

PRESENTATION TO THE PORTFOLIO COMMITTEE ON AGRICULTURE

THE SUGAR SECTOR MASTER PLAN

Date: 3 SEPTEMBER 2024



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Purpose

**To brief the Portfolio Committee on Agriculture on
the Sugar Master Plan**



PRESENTATION OUTLINE

- 1. Background and Purpose of the Master Plan**
 - Sugar Master Plan Overview
- 2. Consultation and Development Process of the Master Plan**
- 3. Stakeholders involved in the Master Plan**
- 4. Funding Arrangement**
- 5. Implementation Plan and Stakeholders' Responsibilities**
- 6. Progress of Implementation plans**
 - 2023/2024 Season Update
 - Key Achievements Phase 1
 - Overall Achievements of Objectives
- 7. Monitoring and evaluation of the Master Plans' implementation**
- 8. Way Forward**
- 9. APPENDIX**
- 10. ACRONYMS**

1. Background & Purpose of the Master Plan



The Sugar Value Chain Master Plan was formally signed off by all stakeholders in a virtual ceremony held on 16 November 2020. It was meant to be a 3-year program (April 2020 to March 2023) but work was undertaken over 2 years (Jan 2021 to March 2023) due to COVID 19

The Master Plan was developed to address a number of serious challenges faced by the sugar industry, with Phase 1 being to stabilize the industry but also to ensure its long-term sustainability up to and beyond 2030.

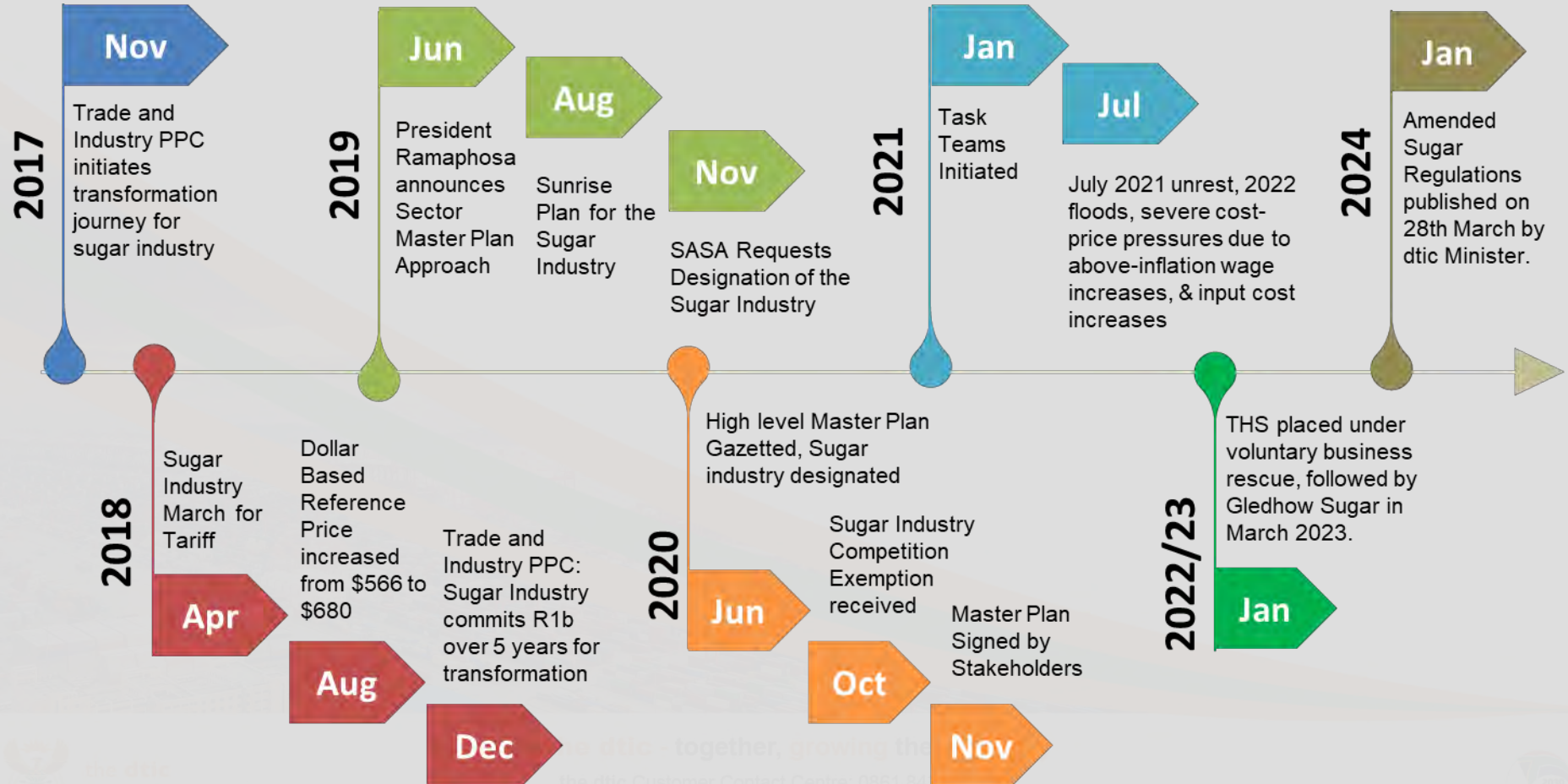
1. Overview of the Sugar Industry

The South African Government's Re-imagined Industrial Strategy announced as per President Ramaphosa's State of the Nation Address of 20 June 2019, pronounced the development of Master Plans in key sectors. The strategy seeks to create conducive conditions for growth, improve industrial capacities and sophistication, drive export orientation, and reclaim domestic market space lost to imports. The Sugar Masterplan was developed to address several serious challenges faced by the industry and to ensure its long-term sustainability. The Sugar Master Plan has adopted a phased approach in which Phase 1 is about restructuring and setting foundations for diversification. Phase 1 ran for 3 years and came to an end on 31 March 2023. The focus of Phase 1 was to:

