
NOTICE 357 OF 2003
NATIONAL AGRICULTURAL MARKETING COUNCIL
MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996
(ACT No. 47 OF 1996)

REQUEST FOR THE INCREASE 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 in terms of section 15 of the said Act a request for the increase of the following statutory measures:

- Information levy.
- Research and Development levy.

The Wine industry Forum (WIF), on behalf of its members, applied for the increase of the levies on information as well as research and development.

Information levy.

The **Information levy** applies to grapes, intended for the production of wine, currently at R6,30 per ton (an increase to R7,35 per ton was requested), grape juice concentrate, intended for the use in wine, currently at R0,009 per litre (an increase to R0,0105 per litre was requested) at 17,4 degrees Balling, and bulk drinking wine currently at R0,009 per litre (an increase to R0,0105 per litre was requested).

The decision by the industry to establish and run an industry library requires an increase in the amount of the information levy. The maintenance of a central industry library is regarded as critical for proper planning by the industry and the directly affected groups and their members.

Research and Development levy (R&D)

The **Research and Development levy** applies to grapes, currently at R8,40 per ton (an increase to R10.50 per ton was requested), grape juice concentrate currently at R0,012 per litre (an increase to R0,015 per litre was requested) at 17,4 degrees Balling, drinking wine currently at R0,012 per litre (an increase to R0,015 per litre was requested), and distilling wine or wine spirit at currently R0,01 per litre (an increase to R0,013 per litre was requested) at 10 per cent alcohol by volume.

The request to increase in the research and development levy is mainly due to the increase in R&D costs. The increases in R&D costs are a result of among other things the following:

- A decrease in the financial contribution of Government to R&D. This resulted in an increase from 30% of project cost in 1999 to 49% in 2003 for WINETECH.
- A decline in the value of the Rand. For projects that have large (or sometimes sole) component of imported chemicals and apparatus this led and will lead to a large rise in project cost.
- The yearly increase in cost due to inflation over the whole cost spectrum.

It is argued that the outputs resulting from the utilisation of an increased research and development levy will contribute to the optimisation of export earnings and enhancement of the viability of the agricultural sector.

The following statutory measures implemented on 24 December 2001 (expiring 31 October 2005) are currently in place:

- **Research and Development levy** (increase requested).
- **Information levy** (increase requested).
- **Generic promotion levy** applies to export wine (7,00 cents/litre).

In the application it is proposed that the above-mentioned increase in the level of statutory levies be applied for the remaining period of the statutory measures currently in place, i.e. up to 31 October 2005.

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
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