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DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

NO. 600

9 July 2021

NATIONAL AGRICULTURAL MARKETING COUNCIL

**REQUEST FOR THE CONTINUATION OF STATUTORY MEASURES RELATING TO
LEVIES, REGISTRATION AND RECORDS & RETURNS IN THE DAIRY INDUSTRY IN
TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT (ACT No. 47 OF
1996, as amended)**

It is hereby made known that, in terms of section 11 of the Marketing of Agricultural Products Act, 1996 (Act No.47 of 1996) (MAP Act), the Minister of Agriculture, Land Reform and Rural Development has received a request from the dairy industry for the continuation of statutory measures relating to levies, registration, the keeping of records and the rendering of returns.

The South African Milk Processors' Organisation (SAMPRO), a directly affected group and representative organisation of the secondary dairy industry, applied for these statutory measures. The Milk Producers' Organisation (MPO), the representative organisation of the primary dairy industry, is the joint applicant. The current statutory measures for the dairy industry will expire on 31 December 2021. SAMPRO requested ministerial approval for the continuation of these statutory measures for a new period of four years, to lapse on 31 December 2025.

SAMPRO and MPO proposed that the current statutory levies increase by 4 percent per annum. According to SAMPRO and the MPO, due to inflation since the current levies were first implemented in 2017, the income generated by these statutory levies is not sufficient to satisfactorily pursue the objectives of the regulations in the period for which the extension of the validity of the regulations is requested. The proposed new levies will be as follows:

Customs Tariff Classification	Product Description	Levy (Vat exclusive)			
		2022 c/kg	2023 c/kg	2024 c/kg	2025 c/kg
04.01	Milk and cream, not concentrated nor containing added sugar or other sweetening matter.	1.71	1.77	1.84	1.92
04.02	Milk and cream, concentrated or containing added sugar or other sweetening matter.	16.38	17.04	17.72	18.43

04.03	Buttermilk, curdled milk and cream, yogurt, kephir, and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits, nuts or cocoa.	6.17	6.41	6.67	6.94
04.04	Whey, whether or not concentrated or containing added sugar or other sweetening matter; Products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included.	4.98	5.19	5.39	5.60
04.05	Butter and other fats and oils derived from milk, dairy spreads.	17.59	18.29	19.03	19.78
04.06	Cheese and Curd.	24.54	25.53	26.55	27.61

The estimated income from the proposed levies is R62,794 million for 2022 and it will be R65,305 million, R67,918 million and R70,634 million respectively for 2023, 2024 and 2025.

The proposed statutory levies will finance the following functions, namely –

- Consumer education (36% of levy income);
- Improvement of the quality of milk and other dairy products (19% of levy income);
- Empowerment of previously disadvantaged individuals (Black dairy enterprises development) (20% of levy income);
- Research and development (6.5% of levy income);
- Industry information (6.5% of levy income);
- Skills and Knowledge development (2% of levy income); and
- Administration of regulatory measures (10% of levy income)

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. The guideline price for the proposed levies, on average was calculated to be approximately 0.3% of the price of dairy products for a period of 3 years. This is well within the 5% as prescribed by the MAP Act.

The purpose of the statutory measure relating to registration is to compel all secondary industry role-players in the Republic of South Africa to register with Milk South Africa (the

administrator). Registration will facilitate better communication in the industry on matters of common interest such as technical issues, food safety, product standards and other issues.

The purpose of the statutory measure relating to records & returns is to provide a statutory mechanism for dairy processors, traders, brokers, producer distributors, importers and exporters of dairy products, to keep records and furnish returns to Milk South Africa. The information and analysis thereof will enable Milk South Africa to make market signals available to role-players and government institutions.

The National Agricultural Marketing Council (NAMC) took cognisance that the proposed continuation of the statutory measures relating to levies, registration, the keeping of records and the rendering of returns in the dairy industry as requested by SAMPRO, is consistent with the objectives of the MAP Act. The request is currently being investigated by the NAMC and recommendations in this regard will be made to the Minister in the near future.

Directly affected groups in the dairy industry are kindly requested to submit any comments, regarding the proposed statutory measures, to the NAMC on or before 16 July 2021, to enable the Council to finalise its recommendation to Minister in this regard.

Submissions should be in writing and be addressed to:

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