CROP 2017 SYNOPSIS

1. CROP HIGHLIGHTS

1.1. CLIMATIC CONDITIONS

1.1.1 The Growth Phase

A. The weather conditions prevailing for Crop 2017 in terms of cumulative rainfall during the initial part of the growth phase were characterized by below normal total rainfall in all sectors on average till end January and which has been less favourable for 2017 crop as compared to that experienced in 2016 crop. This resulted into slow cane growth and development and was reflected in the stalk elongation, in various sectors as at end-January 2017, which lagged behind that of last year at the same period and is considered among the lowest recorded as in 2005, 2011 and 2012. Rainfall in February 2017 was similar to the normal in the North and above normal in East and Centre sectors by 38% and 7% respectively. Below normal rainfall was recorded in the South and West sectors, representing 83% and 72% of LTM, respectively.

B. The overall weather conditions in subsequent months of March, April and May were characterized by high rainfall with higher maximum temperature in all sectors well above the long-term mean in the West, East, South and Centre. The overall weather conditions during these months have favoured cane stalk elongation at a good elongation rate across all sectors. Thus stalk elongation over the island recorded in April 2017 was well above those of 2016 by 53% and the normal by 21%. Consequently, sucrose accumulation has not been optimal as at end-April, lagging behind those of 2016 and 2015.

C. High rainfall that prevailed during the months of April and May 2017 continued to be favourable to stalk growth, but at the expense of sucrose accumulation. Moreover, the delay in elongation due to water stress conditions that prevailed in the initial growth period had a negative impact on sucrose accumulation with a low sucrose content recorded as at end-May.

1.1.2 The Ripening Phase

A. With the onset of winter conditions in June 2017, above normal rainfall was recorded over the sugar cane areas in the East, South and Centre; in the North it was equal to the long-term mean while in the West, the recorded rainfall was below the long-term mean. Weather conditions in the months of July and August have not been favourable to sucrose accumulation. In most sectors, rainfall had exceeded the normal coupled with below normal temperature, amplitude and solar radiation that have been detrimental to sucrose accumulation. Although cane productivity was comparable to that recorded last year, extraction rates were inferior, resulting in sugar productivity that lagged behind that of 2016.

B. The weather conditions that prevailed during the months of September and October were characterised by below normal rainfall in all sectors coupled with near normal to above normal solar radiation and near to below normal temperature in most stations. These conditions did not favour optimum sucrose accumulation.

C. The dry and hot weather conditions have generally favoured ripening which was reflected in the slight improvement to extraction rates till end November 2017, but still remained inferior compared to the same corresponding periods in 2016. Sectorwise, the extraction rates recorded at end-November 2017 was 9.95% in the North, 9.22% in the East/Centre, 9.42% in the South and 9.92% in the West, but inferior to those of the corresponding period in 2016 in all sectors.

1.1.3 In general, weather conditions in terms of rainfall, temperature and sunshine duration has favoured stalk growth and cane development, however not conducive to cane ripening and sucrose accumulation at the optimal rate. This was reflected in the good elongation rates and cane productivity in all sectors, but sucrose content and extraction rates inferior to Crop 2016.

1.2. EXTENT UNDER CANE

1.2.1 The total area under cane plantations (plant, virgin and ratoon canes) stood at **54,078** Ha for Crop 2017. Crop 2017 witnessed an effective drop in extent under cane by **1,800** hectares of cane land from last crop year as shown hereunder:

Table 1 – Difference in Extent under Cane (2016 – 2017)

PLANTER TYPE	CROP 2016	CROP 2017	Difference
Small Planters	14,406	13,780	(626)
Large Planters	4,930	4,483	(447)
Sugar Estates	36,542	35,814	(728)
TOTAL	**55,878**	**54,078**	**(1,800)**

1.2.2 The evolution of Area under Cane from Crop 2007 to 2017 is depicted hereunder:

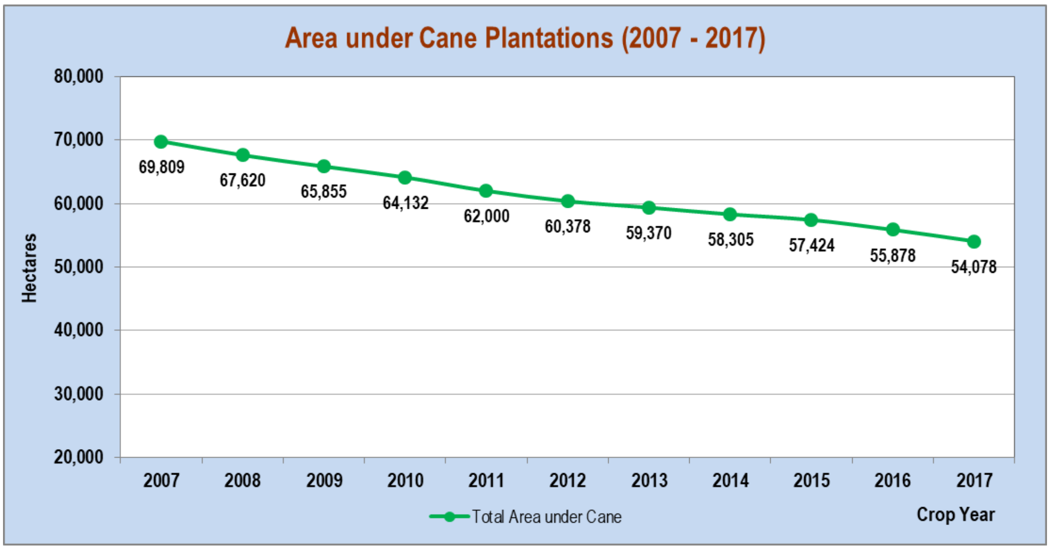


Figure 1

1.3. REGISTRATION OF FACTORIES AND PLANTATIONS

1.3.1 Effective Crop 2017, the Board decided to reinstate the former practice of annual registration of all small planters as well as provide a proximity service to all cane planters over the period of registration with the collaboration of all stakeholders of the sugar industry.

