

**NOTICE 296 OF 2006**

NATIONAL AGRICULTURAL MARKETING COUNCIL

MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

(ACT No. 47 OF 1996)

REQUEST FOR STATUTORY MEASURES:

LEVY TO FINANCE INFORMATION AND RESEARCH

FOR WHEAT, BARLEY, OATS AND DURUM WHEAT

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  
Fax No.: (012) 341 1811  
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**TR Ramabulana  
CEO: NATIONAL AGRICULTURAL MARKETING COUNCIL**

**REQUEST FOR A STATUTORY MEASURE (LEVY) ON WHEAT, BARLEY, OATS  
AND DURUM WHEAT 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 levies to the amounts of R9,00 per metric ton for wheat, R8,50 per metric ton for barley, R4,50 per metric ton for oats and R4,75 per metric ton for durum wheat, (VAT excluded), be imposed on all winter cereal sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy in respect of such a winter cereal has not been paid before.

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 wheat, barley, durum wheat and oats (hereafter referred to as winter cereal).
- 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 and processing of winter cereals as well as to the consumption of winter cereal products in the Republic of South Africa.
- 2.3 Letters of support for the proposed statutory measure on winter cereals, by the different categories of directly affected and other groups in the winter cereal 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 purpose and aims of this statutory measure are to provide financial support to the gathering and dissemination of information as well as scientific research to the benefit of the winter cereal industry.

**Support to the winter cereal information function:**

The maintenance of macro industry information is regarded as critical for strategic planning by the winter cereal industry as well as the directly affected groups individually.

In order for the market to operate effectively and efficiently, the industry regards the supplying of generic market information to all role players on a continuous basis, as essential.

The South African Grains Information Services (SAGIS) has since its establishment been nationally and internationally accepted as an objective and reliable supplier of information. A statutory levy is required to ensure that the winter cereal industry also shares in the gathering and dissemination of information by **SAGIS**.

Proper and accurate winter cereal market information obtainable on a continuous and timeous manner, will not only increase market access for all participants, but will also promote efficiency in the marketing of winter cereal and winter cereal products. Winter cereal marketing will furthermore enhance the viability of the winter cereal industry in particular and the agricultural sector at large.

Market information will also enhance food security, as the information on national stock levels of winter cereal will be available. The measure will further not be detrimental to the number of job opportunities within the economy or to fair labour practice.

Winter cereal and winter cereal products are annually exported to neighbouring countries and in record crop years significant volumes are also exported overseas. To achieve optimisation of export earnings, reliable information is essential.

**Support to research on winter cereals:**

The agricultural sector is expected to ensure food security, strengthen the economy and promote social wealth by providing job opportunities in rural areas. This aim can be reconciled with the provisions of section 2(3) of the Act. In order to achieve these aims the agriculture sector is dependent on continued research.

According to experts in the field of research, the performance of the South African agricultural sector despite the lack of high-potential arable land, could to a great extent be attributed to the development and application of agricultural research results. 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 agricultural sector profitable. Account should also continually be taken of consumer preferences within the market.

As regards research on winter cereal, specific infrastructure has been created over time. It is essential that the above infrastructure created by contributions from the winter cereal industry be retained and maintained to the benefit of the winter cereal industry.

The development of new cultivars with improved quality characteristics constitutes an important part of the research undertaken by various organisations. The continuous development of new cultivars is indispensable to the sustained production of winter cereals.

No one of the objectives of the Marketing Act is envisaged to impact negatively on any of the other objectives. Furthermore, the measure would not contravene Section 2(3) of the Act.

**2.7 DATE OF IMPLEMENTATION AND DURATION OF STATUTORY MEASURE:**

The current statutory measures regarding levies in winter cereals as promulgated by Government Notices No. 1158 of 13 September 2002 expire on 30 September 2006.

The statutory measure requested should come into operation on 1 October 2006 and remains in place for a period of four years i.e. until 30 September 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 administration of the Winter Cereal Trust will be responsible for the collection and administration functions associated with the statutory measure as requested. The Board of Trustees will appoint persons to carry out these functions. Such persons will have to be designated and authorised by the Minister as inspectors to perform the functions referred to in Section 21 of the Act. The Auditor-General will execute annual audits.