

## **Statutory levies as enablers for growth and development in the Southern African agricultural sector: An analysis of the red meat industry**

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The Marketing of Agricultural Products Act (MAP Act) (No.47) of 1996 defines a “statutory measure” as (i) a levy contemplated in Section 15; (ii) records & returns in terms of Section 18; and (iii) registration in terms of Section 19. All the three statutory measures are applied for by the agricultural industry bodies, investigated and analysed by the National Agricultural Marketing Council (NAMC) and recommended to the Minister of Agriculture for approval. Statutory measures are promulgated in the *Government Gazette* for specific agricultural products and for a period not exceeding 4 years.

A statutory levy is a compulsory charge per unit on agricultural commodity at any point in the marketing chain between producers and consumers. The amount of a levy shall not exceed a total of 5% of the guideline price which is calculated based on the average price of the product at the first point of sale during a preceding period not more than three years.

These levies play an important role in financing key industry functions/activities/programmes relating to research, information and development, market access, information collation, consumer education, and transformation activities. Statutory levies serve as a funding mechanism for agricultural activities to foster industry growth, profitability, sustainability, competitiveness and inclusivity, thus ultimately promotes sector viability. Furthermore, a source of establishing a livelihoods and revenue for rural people, contributes to food security, and drives economic growth. The NAMC monitors and reports on the implementation of statutory measures, evaluating and reviewing them every two years. This commentary examines the importance and utilization of the levies in the red meat industry in South Africa.

### **Red meat Statutory Levy structure and the NAMC’s role**

In the South African red meat industry, the statutory levy represents approximately 0.2% of the price of red meat products at the first point of sale which is well within the guideline price.

The NAMC’s mandate includes monitoring this procedure, assessing compliance, and reporting on the performance of the statutory measures to ensure their appropriate application. This stringent control is vital for ensuring accountability and protecting the funds for their intended purposes. The money generated through statutory levies serve not only as a source of revenue but are also reinvested into the agricultural sector to support numerous vital functions, such as Research and Development (R&D), Market Promotion and Consumer Education, Export Facilitation, and Transformation Initiatives.

The NAMC operates as a strategic overseer, ensuring that levy funds are channelled to critical areas as identified by commodity organisations

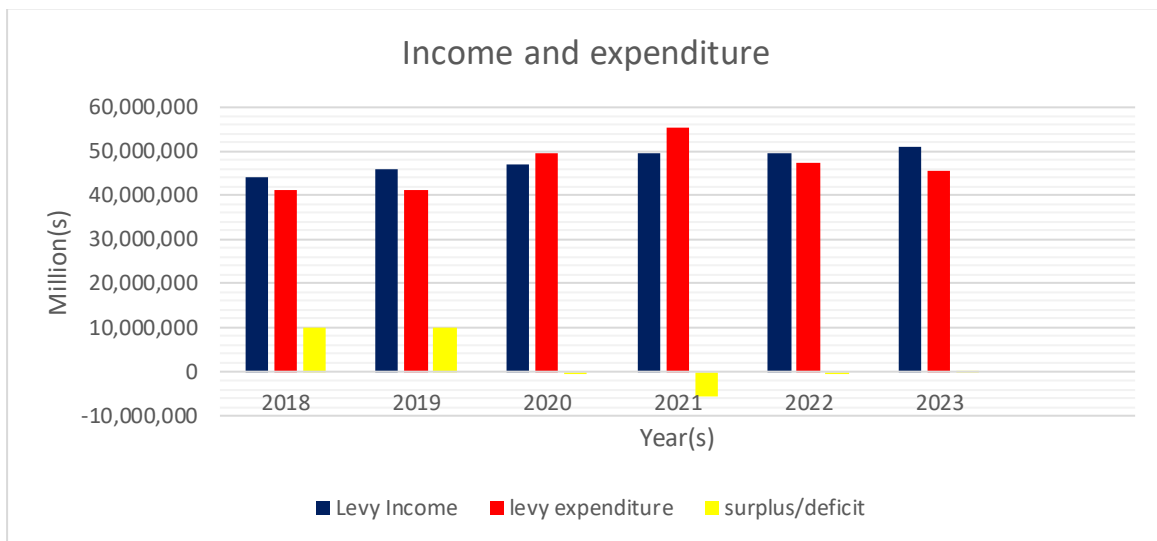


Figure 1: Distribution of red meat statutory Levy income and expenditure

Source: NAMC (2025)