1.3.2 A one-stop shop service to all cane planters was offered by SIFB in collaboration with all Millers and the Control & Arbitration Department of the Mauritius Cane Industry Authority (MCIA) for:

(i) Registration of cane plantations with the SIFB,

(ii) Signing of cane contracts with the Millers; and

(iii) Registration of cane contracts with the Control & Arbitration Department.

1.3.3 Thus, all valid registration cards under the previous 5-year registration cycle became void and all planters were invited to register their cane plantations with the Board anew by issue of press communiques and display of posters at strategic places around the island.

1.3.4 Crop 2017 registration started on 18th April 2017 to end on 31st May 2017.

1.3.5 A total of 13,962 accounts of planters were registered for crop year 2017, inclusive of late registrations and re-registrations.

1.4. CROP HARVEST & MILLING OPERATIONS

1.4.1 Milling operations for Crop 2017 first started at ALTEO factory on the 26th May 2017 and ended with TERRA factory on 29th December 2017.

1.4.2 The start and last dates of milling at each sugar factory in operation are:

Table 2 – Crop 2017 Harvest Schedule

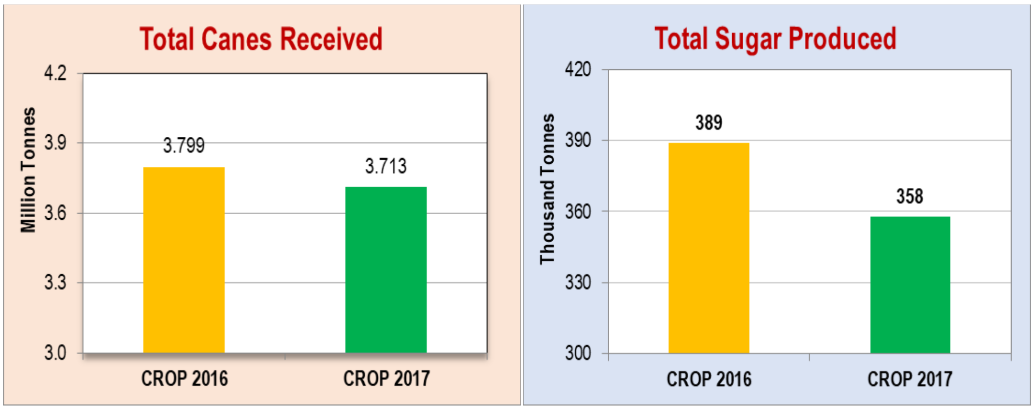
FACTORY	Start Date of Milling	Last Date of Milling
TERRA	17th July 2017	29th December 2017
ALTEO	26th May 2017	26th December 2017
OMNICANE	4th July 2017	16th December 2017
MÉDINE	10th July 2017	18th November 2017

1.4.3 The duration of Crop 2017 milling season was longest at ALTEO factory and shortest at MÉDINE factory.

1.5. SUGAR PRODUCTION

1.5.1 The total tonnage of canes harvested and sent to mills for sugar production island-wide by planters for Crop 2017 is **3,713,331** tonnes, compared to 3,798,657 tonnes for the last crop season.

1.5.2 For Crop 2017, the amount of sugar produced "*tel quel*" is **357,702** tonnes compared to 388,934 tonnes manufactured in 2016. *Refer to Figures 2A & 2B below.*



Figures 2A & 2B

1.5.3 Compared to last crop season, there has been a net decrease in tonnage of canes harvested by **85,326 tonnes**. Less sugar was produced compared to the preceding crop by **31,232 tonnes** which is attributed to sucrose accumulation being inferior than the preceding crop as a result of unfavourable climatic, temperature and sunshine conditions.

1.5.4 For Crop 2017, the mean extraction rate at planter's share per ton of cane produced at the level of each EFA is shown in **Table 3** below:

Table 3 – Extraction Rate at Planter's Share (78%)

ENLARGED FACTORY AREA	Total Cane Weight [T]	Sugar Accrued @ Planter's Share [T]	Mean Extraction Rate @78% [Kg Sugar/Ton Cane]
TERRA	871,630	69,050	79.22
ALTEO	1,418,398	102,574	72.32
OMNICANE	1,059,943	79,235	74.75
MEDINE	363,360	28,504	78.45
ISLAND-WIDE	**3,713,331**	**279,363**	**75.23**

1.5.5 The highest sucrose content per tonne of cane crushed was observed in the North and the lowest for Centre-East.

- The sugar extraction rate at planter's share for the **North** (TERRA) stood at **79.22 kg** of sugar per metric ton of cane crushed; a net deterioration by 7.41 kg of sugar compared to Crop 2016.
- The sugar extraction rate at planter's share recorded for the **Centre-East** (ALTEO) was **72.32 kg** of sugar per metric ton of cane crushed; a regression by 3.69 kg of sugar compared to last crop.