- Stabilise the industry.
- Restructure industry capacity and costs in an orderly manner to ensure alignment to current and future market size, and establish the appropriate platform for a diversified sugarcane-based value chain by 2030 ("Vision 2030")
- Protect and retain sugarcane value-chain (including upstream and downstream) jobs as far as possible through the transition.
- Secure the foundational role of small-scale growers in the sugarcane value chain, and ensure a balanced approach to supporting small-scale grower sustainability towards Vision 2030
- Mitigate the impact on workers and small-scale growers of capacity reductions.
- Ensure that transformation of ownership and participation is significantly advanced through the restructuring and the transition to Vision 2030

2. Consultation and Development Process of the Master Plan

The formulation of the Master Plan was in consultation with different Stakeholders which included Government, Labour and Industry



3. Stakeholders involved in the Master Plan

Role-players

Department of Trade, Industry, and Competition (DTIC)
Department of Agriculture, Land Reform and Rural Development (DALRRD)
National Treasury (NT)
Industrial Development Corporation (IDC)
Department of Health
South African Sugar Association (SASA)
South African Sugar Millers Association (SASMA)
South African Cane Growers Association (SACGA)
South African Farmers Development Association (SAFDA)
Beverage Association of South Africa (BEVSA)
Coca-Cola Beverages Africa (CCBA)
Consumer Goods Council of South Africa (CGCSA)
South African Sugar Converters Association (SASCA)
South African Revenue Services (SARS)
National Bargaining Council for Sugar Manufacturing and Refining Industry

4. Funding Arrangement

01

R 1 billion Sugar Industry Transformation fund was allocated to the industry over a period of 5 years with R200 million disbursed annually to farmers according to defined interventions.

02

To date, over R1,244 billion of the Transformation Fund has been spent on Transformation Initiatives. For the current FY20203/24, R 189,78M of the budgeted R 232M has been disbursed. An Impact Assessment of the Transformation Intervention Fund has recently been completed and will pave the way for discussions regarding an Industry Transformation Plan.

03

MAFISA is a loan facility for smallholder farmers and entrepreneurs to improve their livelihoods and develop their businesses. It provides loans for a minimum amount of R50 000 per applicant without collateral/security and a maximum loan amount of R 500 000 per individual/entity. In 2022/23 financial year, an amount of R8 864 207.44 was loaned to 188 farmers in both provinces.

5. Implementation Plan and Stakeholder's Responsibilities

1

Task Team 1 SACU Trade Harmonization:

Develop proposal for engagement with the eSwatini government and eSwatini Sugar: harmonised regulatory framework towards partnership and between the two prevent destructive competitive dynamics

Dtic, SASA, SASMA,

2

Task Team 2 Job Retention & Mitigation:

Develop industry-wide job retention & mitigation strategy to: Minimise job losses - stabilisation & restructuring phase Development of alternative employment and income generation programmes

RCL, Illovo, Tongaat-Hulett, UCL, Gledhow, USM, SASMA, SAFDA, SACGA

3

Task Team 3 Small Scale Grower Support:

Develop a “small-scale grower master plan” to ensure that the foundational role of small-scale growers in the sugarcane value chain is preserved and extended into the implementation of Vision 2030

RCL, Illovo, UCL, DALRRD, SACGA, dtic, SASA, USM, SASMA, Gledhow, SAFDA, Tongaat-Hulett,

4

Task Team 4 Transformation:

Significantly advance active participation and transformation across the value chain by Black farmers, industrialists, women, youth and the disabled through the stabilisation & restructuring plan. Ensure that transformed ownership, participation & job creation form the foundations for Vision 2030

RCL, Illovo, Tongaat-Hulett, UCL, Gledhow, USM, dtic, SASMA, SACGA, BevSA, USM SAFDA, SASA

5

Task Team 5 Crop Diversification:

Develop detailed strategies & plans to provide & support appropriate crop diversification by growers as an alternative to sugarcane and to support enhanced financial viability of sugarcane growers

SACGA, SAFDA, SASA, SASMA

5. Implementation Plan and Stakeholder Responsibilities

6

Task Team 6 Downstream Diversification:

Identification & development of new/ additional attractive & feasible sugarcane-based downstream products for local & international trade. Achieve competitiveness upgrade in technology & skills, addressing constraints & bottle necks

SASA, RCL, Illovo, UCL
Tongaat-Hullett, USM,
Gledhow, SASMA, SMRI,
SACGA, SAFDA

7

Task Team 7 Product Tax Policy:

Investigate & develop an industry proposal for a long-term policy framework & approach to taxation of sugar & sugar-derived products to with a view to engaging government on strategies & policies to provide certainty & predictability in support of investment & planning by industry & government

CCBA, Bevsa, SASA, NDoH,
NT, dtic

8

Task Team 8 Industry Restructuring:

Develop a detailed industry restructuring plan to:

- re-balance industry capacity, improve efficiency and restore profitability
- set the foundations for the 2030 vision for a competitive, sustainable and diversified sugarcane-based value chain.

RCL, Illovo, UCL, SACGA,
SASA, SASMA, Gledhow,
SAFDA, USM, dtic
Tongaat-Hullett

9

Task Team 9 Restore local market & offtake commitments:

Over the period of 3 years, restore at least an initial 150,000 tons of sugar offtake to the local sugar industry with the goal of increasing this to at least 300,000 tons in year three.

