



**SUGAR CANE  
GROWERS COUNCIL  
Annual Report**

**2009**

## **ORGANISATION PROFILE**

The Sugar Cane Growers Council was established under the Sugar Industry Act No.8 of 1984 with specific functions to protect and further the interests of registered cane growers. It is the peak cane growers' organization representing the interests of all registered cane growers in Fiji. The Council is fully funded by the cane growers themselves.

Members of the Sugar Cane Growers Council are elected triennially and consist of 38 Sector Councilors elected by the cane growers of their respective sectors. The council elects the Board of Directors consisting of 11 Directors at its Annual General Meeting.

- The Chairman and 2 Vice Chairmen are elected from amongst the 38 members of the Council at the Annual General Meeting.
- Eight Ordinary Directors are elected by councillors from their respective districts at the Annual General Meeting.

## **BOARD OF DIRECTORS 2009**

<b>CHAIRMAN</b>	JAIN KUMAR
<b>VICE CHAIRMEN</b>	KAMLESH KUMAR/ PARAS RAM SOMAIYA
<b>MEMBERS</b>	MARIKA SILIMAIBAU UMESH PRASAD SURESH CHANDRA RAJ PARMOD KUMAR SHIU NARAYAN JWALA PRASAD LEAKAT BEGG
<b>CHEIF EXECUTIVE</b>	SURENDRA SHARMA SUNDRESH CHETTY (Acting)
<b>SECRETARY</b>	SUNDRESH CHETTY

## **OUR VISION**

To be the pro-active grower representative organization, which strives to serve the interests of the cane growers of Fiji?

## **OUR MISSION**

The Sugar Cane Growers Council is committed to providing effective representation, leadership and services to the cane growers in order to secure long term viability for them in the industry.

## **OUR GOALS**

- ❖ To effectively represent the interest of the cane growers as stakeholders in all aspects of the industry.
- ❖ To actively pursue and encourage the development of a sustainable and viable sugar industry.
- ❖ To take necessary measures to provide services to the cane growers to better facilitate their cane farming activities.
- ❖ To explore ways and means to reducing cost and increasing productivity and yields for the cane growers through better utilization of their existing resources and adopting best practice methods which would encourage and facilitate this.
- ❖ To conduct research and collect data in respect of cane farming activities and other related areas.
- ❖ To inform and educate the cane growers and the community on the issues relating to cane farming and the industry.
- ❖ To represent the growers and make investment on their behalf in areas related to the activities of cane growing and sugar manufacture.
- ❖ To participate actively and maintain a strong interest in the marketing of our sugar and to keep the cane growers well informed of developments, market-related issues and trends in the international markets.
- ❖ To represent growers interest, both collectively and individually on matters relating to cane farming and their obligations to the industry and seek redress for their legitimate grievances through the appropriate authorities.

## ACTIVITIES REPORT 2009

The Board of Directors of the Sugar Cane Growers Council takes pleasure in presenting its 2009 Report of Activities that includes the Audited Financial Statement for the year ended 31<sup>st</sup> December 2009.

### 1. WEATHER

The 2009 year started with torrential rain in January which caused heavy flooding in most areas of the country. Many sugar cane farms, cane access roads, rail infrastructure and mills have been significantly affected. Sugar cane farms have seen crops being lodged, uprooted or remaining under water for days, causing growers to lose much of their crops. Vegetable farms also suffered severe damage in most areas. A number of Irish Crossings and bridges also got washed away in all cane growing districts, some major ones being the tramline across Sigatoka River, the Moto Bridge in Ba and Vunitogoloa Tramline Bridge in Rakiraki. Rainfall recorded went as high as 500mm in a day with places under flood water for a number of days. The level of flood was a massive 3-5 meters in some areas. Almost 1200 people were left homeless

and eleven lives lost. The rain however eased in the following months leading to the way for commencement of harvesting. Occasional and sometimes heavy rain was however prevalent in mid and later part of the crush which often disrupted harvesting and transport causing short supply at the mills. Due to the above weather pattern, new planting has been slow throughout the season but has gradually improved on receipt of ample rainfall.

Towards the tail end of harvesting Cyclone Mick hit the Western cane districts and damaged cane crop infrastructure and caused flooding in low lying areas. There has been a major damage in the railway line linking the Koronubu Sector to Rarawai Mill and this forced growers to deliver their cane via lorry and thus incurring high cost.

The following is the rainfall record from January 2009 to December 2009

**Table 1 Monthly Rainfall (mm) 2009**

	<i>L A U</i>	<i>T O K A</i>	<i>R A R</i>	<i>A W A I</i>	<i>L A B</i>	<i>A S A</i>	<i>P E</i>	<i>N A N G</i>
MONTH	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)	RAIN DAYS	RAINFALL (MM)
<i>January</i>	24	1279.9	14	943.7	26	804.6	24	1254.9
<i>February</i>	22	262.0	19	357.7	22	454.3	19	305.0
<i>March</i>	26	383.6	24	353.3	22	259.2	24	184.4
<i>April</i>	14	109.9	12	90.7	16	210.6	16	188.3
<i>May</i>	9	115.5	8	149.7	15	94.3	11	275.9
<i>June</i>	8	71.6	8	76.5	12	111.1	12	78.5
<i>July</i>	2	33.6	4	28.4	8	93.2	7	68.0
<i>August</i>	4	64.9	6	27.0	5	16.2	12	51.6
<i>September</i>	7	223.4	12	236.9	8	152.8	12	113.6
<i>October</i>	12	41.8	5	56.9	3	13.5	6	22.0
<i>November</i>	6	52.0	7	47.7	7	105.9	8	28.2
<i>December</i>	10	237.2	6	222.5	11	163.2	12	493.2
<b>Total</b>	<b>144</b>	<b>2875.4</b> <b>(Av.240)</b>	<b>125</b>	<b>2591.0</b> <b>(Av. 216)</b>	<b>155</b>	<b>2478.9</b> <b>(Av. 206)</b>	<b>163</b>	<b>3063.6</b> <b>(Av.255)</b>

## 2. 2009 SEASON FORECAST OF CROP

The Council and the Corporation had forecast a crop of 2.39 million tonnes for the 2009 season.

**Table 2.1**

<i>Mill</i>	<i>2009 Season (Forecast)</i>	<i>2009 Season (Actual)</i>	<i>Variance (+/-)</i>
<i>Lautoka</i>	793,540	743,687	- 49,853
<i>Rarawai</i>	721,000	604,234	-116,766
<i>Labasa</i>	653,000	679,597	26,584
<i>Penang</i>	227,300	219,204	-45,650
<i>All Mill</i>	<b>2,394,840</b>	<b>2,246,722</b>	<b>-148,210</b>

## 3. 2009 SEASON CROP

The 2009 season crop declined compared to 2008 by 75,000 tonnes this is a notable decline of 3.2%. The significant drop was due to excessive rainfall, flooding and late delivery of fertilizer in some places. The decline was also attributed to growers inability to carry out timely field operations including plough out and replanting of uneconomical ratoon crop. The decline in production and productivity has also had adverse effect on the growers income whereby threatening the viability of cane farming venture. The drop has also badly affected the Fiji Sugar Corporation's bottom line threatening its

survival. The four mills jointly crushed 2,246,722 tonnes of cane from an area of 49004 hectares giving an average of 46tonnes per hectare. The stand over cane for the season was around 35,255 tonnes against 37,255 tonnes in 2008. Around 82% of the stand over cane was due to non-availability of the cane cutters, lorry shortage and adverse weather conditions. This is an ongoing problem and is of concern to us. Other problems contributing to stand over have been land/ lease disputes, family conflicts, absence of access within the farm and lazy growers.

