



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review Report of the Sugar Cane Growers Fund 2021 Annual Report



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Table of Contents

Chairperson’s Foreword	4-5
Committee Membership	6
Committee Secretariat	7
1.0 Introduction	8
1.1 Background	8-9
1.2 Committee Remit and Composition	9
1.3 Procedure and Programme	10
2.0 Findings	11-13
3.0 Recommendations	14
4.0 Sustainable Development Goals	15-18
5.0 Conclusion	19
6.0 Committee Members’ Signatures	20
7.0 Annexure	21

Acronyms

CDRF – Cane Developing Revolving Fund

KPIs – Key Performance Indicators

SCGF – Sugar Cane Growers Fund

SDGs – Sustainable Development Goals

SPFL – South Pacific Fertilizer Limited

SO – Standing Order

Chairperson's Foreword

The Standing Committee on Economic Affairs submits to Parliament the Review Report of the Sugar Cane Growers Fund 2021 Annual Reports.

The Sugar Cane Growers Fund is a defined lending institution established by Act. No. 9 of 1984 enacted by the Parliament of Fiji on 26 July 1984. Its core business is to provide loans to registered sugar cane growers. SCGF also has a subsidiary company namely the South Pacific Fertilizers Limited which is primarily engaged in the sale and distribution of fertilizer and weedicides.

Sugar Cane Growers Fund (SCGF) aims to build sustainable value for stakeholders and in particular for the sugar cane farmers and other industry players.

The principal activity of the Fund as outlined under Section 4 of the Sugar Cane Growers Fund Act 1984 is to provide loans to sugar cane growers to increase production of sugar cane, improve efficiency in the planting, growing and transportation of sugar cane, rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters, establish sugarcane farms to construct buildings and other installations on those farms, crop diversification and to provide assistance to the personal family needs of growers during periods of financial distress or hardship and to benefit the cane growing industry.

The Committee was made aware of the various challenges that SCGF has been facing which include the need to review the SCGF Act, the need to diversify sugar production to agriculture and non-agriculture, lack of subsidiary diversification, government dependency and loan defaults.

The Committee noted that the Annual Reports presented by the SCGF lacked essential Key Performance Indicators (KPIs). SCGF did not have any set target during the periods under review which may have enabled the Committee to make more informed recommendations.

The Committee noted some of the challenges faced by SCGF under the review period as follows:

- Uncertainty of lease renewal, ageing farmers, rising prices of fertilizers, damage to farm infrastructure due to flooding and the natural rural and urban drift.
- The Russia-Ukraine war has had a significant impact on the availability and prices of raw material for fertilizer in this is expected to continue to have an ongoing impact on Fertilizer prices.
- Tropical Cyclone Yasa and Anna caused devastating impact to the farming community especially in the Northern Division causing massive structural damage to crop, dwelling and roads. Seqqa and Labasa districts being worst impacted therefore, TC Yasa loan was developed to provide instant relief to affected cane farmers through Priority and Specialized loan assistance.

At this juncture, I would like to extend our appreciation to all the stakeholders for their valuable input.

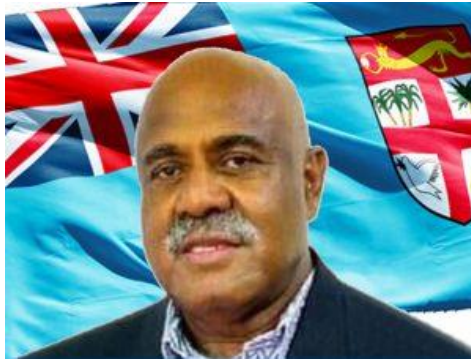
Finally, I would like to thank our Committee Members who were part of the team that produced this report: - Deputy Chairperson Hon. Sashi Kiran, Hon. Premila Kumar, Hon. Tomasi Tunabuna, and Hon. Aliko Bia. I also thank the Committee Secretariat who have given us invaluable support.