1.5.6 The progression of extraction rates observed throughout Crop 2017 harvest season is shown at **Figure 3** below:

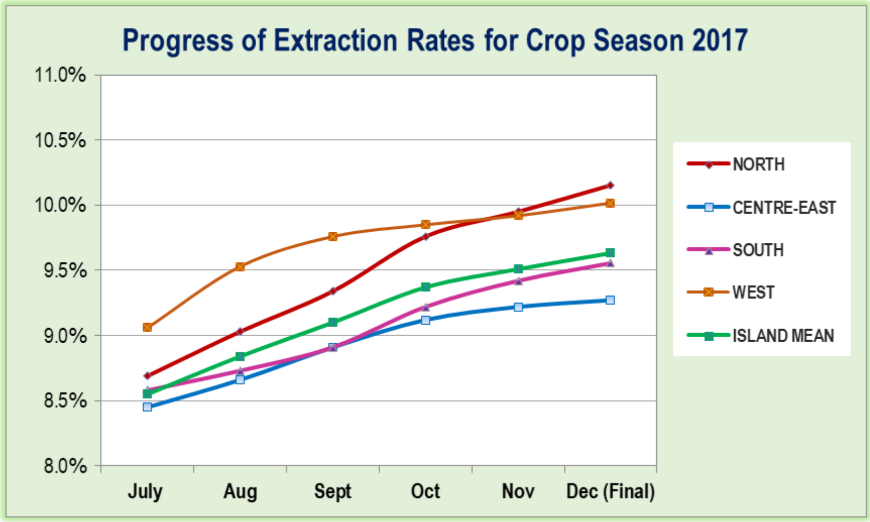


Figure 3 *(Data Source: MSIRI End-of-Month reports July to November)*

1.5.7 The island average sucrose content per tonne of cane crushed stood at 8.55% in July 2017 to reach an island mean extraction rate of **9.63%** by the end of the harvest season in December 2017; compared to a final rate of **10.25%** in Crop Season 2016, i.e. a regression by 0.61%; the highest extraction recorded at TERRA (10.15%) and the lowest at ALTEO (9.27%) – *Refer to Table 4 and Figure 4*.

Table 4 – Mean Extraction Rate [1]

ENLARGED FACTORY AREA	Crop 2016	Crop 2017	Difference
TERRA	11.11%	10.15%	**-0.95%**
ALTEO	9.75%	9.27%	**-0.48%**
OMNICANE	10.17%	10.02%	**-0.61%**
MEDINE	10.41%	9.56%	**-0.40%**
ISLAND-WIDE	**10.25%**	**9.63%**	**-0.61%**

1 *Figures are based on canes crushed and sugar produced on a net basis.*

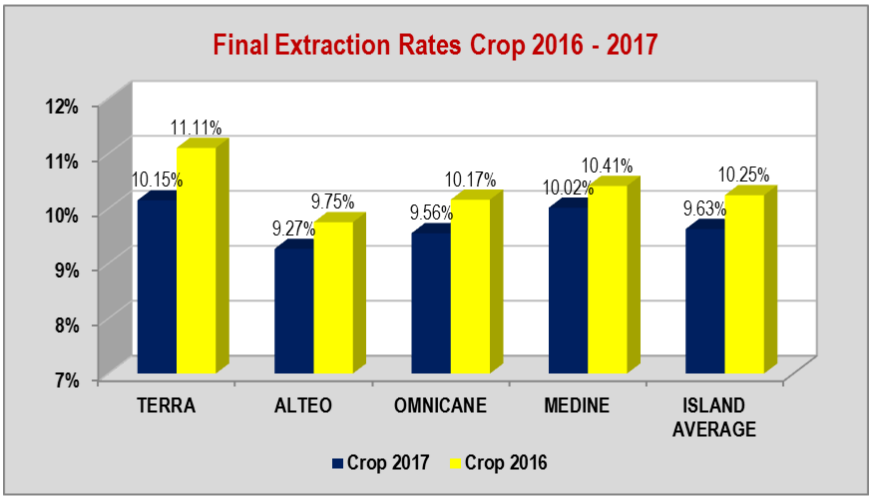


Figure 4

2. GENERAL INSURANCE

2.1 SUGAR PRICE FOR INSURANCE

2.1.1 In accordance with Section 47 of the Sugar Insurance Fund Act, the sugar price for insurance purposes in respect of Crop Year 2017 was determined at the rates of:

(i) **Rs. 14,196** per metric ton of sugar for the growing side, inclusive of added value of molasses.

(ii) **Rs. 13,500** per metric ton of sugar for milling side.

2.1.2 These rates were published under General Notice No. 1824 of 2017 in the Government Gazette.

2.2 DECLARATION OF EVENT YEAR

2.2.1 For Crop Year 2017, the total amount of sugar accruing was 357,702 tonnes against a final Total Insurable Sugar of 422,780 tonnes, i.e. a crop reduction of 15% island-wide.

2.2.2 The sugar production and crop reduction percentages in respect of each Enlarged Factory Area (EFA) were determined as follows:

Table 5 – Crop Reduction

ENLARGED FACTORY AREA	Total Insurable Sugar [T]	Total Sugar Accrued [T]	Sugar Production %	Crop Reduction %
TERRA	93,249	88,506	95%	5%
ALTEO	158,096	131,507	83%	17%
OMNICANE	126,589	101,289	80%	20%
MEDINE	44,847	36,400	81%	19%
ISLAND-WIDE	**422,780**	**357,702**	**85%**	**15%**

2.3 NUMBER OF SUGAR PRODUCERS

2.3.1 The total number of sugar producers (insureds) for Crop 2017 is **12,630**. This consists of:

(i) **12,626 planters/ métayers** consigning canes (compared to **13,729** for Crop 2016); and

(ii) **4 millers** each having a sugar accruing corresponding to 22% of sugar share from all canes consigned to mill by cane growers.