**Table 3.1**

<i>Mill</i>	<i>Crushed</i>	<i>Stand over</i>	<i>Total Crop</i>
<i>Lautoka</i>	743,687	14,515	793,188
<i>Rarawai</i>	604,234	9,000	666,466
<i>Labasa</i>	679,597	9,920	688,398
<i>Penang</i>	219,204	1,210	183,324
<i>All Mill</i>	<b>2,246,722</b>	<b>37,255</b>	<b>2,359,038</b>

**Table 3.2 Cane Production 2001 – 2009**

<i>District/ Mill</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>	<i>2001</i>
<i>Lautoka</i>	300,815	325,341	315,017	430,025	367,240	415,713	350,696	431,444	360,412
<i>Nadi</i>	318,535	316,920	302,266	423,428	369,139	430,176	372,817	487,096	375,550
<i>Sigatoka</i>	106,696	128,308	123,947	179,784	154,400	186,212	166,986	218,584	170,781
<b><i>Lautoka Mill Total</i></b>	<b>726,045</b>	<b>770,569</b>	<b>741,230</b>	<b>1,033,237</b>	<b>890,779</b>	<b>1,032,101</b>	<b>890,499</b>	<b>1,137,123</b>	<b>906,743</b>
<i>Rarawai</i>	472,339	521,136	541,493	763,660	589,287	656,426	615,802	749,622	600,668
<i>Tavua</i>	187,091	211,016	196,984	268,279	172,417	222,095	220,923	321,957	243,743
<b><i>Rarawai Mill Total</i></b>	<b>659,430</b>	<b>732,152</b>	<b>738,477</b>	<b>1,031,939</b>	<b>761,704</b>	<b>878,521</b>	<b>836,725</b>	<b>1,071,579</b>	<b>844,411</b>
<i>Labasa</i>	505,195	433,486	566,948	637,846	667,492	626,627	453,287	700,594	617,762
<i>Seaqaqa</i>	174,402	170,830	202,199	233,182	243,171	221,877	185,564	237,856	227,682
<b><i>Labasa Mill Total</i></b>	<b>679,597</b>	<b>604,316</b>	<b>769,147</b>	<b>871,028</b>	<b>910,663</b>	<b>848,504</b>	<b>638,851</b>	<b>938,450</b>	<b>845,444</b>
<b><i>Penang Mill Total</i></b>	<b>181,650</b>	<b>214,746</b>	<b>229,840</b>	<b>289,347</b>	<b>225,594</b>	<b>242,322</b>	<b>243,583</b>	<b>275,431</b>	<b>208,184</b>
<b><i>GRAND TOTAL</i></b>	<b>2,246,722</b>	<b>2,321,783</b>	<b>2,478,694</b>	<b>3,225,551</b>	<b>2,788,740</b>	<b>3,001,448</b>	<b>2,609,658</b>	<b>3,422,583</b>	<b>2,804,782</b>

#### **4. 2009 CRUSHING SEASON**

##### **COMMENCEMENT AND TERMINATION DATES & SEASON LENGTH– 2009**

The 2009 crushing season started with Penang Mill commencing crush on 21<sup>st</sup> May 2009 followed by Labasa Mill on the 08<sup>th</sup> June 2009. Lautoka and Rarawai mills were not ready and commenced crush on 17<sup>th</sup> June and 02<sup>nd</sup> July respectively. There were some hiccups and teething problems at the mills. Major problem was encountered Rarawai and Lautoka Mills. The performance at these 2 mills has not been encouraging this season with a lot of breakdowns experienced throughout the year. Performance at Rarawai Mill was below par and often breakdowns

caused havoc among growers as well as lorry drivers. Penang Mill performed the best this season followed by Labasa mill. The table below summarizes the actual dates and related data. Again in the later part of the season further mill breakdowns and cane supply problems due to unfavorable (rainy) weather conditions saw a stretch in termination at some mills. Crushing at Penang Mill ended on 22<sup>nd</sup> October followed by Labasa on 22<sup>nd</sup> December. Lautoka Mill cruised to January 19<sup>th</sup> 2010 however Rarawai Mill stretched its termination right to the 03<sup>rd</sup> of February 2010.

**Table 4.1 SEASON LENGTH AND AVERAGE WEEKLY CRUSH**

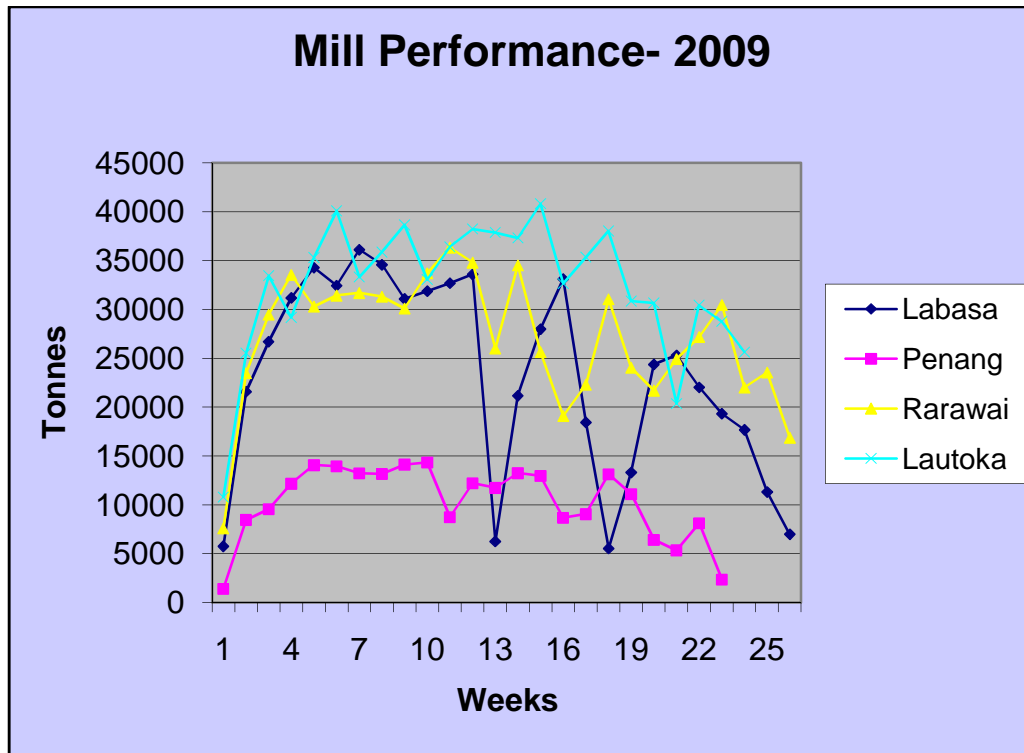
<i>Mill</i>	<i>Cane (Tonnes)</i>	<i>Start Date</i>	<i>Termination Date</i>	<i>No of Wks</i>	<i>Average Wkly Crush (Tonnes)</i>
<i>Lautoka</i>	743,687	17/06/09	19/01/10	31	23,990
<i>Rarawai</i>	604,234	02/07/09	03/02/10	31	19,491
<i>Labasa</i>	679,597	08/06/09	22/12/09	28	24,271
<i>Penang</i>	219,204	21/05/09	22/10/09	22	9,963
<b><i>Total</i></b>	<b>2,246,722</b>				<b>77,715</b>

## **5. CANE TRANSPORTATION**

The Management raised serious concerns regarding the mills inability to maintain the rail/lorry ratio for all the mills despite substantial tonnage of rail cane being converted to lorry. This was a serious issue, which led to imbalance of supply at the end of the season thus causing problems in the continuity of mill operations. Concerns were also raised time and again on the performance of FSC's rail transport system. Late delivery of empties and unscheduled picking up of loaded trucks has been evident throughout the season. Frequent breakdown of locomotives at all mills was a concern. Damage to the railway line over the Sigatoka River

which was damaged during the January floods was not repaired which led to cane in Olosara Sector not harvested and transported to the mill. An estimated 11000 tonnes of cane still lay in the fields. There has also been problem of cane access road in the area and these deterred growers from using lorry mode even though some subsidy was approved by the government. Another major damage to the rail system was at the height of Cyclone Mick in the later part of the season whereby the Koronubu Line at Saweri Bridge in Ba was damaged forcing growers to use lorry to get their cane to the mill.

