

**NOTICE 1822 OF 2005**

NATIONAL AGRICULTURAL MARKETING COUNCIL

MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

(ACT No. 47 OF 1996)

REQUEST FOR A STATUTORY MEASURE:

LEVY TO FINANCE INFORMATION AND RESEARCH

FOR SORGHUM

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 a statutory measure in terms of section 10 of the said Act as set out in the Schedule hereto.

Directly affected groups are hereby invited to lodge any objection or representation regarding the proposed statutory measure with the National Agricultural Marketing Council within 14 days of the publication thereof.

Submissions should be in writing and be addressed to:

**The Chairperson  
National Agricultural Marketing Council  
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PRETORIA  
0001  
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**CHAIRPERSON: NATIONAL AGRICULTURAL MARKETING COUNCIL**

**REQUEST FOR A STATUTORY MEASURE (LEVY) ON SORGHUM  
IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996  
(ACT NO 47 OF 1996), AS AMENDED**

1. STATUTORY MEASURE – LEVIES

The statutory measure that is requested to be established, is that the Minister in terms of section 15 of the Act, by notice in the Government Gazette, direct that a levy amounting to R7,70 per ton sorghum, excluding VAT, payable to the Sorghum Trust, be imposed on sorghum:

- that is sold by or on behalf of the producer thereof;
- that is processed or converted into a sorghum product by or on behalf of the producer thereof, if such sorghum product is intended to be sold or disposed of;
- that is imported into the RSA;
- that is exported from the RSA and in respect of which a levy has not previously been paid in terms of the above.

2. INFORMATION REQUIRED BY SECTION 10 OF THE ACT

The particulars as required by section 10 of the Act to be included in a request for the establishment of a statutory measure, are as follows:

- 2.1 The statutory measure that is requested would relate to Sorghum [the threshed, ripe seed of plants of *Sorghum bicolor* (L.) Moench, but not seed sorghum or sorghum utilised as silage].
- 2.2 The categories of directly affected groups which would probably be affected by the proposed statutory measure, are those groups of persons who are party to the production, purchasing, importing and processing of sorghum as well as the consumption of sorghum products in the Republic of South Africa.
- 2.3 Letters of support for the proposed statutory measure on sorghum, by the different categories of directly affected groups in the sorghum industry were received.
- 2.4 The proposed statutory measure will apply to the whole of the Republic of South Africa, in order to have a uniform levy.
- 2.5 According to the applicant, the proposed statutory measure will further the objectives of the Act as stipulated in section 2(2) thereof. Such measure will also not contravene section 2(3) of the Act.
- 2.6 The manner in which the objectives referred to in section 2(2) of the Act will be furthered (namely the increasing of market access for all market participants, the promotion of the efficiency of the marketing of agricultural products, the optimisation of export earnings from agricultural products

and the enhancement of the viability of the agricultural sector), are summarised below:

The continuation of the statutory measure is required in order to finance research and information services to the sorghum industry.

#### The increasing of market access for all market participants

Research and Information are generic functions that are the basic prerequisites for an orderly industry. For the four years 2001/02 until 2004/05, an average of 22% of levy funds were appropriated on projects aimed at previously disadvantaged individuals.

These projects are principally aimed at the empowerment of black people in terms of the cultivation of sorghum cultivars for emerging farmers, technology transfer and dissemination of information.

#### The promotion of the efficiency of the marketing of sorghum

Approximately 90% of the research projects are of an agronomical nature, which include the improvement of sorghum quality. In the latter respect, local malting and milling qualities of sorghum are unique and cultivars are developed to comply with the required specifications. Despite the lack of high-potential arable land and agricultural conditions in general, the sorghum industry has achieved high agronomic and grain quality standards, due to the continued funding of research projects. The complex interaction between changing behavioral patterns of crops and external factors affecting them, such as disease and pests, often impacts negatively on production and quality, thus creating an urgent demand for new technology in order to keep the sorghum industry competitive.

Research is therefore important for the maintenance of an internationally competitive industry and the supplying of products that are of an acceptable standard that meets the preferences of manufacturers and consumers.

The supplying of generic market information to market participants on a continuous basis is essential for the market to operate effectively.

In the free market environment, reliable macro industry information is regarded as critical for strategic planning by the sorghum industry as well as the directly affected groups individually. The South African Grains Information Service (SAGIS) has since its establishment, been accepted as an objective and reliable supplier of information. A statutory levy is required to ensure that the sorghum industry also shares in the gathering and dissemination of information by SAGIS.

#### Optimisation of export earnings

Limited amounts are being exported to mainly the neighbouring countries of South Africa and in particular to Botswana. Botswana is dependant on

South Africa for approximately 30% of its sorghum requirements (on an average annual basis), which relates to about 40 000 tons per annum.

Enhancement of the viability of the sorghum industry

As indicated above, the total sorghum industry's viability is principally based on the research and information functions, and therefore also impacts on labour. The continuance of a levy will enable the role-players of the sorghum industry to pursue economic objectives more effectively.

The continuation of the statutory measure will not contravene Section 2(3) of the Act.

2.7 DATE OF IMPLEMENTATION AND DURATION OF STATUTORY MEASURE:

The existing statutory measure expires on 28 February 2006.

The statutory measure requested should come into operation on 1 March 2006 and remains in place for a period of four years, until 28 February 2010.

It should be borne in mind that the measures will, in terms of the Act, be subject to evaluation and review by the National Agricultural Marketing Council at least every two years. Furthermore, the Act provides for the application to be made for the repeal of statutory measures.

2.8 MOST APPROPRIATE BODY TO ADMINISTER MEASURE:

The Sorghum Trust will be responsible for the collection and administration functions associated with the statutory measure requested. The Board of Trustees will appoint persons to carry out these functions.

2.9 PARTICULARS ON ENFORCEMENT:

Levy inspectors will have to be designated and authorised by the Minister to perform the functions referred to in section 21 of the Act. Defaulters will be reported to the various industry principals and if necessary to the NAMC. Legal action will be taken where necessary. The Trust Administrator will meet with levy inspectors and accountant on a monthly basis to discuss progress with regard to levy collection. The Trust administrators will report to the NAMC on a quarterly basis regarding the status of levy collection and the appropriation of levy funds. The Trust Administrator will ensure compliance with the requirements of the Auditor-General in terms of the Public Finance Management Act. The Trust Administrator will remind persons on a monthly basis to submit return forms and pay the levies, and keep them informed on the appropriation of levy funds.