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## CAPE FLORA / FYNBOS INDUSTRY APPLICATION FOR THE IMPLEMENTATION OF STATUTORY MEASURES ON FYNBOS PRODUCTS EXPORTED

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### NAMC REQUESTING COMMENTS / INPUTS FROM INDUSTRY ROLE PLAYERS

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The Minister of Agriculture, Forestry and Fisheries received a request from Cape Flora SA (CFSA) for the implementation of statutory measures (registration, records & returns and levies) on fynbos products exported in terms of the Marketing of Agricultural Products Act (MAP Act) 1996. The previous statutory measures on fynbos expired on 30 September 2015.

It is proposed that the following statutory measures be implemented for a four year period, effective from date of publication:

- Levies;
- Registration; and
- Records & Returns.

The purpose and objectives of the proposed statutory measures are as follows:

- The **payment of the levy**, in terms of section 15 of the MAP Act, will be used to finance the following:
  - Research projects, information and technology transfer;
  - Information and statistics;
  - Quality control and certification system;
  - Transformation, Ethical Trade and Training; and
  - Administration – secretariat, financial administration & levy collection.

The following levy amounts on export volumes of cultivated fynbos products are proposed:

	<b>Previous (expired) levy</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Standard export carton (S14)</b>	R2,00	R1,85	R1,96	R2,08	R2,20

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 proposed statutory levy for the first year (R1,85 per standard export carton), would represent less than 1% of the average fynbos value per carton and is well below the guideline price stipulated under the MAP Act.

Proposed budget for the four (4) year period:

	% Split	2015/2016 Income	2016/2017 Income	2017/2018 Income	2018/2109 Income	
1	Research projects	50%	185,000	200,900	218,400	236,500
2	QC & Certification	10%	37,000	40,180	43,680	47,300
3	Statistics & Information	10%	37,000	40,180	43,680	47,300
4	Transformation, Ethical trade & Training	20%	74,000	80,360	87,360	94,600
5	Administration	10%	37,000	40,180	43,680	47,300
TOTAL BUDGET ....			370,000	401,800	436,800	473,000

- The purpose and objectives of submitting **records and returns**, in terms of section 18 of the MAP Act and **Registration** in terms of section 19 of the MAP Act, are as follows:

Submitting records and returns to CFSA and registration with CFSA will ensure the availability and provision of continuous, timeous and accurate information, to all stakeholders in the industry deemed to be essential to ensure informed decision making and a stable and profitable industry.

CFSA indicated that no records or returns shall be required in terms of this measure which discloses confidential information of a marketing nature, and in particular, no returns disclosing, *inter alia*, contracting parties; purchasers of fynbos; prices of services or the prices obtained for fynbos, or any similar information.

Such information is deemed essential for all role players in order for them to make informed decisions. By combining compulsory registration with the keeping of information and the rendering of returns on an individual basis, generic information for the whole of the industry can be processed and disseminated and will form the basis for the collection of levies where applicable and appropriate.

It is proposed that CFSA, a non-profit company established in terms of the Companies Act (as amended), 2008 (Act 71 of 2008) implement and administer the proposed statutory measures. The statutory levies will be accounted separately from other funds and activities within CFSA, in accordance with the prescriptions of the NAMC and the Auditor General.

The NAMC believes that the measures requested are consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

Directly affected groups (e.g. exporters producers and packers) in the fynbos industry are kindly requested to submit any comments, in writing, regarding the proposed statutory measures, to the NAMC on or before 20 November 2015, to enable the Council to finalise its recommendation to the Minister in this regard.

**ENQUIRIES:**

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