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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 411

Mr D M Skosana (MK) to ask the Minister of Trade, Industry and Competition:

In light of the ongoing crisis at Tongaat Hulett, compounded by the alleged collapse in negotiations between Vision Group Consortium and the Industrial Development Corporation, what interventions has his department undertaken to prevent a significant collapse of the sugar cane industry, its value chain and the potentially devastating loss of hundreds of thousands of jobs?NW431E

REPLY:

The challenges facing Tongaat Hulett are of serious National concern, given the company's central role in South Africa's sugar cane industry and the extensive socio-economic impact across KwaZulu-Natal, Mpumalanga, and surrounding rural economies.

The Industrial Development Corporation (IDC) has, since October 2022, worked consistently and in good faith with the Business Rescue Practitioners, Tongaat Hulett management, lenders, shareholders and government stakeholders to support business continuity and pursue a viable, going concern outcome. During this period, the IDC provided significant post-commencement funding of more than R2 billion to support ongoing operations, the business rescue process, and the protection of jobs, growers and the broader sugar value chain.

The decision to apply for provisional liquidation was taken by the Business Rescue Practitioners ("BRPs") following developments beyond the IDC's control, including the failure



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to extend key sale and purchase agreements that were central to the continuation of the business rescue process.

The IDC has written to the BRPs to withdraw its conversion application from business rescue to liquidation and to reinstate THL into Business Rescue. Additionally, the IDC is actively developing sustainable solutions to allow the business to exit Business Rescue within a reasonable time frame, in the case where the BRPs withdraw the liquidation application.

In the event the BRPs refuse to withdraw the liquidation application, the IDC will oppose the provisional liquidation proceedings in order to prevent operational collapse and safeguard the broader sugar economy.

The IDC remains engaged with government and sector stakeholders, and supports all lawful efforts aimed at finding a sustainable resolution that protects jobs, preserves productive capacity and serves the broader public interest.

Beyond legal measures, Government has maintained continuous engagement with business rescue practitioner, organised labour, growers' associations, lenders, and potential investors to encourage constructive negotiations. While respecting commercial processes, the Department emphasises that public interest considerations including job preservation and rural economic stability remain paramount.

Government remains fully seized with this matter, committed to preventing a systemic collapse of the sugar cane industry, and focused on securing a sustainable resolution that safeguards jobs, supports growers, and preserves the integrity of South Africa's sugar value chain.

The Minister will keep Parliament abreast of developments.

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