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## **STANDING COMMITTEE ON SOCIAL AFFAIRS**

# **REVIEW REPORT ON FIJI PORTS CORPORATION LIMITED 2015 ANNUAL REPORT**



**PARLIAMENT OF THE REPUBLIC OF FIJI  
Parliamentary Paper No. 26 of 2018**

*Tuesday, 13<sup>th</sup> March, 2018*

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# CHAIRMAN'S FOREWORD

I am pleased to present the Committee review report on the assessment made to the Fiji Ports Corporation Limited (FPCL) 2015 Annual Report.

After deliberating on the Annual Report internally, the Committee invited Fiji Ports Corporation Limited to respond to the concerns raised by the Members in relation to the 2015 Annual Report.

Given the FPCL's vision to be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce and to develop, maintain and improve key seaport and ship repair facilities to enhance the economic growth and prosperity of Fiji. Fiji Ports owns and carries out maritime operations in four main different ports of Fiji comprising of the Suva, Malau, Lautoka and Levuka Ports.

Fiji Ports is responsible for all declared seaports in Fiji but the main port in Suva which handles approximately 54 percent of cargo, Lautoka that handles 42 percent, Levuka of course we find to is mainly the cargo coming from PAFCO (the fisheries company) and also in Malau, the cargo from Fiji Sugar Corporation.

The Committee noted with interest that from 2013 to 2015 the organisation experience its transition period of the ports terminals which was that time known as the "Ports Terminal Limited" but now known as the Fiji Ports Corporation Limited. So with that public private partnership, the FPCL sold 51 percent. In 2015, the Government shareholding is 41 percent. Fiji National Provident Fund has 39 percent shares and again, the same overseas port management company Aitken Spence PLC had bought over 20 percent of shares. The other subsidiary, Fiji Ships and Heavy Industries Limited is 100 percent owned by Fiji Ports Corporation Limited (FPCL).

In terms of the challenges, the Committee noted that some of these contributing factors results from changes in the global shipping industry, changes in regional competition in terms of its ageing workforce, ageing infrastructure and of course this is the change of ownership, privatization, asset transfers and environmental issues that are present now, unlike in the past the change in domestic, the regulatory requirements and also the tariff structures are all related challenges faced by the Fiji Ports

and suggested if the master plan for the new terminal like the Rokobili Terminal be executed to resolve some of the challenges highlighted herewith.

The Committee commended the work done by the Management and Staff of FPCL which was positively executed through the provision of sound strategies, policies and the streamlining processes. The Committee applauds the management of FPCL in considering Sustainable Development Goals (SDG) issues in their performance, in terms of gender equality and the eradication of marine and other environmental pollution. The Committee also observed that the Fiji Ports effectively managed to prevent environmental pollution while carrying out all its due diligence in all aspects of their work, thus achieving positive increase in their revenue.

The Standing Committee on Social Affairs has conducted a review of the Fiji Ports Corporation Limited 2015 Annual Report and recommends that the House take note of its report.

I thank the Honourable Members' efforts and contribution towards the scrutinizing and formulation of this bipartisan Report.

With these few words, on behalf of the Standing Committee on Social Affairs I commend this Report to Parliament.



**Hon. Viam Pillay**

**Chairman of the Social Affairs Standing Committee**

## **RECOMMENDATION:**

The Standing Committee on Social Affairs has conducted a review of the Fiji Ports Corporation Limited 2015 Annual Report and has no matters to bring to the attention of the House. The Committee recommends that the House take note of its report.

## **INTRODUCTION**

This report contains the review process that was followed by the Committee to scrutinize the Fiji Ports Corporation Limited 2015 Annual Report.

## **REVIEW MANDATE**

The resolution from Parliament on the Annual Report was in line with the Standing Orders 109(2) (b) which allows the Standing Committee on Social Affairs to look into matters related to health, education, social services, labour, culture and media.

## **REVIEW OBJECTIVES & SCOPE**

The review was confined to the areas identified in the Section 110 (1) (c) of the Standing Orders of Parliament which authorises the Standing Committee to scrutinise the government departments with responsibility within the Committee's mandate, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.

## **REVIEW METHODOLOGY**

The following methodologies were utilised to gather information for the review:

### **DOCUMENTARY REVIEW – FPCL 2015 ANNUAL REPORT**

The Committee reviewed the Report and conducted its analysis based from the following sources:

- Annual Report Summary & Analysis from Research Unit;
- PowerPoint presentation from Fiji Ports Corporation Limited; and

- Verbatim Notes for submission by the FPCL Officials.

## CONSULTATION

The Committee during its assessment had invited FPCL's Executive to present an overview of the Corporation's performance whilst identifying areas of concern and issues with the team.

# ANALYSIS AND EVIDENCE RECEIVED

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## Fiji Ports Corporation Limited (FPCL) 2015 Annual Report

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## OVERVIEW

This report has been prepared after scrutinising FPCL's Annual Report for 2015. The Committee deliberated on the summary provided by the Research Unit as well as assessed the whole content of the report and formulated questions based on the pertinent issues that concerns the Members.

In this regard, FPCL provided its response based on the questions raised and further presented all aspects of the operations of Fiji Ports in 2015 in comparison with its past years achievements.

The presentation made by FPCL highlighted some key aspects of its operation which has been attached as **Appendix 2**.

## COMMITTEE ANALYSIS

The Committee in its assessment on the response received from the Fiji Ports found that:

- The high turnover of income in 2015 was mainly due to the increase in tariffs in August 2015 for overseas vessel charges which lead to the increase in core operating income streams of dockage revenue, wharfage revenue and marine service revenue. In addition, the organic growth in volumes also boosted the increase in income.
- FPCL has supported **SDG 5 on Gender Equality** and further in **SDG 10, Reduced Inequalities** through its Human Resources Plans to determine that women employees at Fiji Ports are provided

opportunities to perform roles that are traditionally male dominated and this has been evident in the number of female employees who were recruited into the organization from 2013 until to 2015.

- The Committee also found and noted the details of the divestment of FPCL in 2015 as outlined below:
  - **Fiji Ports Corporation Limited (FPCL) → 100% owned by the Government of Fiji until 5 November 2016;**
  - **Government divested 59% of the shares in FPCL at a value of more than FJ\$100 million;**
  - **Under the agreement Government will maintain 41% of the shares in FPCL, while FNPF will own 39% and Aitken Spence 20%;**
  - **80% of the shares in FPCL will remain Fijian owned,** Government signed the two key agreements **”Share Sale & Purchase Agreement”** and **“Shareholders Agreement”** on 5 November 2015;
  - **FPCL transfer all real estate to a Govt. holding company Asset Fiji Ltd. → Government lease the assets necessary for port operations to FPCL → Ownership of all land interests remain with Government; and**
  - As per the **Shareholders Agreement FNPF is entitled to approximately 3 Directors** and ASPLC is entitled to approx. 2 Directors to the Board while Govt. of Fiji shall be entitled to approx. 4 Directors to the Board.
- The Committee noted that FPCL has strengthened its harbour monitoring through the launching of the **“Dausasamaki”** vessel to effectively prevent marine pollution and this environmental stewardship initiative was in line with the objectives of **SDG 13, Climate Action and SDG 14, Life Below Water.**

- The Committee also identified and commended other initiatives such as the Port Environmental Policy, Port Green Energy Policy, Management of Hazardous and non- Hazardous waste generated by port / Tenants activities, Sustainability and Stewardship of FPCL Assets, Port Energy Policy and Port Environmental Management Plan and these contributes to Fiji's position and commitment towards the 17 SDGs.

## Gender Analysis

Gender is a critical dimension to parliamentary scrutiny. Under Standing Order 110 (2) where a committee conducts an activity listed in clause (1), the Committee shall ensure full consideration will be given to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally.

The Committee considered the issue of equal opportunity for all citizens including women and men during the consultation process of FPCL's 2015 Annual Report as well as during the deliberation and the finalization of this Report and noted that FPCL's Human Resources Plan determines that women employees at Fiji Ports are provided opportunities to perform roles that are traditionally male dominated.

The Committee is satisfied that the matters considered in this report will impact on both men and women equally in Fiji and further the organization that was assessed has taken note of the composition of gender equality and are currently being considered in their organization plans.



# CONCLUSION

The review that was conducted by the Committee was undertaken in a very tactful and comprehensive manner which covers all the aspects of the 2015 Annual Report. This has enabled the Committee on Social Affairs to submit to Parliament a comprehensive report.

The responses from FPCL were positive in which they manage to clarify related issues of concern pertaining to the contents of the report. Therefore, the Members does not have any recommendation but hope that FPCL will continue to take appropriate actions to address all issues that may arise in the future and perform to the highest level.

The Standing Committee on Social Affairs has fulfilled its mandates approved by Parliament which was to scrutinise FPCL's 2015 Annual Report. The Committee had consulted FPCL and collated all the information that was needed to thoroughly scrutinise its annual report and have no further comments with regards to the review that was undertaken.

Finally, the Committee is satisfied with the assessment done and noted the overall performance of the organisation.

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## SIGNATURES OF MEMBERS OF THE SOCIAL AFFAIRS STANDING COMMITTEE

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Hon. Viam Pillay  
(Chairperson)



Hon. Veena Bhatnagar  
(Deputy Chairperson)



Hon. Salote Radrodro  
(Member)



Hon. Anare T. Vadei  
(Member)



Hon. Ruveni Nadalo  
(Alternate Member for Hon. Mohammed M. A Dean)

# APPENDICES

## **APPENDIX 1: LIST OF ACRONYMS**

## APPENDIX 1: LIST OF ACRONYMS

FPCL	Fiji Port Corporation Limited
PAFCO	Pacific Fishing Company Limited
SO	Standing Orders
SDGs	Sustainable Development Goals

## **APPENDIX 2: POWERPOINT PRESENTATION BY THE FIJI PORTS CORPORATION LIMITED**

## APPENDIX 2: POWERPOINT PRESENTATION BY THE FIJI PORTS CORPORATION LIMITED



### Our Vision, Mission & Values

#### **Vision**

'To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce '

#### **Mission**

'To develop, maintain and improve key seaport and ship repair facilities to enhance the economic growth and prosperity of Fiji '

#### **Values**

- ❖ Professionalism
- ❖ Commercial Stewardships
- ❖ Strategic Innovation
- ❖ Progressive Leadership
- ❖ Corporate Citizenship
- ❖ Employee Well Being and Diversity

*'To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce '*

## Main Ports of Entry

### Fiji Ports owns and carries out maritime operations in four main ports of:

#### ■ Suva

- Handles **54%** of the total Fiji's export and import cargo.
- Comprised of **72%** containerized, **25%** both liquid & dry bulk and rest non containerized.



#### ■ Malau

- Handles **3%** of the total cargo throughput.
- Comprised of **49%** liquid bulk and **51%** dry bulk.

#### ■ Lautoka

- Handles **42%** of the total export and import.
- Comprised of **38%** containerized rest **62%** liquid & dry bulk cargo.
- Vuda - a liquid bulk terminal which handles the bulk of the liquid bulk cargo.




#### ■ Levuka

- A fishing port handling **0.22%** of the total import & export cargo.
- This constituted **75%** frozen fish for the government owned tuna canner with the balance being liquid bulk.

## Changes in 2013 & 2015





### FJI PORTS CORPORATION LTD (FPCL)

	GOVT	41%
	FNPF	39%
	ASPLC	20%



### FJI PORTS TERMINAL LIMITED (FPTL)

An associate company of FPCL that manages the Cargo Terminals in Suva and Lautoka ports.

	ASPLC	51%
	FPCL	49%



### FJI SHIPS & HEAVY INDUSTRIES LTD (FSHIL)

A subsidiary of FPCL providing slipway and ship repair services and Heavy Industry work.

