

SUGARCANE

VALUE CHAIN MASTER PLAN TO 2030



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“The Master Plan seeks to create a diversified and globally competitive, sustainable and transformed sugarcane-based value chain that actively contributes to South Africa’s economic and social development, creating prosperity for stakeholders in the sugarcane value chain, the wider bio-economy, society and the environment.”

(Government Gazette, 23 June 2020)

THE JOURNEY

Nov 2017

Trade and Industry PPC initiates transformation journey for sugar industry

April 2018

Sugar Industry March for Tariff

Aug 2018

Dollar Based Reference Price increased from \$566 to \$680

Dec 2018

Trade and Industry PPC: Sugar Industry commits R1b over 5 years for transformation

June 2019

President Ramaphosa announces Sector Master Plan Approach

Aug 2019

Sunrise Plan for the Sugar Industry

Sept 2019

Master Plan engagement Process initiated

November 2019

SASA Requests Designation of the Sugar Industry

June 2020

High level Master Plan Gazetted, Sugar industry designated

October 2020

Sugar Industry Competition Exemption received

Nov 2020

Master Plan Signed by Stakeholders

January 2021

Task Teams Initiated

COMPETITION COMMISSION EXEMPTION

ACTION COMMITMENTS

TASK TEAMS



*Restore local market
offtake*



*Producer Price
Restraint*



*Strategic Trade
Protection*



*Job Retention and
Mitigation*



*Small-Scale Grower
Retention and Support**



Transformation



*Managed Industry
Restructuring Plan**

1. ***SACU Harmonisation****
2. *Job Retention and Mitigation strategy*
3. ***Small-scale grower masterplan****
4. *Transformation*
5. *Crop diversification*
6. *Sugarcane-based value chain
diversification strategy*
7. *Product Tax Policy*
8. ***Managed Industry Restructuring****
9. *Local offtake commitments*
10. *Sugar Converters*

** Exempted*

TASK TEAMS CONVENED AND CHAIRED BY SASA



TT3 : Small-scale grower masterplan –
chaired by SASA vice chairperson Joanmariae Fubbs.



TT4 : Transformation –
chaired by SASA chairperson Sindi Mabaso-Koyana



TT8 : Managed industry restructuring –
chaired by SASA chairperson Sindi Mabaso-Koyana

SASA management serves on all Task Teams excluding
TT2 (job retention) and TT 5 (crop diversification)



PROGRESS ON TASK TEAM 3: SMALL SCALE GROWERS MASTERPLAN

Short Term Plan	Current status	Challenges	Target date
Development of a preferential pricing model (premium payment) structure to support SSG's while longer term support structures are developed.	Stakeholder discussions regarding what constitutes the Universe of Small Scale Growers. Once agreed, will proceed to determine the premium price.	Members currently hold divergent views in terms of the quantum of the premium payment. Failing consensus, the matter will be escalated to the Executive Oversight Committee.	By 31 March 2021, deadline not met, new deadline of 31 May 2021



PROGRESS ON TASK TEAM 3: SMALL SCALE GROWERS MASTERPLAN

Medium Term Plan	Current status	Challenges	Target date
Determination of a Problem Statement for SSG's, using existing studies as well as data collected and analysed from growers and millers. The medium-term work runs in parallel with the Competition Exemption expiry on 30 June 2021.	Need to carefully scope this work to yield the best value. Commenced with determination of metadata and identification of data sources. This work must be undertaken during the exemption period (by 30 June 2021) due to its confidential nature.	Overlap between data required for TT3, and information needed for work in TT4 (Transformation). It is anticipated that work, including the appointment of a service provider, may not be completed within the current exemption period.	TBD – mid 2021
Long Term Plan	Not yet started		



PROGRESS ON TASK TEAM 4: TRANSFORMATION

Short Term Plan	Current status	Challenges	Target date
Stakeholder engagements with the leadership of all industry associations, milling companies, other industry bodies and government in order to obtain insights on trends, achievements, gaps and challenges with regard to transformation	Eight of eleven transformation bilateral engagements already held. Next engagement planned for 14 May.	Availability of key stakeholders/ postponement of engagements	End May 2021