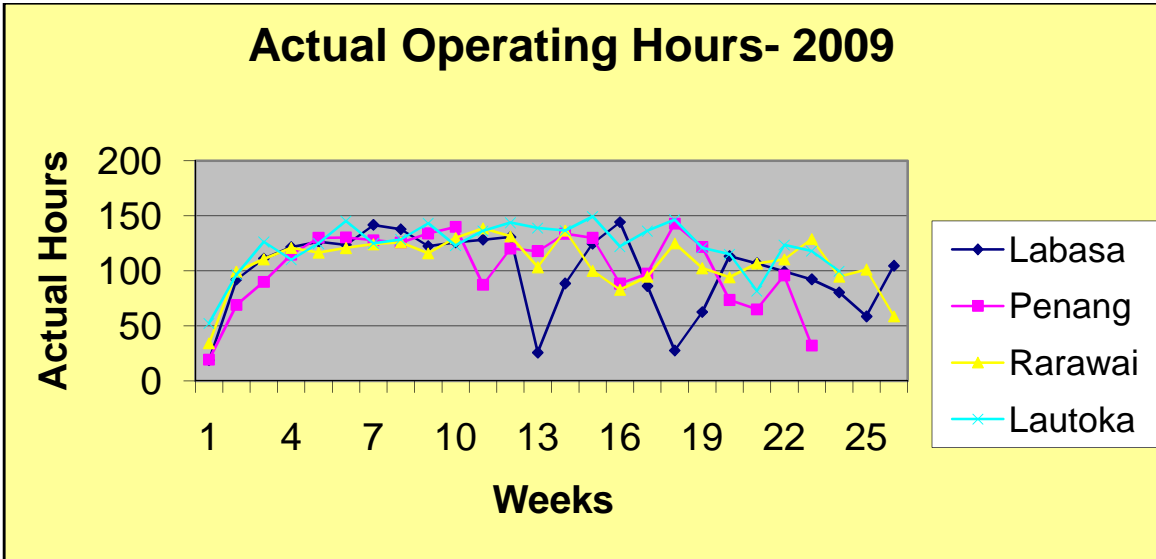
## 6. MILL PERFORMANCE



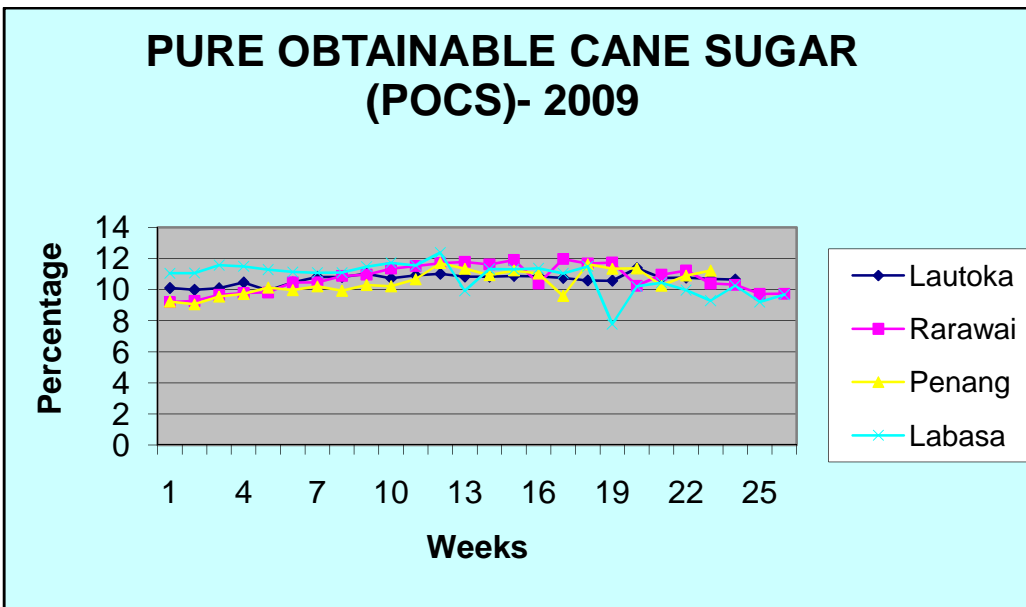
**Table 6.1**

	<b>Lautoka</b>	<b>Rarawai</b>	<b>Labasa</b>	<b>Penang</b>	<b>All Mills</b>
<b>Tonnes Crushed</b>	743,687	604,234	679,597	219,204	2,246,722
<b>Weeks Crushed</b>	31	31	28	22	28
<b>Average Crush</b>	23,990	19,491	24,271	9,963	77,715
<b>2008 Crush</b>	32,445	27,029	23,243	10,263	92,980
<b>Variance +/-</b>	<b>-8,455</b>	<b>-7,538</b>	<b>+1,028</b>	<b>-300</b>	<b>-14,565</b>





## 7. CANE QUALITY AND SUGAR PRODUCTION



Labasa Mill has registered the highest sugar content (POCS) in cane and Penang Mill records the best TCTS ratio for the 2009 season. The TCTS was the highest in Rarawai standing at 15.00

followed by Lautoka at 14.80 and Labasa at 12.20. Rarawai mill recorded the lowest POCS at 9.93 followed by Lautoka at 10.19 and Penang at 10.62. Average POCS was 10.37 for the year.

**Table 7.1 Cane Quality and Sugar Production 2009**

<i>Mill</i>	<i>Cane (Tonnes)</i>	<i>Sugar (Tonnes)</i>	<i>Molasses (Tonnes)</i>	<i>POCS</i>	<i>TCTS</i>	<i>Cane Purity %</i>	<i>Burnt Cane %</i>
<i>Lautoka</i>	743,687	50,114	46,030	10.19	14.80	79.40	43.2
<i>Rarawai</i>	604,234	40,382	40,501	9.93	15.00	76.50	37.9
<i>Labasa</i>	679,597	55,666	41,807	10.75	12.20	79.80	18.6
<i>Penang</i>	219,204	21,449	7,786	10.62	10.20	80.63	28.8
<b>TOTAL</b>	<b>2,246,722</b>	<b>167,611</b>	<b>136,124</b>	<b>10.37</b>	<b>13.40</b>	<b>79.00</b>	<b>32.1</b>

**Table 7.2 Pure Obtainable Cane Sugar & Tonne Cane Tonne Sugar**

<i>Mill</i>	<i>2009 SEASON</i>		<i>2008 SEASON</i>		<i>2007 SEASON</i>		<i>2006 SEASON</i>	
	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>	<i>POCS</i>	<i>TCTS</i>
<i>Lautoka</i>	10.19	14.80	10.70	10.70	11.25	10.20	10.70	11.10
<i>Rarawai</i>	9.93	15.00	10.80	11.30	11.60	9.70	11.50	9.80
<i>Labasa</i>	10.75	12.20	10.99	11.80	10.44	11.50	11.50	10.70
<i>Penang</i>	10.62	10.20	10.54	10.80	11.45	10.80	11.80	9.50
<b>Average</b>	<b>10.37</b>	<b>13.40</b>	<b>10.79</b>	<b>11.20</b>	<b>11.19</b>	<b>10.44</b>	<b>11.40</b>	<b>10.30</b>

## 8 BURNT CANE

Burnt cane percentage reduced from a high of 50% in 2008 to 32% in 2009. There has been indiscriminate burning at some places however the reduction was attributed to the presence of the Military in the cane belt areas. There has been a number of meetings conducted with growers as well as FSC officials on the outcome of burnt cane. This was an initiative of the Sugar Ministry and their target to further reduce cane burning in the years to come.

It is hoped that wider campaign jointly organized by the Council, the Sugar Task Force and the Corporation will bear fruit.

These campaigns will of course need to be backed up with substantive data of cost saving to the miller as well as the grower.

**Table 8.1**

<i>MILL</i>	<i>GREEN CANE</i>	<i>PERCENTAGE</i>	<i>BURNT CANE</i>	<i>PERCENTAGE</i>
<i>LAUTOKA</i>	422,414	56.8	321,273	43.2
<i>RARAWAI</i>	375,229	62.1	229,005	37.9
<i>LABASA</i>	553,191	81.4	126,406	18.6
<i>PENANG</i>	156,073	71.2	63,131	28.8
<b>TOTAL</b>	<b>1,506,907</b>	<b>67.9</b>	<b>739,815</b>	<b>32.1</b>

**Table 8.2 BURNT CANE COMPARISONS – LAST 3 SEASONS**

Mill	2009				2008				2007			
	Burnt	Green	Total	%	Burnt	Green	Total	%	Burnt	Green	Total	%
Lautoka	321,273	422,414	743,687	43	374,542	404,131	778,673	52	288,863	452,367	741,230	39
Rarawai	229,005	375,229	604,234	38	313,427	389,323	702,750	55	299,102	439,375	738,477	40
Labasa	126,406	553,191	679,597	19	343,856	260,460	604,316	43	153,538	615,609	769,147	20
Penang	63,131	156,073	219,204	29	123,451	112,593	236,044	48	81,973	147,867	229,840	36
<b>Total</b>	<b>739,815</b>	<b>1,506,907</b>	<b>2,246,722</b>	<b>32</b>	<b>1,155,276</b>	<b>1,166,507</b>	<b>2,321,783</b>	<b>50</b>	<b>823,476</b>	<b>1,655,218</b>	<b>2,478,694</b>	<b>33</b>

## **9 HARVESTING GANG PERFORMANCE**

Harvesting and cane supply during the weekends and towards the tail end of the season was below par for all mill areas. It has become a tradition for cane cutters to take leave during the weekends for sports, festivals, religious and social activities. Council's attempts to encourage the harvesting gangs for continuous supply

of cane during the weekends have not been very successful.

As growers representatives this is one of the biggest challenge that the Council is facing, which is to provide sufficient cane to the mill over the weekends.

## **10 LEGAL SERVICES**

Our Council legal department, which was established on 03rd February 2003, has continued to provide a range of legal services to the growers at affordable cost. It is the aim of the Management to operate the legal services on user pay concept to avoid

any additional burden on all growers. During the year some 845 different types of services were provided to the cane growers throughout Fiji and the demand for this service is increasing as more growers benefit from the comparatively cheaper service.