2.3.2 **1,103** planters have effectively moved out of business over the preceding crop year, representing an outflow of **8%** since last crop season.

2.3.3 The trend in the number of sugar producers since 2006 is depicted at **Figure 5** below:

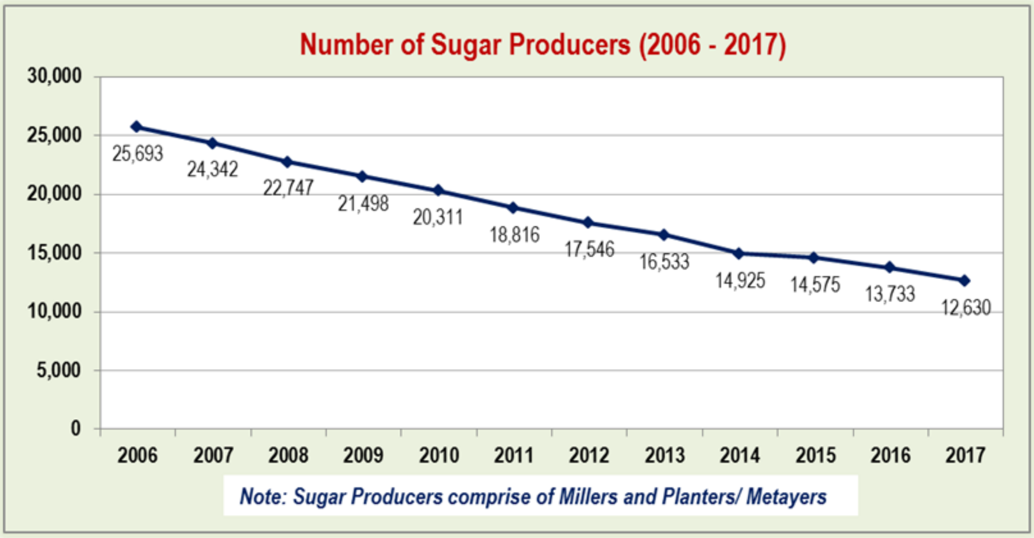


Figure 5

2.4 HARVEST EXTENT AND CANE YIELD

2.4.1 The total area harvested for Crop 2017 for milling purposes stood at **48,857** Ha compared to 50,990 Ha for Crop 2016. The total tonnage of canes harvested island-wide by planters for Crop 2017 is **3,713,331** tonnes, compared to 3,798,657 tonnes for the last crop season.

2.4.2 **Table 6** shows the harvest extent, cane weight and cane yield for each enlarged factory area.

Table 6 – Harvest Extent and Cane Yield

Enlarged Factory Area	Harvest Extent (Ha)	Cane Weight (T)	Cane Yield [T/Ha]

TERRA	10,674	871,630	81.7
ALTEO	19,289	1,418,398	73.5
OMNICANE	14,457	1,059,943	73.3
MĖDINE	4,437	363,360	81.9
TOTAL	**48,857**	**3,713,331**	**76.0**

2.4.3 The highest harvest extent is seen in ALTEO enlarged factory with 19,289 hectares under cane harvested for milling whilst MĖDINE enlarged factory area had the lowest (4,437 Ha). The highest cane yield per hectare recorded at enlarged factory level is 81.9 T/Ha for MĖDINE, whilst OMNICANE had the lowest cane yield (73.3 T/Ha).

2.4.4 **Figure 6** below depicts the trend in harvest extent since Crop 2006.

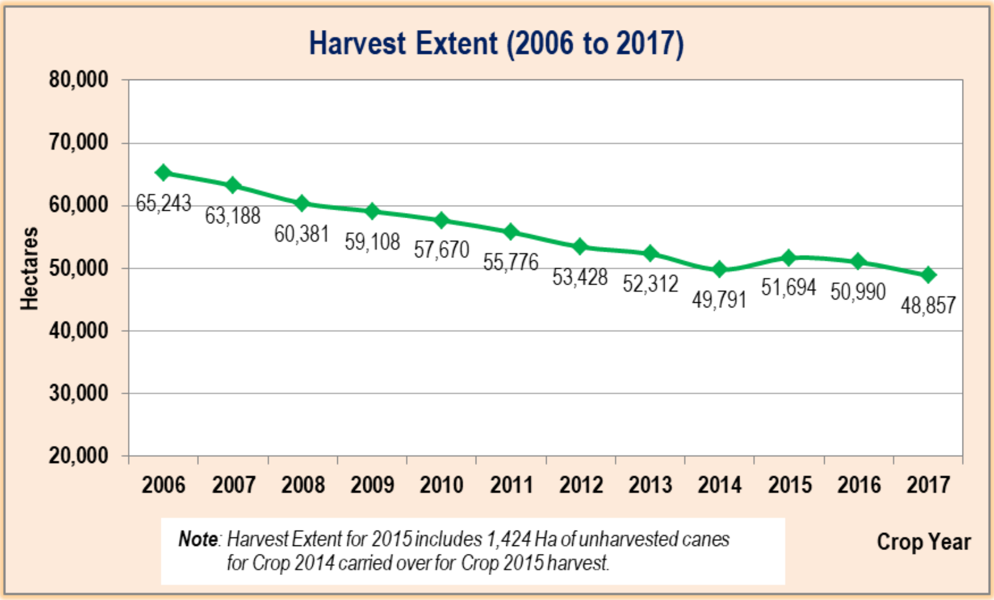


Figure 6

2.5 CATEGORY OF PLANTERS

2.5.1 **Table 7** below classifies the number of accounts by enlarged factory area and by category of planters (small and large) and is similarly depicted at **Figures 6** and **7** respectively.

