



The South African Sugar Industry



™

SA
Canegrowers

Since 1927

Vision

To grow the long-term profitability and sustainability of the South African cane growing sector.

Mission

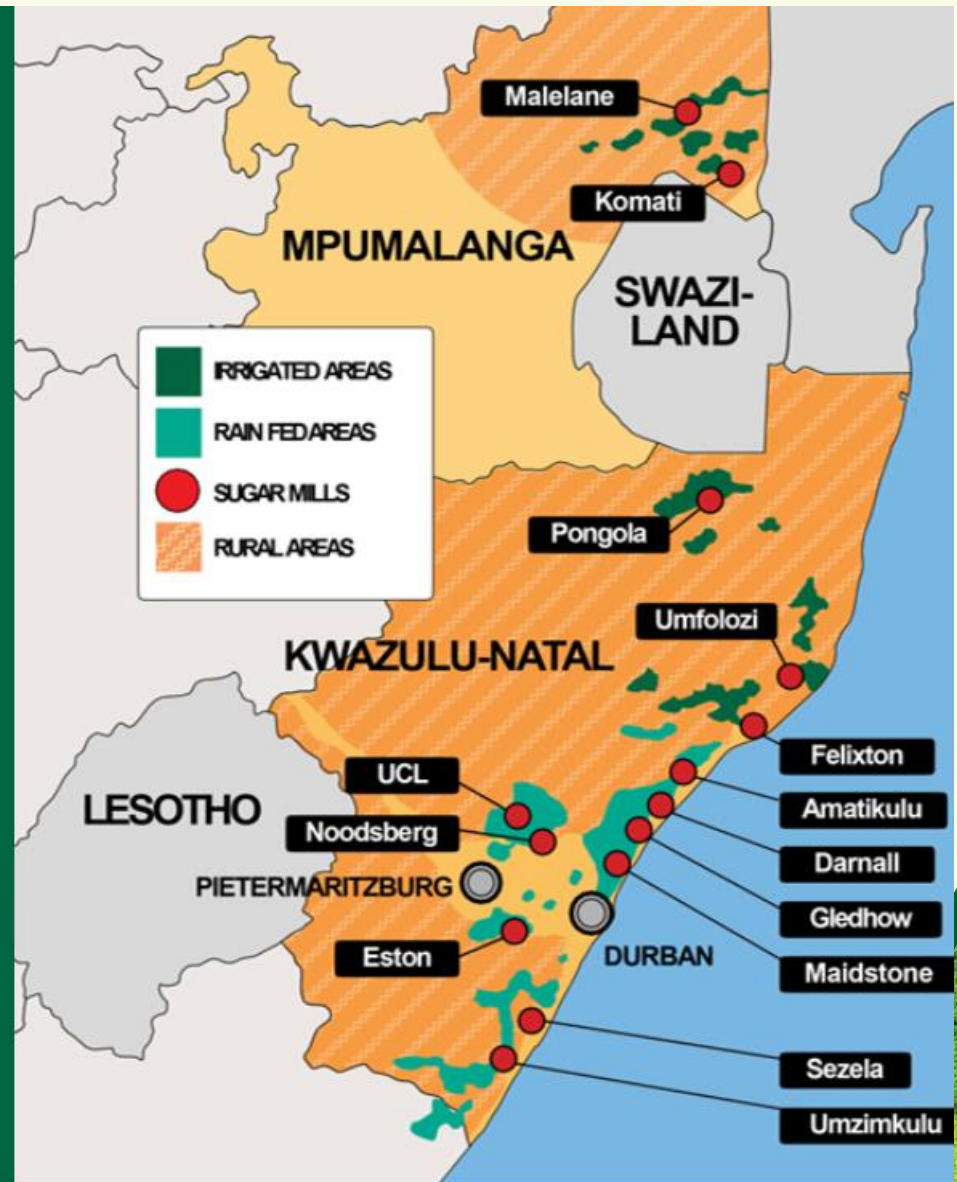
To play a leading role in growing sugarcane and other diversification opportunities for cane growers through innovation, research, specialized services and products.