Bevsa, CCBA, CGCSA,
dtic, ProudlySA,
SACGA, SAFDA,
SASA, SASCA,
SASMA

10

Task Team 10 Confectionery Competitiveness:

Develop detailed action plans and programmes backed by empirical data to enhance competitiveness of Small-Scale Confectionery producers.

SACGA, SAFDA, SASA,
SASMA, SASCA

6. Progress of Implementation plans

2023/2024 Season Update

- **Since the EOC on 10 May 2023 and 25 April 2024**

- The EOC resolved that the downstream users and upstream players would engage around the announced price increase. SASA proceeded with the price increase of 14.1 % but offered a short-term rebate to selected industrial users for July and ultimately made commitments around no further increase in the year. Stakeholders have been in constant negotiation since then around a future Phase 2 pricing commitment mechanism.

- **Pricing Mechanism**

- A technical team was formed between downstream users, upstream players, the dtic, and the ministerial facilitator to formulate a mechanism for Phase 2 that renews local offtake and enables fit-for-purpose price predictability and certainty
- A proposed framework has been developed that is more appropriate to the operating realities of the industry. Work is ongoing and when finalised will be brought back to stakeholders.

- **Update on Business Rescue Processes**

- Both Tongaat and Gledhow were in business rescue. Significant time and energy has been invested in facilitating an environment supportive of successful business rescue processes as well as in ensuring that the impact these processes have had on the wider industry (e.g. through impact on industry levies) are managed.

- **Updates on investments**

- UCL has invested over R250m over the period of the SIMP mainly to increase their milling capacity but also on other projects.
- RCL Foods – Sugar Division has grown investments from R120 million per annum to R550 million per annum over the SIMP period.
- Illovo Eston mill commenced export of electricity to the national grid during the period of the SIMP.

- **Regulatory Amendments**

- The SASA Constitution and the SIA amendments making permanent the transitional arrangements were published on 28 March 2024.

- **Ikusasa Update**

- The industry has engaged on various strategic issues including required amendments to Sugar Industry legislation to enable diversification

- **Task Team Progress**

- Some task teams continued work despite Phase 1 having formally come to an end. Progress reports follow

6. Progress of Implementation plans

SIMP - Key Achievements Phase 1(Jan 2021-March 2023)

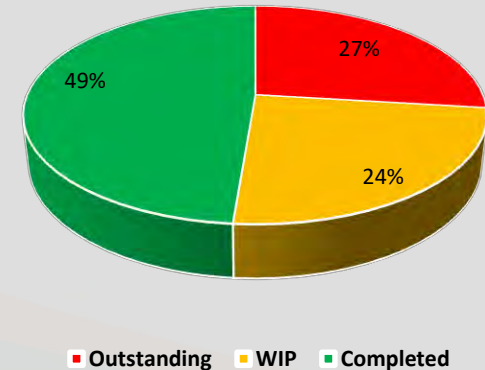
- **Localisation:**
 - Deep-sea imports have declined overall by over 57%.
 - The local market has grown ahead of our targets to 1 563 228 tons in year 3 of the Masterplan
- **Notional Price increases:** Notional price increases remained at or below CPI levels, occurring only twice a year and outside of peak trading periods.
- **The role of SSG's in the value chain:**
 - SSG contribution to total cane volumes delivered grew from 2,663,869 tonnes in 2021/22 to 3,124,304 in 2023/24
 - SSG numbers delivered cane grew from 13, 837 in 2021/22 to 15, 761 in 2023/24
 - Premium Price Payment (PPP) for Small Scale Grower support a minimum of R60 million of PPP to small-scale growers for a period of three seasons (2021/22 to 2023/24) was allocated. This has increased annually by the CPI to a current amount of R72,527,776 for the 2024/2025 season. However, this has been extended to 2024/2025. No expenditure has been affected yet from the 2024/2025 allocation.
- **Transformation Fund** It can be noted that a comprehensive impact assessment of the Transformation Interventions Fund since the 2018/2019 season has been completed.
- **The following positive aspects can be reported emanating out of the study:**
 - In the main, the Transformation Interventions (TIs) reached the growers as intended,
 - Payments took place in accordance with and complying to the stipulated rules,
 - The TIs made a significant contribution to maintaining the status quo in terms of the number of growers in cane production.

6. Progress of Implementation plans

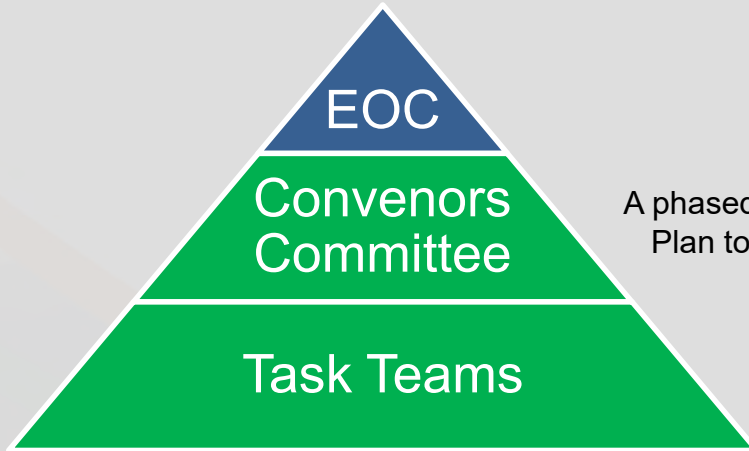
Overall achievement of objectives

- Overall, the SIMP has had some significant gains despite the various challenges such as non-participation of key stakeholders such as Organised Labour, the NT, and the NDoH.
 - Task Team 2 and Task Team 10 were largely inactive during Phase 1, impacting the overall % of work completed by active task teams.
 - The chart below reveals that 27% of action commitments remain unaddressed, 49% have been completed, and 24% are ongoing.
 - This ongoing work extends past Phase 1, necessitating a 2-year extension. Moving into Phase 2, a thorough assessment of outstanding actions will determine their relevance and whether they should be retained in the Sugar Master Plan.
- **Future improvements:**
 - Alignment of Action Commitments and Task Team Objectives to be improved in Phase 2 of the SIMP.
 - The improvement of governance and more frequent engagement with EOC will be of value. A leaner structure that can meet more often, between the EOC and the Convenors meeting should be considered.

