SOUTH AFRICAN SUGAR INDUSTRY

INDUSTRY INFORMATION

The South African sugar industry is one of the world's leading cost competitive producers of high quality sugar and makes an important contribution to employment, particularly in rural areas, to sustainable development and to the national economy.

It is a diverse industry combining the agricultural activities of sugarcane cultivation with the manufacture of raw and refined sugar, syrups, specialised sugars and a range of by-products.

The canegrowing sector comprises approximately 35 300 registered sugarcane growers farming predominantly in KwaZulu-Natal, with a substantial investment in Mpumalanga and some farming operations in the Eastern Cape. Sugar is manufactured by six milling companies with 14 sugar mills operating in these canegrowing regions.

The industry produces an estimated average of 2,2 million tons of sugar per season. About 60% of this sugar is marketed in the Southern African Customs Union (SACU). The remainder is exported to markets in Africa, Asia and the Middle East.

ECONOMIC CONTRIBUTION

SUGAR AND THE ECONOMY

The South African sugar industry makes an important contribution to the national economy, given its agricultural and industrial investments, foreign exchange earnings, its high employment, and its linkages with major suppliers, support industries and customers.

REVENUE

Based on revenue generated through sugar sales in the SACU region as well as world market exports, the South African sugar industry generates an annual estimated average direct income of R8 billion. This constitutes R5,1 billion in value of sugar cane production.

EMPLOYMENT

The sugar industry provides direct employment in cane production and processing, and indirect employment in numerous support industries in the three provinces where sugarcane is grown and processed, namely KwaZulu-Natal, Mpumalanga and the Eastern Cape.

Direct employment within the sugar industry is approximately 77 000 jobs, which represents a significant percentage of the total agricultural workforce in South Africa. Indirect employment is estimated at 350 000. In addition there are approximately 35 300 registered cane growers. Approximately one million people, more than 2% of South Africa's population, depend on the sugar industry for a living.

SUSTAINABLE DEVELOPMENT AND BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The sugar industry's focus on producing a high quality, profitable and cost effective product is complemented by its focus on sustainable development. The industry is a major contributor to rural development, an area often neglected in an urbanising society. This holistic approach includes the promotion of economic transformation, social investment and sustainable environmental practises.

In addition to initiatives undertaken as an industry, the South African Cane Growers' Association and the sugar milling companies undertake development projects and are involved in Broad-based Black Economic Empowerment (BBBEE) through a range of important initiatives.

ECONOMIC TRANSFORMATION

The industry's initiatives in the area of economic transformation could best be summarised under its commitment to Broad-based Black Economic Empowerment, with focus on land reform, agricultural support services, employment equity and enterprise ownership.

Land Reform

The South African sugar industry has long recognised the need to promote diverse ownership of agricultural land under sugarcane and have a range of support instruments in place to promote the sustainability of such initiatives. As a result, 19% of freehold land under sugarcane has already been transferred to black growers.

In order to progress the industry's target of 30% black ownership of freehold sugarcane land by 2014, the industry established in 2004 an independent land reform entity, called Inkezo Land Company. Inkezo's primary objective is to streamline transfer of ownership by identifying sellers and buyers, streamlining processes of land reform and promoting the sustainability of the new ventures through outsourced support service providers or partners.

Inkezo has facilitated the transfer of land previously owned by white farmers to more than 1300 black growers.

However, the restitution of land to disposessed communities has since emerged as a fundamental determinant of the future sustainability of the sugar industry. The industry has consequently expanded its focus on land reform to deal with land restitution processes and outcomes. This expanded activity, and Inkezo, has been incorporated into the South African Sugar Association.

The industry's enlarged focus can be summarised as managing and facilitating both pre and post settlement support for land redistribution and land restitution processes. This includes focusing its activities around the following key performance areas:

- Dealing with both land restitution and land redistribution in the sugar sector.
- Supporting the processes of land redistribution and restitution, and facilitating access to resources made available by stakeholders.

Agricultural Support Services

The South African sugar industry has a long history of promoting and supporting small-scale farmers on tribal land. Building on the extensive infrastructure and network of the growers and millers, the industry has been able to engage effectively in ongoing delivery related projects.

Mentorship programmes focussing on business skills and grower support extension services are deployed to support cane growing activities. The South African Cane Growers' Association also provides technical skills training for new and emerging cane growers, accounts and financial management workshops, regional economic advisors, a grower support service officer and access to a special VAT and diesel dispensation for small-scale growers. The South African Cane Growers' Association has bolstered its regional economic service to provide local level support to new medium-scale black growers who have entered the industry since 1994, including beneficiaries of the government's land reform programme.

The milling companies provide extensive services in support of the cane-growing operations of small- medium- and large-scale black farmers.

The South African Sugar Association provides in-field training to small-scale growers, offers certified courses in sugarcane agriculture and provides technology transfer and extension.

Employment Equity

All participants in the industry promote compliance with the Employment Equity Act, and have integrated Employment Equity and Skills Development Plans in place that are monitored and updated annually. These have targets for recruiting, developing and promoting people from designated groups.

Enterprise Ownership

Participants in the sugar industry have been actively promoting and implementing the objectives of the Broad-based Black Economic Empowerment Act, and the Broad-based Black Economic Empowerment Strategy. Substantial progress has been made towards improving the ownership profile of the industry. Initiatives embarked upon by South African milling companies have resulted in increased black ownership of sugar manufacturing capacity.

Photograph supplied by Fancy Stitch

SOCIAL INVESTMENT

The sugar industry's involvement in social investment includes projects in the areas of Enterprise Development, Health and Welfare, and Human Resource Development.

