

GENERAL NOTICES ALGEMENE KENNISGEWINGS

NOTICE 406 OF 2013



National Agricultural
Marketing Council
Promoting market access for South African agriculture

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APPLICATION FOR THE CONTINUATION STATUTORY MEASURES IN THE WINE INDUSTRY

REQUEST FOR COMMENTS / INPUTS FROM ROLE PLAYERS IN THE WINE INDUSTRY

On 16 April 2013, the Minister of Agriculture, Forestry and Fisheries received a request from the wine industry, in terms of the Marketing of Agricultural Products Act (MAP Act), Act No 47 of 1996, for the continuation of statutory measures (registration, records & returns and levies) in the wine industry.

The applicants for the proposed continuation of the statutory measures are the South African Liquor Brandowners' Association (SALBA), representing traders, Wine Cellars SA (WCSA), representing wine cellars, and VinPro, representing wine grape producers.

Currently, the following statutory measures are applicable in the wine industry, expiring 31 December 2013:

- Registration;
- Records & Returns; and
- Levies
 - o Information levy;
 - o Research and development levy;
 - o Wine export generic promotion levy; and
 - o Empowerment and transformation levy.

The operational / business units, namely 1) SA Wine Industry Information and Systems (SAWIS); 2) Wine Industry Network of Expertise, Technology and Transformation (WINETECH); and 3) Wines of South Africa (WOSA) will be responsible for the implementation of the requested statutory measures.

It is proposed that the statutory measures be implemented for a new four year term from date of publication (proposed date of implementation is 1 January 2014) to 31 December 2017.

The purpose and objective of the statutory measures in the wine industry and the payment of the **levy amount** for the funding of these objectives are as follows:

- **Registration** with SAWIS and the furnishing of **Records & Returns** to SAWIS.
To ensure that continuous, timeous and accurate information is available to all role players. Market information is deemed essential for all role players in order for them to make informed decisions. By combining compulsory registration with the keeping of information and the rendering of returns on an individual basis, market information for the whole of the industry can be processed and disseminated and will form the basis for the collection of levies.

- Payment of the **levy amount** for the funding of the wine industry objectives, namely:
 - **Information levy**
To fund the continued implementation, administration and enforcement of the statutory measures relating to registration and records & returns and to fund the processing, auditing, verification and dissemination of information. This levy will also be used for the continued running of the wine industry library.
 - **Research levy**
To co-ordinate and fund research and development, training and technology transfer in the wine industry.
 - **Export levy**
To generically promote SA wines on selected export markets and to improve the efficiency of the export process.
 - **Transformation levy**
To continue to facilitate social and economic development and transformation in the wine industry through programmes such as economic empowerment and development, social development and upliftment and human resource development and training in support of broad based Black Economic Empowerment.

The following levy amounts are proposed:

	Research levy	Information levy	Export levy	Transformation levy
Grapes intended for the production of wine Rand / ton (R/ton)	R/ton 2014: 17.01 2015: 18.27 2016: 19.67 2017: 21.14 7.5% year on year increase (currently 15.82)	R/ton 2014: 11.27 2015: 11.90 2016: 12.53 2017: 13.23 Increase between 5.2% and 5.6% (currently 10.71)	-	R/ton 2014: 2.24 2015: 2.38 2016: 2.59 2017: 2.80 7.5% year on year increase (currently 2.12)
Grape juice concentrate intended for use in wine @ 17.4 degrees balling (° B)	c/l @ 17.4 ° B 2014: 2.43 2015: 2.61 2016: 2.81 2017: 3.02 7.5% year on year increase (currently 2.26)	c/l @ 17.4 ° B 2014: 1.61 2015: 1.70 2016: 1.79 2017: 1.89 Increase between 5.2% and 5.6% (currently 1.53)	-	c/l @ 17.4 ° B 2014: 0.32 2015: 0.34 2016: 0.37 2017: 0.40 7.5% year on year increase (currently 0.30)
Bulk drinking wine	c/l 2014: 2.43 2015: 2.61 2016: 2.81 2017: 3.02 7.5% year on year increase (currently 2.26)	c/l 2014: 1.61 2015: 1.70 2016: 1.79 2017: 1.89 5.2% - 5.6% increase (currently 1.53)	c/l 2014: 8.52 2015: 9.12 2016: 9.77 2017: 10.47 7.5% year on year increase (currently 7.96)	c/l 2014: 0.32 2015: 0.34 2016: 0.37 2017: 0.40 7.5% year on year increase (currently 0.30)

	Research levy	Information levy	Export levy	Transformation levy
Packaged drinking wine	c/l 2014: 2.43 2015: 2.61 2016: 2.81 2017: 3.02 7.5% year on year increase (currently 2.26)	c/l 2014: 1.61 2015: 1.70 2016: 1.79 2017: 1.89 Increase between 5.2% and 5.6% (currently 1.53)	c/l 2014: 11.47 2015: 12.02 2016: 12.60 2017: 13.20 5% year on year increase (currently 10.95)	c/l 2014: 0.32 2015: 0.34 2016: 0.37 2017: 0.40 7.5% year on year increase (currently 0.30)
Distilling wine or wine spirit @ 10% alcohol per volume (alc/vol)	c/l @ 10% alc/vol 2014: 2.10 2015: 2.25 2016: 2.42 2017: 2.60 7.5% year on year increase (currently 1.95)	–	–	–

It should be noted that a product is only levied once, for example, if grapes intended for the production of wine was levied for the information levy, the product cannot be levied in another format (such as wine) again for the information levy.

The 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. For the proposed statutory levies, the guideline price varies between 0.87% (grapes) and 3.36% (bulk drinking wine).

The National Agricultural Marketing Council (NAMC) believes that the continuation of the proposed statutory measures is consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

Directly affected groups (e.g. wine producers, wine traders, wine spirit producers, and exporters of drinking wine) in the wine industry are kindly requested to submit any comments, in writing, regarding the proposed continuation of the statutory measures, to the NAMC on or before 17 May 2013, to enable the Council to finalise its recommendation to the Minister in this regard.

ENQUIRIES:

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