



MEDIA RELEASE

15 March 2017

FSC Media Briefing

1. 3RD CANE PAYMENT

FSC is pleased to have been able to respond favourably to growers request for early payment of the 3rd cane payment for the 2016 crop. We confirm that payments will be processed and credited to farmers bank accounts on Tuesday 21st March 2017.

2. FSC INITIATIVES

In line with the views expressed by the Prime Minister at his official opening of the RARAI Project yesterday, FSC recognises the importance of cane farmer viability and is working with Government to consolidate and strengthen support to cane farmers. In particular:

- a) Cane Planting Support: Together with Government, an extension of the existing program for cane planting support is being pursued. Recognition is being given to the need to further boost this support program in order to re-develop fallow land to increase the area planted to cane and enhance ratoon crops. This will be a cornerstone of FSC's future focus and Government support to cane farmers.
- b) Rail Transport System Review: FSC recognises the important role that the rail transport system has played in cane deliveries from farmers to FSC. An early review has shown that the system is run down and badly in need of upgrade. FSC is working on a strategy to address its rail facilities with a view to refurbishing and upgrading where necessary including boosting the number of locomotives and rail trucks in service. We also intend to pursue the introduction of cage bins for the transport of mechanically harvested cane. This will complement the welcome support from Government to make available financial support for the acquisition of new mechanical cane harvesters.
- c) FSC Mechanical Support: FSC will propose to Government the establishment of an agricultural mechanical support service for cane farmers. This would address the ongoing shortage of labour on our cane farms and the need to upgrade planting and crop maintenance techniques in order further to lower costs and increase cane supply.

These three initiatives have been launched and we will continue to update farmers on progress as we move to deliver each program.

3. MILL READINESS FOR 2017 CRUSHING SEASON

FSC has undertaken a critical review of maintenance programs at each of the Lautoka, Rarawai and Labasa factories. Approval for additional or critical maintenance work has been granted so that we can ensure that our mills start crushing on time and minimise the risk of major equipment failure during the season.

It is pleasing to report that all of our maintenance programs are on schedule to ensure start-up of all three factories at the beginning of June 2017. We encourage all farmers to prepare accordingly.

4. PENANG MILL

The future of the Penang Mill will be discussed at the next FSC board meeting at the end of March 2017. An announcement will be made regarding its future after this meeting.

It should however be noted that this factory is more than 130 years old and has over past decades been under capitalised in terms of its operational efficiency. It was also seriously damaged by Tropical Cyclone Winston in February 2016. The Board will be guided accordingly.

It is recommended that the delivery of Penang cane for 2017 will be direct to the Rarawai factory. We have analysed 2016 cane deliveries and determined that double-handling and re-loading of cane at the Penang Mill site resulted in losses approaching 35% and therefore this should be avoided as it cost the industry dearly. Our intention will be that no farmer will be worse off than normal, and certainly better off than last season. Details of Penang cane deliveries for 2017 will be discussed and finalised in the coming month. We will be engaging with our key stakeholders, including the relevant Lorry Association in the coming weeks to determine a workable solution for this matter

5. REPORTING OF GROWER COMPLAINTS

We have heard the views of numerous farmers in the past two weeks and noted their concerns at the lack of a formal complaints system at FSC. Noting these concerns, we are pleased to advise the launch of a new toll-free hotline for grower complaints which will be available from the beginning of April 2017. The new system will be driven off minimum service levels to ensure formal responses are given to farmers in a reasonable timeframe. The system will be well advertised in the coming weeks and will effectively operate as a dedicated farmer call centre. We encourage all farmers to make use of this formalised system for dealing with all issues affecting farmers. FSC reaction to complaints made outside of this system cannot be monitored or guaranteed.

6. **FRAUD HOT LINE/WHISTLE BLOWING FUNCTION**

Linked to the farmer complaint service will be the launch of a new fraud and whistle-blowing toll-free reporting system. The system will ensure protection of caller identity and be available in relevant languages. The detection and eradication of unethical behaviour within FSC is a key objective and honesty and transparency will become key values of FSC going forward. This facility will also be widely advertised in the coming weeks and we would encourage all stakeholders to take advantage of this initiative.

7. **STRUCTURAL REVIEW OF FSC**

Consideration is being given to the right and most appropriate management structure to efficiently drive FSC into the future. It is apparent that outdated and ineffective management structures have become accepted within FSC and there is a need to change. We are thus progressing with a structural review of FSC which will lead to changes in the way we currently manage the company. We look to our employees and their representatives for their support in preparing FSC for the future but wish to assure everyone of our commitment to fair treatment. Change is certain but everyone will be treated with respect. Our objective is to re-establish FSC as a viable cane sugar business with clear objectives for all to work towards. This initiative will be presented to and discussed with our Board at our next meeting and further updates will be provided at the appropriate time.

ENDS