Documents	RakiRaki	Tavua	Ba	Lautoka	Nadi	Sigatoka	Labasa	Seaqaqa	Total
Power of Attorney	35	63	101	59	54	22	93	11	<b>438</b>

Revocation Power of Attorney	1	1	16	0	1	1	7	4	31
Agreements	0	2	21	20	3	0	14	4	64
Transfer	0	6	18	21	8	1	6	0	60
Probates & Letter Administration	0	14	20	24	24	15	11	0	108
Deed Poll	0	1	2	2	2	0	2	0	9
Renunciation	0	2	4	8	6	0	6	0	26
Transfer of Certificate of Registration	0	6	18	21	8	1	6	0	60
Crop Lien	0	0	0	0	2	1	0	0	3
Transmission by death	2	3	2	5	3	3	2	0	20
Mortgage bill of sale	0	1	3	2	1	1	0	1	9
Instrument of Tenancy	0	2	6	0	0	0	0	0	8
Provisional Title	0	0	1	0	0	0	1	0	2
<b>Total</b>	<b>38</b>	<b>101</b>	<b>213</b>	<b>168</b>	<b>112</b>	<b>45</b>	<b>148</b>	<b>20</b>	<b>845</b>

## 11. CANE PRICE & MARKETING

The forecast price for the 2009 season crop announced by the Corporation was \$61.17.

The 2009 cane price was acceptable to the growers as this was among the highest prices per tonne of cane. A

lower crop produced sufficient sugar to be sold largely at protocol prices and the remaining at world market prices for the season.

### Key Production and Pricing Data

	<u>2009</u>	<u>2008</u>	<u>2007</u>
1. Tonnes Cane Crushed	2.2m	2.3m	2.5m
2. Sugar Production	167,611	207,966	237,418
3. TCTS (Tonnes Cane/Tonnes Sugar ratio)	13.4	11.2	10.4

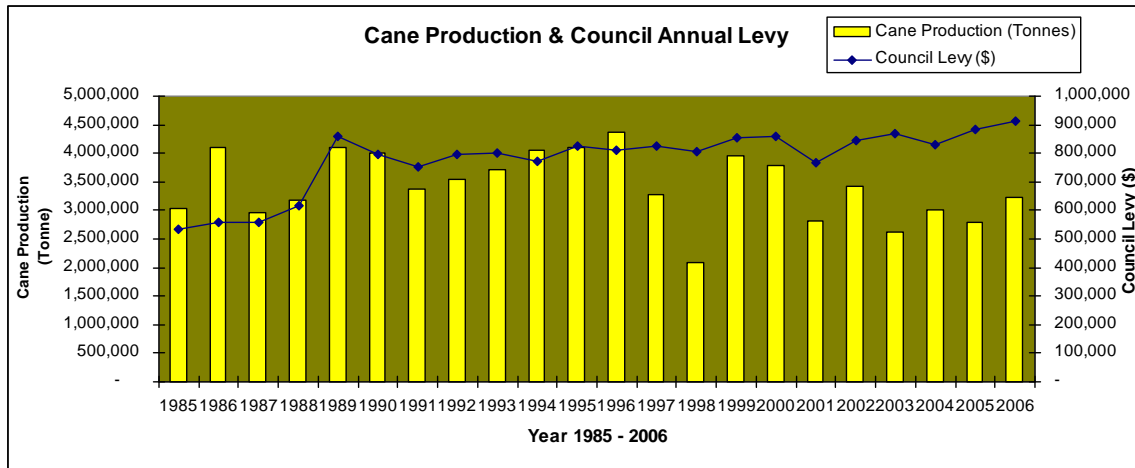
### Cane Payments

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Delivery Payment	36.70	27.76	26.26
2 <sup>nd</sup> Cane Payment	12.23	9.25	8.75
Special Payment	nil	4.00	4.00
3 <sup>rd</sup> Cane Payment	5.03	4.02	6.59
4 <sup>th</sup> Cane Payment	2.06	12.44	12.44
Final Cane Payment		<u>0.37</u>	<u>1.61</u>
<b>Total</b>	<b>\$60.33</b>	<b>\$59.70</b>	<b>\$59.65</b>

## 12. COUNCIL LEVY

The Council approved an Administrative Budget of \$992,691.00 for the 2009 financial year. The cane production for

the year was 2,246,722 tonnes resulting in a chargeable levy of 0.44 cents per tonne of cane produced in the season.



**Table 12.1 Last 6 years Annual Levy and Cane Production**

YEAR	2009	2008	2007	2006	2005	2004
Levy	\$992,691	\$870,879	\$1,058,538	\$910,510	\$883,384	\$831,225
Production	2,246,722	2,321,783	2,478,853	3,225,551	2,788,740	3,001,448
Levy/tonne	<b>0.44</b>	<b>0.38</b>	<b>0.42</b>	<b>0.28</b>	<b>0.32</b>	<b>0.28</b>

It must be noted that Council Levy per tonne is based on the size of crop each year and a decline in crop will result in a marginal increase in chargeable levy.

The Council has continued to endeavor

to provide maximum service to all registered cane growers, despite maintaining the annual “general levy” almost the same over last 6 years.

### 13. OTHER GROWERS SERVICES

The Council continues to provide a wide range of services to the growers through its cane district and head offices. Services provided by the Council have

helped the growers to save thousands of dollars in services. Some of the key services provided by our offices during the year are shown below.

#### GROWERS SERVICE AS AT 31ST DECEMBER 2009

PARTICULARS	RAKIRAKI	TAVUA	BA	LAUTOKA	NADI	SIGATOKA	LABASA	SEAQAQA
INCOME TAX RETURN	84	23	98	125	213	51	350	56
VAT RETURN	7	2	16	41	3	1	67	8
POWER OF ATTORNEY	35	63	101	57	43	26	80	10
WILL	48	41	76	51	50	25	43	20
SUBSTITUTE AGREEMENT	224	283	245	245	435	50	234	23
TRANSFER OF REGISTRAR	34	5	33	18	0	0	2	0
LANDRENT OBJECTION	52	19	37	0	18	0	3	0
GANG DISPUTE	3	25	66	27	0	14	0	35
COR AMENDMENT	18	28	50	3	8	13	10	15
NEW REGISTRATION	31	21	38	2	6	0	74	5
VAT REFUND	-	-	-	-	-	-	-	11
CANE ACCESS ROAD	149	27	147	106	65	52	36	39
GANG MATTERS	65	13	0	9	126	4	103	40
CANE PAYMENT	92	234	65	18	207	48	12	37
REVOCAION OF POWER OF ATTORNEY	8	3	23	5	9	0	11	4
GANG MEETING	52	3	169	6	74	0	13	3
INCREASE HARVESTING RATES	167	134	211	256	0	14	276	0
LORRY WHEEL TAX	111	85	144	4	229	7	190	72
FBA	0	31	0	0	0	0	0	2
FARMING ASSISTANCE SCHEME	0	1	0	22	0	0	0	0
BOND	12	2	1	0	1	0	0	0
GANG RATIONALISATION	14	9	0	2	0	0	1	1
ADDITIONAL TICKET BOOK	0	3	0	3	0	0	97	35
BURNT CANE	47	9	13	52	12	0	6	4
INDIVIDUAL HARVESTING	135	65	0	4	0	0	0	0
SLPIT OF REGISTRATION	2	0	0	1	0	0	0	4
WEEDICIDE SALES	1053	523	828	1383	1173	181	2498	247
CROP DAMAGE REPORT	31	55	137	11	44	0	2	0
DROUGHT REPORT	0	0	1	0	0	0	0	0
LEGAL SERVICES	38	11	0	105	21	12	0	17
MOGA	0	135	162	0	166	2	0	0
DRAINAGE	9	5	5	7	16	0	1	1
SUBSTITUTE DISPUTE	0	93	38	37	67	15	0	0
NLTB/ NDP FORMS	0	0	0	0	0	0	27	0
GENERAL ENQUIRIES	930	866	1327	858	484	240	1828	1332
<b>TOTAL</b>	<b>3485</b>	<b>2846</b>	<b>4051</b>	<b>3460</b>	<b>3483</b>	<b>755</b>	<b>6013</b>	<b>2035</b>

#### **14. FAIR TRADE**

Council's application for Fair Trade was approved by FLO-CERT on 19<sup>th</sup> January 2009. Following the approval of application, registration fee of 500 EUROS (FJD\$1256.90) was paid to FLO-CERT which has been acknowledged. And later SCGC was certified as an organization for Fair

Trade. An introduction to Fair Trade for the growers of Fiji leaflet was prepared and distributed to growers via our district offices. The initial leaf let is in English however other Vernacular version is expected to be printed laterfor distribution.

#### **15. FERTILIZER**

The fertilizer Company has been in a precarious position following the sale of fertilizer blends below cost prices. For every tonne of fertilizer the company has been incurring a loss of \$631.00 per tonne against selling price of \$390.00 per tonne. The Company was financially incapable of procuring raw materials for 2009 season however the government and industry provided financial assistance for this.

The Council contributed \$680 000.00 as equity participation. Of this sum \$380

000.00 was borrowed from SCGF at an interest rate of 5% for a term of 5 years whilst the remaining \$300 000.00 was paid from the council's operational budget.

As of the fertilizer deductions the Council wrote to FSC for continuation of the stagger payment however FSC declined sighting cash flow problems. The matter was then referred to the Ministry of Sugar in continuation of the agreed deduction strategy.