ENTERPRISE DEVELOPMENT

The industry is involved in numerous projects such as the provision of seed funding to assist rural black women, youth and communities to establish co-operatives and to access economic opportunities. The enterprise development programmes seek to accelerate people's access to employment opportunities and increase their participation in the mainstream economy.

HEALTH AND WELFARE

The staggering challenge of poverty, HIV and AIDS, unemployment and household food insecurity not only affects the quality of life of the indigent, it also threatens the social stability of these vulnerable communities. Meeting these challenges is a priority of the sugar industry. The industry works in partnership with non-governmental organisations supporting vulnerable communities in order to respond to these issues.

HUMAN RESOURCE DEVELOPMENT

Human resource development is a major area of social investment for the sugar industry. The following initiatives are maintained by the industry to promote human resource development, and are primarily focussed on promoting Broad-based Black Economic Empowerment:

Educational Support

The Sugar Industry Trust Fund for Education (SITFE) was launched in 1965 as a private sector initiative, and is one of South Africa's oldest education and training programmes. To date SITFE has provided bursaries to more than 9 000 students, financed school building projects, given assistance to tertiary institutions, and worked with community-based educational authorities to improve overall education standards.

Agricultural and Engineering Training

The SASA Shukela Training Centre (Pty) Ltd is a wholly owned subsidiary of the South African Sugar Industry. Shukela Training Centre (STC) is a provider of agricultural and engineering training. Based in Mount Edgecombe, with on-campus accommodation, this Institute of Occupational Excellence, so conferred by the AgriSETA, provides training in a wide selection of trades and is a registered de-centralised Trade Test Centre. In 2009 over 300 artisans qualified at STC and 27 learners qualified in the Plant Production learnership at NQF 4. Many small-scale and new farmers, including farm workers, receive sugarcane husbandry skills training.

Technology Transfer

Research conducted by the South African Sugarcane Research Institute (SASRI) contributes to the profitability and sustainability of the industry whilst encouraging environmentally responsible farming practices. Outputs from the various research programmes at the Institute are transformed into practical knowledge and technology products. Training and development takes place through annual Certificate Courses in Sugarcane Agriculture and through a series of interventions by a network of extension specialists.

The Sugar Milling Research Institute (SMRI) is the central scientific organisation involved in research work and technical services for the southern African sugar manufacturing/milling industries. It was founded in 1949 and is located on the Durban campus of the University of KwaZulu-Natal.

Health Education

The South African Sugar Association's Nutrition Department has developed a programme to communicate science-based information on the role of sugar as part of a balanced diet and healthy lifestyle to health and education professionals and the wider public. The programme contributes to capacity building and continued professional development of these professionals through support of nutrition research, congresses and nutrition education.

SUSTAINABLE ENVIRONMENT

The South African Sugar Association promotes sound and sustainable environmental practices within the industry in line with national legislation and international requirements. This is achieved through: knowledge transfer of sugarcane environmental research, including the development of best management practices (BMPs); through SASRI; support of environmental committees located in the sugarcane producing areas; and collaboration with organisations such as the World Wide Fund for Nature (WWF).

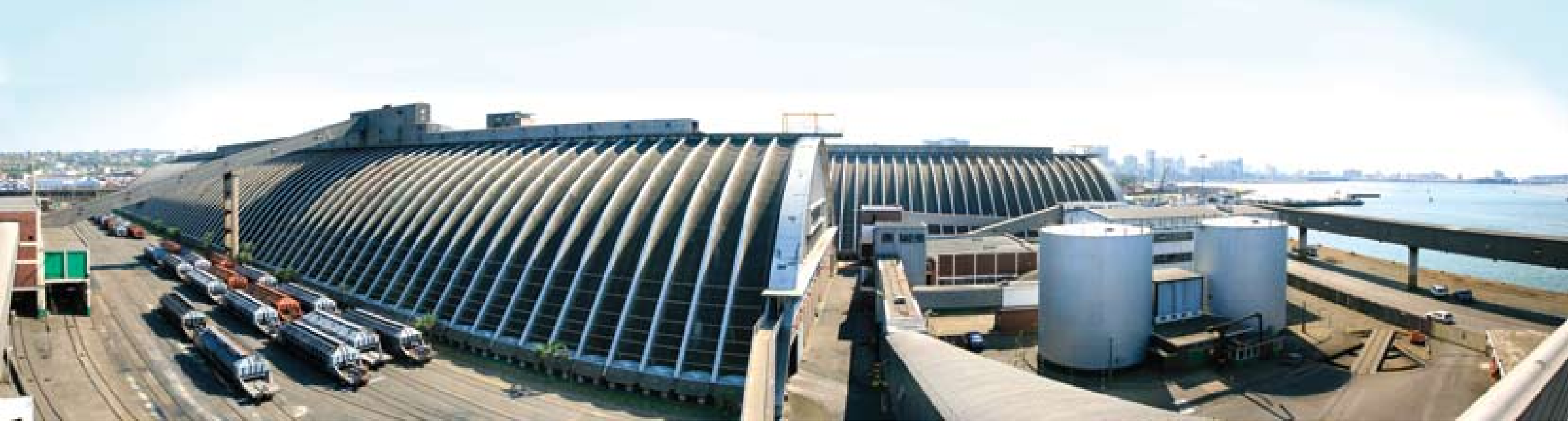
These interventions promote and facilitate sustainable environmental management.

