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**MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996****(ACT No. 47 OF 1996)****APPLICATION FOR A STATUTORY MEASURE (LEVY)  
ON LUCERNE SEED AND LUCERNE HAY**

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, Forestry and Fisheries 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 (NAMC) within 21 days of this publication.

Submissions should be in writing and be addressed to:

**Ms Lizette Mellet  
National Agricultural Marketing Council  
Private Bag X 935  
PRETORIA  
0001**

**Enquiries: Ms Lizette Mellet  
Tel.: (012) 341 1115  
Fax No.: (012) 341 1811  
lizette@namc.co.za**

**CHAIRPERSON: NATIONAL AGRICULTURAL MARKETING COUNCIL**

**APPLICATION FOR A STATUTORY MEASURE (LEVY)  
ON LUCERNE SEED AND LUCERNE HAY  
IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT,  
ACT NO 47 OF 1996**

**1. STATUTORY MEASURE –LEVIES**

The statutory measure that is requested by the National Lucerne Trust (NLT), on behalf of the lucerne industry, is that the Minister of Agriculture, Forestry and Fisheries, in terms of section 10 of the Act, by notice in the Government Gazette, direct that the parties specified hereunder, shall pay the following levies (VAT excluded):

- 60c/kg of imported seed, payable by lucerne seed importers;
- 60c/kg of clean seed, payable by lucerne seed producers;
- R3/t for ungraded lucerne hay; and
- R5/t for lucerne hay graded in terms of the NLT Quality and Grading Scheme, payable by lucerne hay producers and dealers.

**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 a statutory measure, are as follows:

- 2.1 The statutory levies that are requested, would relate to lucerne seed and lucerne hay.
- 2.2 Importers and producers of lucerne seed, and producers and dealers of lucerne hay will be directly affected by this measure.
- 2.3 The level of support for the proposed statutory measure on lucerne seed and hay has been tested and sufficient support has been proven by directly affected groups.
- 2.4 The proposed statutory measure will apply to the whole of the Republic of South Africa.
- 2.5 According to the applicant, the statutory measure applied for, will further the objectives of the Act as stipulated in section 2(2) thereof. Such establishment will also not contravene section 2(3) of the Act, namely that a statutory measure which is likely to be substantially detrimental to food security, the number of employment opportunities within the economy or to fair labour practice may be instituted in terms of this Act.

- 2.6 The manner in which the objectives referred to in section 2(2) of the Act will be furthered by the proposed statutory levies (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:

***“Information:***

*The NLT has for many years acted as the mouthpiece of the lucerne seed industry. In 2001 the NLT received a mandate from lucerne hay role players to also act as mouthpiece and secretariat for the lucerne hay industry. As no reliable industry information was available, the NLT applied for two statutory measures, namely registration and records & returns. This was granted by the Minister on 20 April 2007. The NLT requested the Minister’s approval that these statutory measures be continued for a further 3 years, to lapse on 30 April 2013, in order to ensure the continuance of services which are deemed necessary by the lucerne industry.*

*To make the lucerne industry accessible to existing and upcoming farmers it is necessary to continue to register producers, dealers and processors in order to have a database of who is involved in the industry and to collect and disseminate information. Lucerne plays a crucial role as feedstock and few people realize that in terms of area planted it is one of the largest crops in the country. It is also one of the crops ideally suited for the smaller or emerging farmer to produce. Market information is essential for all role players to make informed decisions and will promote the efficiency of the marketing of lucerne seed and lucerne hay.*

***Research:***

*The NLT undertakes to fund research in a co-ordinated manner and according to identified needs. Presently, the NLT has limited funds which are generated mainly from voluntary contributions, This is not sustainable and levy funds are needed to enhance this function. There is a great need in the industry for the breeding of South African Lucerne cultivars for South African conditions, and levy funding will contribute towards this challenge.*

*The continuation of the existing National Lucerne Trials and results will be of cardinal importance to enable producers and traders in lucerne seed and hay to make informed choices regarding varieties with regard to seed and hay yields. The co-ordination, administration and funding is the responsibility of the NLT.*

***Cleaning and quality standards:***

*The NLT laboratory for lucerne seed testing is registered with the Department of Agriculture, Forestry and Fisheries and tests done comply with the Plant Improvement Act as well as the International Seed Testing Association regulations which are accepted internationally. This service is appreciated and trusted by the industry since the laboratory is an independent entity, samples are submitted under code numbers and the highest standards are maintained. It is important the he NLT is financially able to continue to*

*perform tests to ensure that only seed of the highest quality is made available to the industry.*

**Quality standards: Lucerne hay:**

*The NLT, in conjunction with the University of the Free State implemented at great cost, a new quality and grading system whereby lucerne hay is graded by Near Infrared (NIR) Spectroscopy Instruments. This system must be updated on a yearly basis by doing ring tests, validations and ongoing development to ensure accurate analysis. Dairy farmers can now buy quality hay for their milk cows and hay producers are paid an extra premium for quality hay produced. This system is crucial for the future of the hay industry and must be maintained.*

**Transformation:**

*The lucerne industry fully supports the BEE objective to increase the PDI' share in delivery of crops. A high percentage of lucerne production is already achieved by the informal sector. The following services will be provided by the NLT to contribute to transformation:*

- Easy access to market information;*
- Assistance with management related practices;*
- Technology development and research results;*
- Problem identification;*
- Linkages with organised agriculture and extension services.*

*The bee-keeping industry, playing an important part in seed cultivation, holds opportunities for emerging and small scale farmers in that they can provide bees to lucerne seed producers on a continuous basis.*

*Lucerne holds a variety of challenges for new emerging farmers, but it is a relatively easy crop to farm with as mistakes can relatively easily be remedied as an individual can expect between 6 and up to 9 cuts per season. This can mean a good cash flow which no other crop can equal. Markets for lucerne hay is well established and good quality lucerne ensures a good income. Lucerne hay is non-perishable and can be stored for extended periods."*

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

The application is for a period of three years. It should be borne in mind that the levies 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 THE MEASURES:

The NLT will administer the levies. The NLT is a discretionary Trust and has the required capacity in terms of personnel, infrastructure and skills to administer the levies in an unbiased and responsible manner. The Board of Trustees of the NLT consists of:

- One trustee representing the Minister of Agriculture
- One trustee representing the Lucerne seed producers
- One trustee representing the Lucerne seed trade
- One trustee representing the Lucerne seed cleaners
- One trustee representing the Lucerne hay producers
- One trustee representing the Lucerne hay dealers/ processors
- One trustee representing the Small scale farmers

## 2.9 PARTICULARS ON ENFORCEMENT

Each grouping in the industry will give an indication of what services they expect from the NLT and submit an annual budget proposal based on proposed projects to the NLT. The NLT will prioritise the budgets from the different groups in accordance to levies received. Funding will then be allocated in accordance with levies received. The total anticipated levy income will be R3,6 million per annum, and will be allocated in accordance with budgets and levies received, subject to the NAMC allocation guidelines, that are as follow:

- That 70% of levy income be spent on research and information functions, 20% on transformation (development of emerging farmers) and not more than 10% on administration.

The inspection and enforcement of the levies will be the responsibility of the NLT and will be carried out by inspection personnel if necessary, to be requested for to the Minister of Agriculture, Forestry and Fisheries, in terms of section 21 of the Marketing of Agricultural Products Act.