On behalf of the Standing Committee on Economic Affairs, I present the Sugar Cane Growers Fund 2021 Review Report to Parliament.



.....
Hon. Sakiusa Tubuna
Chairperson

Committee Membership



Hon. Sakiusa Tubuna
Chairperson



Hon. Sashi Kiran
Deputy Chairperson



Hon. Premila Kumar
Member



Hon. Tomasi Tunabuna
Member



Hon. Aliko Bia
Member

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1.0 Introduction

The Standing Committee on Economic Affairs was referred the Sugar Cane Growers Fund 2021 Annual Reports, pursuant to Standing Order 38 (2) of the Standing Orders of the Parliament of the Republic of Fiji. The Committee was mandated to review the Annual Reports and table its findings back to Parliament.

1.1 Background

Sugar Cane Growers Fund (the “Fund”) is a body corporate established in Fiji on 26 July 1984 under the Sugar Cane Growers Fund Act 1984. The address of its registered office and the principal place of business is located at 2nd floor, Sugar Cane Growers Council (SCGC) Building, 75 Drasa Avenue, Lautoka.

The consolidated financial statements of the Fund as at and for the year ended 31 December 2021 comprise the Fund and its subsidiary, South Pacific Fertilizers Pte Limited (together referred to as the “Group”).

The principal activity of the Fund as outlined under Section 4 of the Sugar Cane Growers Fund Act 1984 is to provide loans to sugar cane growers to increase production of sugar cane, improve efficiency in the planting, growing and transportation of sugar cane, rehabilitate farms, buildings and other installations damaged, destroyed or affected by floods, cyclones, droughts or other natural disasters, establish sugarcane farms to construct buildings and other installations on those farms, crop diversification and to provide assistance to the personal family needs of growers during periods of financial distress or hardship and to benefit the cane growing industry.

The principal activity of the subsidiary, South Pacific Fertilizer Pte Limited (SPFL), during the year was importing bulk fertilizer, blending, packing and distributing to local markets. SPFL is incorporated in Fiji and its registered office is at Waterfront Road, Veitari, Lautoka. The consolidated financial statements for the year ended 31 December 2021 were authorized for issue in accordance with a resolution of the Board on 14 days of February 2024.

South Pacific Fertilizers Pte limited is a subsidiary of the Fund. Majority shares in South Pacific Fertilizers Pte Limited are owned by the Fund, with non-controlling interests held by the Sugar Cane Growers Council, other related parties of the Fund include key stakeholders in the Fiji Sugar Industry, namely, the Fiji Sugar Corporation Limited, Sugar Research Institute of Fiji and Sugar Cane Growers Council, Sugar Industry Tribunal and Ministry of Sugar.

Investment in subsidiary, SPFL is a company domiciled in Fiji. The Fund's interest in SPFL is 90.6% with the remaining 9.4% owned by Sugar Cane Growers Council. The principal business activity of SPFL during the year was importing bulk fertilizer, blending, packing and distributing to local markets.

In 2011, the Government advanced \$ 6 million to the Fund to set up a Cane Development Revolving Fund. The Fund processes CDRF loan applications and 50% is paid out upon signing of the letter of offer. The 50% balance of loan is a=paid after the farm is inspected and satisfied that sugar cane gemination is done. Theses inspections are done by jointly with Fiji Sugar Corporation Limited.

The purpose of the grant is to assist new farmers who do not qualify for loans with the Fund. The Fund will administer the grant to acquire land lease, and carry out identified farm activities, and will be accountable for the disbursement of these funds to farmers accountable for the disbursement of these funds to farmers.

In 2021, loan advances of \$82,083 were paid out of the grant funds to growers, and interest of \$3,562 was credited to the cane farmer assistance grant bank account. An amount of \$7,934 was paid out of the grant funds to Fiji Revenue and Customs Services for VAT on grant.