SUGAR AND HEALTH

Sugar is a natural sweetener of plant origin and it is 100% carbohydrate and 100% natural. The sugars made by plants are sucrose, glucose and fructose. All three are found in varying amounts in most fruits and many vegetables. All carbohydrate rich foods, once digested, provide glucose, the primary fuel for the body. The source of the carbohydrate is not significant in a dietary context. The sucrose from sugar cane is identical to the sucrose present in fruits and vegetables.

The growing incidence in chronic diseases of lifestyle such as diabetes, cardio-vascular disease and obesity, especially in children, has focused the attention of policymakers and media on the consumption of fats and sugar, and the potential contribution of these essential ingredients to the diseases of lifestyle epidemic. Unbalanced and scientifically inaccurate reporting on sugar consumption has led to excessive and negative speculation regarding the value of sugar as part of a balanced diet.

Eminent bodies such as the World Health Organisation and the Food and Agricultural Organisation agree that sugar, like other carbohydrate-containing foods, has an indispensable role to play in balanced diets. These bodies concluded that there is no evidence of sugar being the direct cause of lifestyle diseases such as diabetes, heart disease, obesity or cancer.



MARKET COMPETITIVENESS

South Africa continues to be one of the world's most cost competitive producers of high quality sugar. According to independent surveys of the costs of production of more than 100 global sugar industries, the South African sugar industry consistently ranks amongst the top 15. Its excellent export infrastructure, world-renowned agricultural and industrial research platforms and efficient industry organisation are key drivers of excellence.

Despite its comparative production efficiencies, the South African sugar industry finds it difficult at times to export profitably to the world market, as the global sugar price is severely eroded by subsidy-induced overproduction in some major sugar-producing countries. Access to the major markets for raw and refined sugar is furthermore restricted by high tariffs and preferential trade arrangements in the form of tariff rate quotas. These same global market distortions also threaten the maintenance of a profitable and sustainable sugar price on the domestic market.

Government's strategic support for the South African sugar industry recognises the distorted nature of the world market for sugar, and the severe impact of producer support measures on price determination on the global market. Based on these considerations government support includes intervention in the following three areas: tariff protection against disruptively low world sugar prices; provision for the establishment of equitable export obligations for millers and growers; and the Sugar Cooperation Agreement between the members of the Southern African Development Community.

The South African Government's support in these areas is endorsed in the Department of Trade and Industry and the South African Sugar Industry's Joint Strategy for the Optimal Development of the Sugar Industry within a South African Customs Union and SADC Context.

TARIFF PROTECTION

The industry is protected through a dollar-based reference price tariff system that is based on the long-term average world price for sugar, adjusted for distortions, which only delivers protection when the world price drops below this reference price.

EQUITABLE EXPORT OBLIGATIONS

The profitability of the industry's exports to the world market is at stages severely affected by a subsidy-induced oversupply of global demand. The South African sugar industry exports approximately 40% of its sugar production to the world market at prices which are normally substantially below the domestic sugar price. In order to distribute exposure to the world market equitably amongst growers and millers, a redistribution of proceeds is effected via the South African Sugar Association. The Sugar Act and the Sugar Industry Agreement provide regulatory support for this redistribution of proceeds.

THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY SUGAR COOPERATION AGREEMENT

A Southern African Development Community (SADC) Sugar Co-operation Agreement has been established and is incorporated into the SADC Trade Protocol.

The main objectives of the SADC Sugar Co-operation Agreement are:

- To promote, within the region, production and consumption of sugar and sugar-containing products according to fair trading conditions and an orderly regional market in sugar for the survival of the sugar industries in all sugar producing member states, in anticipation of freer global trade;
- To create a stable climate for investment, leading to growth and development of sugar industries in the member states;
- To improve the competitiveness of the sugar-producing member states in the world market;
- To facilitate the sharing of information, research and training with a view to improve the efficiency of growers, millers and refiners of sugar in member states;
- To facilitate the development of small and medium sugar enterprises; and
- To create stable market conditions in the member states so as to encourage the development of all sugar industries with a view of facilitating direct foreign investment and the creation of employment opportunities.