SIMP Status at the end of Phase 1



7. Monitoring and evaluation of the Master Plans' implementation



A phased approach was adopted in the planning and implementation of the Master Plan to enable agility and effective responsiveness throughout the Master Plan implementation period.

EXECUTIVE OVERSIGHT COMMITTEE (EOC): The Executive Oversight Committee (EOC) provides high-level leadership, strategic guidance, and decision-making for the implementation of the Sugarcane Value Chain Master Plan. The EOC champions the vision and mission of the Master Plan, fostering shared ownership and accountability among all stakeholders.

CONVENERS COMMITTEE: Established to ensure the smooth day-to-day implementation of the Master Plan. It is responsible for guiding Task Teams, receiving reports, and making recommendations for any necessary adjustments or course corrections to the Master Plan.

TASK TEAMS: Established for each strategic objective of the Master Plan. These teams are responsible for driving the key actions necessary to achieve the objectives.

SIMP Phase 1 Challenges

- SIMP implementation took place under difficult circumstances; the Covid-19 pandemic, July 2021 unrest, KZN floods, Russian-Ukrainian war, voluntary business rescue processes for THS and Gledhow Sugar
- Despite efforts to involve them, organized labour did not sign the SIMP and remained inactive throughout Phase 1.
- Certain government departments did not engage as extensively as anticipated. For example, TT7, responsible for Product Tax Policy, was meant to involve representation from NT and NDoH, which did not take place as planned.
 - NDoH did not participate as it was felt that it may contradict its role of promoting health awareness as far as sugar consumption is concerned.
 - NT did not participate and advised that SIMP Task Teams lacked the legislative mandate to address tax policy issues. They emphasized that the authority to handle tax policy matters rests solely with NT as the constitutionally mandated tax policy authority.
- Accessing data from downstream users to track and monitor localization of procurement has been a challenge despite assurances that the data will be handled in line with the competition commission guidelines.
- Some of the commitments have required lengthy processes of negotiations and consultations which were not envisaged from the onset.
- Appropriateness of the specific CPI-linked price restraint commitment put significant pressures on growers and millers in the context of significant input increases during Phase 1 that in many cases threatened the sustainability of suppliers.



8. Way-forward

The three years (3) of the 1st phase ended on the 31st of March 2023. The way forward is to move ahead with phase 2 of the Sugar Master Plan

Finalise Phase 2 by obtaining commitments from Social Partners.

- Formalise and sign Phase 2
- Reconvene governance and implementation structures;



Thank you



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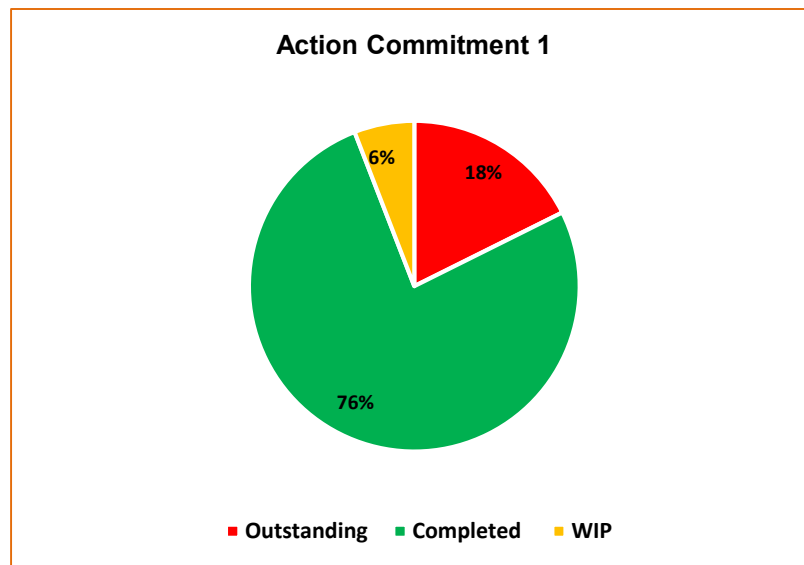


Appendix: Progress on Action Commitments



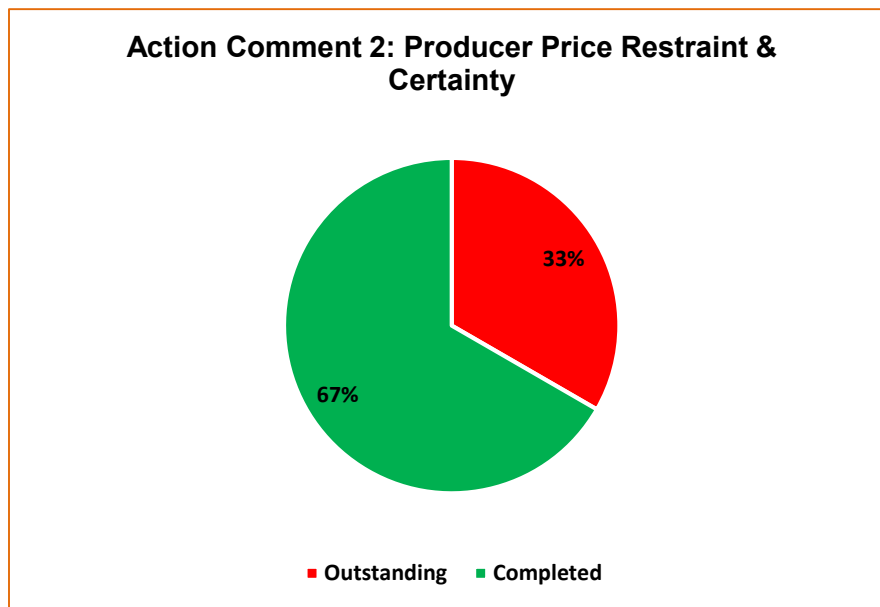
AC1: TT9 Restore Local Market & Offtake Commitments