#### **16. FOOD SUPPLIES FOR FLOOD VICTIMS**

The members of Shree Sanatan Dharam Pratinidhi Sabha of Australia very kindly donated three container loads of food supplies for the flood affected farmers and their families in the Western Division. The food supplies received from Sydney was distributed by SCGC staff and Councillors to the affected families in Ba, Lautoka and Nadi areas. Identification of affected families was

done by the Sector Councillors. The Management wishes to record its appreciation to the following organizations for logistical support in receiving and getting the items cleared from the customs:

- Jacks Singh of Jacks Motor World

- Sathya Sai Organisation of Lautoka
  - Prakash Sea & Air Freight
  - Rentokil, Lautoka
  - South Pacific Fertilizers
- Distribution of food supplies and clothes was done by Council staff on Saturday 01<sup>st</sup> and 08<sup>th</sup> March to the growers of the following sectors: Rarawai, Koronubu, Qeleloa, Meigunyah, Drasa, Varoko, Naloto, Lovu, Natova and Legalega.

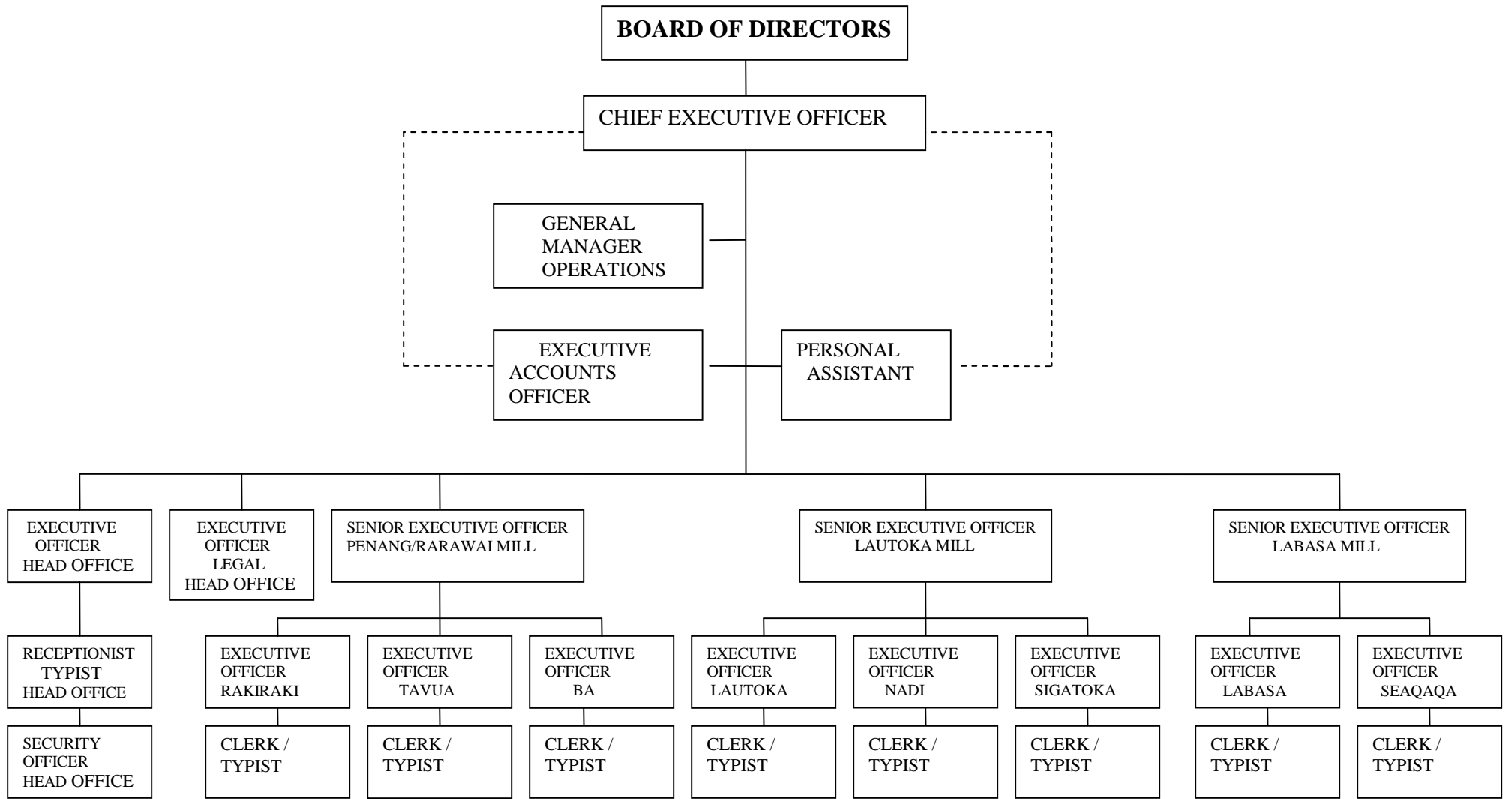
## **17. KNIVES, FILES AND HANDGLOVES**

On the approval of the Board, the Management bought 1000 knives which included files and hand gloves in combo deal at a price of \$13.00 per set and later distributed to districts to be sold at \$15.00 per set to cover incidental expenses. The sales was slow at first but later picked up. A total of 913 sets were sold during the year.





# SUGAR CANE GROWERS COUNCIL ORGANISATION CHART



**Sugar Cane Growers Council**

**Financial Statements**

**For the year ended**

**31 December 2009**

# Sugar Cane Growers Council

## Contents

Directors' report	1 - 2
Report of the independent auditor	3
Statement of comprehensive income	4
Statement of changes in funds employed	5
Statement of financial position	6
Statement of cash flows	7
Notes to the financial statements	8 - 25
Disclaimer	26
Statement of operations	27 - 28

# **Sugar Cane Growers Council**

## **Directors' report**

The directors present their report together with the individual financial statements of the Sugar Cane Growers Council ("Council") for the year ended 31 December 2009 and the auditor's report thereon.

## **Directors**

The directors of the Council in office at the date of this report are:

Villiam Gucake - Director of Sugar

Sundresh Chetty - Acting Chief Executive Officer

## **State of affairs**

In the opinion of the directors the accompanying statement of financial position gives a true and fair view of the state of affairs of the Council as at 31 December 2009 and the accompanying statement of comprehensive income, statement of changes in funds employed and statement of cash flows give a true and fair view of the results, changes in funds employed and cash flows of the Council for the year then ended.

## **Results**

The deficit for the year amounted to \$284,997 (2008: deficit \$1,774,895).

## **Principal activities**

The principal activities of the Council are outlined under Section 42 of the Sugar Industry Act of 1984, which includes generally all such things and undertaking all such steps as it may consider necessary for the protection and development of the sugar industry.

The following significant events occurred during the year:

- (i) On 11 August 2009 a Cabinet decision was made to dissolve the Council;
- (ii) On 11 November 2009 a Cabinet decision was made that the services of the 38 councillors be terminated effective from 11 November 2009, the administrative arm of the Council be retained until end of 2009 crush or when a successor body to the Council is established whichever comes earlier and the Registrar of the Sugar Industry Tribunal was appointed to co-sign cheques with the Acting CEO of the Council.
- (iii) As at the date of the financial statements, there have been no further action taken with regard to the dissolution of the Council or appointment of a successor body.
- (iv) The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

# Sugar Cane Growers Council

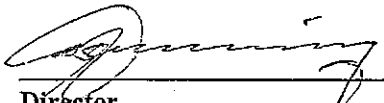
## Directors' report (continued)

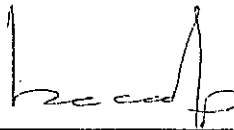
### Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Council, the results of those operations or the state of affairs of the Council in subsequent financial years.

Dated at Lautoka this 15 day of December 2010.

Signed in accordance with a resolution of the directors.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



## Report of the independent auditor to the members of Sugar Cane Growers Council

### Scope

We were engaged to audit the financial statements of Sugar Cane Growers Council for the year ended 31 December 2009, consisting of the statement of financial position, statement of comprehensive income, statement of changes in funds employed, statement of cash flows, and accompanying notes set out on pages 4 to 25. The Council's directors are responsible for the preparation and presentation of the financial statements and the information contained therein.

### Limitation of scope

As stated in Note 23 to the accounts, a Cabinet decision was made to dissolve the Council on 11 August 2009. As at the date of the financial statements, there have been no further action taken with regard to the dissolution of the Council or appointment of a successor body. We have been unable to obtain sufficient appropriate audit evidence to determine whether the Council will continue as a going concern. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

### Disclaimer of opinion

Because of the significance of the matters discussed in the preceding paragraph, we do not express an opinion on the financial statements.

