

MEDIA RELEASE

28 March 2019

FSC announces the Third Cane Payment for the 2018 season and provides an Operational Update

(1). THIRD CANE PAYMENT – 2018 SEASON

The Sugar Industry Tribunal in accordance with the Sugar Industry Master Award certified that the net share of the growers cane proceeds up to and including the 28th February 2019 is \$79,159,011, this is equivalent to \$46.64 per tonne of cane.



Left: FSC CEO Graham Clark sharing a light moment with journalists at today's Media Conference, at the FSC Head Office, Balawa, Lautoka

A guaranteed cane price of \$85 per tonne is payable to growers in respect of the 2018 cane crop.

FSC has to date paid out to farmers a total of \$52.87 per tonne of cane for the 2018 season made up of \$39.65 per tonne delivery payment and \$13.22 per tonne second cane payment. FSC will pay out an additional sum of \$8.15 per tonne of cane on the 29th of March 2019. This will bring the total payment for the 2018 season to date, to \$61.02 per tonne of cane. The balance of the guaranteed price will be payable to farmers together with the fourth and final wash up payments for the 2018 crop.

(2). FSC OPERATIONAL UPDATE

2019 Crop Production and Harvest Preparedness

So far this year, favourable weather has been conducive to good cane growth. A total of 5,200 hectares of new planting has been completed. Planting efforts by growers has also been commendable.

Clark says “field verification will take place in April but its looking like our crop this coming season will increase by more than 10% from last year”. FSC is focusing on yield management and currently this stands at just under 50 tonnes of cane per hectare. The goal is to increase this to 60 tonnes per hectare in the next two years.

There is currently a review underway led by the Sugar Industry Tribunal of gang and quota definition. Clark says “we are trying to achieve optimum levels of efficiency for mechanical harvesters. This year, we will have more than sixty (60) mechanical harvesters in operation”.

An industry team has recently returned from China to inspect mechanical harvesters for use on hilly terrain. This is good news for our growers whose farms are along hilly patches. “We hope to trial two such harvesters this coming year”, Clark says.

Manual cutting will continue to feature prominently for the industry this year. FSC is asking growers for early preparedness for the coming harvesting season. From industry consultations, FSC will also be looking at contract harvesting as an option for our growers for the coming harvesting period.

Last year almost two thousand lorries were in operation during the harvesting season of which 97% of these were 6-wheeler trucks or equivalent. Clark says “so far our discussions on safety and compliance for the coming season with the Land Transport Authority and the Fiji Roads Authority have been constructive”. For the 2019 season, it is proposed that minimum load dimensions be followed to improve safety. The average cane lorry load last year was 11 tonnes. The new restriction now reduces this figure to 9 tonnes. “In order to address compliance, we are trying to have these weight restrictions implemented in phases so that there are no shocks to the existing transportation system”, said Clark.

On a positive note, FSC will also be introducing its own fleet of trucks this year, to ease the transportation concerns faced by the industry. FSC will also be introducing designated cane trans-loading centres over the next two years, also with the aim of easing transportation concerns.

Mill Readiness

All off-season mill maintenance and capital projects for the three mills are tracking as planned. An announcement on the start dates for the 2019 season will be made before the end of April 2019.

This year Rarawai Mill will see the largest capital project in FSC with a full refurbishment of its boiler.

Clark says “more than thirty (30) engineers from India are working on the project, to restore adequate steam supply to ensure a steadier and consistent running of the mill”. Sufficient levels of steam enables good sugar processing as sugar is produced with consistent processing. “What this means is that, our sugar recoveries, or how much sugar we recover from the juice, will improve when the factory runs steadily”, said Clark.

Fiji’s largest mill, Lautoka, is getting an upgrade in controls and instrumentation to allow the factory to run more consistently. “What this means is that we don’t overload or underload, there will be correct loading at the mill which will smooth out operations and improve recoveries”.

The Labasa Mill’s milling tandems are being refurbished. The mill’s shredder has also been re-initiated. The objective for Labasa this year is to ensure a consistency in their crush”, said Clark.

FSC will invest some \$30 million in total capital projects this year.

