

# **FOOD and ASSOCIATED INDUSTRIES LEVY CONSULTANTION**

**FEBRUARY 2023**

**By NM Katz**

# Foods and Associated Industries Scope of Work

- ☐ Frozen Fish, Frozen Marine Molluscs and Frozen products
- ☐ Canned: Fish, Marine Molluscs and Crustaceans
- ☐ Frozen Rock Lobster and Products Derived therefrom
- ☐ Frozen Shrimps (Prawns), Langoustines and Crabs
- ☐ Smoked Snoek
- ☐ Live Aquaculture Abalone
- ☐ The Manufacture, Production, Processing and Treatment of
- ☐ Canned Products
- ☐ Live Aquaculture Bivalves
- ☐ Processed Meat
- ☐ Live Lobster

# Scope of work – Cont.

## **Compulsory Specifications not in the current published levy schedule**

- ☐ Processed Meat (VC 9100)
- ☐ Chilled and Raw Aquacultured Bivalve Molluscs ( VC9107) - Live Oysters
- ☐ Chilled and Raw Aquacultured Bivalve Molluscs ( VC9107) - Live Mussels

## **Compulsory Specifications not published including levy schedule**

- ☐ Dried Abalone Dried Abalone ( VC9108)
- ☐ Crude Fish Oil ( VC 9111)

## **Work conducted by FAI – Competent Authority for Fish and Fishery Products**

- ☐ Tariff Fees

# FAI: Rationale for Proposed Increase

- ❑ Proposed levy and fee increase is based on CPI – 7.2%
- ❑ For the next three years, applicable CPI will apply
- ❑ Rationale
  - ❑ Address fee disparity between low volume and high volume producers
  - ❑ FAI still does not have Single scale for levies for all its commodities
  - ❑ Completed the Levy scale review
  - ❑ To provide a more equitable basis of pricing between high volume producers/ importers and low volume producers/ importers – however some commodities still
  - ❑ FAI unit levies and fees do not cover associated regulatory costs

# FOOD AND ASSOCIATED INDUSTRIES: FEES

PRODUCT	SPONSORS	CURRENT FEES FOR 2022/23	PROPOSED FEES FOR 2023/2024	PROPOSED FEES FOR 2024/2025	PROPOSED FEES FOR 2025/2026
Frozen Fish, Molluscs, Lobster, prawns, salted fish, frozen abalone, (VC8017, VC8020, VC8031) (SQUID IN EASTERN CAPE EXCLUDED)	<u>Levy payers</u>	Inspection - R328.00	Inspection R352	Inspection R377	Inspection R404
		Export Documentation- R234.00	Export Documentation R251	Export Documentation R269	Export Documentation R288
		Export documentation when prepared by industry R145.00	Export documentation when prepared by industry R155	Export documentation when prepared by industry R167	Export documentation when prepared by industry R179
	<u>Agents</u>	Inspection R1285.00, Export documentation R234.00	Inspection R 1378, Export documentation R246	Inspection R 1477, Export documentation R251	Inspection R 1583, Export documentation R288
Squid - Eastern Cape (VC8017)	-	Export documentation - R1075.00, (Includes inspection cost)	Export documentation - R1152 (Includes inspection cost)	Export documentation - R1235 (Includes inspection cost)	Export documentation - R1324 (Includes inspection cost)
Live Lobster & Live Molluscan Shellfish, Live abalone (VC9001), Oysters, mussels	<u>Levy payers</u>	Export documentation - R234.00	Export documentation - R251.00	Export documentation - R269.00	Export documentation - R288.00
	<u>Agents</u>	Export documentation - R731.00	Export documentation - R784.00	Export documentation - R840.00	Export documentation - R901.00

# FOOD AND ASSOCIATED INDUSTRIES: FEES

PRODUCT	SPONSORS	CURRENT FEES FOR 2022/23	PROPOSED FEES FOR 2023/2024	PROPOSED FEES FOR 2024/2025	PROPOSED FEES FOR 2025/2026
Chilled Fish	<u>Agents</u>	Inspection – R729.00 per hour for normal hours	Inspection – R781.00 per hour for normal hours	Inspection – R838.00 per hour for normal hours	Inspection – R898.00 per hour for normal hours
		R818.00 per hour for after hours	R877.00 per hour for after hours	R940.00 per hour for after hours	R1008.00 per hour for after hours
		Export documentation* – R234.00	Export documentation* – R251.00	Export documentation* – R269.00	Export documentation* – R288.00
		R5,00 per km travelled	R5,00 per km travelled	R5.40 per km travelled	R5.80 per km travelled
Canned Fish (VC8014) & Meat (VC8019)	<u>Levy payers</u>	Inspection – R328.00	Inspection – R352.00	Inspection – R377.00	Inspection – R404.00
		Export documentation* – R234.00	Export documentation* – R251.00	Export documentation* – R269.00	Export documentation* – R288.00
Pre-importation Samples, Label evaluation for imported products	<u>Agents</u>	Inspection – R579.00	Inspection – R621.00	Inspection – R665.00	Inspection – R713.00
		Plus R45.00 per code	Plus R48.00 per code	Plus R52.00 per code	Plus R55.00 per code
		Report – R579.00	Report – R621.00	Report – R665.00	Report – R713.00

