

## GENERAL NOTICES • ALGEMENE KENNISGEWINGS

### DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

#### NOTICE 2418 OF 2024



Block A | 4th Floor | Meintjiesplein Building | 536 Francis Baard Street | Arcadia | 0002  
 Private Bag X935 | Pretoria | 0001  
 Tel: 012 341 1115 | Fax: 012 341 1811/1911  
<http://www.namc.co.za>

#### NEWS STATEMENT BY THE NATIONAL AGRICULTURAL MARKETING COUNCIL

#### APPLICATION FOR STATUTORY MEASURES:

#### LEVIES ON WHEAT, BARLEY AND OATS IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, (ACT NO 47 OF 1996), AS AMENDED

#### INVITATION TO DIRECTLY AFFECTED GROUPS IN THE WINTER CEREAL INDUSTRY TO FORWARD COMMENTS REGARDING THE REQUEST FROM THE WHEAT FORUM

On 28 March 2024 and 9 April 2024, the National Agricultural Marketing Council (NAMC) received a request from the Wheat Forum, that the Minister of Agriculture, Land Reform and Rural Development, in terms of section 15 of the Marketing of Agricultural Products Act (MAP Act), approve the following statutory levies (VAT excluded) for the different winter cereal commodities produced and imported, to be collected and administered by the South African Winter Cereal Industry Trust (SAWCIT), for a period of four years:

| Commodity     | Period                  | Amount (VAT excluded)  |
|---------------|-------------------------|------------------------|
| <b>Wheat</b>  | 1/10/2024 to 30/09/2025 | R 12.00 per metric ton |
|               | 1/10/2025 to 30/09/2026 | R 12.70 per metric ton |
|               | 1/10/2026 to 30/09/2027 | R 13.40 per metric ton |
|               | 1/10/2027 to 30/09/2028 | R 14.30 per metric ton |
| <b>Barley</b> | 1/10/2024 to 30/09/2025 | R 12.00 per metric ton |
|               | 1/10/2025 to 30/09/2026 | R 12.70 per metric ton |
|               | 1/10/2026 to 30/09/2027 | R 13.40 per metric ton |
|               | 1/10/2027 to 30/09/2028 | R 14.30 per metric ton |
| <b>Oats</b>   | 1/10/2024 to 30/09/2025 | R 10.00 per metric ton |
|               | 1/10/2025 to 30/09/2026 | R 10.60 per metric ton |
|               | 1/10/2026 to 30/09/2027 | R 11.20 per metric ton |
|               | 1/10/2027 to 30/09/2028 | R 11.90 per metric ton |

The purpose and aims of this statutory measure are to provide financial support to winter cereal information, research and transformation functions, which the winter cereal industry identified as essential and are in the interest of the industry.

**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.

This request was unanimously supported by the Wheat Forum members on the recommendation of the Wheat Forum Steering Committee, on behalf of the directly affected groups in the winter cereal industry.

Statutory levies have been imposed previously, on wheat, barley and oats (that expired in September 2020) to provide financial support for research projects, quality testing, the supply of generic market information to all role-players and to assist with the development of emerging farmers of winter cereals in South Africa. These levies were administered by the Winter Cereal Trust.

Since the inception of the South African Winter Cereal Industry Trust (SAWCIT) in 2020, the Trust's main source of income was based on voluntary levies collected on wheat, barley and oats. The SAWCIT's Board of Trustees is currently constituted as follows:

| CONSTITUENCY (CURRENTLY) | NUMBER OF REPRESENTATIVES |
|--------------------------|---------------------------|
| WINTER CEREAL PRODUCERS  | 2                         |
| WINTER CEREAL PROCESSORS | 2                         |
| WINTER CEREAL STORAGE    | 1                         |
| CONSUMERS                | 1                         |

If the proposed statutory levies are approved and promulgated, the Trust Deed will be amended to make provision for additional trustees, to be constituted as follows:

| CONSTITUENCY (PROPOSED BOARD OF TRUSTEES) | NUMBER OF REPRESENTATIVES |
|---|---------------------------|
| WINTER CEREAL PRODUCERS                   | 3                         |
| WINTER CEREAL PROCESSORS                  | 2                         |
| WINTER CEREAL STORAGE                     | 1                         |
| CONSUMERS                                 | 1                         |
| TRADERS                                   | 1                         |
| MINISTERIAL APPOINTED TRUSTEES            | 2                         |

#### **Business Plan:**

The budgeted income by means of the proposed statutory levies is based on an expected success rate of a conservative 85% in the collection of levies. It is budgeted that an average annual total income of R42.2 million, of which R37.9 million would be from the wheat levy, could be collected in the next four years, depending on the crop size.

The guidelines of the NAMC regarding the utilisation of statutory levy funds, which currently stipulate that at least 20% of levies collected should be used for transformation projects, were taken into account.

The envisaged budget for the first year (2024/25) is as follows:

- 9.5% of the total budgeted levy income is allocated to the Administration and Contingency Fund. According to the NAMC Regulations, the proposed allowable allocation for administration expenses should not exceed 10%.

- 2.5% of the total budgeted levy income is allocated to commission that might be payable to those persons who have collected and paid the levy to SAWCIT and have conformed to the provisions of the proposed statutory measure.
- 28% of the total budgeted levy income is allocated to the funding of information.
- 20% of the total budgeted levy income is allocated to the funding of transformation. To date, the transformation has not necessarily been part of SAWCIT's voluntary levy, and there is not currently a formal business plan in place. However, with the statutory application, the trust will meet the NAMC's prescribed requirements.
- 40% of the total budgeted levy income is allocated to the funding of research. Funds will be allocated to various research fields based on a model accepted by the winter cereal industry.

|                                       | <b>R</b>          |
|---------------------------------------|-------------------|
| Administration and Contingency Fund   | 4 006 223         |
| Commission payable to levy collectors | 1 054 269         |
| Information                           | 11 807 815        |
| Transformation                        | 8 434 153         |
| Research                              | 16 868 307        |
| <b>Total</b>                          | <b>42 170 767</b> |

#### **Directly affected groups:**

The categories of directly affected groups, which would probably be affected by the new proposed statutory levies, are those groups of persons who are party to the production, importing, purchasing and processing of winter cereals, as well as to the consumption of winter cereal products in the Republic of South Africa.

The support for the proposed statutory measure on winter cereals by the different categories of directly affected groups in the winter cereal industry, as represented on the Wheat Forum, is evidenced by the unanimous resolution adopted in this regard by the Forum.

The proposed statutory levies will apply to the whole of the Republic of South Africa in order to have a uniform system of levies, without the discrimination that would exist on requiring levies in certain areas and not in others.

#### **Invitation to comment:**

As the proposed statutory levies are consistent with the objectives of the Marketing of Agricultural Products Act, the NAMC is investigating the level of support for this specific statutory levy application.

**Directly affected groups in the winter cereal industry are kindly requested to submit any comments or objections regarding the proposed statutory levies, to the NAMC per e-mail to [lizettem@namc.co.za](mailto:lizettem@namc.co.za) on or before 3 May 2024, to enable the Council to formulate its recommendation to the Minister in this regard.**