PROGRESS ON TASK TEAM 4: TRANSFORMATION

Medium Term Plan	Current status	Challenges	Target dates
Perform grower baseline study	Grower baseline study terms of reference approved. Appoint Service Providers to calculate baseline and determine challenges preventing/ delaying achievement of 51% target for delivery of cane by black growers.	None anticipated. Need to align closely with TT4 data collection process.	By August 2021
Review the existing sugar industry transformation strategy	Industry 5-year plan and transformation commitments previously presented to PPC, will be used as a baseline to formulate strategic framework that underpins the Masterplan terms of reference and action commitments.	None anticipated.	By December 2021



PROGRESS ON TASK TEAM 8: MANAGED INDUSTRY RESTRUCTURING

Output	Current status	Challenges	Target dates
Appoint industry restructuring expert service provider	Tender published: 19 April 2021 Submission of bids: 5 May	None anticipated.	Evaluation process: 7 – 21 May Anticipated SASA Council approval: By 28 May Appointment of service provider: 1 June 2021
Verification phase: collection and collation of data	Metadata sets and sources identified. Service provider has not yet started		To be determined
Causation phase: Analysis of data	Not yet started		To be determined
Remedy: Proposed restructuring	Not yet started		To be determined

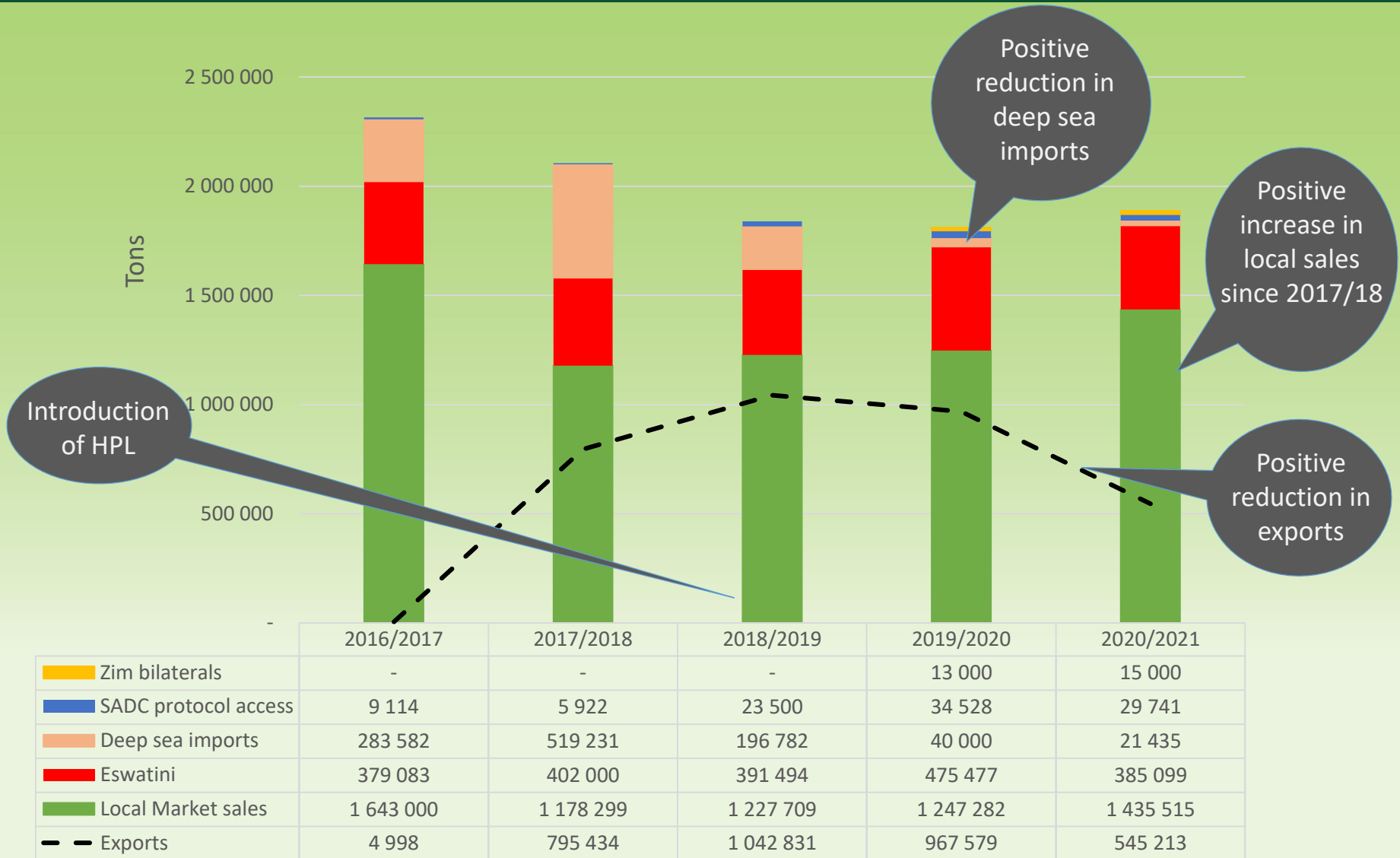
KEY HIGHLIGHTS AND ACHIEVEMENTS

Local market: Exceeded our Year 1 goal of 150,000 t being restored to the local market

- Demand for locally-produced sugar increased by 14% or 178,174 t
- 22% increase in “direct market” (including retailer & wholesaler) procurement of local sugar
- 7% increase in soft drink manufacturer procurement of local sugar



KEY HIGHLIGHTS AND ACHIEVEMENTS



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Producer price restraint: SASA has delivered on the notional price restraint & certainty commitment

- Notional Price increases implemented by SASA:
 - 3% in September 2020
 - 1.8% in March 2021
- The previous notional price increase was in November 2019



KEY HIGHLIGHTS AND ACHIEVEMENTS

Small scale grower support and transformation:

- Supplementary payments (SPF) to SSGs grew by 10% to R 68,591,410 in 2020/21
- 2020/21 is year 2 of the five-year, R 1 billion transformation plan being implemented by SASA, i.e. R200m annually of which 2019/20 and 2020/2021 amounts have already been disbursed.



