



INDUSTRY EXCELLENCE
BEDRYFSVOORTREFLIKHEID

31 March 2004

Dear member of the wine industry

ARA LEVY

At the end of last year SAWB, consisting of the four chambers Cellars, Producers, Labour and Wholesalers, approved that application be made for a statutory levy on wine to help fund the activities of ARA (Industry Association for Responsible Alcohol Use). ARA's mission is: "To promote the responsible use of beverage alcohol, as part of a healthy lifestyle, among those who have already taken the decision to consume beverage alcohol.". You are sure to have seen or heard ARA's innovative campaigns on television, radio and in print. Invaluable below the line work is also done. Half of ARA's funds come from the beer industry, whilst the other half is contributed by the wine and spirits industry. Once the levy is in place, the wine industry will contribute 25 % and the spirits industry the other 25 %.

Unfortunately levy application is a long process. It is not foreseen that the statutory levy, if approved by the Minister of Agriculture, will be in place before the end of the year. With the restructuring of the industry, a body to pay the wine industry's contribution no longer exists, thus jeopardising the ongoing work and projects of ARA.

Under the circumstances SAWB has decided to ask every member of the wine industry to voluntarily contribute the levy amount until such time as the statutory process is complete. The amount will be 0.2 cents (one fifth of a cent) per litre of wine sold. SAWIS will be collecting your contribution on the same basis as the information levy. Invoicing will commence at the end of April 2004.

You are not obligated to pay the levy amount until it is legislatively sanctioned, but it will be in your as well as the industry's best interest. As part of good corporate governance all businesses and industries are nowadays required to recognise that they are part of their societies. This certainly is more so the case for our industry as is abundantly made clear in the new Liquor Bill. This legislation, which will come into operation during the course of this year, requires an applicant to show, inter alia, his or her "proposed contribution to combating alcohol abuse, including whether the applicant has subscribed to any industry code of conduct approved by the Minister;". Under the transitional provisions of this statute all existing licence holders will have to satisfy this criterion.

Your industry relies on your co-operation herein.

Yours truly


DR JOHAN VAN ROOYEN
CHIEF EXECUTIVE OFFICER

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