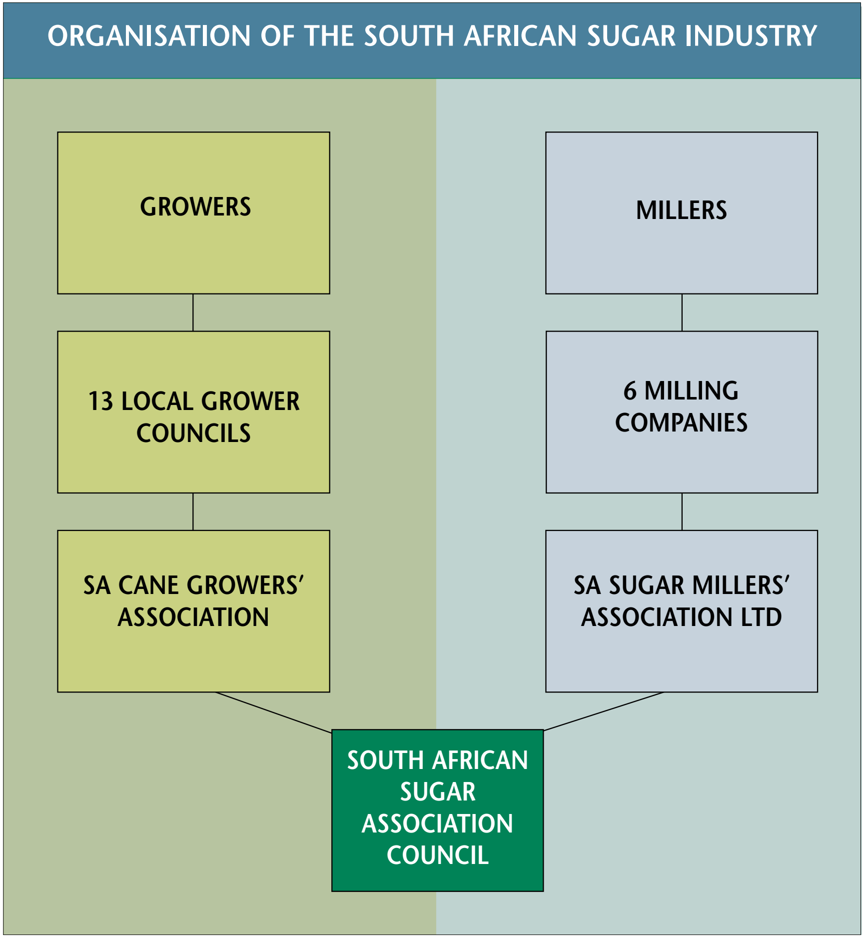
INDUSTRY STRUCTURE

COUNCIL OF THE SA SUGAR ASSOCIATION

The South African Sugar Association administers the partnership on behalf of the South African Cane Growers' Association and the South African Sugar Millers' Association Ltd. As equal partners, each member elects eleven councillors to sit on the SA Sugar Association Council. The Chairmanship and Vice-Chairmanship of Council usually alternates every two years between a grower and a miller.

The South African Sugar Association is an autonomous organisation and operates free of government control. In terms of the Sugar Act and Sugar Industry Agreement, statutory powers of self governance are granted to the sugar industry.

The South African Sugar Association's administrative and industrial activities and organisations are financed from the proceeds of the sale of local and export sugars. Its affairs are administered by the Council of the SA Sugar Association.



CANE GROWING
IN SOUTH AFRICA

The approximately 35 300 registered sugarcane growers annually produce on average 20 million tons of sugarcane from 14 mill supply areas, extending from Northern Pondoland in the Eastern Cape to the Mpumalanga Lowveld. More than 33 700 are small-scale growers, of whom 14 445 delivered cane last season, producing 8,4% of the total crop. With the growth of economic development and empowerment of previously disadvantaged people, the participation of black farmers in sugarcane production is constantly increasing.

There are approximately 1 570 large-scale growers (inclusive of 385 black emerging farmers) who produce 85,1% of total sugarcane production. Milling companies with their own sugar estates produce 6,5% of the crop.

SA CANE GROWERS' ASSOCIATION

The South African Cane Growers' Association (CANEGROWERS) was established in 1927 to administer the interests of independent sugarcane growers. CANEGROWERS is a Section 21 Company (incorporated not for gain) and individual growers are members through the 26 grower groups which make up the member organisations of CANEGROWERS. In each mill area all member organisations are represented by a Local Grower Council.

The democratic nature of the representation structure allows for the election of any individual cane farmer to the Executive Committee or Chairmanship of the organisation. This, typically, would be through a region's Local Farmers' Association, its Local Grower Council, the centrally based Board of Directors (54 members) from which a Chairman and Vice-Chairman are elected annually, and finally to the Executive Committee (11 members). An Executive Director, management team and staff administer the day to day business of CANEGROWERS, to:

- Ensure that cane growers receive fair value for their sugar cane.
- Provide cane growers with relevant research, data and support services to facilitate successful farming regions.
- Ensure that CANEGROWERS is recognised by all stakeholders as the duly mandated and effective representative of all cane growers in South Africa.

SUGAR MILLING & REFINING

The milling sector of the industry employs upwards of 7 000 people in 14 sugar mills and at the companies' administration offices in KwaZulu-Natal and Mpumalanga. Illovo Sugar Ltd and Tongaat Hulett Sugar Ltd own four mills each while Tsb Sugar RSA Ltd owns three mills. Gledhow Sugar Company (Pty) Ltd, UCL Company Ltd and Umfolozi Sugar Mill (Pty) Ltd own one mill each. Two of the mills owned by Tsb Sugar RSA Ltd are located in the Mpumalanga Province while the remainder of the mills are located in the KwaZulu-Natal Province.

Four of the mills are known as "white end" mills and produce their own refined sugar. Part of the raw sugar produced by Tsb Sugar RSA Ltd is refined at the Malelane "white end" mill, and the balance is exported via the sugar terminal in Maputo, Mozambique. The raw sugar produced at the remaining mills that is not used by the milling companies for exports of bagged refined sugar or direct consumption raw sugar, is routed to Durban. Here it is either refined at the central refinery of Tongaat Hulett Sugar Ltd or stored at the South African Sugar Association Sugar Terminal prior to export. Diversity is the key factor in today's highly integrated sugar milling operations. Amongst others one of the mills produces a range of other products such as ethyl alcohol and furfural and its derivatives, although these activities are outside the industry partnership.

THE SOUTH AFRICAN SUGAR MILLERS' ASSOCIATION LIMITED

This Association represents the interests of all sugar millers and refiners in South Africa. The Association's objectives cover partnership administrative matters, legislative measures affecting the industry, and support for training and scientific and technological research.

The Association is administered by an executive director and staff who undertake these activities and who interact with the other organisations, particularly CANEGROWERS and the South African Sugar Association, on matters concerning the industry.

The members of the South African Sugar Millers' Association Limited are:

ILLOVO SUGAR LIMITED

Illovo Sugar presently operates four sugar mills in South Africa, one of which has a refinery and two which have packaging plants. It has three cane growing estates and, in addition to producing speciality sugars and syrup, also produces a variety of high-value downstream products.

