



**the dti**

Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

## OFFICE OF THE DIRECTOR-GENERAL

Private Bag X84, PRETORIA, 0001, the dti Campus, 77 Meintjies Street, Sunnyside, 0002, Tel: (012) 394 3075; Fax: 012 394 0323; the dti Customer Contact Centre local: 0861 843 384 International: +27 12 394 9500, [www.thedti.gov.za](http://www.thedti.gov.za)

### **Ms JL Fubbs**

Chairperson

Portfolio Committee on Trade and Industry

P.O. Box 15 Parliament Cape Town,

8000

E-mail: [ahermans@parliament.gov.za](mailto:ahermans@parliament.gov.za)

E-mail: [jfubbs@parliament.gov.za](mailto:jfubbs@parliament.gov.za)

Dear Ms Fubbs,

### **PROGRESS REPORT TO THE PORTFOLIO COMMITTEE ON TRADE AND INDUSTRY ON OVERSIGHT VISIT TO THE SUGAR CANE FARMERS AND SUGAR INDUSTRY ASSOCIATION IN KWAZULU NATAL FROM 25 – 26 JANUARY 2018**

I wish to respond to the Report by the Portfolio Committee on Trade & Industry on the oversight visit to the sugar cane farmers and sugar industry association in KwaZulu-Natal as follows:

#### **1. BACKGROUND**

The Parliament's Portfolio Committee on Trade and Industry have conducted an oversight visit in KwaZulu-Natal (KZN) from 25-26 January 2018. The purpose of the oversight visit by the Committee was to get first-hand information from the smaller holder farmers on their contribution to the sector as well as their challenges and to engage with SASA and SAFDA. The oversight visit entailed meetings with the South African Sugar Association (SASA), South African Farmers' Development Association (SAFDA), and South African Cane Growers' Association (SACGA) over the recognition of SAFDA as an association that aims to transform the sugar industry.

## **2. UPDATE ON OVERSIGHT VISIT TO THE SUGAR INDUSTRY BY THE PORTFOLIO COMMITTEE ON TRADE & INDUSTRY**

The Department of Trade & Industry held several meetings with the South African Sugar Association in an attempt to resolve concerns of the industry. Subsequent to the meeting held between the Department, SASA and SAFDA in KwaShukela, KwaZulu-Natal on the 18 April 2018 a consensus was reached that the progress report regarding the oversight visit by the Portfolio Committee will be presented by the Chairman of South African Sugar Association i.e. Mr. Suresh Naidoo (*please see attached report from SASA*) and the Department of Trade & Industry will provide report on the amendments to the Sugar Industry Regulation.

## **3. UPDATE ON AMENDMENTS TO SUGAR INDUSTRY REGULATION**

The South African Sugar Association (SASA) is the delegate of the Minister of Trade & Industry, and is responsible for managing matters related to the Sugar Industry. Its founding document is its constitution. In terms of Clause 2 of its constitution, its membership is constituted by South African Millers Association (SASMA) and South African Cane Growers Association (SACGA). South African Farmers Development (SAFDA) desires to be recognised as an independent stakeholder in the sugar industry and wishes to have all acts marginalising the majority of black farmers, completely eradicated from the industry.

At a special meeting held on the 12 December 2017, the SASA delegates approved the amendments to the SASA Constitution and Sugar Industry Agreement. Subsequently, the SASA Delegates, at a special meeting held on 5<sup>th</sup> February 2018, ratified the draft documents incorporating the amendments made by SASA Council, in line with the directive of the SASA delegates. The final documents were submitted to the Legal Services of the Department of Trade and Industry for consideration for gazetting on the 18 April 2018. (*please see attached documents*)

The SASA Council has also agreed on the transitional arrangements pending the gazetting of the amended SASA Constitution and SIA. SASA has concluded the process for the amendments to the Sugar Industry Regulation on the 18 April 2018. In summary, please see below the proposed legislative amendments to the Sugar Industry Regulation.

