



**PETITION BY CANE GROWERS OF RAKIRAKI
PENANG MILL AND SUGAR INDUSTRY ISSUES
PRESENTED BY NFP WHIP HON PREM SINGH
PARLIAMENT OF FIJI
9.30AM –THURSDAY 23 MARCH 2017**

Madam Speaker

I move that pursuant to Standing Order 37(5), this petition be referred to the relevant parliamentary standing committee (in this case the standing committee on economic affairs) under which the subject matter falls;

Madam Speaker, a total of 303 registered cane growers from the total number of growers in the Penang Mill Area's four sectors, producing sugarcane and whose livelihood is dependent on the vitality of the industry and the operation of the country's oldest sugar mill – Penang – have signed this petition. They have provided their farm numbers and the harvesting gangs they belong to.

The petition is dated 15th March and it was brought by representatives of growers and handed to me on 18th March. The fact that in less than 72 hours over 300 growers have signed the petition illustrates the gravity of their situation.

The growers have basically exhausted all avenues to ensure that their grievances are heard. They approached me to table their petition in Parliament in the genuine hope that we as legislators of the Highest Court of the Land, hear and deal with their concerns with the sincerity and seriousness it deserves.

Madam Speaker, 13 months after Severe Tropical Cyclone Winston wreaked havoc, the Penang Mill, the lifeblood of the economy of Rakiraki that was destroyed by TC Winston, is now a relic, cannibalized by its owners – the Fiji Sugar Corporation.

All correspondence should be addressed to the general secretary

Many a Minister and senior official from Government, including the Honourable Prime Minister himself, have visited Ra and met the growers over the past 13 months. But the once grand old mill, established in 1878, continues to remain in a state of disrepair, and a daily reminder of the tragedy being faced by growers of Ra and the sugar industry generally.

As a result Madam Speaker, the economy of Rakiraki is taking a battering, even 13 months after TC Winston's destructive winds passed over Ra. To make matters worse, recovery after Winston has been slow and the district and town itself has been affected by flooding seven times since December 2016.

And amidst this, growers are being basically kicked from pillar to post.

Madam Speaker after Winston Government and FSC decided not to repair and reopen the mill and initially the then FSC Executive Chairman announced plans to replace Penang with a new syrup mill to be ready for operation in 2017. But this remains a piped dream. Even the then Executive Chairman has exited FSC.

As the growers state in their petition Madam Speaker, last year the Honourable Prime Minister also held consultations with growers. This was more than two weeks after the 2016-17 Budget debate after we pointed out that FSC was stripping the mill, taking parts away to other mills and had even shipped locomotives to Labasa.

On 23rd July 2016, the Prime Minister stated at Penang Sangam School in his meeting with growers that, apart from allocating two million dollars for transportation of cane to Rarawai mill in Ba, Government was assessing the future of the mill.

Honourable Prime Minister said and I quote, "We are currently assessing whether Penang Mill should be rebuilt as a syrup mill or the full sugar mill that it was before the cyclone. Many sugar producing countries have smaller mills that produce only syrup. It reduces the time it takes for crushing and the syrup is taken to a bigger mill where it is crystalised into sugar".

"We have been given some assistance by the Indian Government to assess the best course of action and we will be making a decision on Penang in the next two months.

But whichever way we go – a full mill or a syrup mill – it will not affect your ability to supply cane. And the work will commence immediately when the assessment is completed”. - Unquote

Madam Speaker, the two month timeframe came and went in September 2016. Till now there has been no word from Government as to what is the future of the mill. The 2017 harvesting and crushing season is three months away and growers are naturally worried that just as last season, they will be forced to transport their crop to Rarawai.

The growers want to know whether any assessment was done. If yes, what is the out come? If no, why not? And what has happened to the assistance provided by the Indian Government? Was it financial assistance or technical expertise? And if hasn't been used for Penang, then where has it been channeled?

