
GOVERNMENT NOTICE

DEPARTMENT OF AGRICULTURE

No. R. 1033

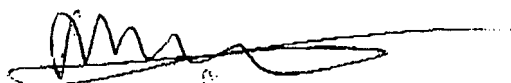
1 November 2007

MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996 (ACT No. 47 OF 1996)

WINE INDUSTRY: AMENDMENT OF STATUTORY MEASURES AND DETERMINATION OF GUIDELINE PRICES

I, Lulama Xingwana, Minister of Agriculture, acting under sections 13 and 15 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), hereby –

- (a) amend the statutory measures published by Government Notice No. R. 1075 of 31 October 2005 to the extent as set out in the Schedule;
- (b) determine that the statutory measure shall come into operation on the date of publication and will lapse on 31 October 2009.
- (c) determine that in respect of levies collected:
 - (i) Approximately 70% of levy income is spent on the core activities;
 - (ii) Approximately 20% on transformation; and
 - (iii) Not more than 10% on administration.
- (d) determine that the guideline price for –
 - (i) grapes intended for the production of wine shall be R3618,00 per ton;
 - (ii) grape juice concentrate intended for use in wine shall be 236,76 cents per litre at 17.4 degrees Balling;
 - (iii) drinking wine shall be 343,64 cents per litre;
 - (iv) distilling wine and wine spirit shall be 94,95 cents per litre at 10 per cent alcohol by volume; and
 - (v) export wine shall be 343,64 cents per litre.



L. XINGWANA,

Minister of Agriculture.

SCHEDULE

Definitions

- 1 In this Schedule any word or expression to which a meaning has been assigned in the Notice shall have that meaning, and "the Notice" means Government Notice No. R. 1075 of 31 October 2005.

Purpose and aims of amendment of statutory measures and the relation thereof to the objectives of the Act

- 2 At the time (2005) of applying to the Minister of Agriculture for the current 4-year cycle of statutory measures the industry requested that the levy amounts be indexed for inflation, and, if not possible, indicated that the Minister will then be approached to amend same levies for the last two years of the cycle (November 2007 to November 2009). The purpose and aims of the proposed amendment to the levies are, thus, primarily to account for inflation over the period since the amounts were determined by the Minister in 2005 until the end of the current cycle on 31 October 2009. The previous application also shows clearly that no allowance for inflation was made in the amounts then requested and subsequently approved.

The research and development levy is used to defray the administration costs of WINETECH (Wine Industry Network of Expertise and Technology), and to coordinate and fund research and development, training and technology transfer in the wine industry. An increase on the current amount of 10% is requested. Starting with the amount determined in 2005, this amounts to a 3% increase per year until the end of the cycle in 2009 - well within inflationary standards.

The Information levy is used to defray the expenses of SAWIS (SA Wine Industry Information and Systems) 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 and intelligence thus acquired. This levy is also used for the continued running of the wine industry library. An increase on the

current amount of 19% (0,20 cents), albeit from a small base, is requested. However, it must be borne in mind that since SAWIS's establishment in 1999, the information levy remained at 1 cent per litre followed by a decrease of 10% in December 2003. Thereafter it increased to 1,05 cent per litre in September 2003 and was not increased with the commencement of the current cycle. The proposed increase from 1 November 2007 will in effect represent an average increase of 4,9% since 2001, which is well in line with inflationary standards. Clearly, inflationary pressures have now caught up with productivity, which included new functions such as the industry library.

The wine export generic promotion levy is used by WOSA (Wines of South Africa) to generically promote SA wines on selected export markets and to improve the efficiency of the export process. An increase on the current amount of 9,6% is requested. Starting with the amount determined in 2005, this amounts to a 2,3% increase per year until the end of the cycle in 2009 - in spite of inflation.

The amendment of the statutory measures will not be detrimental to food security, the number of employment opportunities within the economy or to fair labour practice. It is aimed at growing the competitiveness and capacity of the industry concerned.

Amendment of clause 7 of the Notice

- 3** Clause 7 of the Notice is hereby amended by the substitution for sub clause (2) of the following sub clause:

- "(2) The amount of the research and development levy shall -
- (a) in the case of grapes, be R12,46 per ton;
 - (b) in the case of grape juice concentrate, be 1,78 cent per litre at 17,4 degrees Balling;
 - (c) in the case of drinking wine, be 1,78 cent per litre;
 - (c) in the case of distilling wine and wine spirit, be 1,54 cent per litre at 10 per cent alcohol by volume."

Amendment of clause 8 of the Notice

- 4 Clause 8 of the Notice is hereby amended by the substitution for sub clause (2) of the following sub clause:

"(2) The amount of the wine export generic promotion levy shall -
(a) in the case of export wine in bulk, be 6,39 cent per litre; and
(b) otherwise, be 8,77 cent per litre."

Amendment of clause 9 of the Notice

- 5 Clause 9 of the Notice is hereby amended by the substitution for sub clause (2) of the following sub clause:

"(2) The amount of the information levy shall -
(a) in the case of grapes, be R8,75 per ton;
(b) in the case of grape juice concentrate, be 1,25 cent per litre at 17,4 degrees Balling;
(c) in the case of drinking wine, be 1,25 cent per litre."
