

**PRESS STATEMENT BY ANDREW RUSSELL
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**TONGAAT HULETT AND GLEDHOW SUGAR MILL DEFAULTS COST GROWERS R1 BILLION,
DROPPING REVENUE BY 8%**

SA Canegrowers is disappointed by the 8% drop in the final RV price (the price that growers receive for the cane processed) for the 2022/2023 season. This is mainly a result of the failure of Tongaat Hulett (THL) to pay more than R900 million due to the South African Sugar Association (SASA) at the end of March 2023, and a further default by the Gledhow mill which is also in business rescue. These defaults are in violation of the Sugar Act and Sugar Industry Agreement and have lowered growers' revenue, placing thousands of small-scale and commercial growers in danger of losing their businesses.

In total, the defaults will cost the industry R1,5 billion, of which R1 billion is deducted from the growers' proceeds (the RV price). More than 20,000 small-scale growers will have to carry their share of the cost of these decisions, with the RV price (the final revenue determined for growers) dropping by R424 per ton at the end of the season. The resulting decline in revenue now threatens the livelihoods of thousands of small-scale growers and the workers they employ.

In declining to meet their industry obligations, the BRPs at these companies are withholding funds generated from the work of the mills' supplying growers to the detriment of these growers' operations, workers, and suppliers.

SA Canegrowers believes that the industrial obligations set out in the Sugar Act and Sugar Industry Agreement are mandatory and apply to all members of the sector, including growers, millers and refiners.

The payments in question are levies and monies collected on behalf of the Grower Associations, SASA, and the other millers. The Grower Association and SASA levies are

critical income sources for SASA and the Grower Associations in particular, while the millers' redistribution is also important to all millers' sustainability. Every section of the industry is therefore suffering immense hardship owing to the decision taken by the business rescue practitioners.

SA Canegrowers has therefore written to Minister Ebrahim Patel to request government's intervention in light of the business rescue practitioners' decision not to pay the amounts owing to the industry. Even as the industry explores possible legal action, urgent action is needed to protect the industry's small-scale growers, workers, and value chain partners from financial ruin.

Urgent and decisive action is needed from all role-players to ensure that the South Africa's sugar industry is not fatally impacted. We will explore all options available to us to ensure that we protect the one million livelihoods the industry supports.

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