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Prime Minister of Fiji and Minister for iTaukei Affairs and Sugar Industry

PARLIAMENTARY WRITTEN QUESTION NO. 137/2019

QUESTION:

Hon Inosi Kuridrani to ask the Prime Minister and Minister for iTaukei Affairs and Sugar Industry – Can the Prime Minister inform Parliament what are some of the significant achievements made with the injection of the \$8.4m grant for cane developments since 2014?

RESPONSE:

Mr Speaker Sir, I rise to table the response to Question Number 137 of 2019.

1. The Fijian Sugar Industry is still an important sector for the economy where around 200,000 people (nearly 20% of the population) depend on cane farms for their income.

Despite the reductions in the preferential sugar price, the sustainability of Sugar Industry is crucial for the rural livelihood.

2. Mr. Speaker Sir, given the significant importance of the Industry, my Government has prioritized the sugar sector by undertaking reforms to revive the Industry. These reforms include introducing policies to reduce costs through incentives such as providing subsidies and grants to the cane farmers to increase cane production and yield.

3. These incentives began with the introduction of fertilizer subsidy to the growers in 2009. The fertilizer subsidy immediately reduced growers' inputs costs from \$45.59 per bag to \$31.50 per bag, with the subsidy of \$14.09 per bag of fertilizer.

4. Mr. Speaker Sir, the test results have indicated that soil health has deteriorated over the years to an unsustainable level because of mono-cropping, therefore, to encourage farmers to increase and apply recommended quantity of fertilizer inputs, my Government further increased the subsidy to \$25.59 per bag from 2017/2018. Fertilizer application alone will not increase cane production and yield, therefore, to improve productivity, growers need to replace old and uneconomical ratoon-canes that are over 15-20 years of age. Given that the cane production cost was high, my Government provided cane planting assistance through the cane planting grants. This was introduced in 2014 with an allocation of \$8.4m. The grant has increased gradually to an allocation of \$15.4m in 2017/2018.

5. Mr. Speaker Sir, initially, the funds from the cane planting were purely for land preparation to plant cane. Since 2016/2017, funds from this program have also been allocated to purchase Aglime which is applied to improve soil pH level. In the same year, a total of \$1.89m was spent from the cane planting grant to assist 21 Co-operatives to pay deposit for the procurement of mechanical harvesters. With the support from the Government, the number of mechanical harvesters increased significantly from 20 in 2016 to 59 in 2018 (**refer Table 1**). From 2017/2018, part of the funds was also utilized for bulldozer-works to clear heavy vegetation before land is prepared. In 2017/2018, weedicide subsidy was also introduced to assist growers with weed control.

6. Mr. Speaker Sir, soon after the introduction of the cane planting grant, the total planted cane increased from 3,157 hectares of 2013 to 4,993 hectares in 2014, an increase of 58 per cent.

The cane planting slightly decreased in 2015 and 2016 following the major drought in 2015 and Tropical Cyclone Winston in 2016. These two natural disasters destroyed over 50 percent of the crops resulting in low cane production in 2016. This was the lowest cane production recorded in the history of the Sugar Industry.

Despite the impact of the cyclone, the cane planting activity continued in 2017 with a total of 4,299 hectares of cane planted to rehabilitate damaged cane crops and another 5,259 hectares planted in 2018. With the increase in cane planting, the total area of cane to be harvested in the 2019 season has increased to 39,950 hectares; an increase of nearly 10 per cent compared to 2016.

7. Mr. Speaker Sir, the overall cane production has increased to 1,696,880 tonnes in 2018 compared to 1,546,960 tonnes of cane in 2012 regardless of the decline in the number of active growers because of aging farmers and shortage of labour.

The yield per grower has increased to 149 tonnes (almost 25 per cent increase) in 2018 compared to 120 tonnes in 2012 when there was no cane planting grant.

Similarly, average yield per hectare has shown a gradual positive-growth, increasing from 37 tonnes per hectare in 2012 to 44 tonnes in 2018 despite the severe impact of Tropical Cyclone Winston in 2016. The increase is directly attributed to the assistance provided to the growers through cane planting grant, fertilizer and weedicide subsidies.

8. Mr. Speaker Sir, in addition, there are 106 new farmers that have already ventured into the sugar industry through the support from the New Farmers Assistance Program. Relatively, the land owners have shown enormous interest to venture into cane farming. In 2018, the Fiji Sugar Corporation established 4 new Joint Ventures with land owners and this brings to a total of 8 Joint Ventures in existence currently.

9. The increase in average cane yield per grower from 120 tonnes in 2012 to 149 tonnes in 2018 indicates that these Government incentives have made a positive impact in reducing the total cane production costs for the farmers. In addition, the growers will receive a guaranteed cane price of \$85 per tonne from the 2018 cane season. With the increase in average yield together with the increase in cane price, the growers will realize an increase in overall income; hence, improved livelihood.

This clearly indicates that policies such as the cane planting incentives, fertilizer and weedicide subsidies must be continued to further reduce the production cost to achieve the target production of 2 million tonnes of cane by 2020.

Table 1: Key Achievements between 2012 and 2017/2018

	2012	2013	2014	2015	2016	2016/17	2017/18
Cane Planting Grant Budget	na	na	8.4m	5m	5m	10.9m*	15.4m
Activities Undertaken							
Fallow planting	2,842	2,595	4,645	2,643	2,244	3,368	4,053
Replanting	1,005	562	348	112	357	931	1,206
Aglime (ha)	na	na	na	na	na	919	1,592
Bulldozer works (ha)	na	na	na	na	na	na	493
Mechanical Harvesters (nos)	5	6	10	14	20	44	59
Cane produced (tons)	1,546,960	1,610,410	1,832,181	1,844,559	1,387,034	1,631,301	1,696,880
Active growers (nos)	12,848	12,633	12,681	12,712	11,676	11,871	11,412
Area harvested (ha)	41,959	38,160	38,427	39,291	36,794	38,040	38,306
Yield per grower (tons)	120.40	127.48	144.48	145.10	118.79	137.42	148.69
Yield per Hectare (tons)	37	42	48	47	38	43	44

*Note: 'na' indicates that budget was not allocated in that year for those activities. *1.89m of the 10.9m was utilized to assist 21 Co-operatives to procure mechanical harvester.*