

GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

NOTICE 2581 OF 2024



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NEWS STATEMENT BY THE NATIONAL AGRICULTURAL MARKETING COUNCIL

AMENDED APPLICATION FOR STATUTORY MEASURES:

LEVIES ON WHEAT, BARLEY AND OATS IN TERMS OF THE MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996, (ACT NO 47 OF 1996), AS AMENDED

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

On 28 March 2024 as amended on 9 April 2024, the National Agricultural Marketing Council (NAMC) received a request from the Wheat Forum, that the Minister of Agriculture, Land Reform and Rural Development, in terms of section 15 of the Marketing of Agricultural Products Act (MAP Act), approve the proposed statutory levies (VAT excluded) for the different winter cereal commodities produced and imported, to be collected and administered by the South African Winter Cereal Industry Trust (SAWCIT), for a period of four years.

On 6 June 2024, the NAMC received an amended application from the Wheat Forum. The Wheat Forum considered the inputs from the NAMC and industry advisors on the advantages and disadvantages of Trusts versus Non Profit Companies (NPC) and resolved that a NPC should rather be the vehicle to administer the proposed winter cereal statutory levies. The Wheat Forum will establish the SA Winter Cereal Industry Agency (NPC) (SAWCIA) to administer the proposed statutory levies, which are as follows:

Commodity	Period	Amount (VAT excluded)
Wheat	1/10/2024 to 30/09/2025	R 12.00 per metric ton
	1/10/2025 to 30/09/2026	R 12.70 per metric ton
	1/10/2026 to 30/09/2027	R 13.40 per metric ton
	1/10/2027 to 30/09/2028	R 14.30 per metric ton
Barley	1/10/2024 to 30/09/2025	R 12.00 per metric ton
	1/10/2025 to 30/09/2026	R 12.70 per metric ton
	1/10/2026 to 30/09/2027	R 13.40 per metric ton
	1/10/2027 to 30/09/2028	R 14.30 per metric ton
Oats	1/10/2024 to 30/09/2025	R 10.00 per metric ton
	1/10/2025 to 30/09/2026	R 10.60 per metric ton
	1/10/2026 to 30/09/2027	R 11.20 per metric ton
	1/10/2027 to 30/09/2028	R 11.90 per metric ton

Council Members: Mr. A. Petersen (Chairperson), Ms. T. Ntshangase (Deputy Chairperson), Prof. A. Jooste, Mr. S.J. Mhlaba, Ms. F. Mkile, Mr J. Mocke, Ms. N. Mokose, Ms. S. Naidoo, Mr. G. Schutte and Dr. T. Xaba.

The purpose and aims of this statutory measure are to provide financial support to winter cereal information, research and transformation functions, which the winter cereal industry identified as essential and are in the interest of the industry.

This request was unanimously supported by the Wheat Forum members on the recommendation of the Wheat Forum Steering Committee, on behalf of the directly affected groups in the winter cereal industry.

Statutory levies have been imposed previously, on wheat, barley and oats (which expired in September 2020) to provide financial support for research projects, quality testing, the supply of generic market information to all role-players and to assist with the development of emerging farmers of winter cereals in South Africa. These levies were administered by the Winter Cereal Trust.

The Board of Directors of the SAWCIA shall consist of no less than 10 (ten) ordinary Directors and no more than 2 (two) co-opted independent Directors, to be nominated and appointed as follows:

Ordinary Directors:

- (a) Two (2) Directors shall be representatives of the Minister and shall be nominated and appointed in writing by the Minister.
- (b) Three (3) Directors shall be representatives of Winter Cereal producers in the Republic and shall be nominated and appointed in writing by Grain SA and the South African Grain Farmers Association (SAGRA) with Grain SA nominating and appointing two (2) Directors and SAGRA nominating and appointing one (1) Director.
- (c) Two (2) Directors shall be representatives of Winter Cereal processors in the Republic, one (1) nominated and appointed in writing, respectively by the National Chamber of Milling and the the South African Chamber of Baking.
- (d) One (1) Director shall be a representative of the sector in the industry dealing with Winter Cereal storage and shall be nominated and appointed in writing by Agbiz Grain.
- (e) One (1) Director shall be a representative of the sector in the industry dealing with end-consumers of Winter Cereals in the Republic and shall be nominated and appointed in writing by SANCU.
- (f) One (1) Director shall be a representative of the sector in the industry dealing with the trading in cereals and oilseeds and shall be nominated and appointed in writing by the SA Cereals and Oilseeds Traders Association.

Co-opted Independent Directors:

- (g) The Directors on the Board shall have the option and may co-opt onto the Board no more than two (2) independent Directors to assist the Board from to time.

SAWCIA will have the following objectives:

To undertake and/or financially support scientific, economic, technical, or industrial research with regard to winter cereals in the Republic, inclusive of, but not necessarily limited to:

- (a) Acting in the capacity of Levy Administrator for the implementation, administration and enforcement of a Statutory Levy introduced on any winter cereals in the Republic.
- (b) Supporting the procurement and maintenance of information required by the industry.
- (c) Broadening market access in respect of winter cereals in the Republic.

- (d) The provision of support or assistance to emerging farmers as producers of winter cereals in the Republic, in order to improve capacity to start and manage agricultural operations.
- (e) To financially support the administration of the Wheat Forum.

Business Plan:

The budgeted income by means of the proposed statutory levies is based on an expected success rate of a conservative 85% in the collection of levies. It is budgeted that an average annual total income of R42.2 million, of which R37.9 million would be from the wheat levy, could be collected in the next four years, depending on the crop size.

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.

The envisaged budget for the first year (2024/25) is as follows:

- 9.5% of the total budgeted levy income is allocated to the Administration and Contingency Fund. According to the NAMC Regulations, the proposed allowable allocation for administration expenses should not exceed 10%.
- 2.5% of the total budgeted levy income is allocated to commission that might be payable to those persons who have collected and paid the levy to SAWCIT and have conformed to the provisions of the proposed statutory measure.
- 28% of the total budgeted levy income is allocated to the funding of information.
- 20% of the total budgeted levy income is allocated to the funding of transformation. To date, the transformation has not necessarily been part of SAWCIT's voluntary levy, and there is not currently a formal transformation business plan in place. However, with the statutory application, the trust will meet the NAMC's prescribed requirements.
- 40% of the total budgeted levy income is allocated to the funding of research. Funds will be allocated to various research fields based on a model accepted by the winter cereal industry.

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Administration and Contingency Fund	4 006 223
Commission payable to levy collectors	1 054 269
Information	11 807 815
Transformation	8 434 153
Research	16 868 307
Total annual income for 2024/25	42 170 767

Invitation to comment:

As the proposed statutory levies are consistent with the objectives of the Marketing of Agricultural Products Act, the NAMC is investigating the level of support for this specific statutory levy application.

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 per e-mail to lizettem@namc.co.za on or before 5 July 2024, to enable the Council to formulate its recommendation to the Minister in this regard.