The South African sugar industry - cane farmers and milling companies.

20 711
SMALL-SCALE GROWERS
1 126
LARGE-SCALE GROWERS

14
MILLS

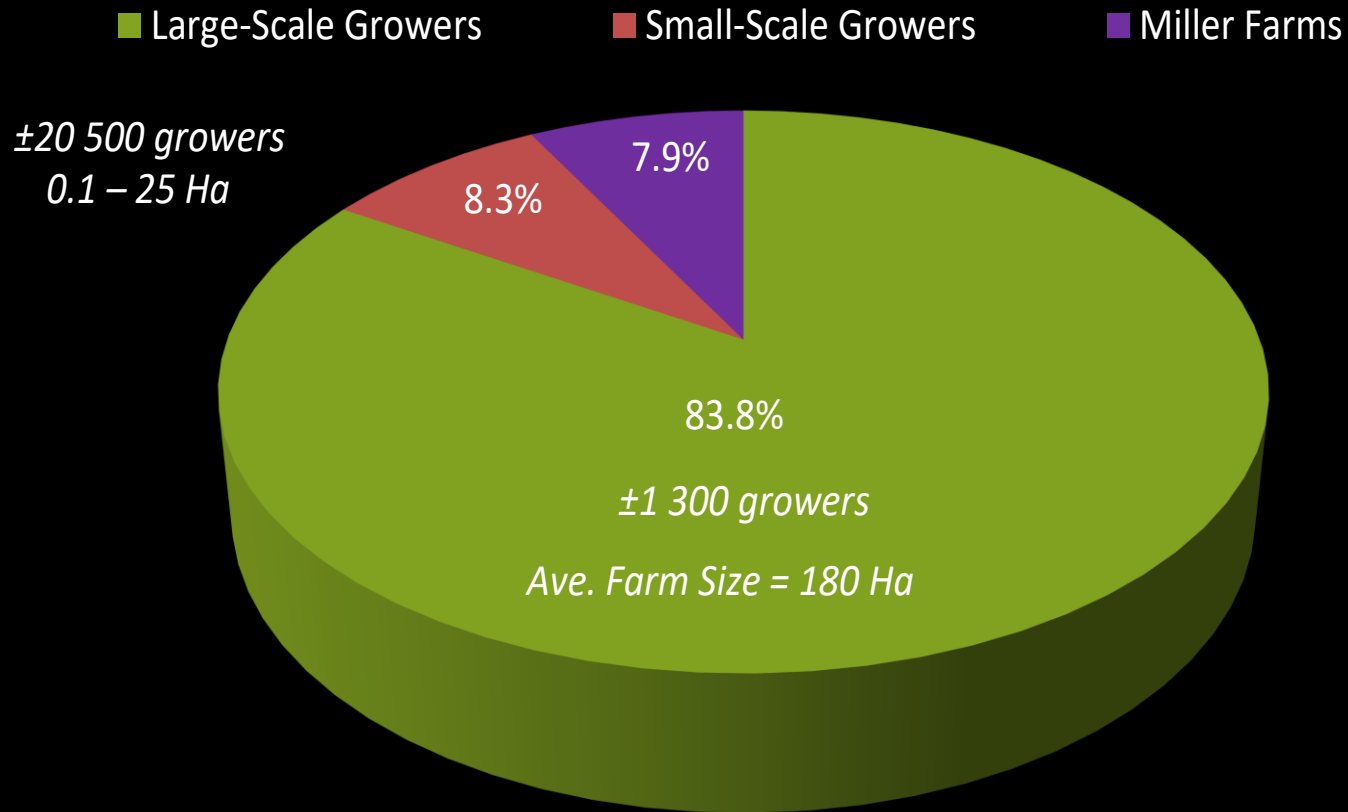


Contribution to the South African Economy

Dependent Rural Livelihoods	1 million
Direct Jobs	65 000
Indirect Employment	350 000
Gross Industry Revenue	R 14 billion
Annual Sugar Production	2.1 million tons
Annual Cane Production	19.8 million tons
Hectares under cane	362 000
Support to Domestic Value Chain	R 400 million p.a

