

Statutory levy proposal

The SAMAC board asked the EC to consider and make necessary preparations for the renewal of the statutory levy at the same time as the other organisational renewal activities since the two activities would have to take place in the same time-frame. The EC's proposal is given below, supported by the high-level budget for the next few years:

1. During consultations with members the general opinion was that the statutory levy was necessary for the effective functioning of SAMAC, and in addition, that a voluntary levy system would cause a sharp drop in levies paid over.
2. It is therefore proposed that SAMAC re-apply for a statutory levy for the next four year period.
3. However, the amount of the levy must be raised to reflect inflationary pressure and exchange rate shifts over the past few years since many of SAMAC's expenses are ultimately foreign currency dependent. In addition, the value of the crop in Rand terms has escalated over recent years and a higher levy is now more affordable as a percentage of the crop value.
4. The amount of levies collected limits or enables SAMAC to undertake work on members' behalf, and is only justified by what SAMAC will deliver for the levy paid. A high level budget is attached to provide a basis for the levy proposed below. However, if growers' willingness to invest in the industry is judged to be higher and a higher levy is accepted, it will mean that additional research and other projects can be undertaken while maintaining a very similar fixed overhead cost. The current long term objective is a spend ratio of 60% of annual revenue flowing into research and development.
5. It is proposed that the levy for the 2019 season be set at R0.50 per kg DNIS, escalating at about R0.06 per annum for the following three years of the statutory levy cycle. This will run to the 2022 season (2022/23 financial year). A R0.50/kg levy represents less than 1% of the farm gate return under current circumstances. It is also an amount that most growers indicated would be reasonable provided value for money was delivered in return. On the other hand, a marginal increase from the current levy would provide just enough funding to sustain the status quo only, and would render SAMAC ineffective and the end result would be a failure to deliver significant value to growers.

A high level five year budget based on the proposed levy, with key assumptions made, is attached.