



NAMC

Promoting market access for South African agriculture



Industry Transformation Through Levy Funds

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WHY DOES THE NAMC EXIST?

- The agricultural sector was highly regulated pre-1990s
- The democratic government decided to adopt a deregulated and market-led approach to agriculture from the mid-1990s
- Repeal of regulatory measures in agricultural marketing (legislation, control boards, marketing schemes)
- Promulgation of a new Act: the Marketing of Agricultural Product (MAP) Act of 1996 – which established the NAMC
- Transfer of assets of the control boards to Agricultural Trusts (Section 26 of the MAP Act).
- The MAP Act: to retain some of the statutory regulations/measures for the benefit of the sector
- NAMC exists to oversee the deregulated marketing environment on behalf of the Minister and the sector stakeholders

MANDATE OF THE NAMC DERIVED FROM THE MAP ACT OF 1996

- More specifically, Section 9 of the MAP Act: “Functions of the Council” stipulates the mandate of the NAMC are to:
- Advise the Minister on statutory measures (1) (a) – (d) & (f)
- Undertake investigations and advise the Minister on (1) (e)
 - ✓ Agricultural marketing policy and its application
 - ✓ Possibilities for promoting the objectives of the Act (Section 2):
 - i. The increasing of market access for all market participants
 - ii. The promotion of efficiency of the marketing of agricultural products
 - iii. The optimization of export earnings from agricultural products
 - iv. The enhancement of the viability of the agricultural sector



Statutory measures

The MAP Act makes provision for four statutory measures -



**Levies
(section 15)**



**Records and
returns (section 18)**



**Registration
(section 19)**



**Control of exports
of agric products
(section 16)**

They complement each other.

Statutory measures cont'd

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, RECORDS AND RETURNS

- are measures used to collect and disseminate information in a particular industry.

Conditions of Approval

- Standard – the same for all industries;
- Be approved for a maximum of four years;
- **At least 20% for transformation;**
- Not more than 10% on administration costs;
- The rest for other generic functions as decided by commodity organisations;
- Statutory levies must be audited by the Auditor General;
- Any surplus funds after 4 year levy period only be used as approved by the Minister;
- Database of black role players;
- Employment Equity plans; and
- The NAMC has observer status on meetings of levy administrators.

Work of the Transformation Review Committee (TRC)

COMPOSITION OF THE TRC

Chairperson, Deputy Chairperson and a Secretariat. Members from NAMC core divisions and representatives from the AGRIBEE Charter Compliance from DALRRD.

ROLES AND RESPONSIBILITIES

- Review of the Industry transformation business plans on the 20% levy utilization;
- To ensure alignment with the NAMC's generic Transformation Guidelines (aligned to AGRIBEE sector codes) and;
- Conduct Monitoring and Evaluation (site visits) of the industry transformation interventions.

2022 Levy expenditures on Transformation

Pillars of transformation	NAMC Guideline	Expenditure (Rands)
Enterprise development	60%	129 089 802
Skills development	18%	20 316 202
Employment equity, Management control, Socio economic development, Ownership	22%	29 820 058
Total spent on transformation	100%	179 226 062

Transformation figures for the reporting year:

- Levy administrators spent about 20.0% (**R179.2 million**) on transformation projects during the period under review, an **increase of 32.2 million over the 147 million spent in 2020/21.**

Transformation success stories

WINE

During the review period:

- R7.2 million allocated to assist 26 Black Owned Brands (BOB) with grant funding for various expenses (marketing materials, packaging materials, accounting services and cover travel costs);
- Evaluations showed sales volume increases ranging between 0% and 80%;
- Several brands gained new international and local listings, accessing new markets;
- R6.7 million spent on infrastructure development for 17 black-owned wine farms;
- A Brand Home facility established for BOB, with R3.9 million allocated for sales support, tasting venue, and promotional activities.

CONCLUSION

- Levy administrators allocated approximately 20.0% (R179.2 million) towards transformation projects during the period under review;
- Despite this, the sector remains dualistic and the black farmers' share in total output has remained very low;
- This highlights the need for intensified efforts to mainstream black role-players and promote inclusivity within the sector;
- Public-Private-Partnerships (PPPs) in transformation initiatives is crucial as it fosters impactful collaboration and prevents uncoordinated development support.

THANK YOU



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