- The objective of this Action commitment was to; over the period of 3 years, restore at least an initial 150,000 tons of sugar offtake to the local sugar industry with the goal of increasing this to at least 300,000 tons in year three.
- The target for year 1 was an increase of 150, 000 tons which was exceeded by 38 301 tons, the total increase was 188 301 tons. The target for year 3 was an increase of 300 000. SASA reported sugar sales of 1 563 228, suggesting an increase of 315 946 tons, which meets the target. The marketing year was extended which resulted in the target being met.
- The key commitment has been achieved and the graph below shows the overall progress on key actions:



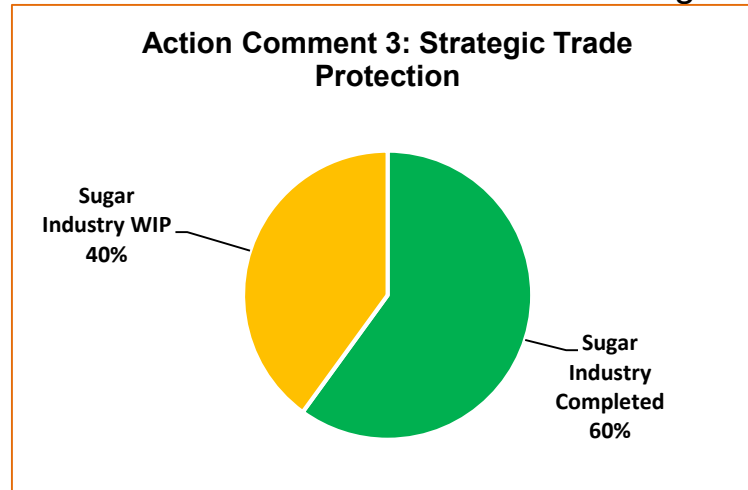
AC2: Producer Price Restraint

- The objective of this Action commitment was to; Contain sugar producer prices in line with inflation and provide pricing certainty to retail and industrial customers through the industry transition and provide support for efforts to restore sales to local producers.
- Notional Price increases by SASA were kept on or below CPI in line with Action Commitment 2, only twice a year and outside of the peak trading periods – (Sept' 20 (3,0%), Mar'21 (1,8%), Sept'21 (2,3%), Mar'22 (2,4%), Sept'22 (1,9%) and Mar'23 (3,3%).
- The key commitment has been achieved and the graph below shows the overall progress on key actions:



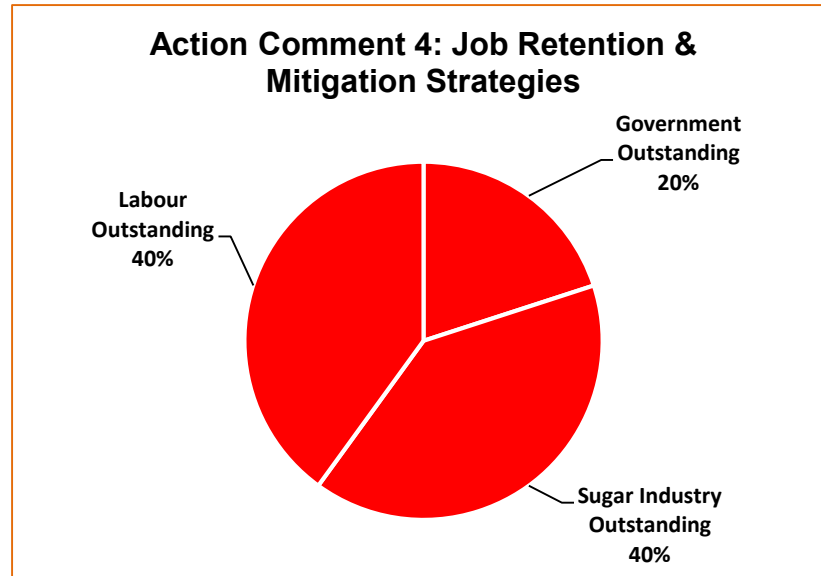
AC3: Strategic Trade Protection

- The objective of this commitment was to provide appropriate trade protection to the local sugar industry from low-priced and dumped deep-sea imports during the three-year stabilization and restructuring plan.
- Reference to the importance of the tariff and its effective functioning should be included, with SASA monitoring level and making an application aligned to the Master Plan when needed.
- The need to extend the discussions beyond constraining Eswatini sales into SACU is clear. The threat of Botswana and Namibia's duty-free imports, as well as threats outside of SACU (e.g. Mauritius), require a reconsideration of the objective of SACU Harmonisation. May need to consider SACU rationalisation of supply to meet SACU demand into the future, with consideration of the benefits of diversification and industrialisation for all SACU countries.
- Protection from deep-sea imports (including illegal imports) will always be important. The submission of an application to increase the Dollar Based Reference Price ought to be contemplated in Phase 2.



