



MEDIA STATEMENT

FOR IMMEDIATE RELEASE

TO: ALL MEDIA/NEWS EDITORS

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SUGAR MASTERPLAN DELIVERS PREMIUM PRICE TO SMALL-SCALE SUGARCANE FARMERS

Sugarcane farmers today woke with a big smile on their faces as their bank notifications informed them that they had money paid into their bank accounts. The *Januworry* (January) woes they were faced with suddenly vanished when small-scale farmers received Premium Price payments worth around a total of R60 million as agreed by Small-scale Grower Masterplan Task Team within the Sugar Masterplan process and endorsed by the Council (Board) of the South African Sugar Association (SASA) in June 2021. The payment of the Premium Price is in line with the Sugarcane-Based Value Chain Master Plan's purpose of ensuring the long-term success and retention of small-scale growers. Farmers will benefit from the Premium Price since it will align their prices with the local market, compensate them for losses on international markets, and erase the disadvantages related to their diseconomies of scale and remote locations away from sugar mills that drastically increase costs of production. For sugar, international markets are distorted, loss making and residual. Therefore, this intervention was needed to protect the revenue of small-scale farmers and cushion them from international market distortions.

The Sugar Masterplan is one of the Masterplans that were announced by President Cyril Ramaphosa during his 2019 SONA and confirmed by Minister Ebrahim Patel in his Budget Vote during the same year. The aim of these masterplans is to revitalize struggling industries and to stimulate economic growth. The Sugar Masterplan was concluded and signed off by sugar value chain stakeholders in November 2020. SAFDA wishes to comment and salute Ministers Ebrahim Patel and Thoko Didiza who have been champions and custodians of the Sugar Masterplan process, which has now delivered tangible results for our farmers.

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.

"SAFDA will continue to fight for a better life for all farmers, especially the small-scale farmers," said Dr Siyabonga Madlala, Executive Chairman of SAFDA. The Premium Price intervention came just in time to provide much-needed relief. The 2021 year was marked by civil unrests as well as floods that recently occurred causing damage to most farmer fields. This intervention money will assist farmers in recovering from these challenges whilst they wait on the government for relief." added Dr. Madlala.

Small-scale farmer Roseline Makwakwa, 84, of KaHoyi, Mpumalanga Province, couldn't contain her joy as soon as she received the SMS. The first time I saw this money this morning, I could not believe my eyes. I would like to thank SAFDA for their continuous support to us as small-scale growers. This money

will go a long way. We have never seen such before. Ever since SAFDA came, we have seen miracles." said Makwakwa.

Dentro Mkhwanazi from Felixton in Empangeni, KwaZulu-Natal Province also said they have been farmers for a very long time but never received such assistance until SAFDA came along and rescued them as they were starting to drown in debt trying to sustain themselves. "I am shocked, I did not expect this and want to thank SAFDA for this. Everything is going well even with the fertilizer intervention we received in 2019, which just shows how much our organization cares about us." said Mkhwanazi.

This Premium Price payment added 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 adjusted a bit to accommodate other needs like toping up the bursary fund of the industry and supporting a study to map out the impact of transformation in the sugar industry. These interventions combined will assist our struggling farmers be sustainable, especially during off-crop seasons.

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.
Total	R 249 million		
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.
Total	R 51 million		

Issued by SAFDA Executive Chairman, Dr Siyabonga Madlala

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