

Load shedding could cost sugar industry more than R723m

SA Canegrowers has appealed to government to put short-term measures in place to mitigate the impact of load shedding on growers while long-term solutions are considered. Data compiled by the association shows that the South African sugar industry is set to lose R723m in 2023.



Source: v.ivash via [Freepik](#)

Loadshedding affects 1,135 irrigated growers who employ more than 10,000 workers. An estimated 34% of South Africa's sugarcane is produced in irrigated areas including Komatipoort and Malelane in Mpumalanga, and Pongola in KwaZulu-Natal.

Growers are expected to incur more than R189m in additional energy costs in 2023 on account of the disruption to irrigation schedules. Most irrigated growers in KwaZulu-Natal and Mpumalanga operate on a Ruraflex system which allows them to pay a lower tariff for operating during low-demand times. But the converse also applies – growers pay a significantly higher rate for pumping during peak demand times. As a result of load shedding, growers have been forced to irrigate whenever electricity is available, regardless of demand.

In addition to the increased energy cost, growers also face yield losses as they have fewer hours of continuous energy supply. Growers need a minimum of 6 hours of constant energy for proper irrigation. As a result of the intermittency of the power supply, disrupting irrigation, irrigated growers will lose up to 40% water capacity.

Long-term implications

The association's scenario modelling shows that an escalation to stages 6-8 could cost the industry more than R1,8bn. Anything beyond stage 8 could cost the industry more than R2,4bn.

The continuation of load shedding without any arrangement to enable irrigation will also have long-term implications. Sugarcane stalks left in the ground can produce cane for up to 10 years. Insufficient irrigation not only reduces cane quality and causes yield losses, but it will also lead to increased stool mortality, significantly shortening the lifespan of the

cane.

Growers face significant headwinds

The milling giant Tongaat Hulett was placed under business rescue in October 2022 and remains in that process. Meanwhile, the industry faces an increase to the destructive Health Promotion Levy (the sugar tax) when Minister Godongwana delivers his Budget Speech next month.



Tongaat enters into voluntary business rescue

31 Oct 2022



The association has appealed to Eskom and government to help the industry in particular and the broader agricultural sector find urgent solutions to mitigate the impact of load shedding. Some of the short-term measures the associations has asked government to consider include restricting load shedding to stage 4 in irrigated cane growing areas during peak watering season; diesel rebates for growers utilising generators; and tax rebates for those investing in alternative energy sources.

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