

No. 415

1 June 2012

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

**ESTABLISHMENT OF STATUTORY MEASURE AND DETERMINATION OF GUIDELINE
PRICES: LEVY RELATING TO COTTON LINT**

I, Tina Joemat-Pettersson, Minister of Agriculture, Forestry and Fisheries, acting under sections 13 and 15 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), hereby-

- (a) establish the statutory measure set out in the Schedule hereto;
- (b) determine that the guideline price for cotton lint shall be 1204c per kilogram.

**TINA JOEMAT-PETTERSSON
MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES**

SCHEDULE

Definitions

1. In this Schedule any word or expression to which a meaning has been assigned in the Act shall have that meaning unless the context otherwise indicates –

“cotton” means cotton lint and seed cotton derived from the ball of the cotton plant (*Gossypium hirsutum*);

“cotton lint” means the fibre derived from the seed cotton after the seed cotton has been ginned;

“Cotton South Africa” means the Company registered in terms of section 21 of the Companies Act, 1973 (Act No. 61 of 1973), which operates under the name Cotton South Africa;

“ginner” means any person who gins seed cotton;

“gin” in relation to seed cotton, means to separate the seed and fibre in seed cotton and ginning has a corresponding meaning;

“seed cotton” means the lint and seed derived from the ball of the cotton plant (*Gossypium hirsutum*), before it has been ginned; and

“the Act” means the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996).

Purpose and aims of the statutory measure and the relation thereof to objectives of the Act

2. The purpose and aims of this statutory measure are to provide financial support for the following functions that the cotton industry has identified as essential and in the interest of the industry as a whole:

- (a) Rendering of information services to all role players;
- (b) the promotion of cotton production and the demand;
- (c) the co-ordination of research;
- (d) the maintenance of quality standards and norms and the provision of training; and
- (e) the facilitation of the development of the emerging cotton production sector.

The maintenance of macro industry information is regarded as critical for strategic planning by the cotton industry. Proper and accurate market information that is available on a continuous and timeous manner, will not only increase market access for all market participants, but will also promote the efficiency of the marketing of cotton.

The promotion of the production of cotton can make a significant contribution towards the level of household food security in South Africa, particularly in the more arid regions of the country where other summer crops have regularly failed. It is furthermore important that perceptions be changed in terms of crops more suited to those areas to feature more strongly.

Research is essential for the furtherance of the primary cotton industry's competitive position, taking into account the extremely competitive marketing environment in which cotton compete and the steady decline in the cotton fibre market over the past few years. Research is also important for cotton cultivation by commercial and small-scale farmers. Studies in connection with cultivar characteristics such as yield tendencies, adaptability and yield stability, make it possible for the cotton producer to make meaningful cultivar choices for specific conditions.

Quality standards, grading and classification as well as independent arbitration services for quality disputes have to be maintained in order to promote the efficiency of cotton marketing *per se*. This function is deemed a basic precondition for the orderly marketing of cotton. Therefore, grading staff at co-operatives and processors of cotton also have to be trained on a continuous basis.

A portion of the funds collected by means of this levy will also be focused on small-scale farmers and the developing cotton industry.

The establishment of this statutory measure will not only assist in enhancing market access for all market participants but will also enhance the viability of the cotton industry. The establishment of this measure will in fact further all the objectives of the Act as stipulated in Section 2 thereof.

This statutory measure shall be administered by Cotton South Africa.

Product to which statutory measure applies

3. This statutory measure shall apply to cotton lint.

Area in which statutory measure applies

4. This statutory measure shall apply within the geographical area of the Republic of South Africa.

Imposition of levy

5. A levy is hereby imposed on all cotton lint, ginned by ginners from seed cotton.

Amount of levy

6. The levy shall be as follows (VAT excluded):
- From 1 April 2012 to 31 March 2013: 20c/kg on cotton lint, and
 - From 1 April 2013 to 31 March 2014: 21c/kg on cotton lint.

Persons by whom and to whom levy is payable

7. The levy imposed in terms of clause 5 and 6 shall –
- (a) be payable by ginners; and
 - (b) be payable to Cotton South Africa.

Payment of levy

8.(1) Payment shall be made not later than the 20th day that follows the month during which the cotton lint on which the levy is payable, was produced.

(2) Payment shall be made by means of a cheque, postal order or money order made out in favour of Cotton South Africa.

(3) a) The payment shall be submitted monthly, when forwarded by post to -

Cotton South Africa

P.O. Box 912232

SILVERTON

0127;

b) when delivered by hand delivered to –

Cotton South Africa

Cotton South Africa Building

90 Cycad Place

off Watermeyer Street

Val de Grace Extension 10

PRETORIA

0184.

Conditions of approval

9. This statutory measure is subject to the following conditions:

- a) that 70% of levy income is spent on core activities (such as research and information functions), 10% on administration and approximately 20% on transformation (development of emerging farmers);
- b) that annual audited financial statements be submitted to the NAMC and the Auditor-General, with the percentage allocated towards transformation clearly indicated and accompanied by a report stating how the objectives of the levy have been met;
- c) that surplus funds should not form part of the assets of the body administering the levy and would be utilised with the discretion of the Minister after the lapsing of the levy (after 4 years);

- d) that levies must be accounted for, in a manner and to the extent acceptable to the Auditor-General, separately from any other funds or assets under the control of the levy administrator; and
- e) that electronic data regarding the implemented statutory measures on the whole industry be supplied to the NAMC on a quarterly basis.

Commencement and period of validity

10. This statutory measure shall come into operation on 1 April 2012 and shall lapse on 31 March 2014.