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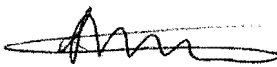
30 January 2009

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

**ESTABLISHMENT OF LEVIES ON MILK AND OTHER DAIRY PRODUCTS
AND THE DETERMINATION OF GUIDELINE PRICES IN RESPECT OF MILK
AND OTHER DAIRY PRODUCTS**

I, Lulama Xingwana, Minister of Agriculture, acting under sections 13 and 15 of the Marketing of Agricultural Products Act, 1996 (the Act) hereby

- (a) establish the levies on milk and other dairy products as set out in the Schedule hereto;
- (b) determine the guideline prices for milk and other dairy products as set out in the Schedule; and
- (c) acting under section 14 of the Act entrusts the implementation, administration and enforcement of the levies referred to under (a) to Milk SA, an association incorporated under section 21 of the Companies Act, 1973.



L. XINGWANA

Minister of Agriculture

SCHEDULE

Definitions

1. In this schedule:

“consumers” means the end users of milk;

“milk producer” means a person that produces milk by the milking of cows, goats or sheep;

“retailers” means persons that sell milk directly to consumers; and

“the Act” means the Marketing of Agricultural Products Act, 1996 (Act 47 of 1996).

2. The products subject to the levies and the levies are as follows:

Customs Tariff Classification	Product description	Levy (Vat exclusive)
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter	1c per kg
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter	9,6c per kg
04.03	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits, nuts or cocoa	3,6c per kg

04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; Products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included	2,9c per kg
04.05	Butter and other fats and oils derived from milk, dairy spreads	10,3c per kg
04.06	Cheese and Curd	14,4c per kg

3. The levies set out under 2 shall be paid by:
- (a) Persons, excluding retailers, that buy milk from one or more milk producers with the purpose to sell it as such, or to sell it after processing or to use it to manufacture other products;
 - (b) Persons that import a product that is in terms of 2 subject to a levy; and
 - (c) Persons who are milk producers and that sell the milk produced by them to retailers or consumers or that use such milk to manufacture other products.
4. The levies set out under 2, shall be paid by the persons listed in 3 to Milk SA not later than 15 days after the month in which the actions that created the levy liability, took place.

5. The payment of levies shall be accompanied by the levy return form as prescribed by Milk SA. Payment and levy return forms shall -

(a) when forwarded by post, be addressed to:

Milk SA
PO Box 1961
Brooklyn Square
0075

(b) when delivered by hand, delivered to:

Milk SA
Bank Forum Building
Ground Floor (GL004)
C/o Fehrsen & Veale Street
Brooklyn
Pretoria

(c) Electronic Payment should be made to:

Milk SA
ABSA Bank
Acc. No. 405 895 6897
Branch: Brooklyn
Code: 634 156

The return form can electronically be conveyed to Milk SA at:

admin@milksa.co.za

6. The statutory measure described in this schedule shall –
- (a) apply within the geographical area of the Republic of South Africa; and
 - (b) come into operation on the date of publication hereof and shall lapse on 23 December 2013.
7. The purpose of the levies set out under 2, is to finance actions that are necessary to further, in respect of the dairy industry, the objectives set out in section 2(2) of the Act and it is as follows:
- a) **Consumer Education**
From a national point of view and to promote the viability of the dairy industry, consumers should be informed of the health and nutritional advantage of milk and other dairy products. Informed consumers will not only contribute to the national well-being in respect of nutrition and health, but especially also to the viability and sound development of the dairy industry. The education will be conducted in such a way that it will not erode the marketing activities of any firm in the dairy industry that are aimed at differentiating its products from that of competitors.
 - b) **Improvement of the quality of milk and other dairy products**
From a nutritional and health point of view milk and other dairy products have an important role to play in the national household. The products are perishable and may pose a risk to consumers. As a result, actions are required to promote the quality of milk and other dairy products and the compliance with legal standards. Such actions will contribute significantly to the

viability of the dairy industry because it will increase certainty in the market regarding the quality of the products and that will impact positively on the size of the market.

- c) **Statistical and other information regarding dairy industry**
Statistical information and other information regarding the dairy industry in South Africa and internationally, and analysis of such information is required to promote market access in respect of the dairy industry, the efficiency of marketing of milk and other dairy products, and the viability of the dairy industry. The information regarding the dairy industry and the analysis thereof will make market signals visible for role players in the industry and for Government institutions and will contribute significantly to the achievement of the relevant objectives of the Act.
- d) **Research and Development**
Research and development are required to promote not only the viability of the dairy industry but also to promote the achievement of the other objectives of the Act as set out in section 2(2) of the Act. Research is fragmented and action is required to ensure co-ordination and that research and development are functional in respect of the strategic direction of the industry namely broadening of the market for milk and other dairy products, improvement of international competitiveness of the South African industry and empowerment of previously disadvantaged individuals. Furthermore action is required to promote the practical application of local and international research and development in South Africa.

- e) Empowerment of previously disadvantaged individuals
- The viability of the dairy industry is significantly influenced by the extent to which previously disadvantaged individuals are empowered. Empowerment will not only impact positively on the viability of the industry but also on the other objectives of the Act. The focus of the empowerment to be financed from the income from the levies will be the facilitation of the transfer of knowledge and skills. Such action will also not only contribute to the viability of the dairy industry but also to the other objectives of the Act as it will promote market access, efficiency of marketing of dairy products and export earnings.

The requested levies can in no way impact negatively on any of the matters set out in section 2 (2) and section 2 (3) of the Act.

Collectively, the requested measure will create a more viable dairy industry that will enhance the matters set out in section 2 (3) of the Act namely food security, number of employment opportunities and fair labour practice.

8. The expenditure of the income from the levies during the period in respect of which the levies exists, shall be determined in such way that:
- (a) not more than 10 per cent of the income from the levies be spend on the administration of the measures described in this schedule, and
 - (b) at least 20 per cent of the income from the levies is spend on empowerment of previously disadvantaged individuals.

9. The collection of the levies and the use of the income from the levies by Milk SA, shall be annually subject to audit by the Auditor-General.
10. Confidential information of any person subject to the statutory measure, obtained by Milk SA through the implementation, administration and enforcement of this statutory measure, shall be dealt with by Milk SA in accordance with section 23 (2) of the Act.

The guideline prices for milk and other dairy products shall be as follows:

Guideline prices

Customs Tariff Classification	Product description	Guideline Price R/kg
04.01	Milk and cream not concentrated nor containing added sugar or other sweetening matter	2.92
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter	38.08
04.03	Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits, nuts or cocoa	8.20
04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter not elsewhere specified or included	16.01

04.05	Butter and other fats and oils, derived from milk, dairy spreads	29.81
04.06	Cheese and Curd	36.88