2.5.2 For the purpose of classification, a small planter is taken as having a harvest extent of up to 10 hectares and a large planter as having harvest extent exceeding 10 hectares in a factory area.

Table 7 – Planter Category

	SMALL PLANTERS	LARGE PLANTERS	

ENLARGED FACTORY AREA	No. of Accounts (up to 10 Ha)	% of Total Accounts Island-wide	No. of Accounts (more than 10 Ha)	% of Total Accounts Island-wide	TOTAL PLANTERS
TERRA	2,765	21.9%	20	0.2%	2,785
ALTEO	5,936	47.0%	30	0.2%	5,966
OMNICANE	3,566	28.2%	33	0.3%	3,599
MEDINE	262	2.1%	14	0.1%	276
TOTAL	**12,529**	**99.2%**	**97**	**0.8%**	**12,626**

2.5.3 Over an aggregate of 12,626 planters, 12,529 of them cultivate up to 10 hectares of sugar cane and 97 planters cultivate more than 10 hectares of land.

2.5.4 **Thus, with reference to paragraph 2.3.2, the majority of planters having moved out of business belong to the category of small planters.**

2.5.5 On overall, the highest quantity of planters for Crop 2017 by enlarged factory area is in ALTEO with 5,966 planters and the lowest in MÉDINE (276 planters).

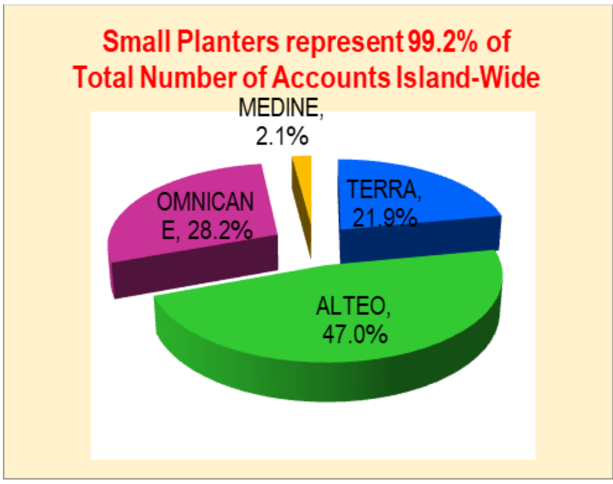


Figure 7

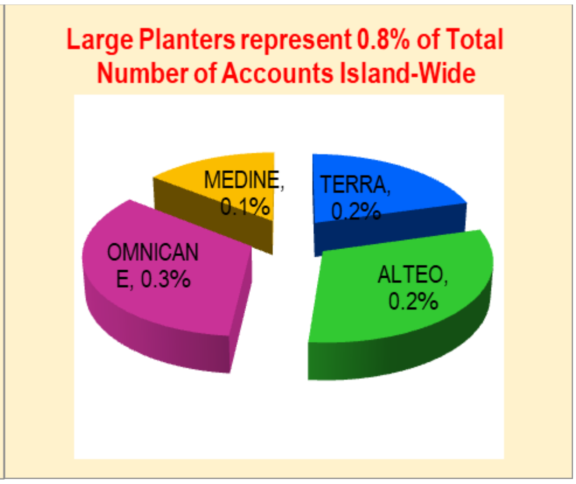


Figure 8

2.5.6 **Table 8** below shows the breakdown of Harvest Extent between small and large planters by enlarged factory area which is also depicted at Figure **9.**

Table 8 – Breakdown of Harvest Extent by Small & Large Planters

ENLARGED FACTORY AREA	SMALL PLANTERS		LARGE PLANTERS		Total Harvest Extent [Ha.]	% of Island HE
	Harvest Extent (up to 10 Ha)	% of Island HE	Harvest Extent (more than 10 Ha)	% of Island HE		
TERRA	2,225	5%	8,450	17%	10,674	22%
ALTEO	5,656	12%	13,633	28%	19,289	39%
OMNICANE	2,993	6%	11,464	23%	14,457	30%

MEDINE	364	1%	4,073	8%	4,437	9%
TOTAL	**11,238**	**23%**	**37,619**	**77%**	**48,857**	**100%**

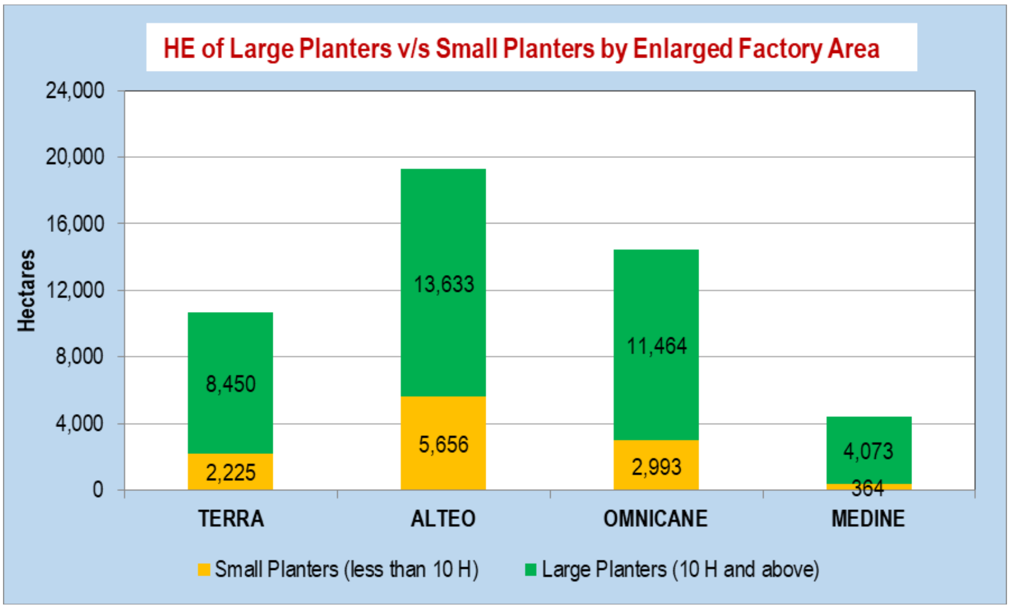


Figure 9

2.5.7 Island-wide, the loss in harvest extent is 818 Ha and 1,315 Ha respectively for small and large planters compared to last crop year, a total loss of **2,133** Ha in harvest extent.