Grower Profile

Production by Grower Category

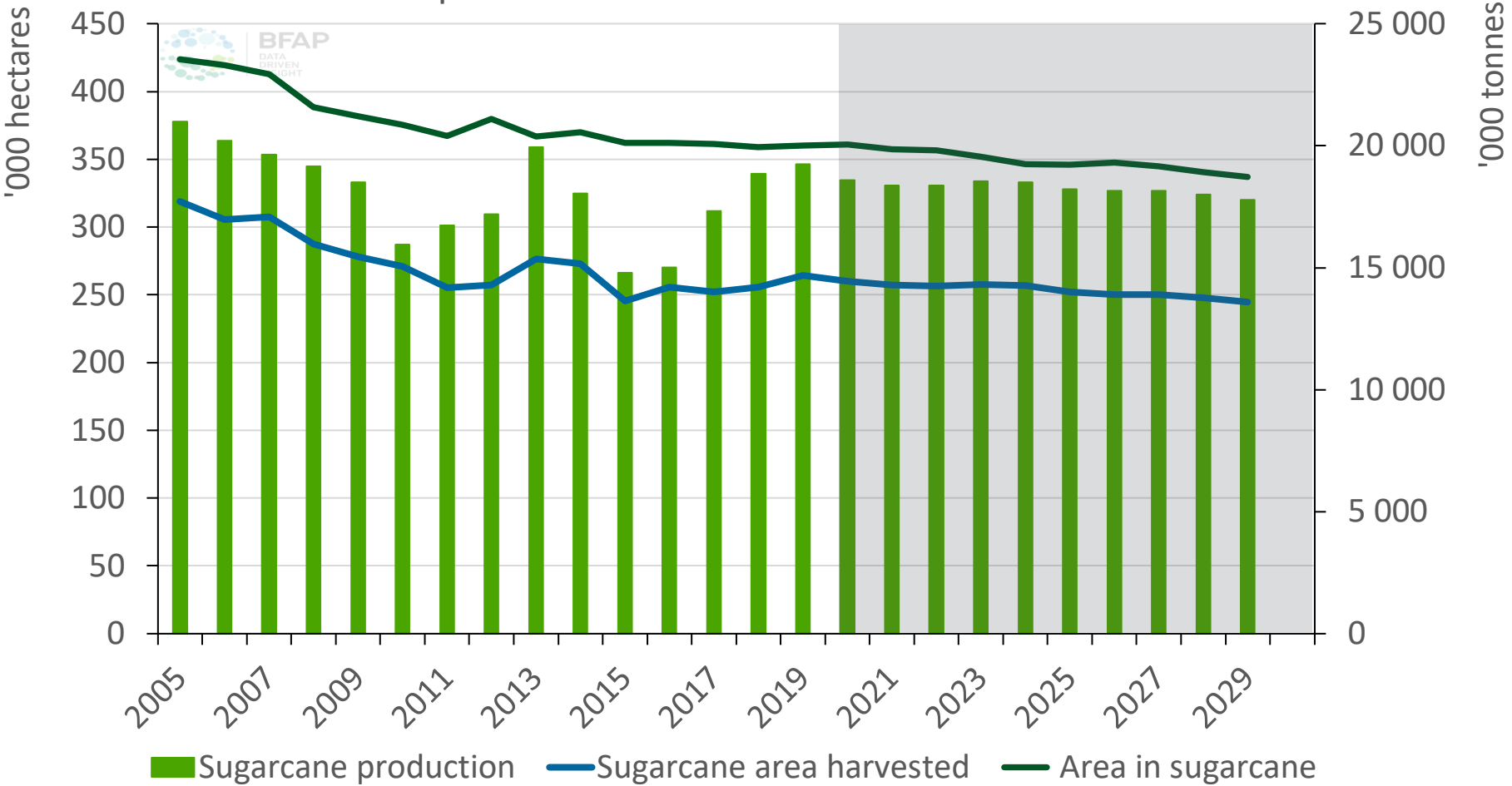