In 2021, the company received government subsidy of \$19.08m (2020: \$16.08m) inclusive of VAT towards fertilizer price for 2021-2022 and 2020-2021 Annual Budget. An amount of \$13,049,339 (2020: \$13,802,913) was recognized and included in revenue and represents the total subsidy at \$25.59 (2020: \$25.59) (vep) per 50kg bag of fertilizer sold. The Cabinet in 2009 approved the fertilizer price of sugar blends to increase from \$19.50 (vep) to \$45.59 (vep) per 50kg bag. Since 2009, a sugarcane famer paid \$31.50 (vep) while the Government of Fiji contributed \$14.09 (vep) per 50kg bag of fertilizer subsidy. Under the new allocation, a sugarcane farmer pays \$20.00 (vep) while the Government of Fiji Contributes is recognized as deferred income and represents the total subsidy at \$25.59 (vep) per 50kg bag of fertilizer that has yet to be sold as at 31 December 2021.

In 2021, the Company received a government subsidy of \$0.47m (2020: \$0.54m) inclusive of VAT towards weedicide price for 2021-2022 and 2020-2021 respectively. An amount of \$1,520,443 (2020: \$3,187,573) was recognized and included in revenue and represents the total subsidies weedicides sold in 2021 through the Sugar Cane Growers Council.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. According to Section 109(2) (a) the Standing Committee is responsible for looking into matters related to economic development, finance, banking, and taxation.

1.3 Procedure and Programme

The Committee began its review of the Annual Report in September 2024. The review process adopted by the Committee was agreed upon through consensus by the Members to review the report and a summary of this is as follows.

The Committee read through the Annual Reports and discussed matters noted by individual Members. From these discussions, a variety of issues were identified, which the Committee resolved and sought clarifications.

The Committee received submission and briefings from the Sugar Cane Growers Fund. At the end of the review, the Committee made recommendations based on the discussions with stakeholders and on the Annual report's content.

2.0 Findings

From the consideration of the Annual Reports the Committee presents the Findings below:

- 2.1 The Committee found that the reporting structure lacked coherence and identified several errors in the 2021 SCGF Annual Report, including grammatical mistakes, spelling issues, and repeated information.
- 2.2 The Committee observed that smaller growers, those producing under 300 tons, are borrowing more than the larger cane growers.

Portfolio by Production- 31st August 2024					
Production	Count	Loan Portfolio	Av Loan/ Grower	Portfolio %	No %
0-100	2063	\$8,321,121.96	\$4,033.51	26.68%	47.15%
100-200	1270	\$9,308,569.39	\$7,329.58	29.85%	29.03%
200-300	608	\$6,971,708.62	\$11,466.63	22.35%	13.90%
300-400	261	\$3,438,299.10	\$13,173.56	11.02%	5.97%
400-500	89	\$1,314,464.72	\$14,769.27	4.21%	2.03%
500-600	51	\$937,157.94	\$18,375.65	3.00%	1.17%
600-700	17	\$468,039.80	\$27,531.75	1.50%	0.39%
700-800	8	\$163,088.46	\$20,386.06	0.52%	0.18%
800-900	6	\$115,851.85	\$19,308.64	0.37%	0.14%
900-1000	1	\$116,440.34	\$116,440.34	0.37%	0.02%
1000-1100	1	\$34,715.62	\$34,715.62	0.11%	0.02%
Grand Total	4375	\$31,189,457.80	\$7,129.02	100.00%	100.00%

- 2.3 The Committee also observed that the largest group of borrowers produces less than 100 tons, accounting for 47% (2063 borrowers), while the majority (90%) of borrowers are from those producing under 400 tons.
- 2.4 The Committee expressed concern that the audit report did not focus on issues pertinent to the reporting year, instead emphasizing elements from prior years.
- 2.5 The Committee found that the lack of established targets for the SCGF is negatively affecting its performance.
- 2.6 The Annual Report was deficient in details regarding how loans are monitored once issued to the growers. It also lacked information on the loan portfolios and the repayment process.
- 2.7 The Committee discovered that the rate of returns was very poor during the review period.
- 2.8 The Committee observed that the SCGF's Act is outdated, as it dates to 1984.
- 2.9 The Committee noted that there was insufficient information regarding the New Farmers Assistance program, which was launched in 2018.
- 2.10 The Committee noted that SCGF did not report on the mandatory Sustainable Development Goals (“SDGs”).

