

Court enforces payment of levies by Tongaat Hulett

In a decision on Monday, 6 May, the Durban High Court ruled that Tongaat Hulett is required to continue its financial contributions to the sugar industry through levies, despite being in a business rescue process.



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Judge Rashid Vahed stated that the Sugar Industry Agreement (SIA) qualifies as statutory legislation and that payments stipulated under it must continue during business rescue operations.

This decision comes after Tongaat Hulett Limited's (THL) business rescue practitioners appealed a December 2023 judgment. The earlier judgment had confirmed that business rescue conditions do not supersede obligations under the SIA.

Opposition to the appeal

THL's attempt to appeal was met with opposition from numerous key figures and organisations within the sugar industry, including the Minister of Trade, Industry and Competition, Ebrahim Patel, the South African Sugar Association (SASA), and SA Canegrowers, among others.

The SA Canegrowers Association has expressed its approval of the court's decision, emphasizing the importance of these payments in supporting the economic stability of the sugar farming community and the broader industry.

Financial commitments, industry impact

Following the rejection of THL's appeal, THL is required to pay nearly R526m in levies under the SIA. This payment is necessary to maintain financial agreements within the industry that distribute proceeds among growers, millers, and refiners.

While there is potential for Tongaat's business rescue practitioners to seek further appeals at higher courts such as the Supreme Court of Appeal or the Constitutional Court, the current ruling by Judge Vahed is explicit in its directives.

The ruling underscores the enforceability of the SIA and confirms that the obligations it sets forth remain active, even as Tongaat Hulett undergoes business rescue. This decision is crucial for the financial stability of the sugar industry and for the communities depending on it.

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