	FPCL	100%
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"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



Q1

*Why the variance in the Rental Income Annual for 2015 when comparing FPCL's 2015 forecast and the actual income as reflected in page 29 of FPCL's 2015 Annual Report?*

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## Rental Income and Rent Reviews

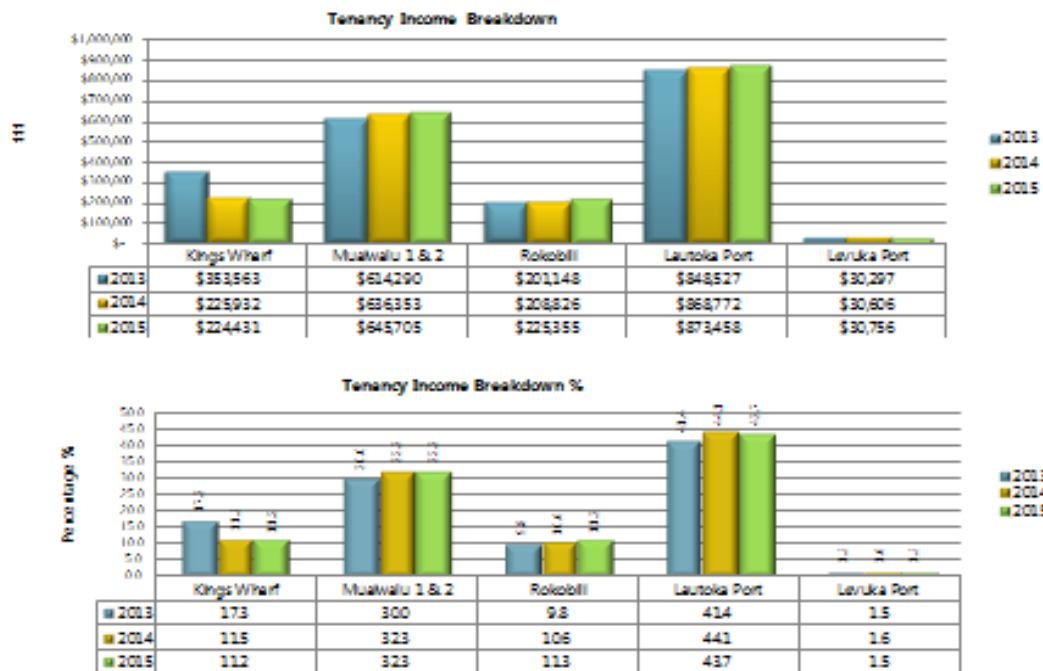
The forecast of rental income is done based on the value of the current tenancies.

Rent reviews are carried out when the tenancy agreement expires annually.

Hence variance is due to these reviews whereby the rental cost normally increases when the tenancy agreement is renewed.

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## Tenancy Income Breakdown



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

Q2

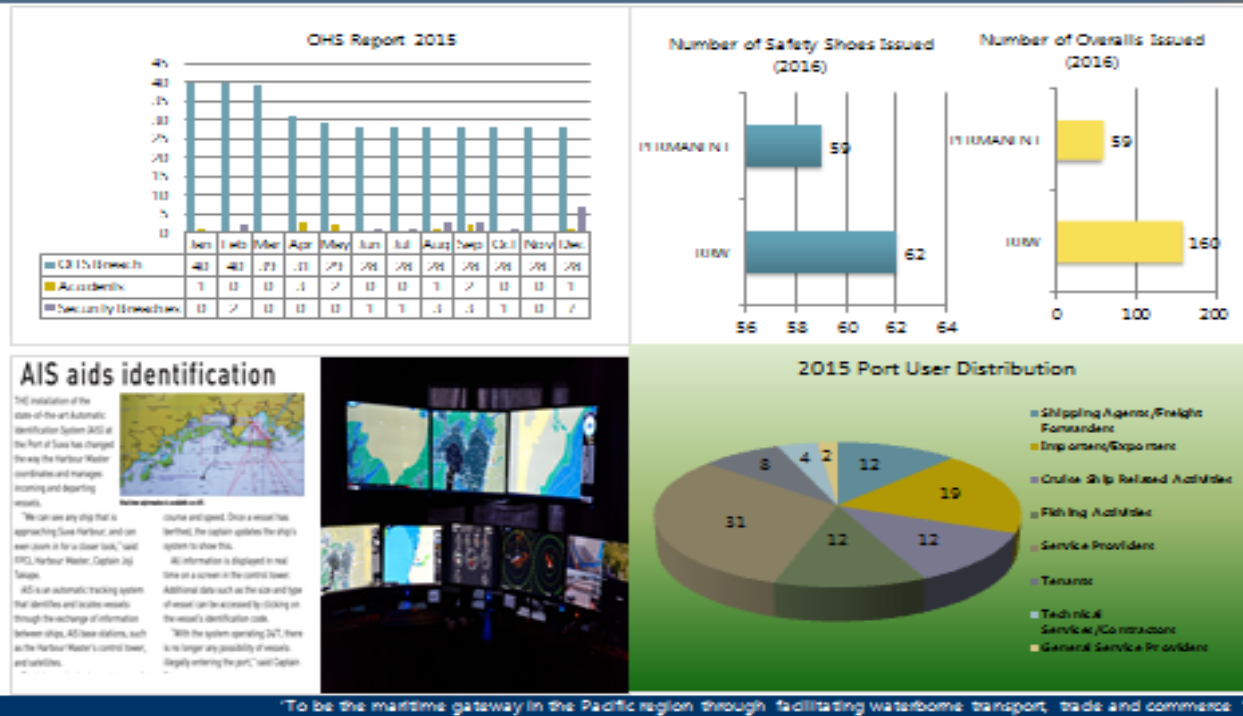
*What is FPCL doing in terms of Safety of Ports across Fiji these include Ports managed and owned by FPCL as well as for those managed privately?*

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

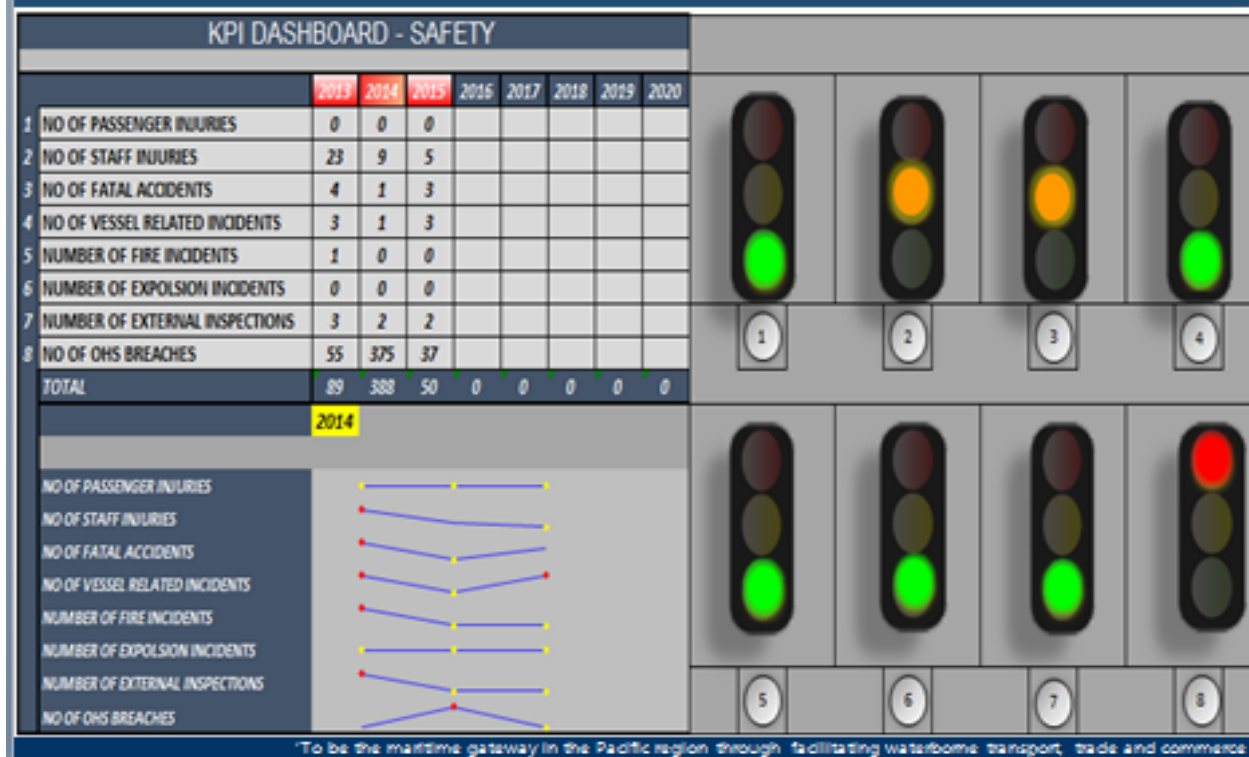
## Local Wharf Safety Improvements



## Safety Measures & Results



## KPI Dashboard – Safety



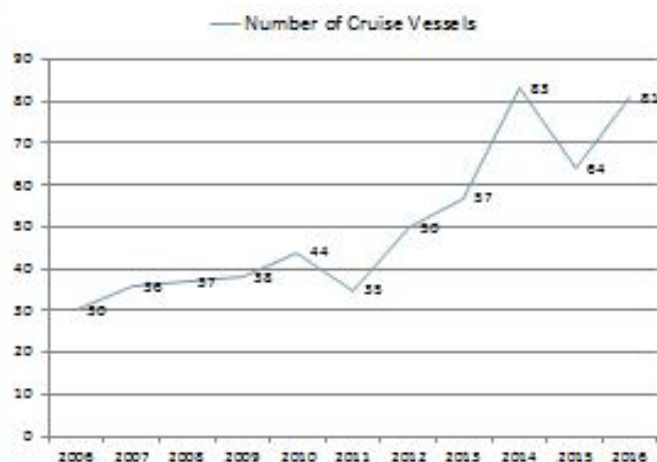
Q3

*In page 2 of FPCL's 2015 Annual Report, if you could provide us some statistics of the no. of Cruise Ships that are coming into Fiji in the past 10 years? If the no# of Cruise Ships that are coming into Fiji now has declined compared to past years, please explain the reason why the decline?*

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## Cruise Vessel Calls (2012 - 2016)



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

Q4

*Who controls yachts movement in Fiji and what is FPCL's role on the management of yachts coming into Fiji?*

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## Movement of Yachts in Port of Suva/Lautoka

FRCA, Immigration Department and Biosecurity control / monitor the yacht movement.

Any aspects relating to safety is monitored by MSAF.

However, FPCL manage the traffic movement within the harbor.