- 2.11 The Committee noted that Key Performance Indicators (“KPIs”), were not included making it difficult to thoroughly assess the SCGF.
- 2.12 The Committee noted that digital platforms were upgraded to offer (to offer what?) (services to) the growers. Several enhancements were made on the digital platform including the *mySCGF App*, *mySCGF Online Portal* and *SMS Alert Services* and the *website (scgf.com.fj)*.
- 2.13 The main results for the financial year ending December 31, 2021, included a total group profit of \$5.65 million (down from \$6.81 million in 2020). This total consisted of SCGF's net profit of \$3.06 million (up from \$1.72 million in 2020) and SPFL's net profit of \$2.59 million (down from \$5.09 million in 2020), which seems inconsistent as there was reduction in overall profitability.
- 2.14 The Committee expressed concerns on the long-term debt issue of FSC to South Pacific Fertilizers Limited continues to be a challenge. This debt relates to FSC collecting funds on behalf of SPFL and not remitting the same to SPFL.
- 2.15 The Chairman's report highlighted that SCGF have developed a Five-Year Strategic Plan, prioritizing support for growers and the industry while also focusing on an inclusive transformation for the future.
- 2.16 The Committee observed that SCGF has gained digital recognition. The timing of this strategic investment was well-considered, and SCGF is now benefiting from enhancements such as online processing, work-from-home capabilities, and the integration of a new website and app. These advancements have streamlined business processes, reduced processing times, and increased productivity while also enhancing data integrity. Grower account details are readily accessible online or via phone.
- 2.17 SCGF's strong financial performance in 2021, marked by a net surplus of \$3.06 million, is a direct outcome of our focused efforts and commitment to delivering value. This success has resulted from a combination of loan and investment interest, fees and charges, dividends, and a write-back of investments.
- 2.18 The Committee noted that fewer payment approvals occurred due to the impact of COVID-19. Additionally, at the government's request, repayments were waived by the Sugar Cane Growers Council to give growers time to prepare for harvest. Lastly, in the North division, loans were cautiously approved in response to a decline in production following TC Yasa.
- 2.19 During the year, SCGF approved loans amounting to \$80,150.00 under Priority Loans, \$601,222.06 under CDRF Loans, and \$8,567,404.77 under Specialized Lending. Our Priority Loans also included loans for TC Yasa. The table below details the breakdown of loans approved, including those that are partially disbursed and fully undrawn, to cane growers as of December 31, 2021.

Loan Approval

Net Loans	No.	Total Value
Ba	514	\$2,221,099.65
Labasa	469	\$1,776,970.18
Lautoka	180	\$ 725,019.15
Nadi	187	\$ 855,775.76
Rakiraki	224	\$ 907,310.71
Seaqaqa	172	\$ 1,059,347.98
Sigatoka	81	\$ 268,276.82
Tavua	181	\$ 753,607.52
Total	2009	\$8,567,407.77

Loans Disbursement

Type of Loan	Approval		Disbursement	
	Number	Value	Number	Value
Priority/TC Yasa	88	\$80,150.00	269	\$379,153.16
CDRF	326	\$601,222.06	613	\$495,872.40
Specialised Loan	1617	\$7,886,035.71	2066	\$5,652,385.49
Total	2031	\$8,567,407.77	2948	\$6,527,411.05

- 2.20 The Committee noted that local term deposits fell from \$15 million last year to \$14 million this financial year. This decrease was attributed to financial institutions being reluctant to accept deposits due to reduced business activity and job losses resulting from the COVID-19 pandemic.





