



**MEDIA STATEMENT**

**FOR IMMEDIATE RELEASE**

**TO: ALL MEDIA/NEWS EDITORS**

**DATE: 07 OCTOBER 2021**

**Further increases in the sugar tax will sound a death knell for small-scale farmers**

As farmers in the sugarcane industry, we have followed the recent discussions and publications in newspapers calling on government to increase the sugar tax, with very little consideration on what this may mean for our sector and livelihoods.

While the increase in sugar tax will affect the entire industry, including the secondary and tertiary industries, the small cane growers will suffer the most. This rung of growers is already under siege. At a time when jobs were also decimated by COVID-19, agriculture showed resilience and therefore become the last defense against the impact of a tanking economy. That was until the unrest happened broke out in July this year and are still recovering from the aftermath thereof.

During the unrest, sugarcane fields across 53 towns in Kwa-Zulu Natal (KZN), including small-scale farms owned by families, were burnt to the ground. This resulted in a domino effect of disruptions to our industry loss of an entire season's crops and inputs (fertilizer and insecticides), loss of harvested goods rejected by the mills, destruction of farming equipment and machinery, interruptions in employment, including seasonal employment. Millions of rands were lost by growers due to the unrest.

To make matters worse, we are already operating under tight financial margins, due to the drop in demand which could be further worsened by the proposed 20 percent sugar tax that has been suggested by some groups. It would be a disaster to introduce any increase in the sugar tax, given that unemployment is at a historical high of 34.4 percent. Supporters of an additional tax have not given sufficient attention to the fact that rural communities have already been greatly impacted and as such a further increase, would be catastrophic. According to a report by the National Economic Development and Labour Council (NEDLAC) 16, 621 jobs were lost in the first year of implementation of the sugar tax, of which 9 154 were lost in the sugarcane-growing sector alone. Not only have jobs been lost since then, but the loss of livelihoods has continued unabated.

In principle, we are in support of programs and interventions aimed at reducing the prevalence of non-communicable diseases, which is part of the reason why the sugar tax was put forward as a health measure, however we believe that this can be achieved in other more effective ways without killing livelihoods and impoverishing rural communities in especially KZN and Mpumalanga. For more than a century, the sugar industry has been the buffer between these communities and total socio-economic disintegration.

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Small-scale growers use sugarcane proceeds to keep the fires burning, clothe and send their children to school. This industry is also recovering from the effects of the drastic sugar price drop which resulted in small scale growers incurring debt in 2018 season due to the very low final RV price. That event affected many scale growers, some of whom were lost to the industry. That loss was on top of the reduction in the number of black small-scale growers, from 50 000 in the 2000s to around 21 000 in the current season.

The sugarcane industry is well worth protecting. Government should consider the fact that the sugarcane industry does not only provide jobs, is crucial to many manufacturing processes and earns the country much needed foreign currency, but it is also crucial in the fight against COVID-19 as it provides raw material for personal protection equipment.

## **ISSUED BY THE OFFICE OF THE EXECUTIVE CHAIRMAN**

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