TONGAAT HULETT SUGAR LIMITED

Tongaat Hulett Sugar Limited operates four sugar mills in South Africa two of which have packaging plants, a central refinery in Durban which has its own packaging plant, various sugar estates and an animal feeds operation.

TSB SUGAR RSA LIMITED

Tsb Sugar RSA Limited operates three sugar mills two of which have refineries, a packaging plant, sugar estates, cane and sugar transport and an animal feed division.

GLEDHOW SUGAR COMPANY (PTY) LIMITED

On the 10 September 2009 Gledhow Sugar Company (Pty) Ltd came into being. The company ownership is comprised of supplying growers with 25.1% equity; a long established miller (Illovo Sugar Ltd) with 30.0% equity; a paper manufacturer (Sappi Ltd) with 10% equity, and a BEE partner (The Sokhela Family Trust) with 34.9% equity. The mill has a 35 ton per hour refinery and produces EC2 quality sugar.

UCL COMPANY LIMITED

UCL Company Ltd operates a sugar mill, a wattle extract factory, two saw mills, a number of mixed farms and a trading division.

UMFOLOZI SUGAR MILL (PTY) LIMITED

The Umfolozi Mill is owned by a group of four investors comprising a large cane growing company, the largest cane grower in northern KwaZulu-Natal, an unlisted public company whose shareholders grow sugar cane and a large alcohol producing company.

SOUTH AFRICAN
SUGAR ASSOCIATION

The South African Sugar Association (SASA) provides a range of specialist services that enhance the profitability, global competitiveness and sustainability of the South African sugar industry.

The Industry Affairs, Cane Testing Service, National Market, International Marketing and External Affairs divisions of SASA serve in support of the Sugar Act and the Sugar Industry Agreement, and SASA also operates the Sugarcane Research Institute and the Shukela Training Centre. These divisions, as well as the internal support functions within SASA, are described in more detail below.

INDUSTRY AFFAIRS

Administrating and facilitating adherence to the Sugar Act, the Sugar Industry Agreement and the SASA Constitution, is the responsibility of SASA's Industry Affairs Division.

Joint decision-making on all matters affecting the partnership and that fall within the scope of the legislation and agreements governing the industry is undertaken by grower and miller representatives through their participation in the meetings of the SASA Council and its numerous committees. The Industry Affairs Division is responsible for the administration of this important and complex decision-making process.

The division's key performance areas include Partnership Support and Secretariat services, responsibility for the Division of Proceeds, Grower Administration and Umthombo Agricultural Finance.

Umthombo Agricultural Finance provides savings facilities and administers loans for small-scale growers in the KwaZulu-Natal, Eastern Cape and Mpumalanga provinces in South Africa.

CANE TESTING SERVICE (CTS)

The Cane Testing Service provides a specialist service under contract to individual Mill Group Boards to determine the quality of individual grower cane deliveries to the mill for cane payment purposes. This analytical chemistry service assesses the recoverable value content in cane delivered to the mill by growers, providing a neutral and objective basis on which to calculate recoverable value payment by miller to grower. The CTS also provides a technical audit of the distribution between millers and growers ensuring fair and equitable division of proceeds.

NATIONAL MARKET

The division is responsible for managing industry matters that affect the national market for sugar including statistically analysing sugar sales, supplies and demand, researching drivers of sugar demand, administering aspects of SACU/SADC sugar agreements, the administration of industrial rebates and the delivery of generic marketing communication about sugar to consumers.

INTERNATIONAL MARKETING

The marketing, sales and logistics related to South Africa's bulk raw sugar is performed by the International Marketing Division. The division focuses on achieving maximum net proceeds within an acceptable level of risk. The raw sugar is sold to refineries in the East, Middle East and the United States, either directly or through international trade houses. Price risk is managed by hedging the value of raw sugar exports on the InterContinental Exchange ICE US Futures No 11. Bulk raw sugar is exported through SASA's Sugar Terminal in Durban and the STAM Terminal in Maputo, in which SASA is a shareholder.

EXTERNAL AFFAIRS

This division performs in a range of areas that require specialist external communication skills, with a focus on international and regional trade issues, publications, communications, renewable energy, environment, development, land reform and nutrition. The division also administers the Sugar Industry Trust Fund for Education.

External Affairs is responsible for the building of governmental relationships and the monitoring of local, regional and global trade policies affecting the South African sugar industry. This includes representation on the International Sugar Organisation, the Global Alliance for the Liberalisation of Sugar, the SADC Technical Committee on Sugar, and the World Sugar Research Organisation. External Affairs also liaises with other relevant international organisations such as the World Trade Organisation, Food and Agriculture Organisation and the International Fund for Agricultural Development. The work programme addresses a wide range of key audiences through direct contact with private enterprise, government and non-governmental organisations.

SOUTH AFRICAN SUGARCANE RESEARCH INSTITUTE (SASRI)

The South African Sugarcane Research Institute is the leading sugarcane agricultural research institute in Africa. SASRI is world-renowned for its research into the development of new sugarcane varieties, and improved crop management and farming systems that enhance profitability. Effective delivery of new knowledge and technology make a significant contribution to the sustainability of the industry.

Research at SASRI is clustered within four multi-disciplinary programmes:

- Variety Improvement seeks to breed and select high yielding, pest and disease resistant varieties that meet industry requirements, using both conventional breeding and modern molecular technologies. Improved efficiency in variety production is a key focus area.