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Q5

*What is the turnaround time on the removal of derelict boats and provide some updates with the statistics on the number of boats that has been removed and those that has been there for some time and provide on why the delay in the removal of derelict boats?*

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## Derelict Vessels Record

<div>  <b>FPCL DERELICT VESSEL RECORD</b> </div> <div> <small>Last updated: 05/06/17</small> </div>							
Ref/ Priority	Vessel Name	Status	Location	Coordinates	Navigational Hazards	Environmental Hazards	Comments
574	DOLPHIN PRIDE	Steel hull vessel, sunk	Near Tavua Point	WC 12° 06.40' S, Long 178° 23.45' E	Navigational hazards for vessels proceeding to and out from Lautoka Point.	May pose environmental hazard	Vessel is owned by a local (Fijian) national. Vessel has not moved for over a year and is a navigational hazard to all ships during navigation.
575	ONWARD 5	Concrete hull vessel, floating	HQ Risk Jetty	WC 12° 06.40' S, Long 178° 23.45' E	Vessel no longer poses a risk as a navigational hazard for vessels proceeding to or out of Chua heading berthing area	Does not pose any environmental hazard	Vessel is owned by FPCL and maintained for the Company for future use as stated by it. Vessel is currently being used as a floating storage tank for oil. Vessel is currently being used as a floating storage tank for oil. Vessel is currently being used as a floating storage tank for oil.
576	DOLPHIN PRIDE	Steel hull vessel, floating	HQ Risk Jetty	WC 12° 06.40' S, Long 178° 23.45' E	Vessel no longer poses a risk as a navigational hazard for vessels proceeding to or out of Chua heading berthing area	Does not pose any environmental hazard	Vessel is owned by FPCL and maintained for the Company for future use as stated by it. Vessel is currently being used as a floating storage tank for oil. Vessel is currently being used as a floating storage tank for oil. Vessel is currently being used as a floating storage tank for oil.
577	ONWARD 5	Concrete hull vessel, floating	Near Chua heading berthing area	WC 12° 06.40' S, Long 178° 23.45' E	Vessel is not a navigational hazard as it is currently being used as a floating storage tank for oil.	Does not pose any environmental hazard	Vessel is owned by the local (Fijian) national. Vessel has not moved for over a year and is a navigational hazard to all ships during navigation.
578	DOLPHIN PRIDE	Steel hull vessel, half submerged	Near (Lautoka) Point	WC 12° 06.40' S, Long 178° 23.45' E	Navigational hazards for vessels navigating in Lautoka Point.	May pose environmental hazard	Vessel is owned by the local (Fijian) national. Vessel has not moved for over a year and is a navigational hazard to all ships during navigation.
579	PACIFIC WARRIOR	Steel hull vessel, half submerged	Near (Lautoka) Point	WC 12° 06.40' S, Long 178° 23.45' E	Navigational hazards for vessels navigating in Lautoka Point.	May pose environmental hazard	Vessel is owned by the local (Fijian) national. Vessel has not moved for over a year and is a navigational hazard to all ships during navigation.

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## Removal of Derelict Vessels – A Complex Project



## Removal of m.v. "Tovuto" & m.v. "Sea Love" from GSS area



Q6

*How effective is the monitoring mechanism that is in place with FPCL for incoming vessels?*

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## AIS aids identification

THE installation of the state-of-the-art Automatic Identification System (AIS) at the Port of Suva has changed the way the Harbour Master coordinates and manages incoming and departing vessels.



Real time information is available via AIS.

"We can see any ship that is approaching Suva Harbour, and can even zoom in for a closer look," said FPCL Harbour Master, Captain Joji Takape.

AIS is an automatic tracking system that identifies and locates vessels through the exchange of information between ships, AIS base stations, such as the Harbour Master's control tower, and satellites.

course and speed. Once a vessel has berthed, the captain updates the ship's system to show this.

All information is displayed in real time on a screen in the control tower. Additional data such as the size and type of vessel can be accessed by clicking on the vessel's identification code.

"With the system operating 24/7, there is no longer any possibility of vessels illegally entering the port," said Captain



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

Q7

*What are the reasons for the high turnover of income in 2015?*

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

### Turnover in 2015

The reason for high turnover is mainly attributed to increase in tariffs in August 2015 for overseas vessel charges which lead to increase in core operating income streams of dockage revenue, wharfage revenue and marine service revenue.

In addition, organic growth in volumes also boosted increase in income for 2015.

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



## FPCL Asset Transfer after Privatization in Nov 2015

- Fiji Ports Corporation Limited (FPCL) → 100% owned by the Government of Fiji until 5 November 2016
- Government divested 59% of the shares in FPCL at a value of more than FJ\$100 million
- Government signed the two key agreements **"Share Sale & Purchase Agreement"** and **"Shareholders Agreement"** on 5 November 2015
- 80% of the shares in FPCL will remain Fijian owned
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Q8

*What is the progress of the discussion for the relocation of the Fiji Naval Office?*

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"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

**Q9**

*Could FPCL explain the anomalies in the amount of Income Received recorded in the 2014 Financial Statement?*

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## 2014 Financial Statement

**Management is not aware of any anomalies in the 2014 Financial statements.**

**However, the increase in revenue from 2014 to 2015 is mainly attributed to increase in tariff for overseas vessel charges from August 2015.**

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

**Q10**

*How is FPCL Board members selected and appointed and does it tie in with the distribution of shareholders?*

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## FPCL Board Members after Privatization in Nov 2015

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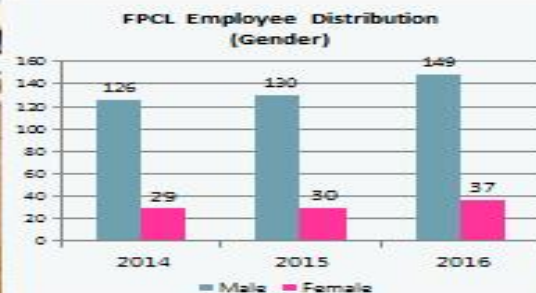
Q11

According to the ANNUAL Report, the "Human Resources Plans to determine that women employees at Fiji Ports are provided opportunities to perform roles that are traditionally male dominated"

How successful has this plan been?

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

## Increase Opportunities for Women Employees



### FPCL supports gender equality

Fiji Ports Corporation Ltd (FPCL) supports gender equality in the workforce and encourages women to pursue careers within the maritime industry that in the past have been male dominated.

Gender equality is achieved when people are able to access and enjoy the same rewards, resources and opportunities regardless of whether they are a woman or a man.

Mrs Soliana Lone, FPCL Engineering Assistant, has recently joined FPCL after completing her Diploma in Civil Engineering at Fiji National University (FNU) in April this year.

"I have found the CEO and Management Team to be

extremely supportive and my husband supports my career 100 percent. I am blessed in this regard," said Mrs Lone, who has three daughters, aged five, three and almost two years of age.

Mrs Lone is currently investigating options with Fiji Roads Authority (FRA) for the short and long-term improvements to the access road to the Lautoka Wharf and is involved in the FPCL assessment of the need to raise the level of Yard Three at Lautoka Wharf, as this is flood-prone during Spring tides.

Mrs Lone said she looks forward to pursuing a degree, shortly, given the opportunity.



Q12

*According to the Annual Report, "A large component of the prepayment made was to the Asian Development Bank (denominated in US dollars). Had the company not been able to make the timely debt reductions against the US dollar, it would have been exposed to large losses".*

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Prepayment of ADB Loan

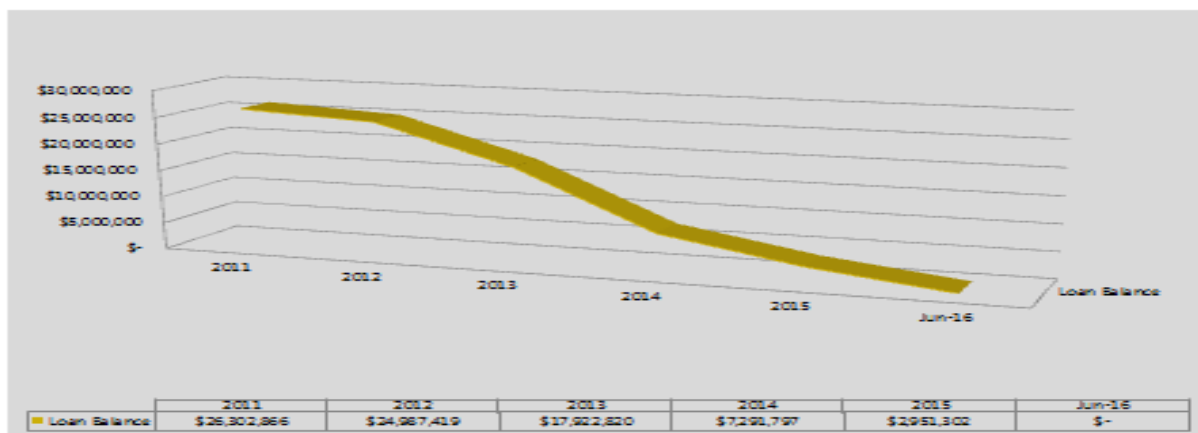
The prepayment addresses a significant problem of adverse movement in USD causing foreign exchange losses. At the time the prepayment was executed – the USD was at every stringent level and gaining momentum by the day.

This posed earnings volatility risk for FPCL albeit the USD outstanding reduced via the prepayment. Furthermore considerable savings in interest expense noted.

The loan was fully paid off in May 2016. Had FPCL followed the loan repayment plan, the loan would have been paid in 2026.

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

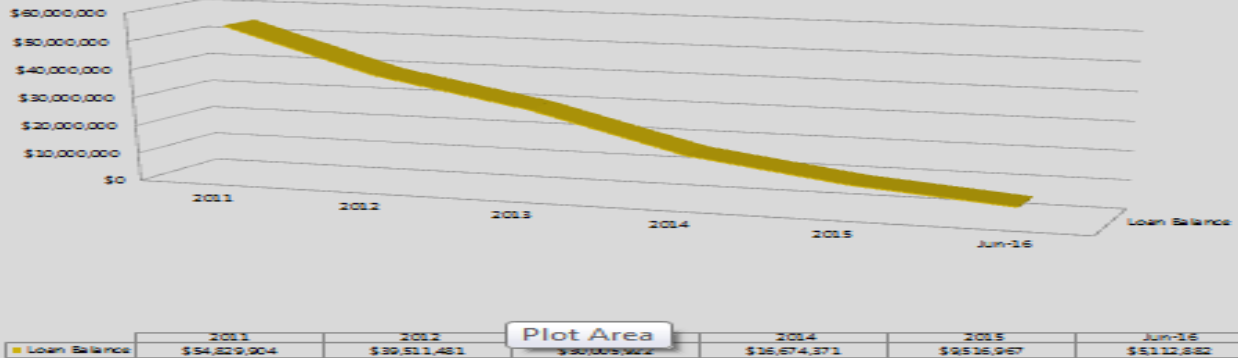
## Reduction of ADB Loan Balance



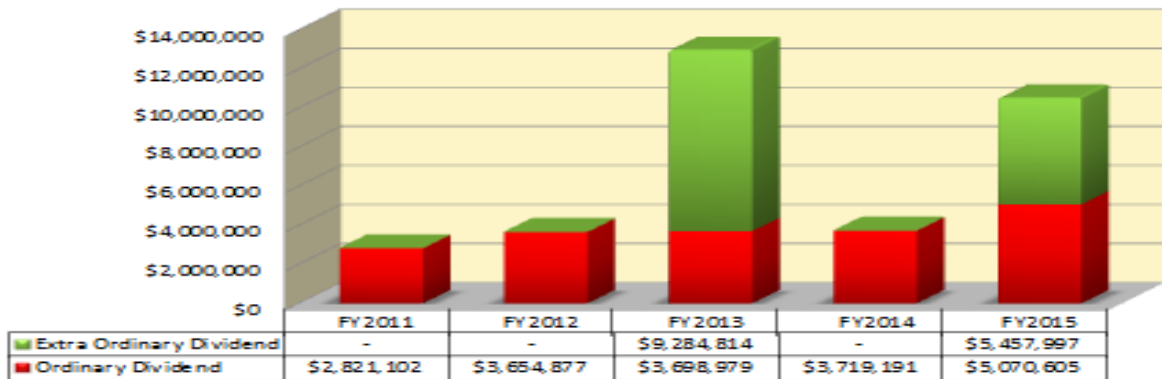
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



## Reduction of Overall Loan Balance



## Results Achieved – Record Breaking Dividend Payments



Q13

*The most important event for the year was the Government's announcement of part-privatization of the Corporation. How has this been carried out?*