SA Typical Farms

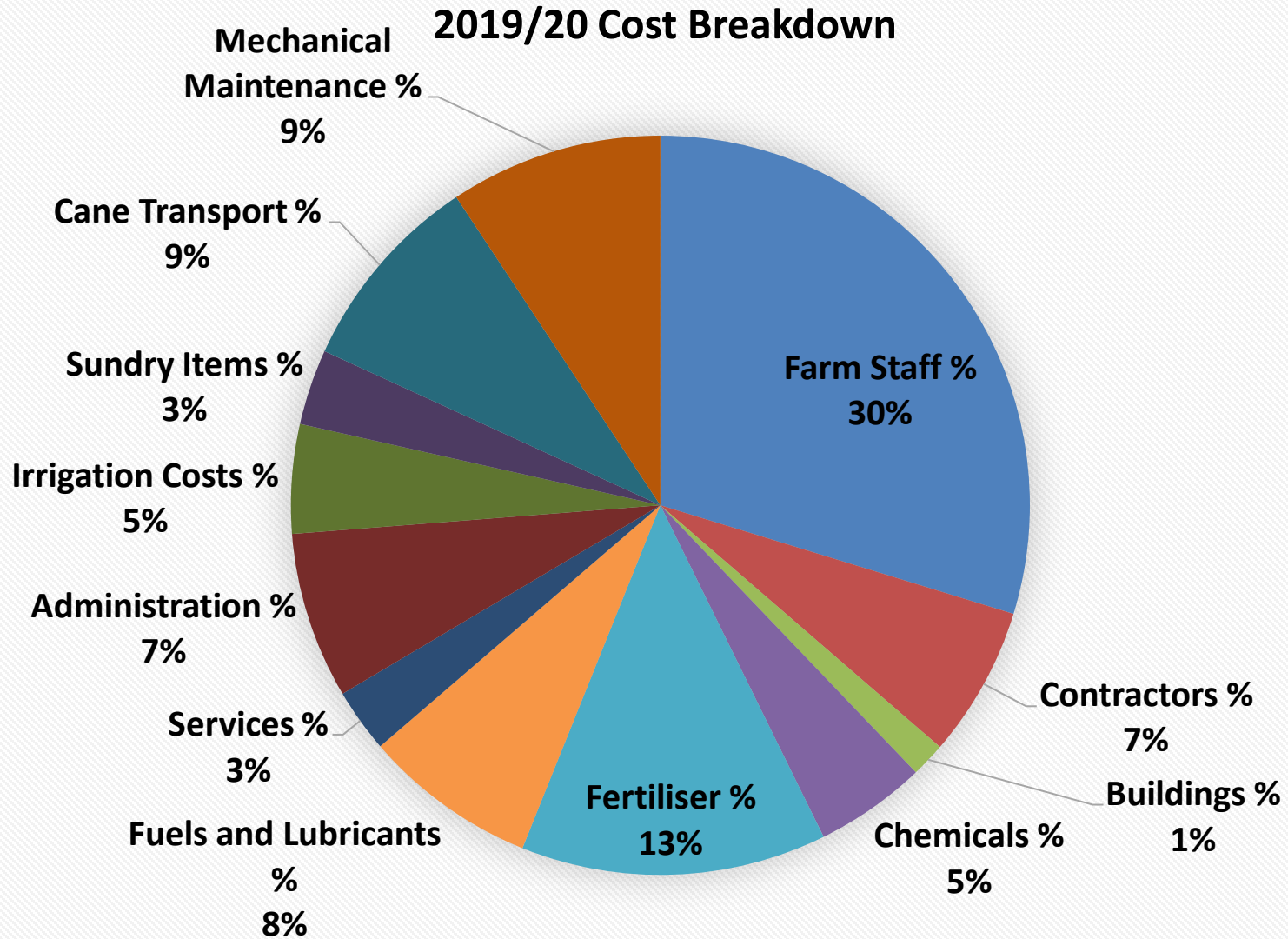


Current Situation

Area and production - Dec 2020 Baseline

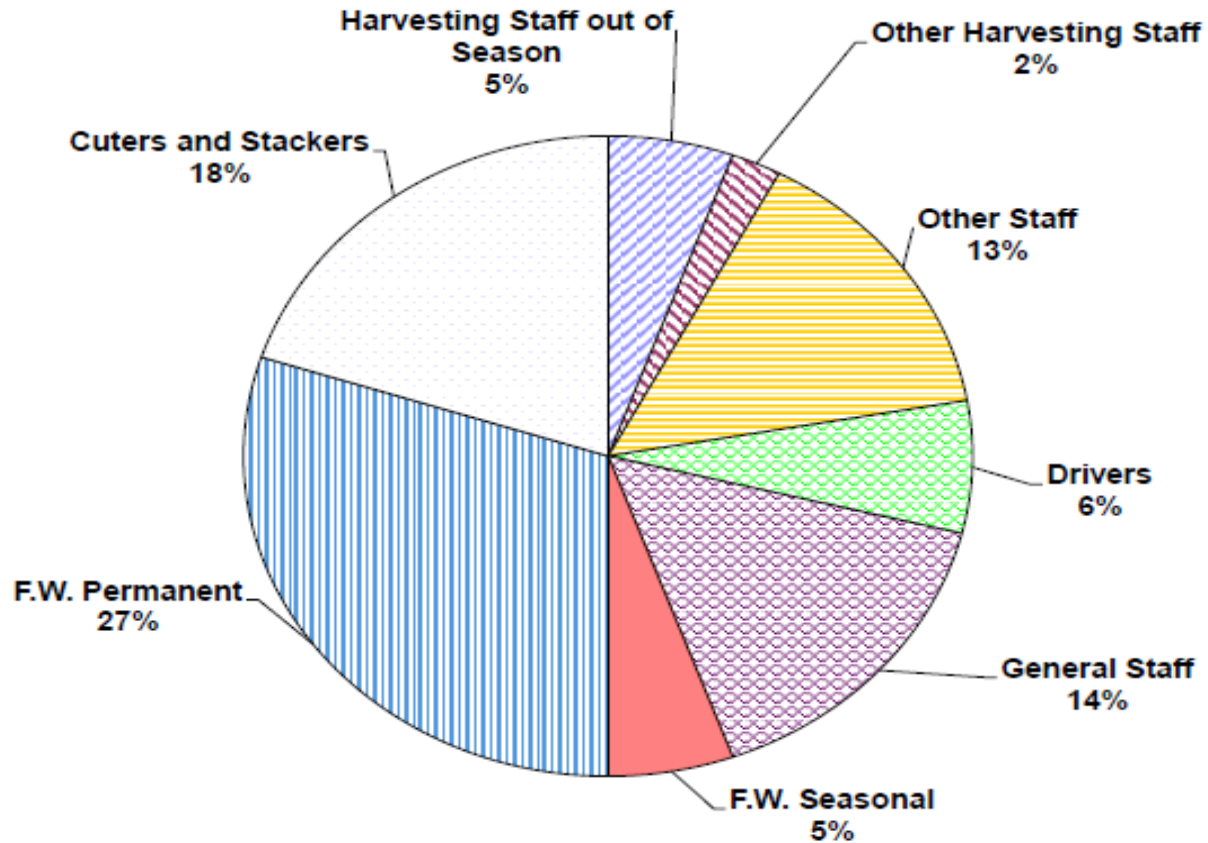


Farm Costs



