The Fiji Sugar Industry – Government Response to the Crisis & Vision for the Future

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Structure of Presentation

- Introduction
- Brief History
- Industry Snapshot
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- Conclusions
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1880 – CSR, Australia started in Fiji
1882 – CSR’s first Sugar Mill started in Nausori but closed in 1959 – low sugar
1883 – sugar displaced copra as main agriculture export commodity
Brief History contd.

- 1961 – CSR formed South Pacific Sugar Mills as the Fiji subsidiary
- 1972 – FSC incorporated by Act of Parliament
- 1973 – Fiji Government bought CSR’s interest
- 1973 – CSR, Australia, withdrew from Fiji
Industry Snapshot – 2011 Crush

- Number of growers: 13,251
- Number of mills: 4
- Area under cane: 42,855ha
- Cane Production: 2.095mt
- Sugar Production: 166,669t
- TCT: 12.6
- Raw Sugar Exp Req.: 220,000t
Crisis

- Erosion of confidence in the industry (growers) - uncertainty surrounding renewal of expiring ALTA leases (1997-2028).
- 36% reduction in export sugar price (EU).
- High farm input costs including fertilizers, harvesting & transportation.
- Politics.
- Poor mills performance
- Weak financial position of FSC
Reforms

- Raising of UCV to 10% (from 6%)
- Reducing overheads (FSM & SCOF)
- Fertilizer subsidy
- Cane Replanting Grants
- STM mill upgrade
- Termination of SCGC 38 Councillors
- Government Guarantee to FSC
- Deloitte-based report
Reform Outcomes

- Rise in lease renewal % (from 43% to 77%)
- Fertilizer price remaining relatively affordable
- Percentage plant cane gradually increasing
- Improvement in mill performance
- Reduced political interference at Council level
- FSC finances showing modest improvement
Conclusions

- Confidence in the industry gradually being restored
- Mill performance gradually improving
- FSC financial position showing modest improvement
Vision for the Future

- Shift emphasis from Sugar to Sugarcane
  - Raw sugar
  - Special sugars
  - Refined sugar for local market
  - Diversify – ethanol, power cogeneration
Vision for the Future

- Industry to produce 500,000 tonnes sugar
  - Growers to enjoy farming
  - Mills to become reliable and efficient
  - FSC to be profitable and remain sustainable