## Divestment of FPCL in 2015

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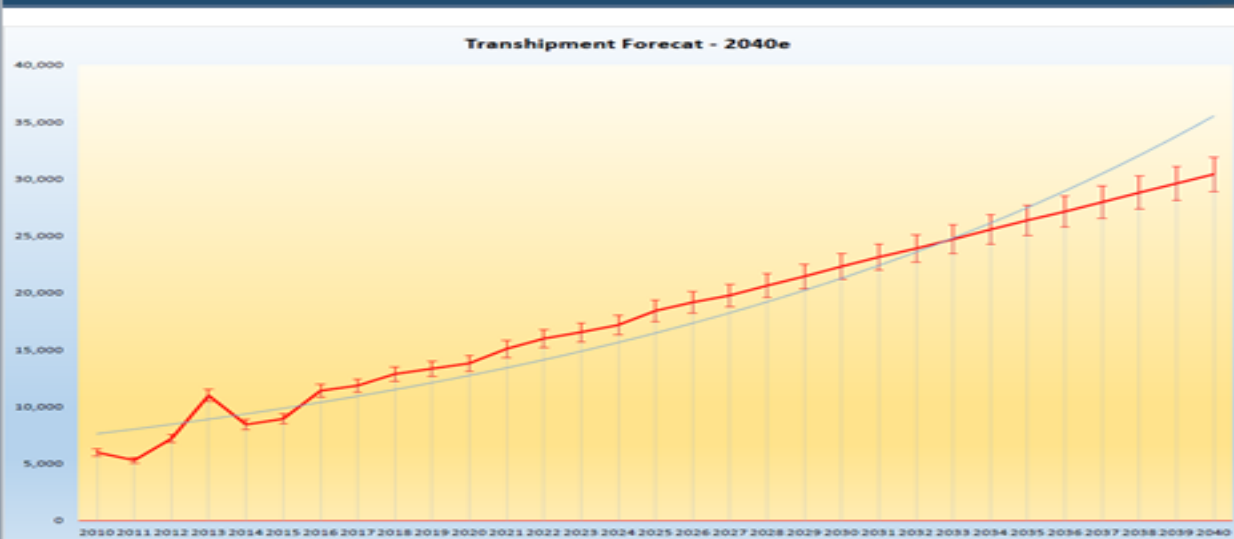
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

Q14

*How has the part-privatization benefitted the Corporation?*

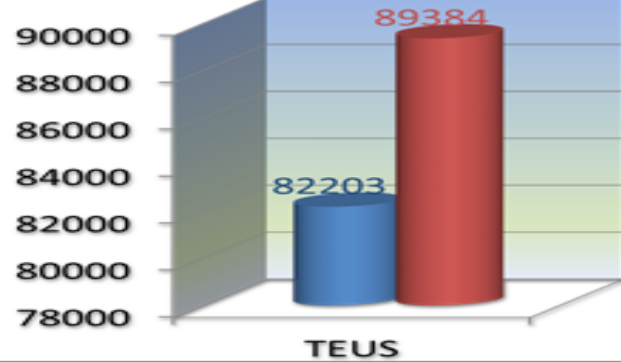
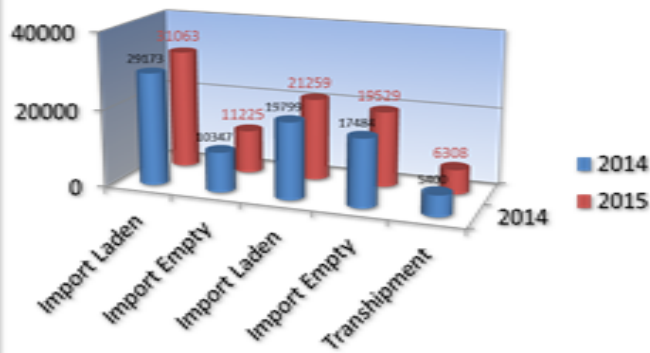
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

## Transshipment Forecast for Fiji



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

## Cargo Volumes 2014 - Aug 2015



**Volume increase – 8.7%**

Imports - laden & empty - 7.0%  
Exports - laden & empty - 9.4%  
Transshipment - 16.8%

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## FPTL's Continuous Performance Improvement



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Conventional Cargo Throughput - 2014 vs 2015 - Jan To Aug

Port of Suva		
Jan - Aug	Dry Bulk (Tons)	Vehicles (Units)
2014	173044	5228
2015	186755	5751
Port of Lautoka		
2014	13828	469
2015	24515	1580
Total		
2014	186872	5697
2015	211270	7331



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



Q15

Amongst the initiatives in 2015 was the signing of an MOU between FPCL and FNU. Can you elaborate further on this program?

Q16

How successful has the above program been?

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## Success of FPCL – FNU (Environmental Dept) Project

### FPCL and FNU sign environmental research MOU



RESEARCH reports by Fiji National University (FNU), students are to contribute to the Fiji Ports Corporation Ltd (FPCL) environmental monitoring programme.

This follows the signing of the Memorandum of Understanding between FPCL and FNU on the 22nd of April this year to promote cooperation in the field of scientific research for the students enrolled in the FNU Bachelor of Science Degrees in Environmental Science and Environmental Management. Dr Ajaytha Perera, Assistant Professor, Department of Environmental Science, FNU, said that the students have been given permission by FPCL to obtain samples of flora, fauna, water and sediment for testing and analysis from the environment adjoining the Ports of

Suva, Lautoka and other wharves under the authority of FPCL. The students' reports resulting from this training assistance will be used by FPCL to ensure that the Corporation is following the Department of Environment's regulations. "Such collaborations also provide opportunities for students to gain expertise in the field of environmental monitoring, which will increase their chance of gaining a position once they graduate," said Dr Perera.



Students Collecting Water Samples



Students Collating Test Results



FNU Environmental Award presented to FPCL by US Ambassador, 2016

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## Water Sample Report Extract



### RESULTS AND OBSERVATIONS

#### SITE 1

Interval (m)	Sample	Types of plankton
0	1	<ul style="list-style-type: none"> <li>Phylum animalia <ul style="list-style-type: none"> <li>Class Polychaeta- worms Larval larval stage</li> </ul> </li> <li>Phylum arthropoda - <ul style="list-style-type: none"> <li>Subphylum Crustacea <ul style="list-style-type: none"> <li>Class Copepod</li> </ul> </li> </ul> </li> </ul>
	2	<ul style="list-style-type: none"> <li>Blue green algae</li> </ul>
	3	<ul style="list-style-type: none"> <li>Copepod &lt;0.1 (Cyclopoid copepod)</li> <li>Copepod &lt;0.25 (Copepod copepod)</li> </ul>
25	1	<ul style="list-style-type: none"> <li>Phylum Arthropoda &lt;0.5 <ul style="list-style-type: none"> <li>Class Malacostraca <ul style="list-style-type: none"> <li>Order Amphipoda (Amphipoda)</li> </ul> </li> </ul> </li> </ul>
	2	<ul style="list-style-type: none"> <li>Amphipoda &lt;5-25mm <ul style="list-style-type: none"> <li>Class Crustacea <ul style="list-style-type: none"> <li>Order Amphipoda</li> </ul> </li> </ul> </li> </ul>
	3	<ul style="list-style-type: none"> <li>None</li> </ul>
50	1	<ul style="list-style-type: none"> <li>Phylum Arthropoda <ul style="list-style-type: none"> <li>Subphylum Crustacea <ul style="list-style-type: none"> <li>Class malacostraca <ul style="list-style-type: none"> <li>Order Decapoda <ul style="list-style-type: none"> <li>Infraorder Brachyata (crab)- Larval form) &lt;0.25 per line</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li></ul>
	2	<ul style="list-style-type: none"> <li>Blue green Algae</li> </ul>
	3	<ul style="list-style-type: none"> <li>None</li> </ul>
75	1	<ul style="list-style-type: none"> <li>Amphipoda &lt;5-25mm <ul style="list-style-type: none"> <li>Class Crustacea <ul style="list-style-type: none"> <li>Order Amphipoda</li> </ul> </li> </ul> </li> </ul>
	2	<ul style="list-style-type: none"> <li>Filamentous green algae &lt;1mm</li> </ul>
	3	<ul style="list-style-type: none"> <li>Copepod <ul style="list-style-type: none"> <li>Class Crustacea <ul style="list-style-type: none"> <li>Order Amphipoda</li> </ul> </li> </ul> </li> </ul>
100	1	<ul style="list-style-type: none"> <li>Copepod &lt;0.1 (Cyclopoid copepod)</li> </ul>
	2	<ul style="list-style-type: none"> <li>Filamentous green algae</li> </ul>
	3	<ul style="list-style-type: none"> <li>Phylum animalia (Larval larval stage)</li> </ul>

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Q17

According to the report, there was a revision on the Port Tariff charges to increase the revenue. How successful has this initiative been?

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## FPCL Tariff Review - Aug 2015

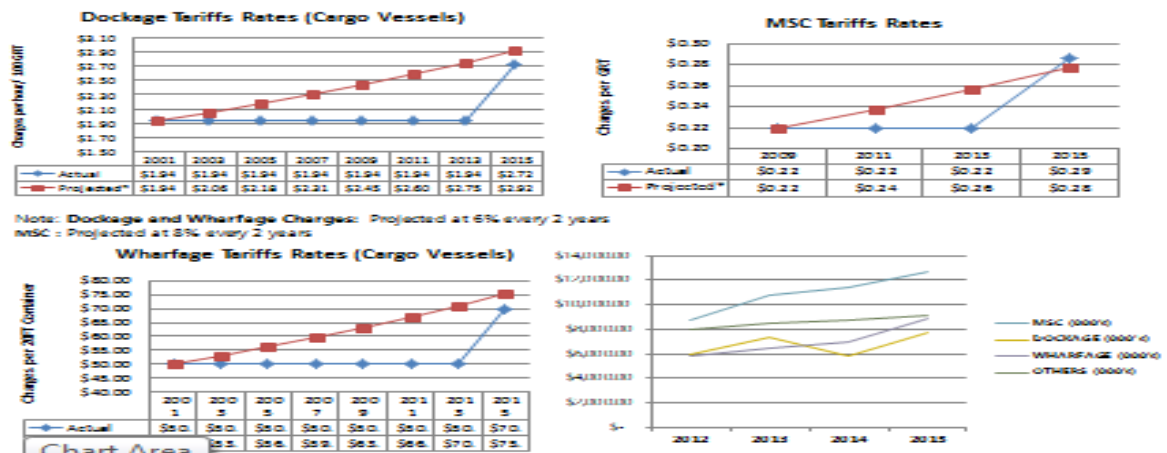
The adjustment in ports tariffs was effected 24<sup>th</sup> August 2015.

The last FPCL tariff determination was in 2009 when only some charges were revised with the one prior to this taking place in 2001.

These adjustments were long overdue and are critical to maintaining the financial viability of the company, as well as ensuring the facilitation of critical investment in ports infrastructure and development.