2.5.8 The reduction in harvest extent was observed to be more prominent in the EFA of OMNICANE.

2.6 CROP YIELD BY PLANTER TYPE

2.6.1 The mean cane yield and sugar yield per hectare by planter type in respect of each enlarged factory area for Crop 2017 is shown at **Table 9** below.

Table 9 – Cane Yield & Sugar Yield for Crop 2017

ENLARGED FACTORY AREA	Planter Type	Tonnes of Cane per Hectare (TCH)	Sugar Accruing per Hectare (SAH) @ planter's share
TERRA	Small	75.1	5.80
	Large	83.4	6.65
ALTEO	Small	65.9	4.62
	Large	76.7	5.61
OMNICANE	Small	64.4	4.69
	Large	75.6	5.69

MEDINE	Small	64.9	5.04
	Large	83.4	6.55
TOTAL		**76.0**	**5.72**

2.6.2 **Figure 10** below shows the cane yield of small and large planters for Crop 2017 compared to Crop 2016 for each enlarged factory area.

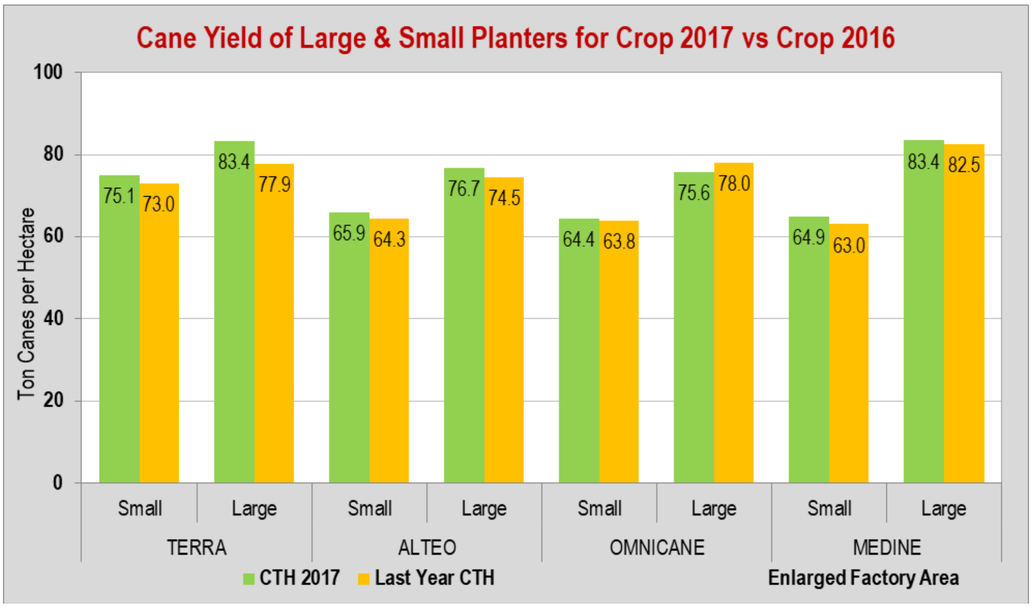


Figure 10

2.6.3 For Crop 2017, the highest mean cane yield per hectare pertains to the large planters of TERRA and MÉDINE (83.4T/Ha) and the lowest average cane yield is in respect to small planters of OMNICANE (64.4T/Ha).

2.6.4 **Figure 11** below shows the Crop 2017 sugar yield by enlarged factory area for small and large planters compared to Crop 2016.

