

No. R. 166

24 February 2006

**MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996****(ACT No. 47 OF 1996)****ESTABLISHMENT OF STATUTORY MEASURE AND DETERMINATION OF  
GUIDELINE PRICES: LEVY RELATING TO SORGHUM**

I, Angela Thokozile Didiza, Minister of Agriculture, acting under **sections 13**  
and 15 of the Marketing of Agricultural Products Act, 1996 (**Act No. 47 of**  
1996), hereby-

- (a) establish the statutory measure set out in the Schedule hereto;  
and
- (b) determine that the guideline price for sorghum **shall** be  
R1104 per metric ton.



A.T. DIDIZA,

Minister of Agriculture.

## SCHEDULE

### Definitions

1. In this Schedule any word or expression to which a meaning has been assigned in the **Act** shall have that meaning, and unless the context otherwise indicates-

“buyer” means a sorghum dealer, feed manufacturer, malt manufacturer, processor or any other person who purchases sorghum from the producer thereof and a sorghum agent, broker or any person who purchases sorghum on behalf of another person, from the producer thereof;

“dealing in the course of trade” means every purchase of sorghum from the producer thereof by any person, if the sorghum so purchased or any quantity thereof, is or is intended to be disposed of by that person for any consideration whatsoever, or is used or is intended to be disposed of by that person for any consideration whatsoever, or is used or is intended to be used in the manufacture or processing of any product or commodity disposed of by that person for any consideration whatsoever;

“exporter” means any person who exports sorghum from the Republic of South Africa;

“feed manufacturer” means a person dealing in the course of trade with sorghum by using it in the manufacture of animal feed, pet foods, poultry feed or bird seed;

“importer” means any person who imports sorghum into the Republic of South Africa for his own account or on behalf of someone else;

“malt manufacturer” means a person dealing in the course of trade with sorghum malt;

“producer” means a person who produces sorghum grain or a person on who’s behalf sorghum grain is being produced;

“processor” means a person other than a malt manufacturer or a feed manufacturer who deals with sorghum products in the course of trade;

“sorghum” means the threshed, ripe seed of plants of *Sorghum bicolor* (L.) Moench, but not seed sorghum or sorghum utilised as silage;

“sorghum agent or broker” means a person dealing in the course of trade with sorghum by acting on behalf of the producer, seller or buyer thereof at the sale or purchase of that sorghum;

“sorghum dealer” means a person dealing in the course of trade, other than in the retail trade, with sorghum that has been bought from producers of sorghum, but also not a malt manufacturer, feed manufacturer or processor; and

“Sorghum Trust” is a discretionary trust certified by the Master of the High Court under registration number I TRUST 9221/97 and containing funds for the benefit of the sorghum industry.

**Purpose and aims of statutory measure and the relation thereof to objectives of the Act**

2. The purpose and aims of this statutory measure are to provide financial support for the sorghum research and information functions that the sorghum industry has identified as essential and in the interest of the industry as a whole.

The supply of continuous generic market information to market participants is essential to identify possible opportunities and threats in the market place. It can also be used as an instrument relating to decision-making for pricing, expanding of business, capital investment, product development and entering market sectors within the sorghum industry.

*Section 2(2)(b): the promotion of the efficiency of the marketing of agricultural products –*

In the free market environment, reliable macro industry information that is supplied by an independent and objective organisation (SAGIS) is critical for the silo owner, producer, trader, processor, researcher, seed grower and Government. It also provides tools for strategic planning by the sorghum industry.

Approximately 90% of the research projects are of an agronomical nature, which include the improvement of sorghum quality. In the latter respect, local malting and milling qualities of sorghum are unique and cultivars are developed to comply with the required specifications.

Despite the lack of high-potential arable land and agricultural conditions in general, the sorghum industry has achieved high agronomical and grain quality standards, due to the continued funding of research projects. The complex interaction between changing patterns of crops and external factors affecting them, such as disease and pests, often impacts negatively on production and quality, thus creating an urgent demand for new technology in order to keep the sorghum industry profitable.