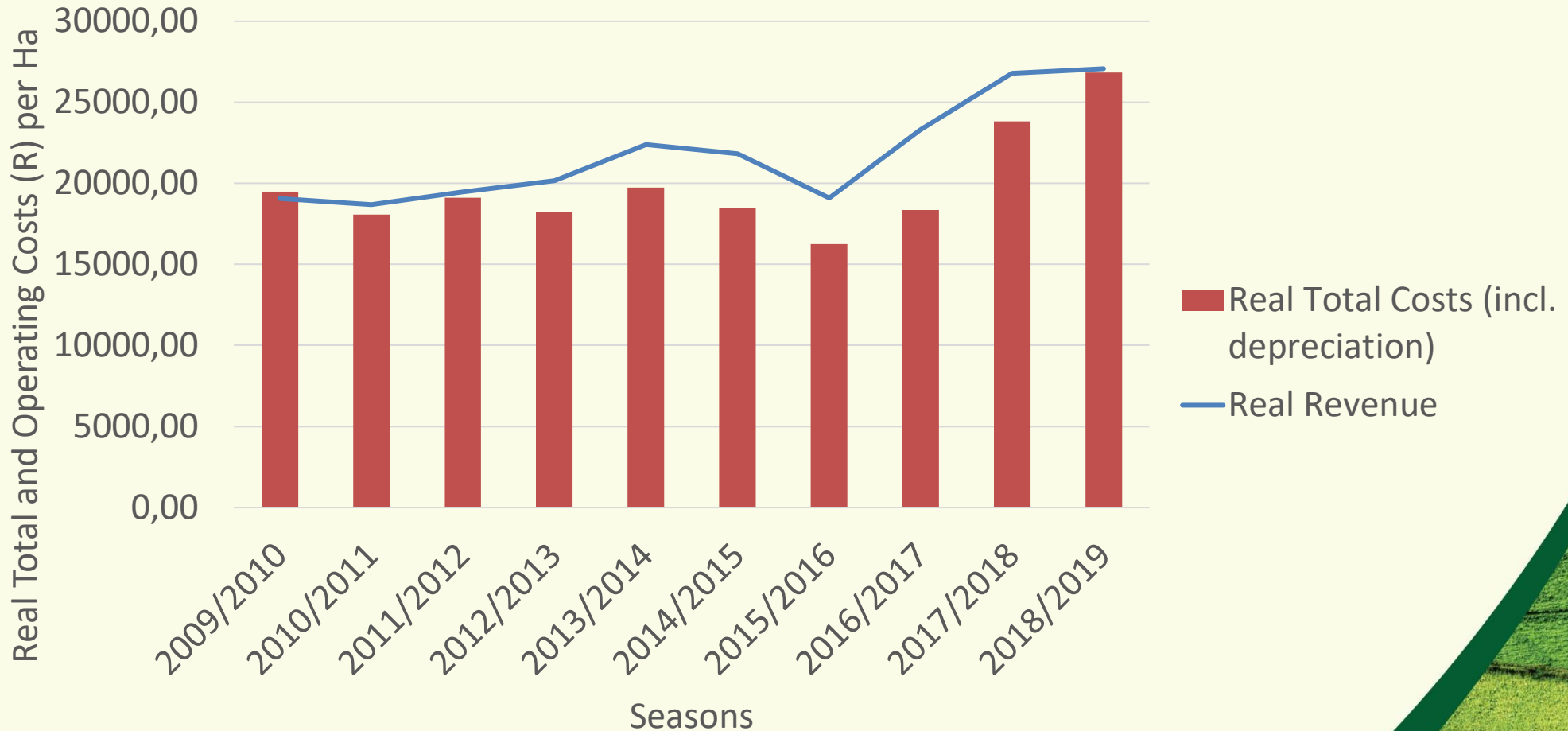
Farm Costs

% TOTAL CASH WAGES BY LABOUR CATEGORY
2018/19

