



MEDIA STATEMENT

FOR IMMEDIATE RELEASE

TO: ALL MEDIA/NEWS EDITORS

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SMALL-SCALE SUGARCANE FARMERS SECURE MASTER PLAN PREMIUM PRICE

Today history was made, the South African Farmers Development Association (SAFDA) can celebrate yet another massive win for our farmers. At its meeting held today, the Council (Board) of the South African Sugar Association (SASA) approved a new premium price for small-scale farmers valued at around R60 million. This was in line with the undertaking of the Sugarcane-Based Value Chain Master Plan which sought to ensure small-scale grower support and retention through a dedicated small-scale farmer Master Plan.

Farmers in the sugar industry are paid using a Recoverable Value (RV) which recognizes investments made in the production process to achieve sugarcane of good quality. Because of poor economies of scale, long distances to sugar mills, and inability to own farming equipment, small-scale farmers struggle to produce good quality cane. The RV price is made up of proceeds derived from the sale of sugar and molasses the industry sells in the local and international markets. For sugar, international markets are distorted, loss making and residual. They dilute revenue for small-scale farmers. The Premium Price will bring farmers' price in line with local market and compensate them for international market losses as well as correct the disadvantages linked to scale and location of their operations.

SAFDA was formed in 2015 to deal with the decline of small-scale farmers and ensure the sustainability of black farmers in general in an industry where their wellbeing was always under threat. "It is something to celebrate to see that SAFDA is delivering tangible benefits for our farmers in the short period that we have been in existence. This premium price did not come on a silver platter. SAFDA stood firm when industry participants who have been in the game for decades, cried foul about affordability. We reminded them that small-scale farmers are supposed to be foundational to the industry in terms of the Master Plan." Said Dr Siyabonga Madlala.

This premium price payment will add to the SASA Transformation Initiatives that were approved on 29 November 2018 to a tune of R 1 billion over a period of five (5) years. In terms of this Transformation Fund, R200 million is disbursed to farmers on an annual basis according to 8 original interventions that the industry has tweaked a bit to accommodate with other needs like topping up the bursary fund of the industry and supporting a study to map out the impact of transformation in the sugar industry.

Of the total funds allocated to Transformation Initiatives in 2021/22, small-scale growers will get R118 million disbursed to them. Land Reform farmers will get R51 million. The following table provides a breakdown of the Interventions and Premium Price when they are payable and rates applicable.

South African Farmers Development Association

Registration number 163-564 NPO

KwaShukela, 170 Flanders Drive
Mt Edgecombe, KwaZulu-Natal
P.O. Box 1769

Mt Edgecombe Country Club, 4301

031 508 7283

info@sa-fda.org.za

www.sa-fda.org.za



Summary of 2021/22 sugar industry payments to grower payments

	Quantum	Payment period	Rate
Small-scale			
Intervention 1	R 44 million	80 % will be paid in July 2021, then monthly until November 2021. Balance will be paid out in January 2022.	R17,69 per ton flat rate
Intervention 1A	R 43 million	80 % payment in November 2021. Balance will be paid out in January 2022.	R17,29 per ton flat rate
Intervention 3	R 23 million	80 % paid in July 2021, then monthly until November 2021. Balance to be paid out in January 2022.	R 8,65 per ton flat rate
Intervention 5	R 8 million	80 % paid in July 2021, then monthly until November 2021. Balance to be paid out in January 2022.	R 3,01 per ton flat rate
Premium Price	R 60 million	100 % paid out in January 2022.	Provisional rate of R31,41.
Supplementary Payment Fund	R 71 million	100 % paid out at the end of March 2022	Sliding scale based on tonnage.
<i>Total</i>	<i>R 249 million</i>		
Land Reform			
Intervention 2	R 51 million	July 2021. Payments in subsequent months for growers that qualify for Intervention 2. Balance in January 2022.	R 65 000 once-off per Grower Code. January balance varies.
<i>Total</i>	<i>R 51 million</i>		

We are very pleased to see changes that result from our efforts invested in robust discussions within industry corridors. We are sure that this will make a positive impact on our farmers. They will now have a positive cash flow at critical times of the off-crop season and will be able to invest in their operations to improve yields and take advantage of overall sugarcane prices. All these interventions combined will assist our struggling farmers be sustainable.

We commend industry colleagues that have embraced and shown commitment to the transformation of our industry which means long-term survival of our farmers.

Issued by Dr Siyabonga Madlala, Executive Chairperson of SAFDA.

For Media Enquiries please contact:

Nondumiso Mlondo, Media and Communications Practitioner

073 296 5570

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