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## Details of FPCL Tariff Review



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Q18

*How effective is the environmental stewardship initiative?*

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## Enhanced Harbor Monitoring to Prevent Marine Pollution



Fiji Ports Former Chairman and current Director, Mr. Tevita Kuruvakadua, launches the 'Dausasamaki' vessel to be used as the patrol boat for monitoring pollution in Suva harbour

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

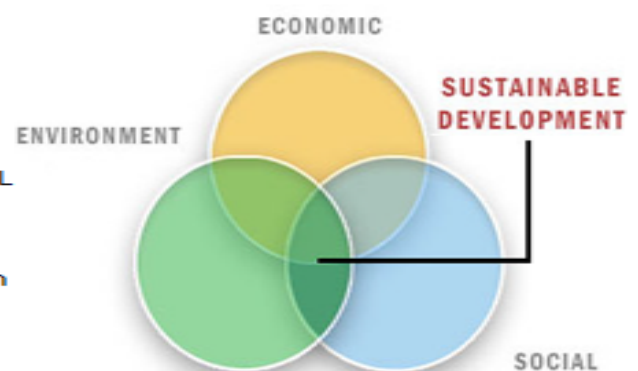
## Sustainability Initiatives at Fiji Ports

### Current

- ✓ Port Environmental Policy
- ✓ Port Green Energy Policy
- ✓ Management of Hazardous and non-Hazardous waste generated by port / Tenants activities
- ✓ Sustainability and Stewardship of FPCL Assets
- ✓ Port Energy Policy
- ✓ Port Environmental Management Plan

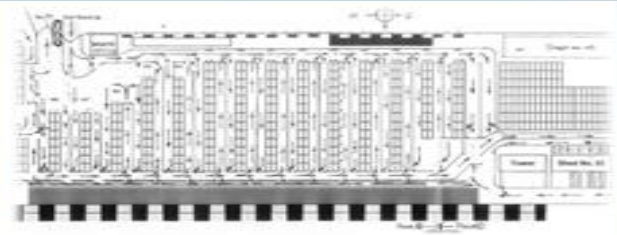
### Planned

- Port Sustainability Plan
- Port Energy Plan
- Stakeholder Engagement

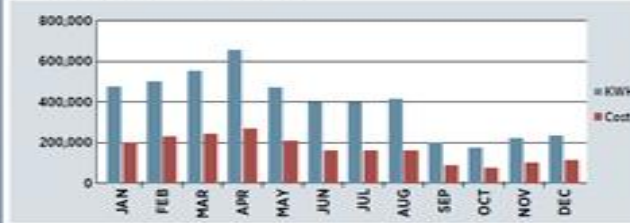


"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Air Quality, Energy Efficiency and Traffic Management



Fiji Port's Energy Consumption 2013



Tower Lights



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## KPI Dashboard – Environmental Mgmt & Prevention of Pollution

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Number of Oil Spills	21	24	16	7					68
Number of Recorded External Inspections	3	4	6	3					16
Number of other Pollution Incidents	2	5	4	3					14
Number Fines Collected from Pollutions	8	23	14	7					52
<b>Total</b>	<b>34</b>	<b>56</b>	<b>40</b>	<b>20</b>					<b>150</b>
<b>2016</b>									
Number of Oil Spills									
Number of Recorded External Inspections									
Number of other Pollution Incidents									
Number Fines Collected from Pollutions									



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

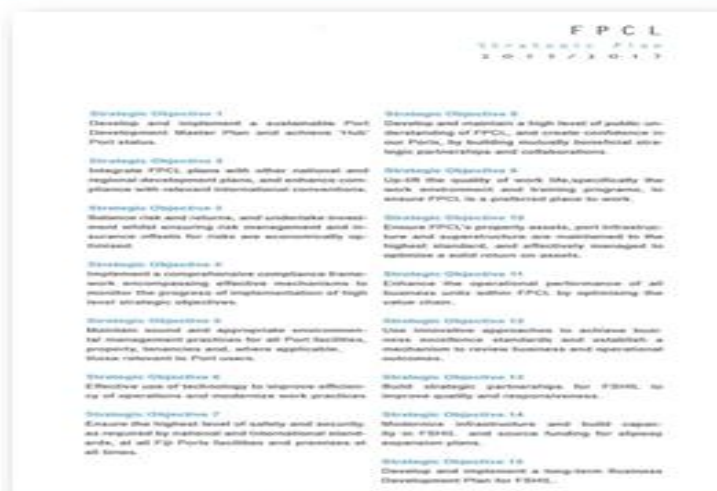
Q19

*What are the initiatives in place for corporation to achieve its mission and vision?*

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## FPCL Strategic Direction



- Strategic Plan 2016 -2018
- Human Resources Plan 2016



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## Strategic Goals are Cascade Down to Department & Individuals

STRATEGIC GOAL 1

Develop and Implement a sustainable Port Development Master Plan and achieve "HUB PORT STATUS"

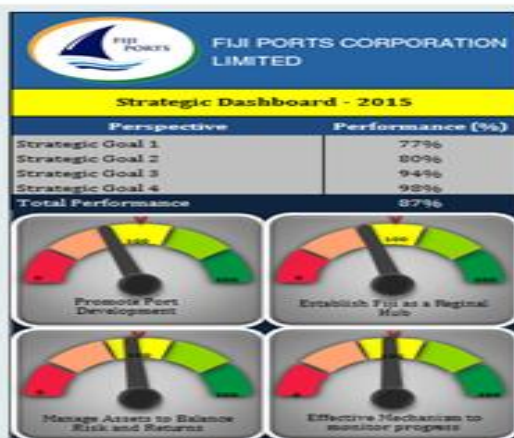
AIM	To ensure that Fiji always has appropriate facilities for Port Related maritime activity, trade, transport and economic development.								
OBJECTIVE	Promote and develop the Port's maritime industries including cargo, cruise, fishing, ship repair, excursion, ferries, cruise ships, recreation, and other harbor services through provision of comprehensively adequate port facilities both now and into the future.								
STRATEGIES	TARGETS	RESPONSIBILITIES		KEY PERFORMANCE INDICATORS AND ACTION PLANS	PROGRESS	Weighting (%)	% COMP	Final Score (%)	
		PRINCIPAL RESPONSIBILITY	SECONDARY RESPONSIBILITY						
				2015					

1.10	Manage Fiji Port's development needs.								
1.11	Oversee and drive support for the 15 year Fiji Ports Development Plan.	Address and make aware to the major stakeholders the risks of inaction and importance of this exercise. Re-establish a committee of Port Users and conduct meetings sooner than bi-annually.	BOARD CEO	MPE COO CFO PE PROP	Call a 1st meeting of Port Users (under Segment Management Act) and make a presentation on Development Plan and its urgency before the end of May 2015. Use Board Chairmen to secure meetings with PS-MPE to appeal for Ministerial Approval to commence work on plan by June 2015. Prior to commencement call a second Port user meeting before commissioning FPCL consultant team (CEO, COO, CFO, MPE, PROP and PE) before May 2015.	1) Master Plan - Terms of Reference was submitted to Ministries consideration. 2) Meetings held between Management & FPCL Consultants	26.67%	75%	12.00%
	Develop plans for existing ones that do not impact on new ones safely and soundly.	Plans for redevelopment and development with funding			Ensure Executive Management supported development options are viable and cost-effective.	1) Capex Budgets approved by the Board for consultancy and upgrade works; 2) Upgrade of FPCL facilities are made in line with cash flow.	26.67%	70%	11.67%

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## KPI Dashboard with 32 Indicators

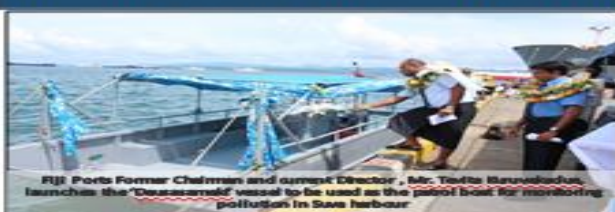


**According to the Annual Report, there is Pollution Prevention Strategies in place, would you elaborate further on this?**

*How successful has the Pollution Prevention Strategy been for Fiji Ports?*

<sup>1</sup>To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce.

## Effective Pollution Prevention Strategies

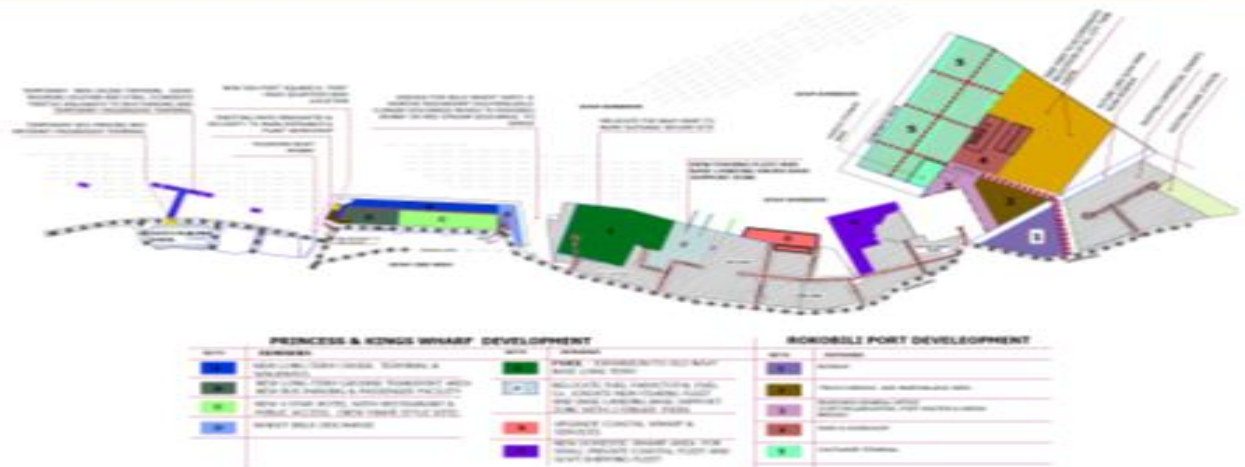
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"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

### What are the future plans of Fiji Ports?

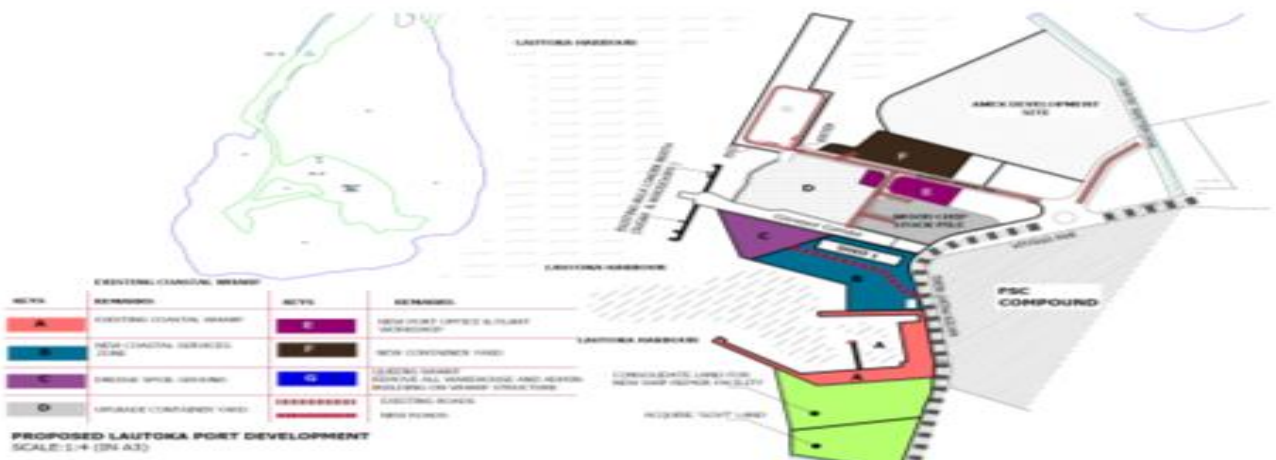
<sup>1</sup>To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce.

## Suva Port Layout - Proposed Development Plan



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

## Lautoka Port Layout - Proposed Development Plan



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

Q23

What are the key challenges Fiji Ports faces whilst trying to achieve its objective?