# FOOD AND ASSOCIATED INDUSTRIES: FEES

PRODUCT	SPONSORS	CURRENT FEES FOR 2022/23	PROPOSED FEES FOR 2023/2024	PROPOSED FEES FOR 2024/2025	PROPOSED FEES FOR 2025/2026
Additional administration fee for non-compulsory related work	<u>Land based, Facilities</u>	Registration fee – R10 705.00, (Excl accommodation and travelling costs) , an annual fee for land based factories and factory freezer vessels ( Excl factories packing squid and lobster only)	Registration fee – R11476.00, (Excl accommodation and travelling costs) , an annual fee for land based factories and factory freezer vessels ( Excl factories packing squid and lobster only)	Registration fee – R12302.00, (Excl accommodation and travelling costs) , an annual fee for land based factories and factory freezer vessels ( Excl factories packing squid and lobster only)	Registration fee – R13188.00, (Excl accommodation and travelling costs) , an annual fee for land based factories and factory freezer vessels ( Excl factories packing squid and lobster only)
		Registration fee – R6425.00	Registration fee – R6888.00	Registration fee – R7384.00	Registration fee – R7915.00
		An annual fee for land based squid factories, rock lobster factories and molluscan shellfish factories	An annual fee for land based squid factories, rock lobster factories and molluscan shellfish factories	An annual fee for land based squid factories, rock lobster factories and molluscan shellfish factories	An annual fee for land based squid factories, rock lobster factories and molluscan shellfish factories
	<u>Freezer vessels</u>	Registration fee – R2 140.00	Registration fee – R2 294.00	Registration fee – R2459.00	Registration fee – R2636.00
	<u>Squid vessels</u>	Registration fee – R1 185.00	Registration fee – R1 270.00	Registration fee – R1 362.00	Registration fee – R1 460.00
	<u>Establishment</u>	Registration fee – R1 668.00	Registration fee – R1 788.00	Registration fee – R1 917.00	Registration fee – R2 055.00
Application for a Sales Permit	<u>Levy payers</u>	1st Application – R740.00	1st Application – R793.00	1st Application – R850.00	1st Application – R912.00

# FOOD AND ASSOCIATED INDUSTRIES: FEES

<u>DESCRIPTION OF VESSEL</u>	<u>CURRENT TARIFF PER UNIT</u>	PROPOSED TARIFF PER UNIT FOR 2022/2023	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025
Ski-boat (One-day vessel)	R 1,061.00	R 1,137	R 1,219	R 1,307
Ice Vessel (RSW & CSW)	R 1,351.00	R 1,448	R 1,553	R 1,664
Re-inspection (if necessary)	R 728.00	R 780	R 837	R 897

# FOOD AND ASSOCIATED INDUSTRIES: LEVY TARIFFS

CODE	COMMODITY DESCRIPTION	UNIT	CURRENT TARIFF PER UNIT FOR 2022/23	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025	PROPOSED TARIFF PER UNIT FOR 2025/2026
5711+5712	Canned fish and canned fish products(other than fish paste) (VC8014)	1 000 kg	521 for 1st to 60th unit	R559 for 1st to 60th unit	R599 for 1st to 60th unit	R642 for 1st to 60th unit
			332 for 61st to 560th unit	R356 for 61st to 560th unit	R382 for 61st to 560th unit	R409 for 61st to 560th unit
			R80 for each subsequent unit	R86 for each subsequent unit	R92 for each subsequent unit	R99 for each subsequent unit
5716+5717	Canned meat and canned meat products (VC8019)	1 000 kg	852 1st to 60th unit	R913 for 1st to 60th unit	R979 for 1st to 60th unit	R1050 for 1st to 60th unit
			230 for each subsequent unit	R247 for each subsequent unit	R264 for each subsequent unit	R283 for each subsequent unit
5721+5722	Frozen fish and frozen fish products (VC8017)	1 000 kg	R520 for 1st to 10th unit.	R557 for 1st to 10th unit.	R598 for 1st to 10th unit.	R641 for 1st to 10th unit.
			R110 for 11th to 560 unit	R118 for 11th to 560 unit	R126 for 11th to 560 unit	R136 for 11th to 560 unit
			R34 for each subsequent unit	R36 for each subsequent unit	R39 for each subsequent unit	R42 for each subsequent unit