SASA TRANSFORMATION INTERVENTIONS

In 2019/20, R142 million per annum has been committed to the remedying of inequalities experienced by black sugar cane farmers particularly small-scale farmers and in the 2020/2021 season, R165m was disbursed.

Intervention		Intervention Description	Budget 2019/20 (R'm)	Budget 2020/21 (R'm)
Interventions aimed at Remedying Inequalities	1	Grant funding for black sugar cane farmers delivering under 1 800 tons per season	R60m	R87m
	2	Grant funding for black sugar cane farmers delivering above 1 800 tons per season	R35m	R51m
	3	Subsidy for Transport Cost for black small scale sugar cane farmers	R20m	R20m
	4	Access to seed cane of appropriate cane variety for black small scale sugar cane farmers	R20m	R0m
	5	SASA levy subsidy for black small scale sugar cane farmers	R 7m	R7m
Total commitment per annum			R142m	R165m

SASA TRANSFORMATION INTERVENTIONS

R58m and R49,22m was disbursed in 2019/20 and 2020/21 respectively

Intervention		Intervention Description	Budget 2019/20 (R'm)	Budget 2020/21 (R'm)
Interventions aimed at Remediating Inequalities	6	Grant funding for institutional capacity building of new emerging black SASA member associations	R10m	R10m
	7	Funding to develop, educate and train black sugar cane farmers & new emerging black sugar cane farmer associations	R10m	R5m
	8	Establishment of sugar industry job creation accelerator programme for black youth and women	R10m	R10m
	9	Additional Support to the Sugar Industry Trust Fund for Education	R0m	R5m
	10	Establishment of the Growers Baseline Study	R0m	R5m
		Other interventions to be agreed by SASA Council	R28m	R14.220m
Total commitment per annum			R58m	R49.220m



KEY AREAS TO BE ADDRESSED

- *SACU harmonization matters*
 - *With Eswatini as a sugar producer*
 - *With Botswana, Lesotho and Namibia (BLN) as non-sugar producers*
 - *Demands from BLN countries for tariff-free imports*
- *Future of the Health Promotion Levy (HPL) and broader food policy*
- *Strategic trade protection*



KEY MESSAGE

- The Social Compact formed by the signing of the Sugar Master Plan ensured that all parties, including government, labour, consumers and the sugar industry as a whole committed to a process of transformation and growth.*
- The process has begun, and some key achievements can be registered.*
- The momentum must now be maintained to see all the action commitments to fruition.*



THANK YOU

