
DEPARTMENT OF AGRICULTURE**No. 475****4 June 2010**

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

RED MEAT INDUSTRY -

- **REQUEST FOR THE CONTINUATION OF STATUTORY MEASURES RELATING TO LEVIES, REGISTRATION AND RECORDS & RETURNS**
 - **DIRECTLY AFFECTED GROUPS ARE INVITED TO FORWARD ANY COMMENTS REGARDING THE PROPOSED STATUTORY MEASURES**
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It is hereby made known that on 14 May 2010, the Minister for Agriculture, Forestry and Fisheries received a request from the Red Meat Industry Forum (RMIF), on behalf of directly affected groups in the red meat industry, for the continuation of statutory measures for levies, registration, the keeping of records and the rendering of returns.

The current statutory measures for the red meat industry were introduced on 5 November 2007 and will expire on 4 November 2010. The RMIF requested ministerial approval for the continuation of these statutory measures for a new period of four years, to lapse on 4 November 2014. In terms of this application, the red meat industry refers to role players involved in the production and marketing of cattle, goats, sheep and its products, as well as pork products purchased for processing.

The purpose of the statutory measures relating to registration and records & returns is to compel role players in the red meat industry to register with the Meat Statutory Measure Services (MSMS), a Section 21 Company, and also to compel them to keep records and render the returns to MSMS. These statutory measures will enable MSMS to process and publish accurate information to all role players in order for them to make informed decisions. The MSMS will outsource some of the functions relating to the administration of the proposed statutory measures.

The RMIF proposes that the current statutory levies increase twice (2) within the next four years. Some of the levies (excluding VAT) will increase as follows:

	Current levies until 4 Nov 2010	From 5 Nov 2010 until 4 Nov 2012	From 5 Nov 2012 until 4 Nov 2014
Cattle (per head)	R5.00	R6.45	R7.10
Sheep / goats (per head)	R0.75	R1.25	R1.38
Hides / skins (per kg)	1.00c	1.24c	1.37c

Although the statutory levies for cattle and sheep/goats will increase 29% and 67% respectively on 5 November 2010 (compared to the current statutory levies), it must be taken into consideration that the current levies remained unchanged since its inception on 5 November 2005. It means that the current levies remained unchanged for five years.

The Marketing of Agricultural Products Act, 1996 (MAP Act), stipulates that a statutory levy may not exceed 5% of the price realised for a specific agricultural product at the first point of sale. The maximum of 5% must be based on a guideline price, calculated as the average price at the first point of sale over a period not exceeding three years. The RMIF calculated the guideline price for cattle at R5 350 per head and the proposed levy of R6.45 per head from 5 November 2010, equates to 0.1% of the guideline price. For sheep the guideline price was calculated at R624 per head and the proposed levy of R1.25 per head equates to 0.2% of the guideline price. Both the proposed statutory levies for cattle and sheep of 0.1% and 0.2% of guideline prices respectively, are well within the requirement of 5% as stipulated in the MAP Act. The average level of all statutory levies on agricultural products approved by the Minister, is 0.5% of the value of the relevant agricultural products at the first point of sale.

It is envisaged that the red meat industry would collect an amount of approximately R106.0 million over the four year period from 5 November 2010 until 4 November 2014. The beef industry will contribute approximately 68% to this amount while the sheep / goat industry will contribute approximately 32%.

