRY

NAMC REQUESTING COMMENTS / INPUTS FROM INDUSTRY ROLE PLAYERS

On 5 May 2023, the Minister of Agriculture, Land Reform and Rural Development received a request from the Deciduous Fruit Development Chamber of South Africa (DFDC-SA), that the Minister approves that the 20% of the statutory levy (or transformation levy) to be implemented in the deciduous fruit industry in terms of the Marketing of Agricultural Products Act (MAP Act), 1996, be administered by the DFDC-SA. This means that HORTGRO must collect the proposed deciduous fruit statutory levy for the 2023/24 to 2026/27 period, and must further be requested by the Minister to transfer the transformation component of the statutory levy, to DFDC-SA to finance the transformation activities in the deciduous fruit industry.

According to the application received, the DFDC-SA is a registered Non-Profit Company which represents black designated groups, labourers and workers on farms and related industry, administrative personnel, community members surrounding the location, children of community members, rural community leaders and consumers of deciduous fruit products.

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.

Currently, HORTGRO, the national umbrella industry service body for a range of horticultural crops, is responsible for the administration of statutory measures in the deciduous fruit industry. On 29 March 2023, HORTGRO applied on behalf of Hortgro Pome and Hortgro Stone 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). Hortgro Pome and Hortgro Stone is registered as Non-Profit Companies, representing pome and stone fruit production regions in South Africa. Both fall under the structure of HORTGRO, the umbrella industry service organisation.

Furthermore, on 29 March 2023, HORTGRO requested the Minister's approval that the current statutory measures on pome and stone fruit be amended and continued for another four years. These statutory measures are 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.

However, DFDC-SA applied to the Minister to appoint them as a service provider to administer the 20% transformation portion of the proposed deciduous fruit statutory levy.

The DFDC's proposed budget for the 2023/24 to 2026/27 period, will be as follows:

	2023/24	2024/25	2025/26	2026/27
Income	R	R	R	R
Estimate transformation income	24 000 000	25 440 000	26 966 400	28 584 384
Estimate administrative income	2 666 667	2 826 667	2 996 267	3 176 043
Total income	26 666 667	28 266 667	29 962 667	31 760 427
Expenditure	2023/24	2024/25	2025/26	2026/27
Transformation activities	57 685 823	60 246 972	62 961 790	65 839 498
Staff costs	704 046	746 289	791 066	838 530
Lease rentals	208 315	229 147	252 061	277 267
Professional fees	296 892	326 581	359 239	395 163
It costs	10 000	10 600	11 236	11 910
Office overheads	627 560	665 214	705 127	747 435
Collection commission (2,5% of income)	666 667	706 667	749 067	794 011
Travelling	44 000	46 640	49 438	52 405
Publication and printing	28 000	29 680	31 461	33 348
Total expenditure	60 271 303	63 007 790	65 910 485	68 989 567
Deficit	-33 604 636	-34 741 123	-35 947 818	-37 229 140

According to the DFDC-SA, the objective of the transformation levy is to facilitate economic and social development and transformation in the deciduous fruit industry through programmes such as enterprise development, skills development and employment equity, management control, socio-economic development, ownership. DFDC-SA also indicates that the transformation levy will not be detrimental to the number of employment opportunities or fair labour practice but will enhance the work of black farmers and black entrepreneurs, labour and social stakeholders in the deciduous fruit industry. The DFDC-SA also proposes that the transformation levy must be collected by HORTGRO and be transferred to the DFDC-SA as beneficiary, administrator and implementer of the proposed transformation statutory levy funds.

The DFDC-SA indicates that the estimated total statutory levy funding request for the four-year period, will be approximately R116.7 million. However, their estimated expenditure over the same period, will be approximately R258.2 million.

Directly affected groups (e.g. agents, certification bodies, exporters, export inspection bodies, fresh produce markets, producers, processors, packers and traders) in the deciduous fruit industry, are kindly requested to submit any comments, in writing, regarding the proposed transfer of transformation statutory levy funds to the DFDC-SA. Comments must be submitted to Mathilda van der Walt (mathildavdw@namc.co.za) on or before 2 June 2023, to enable the Council to finalise its recommendation to the Minister in this regard.