3.0 Recommendations




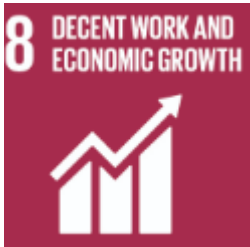
The Committee recommends the following:






- 3.1 That SCGF review its organizational structure effectively to improve sugar cane cultivation in Fiji and benefit growers. The Committee recommends that the SCGF review the 1984 Act, as it is very outdated, to enhance the structure in line with current business standards.
- 3.2 To ensure that the Annual Report includes comprehensive information about the growers' fund for future reference.
- 3.3 Since the SCGF provides loans to growers, it should fall under the oversight of the Reserve Bank of Fiji.
- 3.4 The Committee recommends that the SCGF include comprehensive information on recurring loans, loan proportions relative to yield, the number of growers, and complete loan details in future SCGF Annual Reports.
- 3.5 The Committee recommends enhancing the reporting style and eliminating the errors found in the 2021 Annual Report for future submissions. Advise for proofreading and sending the reports for thorough vetting before presenting them to the Cabinet. ?? or Parliament?
- 3.6 Raise awareness among new growers and implement additional benefits to attract their interest in sugar cane cultivation.
- 3.7 That, SCGF includes the performance matrix aligned with the KPIs in all future annual reports to justify budgetary allocations.
- 3.8 That, SCGF should include relevant SDGs in its annual reports as required by the Parliament, to demonstrate its support to Fiji's commitment towards international goals.
- 3.9 The Committee commends SCGF for its upgraded digital platforms and recommends their continued maintenance for the future.
- 3.10 The Committee commends SCGF staff for successfully operating during pandemic from various remote locations. This was made possible through current advanced IT infrastructure. SCGF's new Core Business Solution—Len decider, the BeaconPro system, and Vodafone's cloud platform that were instrumental in this effort. The concept of cloud computing has significantly enhanced the Information Technology environment in today's modern era.
- 3.11 The Committee acknowledges that, despite the challenges, SCGF adapted innovative business models to protect employees and continued to serve the growers, which led to opportunities for innovation. This effort resulted in a historic surplus of \$3.056 million and the achievement of Fiji's first-ever Business Excellence Award.



4.0 Sustainable Development Goals

The SCGF has developed its framework for the SDG work plans integrated within its core function and any of the strategies and work plans will ensure that such plans are embedded, accordingly over the planning period.

GOAL	2016-2021 Achievement – Funding Facility	Strategies 2021-2025
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> Regularization of Land ownership by way Lease Renewal, land survey of farming lease and regularizing land ownership. Back to Farm promotion, giving another chance to pay the loan. 	<ul style="list-style-type: none"> Expansion of investment on the farm. Consolidated farming business, merger with sugarcane. Diversification with other source of funding and use of funding – grants. Food security programs.
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> Subsistence Farming Loans – promote self-reliance, maximum use of land. Investment in cane farms Investment in farm mechanization 	<ul style="list-style-type: none"> Review of the product and support from the Ministry of Agriculture. Review of the functions with review of Act after Industry policy formulation working. towards banking platform. Food security funding and better utilization of land.
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> Medical expenses Promote subsistence farming Free insurance coverage available to all growers 	<ul style="list-style-type: none"> Comprehensive health insurance coverage/wellness forum – funding Subsistence farming Awareness video technology platforms (Medics weather) Option to support seniors and those with health issues with “Contractor of Gentleman Farming” Disability support programs Possible medical center collaboration – NGO/Government.
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> Facility to meet basic education needs Tuition expenses Loans for educational tools – laptop and tablets 	<ul style="list-style-type: none"> Capacity building programs for employees Grower advocacy programs on financial inclusion/joint promotion of husbandry with other industry stakeholders. Educational loans “Back to School Promotion” Support lectures and forum for cane growers.