Research is therefore important for the maintenance of an internationally competitive industry and to supply products that are of an acceptable standard that meets the preferences of manufacturers and consumers.

***Section 2(2)(c): the optimisation of export earnings from agricultural products-***

Limited volumes of sorghum are exported to mainly the neighbouring countries of South Africa and in particular to Botswana. Botswana is dependent on South Africa for approximately 30% of its sorghum requirements (on an average annual basis), which relates to some 40 000 tons per annum.

***Section 2(2)(d): the enhancement of the viability of the agricultural sector-***

The sorghum industry's viability is principally based on the research and information functions and therefore also impacts on labour. The continuation of levies will therefore ensure that the various role-players of the sorghum industry can continue to pursue their economic objectives more effectively.

At least 20% of the funds collected by means of this levy will be ear-marked for the transformation (exposure, training, empowering) of previous disadvantaged groups within the sorghum industry.

**Product to which statutory measure applies**

3. This statutory measure shall apply to sorghum.

**Area in which statutory measure applies**

4. This statutory measure shall apply within the geographical area of the Republic of South Africa.

.. . . .

**Imposition of levy**

5. A levy is hereby imposed on all sorghum –

- (a) that ~~is~~ sold by or on behalf of a producer; thereof;
- (b) that is processed or converted or caused to be processed or converted into a sorghum product by or on behalf of the producer thereof, if such sorghum product is intended to be sold or disposed of;
- (c) that is imported or brought into the Republic of South Africa; and
- (d) that ~~is~~ exported from the Republic of South Africa, and in respect of which a levy has not previously been paid in terms of paragraphs (a), (b) or (c).

**Amount of levy**

6. The levy shall amount to R7,70 per metric ton sorghum, excluding VAT.

**Persons by whom levy is payable**

7.(1) The ~~levy~~ payable in terms of clause 5 shall –

- (a) in the case of a levy implicated in clause 5 (a), be payable by the buyer of the sorghum;
- (b) in the case ~~of~~ a levy implied in clause 5 (b), be payable by the processor or converter of the sorghum;
- (c) in the case of 2 levy implied in clause 5 (c), be payable by the importer of the sorghum;
- (d) in the case of a levy implied in clause 5 (d), be payable by the exporter of the sorghum.

- (2) The amount of the levy payable by the buyer in terms of sub clause 1(a) and (c) may be deducted from the purchase price payable to the producer or the importer.

### **Payment of levy**

- 8(1) Payment of a levy imposed in terms of clause 5 shall be made by the persons contemplated in clause 7 ~~not~~ later than 15 days after the month in which the sorghum was purchased, processed, converted, imported or exported.
- (2) Payment shall be made by means of a cheque, postal order, money order or electronic transfer made out in favour of the Sorghum Trust, which shall accompany the levy return as prescribed by the Sorghum Trust.
- (3) Payments, levy returns and audit certificates shall –
- (a) when forwarded by post, be addressed to –
- The Sorghum Trust  
P.O.Box 14826  
SINOVILLE  
0102
- (b) when delivered by hand delivered to –
- The Sorghum Trust  
Yorkcor Park Building  
Suite 211  
86 Watermeyer Street  
Val de Grace  
Pretoria  
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(c) when forwarded electronically, be paid into the account indicated on the return form (levies) and submitted to [adminishouseagric@mweb.co.za](mailto:adminishouseagric@mweb.co.za) (return forms and *proof of deposit*).

#### **Administration of the measure**

9. The levies collected in terms of this statutory measure shall be administered as a separate account by the Sorghum Trust. The Sorghum Trust will be funded for the purpose of this statutory measure out of the sorghum levies. The Minister shall decide on the application of any surplus at the date of termination of this statutory measure and any deficit shall be for the account of the Sorghum Trust.

#### **Commencement and period of validity**

10. This statutory measure shall come into operation on 1 March 2006 and shall lapse on 28 February 2010.