15 December 2010  
Nadi, Fiji Islands

KPMG

KPMG  
Chartered Accountants

**Sugar Cane Growers Council**  
**Statement of comprehensive income**  
**For the year ended 31 December 2009**

	Note	2009 \$	2008 \$ <i>Restated</i>
Levy received from The Fiji Sugar Corporation Limited		992,691	870,879
Dividend income	6	8,321	8,010
Other income	7	<u>106,231</u>	<u>212,872</u>
		1,107,243	1,091,761
<b>Less expenses</b>			
Administrative expenses		(185,392)	(220,712)
Personnel expenses	9	(343,526)	(320,659)
Other operating expenses	8	<u>(495,020)</u>	<u>(330,605)</u>
Surplus from operations before finance income and expense		83,305	219,785
Finance income	10	21,269	29,143
Finance expense	10	<u>(9,571)</u>	<u>(3,312)</u>
Operating surplus		95,003	245,616
Share of loss of equity accounted investee	12	(81,619)	(738,555)
Impairment of investment in equity accounted investee	12	(298,381)	(1,281,956)
<b>Loss for the year</b>		<u>(284,997)</u>	<u>(1,774,895)</u>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<u>(284,997)</u>	<u>(1,774,895)</u>

The above statement of comprehensive income is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.



**Sugar Cane Growers Council**  
**Statement of changes in funds employed**  
**For the year ended 31 December 2009**

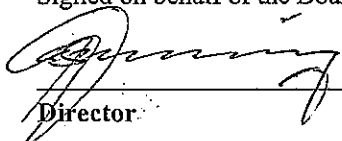
	Note	2009 \$	2008 \$ <i>Restated</i>
Opening retained earnings as reported previously		-	4,713,719
Correction of an error related to previous years	5	-	59,518
Opening retained earnings (restated)		<u>2,998,342</u>	<u>4,773,237</u>
<i>Total comprehensive income for the year</i>			
Loss for the year		(284,997)	(1,774,895)
Other comprehensive income		-	-
Balance at 31 December		<u><u>2,713,345</u></u>	<u><u>2,998,342</u></u>

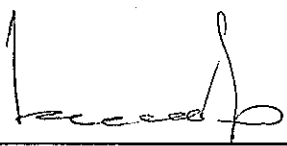
The above statement of changes in funds employed is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.

**Sugar Cane Growers Council  
Statement of financial position  
As at 31 December 2009**

	Note	2009 \$	2008 \$ <i>Restated</i>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,213,866	1,213,101
Other investments	13	330,669	346,752
<b>Total non-current assets</b>		<u>1,544,535</u>	<u>1,559,853</u>
<b>Current assets</b>			
Cash at bank and on hand	14	470,861	535,304
Term deposits	14	450,000	550,000
Other receivables	15	740,375	506,024
Prepayments		11,767	12,231
<b>Total current assets</b>		<u>1,673,003</u>	<u>1,603,559</u>
<b>Total assets</b>		<u><u>3,217,538</u></u>	<u><u>3,163,412</u></u>
<b>Funds balance</b>			
Funds employed		<u>2,713,345</u>	<u>2,998,342</u>
<b>Total funds employed</b>		<u>2,713,345</u>	<u>2,998,342</u>
<b>Non current liability</b>			
Loans and borrowings	16	<u>228,000</u>	-
<b>Total non current liability</b>		<u>228,000</u>	-
<b>Current liabilities</b>			
Loans and borrowings	16	152,000	-
Other payables and accruals	17	95,155	145,924
Employee benefits	18	29,038	19,146
<b>Total current liabilities</b>		<u>276,193</u>	<u>165,070</u>
<b>Total liabilities</b>		<u>504,193</u>	<u>165,070</u>
<b>Total funds employed and liabilities</b>		<u><u>3,217,538</u></u>	<u><u>3,163,412</u></u>

Signed on behalf of the Board

  
Director

  
Director

The above statement of financial position is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.

**Sugar Cane Growers Council**  
**Statement of cash flows**  
**For the year ended 31 December 2009**

	Note	2009 \$	2008 \$ <i>Restated</i>
<b>Operating activities</b>			
Receipts from stakeholders		822,783	1,126,321
Payments to suppliers and employees		(947,675)	(762,947)
Interest and other finance charges paid		<u>(2,450)</u>	<u>(3,312)</u>
<b>Cash flows (used in) / from operating activities</b>		<u>(127,342)</u>	<u>360,062</u>
<b>Investing activities</b>			
Interest received		21,269	29,143
Transfer of funds from term deposits		100,000	100,000
Acquisition of additional shares in associate		(380,000)	(300,000)
Acquisition of property, plant and equipment		<u>(58,370)</u>	<u>(41,255)</u>
<b>Cash flows (used in) investing activities</b>		<u>(317,101)</u>	<u>(212,112)</u>
<b>Financing activities</b>			
Proceeds from loan		<u>380,000</u>	<u>-</u>
<b>Cash flows from financing activities</b>		<u>380,000</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents		(64,443)	147,950
Cash and cash equivalents at 1 January		<u>535,304</u>	<u>387,354</u>
Cash and cash equivalents at 31 December	14	<u><u>470,861</u></u>	<u><u>535,304</u></u>
Non-cash investing activity	20		

The above cash flow statement is to be read in conjunction with notes to the financial statements set out on pages 8 to 25.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**1. Reporting entity**

Sugar Cane Growers Council ("Council") is a body corporate domiciled in Fiji, established under the Sugar Industry Act of 1984. The address of the Council is 75 Drasa Avenue, Lautoka.

The principal activities of the Council are outlined under Section 42 of the Sugar Industry Act of 1984, which include generally all such things and undertaking all such steps as it may consider necessary for the protection and development of the sugar industry.

The principal accounting policies adopted by the Council are stated to assist in a general understanding of the financial statements. The policies have been consistently applied except where otherwise indicated.

**2. Basis of preparation**

**(a) Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board and the requirements of Fiji Law.

The financial statements were approved on 15 December 2010

**(b) Going concern basis of accounting**

The Council's financial statements have been prepared on a going concern basis, which assumes that the Council will continue its present form. As disclosed in Note 23, a Cabinet decision was made to dissolve the Council on 11 August 2009. As at the date of the financial statements, there have been no further action taken with regard to the dissolution of the Council or appointment of a successor body.

**(c) Basis of measurement**

The financial statements have been prepared on the historical cost basis except where otherwise stated.

**(d) Functional and presentation currency**

The financial statements are presented in Fiji dollars, which is the Council's functional currency.

**(e) Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**2. Basis of preparation (continued)**

**(e) Use of estimates and judgments (continued)**

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 11 Property, plant and equipment
- Note 12 Investment in equity accounted investee
- Note 13 Other investments
- Note 15 Other receivables
- Note 18 Employee benefits

**3. Significant accounting policies**

**(a) Equity accounted investees**

Associates are those entities in which the Council has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The financial statements include the Council's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Council. When the Council's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Council has an obligation or has made payments on behalf of the investee.

**(b) Financial instruments**

**(i) Non-derivative financial assets**

The Council generally recognises loans and receivable and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Council becomes a party to the contractual provisions of the instrument.

The Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial asset that is created or retained by the Council is recognised as separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Council has a legal right to offset the amounts and intends either to offset the amounts and settle on a net basis or to realise the asset and settle the liability simultaneously.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

3. **Significant accounting policies (continued)**

(b) **Financial instruments (continued)**

(i) **Non-derivative financial assets (continued)**

The Council has the following non-derivative financial assets: loans and receivables and available -for-sale financial assets.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables.

Cash and cash equivalents comprise cash on hand and cash at bank for the purposes of the statement of cash flows.

**Held-to-maturity investment**

If the Council has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

**Financial assets at fair value through profit and loss**

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Council manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Council's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(ii) **Non derivative financial liabilities**

The Council initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Council becomes party to the contractual provisions of the instrument.

The Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**3. Significant accounting policies (continued)**

**(ii) Non derivative financial liabilities (continued)**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Council has the following non-derivative financial liabilities: other payables, accruals, loans and borrowings.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

**(c) Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

**(ii) Subsequent expenditure**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Council and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

3. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. The depreciation rates are as follows:

Asset	Rate
Fixtures & fittings	25%
Plant & equipment	25%
Motor vehicles	25%
Land & building	1.25% - 5%
Leasehold land	over the period of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset:

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the statement of comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**3. Significant accounting policies (continued)**

**(d) Impairment (continued)]**

(ii) Non-financial assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the "cash generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on pro rata basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(e) Provisions**

A provision is recognised in the statement of financial position when the Council has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risk specific to the liability.

**(f) Employee benefits**

(i) Superannuation

Contributions are paid to the superannuation fund on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

(ii) Short term benefits

Outstanding annual leave liabilities due to employees at reporting date are brought to account based on current legal and contractual entitlements.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**3. Significant accounting policies (continued)**

**(g) Revenue**

(i) Levy income

Levy income for any financial year is approved by the Council and certified by the Tribunal Accountant at the beginning of the crushing season in accordance with Section 51 and 53 of the Sugar Industry Act of 1984. This is receivable from The Fiji Sugar Corporation Limited.