	<ul style="list-style-type: none"> • Farming loans to women as growers at concessional rate 	<ul style="list-style-type: none"> • Promote more women participation in Farming. • Support women dominated farming projects under Subsistence Farming or alternative livelihood project manageable by women. • Women appointment at leadership roles. • Special loan package for Women Farm ownership programs. • New Farmers/government grant/FNPF approved letter. • Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry.
	<ul style="list-style-type: none"> • Borehole projects • Water tanks • Drainage 	<p>Continue with</p> <ul style="list-style-type: none"> • Borehole projects • Water tanks • Drainage <p>Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry.</p>
	<ul style="list-style-type: none"> • Portable solar systems 	<ul style="list-style-type: none"> • Reach household without national power supply in rural areas • Provide alternative solution – solar projects <p>Explore any of the development partners to work through (World Bank, European Union, ADB, European Investment Bank) through Ministry.</p>
	<ul style="list-style-type: none"> • Affordable loans all cane growers available always for within industry and supplementary projects. 	<ul style="list-style-type: none"> • More competitive rates on loan and optimum rate of return on investments. • Create enabling environment and support to new entrant to the industry.

	<ul style="list-style-type: none"> • Support farm mechanization by way of new modern farming equipment. • Investment in new Modern Lending/Technology System – Information and communication (online) 	<ul style="list-style-type: none"> • Continue to support with modern machinery funding • Education and awareness for use of technology • Integration of the system and local and progressive international payment system • Local funds transfer
		<ul style="list-style-type: none"> • Empower and promote the social, economic inclusion with various financial services • Social protection policies, and progressively achieve greater equality with financial product for aged growers. • Look at remittance projects
	<ul style="list-style-type: none"> • House construction/upgrade (committees) 	<ul style="list-style-type: none"> • Resilient building structures at farm level (Cat 3) with combination of grants and funding • Disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations – awareness program.
		<ul style="list-style-type: none"> • Sustainable management and efficient use of natural resources – water and solar project funding. • Reduce food losses along production and supply chains, including post-harvest losses-back-to-back merchant funding.
	<ul style="list-style-type: none"> • Rehabilitation projects after natural disaster e.g. Post Cyclone Winston and Yasa and others 	<ul style="list-style-type: none"> • Planting of tree crops • Drainage and waterways funding for farmers • Disaster rehabilitation program-quick response (reserve funds)

		<ul style="list-style-type: none"> • Farm development ensure inland freshwater ecosystems and their services in particular, forests, wetlands, mountains are maintained. • No pollution, soil erosion. • Promote the rule of law at the national and international levels and ensure equal access to justice-Code of Conduct of SCGF. • Vision, mission and values ingrained in the daily operations. • Substantially reduce corruption and bribery in all their forms – Government policy/whistle blower policy • Develop effective, accountable and transparent institutions at all levels – Government policy • Ensure public access to information and protect fundamental freedoms – Disclosures/Annual Report.
		<ul style="list-style-type: none"> • Finance – strengthen domestic resource mobilization, including through international support-through government agencies and multinational and development partners. • Technology – promote the development, transfer, dissemination and diffusion of environmentally sound technologies to a favorable term, including on concessional and preferential terms, as mutually agreed. • Capacity building – continuous look out for the people development. • Systematic Issues – Implementation of policies and products that eradicate poverty. • Multi-stakeholder partnerships – encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

5.0 Conclusion

The Committee is satisfied with the Annual Report during the review period. However, we note that there are areas that can be improved through more enhanced coordination, commitment, and accountability of all stakeholders.

6.0 Committee Members' Signatures

 Hon. Sakiusa Tubuna Chairperson	
 Hon. Sashi Kiran Deputy Chairperson	 Hon. Premila Kumar Member
 Hon. Tomasi Tunabuna Member	 Hon. Aliko Bia Member

7.0 Annexure

Published evidence

Written evidence, transcripts and supporting documents can be viewed on the Parliament website at the following link:

<https://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/>