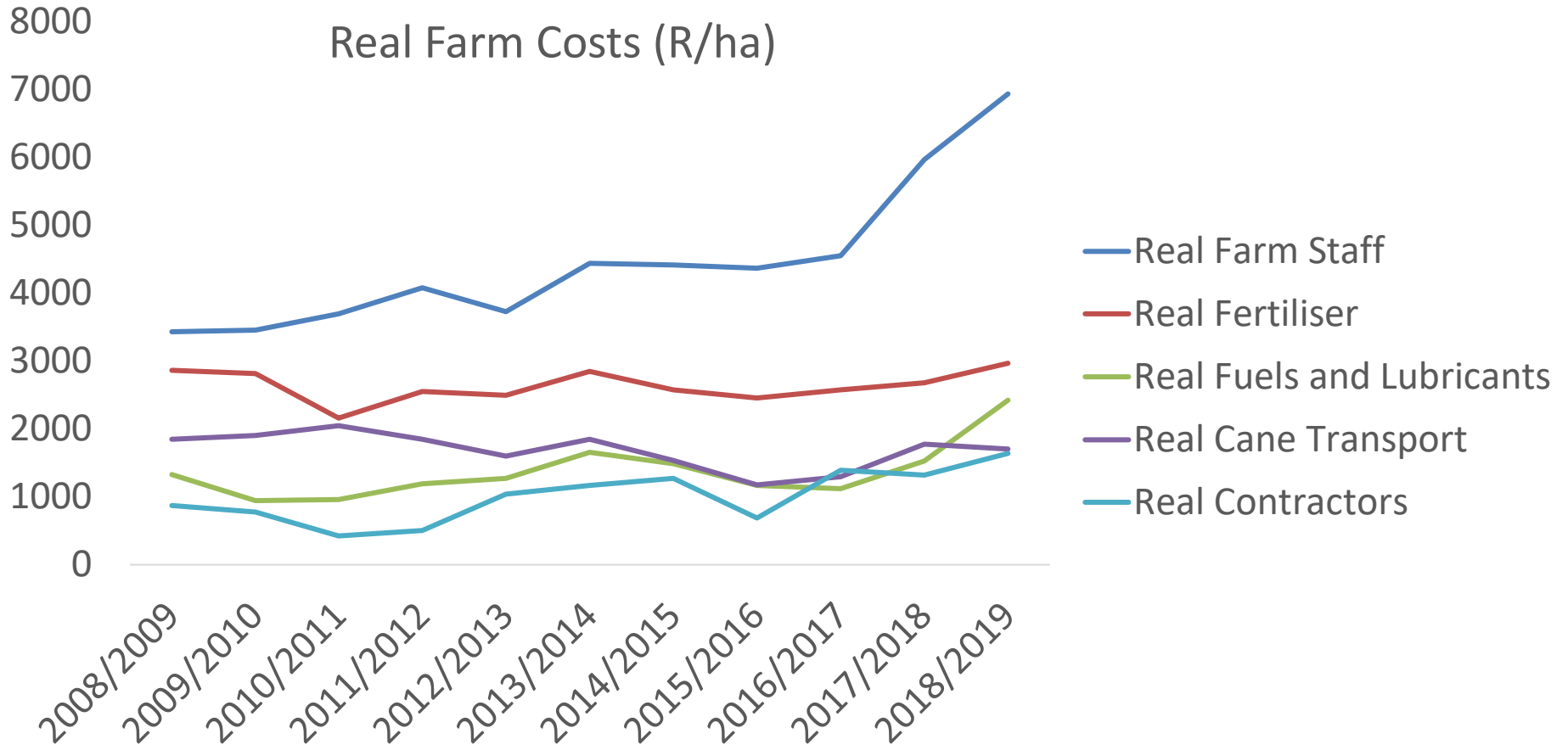


Farm Costs

Real Total Costs and Real Revenue (R/ha)

