

## GOVERNMENT NOTICES GOEWERMENSKENNISGEWINGS

### DEPARTMENT OF AGRICULTURE DEPARTEMENT VAN LANDBOU

No. 737

17 August 2001

#### NATIONAL AGRICULTURAL MARKETING COUNCIL MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

(ACT No. 47 OF 1996)

#### REQUEST FOR THE CONTINUATION OF STATUTORY MEASURES IN THE WINE INDUSTRY

It is hereby made known in terms of section 11 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), that the Minister of Agriculture has received a request for the continuation of the following statutory measures, in terms of section 10 and 11 of the said Act:

- Registration (Section 19 of Agricultural Products Act, 1996 (Act 47 of 1996)).
- Records and returns (Section 18).
- Information levy (Section 15).
- Research and Development levy (Section 15).
- Wine export generic promotion levy (Section 15).

In the application it is proposed that all the above-mentioned statutory measures be continued for four years from 1 November 2001 to 31 October 2005. It is proposed that Registration and Records and Returns also be extended for four years, despite the fact that they are only due to lapse in 2003. This is because Registration and Records and Returns are an essential part of levy administration. It is therefore proposed that in future all statutory measures run concurrently.

Directly affected groups in the wine industry are hereby invited to lodge any comments or objections regarding the proposed statutory measures to the National Agricultural Marketing Council within 14 days of the publication hereof.

Submissions should be in writing and be addressed to:

The Chairperson  
National Agricultural Marketing Council  
Private Bag X 935  
PRETORIA  
0001

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**REQUEST FOR THE CONTINUATION OF A STATUTORY MEASURES IN THE  
WINE INDUSTRY IN TERMS OF THE MARKETING OF AGRICULTURAL  
PRODUCTS ACT, 1996  
(ACT NO 47 OF 1996)**

**RESEARCH AND DEVELOPMENT LEVY ON GRAPES, GRAPE JUICE  
CONCENTRATE, DRINKING WINE, DISTILLING WINE AND WINE SPIRIT.**

The Wine Industry Forum applied for the continuation of the statutory measure (Research and development levy) in the wine industry in terms of section 10 and 11 of the Marketing of Agricultural Products Act, Act No. 47 of 1996.

**THE WINE INDUSTRY FORUM REQUESTED THE INTRODUCTION AND  
PROMULGATION OF THE FOLLOWING STATUTORY MEASURES:**

- Section 15 of the Marketing of Agricultural Products Act: The continuation of the research and development levy

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO  
THE FOLLOWING PRODUCT/S**

- Grapes intended for the production of drinking wine or distilling wine
- Grape juice concentrate
- Drinking wine
- Distilling wine
- Wine spirit

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO  
THE FOLLOWING PERSONS:**

- Wine producers in respect of packaged drinking wine, packaged wine spirit, wine spirit sold to another wine producer and wine spirit produced by a wine producer used for fortification of that wine producer's own drinking wine
- Wine traders in respect of grapes purchased. Wine traders in respect of grapes used for production of their own drinking wine or distilling wine and in respect of drinking wine, distilling wine and wine spirit purchased in bulk

**THE PURPOSE OF THE PROPOSED RESEARCH AND DEVELOPMENT  
LEVY IS FOR THE FUNDING AND PROVISION OF THE FOLLOWING:**

The research and development levy will be used to defray the administration costs of WINETECH (Wine Industry Network of Expertise and Technology), to co-ordinate and fund research and development, training and technology transfer in the wine industry. SAWIS (South African Wine Industry Information and Systems), having the infrastructure and information, will continue to collect this proposed levy on behalf of WINETECH

The objectives of a research and development levy are -

- (a) to support the wine industry with expertise, enabling it to be cost effective while producing quality wines and other grape based products through the application of environmentally friendly technologies;
- (b) to support the training and education of individuals for the industry – at all levels in terms of skills, knowledge and insight development – in order to ensure the practical implementation of the best knowledge and most advanced technologies in viticulture, wine making and other grape based products;
- (c) to establish a culture of technological innovation, to ensure the ongoing utilization of the best technology within the industry, and to facilitate its dissemination to all the sectors of the industry;
- (d) to facilitate the development of resources poor and previously disadvantaged producers and to improve their access to the industry by making leading edge appropriate technology available to such producers;
- (e) to establish world leadership in selected niche areas of the wine industry through WINETECH'S network of scientific and technological expertise;
- (f) to commission relevant and thoroughly planned research, technology development and technology transfer in the promotion of the industry's technological capabilities and in the attainment of the other objectives.