Figure 1 depicts the red meat industry statutory levy income and expenses from 2018 to 2024. The levy income shows a positive increasing trend from 2018 to 2024, with a constant income from 2023 to 2024. It is important to note that statutory levies are approved by the Minister for a period of four years. If there is a surplus of statutory levy after the approved four-year period, the Minister’s approval must be obtained before the red meat industry can use the surplus funds. The red meat industry's levy income growth is crucial for growing the industry as well as securing reserves for future initiatives. The red meat industry has showed an effective handling and management of industry levies and other industry resource instruments. This is reflected in figure 2 on the allocation of the statutory levies to various industry functions/programmes.

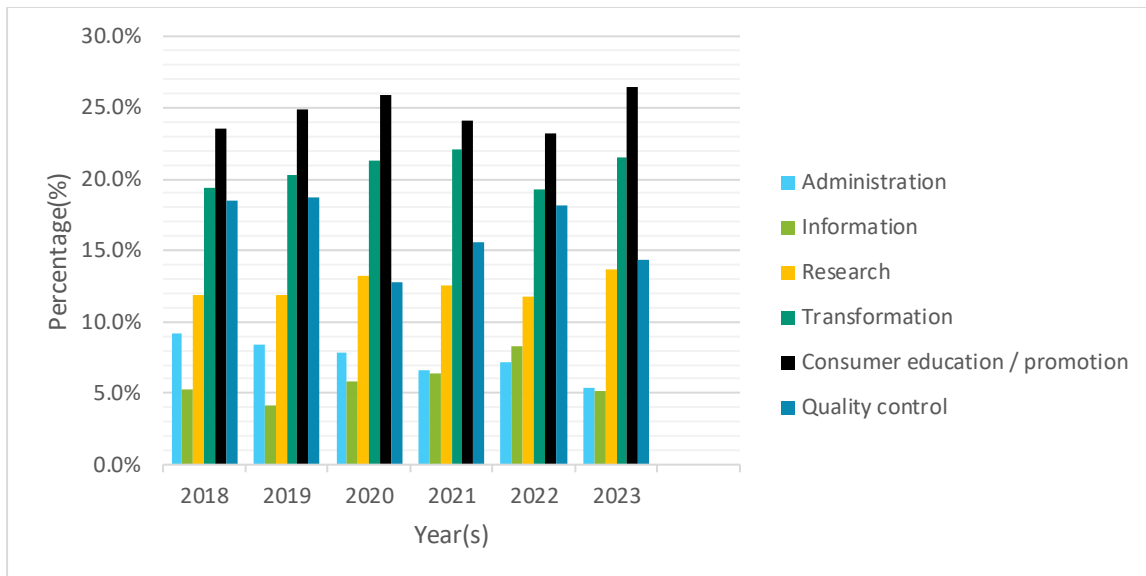


Figure 2: Allocation of Red Meat levies to functions (from 2018 to 2023)

Source: NAMC (2025)

Figure 2 shows the allocations of red meat statutory levy funds to different functions within the industry from 2018 to 2023. According to Figure 2, the majority (43%) of levies collected in 2023 went towards consumer education; this represents an 29.4% increase funding for consumer education compared to 2022. Furthermore, it can be observed that the red meat industry is committed to industry consumer education which can be used to raise the appropriate level of public knowledge regarding the industry's products. The year-to-year comparisons shows that the funds allocated to transformation activities increase from 19.3 % in 2022 to 21.5% in 2023. This highlights the vital importance of levy collection in the red meat industry. Most importantly, levies are usually reinvested in the industry and cover other services such as administration, quality control, export promotion, and market access. The statutory levies coupled with other resources from various partners including government have yielded satisfactory results especially with the red meat trade opportunities and access to markets such as Saudi Arabia and Kuwait to mention few, including establishment of protocols for other key markets globally.

## Conclusion

The statutory levy on red meat industry have been gathered and used appropriately. The levies played a major role for the South African red meat industry, despite several challenges faced such as South African export prices are driven by biosecurity challenges such as FMD outbreaks and global market competitiveness, both of which affect market access and demand. Furthermore, factors such as currency rate instability, rising production and input costs, product grading, stock theft, and restrictions in cold chain

infrastructure all have an impact on competitiveness and capacity to target premium markets.

### **References,**

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