# FOOD AND ASSOCIATED INDUSTRIES: LEVY TARIFFS

CODE	COMMODITY DESCRIPTION	UNIT	CURRENT TARIFF PER UNIT FOR 2022/23	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025	PROPOSED TARIFF PER UNIT FOR 2025/2026
5725	Frozen unpackaged (loose) fish and ungutted, boxed fish (VC8017)	1 000 kg	R 446 for 1st to 10th unit	R478 for 1st to 10th unit	R513 for 1st to 10th unit	R549 for 1st to 10th unit
			R106 for 11 to 560 unit	R114 for 11th to 560 unit	R122 for 11th to 560 unit	R131 for 11th to 560 unit
			R 24 for each subsequent unit	R 26 for each subsequent unit	R 28 for each subsequent unit	R 30 for each subsequent unit
5730+5748	Frozen rock lobster tails, leg and breast meat (VC8020)	10 kg	R422.00 for 1st ten (10) unit	R452 for 1st ten (10) unit	R485 for 1st ten (10) unit	R520 for 1st ten (10) unit
			R26.00 for each subsequent unit	R28 for each subsequent unit	R30 for each subsequent unit	R32 for each subsequent unit
5734+5749	Frozen whole rock lobster,cooked and breast meat (VC8020)	30 kg	R422.00 for 1st ten (10) unit	R452 for 1st ten (10) unit	R485 for 1st ten (10) unit	R520 for 1st ten (10) unit
			R26.00 for each subsequent unit	R28 for each subsequent unit	R30 for each subsequent unit	R32 for each subsequent unit

# FOOD AND ASSOCIATED INDUSTRIES: LEVY TARIFFS

CODE	COMMODITY DESCRIPTION	UNIT	CURRENT TARIFF PER UNIT FOR 2022/23	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025	PROPOSED TARIFF PER UNIT FOR 2025/2026
5743+5744	Frozen cephalopods (VC8017)	1 000 kg	R781.00 for 1st to 10th unit	R837.00 for 1st to 10th unit	R898.00 for 1st to 10th unit	R962.00 for 1st to 10th unit
			R167.00 for each subsequent unit	R179 for each subsequent unit	R192 for each subsequent unit	R206 for each subsequent unit
5745+5746	Frozen mussels (VC8017)	1 000 kg	R710.00 for 1st twenty (20) unit	R761 for 1st twenty (20) unit	R816 for 1st twenty (20) unit	R875 for 1st twenty (20) unit
			R303.00 for each subsequent unit	R325 for each subsequent unit	R348 for each subsequent unit	R373 for each subsequent unit
5739+5740 5741 + 5742	Frozen prawns, shrimps, langoustines and crabs (VC8031)	1 000 kg	R699.00 for 1st twelve (12) unit	R749 for 1st twelve (12) unit	R803 for 1st twelve (12) unit	R861 for 1st twelve (12) unit
			R414.00 for each subsequent unit	R444 for each subsequent unit	R476 for each subsequent unit	R510 for each subsequent unit

Food and Associated Industries: Levy Tariffs						
Code	Commodity Description	Unit	Current Tariff per Unit for 2022/23	Proposed Tariff per Unit for 2023/2024	Proposed Tariff per Unit for 2024/2025	Proposed Tariff per Unit for 2025/2026
5710	Canned crustaceans (VC8014)	1 000 kg	805.00	R 863	R 925	R 992
5714+5715	Canned marine molluscs (VC8014) (Other than abalone)	1 000 kg	730.00	R 783	R 839	R 899
5719+5720	Fish paste (VC8014)	1 000 kg	R 172.00	R 184	R 198	R 212
5727+5728	Frozen marine molluscs and frozen marine molluscs product (VC8017) (OTHER THAN MUSSELS)	1 000 kg	746.00	R 800	R 857	R 919
5736	Smoked snoek (VC 8021)	1 000 kg	R247	R 265	R 284	R 304
5751+5752	Canned abalone (VC8014)	1 000 kg	998.00	R 1,070	R 1,147	R 1,229

