

# R176m lifeline for canegrowers as milling sector crisis deepens

The South African Sugar Association is providing R60m in financing for transformative intervention to black and small-scale growers. This support is essential as the industry struggles with the milling sector crisis and growers work to recover from last season's financial shocks.



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The industry has budgeted R125m for black and small-scale growers delivering less than 1,800 tonnes of cane in the 2023/2024 season. The R60m will be paid out at the end of July 2023, together with the payments for the cane delivered in June 2023. A further R50m will be paid out in November 2023, with the balance to be paid out in January 2024.

R51m has also been budgeted for black growers and joint ventures delivering more than 1,800 tonnes of cane. These are predominantly land reform growers.



Tongaat, Gledhow Mill defaults lead to R1bn loss for SA canegrowers as RV falls by 8%

17 Apr 2023



Small-scale growers were particularly hard hit by the decisions of the Business Rescue Practitioners at the Tongaat Hulett and Gledhow sugar mills to default on financial obligations to the industry totalling R1,5bn. This reduced the final RV price of sugar for the season by more than R400 per tonne. The legal action brought in this regard is ongoing.

"Notwithstanding the unresolved matter of the 2022/2023 financial obligations, the business rescue processes at both mills appear to be progressing. Last week, the business rescue practitioners at Tongaat Hulett announced the selection of a strategic equity partner to help save the milling giant's South African operations.

"While SA Canegrowers has welcomed this announcement, it remains to be seen what the final arrangements for Tongaat Hulett will be, and whether these can save the sugarcane operations that are vital to local economies on the North Coast of KwaZulu-Natal," says Andrew Russel, chairperson at SA Canegrowers.

Russel says that in light of these challenges, the funding disbursed this month is vital to sustain growers in the interim. "It will provide critical support in an environment marked by rising debt servicing costs and high input costs. This is especially important for small-scale growers, who face the most significant challenge in accessing operating and capital finance.

"SA Canegrowers is committed to the survival of the industry and to supporting the industry's most vulnerable small-scale and black growers. We will continue to work with our industry partners through the South African Sugar Association to protect the one million livelihoods the industry supports."

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