

South African Farmers Development Association
2 Flanders Drive | Mount Edgecombe
P.O. Box 1769 | Mount Edgecombe Country Club | 4301
031-833 0960 | www.sa-fda.org.za | info@sa-fda.org.za



Monday, 21 May 2018

Honourable L October
Director-General
Department of Trade and Industry
Private Bag X 84
Pretoria
0001
Phone 012 394 3075
Fax 012 394 0323

Dear Honourable Director-General

Re: Levy sharing mechanism

I write to express the latest thoughts and feelings of the SAFDA contingent within the industry regarding a particular aspect of the draft industry regulations submitted to the dti by SASA on the 17th of April 2018 for gazetting.

Since we approached the Department and Parliament about transformation challenges within the industry, there has been productive and encouraging discussions within the industry which have led to agreements, concessions and commitments about transformation which were submitted to both the Department and Parliament.

One such submission which was sent to the Department by the industry was the draft industry regulations, the SASA Constitution and the Sugar Industry Agreement 2018. We reached the agreement about these documents from a position of disadvantage as SAFDA because we were not well educated about the industry.

Upon reflecting on what was agreed, we realize that there was a glaring omission on the issue of the sharing of levies. There were two key issues that were dealt with regarding the recognition of SAFDA which were **representation** and **levies**.

The formula for fair representation was dealt with adequately through the use of both membership and tonnage to make sure that a grower grouping with small number for membership is not prejudiced in terms of representation. However, the sharing of levies is only based on tonnage and does not factor in membership. We feel strongly that such approach prejudices a grower organization whose members produce low tonnage because it ends up with very little revenue to sustain its operations.

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SAFDA appeals that the DG holds on from signing the draft industry regulations and allow us a chance to sort out the levy sharing formula with industry stakeholders, get the draft SIA 2018 updated and re-submitted to the Department for gazetting. Our position is that both representation and levies must be dealt with using the same formula used for ensuring fair representation.

We are mindful of the transitional period we are in which expires at the end of September 2018 and hope this matter will be finalized within this transitional period.

We trust that the DG will find this request in order.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Siyabonga Madlala'.

Siyabonga Madlala

Executive Chairman | South African Farmers Development Association
madlalasw@gmail.com | 031 833 0960 | 071 216 7974