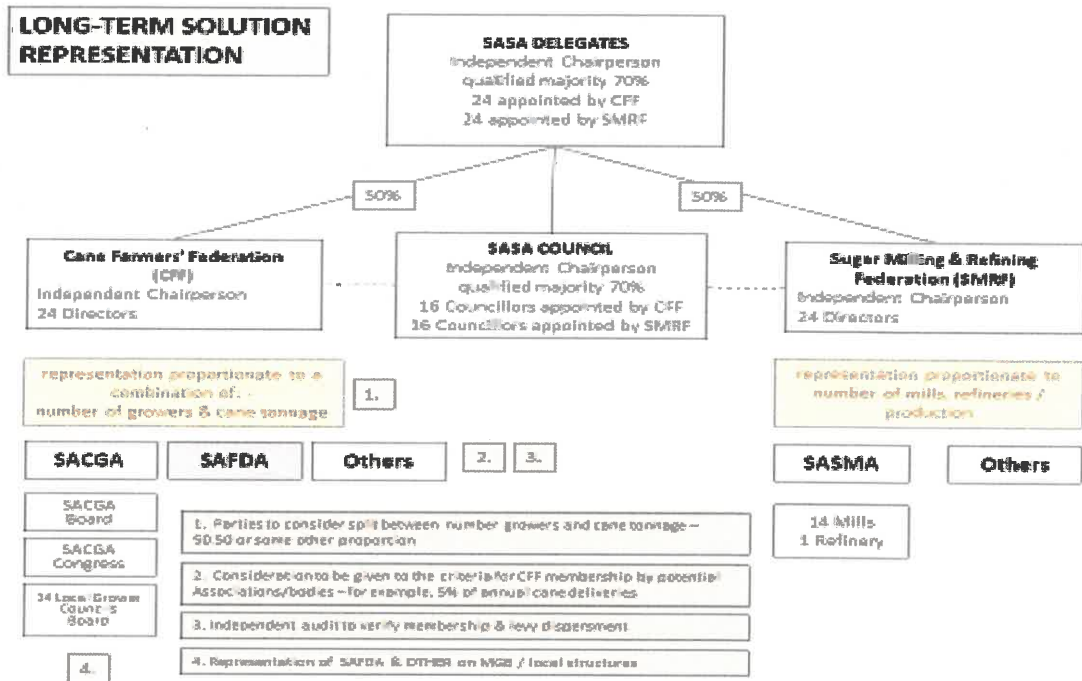
### **3.1 Proposed legislative amendments to the Sugar Industry Regulation**

- Meetings of both SASA Council and Delegates were set for 12 December 2017 were the agreed changes to the SASA Constitution and Sugar Industry Agreement were adopted as follows;

- That in terms of the power conferred on the set delegates in terms of clause 11 of the SASA Constitution to adopt the agreement signed on the 3 December 2017 by all parties namely South African Farmers Development Association, South African Cane Growers Association and SA Millers Association
- That the SASA Constitution and Sugar Industry Agreement be amended in accordance with the Agreement
- That until SASA Constitution is amended and gazetted by **the dti**, SAFDA be afforded an observer status with a voice to participate in the SASA Council meetings

### **3.2 Proposed new structure of the South African Sugar Association (SASA)**

- The members of the Association shall be 2 Federations, the South African Sugar Milling and Refining Federation (representing millers and/or refiners, which are “Milling Groups” as defined in clause 2.1.3) and the South African Cane Farmers’ Federation (representing all growers except miller-cum-planters.
- Each Federation shall comprise 24 representatives.
- Each Federation shall be represented by 24 delegates.
- An independent Chairman shall be elected by each of the Federations at their General Meetings.



### 3.3 Proposed Cost and Levy structure

- The settlement was also reached between SASA and SAFDA to resolve the claim of retrospective levies
- The Cane Farmers Federation (CFF) shall determine its costs and these costs shall be funded by levies paid by Cane Growers Association(s) (CGA) in proportion to their members of the CFF
- Each Cane Growers Association shall be responsible to collect its own costs from its members.

### 3.4 Sugar Industry Consultation Process

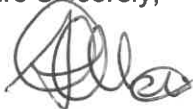
- The Department of Trade & Industry participated in the mediation process that was led by Mr Charles Nupen from 2-3 December 2017, which resulted in the Draft Agreement of Cooperation, proposed amendments to the sugar industry regulations and a proposed new structure to serve as umbrella body for the sugar cane farmers. This necessitated the amendments to the SASA Constitution and the Sugar Industry Agreement.

**Outcome:** A new agreement was signed by all parties namely South African Farmers Development Association, South African Cane Growers Association and SA Millers Association

- SASA Special Council Meeting was held on the 12 December in KwaShukela, KwaZulu-Natal  
**Outcome:** Changes to the SASA Constitution and Sugar Industry Agreement were adopted
- SASA Special Delegates meeting held on 5<sup>th</sup> February 2018 in KwaShukela, KwaZulu-Natal  
**Outcome:** Ratified the draft documents incorporating the amendments made by SASA Council.
- On 15 March 2018, SASA Council agreed on transitional arrangements pending the gazetting of the amended SASA Constitution and SIA
- On the 16<sup>th</sup> April 2018, the Delegates of the South African Sugar Association as well as representatives' the South African Farmer's Development Association, approved the amendments to the SASA Constitution and the Sugar Industry Agreement, 2000 and agreed that the amendments be submitted to the Department of Trade and Industry for approval and promulgation in the Government Gazette.

In conclusion, the amendments to the Sugar industry regulation shall come into effect upon gazetting of the amendments of the SASA Constitution and the Sugar Industry Agreement (SIA) of which the process has commenced through the Legal Services of the Department of Trade and Industry. The Department's intervention was aimed at addressing issues and to emphasise the importance of economic transformation in the sugar industry and specifically the importance of recognising black players in the Sugar industry.

Yours Sincerely,



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**Lionel October**  
**Director General**

Date: 23/06/2018