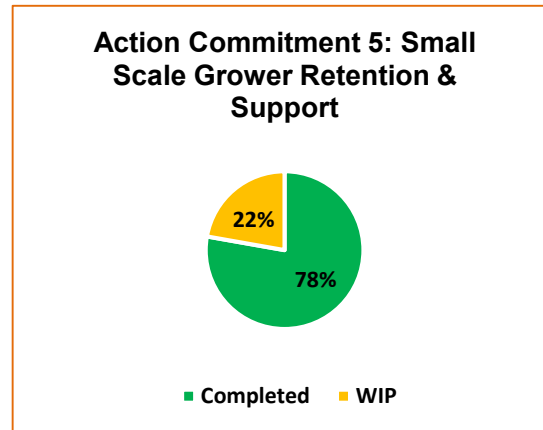
AC4-TT2: Job Retention and Mitigation Strategy

- The objective of this Action Commitment was to ensure that jobs are protected and preserved as far as possible and that there are measures in place to mitigate the effects of job losses that may occur in the context of industry transition.
- This action commitment was to be led by organised labour but they are not signatories to the SIMP and have never participated despite efforts to bring them on board. As a result, the Job Retention and Mitigation Plan was never developed, and no progress has been made.



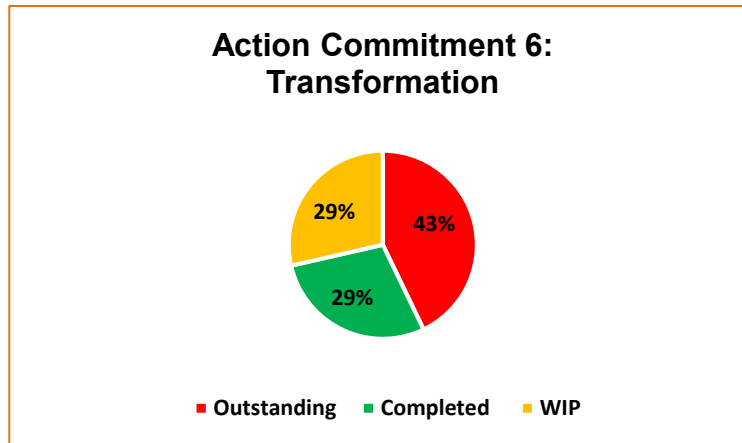
AC5-TT3: Small-Scale Grower Retention

- The objective of this Action Commitment is to ensure that the role of small-scale growers is preserved and extended in the sugarcane value-chain. This includes urgent short-term measures whilst long-term measures are being developed through restructuring and diversification.
- As an interim measure, and to stabilise Small Scale Growers, a PPP system was developed and a minimum premium of R60 million was allocated to each of the 2021/22, 2022/23, and 2023/24 seasons. was allocated in 2021/2022 R63 540 million in the 2022/2023 season and R68 051 340 in the 2023/2024 season.
- The long-term solution is the development of the SSG Master Plan requires an SSG Strategy, as well as an SSG Implementation Plan. Various studies such as the SSG Survey, the Grower Baseline Survey and the Transformation Impact Assessment have recently been completed and will be used to develop the SSG Master Plan during Phase 2.
- Long-term measures for SSGs to be foundational to Transformation and Diversification, opportunities should include the establishment of a Diversification Transformation Fund for SSGs



AC6-TT4 - Transformation

- The objective of Action Commitment 6 is to ensure that ownership and participation in the sugarcane-based value chain by black farmers, black industrialists, black-owned SMEs, and workers, including women, young people and the disabled, is significantly advanced through the stabilisation and restructuring plan and, that transformed ownership and participation and job creation form the foundations for Vision 2030.
- R 1 billion Transformation fund was allocated to the industry over a period of 5 years with R200 million disbursed annually to farmers according to defined interventions. R216 Million was allocated to Sugar Cane Growers for FY2022/23 and to date, over 1 billion has been disbursed. There is 42 million remaining it is expected to be disbursed in FY2024/25.
- The Draft Industry Transformation Report is currently under discussion by various stakeholders and within ikuSASA. It has widely been agreed that diversification in the industry needs to be underpinned by transformation initiatives. Any recommendations regarding Industry Restructuring also need to carefully consider how they can positively impact Transformation.
- It is recommended that the industry commits to another 5 years of the transformation fund.



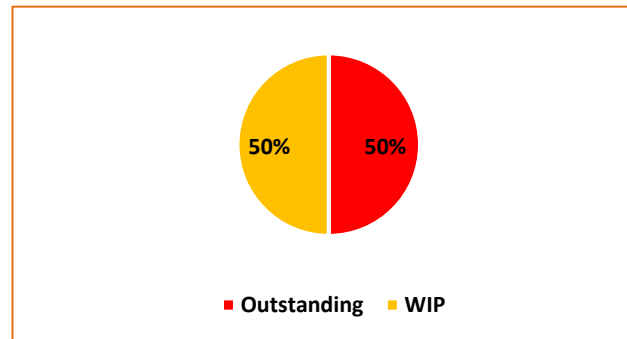
AC7-TT8 – Industry Restructuring

- The objective of Action Commitment 7 was to develop a detailed industry restructuring plan to re-balance industry capacity, improve efficiency and restore profitability and set the foundations for the 2030 vision for a competitive, sustainable and diversified sugarcane-based value chain
- The draft industry restructuring plan has been completed and presented to Task Team 8 with various recommendations for possible restructuring initiatives. The Sugar Industry leadership is in the process of solidifying the preferred approach to industry restructuring, important to note is that the industry does not support the concept of an industry shrink but rather diversification. This plan will set the foundations for the 2030 vision for a competitive, sustainable, and diversified sugarcane-based value chain.



