



## **MEDIA RESPONSE**

**DATE: 28 APRIL 2023**

- 1) To whom, and in what capacity with SAFDA, may I attribute the answers to the following questions, please?
  - Dr. Siyabonga Madlala- SAFDA Executive Chairman
- 2) Can SAFDA confirm whether or not Tongaat and/or Gledhow have been meeting their obligations in terms of the aforementioned levies (and other payments)? If Tongaat and/or Gledhow are not meeting these obligations, how are SAFDA's sugarcane-grower members being affected by these non-payments by Tongaat and/or Gledhow?
  - The South African Farmers Development Association (SAFDA) is aware of Tongaat Hulett Sugar (THS) default payment levy to the South African Sugar Association (SASA). This default payment impacted negatively on the final RV Price for 2022/2023 season and left our growers devastated. The Sugar Industry opened the season with the recoverable RV Price of R5 621,76 per ton and closed the season with the final RV Price of R5 435,07 per ton of RV. The forecasted final RV Price was close to R6 000 per ton of RV, however the non-payment levy from THS resulted in a reduction of industry proceeds by R1,5 billion of which R962 million was paid by growers as per the current Sugar Industry division of proceeds (DoP). The decrease in the final RV Price affected growers plans for the new season (2023/2024), some famers are owing the milling companies because of this non-payment by THS and they are expected to pay back the money urgently.
  - The industry did not anticipate that the Business Rescue Practitioners (BRP's) will withhold THS payments due to SASA as per THS obligations arising under the Sugar Industry Agreement (SIA) and the Sugar Act. As SAFDA we are uncertain on how the new season is going to unfold, since we are depended on the millers to collect levy on behalf of the Growers Associations.
- 3) If applicable, what would SAFDA like to see being done, by whom, and within what timeframe/s, to ensure that Tongaat's and/or Gledhow's reported non-payments are remedied so that SAFDA's sugarcane growing members are not prejudiced in any ways?
  - We would like to see all milling companies honouring all payments due to the South African Sugar Associations (SASA) on the set timeframes as per the Sugar Industry

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Agreement. Those milling companies that previously defaulted, they must pay back what is due to SASA.

- 4) If applicable, what is SAFDA itself doing to try to ensure that Tongaat's and/or Gledhow's reported non-payments are remedied so that SAFDA's sugarcane growing members are not prejudiced in any ways?
- SAFDA has begun conceptualizing its own sugar milling model where regional sugar milling hubs will be set up across the sugarcane farming belt, in strategic locations close to where farmers are. Our plan became even more urgent after the announcement of second sugar mill taking the route of business rescue in less than six months after Tongaat Hulett announced its business rescue on the 27<sup>th</sup> of October 2022.
  - We believe that SAFDA milling is the future of the transformed, competitive and innovative sugar industry. We have established international technology partnerships that will bring modern sugar milling technologies and products into our country thus ensuring the security of supply of sugar to the local market, preservation of current jobs and creation of new ones, as well as new revenue streams from new value-added products.
- 5) SAFDA should feel free to add anything that it believes is relevant to my line of questioning.
- We avail ourselves to support industry partners going through business rescue and hope for an effective turnaround solution that will ensure a secure future for our farmers whose livelihoods are deeply rooted in this industry, historically and going forward.

**ISSUED BY THE OFFICE OF THE EXECUTIVE CHAIRMAN: DR. SIYABONGA MADLALA**

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