- Crop Protection research is aimed at minimising the impact of weeds, pests and diseases on crop yields in environmentally sustainable ways. Emphasis is placed on the integrated use of management practices on biosecurity issues through the development of proactive countermeasures and threat-specific incursion plans.

- The Crop Performance and Management programme focuses on enabling production of high quality sugarcane through optimal choice of varieties, appropriate use of ripeners, herbicides and fertilisers for enhanced soil sustainability, as well as efficient use of water and improved harvesting practices.

- The Systems Design and Optimisation programme is directed towards investigating and developing innovative systems that optimise crop production through modeling, technology design and a farming systems approach. Development of appropriate technology transfer tools and practices is recognised as fundamental to improved adoption of research advice and sustainable sugarcane production.

SASRI's extension service provides the essential link between SASRI researchers and farmers through consultation and feedback. Its primary role is to facilitate the adoption of technology and better management practices that encourage responsible and sustainable land use and deliver optimal productivity and profitability.

A range of services is provided to the industry on a user-pays basis, including Specialist Advice on growers' problems as well as soils and leaf analyses through the Fertiliser Advisory Service. Short courses in Sugarcane Agriculture at the junior and senior levels are held annually. SASRI operates the only sugarcane quarantine facility in South Africa.

SHUKELA TRAINING CENTRE (STC)

With the slogan 'Training today's people for South Africa's tomorrow', the Shukela Training Centre is the preferred provider of agricultural and engineering training to the sugar industry.

The Agricultural Training Department focuses on the sugar industry and provides skills based training to all sugarcane farmers. The courses take place on the farms and the training has a high practical component and can be of benefit to new entrants into sugarcane growing, established commercial and small-scale growers and farm workers.

Engineering training is carried out at the Shukela Training Centre based in Mount Edgecombe, where accommodation is available for the learners. The Centre proudly boasts training equipment that spans the progress of technology. Learners are trained in electrical, electronics, fitting, millwright, refrigeration and welding trades. Being a de-centralised trade test centre, apprentices can sit their trade tests once they have completed their apprenticeship training. The Centre is also accredited to train and test for the Electrical Installation Certificate of Competency. STC holds overall accreditation with the AgriSETA and has programme approval with many other SETAs including the MERSETA, CHIETA and ESETA.

FINANCE

SASA's Finance Division provides Management Accounting, Financial Accounting, Taxation, Corporate Governance, Treasury, Payroll, Procurement, Facilities Management and associated administration services to SASA. It is also responsible for monthly and annual financial reporting to the industry. The Treasury function includes the obtaining of all funds for industry requirements, for example carry-over stock and foreign exchange risk management.

Through Autolab, the division provides expert support and development of the Sugar Industry Laboratory Information Management Systems (LIMS) utilised by all sugar mills within South Africa. LIMS is designed to manage growers' estimates and allocations, and provides the source data for determining payments for sugar deliveries by growers. Autolab also develops and maintains the systems that track sugarcane through the milling process for the purpose of sampling and testing by the mills and Cane Testing Service (CTS) laboratories.

The Information Systems Department provides technical support to computer users in the SASA divisions. The department is responsible for the design, implementation and maintenance of all computer network services. The weekly processing of the Industrial Systems that determine cane payment amounts for growers who have delivered sugarcane to the mills is also performed by the department.

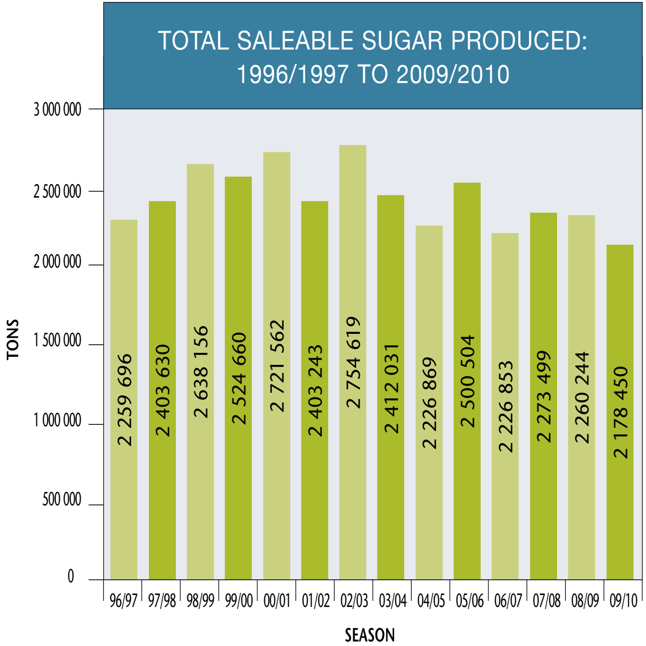
HUMAN RESOURCES

As a provider of specialist services, SASA's performance and service levels are highly reliant upon the performance and service of SASA's employees. The diversity of the skills SASA employs, ranging from high-level specialists to unionised industrial and agricultural labour, and the wide geographical spread of our operations, makes the effective management of people, their knowledge and their performance particularly important.

In support of this need, the Human Resources Division provides a comprehensive range of services to managers and employees in SASA, all of which aim to resource the organisation with highly competent and effective people who are committed to serving the best interests of the South African sugar industry.