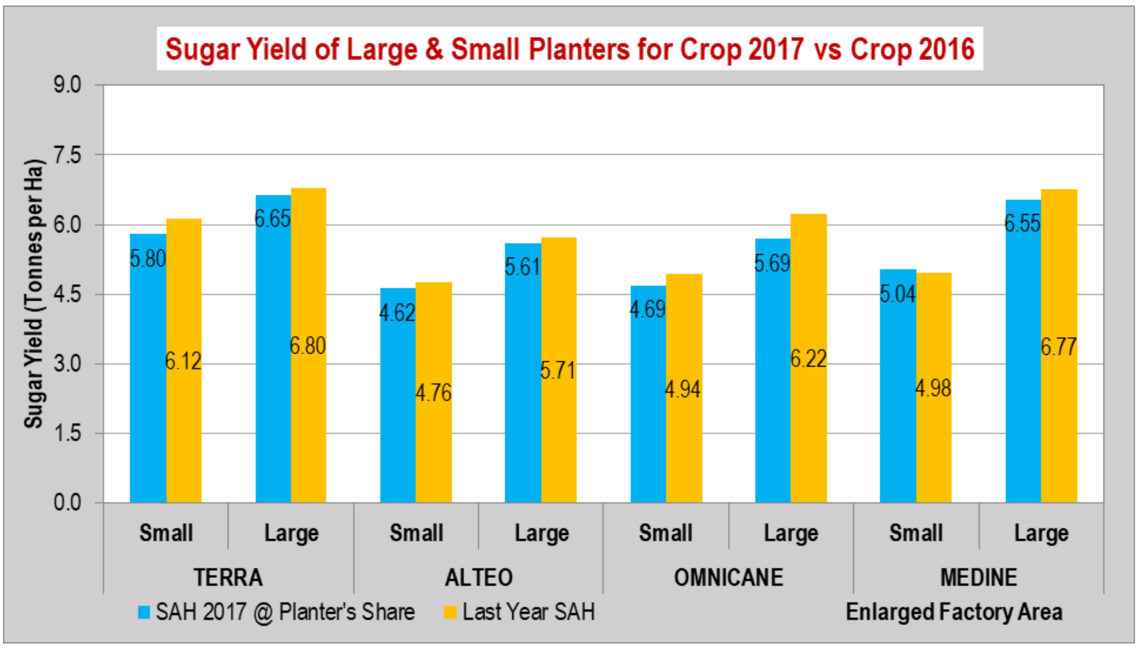


Figure 11

2.6.5 The average sugar yield (at planter's share) of large planters exceeded those of small planters in all enlarged factory areas. The highest average sugar yield (at planters' share) was with respect to TERRA large planters (6.65 T/Ha) and the lowest average sugar yield (at planter's share) was with respect to ALTEO small planters (4.62 T/Ha).

2.6.6 It was observed that cane yield for Crop 2017 has been higher compared to last crop for all regions, but nevertheless a lower sugar yield compared to the last crop season due to unfavourable climatic factors. This is illustrated at **Table 10** and depicted at **Figure 12** below:

Table 10 – Sugar Yield for Crops 2016 & 2017

ENLARGED FACTORY AREA	SAH 2016 (T/Ha)	SAH 2017 (T/Ha)	Difference (T/Ha)
TERRA	8.53	8.29	**-0.24**
ALTEO	6.97	6.82	**-0.15**
OMNICANE	7.61	7.01	**-0.61**
MEDINE	8.41	8.20	**-0.20**
ISLAND-WIDE	**7.63**	**7.32**	**-0.31**

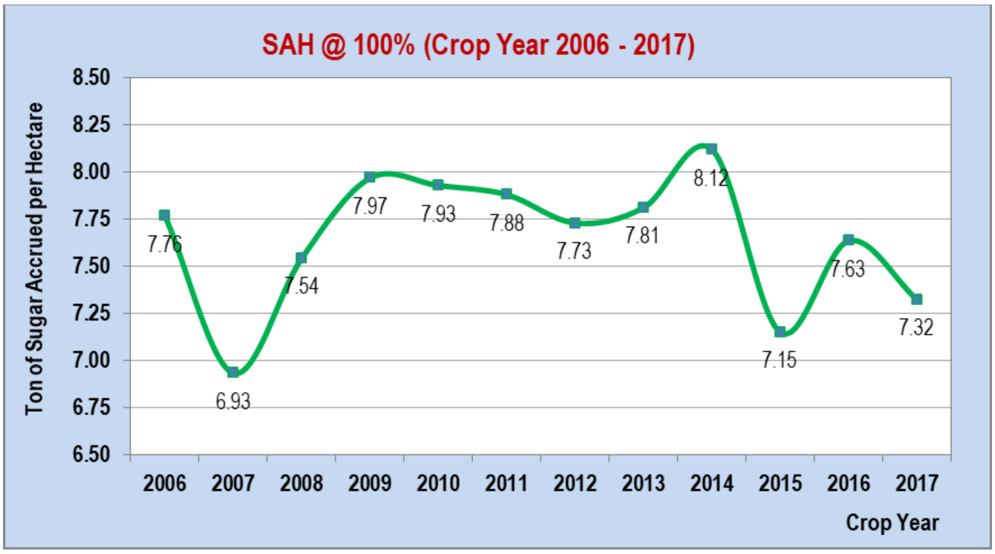


Figure 12

2.7 GENERAL ASSESSMENT

2.7.1 The gross General Premium Income (GPI) receivable for the year was **Rs 188.8 Million** from all insureds.

2.7.2 For Crop 2017, an Event Year has been declared in respect of the EFA of OMNICANE, MEDINE and ALTEO; hence a total compensation of **Rs 468.4 Million** payable to all insureds for losses suffered in sugar production.

2.7.3 **Table 12** below shows the Total General Premium Receivable, the Total General Compensation payable and the loss ratio for each enlarged factory area.

Table 11 – General Assessment

ENLARGED FACTORY AREA	General Premium Receivable [Rs]	General Compensation Payable [Rs]	Loss Ratio
TERRA	44.2 M	-	0%
ALTEO	72.5 M	193.9 M	268%
OMNICANE	53.3 M	206.8 M	388%
MEDINE	18.8 M	67.7 M	360%
TOTAL	**188.8 M**	**468.4 M**	**248%**

2.7.4 For Crop Year 2017, the Fund received a grant of Rs39 Million from the Ministry of Agro-Industry & Food Security for reduced general premium in favour of small planters/métayers having not more than 60 T of sugar accrued.

2.7.5 **This measure provided a relief on general premiums to 12,552 small planters/métayers island-wide which represent 99% of a total of 12,630 insureds.**

3. FIRE INSURANCE

3.1 INTER-CROP FIRE 2017

3.1.1 For Crop 2017, the total number of compensated fire cases caused by inter-crop fire was **61** representing a total extent of **59** hectares of canes was destroyed island-wide.