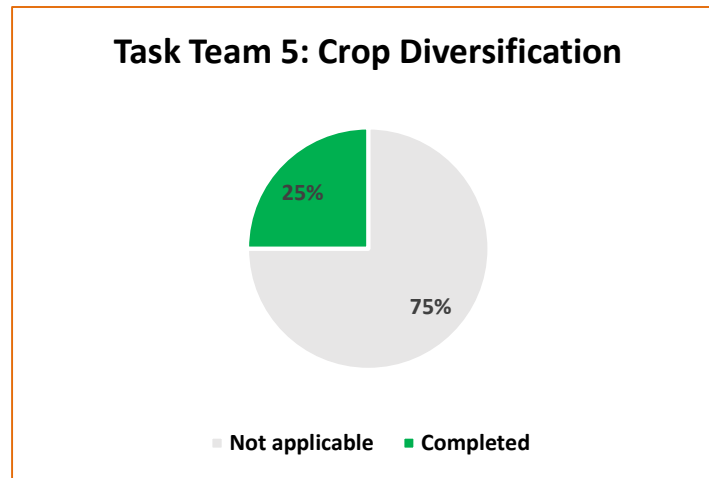
TT1 – SACU Harmonisation

- The objective of Action Commitment was to develop a proposal towards engagement with the eSwatini government and eSwatini Sugar Association around a harmonised regulatory framework that seeks to build a partnership between the two sugar-producing nations and prevents destructive competitive dynamics.
- The Harmonisation Principles have been developed to form the basis for engagements between SASA and eSwatini Sugar Association. SASA has presented the principles to eSSA and they await feedback from their internal consultation processes.
- The proposal to extend the SACU interim sugar rebate mechanism by 6 months was approved by the Minister until 24 November 2023. It was subsequently agreed that the interim rebate mechanism will remain in place until the permanent one has been agreed.
- Proposals for a permanent solution and for BLNS countries wrt a rebate against the existing DBRP tariff of sugar have been submitted to the dtic.
- Sugar has become part of the AFCFTA negotiations: On 1701 (Raw Sugar) a wholly obtained rule of origin was agreed upon and 1702 and 1704 a VNOM 60% for 5 years has been agreed upon subject to review mechanism agreed by the Council of Ministers.



TT5: Crop Diversification

- The objective of this action commitment was to develop detailed strategies and plans to provide & support appropriate crop diversification by growers as alternatives to sugarcane and to support the enhanced financial viability of sugarcane growers.
- Crop diversification Scenario modelling was conducted and completed in 2021 and the modelling study showed that timber, sub-tropical fruits, nuts, and field crops grains could be planted from an agronomic suitability perspective.
- TT8 modelled a scenario for shrinking cane production, and this was found to have adverse effects on employment and on downstream diversification, a decision was taken to not shrink the industry, as such, the work of TT5 has been completed.

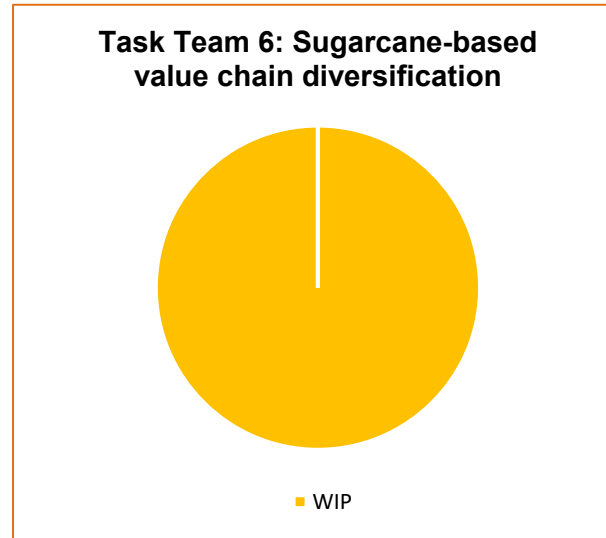


TT6: Value Chain Diversification

- The objective of this commitment was to investigate and provide detailed recommendations regarding attractive and feasible opportunities in local and international markets for new and additional sugarcane-based downstream products.
- A number of potential projects were identified, and the following were found to be viable:
 - **Polylactic Acid (PLA):** The PLA Steering Committee comprising of both SASA and the IDC has initiated the initial phase of the pre-feasibility study to access the potential of producing sugarcane-based PLA. The initial phase, co-funded by SASA and the IDC, includes a Market Study and a High-level Financial Modelling Study. The initial phase of the pre-feasibility study is due for completion in June 2024. A full pre-feasibility study will be conducted based on the outcomes of the initial phase and pending approval from both SASA Council and the IDC's Executive Committee.
 - **Sustainable Aviation Fuels (SAF):** The SASA/IDC co-funded SAF Scoping Study work package reports have been completed. The scoping study aimed to access the potential of producing sugarcane-based SAF. The SAF Project Steering Committee is working through the contents of the reports to produce the final SAF Scoping Study Report. The SAF Project Steering Committee will host a workshop in June to share the findings of the scoping study with internal and external stakeholders such as media, government and potential project partners. A pre-feasibility study will be considered based on the outcomes of the scoping study and pending funding approval from both SASA Council and the IDC's Executive Committee.
 - **Polyethylene (PE)** The project undertook techno economic and market analyses for 15 diversification projects from sugary streams. 2 products Polyethylene (PE) and Glutamic Acid (GA) were shortlisted for further investigation and GA was not deemed to be feasible. The PE next stage of project development will be progressed in similar model to PLA and SAF.