Final Molasses Shipment

FSC is loading its final molasses consignment for 2018/19, totaling 21,000 tonnes from 2018 production, on the Motor Tanker Ardmore Seavenguard, earmarked for the Philippines. Of the total consignment, 9500 tonnes was loaded at Labasa with the remainder to be loaded from Lautoka.

For this year, three molasses cargoes are scheduled for export, to the Caribbean and Asian markets. Demand for Fiji molasses for rum production is growing, and in the past year a small consignment was supplied to Tahiti and also locally to Paradise Beverages. CEO Graham Clark (*standing right - at the Sugar Port today, in front of the molasses ship*) says “we have seen an increase in demand for molasses for rum production. Asia is also a market for molasses for food ingredients and flavours, and also for industrial use in chemical products”.

Molasses sales are expected to realise \$15 million in the coming year, an important revenue source for the sugar industry.

Sugar Sales & Marketing

It's pleasing to note that the company's sales and marketing efforts this year are well advanced. FSC has already contracted 140,000 tonnes of sugar for 2019. “We have started to receive resuscitated interest with higher premiums from our traditional markets namely, the European Union, United Kingdom and the United States of America, which is fantastic news for FSC”, says Clark.

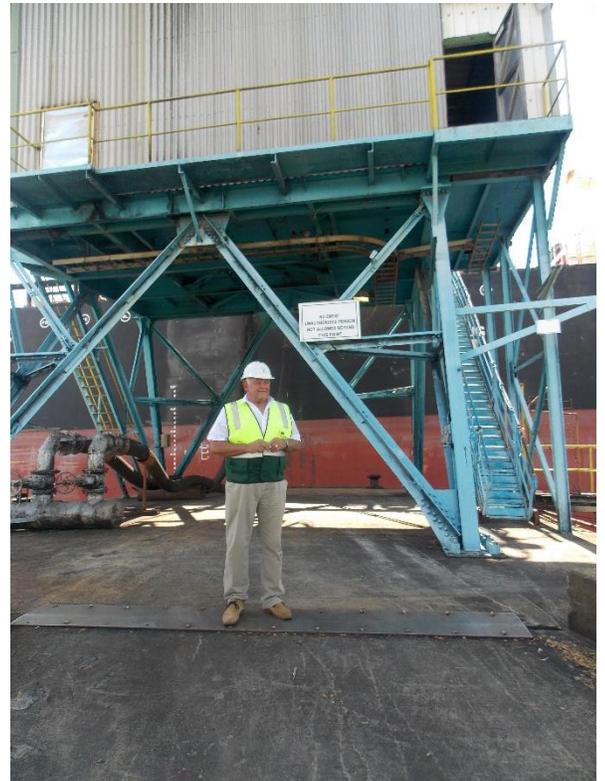
20,000 tonnes of sugar is so far earmarked for global Fairtrade accreditation. The first shipment is expected to depart in late July this year. Further sales will be made as production forecasts materialise.

“There has been an encouraging response to new packaging for 1kg, 2kg and 4kg - sugar distributed within the local market. Our local sales in this category are up by 17% from the same period to last year”, Clark adds.

FSC has also seen a return of demand from the Pacific Islands and new orders are being processed. “In July, we will launch our retail packs in the New Zealand market”, Clark adds further. Hopefully this will further increase exports to these markets in 2019.

Appointment of Head of Agricultural Services

FSC is pleased to announce that Mr Ashween Ram has been seconded, with immediate effect, from his current role as General Manager of South Pacific Fertilizers Limited to FSC for the balance of 2019, to act as Head of Agricultural Services, reporting to CEO Graham Clark.



Training

Due to a renewed Apprentice drive, FSC this year has recruited a total of twenty-eight apprentices in the disciplines of electrical fitting and electronics, plumbing, air conditioning and refrigeration, fitting and machining, welding and fabrication, automotive and heavy mobile plant engineering. FSC has also recruited Engineering graduates in Training (similar to Graduate Trainees but in the engineering discipline), in both Electrical and Mechanical engineering areas.

Clark ends “Occupational Health and Safety programs will continue throughout the year with ongoing workplace safety a focus area”. Occupational Health and Safety remains a key focus for the FSC.

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