

**GOVERNMENT NOTICE
GOEWERMENTSKENNISGEWING**

**DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES
DEPARTEMENT VAN LANDBOU, BOSBOU EN VISSERYE**

No. R. 977

16 October 2009

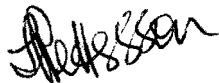
MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

(ACT No. 47 OF 1996)

**ESTABLISHMENT OF STATUTORY MEASURE AND DETERMINATION OF
GUIDELINE PRICES: LEVY RELATING TO SORGHUM**

I, Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, acting under sections 13 and 15 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), hereby-

- (a) establish the statutory measure set out in the Schedule hereto; and
- (b) determine that the guideline price for sorghum is R1 239 per metric ton.



25/9/2009

TINA JOEMAT-PETTERSSON,

MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES.

SCHEDULE

Definitions

1. In this Schedule any word or expression to which a meaning has been assigned in the Act shall have that meaning, and unless the context otherwise indicates-

"buyer" means any person or entity that buys sorghum from a producer.

"dealing in the course of trade" means every purchase of sorghum from the producer thereof by any person, if the sorghum so purchased or any quantity thereof, is or is intended to be disposed of by that person for any consideration whatsoever, whether in its original form or as a manufactured or processed product of sorghum.

"exporter" means any person or entity that exports sorghum from the Republic of South Africa.

"importer" means any person or entity that imports or brings sorghum from another country into the Republic of South Africa;

"producer" means any person or entity that produces sorghum or a person or entity on whose behalf sorghum is produced;

"processor" means any person or entity that deals with sorghum products in the course of trade, or a producer who uses his own sorghum produce to manufacture any product or to use it as an input or raw material for any other commercial purpose or an importer who uses the sorghum imported by him to manufacture any product or to use it as an input or raw material for any other commercial purpose.

"SAGIS" means the South African Grain Information Service, an association not for gain incorporated under section 21 of the Companies Act, 1973 (Act No. 61 of 1973);

"**sorghum**" means the threshed, ripe seed of plants of *Sorghum bicolor (L.) Moench*, but not seed sorghum or sorghum utilised as silage.

"**Sorghum Trust**" is a discretionary trust registered by the Master of the High Court under registration number IT 9221/97.

"**the Act**" means the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996).

Purpose and aim of statutory measure and its relation to objectives of the Act

2. The purpose and aim of this statutory measure is to provide financial support for sorghum information, transformation and research functions, which have been identified by the sorghum industry as essential, in the interests of the industry as a whole.

This measure advances all the objectives as set out in section 2(2) of the Act:

Section 2(2)(a): Increasing market access for all market participants

Research and Information are generic functions that are the basic prerequisites for an orderly industry. Transformation projects are principally aimed at the empowerment of black people in terms of:

- (i) the cultivation of sorghum cultivars that are acceptable to the commercial sorghum industry; and
- (ii) the transfer of farming technology and relevant information.

The supply of continuous generic market information to market participants is essential in identifying possible opportunities and threats in the market place. It can also be used as an instrument for pricing decisions, business expansion, capital investment, product development and market access within the sorghum industry.

Section 2(2)(b): Promoting efficiency of marketing of agricultural products

In the free market environment, reliable industry information supplied by an independent and objective organisation (SAGIS) is critical for a silo owner, producer, trader, processor, researcher, seed grower and to Government. It also provides the necessary tool for strategic planning by the sorghum industry.

The sorghum industry supports the principle that generic market information be obtained by means of statutory measures in terms of the Act and that SAGIS should be the official vehicle to achieve this. SAGIS also operates as the official information service provider for the maize, wheat and oilseeds industries. A statutory levy is required to ensure that the sorghum industry also shares in the gathering and dissemination of market information.

Proper and accurate market information that is continuously and timeously available, will not only increase market access for all participants, but will also promote efficiency in the marketing of sorghum and sorghum products. Furthermore, proper market information will enhance the viability of the sorghum industry and the agricultural sector at large. Market information will also enhance food security, as the market can only function properly if the national stock levels are known.

Research projects are mainly of an agronomical nature, which include the improvement of sorghum quality. Local malting and milling qualities of sorghum are unique and cultivars are developed to comply with the required specifications.

Notwithstanding limited high-potential arable land and unfavourable agricultural conditions, the sorghum industry has achieved high agronomical and grain quality standards, due to the continued funding of research projects. The complex interaction between changing crop patterns and external factors that affect them, such as diseases and pests, often impact negatively on production and quality. This creates an urgent demand for new technology in order to keep the sorghum industry profitable and viable.

Research is therefore important for the maintenance of an internationally competitive industry, and to supply products that are of an acceptable standard according to the preferences of processors and consumers.