The proposed new statutory levy will finance the following functions (allocation over the four year period) –

	Allocation
<input type="checkbox"/> Consumer assurance	12.1%
<input type="checkbox"/> Consumer education	19.4%
<input type="checkbox"/> Development of the developing sector	21.9%
<input type="checkbox"/> Livestock product research and development	11.9%
<input type="checkbox"/> Industry liaison / information	8.8%
<input type="checkbox"/> Production development	15.9%
<input type="checkbox"/> Administration	10.0%

The proposed statutory levies in the red meat industry will be administered by the Meat Statutory Measures Services (MSMS) and will be as follows:

Cattle	From 5 Nov 2010 until 4 Nov 2012	From 5 Nov 2012 until 4 Nov 2014
Deducted and retained from the selling price of each animal by any buyer of such animal. In the event of an animal not reaching the place of slaughter the levy shall be paid over to the MSMS.	R3.87 per head	R4.25 per head
Payable by the owner to the abattoir and collected by the abattoir at slaughter from the owner of such animal and paid over by the abattoir to the MSMS.	R6.45 per head	R7.10 per head
Payable by each meat trader outlet and paid over to the MSMS.	R400 per year	R450 per year
Payable by the importer to the issuing officer and paid over to the MSMS.	R720 per permit for beef products imported	R792 per permit for beef products imported
Payable by the exporter at the point of exit and paid over to the MSMS.	R6.45 per head exported live	R7.10 per head exported live

Payable by the agent and paid over to the MSMS.	0.07% of the commission	0.07% of the commission
Payable by the processor for every hide locally produced and paid over to the MSMS. Payable by the exporter for every unprocessed hide exported and paid over to the MSMS.	1,24c per kg	1,37c per kg

Sheep and goats	From 5 Nov 2010 until 4 Nov 2012	From 5 Nov 2012 until 4 Nov 2014
Deducted and retained from the selling price of each animal by any buyer of such animal. In the event of an animal not reaching the place of slaughter the levy shall be paid over to the MSMS.	R0.83 per head	R0.90 per head
Payable by the owner to the abattoir and collected by the abattoir at slaughter from the owner of such animal and paid over by the abattoir to the MSMS.	R1.25 per head	R1.38 per head
Payable by each meat trader outlet and paid over to the MSMS.	R400 per year	R450 per year
Payable by the importer to the issuing officer and paid over to the MSMS.	R720 per permit for sheep products imported	R792 per permit for sheep products imported
Payable by the exporter at the point of exit and paid over to the MSMS.	R1.25 per head exported live	R1.38 per head exported live
Payable by the agent and paid over to the MSMS.	0.07% of the commission	0.07% of the commission
Payable by the processor for every skin intended for processing and paid over to the MSMS. Payable by the exporter for every skin (processed or unprocessed) exported and paid over to the MSMS.	1,24c per kg	1,37c per kg

Processors	From 5 Nov 2010 until 4 Nov 2012	From 5 Nov 2012 until 4 Nov 2014
For red meat and pork products purchased by registered processors for processing to be paid over to the MSMS.	1,24c per kg	1,37c per kg

Notes:

- The R400 per year payable by each meat trader outlet relates to each outlet *per se*, and is not applicable per meat trader outlet per specie.
- Application can be made to the MSMS for exemption from certain categories of levy payer on the grounds that it is a welfare organisation as defined in terms of the Value Added Tax Act.
- A 3 % collection fee can be deducted from the collected levies by the abattoir before the levies are paid over to the MSMS.

The RMIF decided that the proposed statutory levies will be a proportional transaction based levy to ensure that all directly affected groups in the red meat value chain are making a contribution. The proposed levies will be paid by the following directly affected groups:

	Contributions
Payment by the owner of animals (collected by abattoirs)	80.2%
Importers	7.7%
Livestock agents	0.9%
Tanneries	2.5%
Meat processors	3.1%
Retailers	5.2%
Exporters of hides	0.5%

As the proposed statutory measures requested by the RMIF are *prima facie* consistent with the objectives of the Marketing of Agricultural Products Act, No 47 of 1996, the National Agricultural Marketing Council decided to investigate the proposed statutory measures and to make a recommendation to the Minister as soon as possible.

Directly affected groups in the red meat industry are kindly requested to submit any comments regarding the proposed statutory measures to the National Agricultural Marketing Council in writing within 14 days of the publication hereof to enable the Council to formulate its recommendation to the Minister in this regard.

Submissions must be in writing and be addressed to:

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