FACTS & FIGURES

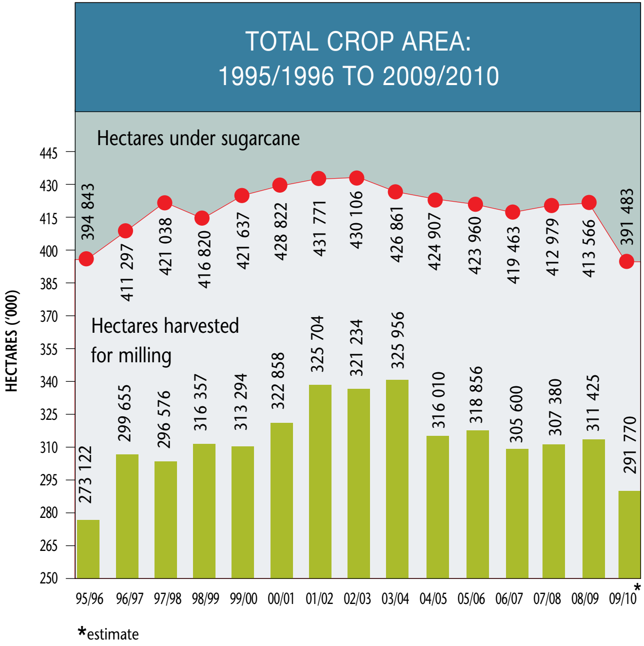
TOTAL CANE/SUGAR PRODUCTION



TOTAL CANE/SUGAR PRODUCTION: 1996/1997 TO 2009/2010

Season	Cane crushed	Saleable sugar produced		
		National Market	International Market	Total
1996/1997	20 950 894	1 264 066	995 630	2 259 696
1997/1998	22 154 775	1 310 352	1 093 278	2 403 630
1998/1999	22 930 324	1 285 001	1 353 155	2 638 156
1999/2000	21 223 098	1 194 763	1 329 897	2 524 660
2000/2001	23 876 162	1 231 442	1 490 120	2 721 562
2001/2002	21 156 537	1 239 651	1 163 592	2 403 243
2002/2003	23 012 554	1 278 720	1 475 899	2 754 619
2003/2004	20 418 933	1 356 400	1 055 631	2 412 031
2004/2005	19 094 760	1 210 416	1 016 453	2 226 869
2005/2006	21 052 266	1 261 808	1 238 696	2 500 504
2006/2007	20 278 603	1 340 524	886 329	2 226 853
2007/2008	19 723 916	1 399 657	873 842	2 273 499
2008/2009	19 255 404	1 438 587	821 657	2 260 244
2009/2010	18 655 089	1 412 273	766 177	2 178 450

CROP DATA



CROP DATA: 1996/1997 TO 2009/2010

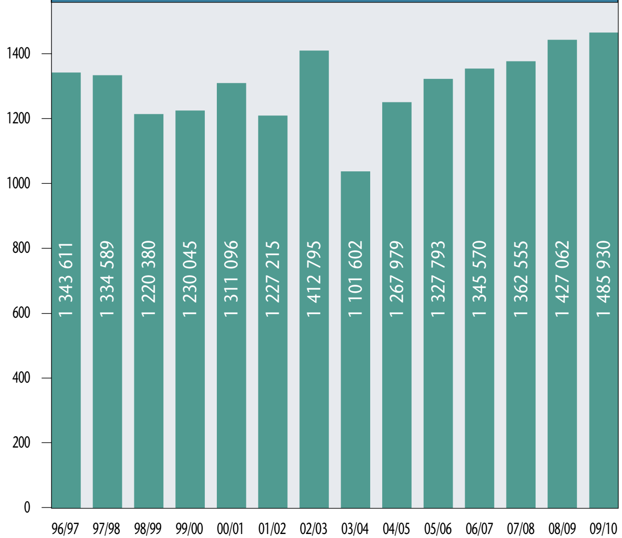
Season	Yields				Yields per hectare of harvested cane	Rainfall June to May (mm)
	Sucrose % Cane	Tons cane to 1 ton sugar	Tons cane crushed	Tons sugar made		
1996/1997	12,60	9,23	20 950 894	2 269 195	69,92	976
1997/1998	12,63	9,18	22 154 775	2 412 914	74,70	1101
1998/1999	13,36	8,67	22 930 324	2 646 172	72,48	801
1999/2000	13,77	8,38	21 223 098	2 531 805	67,74	1306
2000/2001	13,08	8,77	23 876 162	2 729 219	73,95	894
2001/2002	13,11	8,83	21 156 537	2 395 566	64,96	1001
2002/2003	13,71	8,33	23 012 554	2 762 885	71,64	850
2003/2004	13,70	8,44	20 418 933	2 419 287	62,64	792
2004/2005	13,52	8,54	19 094 760	2 234 898	60,42	898
2005/2006	13,74	8,40	21 052 266	2 507 203	66,02	921
2006/2007	12,92	9,07	20 278 603	2 235 287	66,36	982
2007/2008	13,47	8,64	19 723 916	2 281 765	64,17	1026
2008/2009	13,69	8,49	19 255 404	2 269 087	68,70	941
2009/2010	13,68	8,53	18 655 089	2 187 542	67,67	973

SUGARCANE CRUSHED BY MILLS (TONS)

