

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

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Structure of Presentation

- Introduction
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Brief History

- 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