Food and Associated Industries: Levy Tariffs						
Code	Commodity Description	Unit	Current Tariff per Unit for 2022/23	Proposed Tariff per Unit for 2023/2024	Proposed Tariff per Unit for 2024/2025	Proposed Tariff per Unit for 2025/2026
5753	Live aquacultured abalone (VC9001)	1 000 kg	R481	R 516	R 553	R 593
5754	Live Rock Lobster (VC 9104)	1 000 kg	R526	R 564	R 604	R 648
5755	Chilled and Raw Aquacultured Bivalve Molluscs ( VC9107) - Live : Oysters	1 000 kg	R 180.00	R 193	R 207	R 222
	Chilled and Raw Aquacultured Bivalve Molluscs ( VC9107) - Live Mussels	1000 kg	R 40.00	R 43	R 46	R 49
	Dried Abalone ( VC9108)	1000 kg	R 1333	R 1429	R1532	R1642
	Crude Fish Oil ( VC 9111)	1000 kl	R 133	R 143	R 150	R 157

# FAI Summary Financials Excluding Processed Meats

FAI Excluding Processed Meats	2021/22 Financial Year	2020/21 Financial Year
Total Budget	R 65,496,070.04	R 62,263,119.49
Total Revenue	<b>R 48,675,166.53</b>	<b>R 41,698,842.45</b>
Operational Expenditure	R 58 573,173.60	R 54 673 ,453.96
Surplus/Deficit	R -9,090,077.67	R 13,612,972.96



# **PROCESSED MEAT LEVY CONSULTATION MEETING**

# Presentation outline

- **Status of NRCS Microbiological Testing and Compliance**
- **Levy Coverage**
- **Regulatory cost and levy proposal**

# Processed Meat Micro results for April 2021- Jan -2022



**Total products tested = 824**

## April 2021- Jan -2022 Micro results Summary

**Total of 824 samples were analysed:**

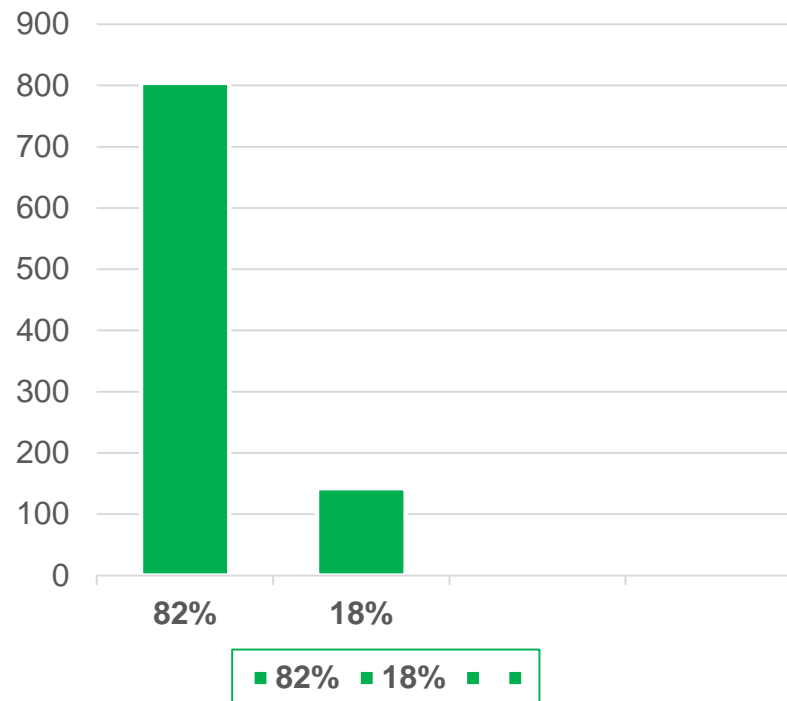
- **14 Total number of failed samples.**
- **1 Failed sample from Cape town Export – retest passed.**
- **13 Failed samples from Durban – Pretoria.**
- **The failures were on Hygiene indicators e.g. Total Viable count not on the food safety indicators .**
- **No food safety failures.**
- **Water micro sampling indicated that 23 samples were taken from the Processed meat factories and no failure.**

# Processed Meat Micro results for February 2022 to January 2023



**Total products tested = 804**

# Non-compliance rate for January - December 2022



## **18% Non-Compliance summary:**

125 (16%) Products required corrective actions for Poor Hygiene.

6 (0.74%) Products had a combination of poor hygiene and Food Safety (LM)

9 (1.2%) Products had presence of LM

1 (0.12%) Product the count was higher than 100cfu/25 g.