The levy will be collected by SAWIS, who will act on behalf of WINETECH in this regard. WINETECH is the actual beneficiary of the levy who will utilise it in accordance with their business plan.

#### THE AMOUNTS OF THE PROPOSED LEVY ON THE RELATED PRODUCTS

1. **Grapes**

R8,40 per ton (0.84c/kg)

2. **Grape juice concentrate**

- R0,012 per litre at 17,4 degrees Balling

3. **Drinking wine**

- R0,012 per litre;

4. **Distilling wine and wine spirit**

- R0,01 per litre at 10 per cent alcohol by volume.

REQUEST FOR THE CONTINUATION OF STATUTORY MEASURES IN THE  
WINE INDUSTRY IN TERMS OF THE MARKETING OF AGRICULTURAL  
PRODUCTS ACT, 1996  
(ACT NO 47 OF 1996)

**REGISTRATION, RECORDS AND RETURNS, INFORMATION LEVY ON  
GRAPES, GRAPE JUICE AND PRODUCTS DERIVED FROM GRAPE JUICE.**

The Wine Industry Forum applied for the continuation of the statutory measures (registration, records and returns and information levy) in the wine industry in terms of section 10 and 11 of the Marketing of Agricultural Products Act, Act No. 47 of 1996.

**THE WINE INDUSTRY FORUM REQUESTED THE INTRODUCTION AND  
PROMULGATION OF THE FOLLOWING STATUTORY MEASURES:**

- Section 15 of the Marketing of Agricultural Products Act: The continuation of the Information levy.
- Section 18 of the Marketing of Agricultural Products Act: Records and Returns.
- Section 19 of the Marketing of Agricultural Products Act: Registration.

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO  
THE FOLLOWING PRODUCT/S**

**1. Registration with SAWIS**

- Grapes intended for the production of drinking wine or distilling wine;
- Grape juice concentrate intended for use in wine;
- drinking wine;
- distilling wine; and
- wine spirit.

**2. Keeping of records and returns**

- vines;
- grapes intended for the production wine;
- grape juice and grape juice concentrate;
- drinking wine
- distilling wine; and
- wine spirit

**3. Information Levy**

- Grapes intended for the production of drinking wine or distilling wine;
- grape juice concentrate intended for the use in drinking wine or other alcoholic products; and
- drinking wine

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO THE FOLLOWING PERSONS:**

- Grape producers
- Wine producers
- Wine traders
- Exporters of drinking wine
- Service providers in respect of bottling, stabilisation, blending, filtering, labeling and/or storing
- Department of Agriculture in respect of drinking wine exports

**THE PURPOSE OF THE LEVY IS FOR THE FUNDING AND PROVISION OF THE FOLLOWING:**

**1) Registration**

The purpose and aims of this statutory measure is to compel the parties to register with SAWIS. Registration is necessary to assist SAWIS in ensuring that continuous, timeous and accurate information relating to the products defined, is available to all role players. Market information is deemed essential for all role players in order for them to make informed decisions. By combining compulsory registration with the keeping of information and the rendering of returns on an individual basis, market information for the whole of the industry can be processed and disseminated and will form the basis for the collection of levies.

The continuation of the measure should assist in promoting the efficiency of the marketing of products. The viability of the wine industry should thus be enhanced. The measure will not be detrimental to the number of employment opportunities or fair labour practice.

It will be administered by SAWIS, a company incorporated under section 21 of the Companies Act, 1973. SAWIS will continue to implement and administer the measure as set out in the Schedule.

**1) Records and Returns**

The purpose and aims of this statutory measure is to compel the parties to keep records and render returns to SAWIS. This is necessary to ensure that continuous, timeous and accurate information relating to the products defined, is available to all role players. Market information is deemed essential for all role players in order for them to make informed decisions. By prescribing the keeping of records with the rendering of returns on an individual basis, market information for the whole of the industry can be processed and disseminated.