(ii) Other income

Revenue from dividend and other operating activities are recognised in profit or loss on an accrual basis.

(iii) Grant income

An unconditional grant related to asset acquisition is recognised in profit or loss as other operating income when the grant becomes receivable. Any other grant is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Council will comply with the conditions attaching to it. Grants that compensate the Council for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Council for the cost of an asset are recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

**(h) Income tax**

The Council is exempt from income tax under the provision of section 17 (4) of the Income Tax Act, Cap 201.

**(i) Financing income and expenses**

Financing income and expenses comprises bank charges and interest received on the term deposits held.

**(j) Value Added Tax (VAT)**

The financial statements have been prepared on a gross basis (VAT inclusive) since the organization is not registered for VAT.

**(k) Comparative information**

Comparative information has been restated, where necessary, to align with the current year presentation.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**4. Financial risk management policies**

Overview

The Council has exposure to the following risks:

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
- (iv) Operational risk

This note presents information about the Council's exposure to each of the above risks, the Council's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Council's risk management framework. The Board is responsible for developing and monitoring the Council's risk management policies.

The Board oversees how management monitors compliance with the Council's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Council.

The above risks are limited by the Council's financial management policies and procedures as described below:

**(i) Credit risk**

Credit risk is the risk of financial loss to the Council if The Fiji Sugar Corporation Limited (FSC) fails to meet its contractual obligations, and arises principally from the Council's receivables from FSC.

The Council establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**4. Financial risk management policies (continued)**

**(i) Credit risk (continued)**

Credit risk concentrations are presented below:

	2009	%	2008	%
Cash at bank	469,032	28%	533,475	33%
Term deposits	450,000	27%	550,000	35%
Other receivables	740,375	45%	506,024	32%
<b>Total</b>	<b>1,659,407</b>	<b>100%</b>	<b>1,589,499</b>	<b>100%</b>

**(ii) Liquidity risk**

Liquidity risk is the risk that Council will not be able to meet its financial obligations as and when they fall due. The Council's approach to manage its liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Council's reputation.

**2009**

	Carrying amount \$	6 months or less \$	6 -12 months \$	1- 2years \$	2-5 years \$
<b><u>Financial assets</u></b>					
Cash and cash equivalents	470,861	470,861	-	-	-
Term deposits	450,000	-	450,000	-	-
Other investments	330,669	-	-	-	330,669
Other receivables	740,375	740,375	-	-	-
<b><u>Financial liabilities</u></b>					
Loans and borrowings	(380,000)	-	(76,000)	(76,000)	(228,000)
Other payables and accruals	(95,155)	(95,155)	-	-	-
Employee benefits	(29,038)	(29,038)	-	-	-
	<b>1,487,712</b>	<b>1,087,043</b>	<b>374,000</b>	<b>(76,000)</b>	<b>102,669</b>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**4. Financial risk management policies (continued)**

**(ii) Liquidity risk (continued)**

**2008**

	Carrying amount \$	6 months or less \$	6 -12 months \$	1- 2years \$	2-5 years \$
<b>Financial assets</b>					
Cash and cash equivalents	535,304	535,304	-	-	-
Term deposits	550,000	-	550,000	-	-
Other Investments	346,752	-	-	-	346,752
Other receivables	506,024	506,024	-	-	-
<b>Financial liabilities</b>					
Other payables and accruals	(145,924)	(145,924)	-	-	-
Employee benefits	(19,146)	(19,146)	-	-	-
	<u>1,773,010</u>	<u>876,258</u>	<u>550,000</u>	<u>-</u>	<u>346,752</u>

**(iii) Market risk**

Market risk is the risk that changes in interest rates will affect the Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Fair value interest risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. The objective is to manage the interest risk to achieve stable and sustainable net interest earnings in the long term. In managing the risk, the Council seeks to achieve a balance between reducing risk to earnings and market value from adverse interest rate movements; and enhancing net interest income through correct anticipation of the direction and extent of interest rate changes.

	2009 \$	2008 \$
<b>Variable rate instruments</b>		
Term deposits	<u>450,000</u>	<u>550,000</u>
	<u>450,000</u>	<u>550,000</u>
<b>Sensitivity analysis</b>		
The approximate impact of a 1% change in the interest is:	<u>4,500</u>	<u>5,500</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**4. Financial risk management policies (continued)**

**(iv) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Council's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the Council's operations.

The Council's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Council's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall Council's standard for the management of operational risks in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- training and professional development;
- ethical standards and
- risk mitigation, including insurance where this is effective.

**5. Correction of an error related to previous years**

In the current year the Council recognised income from sale of durion in profit or loss. In prior periods it was not recognised as revenue.

The total liability relating to 2007 and prior years totaling \$59,518 has been accounted by a restatement of the statement of funds employed and a corresponding adjustment to total income.

The effect of the restatement as at 31 December 2008 is summarised below:

	2008	2008
	<i>Restated</i>	<i>Previously reported</i>
Other payables and accruals	145,924	208,336
Total income	1,120,904	1,118,010
Balance of funds employed as at 1 January 2008	<u>4,773,237</u>	<u>4,713,719</u>
	2009	2008
<b>6. Dividend income</b>	<b>\$</b>	<b>\$</b>
Unit Trust of Fiji	<u>8,321</u>	<u>8,010</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

	2009	2008
	\$	\$
<b>7. Other income</b>		
Gain on disposal of property, plant & equipment	4,500	16,000
Gain on remeasurement of investments to fair value	-	18,408
Other income	3,884	37,755
Rental income	70,490	72,580
Sundry income - legal services	6,026	29,354
Sundry income - service fees	-	35,881
Sale of Durion	21,331	2,894
	<u>106,231</u>	<u>212,872</u>
<b>8. Other operating expenses</b>		
Included in other operating expenses are the following items:		
Auditor's remuneration - audit services	6,500	6,250
- other services	3,762	19,420
Depreciation	62,105	51,723
Directors' fees	68,691	72,785
Loss on remeasurement of investments to fair value	24,404	-
Legal fees	1,362	3,305
	<u>167,124</u>	<u>153,583</u>
<b>9. Personnel expenses</b>		
Annual leave	21,913	17,248
Fiji National Provident Fund contributions	23,505	23,836
Key management compensation - Short term benefits	53,750	67,151
Training and Productivity Authority of Fiji	3,786	4,731
Wages and salaries	240,572	207,693
	<u>345,526</u>	<u>320,659</u>
The average number of employees during the year was:	<u>26</u>	<u>25</u>
<b>10. Financing income and expenses</b>		
<u>Finance income</u>		
Interest income	<u>21,269</u>	<u>29,143</u>
<u>Finance expense</u>		
Bank charges	2,450	3,312
Interest expense	7,121	-
	<u>9,571</u>	<u>3,312</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**11. Property, plant and equipment**

	Fixtures & fittings \$	Plant & equipment \$	Motor vehicles \$	Land & buildings \$	Total \$
<b>Cost</b>					
Balance at 1 January	123,710	410,633	291,884	1,291,015	2,117,242
Acquisitions during the year	-	14,200	30,000	18,670	62,870
Disposals during the year	-	(18,792)	-	-	(18,792)
Balance at 31 December	123,710	406,041	321,884	1,309,685	2,161,320
<b>Depreciation</b>					
Balance at 1 January	122,821	377,105	219,242	184,973	904,141
Depreciation charge for the year	513	16,988	27,453	17,151	62,105
Disposals during the year	-	(18,792)	-	-	(18,792)
Balance at 31 December	123,334	375,301	246,695	202,124	947,454
<b>Carrying amount</b>					
At 1 January 2009	889	33,528	72,642	1,106,042	1,213,101
At 31 December 2009	376	30,740	75,189	1,107,561	1,213,866



**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

12. Investment in equity accounted investee	2009	2008
	\$	\$
<u>Associate - South Pacific Fertilizers Limited</u>		
Balance at 1 January	-	1,720,511
Additional shares acquired during the year	380,000	300,000
Equity share of loss during the year 9.4% (2008: 34%)	<u>(81,619)</u>	<u>(738,555)</u>
Balance at 31 December	298,381	1,281,956
Impairment of investment in associate	<u>(298,381)</u>	<u>(1,281,956)</u>
	<u>-</u>	<u>-</u>

The Council holds 9.4% (2008:34%) shares in South Pacific Fertilizers Limited (SPFL). The net assets of SPFL as per the unaudited financial statements for the year ended 31 December 2009 amounted to \$15,088,191 (31 March 2009 audited: \$3,770,459).

**13. Other investments**

Non-current investment

Financial assets designated at fair value through the statement of comprehensive income.