Madam Speaker, growers suffered losses due to cartage of the harvested sugarcane to Rarawai mill in Ba. Last week the new Chief Executive Officer of FSC Mr Graham Clarke revealed that 35% of crop was lost during transfer from the Penang mill yard to Rarawai.

The Fiji Times reported Mr Clarke on Thursday 16th March as saying that handling of cane firstly at Penang – where it as stockpiled – and re-handling of cane at Rarawai resulted in the loss in tonnage.

Madam Speaker a total of 92,000 tonnes of cane was harvested in the Penang Mill Area last year. If 35% was lost in transfer then this was equivalent to 32,200 tonnes. In monetary terms with three cane payments so far totaling \$61.84, this amounts to a loss of almost two million dollars.

This is as a result of the non operation of the Penang Mill. It is a direct loss suffered not only by cane growers but the economy of Rakiraki as a whole.

Madam Speaker the growers clearly say in the petition that if the mill is not operational this year, then many growers will exit the industry from next year. We cannot afford this.

2016 will be yet another season of poor cane price. Growers were expecting more than \$13 per tonne as the third cane payment but their expectations have been dashed with the announcement of \$9.28 per tonne.

The decision by FSC to bring forward the payment by more than a week from the end of this month is of no consolation to them Madam Speaker.

\$61.84 has been paid so far and growers will be highly fortunate if they receive ten to twelve dollars more in the fourth and final payments this year for 2016. The price of a tonne of cane for last year will definitely not exceed \$73 unless Government intervenes and tops up the payment by more than \$7 per tonne to ensure growers receive over \$80 per tonne.

And tragically Madam Speaker, deductions from the proceeds of the third cane payment for fertilizer and other expenses have left many growers, particularly those producing an average of 150 tonnes of cane with no income at all. How are they expected to survive until the next payment towards the end of May, without getting into further debt because they will have to borrow to sustain their livelihood?

Madam Speaker, the plight of growers, particularly in Ra has been worsened by the fact that no special payment was advanced this year. The Honourable Prime Minister told Parliament no request was made to him but FSC and the Permanent Secretary for Sugar are reported by both daily newspapers as telling growers in Ra that FSC did not have any money to advance a special payment because the Corporation had made a huge loss.

We can also confirm that a request was made on 6th January for a special payment but nothing eventuated. This fact, Madam Speaker is well known to growers in Ra and indeed elsewhere in Ba and Tavua where the meetings were held by FSC.

Madam Speaker, the depletion of income of growers means a loss to the economy as a whole because every single cent paid earned from the industry circulates in our local economy in the cane belts. And Rakiraki is no exception.

The closure of the mill and the perception that it will remain closed, the effects of TC Winston and flooding has broken their backs. They are disenchanted and the last thing they need is for us legislators to ignore their plight. We have seen that transfer of their crop to Rarawai has resulted in major losses and this is not viable.

We believe Madam Speaker that the Penang Mill, before it was cannibalized and stripped by the FSC, would have been definitely repaired at a far cheaper cost than what was spent to transport cane and the value of losses incurred in doing so – which was at least four million dollars.

In addition growers who had lorries and wanted to transport their own crop were also paid cartage but at a rate \$3 less than what operators hired by FSC received. And this rate was only implemented following the intervention of the Permanent Secretary for Sugar as earlier growers were offered a rate more than \$12 less than what FSC hired operators were getting.

Furthermore, payments were made for machinery hired to load cane into trucks at the Penang Mill. We believe this was a rate of \$120 an hour.

Therefore we are altogether looking at five million dollars, which in the view of both growers and ourselves, would have been more than sufficient to fix the mill.

Therefore the closure of the Penang Mill was either simply a case of bad economics or a deliberate decision by Government and the FSC , Madam Speaker.

It is still not too late to salvage the situation. On behalf of growers, I plead with all Honourable Members, particularly the Government side to view the plight of growers from at least a humanitarian point of view.

Let us refer this petition to the relevant standing committee and then formulate outcomes from the work of the committee for the betterment of growers and Ra as a whole.

Let us strive towards positively impacting their lives and the local economy of Ra.

I commend the petition