

GENERAL NOTICES • ALGEMENE KENNISGEWINGS

BOARD / RAAD
NOTICE 288 OF 2016**APPLICATION FOR STATUTORY LEVIES ON WHEAT AND BARLEY IN TERMS OF THE
MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, (ACT NO 47 OF 1996), AS AMENDED**

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**INVITATION TO DIRECTLY AFFECTED GROUPS IN THE WINTER CEREAL INDUSTRY TO
FORWARD COMMENTS REGARDING THE REQUEST FROM THE WHEAT FORUM**

The current statutory measure regarding levies on winter cereals, as promulgated by Government Notice No. 38201 of 11 November 2014, that currently amounts to R17/ton (excl VAT), will expire on 30 September 2016.

The Minister for Agriculture, Forestry and Fisheries and the National Agricultural Marketing Council (NAMC) received a request from the Wheat Forum, on behalf of the directly affected groups in the winter cereal industry, for the introduction and promulgation of the following statutory levies (VAT excluded), to be collected and administered by the Winter Cereal Trust, for a period of four years:

Commodity	Period	Amount (Excluding Value Added Tax)
Wheat	1/10/2016 to 30/09/2017	R 10.00 per metric ton
	1/10/2017 to 30/09/2018	R 10.70 per metric ton
	1/10/2018 to 30/09/2019	R 11.45 per metric ton
	1/10/2019 to 30/09/2020	R 12.25 per metric ton
Barley	1/10/2016 to 30/09/2017	R 5,00 per metric ton
	1/10/2017 to 30/09/2018	R 5,00 per metric ton
	1/10/2018 to 30/09/2019	R 5,00 per metric ton
	1/10/2019 to 30/09/2020	R 5,00 per metric ton

Separate accounts will be administered in respect of levies collected on the above-mentioned commodities (wheat and barley).

The proposed levies will be utilised for the funding of information (as performed by the SA Grains Information Services (SAGIS)), quality and grading (as performed by the SA Grain Laboratory), transformation, administration, capacity building, research, the Supply & Demand Estimates Committee, and pre-breeding research (that provides building blocks for breeding).

Lower levy rate:

In past years, the statutory levies on winter cereals have also funded seed breeding research. The proposed levies summarized above will not be used to fund seed breeding; therefore the lower levy rate than previously. As the Wheat Forum could not reach consensus on the final amount, manner of collection and the specific utilisation of a seed breeding levy, certain industry stakeholders have submitted two alternative applications for statutory levies aimed at seed breeding and technology for wheat and barley, which will be published for comments at a later stage.

Industry consensus:

There was consensus between the members of the Wheat Forum that certain essential industry services and functions, such as information and transformation, need to be maintained and protected. Therefore, a levy on wheat and barley for the next four years, to be administered by the Winter Cereal Trust, was supported by all industry representatives.

The income by means of the proposed levies is based on an expected success rate of 95% in the collection of levies. It is budgeted that a total income of R34 million of which R32.3 million would be from the wheat levy, could be collected in 2016/17.

The envisaged expenditure for the year is estimated to be R34 million of which research (excluding breeding) would amount to approximately R20 million and transformation to R6.8 million. The Wheat Forum agreed that the utilisation of statutory funds to support research functions, is based on the following:

- Projects that are to be supported must be demand-driven;
- All applications must be evaluated by a technical committee, which will make recommendations to the decision-making body (Board of Trustees);
- All funds collected during a financial year will be made available for utilisation during that financial year.
- Funds will be allocated to various fields of research on the basis of a model accepted by the winter cereal industry. Provision is made for the following categories: non-breeding related projects; public good; and capacity building.

The guidelines of the NAMC regarding the utilisation of statutory levy funds, which currently stipulate that at least 20% of levies collected should be used for transformation projects, were taken into account.

Levy funds are required to partly compensate for the diminished funds for research and also to make provision for new research projects to be funded.

The categories of directly affected groups, which would probably be affected by the new proposed statutory levies, are those groups of persons who are party to the production, purchasing and processing of winter cereals, as well as to the consumption of winter cereal products in the Republic of South Africa.

The support for the proposed statutory measure on winter cereals by the different categories of directly affected groups in the winter cereal industry, as represented on the Wheat Forum, is evidenced by the unanimous resolution adopted in this regard by the Forum.

The proposed statutory levies will apply to the whole of the Republic of South Africa in order to have a uniform system of levies, without the discrimination that would exist on requiring levies in certain areas and not in others.

As the proposed statutory levies are consistent with the objectives of the Marketing of Agricultural Products Act, the NAMC is investigating the possible implementation of the relevant statutory levies to report back to the Minister.

Directly affected groups in the winter cereal industry are kindly requested to submit any comments or objections regarding the proposed statutory levies to the NAMC in writing (fax 012 341 1911 or e-mail lizettem@namc.co.za) on or before 3 June 2015, to enable the Council to formulate its recommendation to the Minister in this regard.