

RICE MILLING OPERATIONS

The Society undertakes the milling of rice for members and non-members at a uniform charge of 90 cents per picul.¹ Milling is undertaken for home consumption only, and no padi is milled by the Society for sale as rice.

All milling operations are under the supervision of a special sub-committee of the Society's Committee of Management. This sub-committee has disciplinary powers over the salaried employees engaged in the milling operations and determines the terms of employment, wages, duties and hours of work.

Milling Employees

The employees engaged in the milling operations constitute the only permanently employed staff of the Society because milling is a year round activity. These employees are a Manager, an Accounts Clerk, a Cashier, a Foreman and 2 general labourers. The Accounts Clerk is also the book-keeper of the Society and keeps both the milling and padi trading books. The actual physical task of milling is undertaken by the foreman, who is mainly in charge of the operation and maintenance of the machinery, assisted by the 2 general labourers.²

¹To enable the payment of patronage dividends on milling, members are issued with a different milling receipt. A copy of this is retained by the Society stating the name of, and amount of padi milled by, each member.

²The Manager is paid \$230 per month; Accounts Clerk \$190 per month; the Cashier and the 2 general labourers \$150 per month; and the Foreman \$200 per month. In addition overtime allowances are paid whenever the employees are required to work overtime. Other benefits are annual bonuses and Workmen's Compensation Insurance.

Equipment and Machinery

The machinery and equipment used in the milling operations originally belonged to a private milling enterprise in the Sekinchan area, from which it was purchased by the Society in 1953. This machinery is over 17 years old, and since the establishment of the Society in 1953 no new additions to milling machinery have been made.

The machinery consists of 2 rice-hullers and a winnower.³ All the machinery constitutes one milling process employing 3 stages. These are the hulling, polishing and winnowing stages.

The milling capacity of the above machinery is 6 piculs per hour.

The rice-milling operations produce by-products which are retained by the Society and sold to anyone who wishes to buy. The main customers are poultry feed manufacturers from outside Sekinchan who buy in bulk, and members and non-members of the Society who buy in small amounts for their own poultry. These by-products are of 3 types:

- i) Coarse Bran - produced at the first stage of milling, and consists of crushed rice husk and coarse rice dust mixed together. This mixture is sold at between \$4-\$6 per picul.
- ii) Fine Bran - produced at the second stage of milling and is derived from polishing rice. It consists of only fine rice dust, and a little of it is obtained from the winnower. Fine bran is sold at \$10-\$12 per picul.

³The machinery consists of 2 Grantex Rice-Hullers and a locally manufactured winnower. The 2 Grantex machines constitute the first and second stages of milling, the hulling and polishing. The winnower is the final stage. All the equipment above is powered by one diesel engine.

- iii) Broken Rice - obtained mainly from the first milling stage in very small quantities. Usually sold at between 10 to 15 cents per kati.

The ratio of by-products to the volume of padi milled is not fixed but depends on the quality, age and moisture of the padi milled. For padi of average quality the output of the mill is 68% polished rice, 25% coarse bran, 5% fine bran and 2% broken rice. For better quality padi, the proportion of polished rice is the same but there will be more fine bran and less of coarse bran and broken rice. For poor quality padi, the polished rice output is about 65% and more coarse bran and broken rice, with very little fine bran. Moisture of padi milled similarly determines the composition of the output. The more moist the padi milled, the greater the proportion of broken rice and bran.

In all instances, those wishing to mill their padi have to transport it to the Society themselves. A cemented drying yard is provided at the Society's premises and is available to both members and non-members free of charge. This yard has a capacity of about 50 piculs of padi, and is normally used to dry padi prior to milling.

Volume of Operations

The volume of milling operations is characterized by its stability because most farmers store padi to be milled into rice from time to time as the need for consumption arises. In 1965 the monthly milling volume ranged from 408.54 piculs in February to 987.43 piculs in December. However February was the only month where the monthly volume was below 670 piculs.⁴ The monthly average amount milled is about 805 piculs for 1965.

This stability in milling volume is reflected in a similar stability in the sales of bran. Although

⁴For details of monthly milling volume see Table 1, Appendix III.

bran is mostly sold in bulk, the monthly volume of bran sales is quite stable. In 1965 monthly bran sales ranged from 174.23 piculs in February to 404.56 piculs in December.⁵ However February was the only month where bran sales fell below 250 piculs. Most months average over 300 piculs and the average for the whole year is about 320 piculs per month. Stability in bran sales eliminates the need for storage facilities, and indeed the Society has little space for storage of bran.