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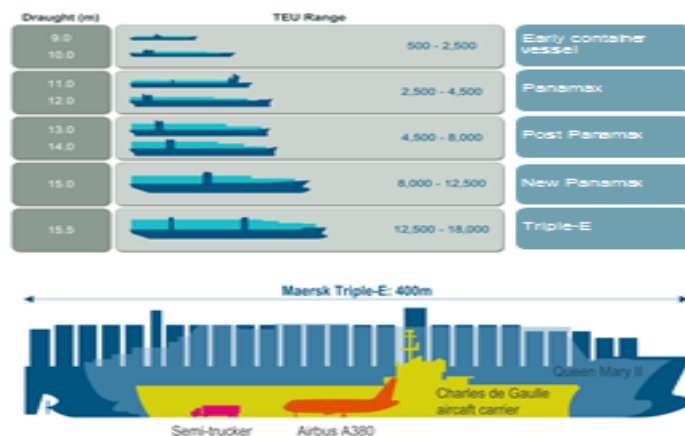
## Key Challenges

- ❑ Changes in the Global Shipping Industry
- ❑ Changing Regional Competition
- ❑ Ageing Infrastructure and Space Limitations
- ❑ Aging Workforce, inefficiency and Low Productivity
- ❑ Changes to core Business Model after PPP for PTL
- ❑ Change of Ownership - Privatization of FPCL
- ❑ Changes to Port's Ownership of Assets
- ❑ Environmental and Sustainability issues
- ❑ Changes to International and Domestic Regulatory frameworks & Relevant Acts
- ❑ Changes to Tariff Structure

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## Increasing Size of Ocean Going Vessels - Impact to Ports

- Mega vessel size may rise to 22,000 TEUs in the near future (21,100 TEUs end 2017)
- Key impacts from mega vessels include:
  - Fewer calls
  - Demand for deeper draft & port facilities upgrade
  - Preference on higher performing ports
  - Requirement on connectivity, whether the ports provides enough feeder routes → **Hub & Spoke Network**



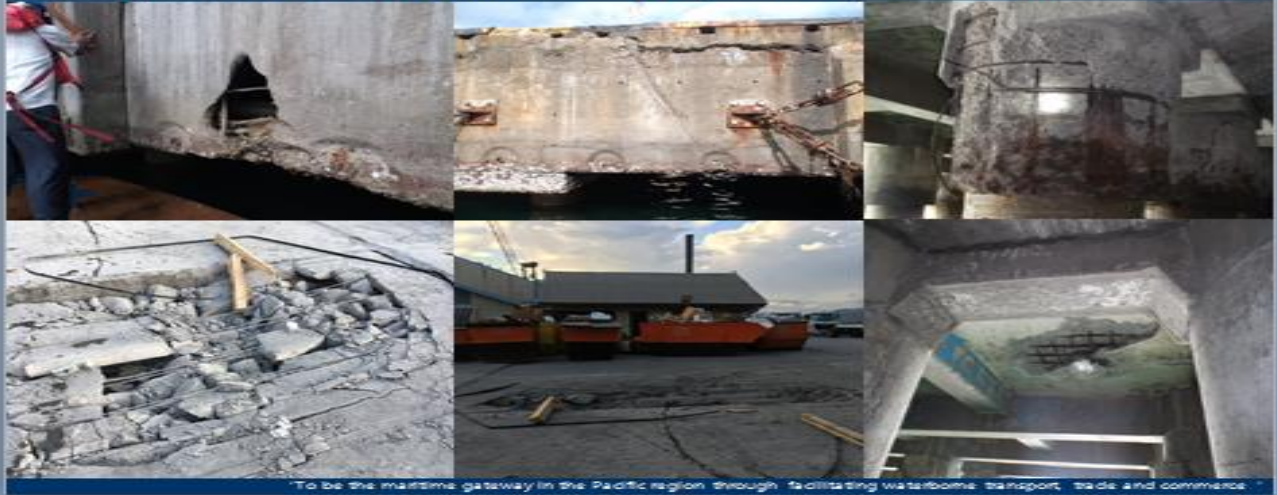
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Infrastructure Issues and Regional Competition - Lae Port, PNG



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### Ageing Wharf Infrastructure – Damages in Port of Suva



### Aging Wharf Infrastructure – Damages in Port of Lautoka



### Ageing Wharf Infrastructure – Damages in Port of Levuka





## Q24

*How is Fiji Ports planning to overcome these challenges?*

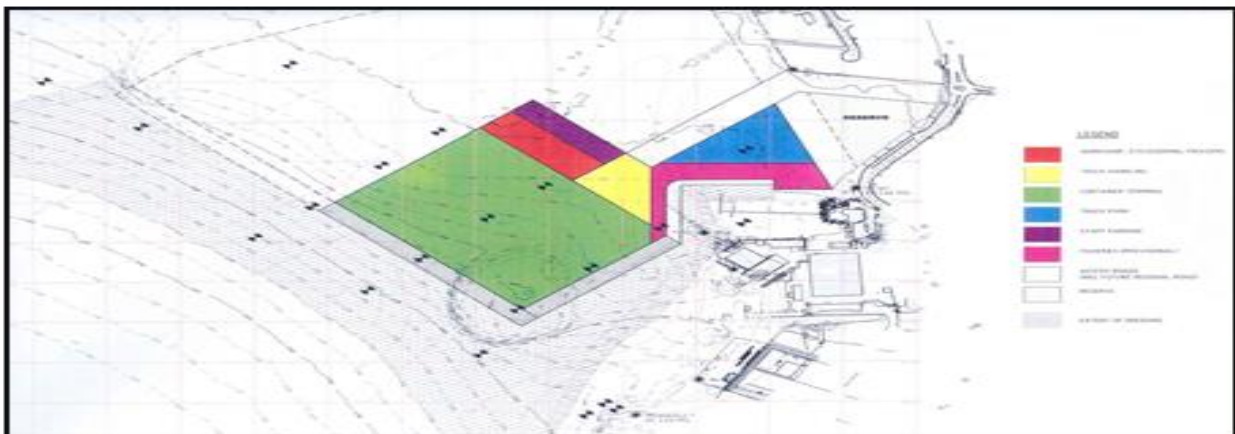
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

### Proposed Rokobili Terminal - The Location



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

### Stage 1 - Dredge Option



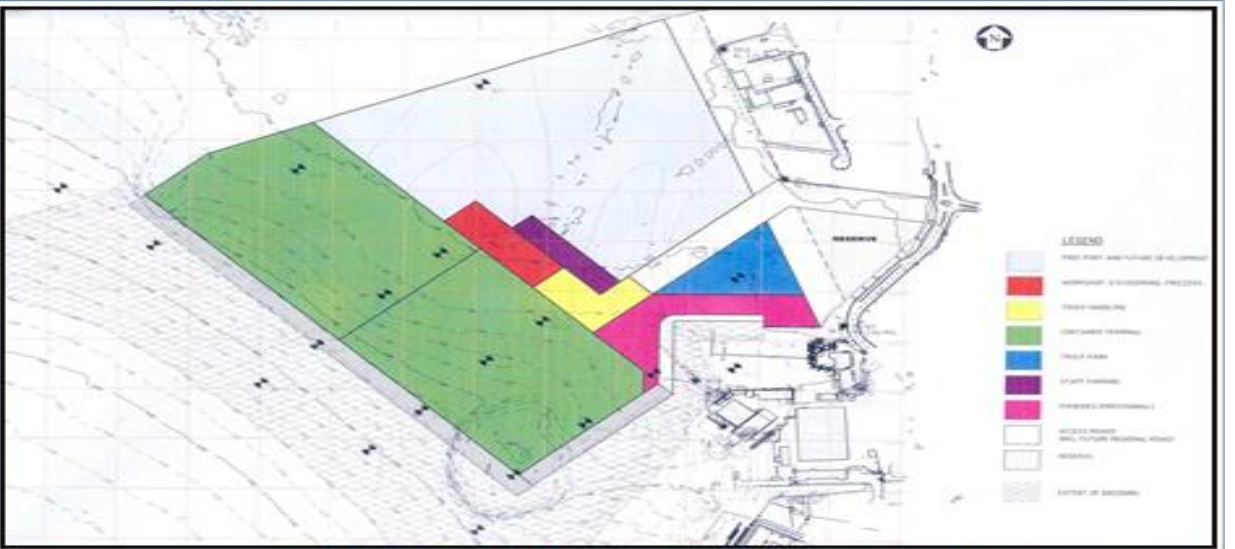
"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Basic Data - (Stage 1)

- 227,000 m<sup>2</sup> reclaimed land
- Reclamation approx 1.6 million cubic meters
- Dredge material approx 900,000 cubic meters to get to 13m at chart datum (CD)
- 400 meters of berth at - 13m CD
- 295 meters of secondary wharf - multi-purposes
- Approx capacity 200,000 TEU

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## Full Development



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## Basic Data - Full development

- 50.5 Ha reclaimed land
- Reclamation approx 2.4 million cubic meters
- Existing site – soft sediments to depth of between 30m and 60m over Suva marl (soapstone)
- 800 meters of berth at -13 CD
- Approx capacity 600,000 TEU

<sup>1</sup>To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce.

## Proposed Preliminary Rokobili Terminal Development Schedule

Item	Task	Start	End	Duration Months	2018	2019	2020	2021	2022	2023	2024	2025
1	Project planning	24/01/2018	31/05/2018	4	■							
2	Environmental Impact Statement	24/05/2018	31/12/2018	7	■	■						
3	Preliminary site investigations	24/10/2018	9/04/2019	6		■	■					
4	Site survey	24/01/2019	31/05/2019	4		■	■					
5	Preliminary project design	10/04/2019	5/11/2019	7		■	■	■				
6	Detailed geotechnical investigations	6/11/2019	14/07/2020	8			■	■	■			
7	Detailed design	15/07/2020	9/02/2021	7			■	■	■			
8	Detailed road design	15/07/2020	23/03/2021	8			■	■	■			
9	Final documentation	10/02/2021	15/06/2021	4				■	■			
10	Government approvals	16/06/2021	22/02/2022	8				■	■	■		
11	Tender phase	23/02/2022	29/06/2022	4					■	■		
12	Construction & commissioning	29/06/2022	15/10/2024	28					■	■	■	■

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## Artist Impression of ROKOBILI Terminal



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## Our Quality Strategy - A Testimonial for Culture Change

A Comprehensive approach built around 7 pillars.

**Our Quality Goal:** "To provide our customers with the highest level of service excellence in the Port Industry"



"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



## Dynamic Leadership at Times of Tremendous Change



Winners of 2015 Fiji Business Excellence Achievement Level Award



Winners of 2016 Fiji Business Excellence Prize Level Award

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."



# THANK YOU

"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce."

## **APPENDIX 3: VERBATIM NOTES**

## APPENDIX 3: VERBATIM NOTES

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON SOCIAL AFFAIRS HELD IN THE COMMITTEE ROOM (EAST WING ), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 22<sup>nd</sup> JUNE, 2017 AT 3.11 P.M.

### Submittee:

**Fiji Ports Corporation Limited (FPCL)**

### In Attendance:

- |                         |   |                 |
|-------------------------|---|-----------------|
| a) Mr. Vajira Piyasena  | - | CEO             |
| b) Ms. Karalaini Tukana | - | Board Secretary |
| c) Mr. Kirtan Kirfan    | - | ACFO            |
- 

HON. DEPUTY CHAIRPERSON.- Thank you Honourable Members, I welcome Mr. Vajira Piyasena, CEO for Fiji Ports Corporation Limited, Ms. Karalaini Tukana, the Board Secretary and Mr. Kirtan Kirfan. I also once again welcome the Fiji Ports Corporation Team Limited for availing yourself to be here with us this afternoon. Before you this afternoon are the Honourable Members who are members of the Standing Committee on Social Affairs; the Honourable Salote Radrodro and the Honourable Anare Vadei and myself Honourable Nadalo standing in for our Committee Chairman, the Honourable Viam Pillay who is out on official duty.

