

NOTICE 1568 OF 2005**NATIONAL AGRICULTURAL MARKETING COUNCIL
MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996
(ACT No. 47 OF 1996)**

WINE INDUSTRY -

- **APPLICATION FOR THE INTRODUCTION OF STATUTORY MEASURES (LEVIES, REGISTRATION AND RECORDS & RETURNS) IN THE WINE INDUSTRY**
 - **DIRECTLY AFFECTED GROUPS ARE INVITED TO FORWARD ANY COMMENTS REGARDING THE PROPOSED STATUTORY MEASURES**
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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 introduction and promulgation of statutory measures for levies, registration, the keeping of records and the rendering of returns.

The SA Wine & Brandy Company (SAWB), on behalf of the directly affected groups in the wine industry applied for the statutory measures. The SAWB was established in 2003 to represent the interests of the wine industry. The leadership of the SAWB consists of industry bodies (organised in chambers), representing producers, labour, cellars and merchants.

The SAWB has applied for a new term for the following statutory measures that are currently in place in the wine industry (due to lapse on **31** October 2005):

- Registration
- Records and returns
- Statutory levies:
 - Information levy (to fund the continued implementation, administration and enforcement of the statutory measure relating to registration and records and returns and the processing, auditing, verification and

dissemination of information. This levy will also be used for the continued running of the wine industry library)

- o Research and development levy (to fund research and development, training and technology transfer in the wine industry)
- o Wine export generic promotion levy (to generically promote SA wines on selected export markets and to improve the efficiency of the export process)

In addition the SAWB has applied for the introduction of the following two new statutory levies in the wine industry:

- Combating alcohol abuse levy (to fund programmes and campaigns, aimed at the prevention and reduction of alcohol related harm. Including initiatives in the fields of education, research, primary prevention, capacity development, information resource development and maintenance, industry self-regulation and policy development)
- Empowerment and transformation levy (to coordinate and fund development and training in the wine industry and to influence transformation initiatives throughout the industry)

It is proposed that the statutory measures be established for four years as from 1 November 2005.

The SAWB proposes that the levies be increased on 1 July of each year by the average CPIX for the preceding calendar year or by 5%, whichever is the lower. The table below gives an indication of the expected levy amount for the final term (1 July 2009 to 31 October 2009), using 2004's average CPIX (4,3%) for the initial amount and the 5% cap increase thereafter. According to the application (this is also the case for the existing levies) a product is only levied once per levy. For example, if bulk wine was levied, it will not again be levied in packaged format.

Product to be levied		Levies Currently in place (expiring 31 October)	Proposed levy in the final term (1 July 2009 to 31 October 2009)
1. Grapes intended for the production of wine		R per Ton	R per Ton
	Research and Development levy	10.50	13.31
	Information levy	7.35	8.51
	Combating Alcohol Abuse levy	-	1.77
	Empowerment and Transformation levy	-	2.48
2. Grape juice concentrate intended for use in wine		Cents per litre	Cents per litre
	Research and Development levy	1.5	1.9
	Information levy	1.05	1.21
	Combating Alcohol Abuse levy	-	0.25
	Empowerment and Transformation levy	-	0.35
3. Bulk drinking wine/ Packaged drinking wine		Cents per litre	Cents per litre
	Research and Development levy	1.5	1.9
	Information levy	1.05	1.21
	Wine Export Generic Promotion levy (Only on wine exported)	5.4 for bulk drinking wine; otherwise 7.4	9.38 for bulk drinking wine; 7.72 for packaged drinking wine
	Combating Alcohol Abuse levy	-	0.25
	Empowerment and Transformation levy	-	0.35
4. Distilling wine; or Wine spirit		Cents per litre	Cents per litre
	Research and Development levy	1.3	1.65

The SAWB is structured to conduct its operational or business services to the industry via five operating units - SAWIS (SA Wine Industry Information and Systems), WINETECH (Wine Industry Network of Expertise and Technology), SAWSEA (South African Wine and Spirit Exporters' Association) trading as WOSA (Wines of South Africa), DTU (Development and Transformation Unit) and ARA (Industry Association for Responsible Alcohol Use). According to the application the abovementioned levies would be implemented and accounted for by the operating units as follows:

Statutory Levy	SAWB Business Unit responsible
Registration measure and information levy	SAWIS
Research levy	WINETECH
Wine export generic promotion levy	SAWSEA trading as WOSA
Combating alcohol abuse levy	DTU
Empowerment and transformation levy	ARA

The products that the statutory measures relate to are:

- Grape vines (Only in respect of the registration measure)
- Grapes intended for the production of drinking wine or distilling wine (All statutory measures except the export levy)
- Grape juice concentrate intended for use in drinking wine or other alcoholic products (All statutory measures except the export levy)
- Drinking wine (All statutory measures, but for the export levy it only applies to drinking wine exported.)
- Distilling wine (Only in respect of the research levy)
- Wine spirit (Only in respect of the research levy)

The categories of directly affected groups who will be affected by the statutory measures are:

Registration measure

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

- Department of Agriculture in respect of drinking wine exports

Information levy, alcohol abuse levy and transformation levy

- Wine producers in respect of packaged (5 litres or less) drinking wine
- Wine traders in respect of grapes and bulk drinking wine purchased

Research levy

- 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

Export levy

- Exporters of drinking wine

As the statutory measures requested by the SAWB are prima facie consistent with the objectives of the Marketing of Agricultural Products Act, No 49 of 1996, the Minister has requested the National Agricultural Marketing Council to investigate the possible implementation of the relevant statutory measures and to report back to her within 60 days.

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

Submissions must be in writing and be addressed to:

National Agricultural Marketing Council

Private Bag X 935

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