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MEDIA STATEMENT

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SUSTAINABILITY OF BLACK SMALL-SCALE GROWERS CRUCIAL FOR THE SUGAR INDUSTRY

Government is committed to ensuring that the more than 24 000 black small-scale sugarcane farmers remain an integral part of the multi-billion-rand sugar industry which is the bedrock of rural economies in KwaZulu-Natal and Mpumalanga.

This is according to Agriculture Minister John Steenhuisen, who, this evening (Friday, 21 February 2025), met with a number of small-scale growers and the sugar industry leadership (led by the South African Sugar Association – SASA, and joined by its members; the South African Farmers Development Association, SA Canegrowers and South African Sugar Millers' Association) at KwaShukela in Mount Edgecombe, Durban.

"The sustainability of the small-scale sugarcane farmers must remain one of the main priorities for both government and the industry. I am passionate about the cause of small-scale farmers to ensure their growth and success. You are part of the agriculture family, and we regard you as very important stakeholders in agriculture," said Minister Steenhuisen.

EMPOWERMENT

SASA has been at the forefront of the efforts aimed at securing the sustainability of the small-scale sugarcane farmers. The dire situation of SSGs necessitated a decisive intervention by SASA and industry leaders, hence the installation of the billion-rand empowerment plan. An average of 13 349 small-scale growers (SSGs) per season have benefited from the Transformation Intervention Fund since the 2019/2020 season.

SASA has spent R1.09 billion on empowerment interventions/initiatives, especially for the benefit of black small-scale growers (SSGs). Of the R1.09 billion, SSGs received R700.55 million (64.27%), black large-scale growers (LSGs) received R254.47 million (25.22%) and the value of other interventions for black beneficiaries amounted to R137.88 million

(12.64%). Furthermore, the extension of empowerment funding (R238.9 million for the current season) will continue to have a positive impact on SSGs and black growers in general. Two major categories of interventions exist – cane delivery-based and non-delivery-based interventions.

The condition for receiving this cane delivery-based grant funding is for growers to be active farmers and who deliver sugarcane. Besides the cane delivery-based grant funding to black growers, further funding examples include the R46.5 million infrastructure rehabilitation project in the Nkomazi region, Mpumalanga (which has greatly benefited SSGs and led to 300 hectares of cane being established), the R3.3 million SSG-driven rail siding initiative in Mkhuze, KwaZulu-Natal (making it possible for 70 000 tons of SSG cane to be transported to the Felixton Mill for the Makhathini-based growers at a significantly lower transport cost) and the installation of a dummy spiller (R7.6 million) at the Gledhow Sugar Mill for cane delivery by SSGs, which reduced SSG hauler turnaround times and transport costs.

MASTER PLAN

Phase One of the all-important Sugarcane Value Chain Master Plan to 2030 has cemented the foundational role of SSGs. A minimum of R60 million of Premium Price Payment (PPP) to SSGs as part of the Master Plan, for a period of three seasons (2021/2022 to 2023/2024), was allocated, escalating annually to R68 051 340 in the 2023/2024 season. The 2023/2024 season was the last year of PPP. However, on 20 March 2024, SASA Council approved the extension of PPP to 2024/2025 with an inflationary adjustment, meaning the allocation for this season is R71.08 million.

The concept was simple, SSGs suffer from dis-economies of scale and needed a price support mechanism in the short-term while long-term and possible structural interventions were being designed. This additional price support has been successful with the numbers of and tonnage from SSGs increasing since its introduction.
Through the Master Plan processes, the industry has been able to pinpoint challenges or factors which impede the envisaged growth of SSGs through surveys that engaged more than 2 500 growers. Some of these factors include access to land and capital. We now need a targeted focus on these identified areas.

There are limited opportunities for individual small-scale growers to expand their area under cane due to the lack of access to land and the dispersed distribution of cane farms in the deep rural areas of KZN and Mpumalanga. SASA is focused on ensuring that the lack of economies of scale, long transport distances and high contractor costs, are mitigated by the grants and other support to small-scale growers.

The long-term strategy is, thus, to ensure that small-scale growers remain in cane farming, and are sustainable with improved productivity in the short-term while medium to long-term interventions are being developed. This information will assist in devising effective strategies for the cause of SSGs. The industry is now working on putting together an intervention plan for the improving the livelihoods of SSGs across the industry. This forms part of Phase Two of the Master Plan, which is yet to be signed and implemented, with Phase One having expired on 31 March 2023.

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