Mr. Piyasena I now give you the floor to answer questions raised by the Standing Committee on Social Affairs on the Fiji Ports Corporation Limited 2015 Annual Report. However, towards the end I would allow Honourable Members who may want to raise questions or clear any doubts they may have in regards to the Fiji Ports Corporation Limited 2015 Annual Report. The floor is yours now, Sir.

MR. V. PIYASENA.- *Bula vinaka* and good afternoon, Mr. Deputy Chairman and Honourable Members. We have also been given some questions Sir before, so with your permission I can go through this presentation.

Basically as stated in here, our vision is basically to be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce and also we achieve this by developing and maintaining and improving key seaport and ship repair facilities to enhance the economic growth and prosperity of Fiji.

Fiji Ports is responsible for all declared seaports in Fiji but the main port in Suva which handles approximately 54 percent of cargo, Lautoka that handles 42 percent, Levuka of course we find to is mainly the cargo coming from PAFCO (the fisheries company) and also in Malau, the cargo from Fiji Sugar Corporation. So, the main changes in 2013 and 2015, the 2013 the changes was the privatisation of the terminals that is at that time it was Ports Terminal Limited but now it is basically being amended to the Fiji Port Terminal Limited. So with that public private partnership, the FPCL sold 51 percent to an overseas port management company. In 2015, another sort of privatisation happened and with that currently, the Government shareholding is 41 percent. Fiji National Provident Fund is 39 percent and this again the same overseas port management company Aitken Spence PLC had bought over 20 percent of shares. The other subsidiary, Fiji Ships and Heavy Industries Limited is 100 percent owned by Fiji Ports Corporation Limited (FPCL), they are like the same ownership of 100 percent.

Going to the questions that had been brought in here - Why the variance in rental income? This question is basically the rental income is forecasted on the existing rental of the tenancies. Every year the rental review is carried out. Once the rental review is carried out, the rental amount will change and subsequently the rental income will change. Also the tenancy breakdown, you can see the rental income had basically increased.

Question 2 - What is FPCL doing in terms of safety of ports across Fiji? Mr. Chairman and Honourable Members, in terms of the ports that are managed privately, for example, Denarau. They are actually not coming under the jurisdiction of Fiji Ports Corporation Limited neither the ports in Savusavu or jetties like....

HON. A. VADEI.- Rotuma?

MR. V. PIYASENA.- Rotuma, is actually managed by Rotuma Council but that is declared an international sort of port so they need to have certain security procedures and things in place. We are basically overlooking those things and helping them to maintain those security, that is, international port facilities security requirements, but other than that we do not interfere into their operations.

As I said, the privately managed ports like Denarau which is not a declared port, we have no jurisdiction and we are not responsible for any operations over there.

HON. A. VADEI.- Natovi and Nabouwalu?

MR. V. PIYASENA.- No, Honourable Sir.

HON. A.T. VADEI.- They are not managed by....

MR. V. PIYASENA.- No. It is FRA.

HON. A.T. VADEL.- It is a jetty?

MR. V. PIYASENA.- It is with Fiji Roads Authority.

So, for the safety area, especially in the local wharf. The main one in Lautoka, we have more procedures in place but in the past like last year and before we had done a local wharf revamping project mainly aiming to ensure the safety of all the passengers. So, as you can see a number of dedicated walkways or barricades have been produced and all that, so though the income that is coming from this local wharf is generally I would say not significant, for example, some of the vessels we have like Goundar Shipping, that *Lomaiviti Princess IV*. For 24 hours the dockage charge could be anywhere between \$55 to \$60.

So, with large ships like the *Lomaiviti Princess I or II*, it may be \$250 for the whole 24 hours. With that, most of the things that we maintained, awaiting shed for the local wharf for the convenience of passengers which have been constructed at a cost of \$0.5 million in Suva and also another \$0.5 million we have invested in Lautoka. So, all those things are generally part of the social obligation of FPCL that they have done those things.

We also have the result in terms of safety measures that we always have in our OHS Report in 2015. All the information is there and also our staff are issued with personal protective equipment and then in terms of the safety relating to the harbor waters that we have Automatic Identification System to track down the monitoring movement of vessels.

We are also now in the process of getting down vessel traffic management system, with a proper radar system that will identify all small crafts that are not covered by this Automatic Identification System. We also have an increase in the number of port users. As I said, here we do proper safety security training for all port users. When the port user license is issued annually we get them down and then in batches we do this awareness training for them.

We also maintain something called number of dashboards within the organization so one is this safety dashboard. So, safety dashboard identifies all those eight requirements; number of passengers, number of injuries, number of accidents, et cetera. So, this is a live sort of a dashboard whereby we set up certain criteria. We set up certain targets in here for that particular year and if it exceeds, this goes like a traffic light indicator means it goes into that red level. So, we generally have this information and also during the three years, the trend and all that has been analyzed. So, we are constantly monitoring the safety requirements in all our ports facilities. Similarly, we also have a security dashboard in terms of managing all the security aspects and also we look at the trend, this is



only for the past three years so we look at the trend and we take appropriate measures if there are any variations happening.

Going onto Question 3 in the Annual Report about these cruise ships, the statistics relating to cruise ships. So, this shows that in 2014 and 2015 there is a spike in here. What caused this increase number of cruise ships is an external factor. Maybe the companies decide, for example, when they are going in the Pacific like to Vanuatu, and there are some congestion or maintenance work, then they will include more visits maybe to Suva. So, it is an external factor which had caused that spike but irrespective of that, there is like 35, 50, 57, 64, 81, there is an increase.

In this particular sort of trade, if something happens in some other country, if there is a cyclone or something like that then of course the cruise operators or ship operators will make changes. So, with that, that is generally beyond our control but we are happy that during that time there was a spike and we managed to serve more number of cruise ships.

In terms of controlling yachts and movements within our port boundary, generally FRCA, Immigration and Biosecurity we control all these traffic movements in here; who is coming, who is going and what things are being taken into the country by these yachts. What we do is basically manage the movement of yachts, but generally they just go through the harbor yacht and normally they go into the yacht club area. So, in the port of Suva very few yachts are basically anchored outside the yacht club. Mostly they go to the yacht club, though the yacht club is within our port boundary, we do not basically interfere with their operations so they operate more like an autonomous sort of a club.

In terms of the turnaround time of removal of derelict vessels, that I think, FPCL has a number of times informed a number of Standing Committees that we do manage a comprehensive record of all derelict vessels, a number of vessels removed and also including the position. As I mentioned in the earlier one on whether there have been any environmental impact to a particular vessel is being recorded and monitored all the time. So, we have removed all these vessels in the past.

The removing of derelict vessels is a complex operation. The removal of *MV Tovuto* because there were two vessels that we removed on a priority basis as they were obstructing the operations of the Government Shipping Services. One vessel is called *MV Tovuto* and the other one is called and *MV Sea Love*. *MV Tovuto* is a former Government survey vessel which had been sold through a proper tender system to a scrap metal dealer. For the scrap metal dealer but had happened is that without any supervision, they had just cut off some of the parts, the superstructure of the vessel and then they have cut some other parts and then the vessel just sank. When the vessel just sank near the Government Shipping shipyard area, it ruptured through some metal pile which was under the seabed.

So, it was a major operation to refloat and then we had to do underwater cutting of these piles. During that operation those air bags that cost sometimes \$100,000 hit back at that damage - a lot of difficulties are there as in the complex operation in here.

Similarly, for these two vessels alone, for *MV Sea Love* the removal cost was FJD\$85,000 and then the removal cost for *MV Tovuto* was over FJD\$250,000. So, the removing of derelict is a very expensive operation, especially that there is no capacity in here to move out sort of large portions, there are no such big floating cranes available. So, luckily there was one floating crane available. The *MV Sea Love* was submerged and basically embedded with mud. We had large cranes come into Fiji so we used this opportunity and it was sub-contracted through a proper tender process for both vessels and it was finally removed.

In terms of effective monitoring mechanisms, that is what we have this Automatic Identification System (AIS) to monitor all vessels. As I mentioned before, Mr. Chairman and Honourable Members, that small vessels like fishing vessels we do not have a sophisticated system to monitor. We have already called for tenders, and we are in the process of looking at getting down this Vessel Traffic Management System even in the night, all movements will be basically captured in a radar.

So, we are looking at working with FRCA, Immigration and also Navy to look at it because it is going to cost around \$2.2 million to install. The high turnover, in 2015 with your permission, Mr. Chairman, our Acting CFO will also highlight.

MR. K. KIRFAN.- Thank you. So, the main reason for a high turnover for 2015 is attributed to the increase in tariff so FPCL made a submission to Fiji Commerce Commission (FCC). FCC reviewed and finally the new tariff was approved effective August 2015 and this was mainly for the overseas vessel charges. There has no change being made for the local vessel charges, so overseas vessel charges and it had an increase in our core operating income stream of dockage, wharfage and marine service charge. So, that was the main reason and also we noted that there were some organic growth in the volumes so that also contributed to the high turnover.

MR. V. PIYASENA.- Moving forward, Mr. Chairman, the progress of discussion relating to acquiring or buying the buildings at the Naval office. So, this was because we came to know in 2015 that they were going to relocate but at the end of the day it did not eventuate, but also what happened from our side that with the privatization as we are mentioning in here, that all assets of FPCL is now being transferred to Assets Fiji Limited. So, acquiring further assets we had to basically look at in a different perspective because all our assets are being transferred to Assets Fiji and it will be leased back.

So, this process which just started in November 2015, and from that time it is still happening because there are some titles that need to be transferred so, this process is not completed and then all our acquisitions that we had planned in the past, that we are not proceeding with because now the assets are with Assets Fiji.

In terms of the anomalies in this 2014 Financial Statement, again our Acting CFO will inform the Committee.

MR. K. KIRFAN.- Basically, management is not aware of any anomalies in the financial statements but we would like to know if there is any specific reference being made to the Annual Report we can explain that. However, basically like we have said, the increase in our revenue and the reason for the improved performance is mainly due to increase in the tariff.

HON. A.T. VADEL.- Mr. Deputy Chairperson, the reason why I raised that question is because at the bottom of page 58 certain amounts there do not correspond to the 2014 financial statements and reflect adjustments made refer Note 23; that is why I questioned the anomalies. Thank you.

MR. K. KIRFAN.- Sir, I would like to direct the Committee to Note 23 which is to do with prior period adjustment which is on page 77. Basically there were some prior year adjustments being made and this was to do with amounts being recorded in Fiji Ports Corporation Limited and also a corresponding amount recorded in Fiji Ports Terminal Limited. So both parties mutually revealed that there did not exist any such balance and neither of the party should make a settlement. Mutually it was agreed that this will be disposed of from the books. So it is to do with the historical balance carrying forward from prior years.

MR. V. PIYASENA.- Also, Mr. Deputy Chairman, like some of these things what we have done, before this privatization we needed to clear our books so some of these things were also done at that time.

In terms of selecting of board members Mr. Chairman, for Fiji Ports Corporation Limited as I mentioned that the shareholders are there and the Government will appoint four Directors, FNPF will appoint three Directors and then Aitken Spence will appoint 2 Directors, so altogether 9 Directors there so that is how the appointment is done. an appointment is done by a shareholder by government.

