

GOVERNMENT NOTICES • GOEWERMENSKENNISGEWINGS

DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

NO. R. 5470

25 October 2024



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REQUEST FOR COMMENTS / INPUTS FROM DIRECTLY AFFECTED GROUPS IN THE MILK INDUSTRY

REQUEST FOR THE ESTABLISHMENT OF A STATUTORY LEVY IN THE PRIMARY MILK 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 has received a request from the milk industry for the establishment of a statutory levy.

The Milk Producers' Organisation (MPO), the applicant and a representative organisation of the primary milk industry has applied for the establishment of a statutory levy after consultation with milk farmers in South Africa. The proposed milk statutory levy is requested for a period of four years, to be promulgated early in 2025 and shall lapse four years later. Currently, the MPO is administering two other statutory measures, namely a statutory measure relating to Registration (Government Notice No. R.4359) and a statutory measure relating to Records and Returns (Government Notice No. R 4358). These two statutory measures were approved effectively from 9 February 2024 and will lapse on 8 February 2028.

The proposed statutory levies are as below:

Product description to which the levy shall apply	Collection of the levies	Levy (Vat inclusive)			
		2025/26 c/kg	2026/27 c/kg	2027/28 c/kg	2028/29 c/kg
Every litre of milk produced for the purposes of selling.	The MPO developed an interactive membership portal called MegaMilk that will be utilised for the collection of levies. All dairy farmers have already been loaded onto MegaMilk.	1.6	1.7	1.8	1.9

According to MPO, the proposed statutory levies will increase by 0.01 cent per annum from the second year until it lapses four years later in 2029.

With an estimated income of R 51,7 million in 2024/25 and R 65,1 million in 2028/29, the statutory levies will finance the following functions, namely –

- Administration cost (not more than 10% of the total levy income);
- Transformation activities (at least 20% of the total levy income) for functions focusing on enterprise development and capacity building including support services; and

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

- Generic functions (approximately 70%) for functions such as protecting the primary industry against existential risks; market expansion and development; industry information; product promotion and research / development.

The MAP Act stipulates that a statutory levy may not exceed 5% of the price realized 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, as calculated well within the 5% as prescribed by the MAP Act.

The National Agricultural Marketing Council (NAMC) took cognizance that the proposed establishment of the proposed milk statutory levies, as requested by the MPO, 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 milk industry are kindly requested to submit any comments, regarding the proposed statutory measures, to the NAMC on or before 15 November 2024, to enable the Council to finalize its recommendation to Minister in this regard.

Submissions should be in writing and be addressed to:

National Agricultural Marketing Council

Private Bag X 935

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Enquiries: Matsobane (BM) Mpyana

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The summary of the MPO application is available on request, please contact BM Mpyana at mmpyana@namc.co.za