The continuation of the measure should assist in promoting the efficiency of the marketing of products. The viability of the wine industry should thus be enhanced. The measure will not be detrimental to the number of employment opportunities or fair labor practice. Any information obtained will be dealt with in a confidential manner and no sensitive or potentially sensitive client-specific information will be made available to any party without the prior approval of the party whose rights are affected.

The measure will be administered by SAWIS, a company incorporated under section 21 of the Companies Act, 1973. SAWIS will continue to implement and administer the measure as set out in the Schedule.

## **2) Information Levy**

The Information levy is to be used to defray the expenses of SAWIS in its continued implementation, administration and enforcement of the statutory measures relating to registration and records and returns and in its processing, auditing, verification and dissemination of information thus acquired.

The information levy is needed by SAWIS to fund the registration of industry role players, and ensure the collection and dissemination of information.

These measures are necessary to ensure that continuous, timeous and accurate information relating to various products in the wine industry, is available to all role players in order for them to make informed decisions.

The measure will not be detrimental to the number of employment opportunities or fair labour practice and is a necessity in view of the statutory measures relating to registration and the rendering of returns.

The measure will be administered by SAWIS, a company incorporated under section 21 of the Companies Act, 1973. SAWIS will continue to implement and administer the measure as set out in the Schedule.

## **THE AMOUNTS OF THE PROPOSED LEVY ON THE RELATED PRODUCTS**

### **Grapes**

- R6,30 per ton

### **Grape juice concentrate**

- R0,009 per litre at 17,4 degrees Balling;

### **Drinking wine**

- R0,009 per litre;

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WINE INDUSTRY IN TERMS OF THE MARKETING OF AGRICULTURAL  
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**GENERIC PROMOTION LEVY ON EXPORT WINE**

The Wine Industry Forum applied for the continuation of the statutory measures in the wine industry in terms of section 10 and 11 of the Marketing of Agricultural Products Act, Act No. 47 of 1996.

**THE WINE INDUSTRY FORUM REQUESTED THE INTRODUCTION AND  
PROMULGATION OF THE FOLLOWING STATUTORY MEASURES:**

- Section 15 of the Marketing of Agricultural Products Act: The continuation of the wine export generic promotion levy

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO  
THE FOLLOWING PRODUCT/S**

- Export wine

**IF APPROVED THE STATUTORY MEASURES WILL BE APPLICABLE TO  
THE FOLLOWING PERSONS:**

- Exporters of drinking wine

**THE PURPOSE OF THE PROPOSED LEVY IS FOR THE FUNDING AND  
PROVISION OF THE FOLLOWING:**

This levy is to be used by SAWSEA (South African Wine and Spirit Exporters' Association) to generically promote S A wines on selected export markets. SAWSEA has a proven track record of international promotional and informational infrastructure, has successfully executed the wine industry's generic promotional campaign in export markets and is now fully representative of its constituency.

It is proposed that SAWIS, having the infrastructure and information, continues to collect this levy for and on behalf of SAWSEA.

According to the applicant a concerted drive by all exporters to promote the exports of South African wines is an absolute prerequisite for the future sustainability of the South African wine industry. Other new world wine producing countries like Australia, New Zealand, California, etc spend vast amounts of money (mostly derived from government and/or statutory levies) on generically promoting their wines on the highly competitive various export markets. In order to be competitive South Africa simply has to continue to

promote South African wines generically. The specific exporter then has to promote his individual brand based on the image created for South African wines.

According to the applicant the objectives of a generic export promotional campaign in order to enhance the sustainability of the industry are the following:

- To increase the rand/case profit or return in each focus market - this will be driven by a proactive PR campaign to enhance South Africa's image as a quality producer.
- To increase activities in new markets in order to provide opportunities for export growth in new markets.
- To increase infrastructural support for the industry as regards export procedures and market research.

#### **THE AMOUNTS OF THE PROPOSED LEVY ON THE RELATED PRODUCTS**

##### **Export wine in bulk**

- R0,05 per litre; and

##### **Packaged drinking wine**

- R0,07 cent per litre