Specific research infrastructures have been created over time and it is essential that these infrastructures be retained and maintained to the benefit of the sorghum industry.

Section 2(2)(c): Optimisation of export earnings from agricultural products

Limited volumes of sorghum are exported to the neighbouring countries of South Africa, particularly to Botswana, which is dependent on South Africa for approximately 30% of its annual sorghum requirements, more or less 40 000 tons per annum.

For the optimisation of export earnings it is essential that South African products conform to international quality standards. Researchers and breeders must ensure that locally produced sorghum is acceptable and competitive in the international market.

Section 2(2)(d): Enhancement of the viability of the agricultural sector

The sorghum industry's viability is primarily based on research and information and has an impact on labour. The continuation of levies will ensure that the various role-players of the sorghum industry can continue to more effectively pursue their economic objectives.

A portion of the funds collected by means of the levy on sorghum will be focused on small-scale farmers and the transformation of previously disadvantaged groups within the sorghum industry.

Product to which statutory measure applies

3. This statutory measure shall apply to sorghum.

Area in which statutory measure applies

4. This statutory measure shall apply within the geographical area of the Republic of South Africa.

Imposition of levy

5. A levy is hereby imposed on all sorghum –
- (a) sold or disposed of, by or on behalf of the producer thereof;
 - (b) imported into the Republic of South Africa;
 - (c) processed or converted or caused to be processed or converted into a sorghum product, by or on behalf of the producer thereof, if the sorghum product is intended to be sold or disposed of; and
 - (d) exported from the Republic of South Africa if the levy in respect of such sorghum has not been paid in terms of paragraph (a), (b) or (c).

Amount of levy

6. The amount of the levy (excluding VAT) will be R16-00 per metric ton of sorghum.

Persons by whom levy is payable

7. (1) The levy payable in terms of clause 5 shall –

- (a) in the case of a levy imposed in terms of clause 5(a), be payable by the buyer of the sorghum;
 - (b) in the case of a levy imposed in terms of clause 5(b), be payable by:
 - (i) the buyer of the sorghum where the sorghum is sold by the importer; and
 - (ii) the importer of the sorghum where the importer is also the processor thereof.
 - (c) in the case of a levy imposed in terms of clause 5(c), be payable by the processor or converter of the sorghum; and
 - (d) in the case of a levy imposed in terms of clause 5(d), be payable by the exporter of the sorghum.
- (2) Half of the amount of the levy payable by the buyer in terms of sub-clause (1)(a) and (b)(i) may be deducted from the purchase price which is payable to the producer or the importer, whatever the case may be.
- (3) An administration fee of R0,40 (2.5%) may be deducted from the amount of the levy by the person responsible for the payment thereof in terms of sub-clause (1)(a), (b), (c) and (d).

Payment of levy

8. (1) Payment of the levy imposed in terms of clause 5 shall be made by the persons contemplated in clause 7 by no later than the last day of the month following the month in which the sorghum was purchased, imported, processed, converted or exported.

(2) Payment shall be made by means of a cheque or electronic transfer in favour of the Sorghum Trust, and shall accompany the levy return as required by the Sorghum Trust.

(3) Payment, together with the levy return as required by the Sorghum Trust, shall—

(a) when forwarded by post, be addressed to -

The Administrators
Sorghum Trust
P O Box 12203
QUEENSWOOD
0121

(b) when delivered by hand, be delivered to –

The Administrators
Sorghum Trust
1187 Cobham Road
QUEENSWOOD
Pretoria
0186

(c) when submitted electronically, be paid into the bank account of the Sorghum Trust as indicated on the levy return and submitted to the Administrators via e-mail to the following address –

l-lagric@mweb.co.za.

Administration of statutory measure

9. The statutory measure shall be administered by the Sorghum Trust. The levies collected in terms of the measure shall be administered by the Sorghum Trust as a separate account. Approximately 70% of levy income will be spent on core activities (research and information functions), not more than 10% on administration and 20%

on transformation (development of emerging farmers). The levies shall be accounted for, in a manner and to the extent acceptable to the Auditor-General, separately from any other funds or assets under the control of the Sorghum Trust. Annual audited financial statements will be submitted to the NAMC and the Auditor-General, with the percentage allocated towards transformation clearly indicated and accompanied by a report stating how the objectives of the levy have been met. Any deficit at the date of termination of this statutory measure shall be for the account of the Sorghum Trust. The Minister of Agriculture shall decide on the application of any surplus levies at the date of termination of the statutory measure.

Commencement and period of validity

10. This statutory measure shall come into operation on 1 March 2010 and shall lapse on 28 February 2014.