

## THE SMALL PLANTERS ASSOCIATION

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Hon. P.K. Jugnauth.

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Prime Minister, Minister of Finance and Economic Development

Government House

Sir,

### **Re: BUDGET PROPOSALS 2019/2020**

Following lengthy & in depth consultations and discussions with planters across the island for the last few months, we have come to unanimous conclusion that the 2018 cane harvest, from a financial perspective, is one of the worst.. Not a single planter has been able to make a decent income, with even the most resilient ones incurring such heavy losses that they are now totally discouraged and are about to abandon cane cultivation. Their voices have remained unheard and no one has come to their rescue so far.

Honourable Prime Minister, you have been Minister of Agriculture for many years and no one else in this government knows better than you the contribution and dedication of the cane planting community in the development of this country. They were instrumental in helping free this country from the shackles of colonialism & have against all odds been central to providing food to the Nation. Nowadays, however, they are facing the darkest possible moments and are on the brink of dying and disappearing for good. 32 000 small cane planters have

dwindled down to less than 12 000 and we are left with more than 27 000 acres of abandoned fertile land an essential resource lying idle.

The picture is very dull and scary as well but, you as Prime Minister and Minister of Finance, have the power to turn the situation around and give this sector a second breath. If you do so, you will be remembered as the saviour of Mauritian Agriculture and a reference to the generations to come.

We thus hereby submit the proposals of several thousands of small growers with the expectation that they will be given a fair chance to continue participating in the building of Mauritius at par with other, more advantaged, stakeholders of this sector of the economy.

## **CANE SECTOR**

### 1. The Context

For far too many years, successive governments have just paid lip service to the core problems facing the Mauritian sugarcane planting community. Planters' pleas for a fair & equitable distribution of the sugarcane industry's wealth have all gone on deaf ears.

2006 - 1st Multi Annual Adaptation Strategy (MAAS) Report

2010 - Mid Term Review of the MAAS

2015 - LMC International's Report on The Economic, Social and environmental impact on Mauritius of Abolition of Internal Quotas of sugar in the EU Market

## 2016 - Amendments to the Sugar Industry Efficiency Act

## 2018- The Joint Technical Committee Report and Recommendations

These action plans, whilst having successfully shored up the viability of the corporate stakeholders have unfortunately had negative impacts on the community of small & medium planters.

1. More than 20,000 planters have been driven out of cane cultivation. Less than 12,000 remained in 2018.
2. More than 12,000 ha of lands that were previously under cane are today in an abandoned state. For a small island like Mauritius this is not the kind of luxury we can afford.
3. Despite successive reform waves, cane planters are still not receiving a fair share of the income generated by the cane cluster. Thus, for example, the bagasse income a planter receives has not evolved after 30 years.
4. We have, for the past year, been talking to planters across the country. For them to continue in cane cultivation, they need to receive a minimum price of Rs. 2,500 per ton of cane. This price is fair & reasonable & well below than the price paid to planters in Reunion island.
5. We are thankful to Govt. for the efforts to increase the cane price. But even these are not enough because planters will receive only about Rs. 1,300 per ton of cane for crop 2018, i.e. Rs. 1,200 below the viability level.
6. We believe planters must be paid from proceeds obtained within the cane cluster & not from taxpayers' money. Such assistance is not sustainable in the long run.

7. We do not want to be a burden for the state. Thus, we demand that the freedom be given to us to start our own processing plant.

8. We do not want to waste our time & energy fighting the sugar barons / corporate sector.

9. However, we demand that facilities that have been given to them (billions in terms of land conversion tax exemptions, access roads to & through their smart cities, reduced corporate tax etc.) be given to us also. To start our processing plant, we ask for a grant or an UNCONDITIONAL special preferential line of credit of Rs. 500 M.

10. 185 years after the 1st arrival in Mauritius of our forefathers & 51 years after independence, the cane planting community asks to be finally set free.

### **Food crop Production**

Changing, and difficult to adapt, climatic conditions coupled with globalization of the markets and an aging agricultural operators is plumbing our agriculture and most importantly our food production, with food crop production going down from 122 000 tons in 2012 to less than 90 000 tons in 2018 and imports balance steadily moving upwards, it's not the only and sole concern of the small planters but more so for the Government and the consumers at large. It's imperative to change the trend; else we may find the sector wiped out in a few years' time.

Our reading is that the sector needs a competent and strong DRIVER to;

a. Set the targets of ;     i. What to produce?

ii. How much to produce?

ii. Who will produce?

- b. Develop the strategies to attain the targets ( eliminate huddles and create a conducive environment)
- c. Regularly Monitor the whole process and intervene to keep tracts

**Proposals**

**FINANCE**

1. We insist that all Agricultural Loans are issued at nominal interest of less than 3%. DBM is not a commercial bank, Loan beneficiaries should be accompanied in their investments with advices/ follow-ups' and the bank should participate in the risks to safeguard its principals.
2. Clearance of mortgage and charges should be at the onus of the bank. Many planters find their charges still not removed years after they have cleared their loans.
3. Creation of a Land Bank to cater for abandoned lands. More than 25 000 acres of small planters lands are lying idles, it's a national loss. Owners will be most happy to derive a yearly rent instead of the land being used as a dumping ground and pests breeding filed. The same could be rented to agri entrepreneurs; thus creating more employments and strengthening food security.
4. Remove income Tax from planters agricultural revenues

5. Planters are victims to theft at the rate of 15%. Amend appropriate legislation to compensate the lost.( Government in cases thieves are not caught. The thieves in form of labour, if they are unable to refund loses)
6. To waive irrigation dues for 2018 and onwards; foodcrop producers are already paying more than enough through their contribution to the food security. Small cane planters are already losing money out of their pocket because of unfair cane revenue distribution, until this issue is entertained, no charge should be laid on them, more over most of the PIVOT structures are not working because of spare parts

## CLIMATE EFFECTS MITIGATION

1. Allocation of 225m for Protected Culture under the Grant Scheme and provision of the same amount at the DBM with the projection to cover a 100 hector each year over the next 10 years to be able produce 70% of the needs. ( It could be easily coupled with certified produce) Attaining double objectives; Food security and Safe food.
2. Amend River and Canals Water Rights Act and Reclaim River Reserves to plant more trees , redevelop the eco-environment ,reengineer rain water drainage network to avoid soil erosion and flooding and construct as many river dams to store more water for agriculture and other purposes moreover dry streams will come back to life.
3. Provide funds for adaptable varieties, soil analysis and land indexing to avoid unnecessary expenditures on fertilizers.

4. Provide funds to introduce effective and efficient tools to fight pests and diseases
5. Creation of a Strategic Seeds Reserve to cater for frequent unforeseen calamities
6. Up to date, reliable, precise and intelligent information on dates of different crops plantation, extent, expected production and consumption trends ; to allow the grower makes the right choice and avoid gluts and shortage.
7. Creation of a professional unit under the eegis of the Ministry of Finance to set target , develop strategies and monitor progress on the above.
8. Provision for the creation of a Pension scheme for planters, breeders and fishermen.
9. Provision for more funds to implement schemes run by farei.

Minister Sir, we are practical people and believe in actions, once the calamities are over we are back in our fields, toiling to feed the nation, with or without any help, but this is true only for the current generation, don't expect the same from the next one. The whole country has just witnessed our vulnerability on food security, vegetable basket hiked up to more than 50% . We have always considered the government as a sincere and privileged partner of the planting community, let's hope we haven't erred.

Kreepaloo Sunghoon

Secretary. SPA