1 (0.12%) Product had presence of Salmonella spp.

# Levy Coverage

- ❑ Risk Based approach enforcement and compliance activities
- ❑ Scheduled and adhoc physical inspections of processing facilities
- ❑ Products monitoring for microbiological and chemical testing
- ❑ Food Safety verification inspections
- ❑ Human Resource costs
- ❑ Stakeholder engagement costs

# Regulatory Cost and Levy Proposal 2019/20

PROCESSED MEAT REGULATORY COST SUMMARY	C,D,E,F - Catagories	A,B,C,G, Catagories	TOTAL
NRCS Operating costs only	40 543 064,24	9 618 603,14	50 161 667,38
Estimated volumes (ton)	296 268,54	42 342,15	338 610,69
Estimated volumes (kg)	296 268 540,00	42 342 148,00	338 610 688,00
NRCS cost recovery per ton	129,62	18,52	148,14
Per kg per cents	0,14	0,23	
Estimated cost to Consumer (RSP)			
: Estimated cost per kg	50,00	83,00	
: Estimated cost per ton	50 000,00	83 000,00	
% Cost to consumer	0,26%	0,02%	

# Regulatory Cost and Levy Proposal

PROCESSED MEAT REGULATORY COST SUMMARY	C, D,E ,F CATEGORIES	A, B, G CATEGORIES	TOTAL
NRCS Operating costs only(R)	R 13,821,505.69	R 29,082,499.92	R 42,904,005.61
Estimated volume in tons(1000 kg)	118 071	165 626	283 697
Estimated volume in kg	118071589	165626768	283697000
NRCS cost recovery per ton per Rand	R 0.1171	R 0.1756	R 0.1512
NRCS cost recovery per kg per	12 cent	18 cent	
Estimated cost to consumer(RSP)			
Estimated average cost per kg(R)	90	300	
Estimated cost per ton(R)	90 000	300 000	
% cost to consumer	0.13%	0.06%	

# Processed Meats

Category	Unspecified class i.e. Any other unspecified RTE processed meats product	TARIFF PER UNIT 2016/17	PROPOSE D TARIFF PER UNIT FOR 2022/2023	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025
5756 C,D,E,F Categories	Comminuted, cured, heat treated products;	1 000 kg	R 120	R126	R132
	Whole muscle, cured, heat treated products				
	Whole muscle, uncured, heat treated or partial heat treated and RTE products;				
	Reformed, cured, heat treated				
5757 A,B,G, Categories	Comminuted, cured, heat treated products;	1 000 kg	R180	R225	R236
	Whole muscle, uncured, heat treated or partial heat treated and RTE products;				
	Unspecified class i.e. Any other unspecified RTE processed meats				

# Regulatory Cost and Levy Proposal

PROCESSED MEAT REGULATORY COST SUMMARY	C, D, E, F CATEGORIES	A, B, G, CATEGORIES	TOTAL
NRCS Operating costs only(R)	13 821 505,69	29 082 499, 92	42 904 004,71
Estimated volume in tons(1000 kg)	533 733, 3674	371 166 ,3896	1 276 066,146
Estimated volume in kg	533 733 367,4	371 166 389,6	1 276 066 146
NRCS cost recovery per ton per Rand	R 0.03	R 0.08	R 0.10
NRCS cost recovery per kg per cent	3 cent	8 cent	
Estimated cost to consumer(RSP)			
Estimated average cost per kg(R)	90	300	
Estimated cost per ton(R)	90 000	300 000	
% cost to consumer	0.03%	0.00%	

# Processed Meats

Category	Unspecified class i.e. Any other unspecified RTE processed meats product	TARIFF PER UNIT 2016/17	PROPOSE D TARIFF PER UNIT FOR 2022/2023	PROPOSED TARIFF PER UNIT FOR 2023/2024	PROPOSED TARIFF PER UNIT FOR 2024/2025
5756 C,D,E,F Categories	Comminuted, cured, heat treated products;	1 000 kg	R 30	R 32	R 33
	Whole muscle, cured, heat treated products				
	Whole muscle, uncured, heat treated or partial heat treated and RTE products;				
	Reformed, cured, heat treated				
5757 A,B,G, Categories	Comminuted, cured, heat treated products;	1 000 kg	R 80	R 84	R 88
	Whole muscle, uncured, heat treated or partial heat treated and RTE products;				
	Unspecified class i.e. Any other unspecified RTE processed meats				

**Thank you**

**Questions**

