

Tongaat BRPs, canegrowers reach agreement on payments to mills for sugarcane deliveries

Tongaat Hulett business rescue practitioners and SA Canegrowers have reached an agreement which ensures payment of monies owing to growers for cane delivered to Tongaat Hulett mills.

The agreement, which covers payments still outstanding to canegrowers and industry service providers as well as the payments that will become due at the end of November for the cane delivered in October 2022, is a critical step to protecting the thousands of livelihoods at stake in the north coast of KwaZulu-Natal.



Source: Victoria Priessnitz via [Unsplash](#)

Under the agreement, outstanding October payments to commercial growers for sugarcane delivered in September will be made by Friday, 11 November 2022. Payments due to small-scale growers at the end of November 2022 for sugarcane delivered in October will be paid in full, while suitable terms have been agreed for staggered payments to commercial growers.

Most commercial growers have already received the October payments.



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31 Oct 2022



SA Canegrowers also emphasised the necessity of payments to industry service providers such as contractors, haulier companies, and input suppliers without whom growers cannot operate. The business rescue practitioners have confirmed that the outstanding payments to service providers will also be affected this week, together with payments to commercial growers.

Commercial growers agreed to waive their claim for interest due on delayed payments in recognition of the difficult position Tongaat Hulett finds itself in, and in the interests of other affected stakeholders.

Growers had required payment prior to any resumption of supplies to Tongaat Hulett. Once the outstanding October payments are effected, growers will resume deliveries to the mills in Felixton, Maidstone, and Amatikulu, enabling Tongaat Hulett to resume operations at its mills and refinery and to once again generate cashflow.

Crisis far from over

It remains to be seen whether Tongaat Hulett will be able to secure the funding needed to complete the off-crop maintenance that is required for its mills to operate next season. The risk remains that Tongaat Hulett will not emerge from business rescue, once again plunging the industry into a crisis.

It, therefore, remains essential that critical stakeholders, including government and lenders, work with the industry to ensure the success of the business rescue process.

The association says that it continues to implore Minister of Trade, Industry and Competition, Ebrahim Patel, and minister of agriculture, land reform, and rural development, Thoko Didiza, to meet with industry stakeholders to address this situation. The demise of Tongaat Hulett would undo years of work under the Sugarcane Value Chain Masterplan, reversing efforts to shield the local market from cheap sugar imports and protect the one million livelihoods that depend on the sugar industry.

The association has also welcomed the action of the business rescue practitioners to ensure the prioritisation of grower payments. This is critical not only for the maintenance of good relations between Tongaat Hulett and its supplying growers, but also for the protection of thousands of vital livelihoods on the north coast of KwaZulu-Natal.

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