(i) The Fiji Sugar Corporation Limited	29,850	42,984
This represents investment in The Fiji Sugar Corporation Limited of 119,401 ordinary shares at \$0.25 (2008: \$0.36).		
(ii) Unit Trust of Fiji	300,819	303,768
This represents investment in Unit Trust of Fiji of 224,492 units (2008: 218,538 units) at \$1.34 (2007: \$1.39)		
	<u>330,669</u>	<u>346,752</u>
<u>(i) Reconciliation of investment in The Fiji Sugar Corporation Limited</u>		
Balance at 1 January	42,984	39,402
(Loss)/gain on remeasurement of investment to fair value	<u>(13,134)</u>	<u>3,582</u>
Balance at 31 December	<u>29,850</u>	<u>42,984</u>
<u>(ii) Reconciliation of investment in Unit Trust of Fiji:</u>		
Balance at 1 January	303,768	280,932
Additional units acquired during the year	8,321	8,010
(Loss)/gain on remeasurement of investment to fair value	<u>(11,270)</u>	<u>14,826</u>
Balance at 31 December	<u>300,819</u>	<u>303,768</u>

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

	2009	2008
	\$	\$
<b>14. Cash and short term deposits</b>		
Cash at bank	469,032	533,475
Cash on hand	1,829	1,829
	<u>470,861</u>	<u>535,304</u>
Cash and cash equivalents in the cash flow statements	470,861	535,304
Term deposits	450,000	550,000
	<u>920,861</u>	<u>1,085,304</u>

The average interest rate on term deposits in 2009 was 7.25% (2008: 3.2%). The deposits had an average maturity of 365 days (2008: 366 days).

<b>15. Other receivables</b>		
Levy receivable from The Fiji Sugar Corporation	731,572	477,178
Fiji Sugar Marketing	-	6,000
South Pacific Fertilizers Limited	-	3,777
Other receivables	8,803	19,069
	<u>740,375</u>	<u>506,024</u>

**16. Loans and borrowings**

Current liabilities

Secured loan from Sugar Cane Growers Fund

152,000

-

Non current liabilities

Secured loan from Sugar Cane Growers Fund

228,000

-

380,000

-

The loan is repayable by annual repayments of \$76,000 and interest is being charged at the rate of 2% for the first three years and 3% for the remaining term.

The loan from Sugar Cane Growers Fund is secured by a first registered mortgage over CT7926 with improvements thereon.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

	2009	2008 <i>Restated</i>
<b>17. Other payables and accruals</b>	<b>\$</b>	<b>\$</b>
Payables	65,986	64,784
Other accruals	-	-
South Pacific Fertilizers Limited	<u>29,169</u>	<u>81,140</u>
	<u>95,155</u>	<u>145,924</u>
<b>18. Employee benefits</b>		
Balance at 1 January	19,146	27,013
Expense recognised in the income statement	21,913	17,248
Leave utilised	<u>(12,021)</u>	<u>(25,115)</u>
Balance at 31 December	<u>29,038</u>	<u>19,146</u>

**19. Related parties**

**(a) Directors**

The following were directors for the Council during the year:

Jain Kumar - Chairman

Jwala Prasad

Kamlesh Kumar

Liakat Begg

Marika Silimaibau

Paras Somaiya

Pramod Kumar

Shiu Narayan

Suresh Raj

Umesh Prasad

Directors' fees are disclosed in Note 8.

**(b) Identity of related parties**

Fiji Sugar Corporation (FSC) and South Pacific Fertilizers are related parties by virtue of common directorship and shareholding. Other related parties of the Council include key stakeholders in the Fiji Sugar Industry, namely, the Government of Fiji, Sugar Research Institute of Fiji and Sugar Cane Growers Fund.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**19. Related parties (continued)**

	2009	2008
	\$	\$
<b>(c) Amounts receivable from (payable) to related parties</b>		
Fiji Sugar Marketing (Note 15)	-	6,000
South Pacific Fertilizers Limited (Note 15)	-	3,777
South Pacific Fertilizers Limited (Note 17)	(29,169)	(81,140)
The Fiji Sugar Corporation Limited (Note 15)	<u>731,572</u>	<u>477,178</u>

**(d) Transactions with related parties**

During the year, the Council entered into various transactions with related parties which were at normal commercial terms and conditions. The aggregate value of material transactions with the related parties during the year is as follows:

	2009	2008
	\$	\$
Acquisition of additional shares in South Pacific Fertilizers	380,000	300,000
Levy income – The Fiji Sugar Corporation Limited	<u>992,691</u>	<u>870,879</u>

**(e) Transactions with key management personnel**

Key management personnel includes the Chief Executive Officer and General Manager Operations.

In addition to their salaries, the Council also provides non-cash benefits to key management personnel. Key management compensation is disclosed in Note 9.

	2009	2008
	\$	\$
<b>20. Non-cash investing activity</b>		
Trade-in of property, plant & equipment	<u>4,500</u>	<u>16,000</u>

**21. Capital commitments**

Capital commitments as at 31 December 2009 amounted to \$Nil (2008: \$380,000)

**22. Contingent liabilities**

The Council is a defendant in various third party claims and employee related cases. The Directors do not expect the outcome of these actions to have a material effect on the Council's financial position.

**Sugar Cane Growers Council**  
**Notes to the financial statements**  
**For the year ended 31 December 2009**

**23. Significant events during the year**

The following significant events occurred during the year:

- (i) On 11 August 2009 a Cabinet decision was made to dissolve the Council;
- (ii) On 11 November 2009 a Cabinet decision was made that the services of the 38 councillors be terminated effective from 11 November 2009, the administrative arm of the Council be retained until end of 2009 crush or when a successor body to the Council is established whichever comes earlier and the Registrar of the Sugar Industry Tribunal was appointed to co-sign cheques with the Acting CEO of the Council.
- (iii) As at the date of the financial statements, there have been no further action taken with regard to the dissolution of the Council or appointment of a successor body.
- (iv) The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary as a result of the dissolution of the Council.

**24. Events subsequent to balance date**

There has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Council, the results of those operations or the state of affairs of the Council in subsequent financial years.

## **Disclaimer**

The additional financial information presented on pages 27 to 28 is in accordance with the books and records of Sugar Cane Growers Council which have been subjected to the auditing procedures applied in our statutory audit of the Council for the year ended 31 December 2009. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person (other than the Council) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however used.

15 December 2010  
Nadi, Fiji Islands

KPMG

Chartered Accountants

**Sugar Cane Growers Council**  
**Statement of operations**  
**For the year ended 31 December 2009**

	2009	2008
	\$	\$
		<i>Restated</i>
<b>Income</b>		
Dividend income	8,321	8,010
Gain on disposal of property, plant & equipment	4,500	16,000
Gain on remeasurement of investments to fair value	-	18,408
Interest income	21,269	29,143
Levy received from The Fiji Sugar Corporation Limited	992,691	870,879
Rental income	70,490	72,580
Sundry income - legal services	6,026	29,354
Sundry income - service fees	-	35,881
Sale of Durion	21,331	2,894
Other income	3,884	37,755
	<hr/>	<hr/>
<b>Total income</b>	<b>1,128,512</b>	<b>1,120,904</b>
	<hr/>	<hr/>
<b>Expenditure</b>		
Advertising	2,000	2,498
Allowance for uncollectability	15,957	-
Auditor's remuneration - audit services	6,500	6,250
- other services	3,762	19,420
Bank charges	2,450	3,312
City rates	721	555
Cleaning	12,164	13,279
Computer maintenance and network	-	5,648
Councillors travel and subsistence	101,313	120,182
Depreciation	62,105	51,723
Directors' fees	68,691	72,785
Donations	310	285
Electricity	23,228	29,235
Fiji National Provident Fund contributions	23,505	23,836
General expenses	11,917	4,392
Growers accountant's fees	5,625	5,625
Hospitality	966	2,024
Industry seminar and workshop	50	7,160
Insurance	22,990	20,505
Interest expense	7,121	-
	<hr/>	<hr/>
Expenses balance carried forward	371,375	388,714

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 26.

**Sugar Cane Growers Council**  
**Statement of operations**  
**For the year ended 31 December 2009**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Expenses balance brought forward	371,375	388,714
Legal fees	1,362	3,305
Loss on remeasurement of investments to fair value	24,404	-
Meeting costs - board	10,397	15,293
Meeting costs - council	-	6,039
Meeting costs - other	4,991	6,413
Motor vehicle expenses	33,245	39,072
Office expenses	6,223	7,531
Postage	2,547	2,859
Professional services	19,369	-
Rent	31,969	33,535
Repairs and maintenance	153,704	13,645
Research and development	1,784	-
Security expenses	10,292	9,667
Stationery and printing	6,274	14,432
Subscriptions	5,226	4,102
Telephone	29,556	32,872
Training and Productivity Authority of Fiji	3,786	4,731
Wages and salaries	316,235	292,092
Water rates	770	986
	<hr/>	<hr/>
<b>Total expenditure</b>	<b>1,033,509</b>	<b>875,288</b>
	<hr/>	<hr/>
<b>Operating surplus</b>	<b>95,003</b>	<b>245,616</b>
	<hr/> <hr/>	<hr/> <hr/>

The above statement of operations is to be read in conjunction with the disclaimer report set out on page 26.