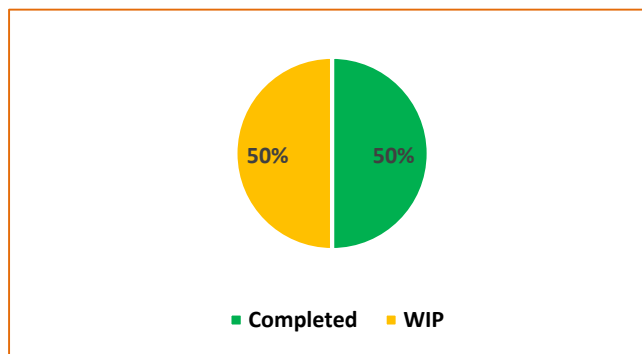
TT6: Value Chain Diversification - continued

- All diversification projects Prefeasibility Studies and Bankable Feasibility studies need to be fast-tracked and completed within the 2-year extension period of Phase 1.
- Ministerial engagement between the **dtic**, DALLRD, DMRE, NT, Industry and Petroleum Sector partners to fast-track enablers for Biofuels are recommended



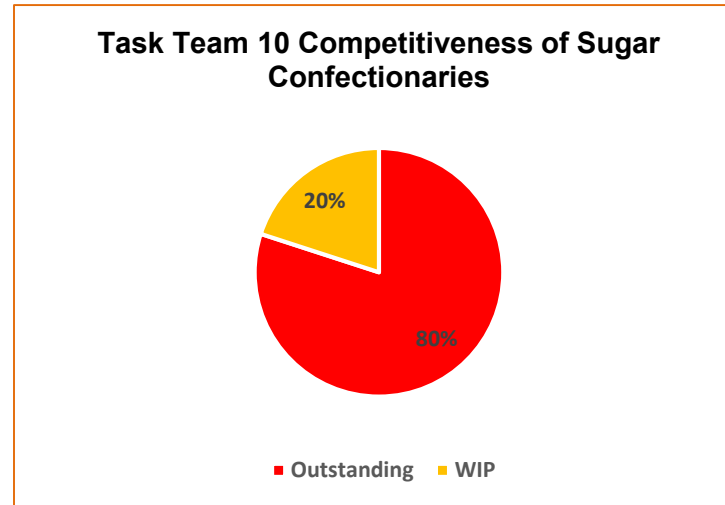
Progress: TT7: Product Tax Policy

- The objective of TT7's work is to develop long-term policy proposals that provides certainty on future structure, applicability of HPL or similar tax instruments and for such proposed structure and applicability of the HPL or similar instrument, and where appropriate, develop and agree on an approach to adjustments that provides industry with predictability regarding periodic adjustments to such.
- Several studies have been undertaken to inform the long-term policy recommendations;
 - An evaluative workshop on the Wesbound report, which analysed the economic impact of the HPL on the Sugar Value Chain,
 - A benchmarking of global practice and experience regarding taxation of sugar and sugar-derived products
 - Synthesizing evidence on South Africa's Health Promotion Levy to inform Sugar Master Plan Recommendations.
- The draft long term policy proposal has been developed and was finalised.
- Another review is recommended when the TDIS and HPL Socio-Economic Impact Assessment are completed.
- HPL to remain unchanged for FY2022/23 – FY2024/25 to allow the industry to stabilize, diversify and restructure



TT10 - Competitiveness of Sugar Convertors & Confectioneries

- The objective of Task Team 10 is to develop a plan for short, medium and long-term policy, strategy and practical actions to support the sustainability of local sugar converters and sugar-intensive confectionary manufacturers in the sugarcane value-chain.
- Task Team 10 was a late addition and is not officially part of the signed SIMP.
- The dtic and SASCA agreed to participate in a study to develop a fact-based analysis of sugar conversion and sugar-intensive confectionary sectors. The study was delayed by funding which was subsequently resolved and is now completed.
- Ongoing engagements between SASA and SASCA are underway to seek areas of mutual interest and progress the work of Task Team 10



Key Aspects from Transformation Study

01

The following positive aspects can be reported emanating out of the study:

- In the main, the Transformation Interventions (TIs) reached the growers as intended,
- Payments took place in accordance with and complying to the stipulated rules,
- The TIs made a significant contribution to maintaining the status quo in terms of the number of growers in cane production.

02

R 1 billion was allocated over 5 years and has been disbursed as follows; FY 2018/19 - R 167million, FY 2019/20 - R 200m, FY 2020/21, R239.93 million, FY2021/22 – R230.93 million, FY2022/23 - R216.69 million and R232 million in 2023/24 . To date over R1,244 billion of the Transformation Fund has been spent.

03

Sugarcane-based diversification projects

- Sustainable Aviation Fuel (SAF), Polylactic Acid (PLA) and Polyethylene (PE), have been established as viable downstream product streams and SAF has undergone pre-feasibility assessment with the other 2 expected to follow the same route.

04

Product Tax Policy

- In February 2022, Finance Minister proposed raising the health promotion levy from 2.21 cents/g to 2.31 cents/g, effective 1 April 2022. This was delayed by NT to allow for wider stakeholder consultations. A further 2-year (2023/24 – 2024/250) reprieve was granted to allow for industry restructuring and diversification

Acronyms

AfCFTA	African Continental Free Trade Area
BLN	Botswana, Lesotho, Namibia
NDoH	National Department of Health
HPL	Health Promotion Levy (or Sugar Tax)
KZN	KwaZulu-Natal
SIMP	Sugar Industry Master Plan
NT	National Treasury
PPP	Premium Price Payment
SACGA	South African Cane Growers Association
SACU	Southern African Customs Union
SAFDA	South African Farmers Development Association
SASA	South African Sugar Association
SASCA	South African Sugar Converters' Association
SSG	Small-Scale Growers
the dtic	The Department of Trade, Industry and Competition
eSSA	eSwatini Sugar Association