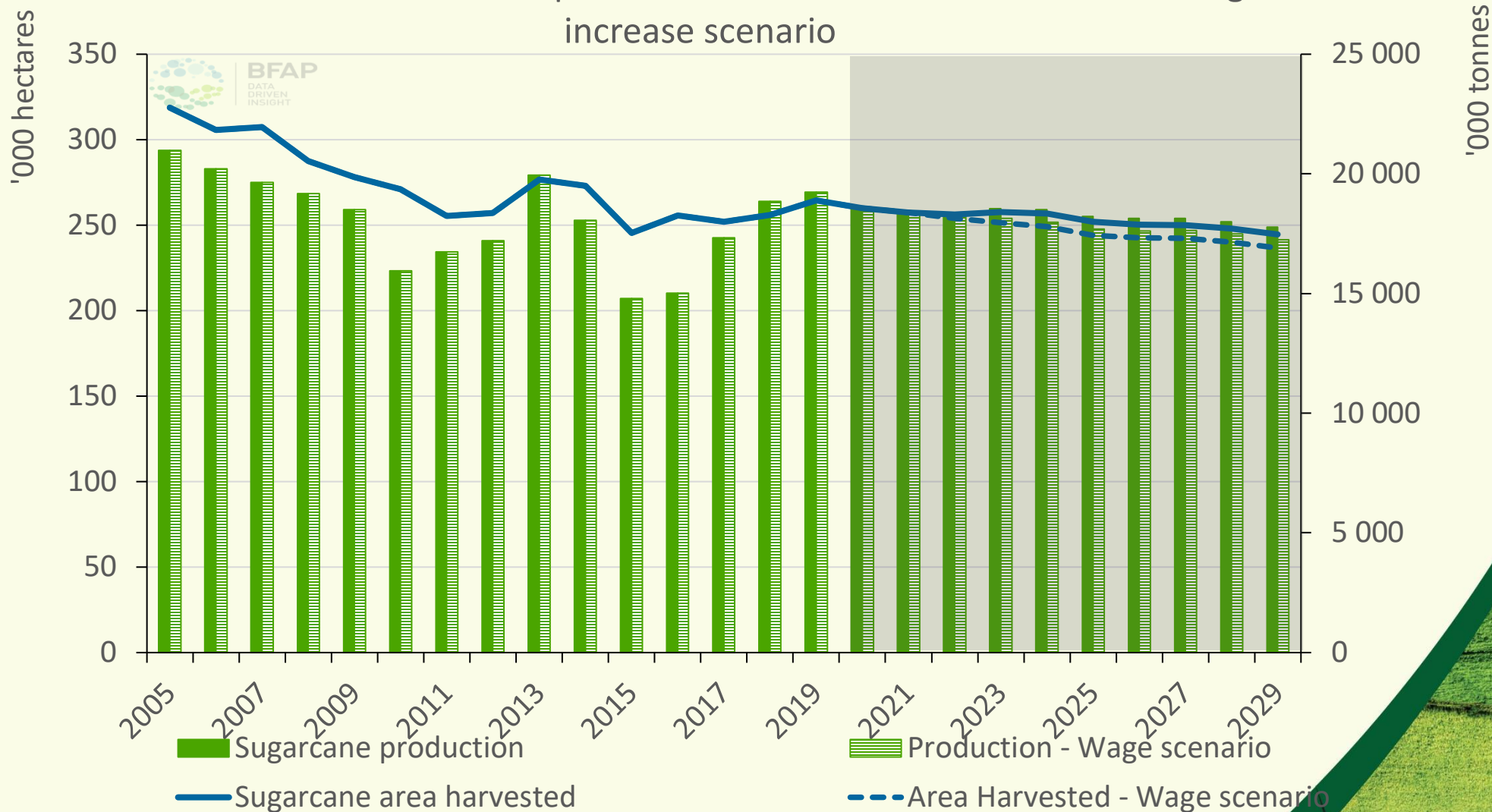


Farm Costs



Impact of National Minimum Wage

Area under cane and total production - Dec 2020 Baseline vs. 16% wage increase scenario



Impact on Growers as Employers

- Reduced profitability and unable to make returns on capital
- Turn to alternative crops, diversification into Macadamias, Avos, Citrus, Forestry
- Much lower overall labour requirement per hectare for diversified crops
- SSG contractor costs increase making their operations unsustainable

Impact of National Minimum Wage

- Under a 16% wage increase (assuming sugar farmers' total cane wage bill increased with 16%)
- Projected area under cane will decrease by 36.8 thousand hectares (10.2% of national area).
- That is an additional 13.5 thousand hectares loss on top of the 23.3 thousand hectares that is projected to be lost.
- Due to the cane area loss, cane production is expected to decrease by 1.99 million tonnes.
- It is projected that:
 - 3 099 permanent jobs and 4 893 seasonal jobs are already under threat
 - **With a 16% wage increase an additional 1 796 permanent and 2 835 seasonal jobs could be lost**
 - **A total of 4 894 permanent jobs and 7 728 seasonal jobs will come at risk over the next 10 years.**

Thank you



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