Annual volumes of padi milled and bran sales over the period 1961 to 1965 however show different trends. Amount of padi milled is on a decline, ranging from 10,283.75 piculs in 1961 to 9,316.72 piculs in 1964. In 1965 there was a slight increase, about 65 piculs over the previous year, but the main trend is downward. This decline is apparent since 1958 and is attributed mainly to increased competition from the 3 other co-operative rice mill societies in the area for the padi of farmers who do not belong to any co-operative rice mill society. Another reason is the decline in membership since 1961. (See Chapter II).

Over the same 5 year period however, bran sales remained fairly stable, ranging from 3,894.64 piculs in 1962 to 3,477.32 piculs in 1964. The explanation for this queer phenomenon, steady bran output with decreasing milling volume, is attributed to the age and obsolescence of the machinery being used. The proportion of bran to rice is increasing with the age of the machinery, and increasing inefficiency.

The management of the Society believes that the downward trend in milling will continue to persist. However the volumes are not expected to fall very much below those for 1964 and 1965.⁶ Table 6 shows the

⁵For details of monthly bran sales volume see Table 2, Appendix III.

⁶Personal interview.

annual milling and bran sales volumes for the years 1961 to 1965.

TABLE 6

ANNUAL MILLING AND BRAN SALES VOLUMES
OF THE LOONG YIP CO-OPERATIVE RICE
MILL SOCIETY, 1961 TO 1965

Year	Total Amount of Padi Milled (Piculs)	Total Bran Sales (Piculs)
1961	10,283.75	3,789.95
1962	10,241.96	3,894.64
1963	10,133.87	3,859.33
1964	9,316.72	3,477.32
1965	9,381.89	3,751.74

Source: Audit Reports of the Society, 1961 to 1965, by Lim Yeok Shin & Co.

Revenue from Milling Operations

The milling operations undertaken by the Society provide 2 sources of revenue: milling charges and bran sales. Sales of bran include fine bran, coarse bran and broken rice. Fine bran retails for between \$8 to \$12 per picul, coarse bran for between \$4 to \$6 per picul, and broken rice for between 10 and 15 cents per kati. Milling charges remain fixed at 90 cents per picul.

The greatest proportion of revenue from milling operations comes from the sale of bran. Revenue from milling charges constitutes very much less, usually about 30 to 33% of total revenue from milling. Table 7 shows the contribution of bran sales and milling charges

to total revenue from milling operations for the years 1961 to 1965. The figures shown are gross revenue figures, before milling expenses have been taken into account.

TABLE 7

SOURCES OF MILLING REVENUE OF THE
LOONG YIP CO-OPERATIVE RICE MILL
SOCIETY, 1961 - 1965

Year	Revenue from Milling Charges (\$)	Revenue From Bran Sales (\$)	Gross Revenue From Milling (\$)
1961	9,262.95	18,694.45	28,057.40
1962	9,169.85	21,772.10	31,941.95
1963	9,120.05	21,928.25	31,048.30
1964	8,352.85	18,484.75	26,837.60
1965	8,457.25	22,638.90	31,096.15

Source: Financial Statements of the Society, 1961 to 1965.

Revenue from milling charges shows a downward trend and this is a reflection of the decrease in volume milled since 1961. Revenue from bran sales has remained fairly stable, with no definite trend, but tends to fluctuate out of proportion to milling volume shown in Table 6. This is because of variations in bran prices.

Bran sales are important to the milling operations as revenue from milling charges alone cannot cover operating expenses. Milling expenses are high and the low capacity of the machinery (6 piculs per hour) necessitates the payment of large amounts of overtime

allowances.⁷ The mill has to be operated overtime every day and even on public holidays as well, to cope with the amount of padi that has to be milled.

The only solution to this problem would be to purchase new milling equipment of greater capacity. Such an investment would always pay for itself through the increase in efficiency and through the savings in overtime allowances now being paid. The present machinery is obsolete anyway, and it is in the best interests of the Society that it be replaced.

Milling operations as a whole are very important to the Society and since 1963 they have been contributing more to the total revenue of the Society than padi marketing. The details of this will be discussed in Chapter V.

⁷See Chapter V.