3.1.2 Inter-Crop Fire Statistics for compensable cases is reported hereunder:

Table 12 – Inter-Crop Fire 2017

ENLARGED FACTORY AREA	# Eligible Insureds	He Burnt [Ha]	Fire Compensation Payable [Rs]
TERRA	18	4.799	179,027
ALTEO	21	30.744	1,193,731
OMNICANE	17	18.927	838,914
MEDINE	5	4.111	206,146
TOTAL	**61**	**58.581**	**2,417,818**

3.1.3 A decrease in compensable cases has been observed compared to Crop 2016 which stood at 189 eligible insureds for a total extent of 199 hectares of canes burnt.

3.1.4 The number of compensable fire cases was more prominent in the Centre/East sector of the island (21 cases) followed by the North and South sectors.

3.1.5 Inter-crop Fire compensation paid to insureds amounted to **Rs 2.41 M** for Crop 2017, against Rs 8.25 M for Crop 2016.

3.2 FIRE DURING HARVEST 2017

3.2.1 The number of fire occurrences during harvest season was observed to be prominent in the North sector of the island. A total amount of **Rs 0.47 M** was disbursed to **29** eligible insureds as road transport allowance for milling of burnt canes at a factory outside their respective factory areas.

3.2.2 The final road rates for Crop 2017 payable by the Board for transport allowance are in line with the road transport rates determined by the Control & Arbitration Department of the MCIA as follows:

(1) Rs 7.54 per ton of canes per kilometer in excess of 6.4 kilometers with respect to planters supplying up to 100 tons of canes.

(2) Rs 6.85 per ton of canes per kilometer in excess of 6.4 kilometers with respect to planters supplying more than 100 tons of canes.

3.2.3 Crop 2017 road transport refund was significantly lower compared to Crop 2016 for which Rs 4.42 M was paid to 142 eligible cases, mostly of the North sector.

3.2.4 **Table 14** below shows the amount disbursed as transport allowance for Crop 2017 and the number of cases by sector.

Table 13 – Fire during Harvest Season

ENLARGED FACTORY AREA	Number of Compensable Cases	Transport Allowance [Rs]
TERRA	23	371,655
ALTEO	-	-
OMNICANE	4	39,877
MEDINE	2	58,252
TOTAL	**29**	**469,784**

3.3 FIRE INSURANCE LOSS RATIO

3.3.1 The loss ratio under the Fire insurance Account for Crop 2017 was **40.7%,** representing an island-wide compensation of **Rs 2.9 M** against an island-wide premium of **Rs 7.1 M**. For Crop 2016, the loss ratio stood at 172%.

Table 14 – Fire Account Loss Ratio – Crop 2017

PREMIUM (Rs)			COMPENSATION (Rs)			LOSS RATIO
Fire Premium (Inter-Crop)	Fire Premium (Assessment)	Total Fire Premium	Gross Fire Compensation (Inter-Crop)	Transport Allowance (Harvest Season)	Total Fire Compensation	
8,470	7,078,247	7,086,717	2,417,818	469,784	2,887,602	40.7%

3.4 FIRE INSURANCE ACCOUNT STATUS

3.4.1 The Fire Insurance Scheme has been operating in technical deficit over the preceding crop years. As such, past crop liabilities in respect of fire claims in excess of fire premiums receivable were settled partly from funds of the General Insurance Account.

3.4.2 However, Crop 2017 liabilities under the Fire Insurance Account were sufficient to be met by the funds receivable as fire premium.

3.4.3 Furthermore, by virtue of an amendment to the SIF Act in the Finance Miscellaneous Provisions Bill 2019, the deficit standing in the Fire Insurance Account as at 31 December 2016 has been zeroised via a transfer from the General Insurance Account to the give effect to Actuarial Recommendations 2016/17 of the Fund.

3.4.4 The financial position of the Fire Insurance Account is reported hereunder:

Table 15 – Fire Insurance Account Status – Crop 2017

Opening balance as 1 July 2017	**(5,899,627)**
Interest on loan at savings rate	(65,000)
Fire Premium Receivable	7,086,717
Gross Fire Compensation Payable	(2,417,818)
Transport Allowance Payable	(469,784)
Management Fee (3% of Fire Premium)	(212,602)
Investment Income	0
Offsetting of Deficit as at 31 Dec 2016	5,756,708
Closing Balance as at 30 June 2018	**3,778,594**

4. SUMMARY

4.1 GENERAL INSURANCE ACCOUNT

CROP YEAR	CROP 2017	CROP 2016
Number of Insureds' Accounts (incl. Millers) [2]	12,630	13,733
Total Harvest Extent	48,857 Ha	50,990 Ha
Total Cane Weight	3,713,331 T	3,798,657 T
Total Sugar Accrued	357,702 T	389,238 T
Total Insurable Sugar	422,780 T	437,279 T
Sugar Production %	84.6%	89.0%
Crop Reduction %	15.4%	11.0%
General Premium Receivable	Rs 188.8 M	Rs 230.1 M
General Compensation Payable	Rs 468.5 M	Nil
One-off Financial Assistance	Rs 466.8 M	Nil

4.2 FIRE INSURANCE ACCOUNT

INTERCROP FIRE*	CROP 2017	CROP 2016
Extent Under Cane Destroyed	59 Ha	198 Ha
Accounts compensated	61	189
Fire Compensation	Rs 2.89 M	Rs 8.25 M
FIRE DURING HARVEST SEASON*		
Accounts compensated	29	142
Transport Allowance	Rs 0.47 M	Rs 4.42 M

** Compensable Cases only*

SIFB **18 November 2019**

-- END --

[2] The total number of insureds' accounts is greater than number of insureds as an insured may have more than 1 account.