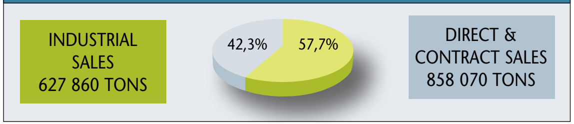
SUGARCANE CRUSHED: 2003/2004 TO 2009/2010							
REGION	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
NORTHERN IRRIGATED							
Malelane	1 837 756	1 551 272	1 646 458	1 526 932	1 673 411	1 731 056	1 656 847
Komati	2 137 724	1 978 632	2 090 988	2 102 157	2 278 334	2 362 732	2 280 798
Pongola	1 426 568	1 370 009	1 419 079	1 379 011	1 307 361	1 186 787	1 126 893
Total Northern Irrigated	5 402 048	4 899 913	5 156 525	5 008 100	5 259 106	5 280 575	5 064 538
ZULULAND							
Umfolozi	1 087 606	1 072 527	1 197 851	1 113 986	1 033 108	1 045 080	1 066 417
Entumeni	361 203	-	-	-	-	-	-
Felixton	1 894 726	2 010 329	2 287 595	2 139 239	1 843 728	1 737 101	1 642 987
Amatikulu	1 160 625	1 690 400	1 613 631	1 560 434	1 415 976	1 527 579	1 288 510
Total Zululand	4 504 160	4 773 256	5 099 077	4 813 659	4 292 812	4 309 760	3 997 914
NORTH COAST							
Darnall	1 097 397	1 261 744	1 353 382	1 224 859	1 075 048	1 098 962	1 144 455
Gledhow (KwaDukuza)	1 175 622	1 094 491	1 184 415	1 196 391	1 181 104	914 079	1 154 811
Maidstone	1 389 215	1 393 182	1 309 502	1 346 956	1 170 597	1 222 829	890 355
Total North Coast	3 662 234	3 749 417	3 847 299	3 768 206	3 426 749	3 235 870	3 189 621
MIDLANDS							
Eston	1 307 274	1 074 963	1 306 057	1 267 501	1 409 281	1 342 575	1 207 697
Noodsberg	1 614 762	1 064 756	1 512 304	1 449 050	1 450 009	1 321 382	1 430 770
Union	777 307	629 994	792 473	722 445	670 076	715 525	754 186
Total Midlands	3 699 343	2 769 713	3 610 834	3 438 996	3 529 366	3 379 482	3 392 653
SOUTH COAST							
Sezela	2 014 283	1 946 179	2 164 689	2 088 586	2 071 265	2 056 164	1 955 481
Umzimkulu	1 136 865	956 282	1 173 842	1 161 056	1 144 618	993 553	1 054 882
Total South Coast	3 151 148	2 902 461	3 338 531	3 249 642	3 215 883	3 049 717	3 010 363
TOTAL	**20 418 933**	**19 094 760**	**21 052 266**	**20 278 603**	**19 723 916**	**19 255 404**	**18 655 089**

SA SUGAR SUPPLIES INTO SACU MARKET

SA SUGAR SALES/TONS: 1996/1997 TO 2009/2010



SALES 2009/2010



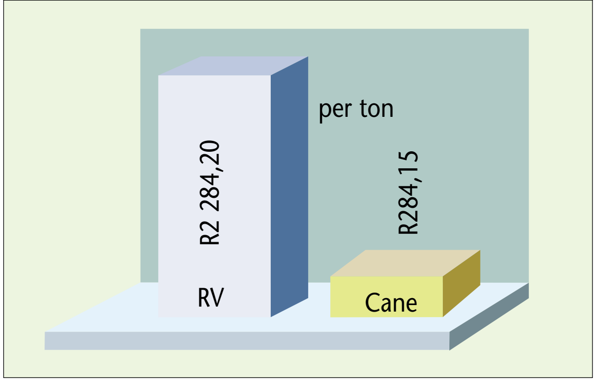
SA SUGAR SALES/TONS: 1997/1998 TO 2009/2010

Season	White sugar (tons)	Brown sugar (tons)	Direct sales (tons)	%	Industrial sales (tons)	%	Per capita consumption (kg)
1997/1998	1 176 660	157 929	905 592	67,9	428 997	32,1	32,8
1998/1999	1 072 230	148 150	808 884	66,3	411 496	33,7	32,0
1999/2000	1 069 494	160 551	811 591	66,0	418 454	34,0	31,2
2000/2001	1 140 308	170 788	879 529	67,1	431 567	32,9	31,1
2001/2002	1 066 168	161 047	819 273	66,8	407 942	33,2	31,9
2002/2003	1 218 766	194 029	924 146	65,4	488 649	34,6	31,9
2003/2004	926 951	174 651	670 214	60,4	431 388	39,1	31,9
2004/2005	1 073 867	194 112	785 538	61,9	482 441	38,0	32,3
2005/2006	1 112 153	215 640	810 017	61,0	517 776	39,0	32,4
2006/2007	1 121 273	224 297	771 216	57,3	574 354	42,7	33,6
2007/2008	1 121 263	241 292	784 293	57,6	578 263	42,4	34,9
2008/2009	1 162 113	264 949	822 224	57,6	604 838	42,4	35,8
2009/2010	1 178 156	307 774	858 070	57,7	627 860	42,3	34,5

RECOVERABLE VALUE AND CANE PRICES

RECOVERABLE VALUE AND CANE PRICES 1998/1999 TO 2009/2010		
Season	Recoverable Value*	Cane
1998/1999	1 046,62	125,85
1999/2000	971,09	121,36
2000/2001	1 105,00	130,50
2001/2002	1 352,14	160,23
2002/2003	1 368,79	171,78
2003/2004	1 357,01	169,08
2004/2005	1 297,19	159,55
2005/2006	1 389,80	173,59
2006/2007	1 701,86	198,78
2007/2008	1 701,90	208,82
2008/2009	2 011,18	251,00
2009/2010	2 284,20	284,15

RECOVERABLE VALUE (RV) AND CANE PRICES 2009/2010



* From 2000/2001 payments to growers are on a recoverable value basis (previously on a sucrose basis). Figures reflected for prior seasons are estimates based on the new payment system.