In terms of the Annual Report, the statement there “human resources plan to determine that women employees at Fiji Ports are provided opportunities...” that of course clearly shows that in 2014, 2015 and 2016 the number of employees have increased at 29, 30, 37 and also they have been employed in traditionally-like male dominant sort of areas such as engineering; we have four in the engineering department - engineering assistant and also wharf attendants, we now have more female staff.

Also question 12 according to the Annual Report, the larger component of the prepayment made was to the Asian Development Bank. So, CFO will further elaborate on this,

MR. K. KIRFAN.- On the loan prepayments, the main reason for the prepayment was because FPCL had a very strong cash flow position and on the other hand we noted that the prepayment

addresses a significant problem of adverse movement in USD currency. So, at that point in time what we saw was that the USD dollar was getting stronger day by day and at that point in time because we had a very strong cash flow, the management with the Board's approval decided to reduce the debt level through prepayment.

So, the company over the last three years from 2013 to 2015 reduced the ADB debt by \$21 million through prepayment. So basically had the company not made those prepayments, it would have been faced with a foreign exchange loss of between \$0.5 million up to more than \$1 million per year. So, due to the proactive approach by management to reduce the ADB loan, the company managed to strengthen the balance sheet's position and the gearing level. Also they were considerable savings in interest expense, so the ADB loan was fully paid off in May 2016. Last year we fully paid off the ADB loan and had FPCL (the company) followed the loan repayment plan, the loan would have been paid in 2026. So, 2026 was the date for the final repayment but through companies proactive measure the loan was fully paid off in 2016.

MR. V. PIYASENA.- So, as shown in there Mr. Chairman we now have zero balance. This was also some articles we have in our newsletter for this prepayment and also the EURO loan balance today, Fiji Ports Corporation Limited is debt free. We have paid all our ADB loan and all other loans with ANZ so we do not have any loans now. We have done this, at the same time we have increased our dividend payment to the Government and every year we broke the record of the previous year's dividend payment, plus we have also given extraordinary dividends especially in 2013 during e the privatization of PTL all that has given us a special dividend and from various sale of other FPCL owned buildings et cetera during the privatization in 2015 had given us special dividend. So, reduction of all loans and also increase of dividend payments have been done by the management during that time.

Moving on to Question 13, Honourable Chairman. The most important event for the year was the Government's announcement of part-privatization. How this has been carried out, so generally the privatization of FPCL had been carried out by the relevant ministry but as far as the FPCL management is concerned, we are aware that the Port Corporation was divested in such a manner that FPCL at a value of more than FJD\$100 million which is already been informed in a media statement from the Ministry. Of course we have the sale and purchase agreement and generally it is between Government and FNPF, it is an agreement where 80 percent remains Fijian-owned and also as I mentioned earlier all these assets have been transferred to Assets Fiji so no asset had been sold to any party.

Has the part-privatization benefit the Corporation? In that aspect, Mr. Chairman, what we are looking at in here is improving the transshipment of Fiji because for the port to grow either import/export has to go up or the transshipment cargo that is basically coming from a certain country

and then this cargo will remain within the port premises and then it would be imported back to another country. So, this transaction will basically generate revenue.

So, improving the transshipment cargo is something that is being looked at during this privatization. Generally from 7 percent previously to now nearly 11 percent increase in this transshipment has happened. Also the cargo volumes have increased, as you can see it there and also that certain performance indicators were from Ports Terminal Limited that they have managed to achieve progress. So, in a sense that this had magically made some efficiency and productivity improvements within our ports and also a number of the vehicles and all that had increased and the handling sort of capacity, and the capacity utilization within the ports had also basically been utilized to the fullest extent.

Also with regards to the initiatives of signing this MOU with Fiji National University relating to environmental management aspects and how successful this programme, is basically that we were going with the Ports well, having an environmental management policy as one of our strategic objectives is to have this environment relationship. So we look at the students basically managed in this process through their assignments such as the water quality testing and some environmental providing reports relating to environmental matters. So it is beneficial in both aspects, in the sense for FPCL as well as for the students following these environmental management courses. So, as you can see, a number of activities had happened and also in 2016 the environmental award was presented to FPCL after some assessment by the FNU.

Also the reports had been produced in regards to this such as the assessment of environmental conditions such as Lautoka and Suva Ports, their environmental reports. So the reports are also available, water quality testing reports are available et cetera. So, some significant progress have been made in that area.

In going back to Question 17, Mr. Chairman, according to the reports there was a revision of the port tariff. So, in regard to this tariff, the adjustment for port tariff came into effect on 24<sup>th</sup> August, 2015 and it was a long overdue initiative. So when this came up, of course there was a significant tariff increase. In a presentation we made with the Fiji Commerce Commission, we explained that the main revenue streams such as dockage, wharfage and marine services charge, that if we had increased at least by 2 or 3 percent, then what would be the tariff rate at that time? But there was no increase. But it is still in some cases below the tariff rate; if we had increased it gradually by 2 percent. We have basically informed all our customers and stakeholders that this tariff increase can be justified in this manner, Mr. Chairman.

In terms of effective environmental stewardship initiatives, of course we have launched this pollution prevention board. The total cost of renovating this boat and buying engines and all that is around FJD\$80,000. It was launched to monitor the harbor area and also to see whether there is any oil pollution, unauthorized garbage disposal and all that. So, with that only, we have managed to

collect in excess of \$300,000 of various clean up funds. So, some of these funds have been also used for derelict vessel removal. We have managed this process even without affecting the bottom line of our organization. But now what happens is that, due to this effective monitoring system the pollution incidents have declined and also in terms of sustainability initiatives, the Port has an environment management policy, green energy policy and sustainable energy policy and we also have done an energy audit in the past. So the other thing such as port sustainability plan and energy plan and all that with the stakeholders involvement, that is planned now.

We do have air quality monitoring which was done in collaboration with the RMIT University and after the energy audit all these tower lights have now changed into energy saving lights. Also in collaboration with Ports Terminal Limited, we have implemented the traffic management plan within the ports because in the past all these trucks that are coming in, say for example, if we are handling 100,000 containers, that means 100,000 trucks are coming to the port. So when they come in and they wait in time they just do not switch off their engines; their engines keep on going and then if there is no proper traffic flow by the management, then a lot of pollution can happen.

So, this has been minimized and also our air quality report which again is measured during this initiative by external party from RMIT University Research Team have shown that they are well below whatever the limits that they are looking at. If the port is polluted, the air is polluted. Again we also have this kind of dashboard for environmental management and pollution prevention. So, with all that number of oil spills and these are all minor spills that happen in there and then a number of pollution incidents; we are basically tracking and putting it to this indicator as a dashboard indicator.

So, again in terms of achieving mission and vision of the Fiji Ports Corporation, we do have a strategic plan which was developed with extensive stakeholder consultation and HR plan et cetera and we have all these strategic goals which consist of all aspects of operation in terms of port development, environment, human resources and also integrating all port plans within the organization with external plans such as any initiatives by the Government including green growth framework and then trade policy, et cetera. So, there is very clearly when we developed we integrate we consider and integrate those national plans to our plans.

Also in terms of monitoring when we integrate, when we have these goals that we have an extensive monitoring system; this goal, who is responsible, who has the primary responsibility, secondary responsibility, what department, what they have to do, and then we do that assessment as to assigning waiting for that particular call and then looking at what percentage have been achieved. So, based on each goal, we have another indicator as to say stop whether the yellow part is basically acceptable. So, this is how we basically cascade down all high level goals to the individuals of the organization.



Also we do have these 32 indicators like each strategic goal will have, for example, from that strategic goal 77 percent have been achieved. So, that is actually the port development because beyond that we cannot do anything because it is relating to the port master plan but in other things such as 80 percent, 95 percent. Also we have these indicators in terms of leadership outcomes, governance and all that so we manage all our processes through these indicators. So, we know exactly whether we are achieving our goals and also we are moving in terms of achieving our mission.

In this Annual Report there is a pollution prevention strategy in place and also to elaborate on Questions 20 and 21, Mr. Chairman, and Honourable Members, on the launching of the pollution board and also the pollution control fund. This is actually the fines or rather clean up funds collected from various ships. At the bottom here is the recent incident of the capsizing of the *M.V. Southern Phoenix*. This incident shows that this particular vessel had 200 tonnes of fuel oil in there.

Of course the incident can happen, Mr. Chairman, how we managed it is what is important here. The oil pollution prevention equipment was on standby, all our staff were trained and we had excellent collaboration with other stakeholders such as the Maritime Safety Authority and Department of Environment, et cetera. Immediately, of course, you can see in that first one the oil started spilling and then we had this bomb right around and went through this process of getting a salvage company. Today without having an extensive oil spill; 99 percent had been removed from this plague. Now the next process is basically that the owners will be tendering, they have already called for tenders for the removal of all that because it is the owner's responsibility and they do have the PNI insurance company that normally handles these kinds of ship wrecks.

So, this incident shows that our pollution prevention strategy have worked well because otherwise this 200 tonnes of oil could have gone everywhere in the shore. This is an example where we managed a disastrous of this kind of magnitude.

So, are there any future plans for ports? Very simply there is a master plan development currently in progress and is handled by the Ministry of Public Enterprises and with the ADB also involved. They have basically come out with a draft 7-year master plan but also upon discussion with the PS of the Ministry, he has also informed us that they are also looking at getting ADB to do a 20-year larger master plan. This is for 7 years so they have identified an area of development and it has to be done in terms of Suva Port and similarly for Lautoka; again some progress have been identified.

What are the key challenges in terms of ports? In terms of the challenges, changes in the global shipping industry to change in regional competition and in terms of our aging workforce, ageing in infrastructure and of course this is the change of ownership, privatization, asset transfers and environmental issues that are present now, unlike in the past the change in domestic, the regulatory requirements and also the tariff structures, all that are currently challenges for ports.

So, in terms of managing all these challenges mainly the increase in the size of the vessels, as you can see Mr. Chairman, these large vessels like in this particular case, you can see the aircraft carrier can be placed inside and also like a small truck. So, you can see how big that vessel could be, even the particular air craft carrier can also be put inside that vessel. So, our main challenge is that vessels not as big as this, at least Ports Terminal vessels start coming in, we do not have the adequate facilities so this is one of the biggest challenges in here.

Also in our port (this thin area) we can operate these large cranes. So, this area is not strengthened to operate these large cranes so the entire operation is done in this particular area. If we are using crane but of course ship cranes can be utilised, this Walu Bay wharf is generally used for all bulk cargos such as discharge clinker, weed and things like that so this is if you are looking at why, because the comparison is that in our port facilities, we have the Princess Wharf area where international fishing vessels come in and we have only this wharf area.

However, regionally such as in PNG where very large developments are coming up that in this development, there is only this small area which they have already started and once they do all these big developments, this area will be developed. So, we need to move on to infrastructure development because our problem is the ageing infrastructure. As you can see there are lot of damages because now there are a lot of cargo movements like for example the vehicles in our road show that will increase.

Similarly, the cargo movement and all that have increased so therefore this ageing infrastructure basically cannot sustain this kind of heavy operations. So, there are a number of wharfs also in Lautoka, there is this infrastructure issues that there are certain damages have happened and also especially in Levuka of course part of that wharf structure is 120 years old so whether these things have to rebuild and all of these things are to be considered in order to welcome this challenges.

So, how we are going to welcome these challenges is basically like also in that master plan that new terminal like the Rokobili Terminal which has been there a long time had been again proposed but however, the first option that it will cater for 200,000 containers and the second option is for 600,000 containers. So, this has been identified in with this current master plan again but of course I believe from the ministry they were looking at a more extensive master plan to see exactly whether this facility should be here or not and it should be consider developing some other area because of the current condition of the hinterland because there could be an increase traffic if the larger ports comes in.

So, these things are being currently discussed and then there is no firm decision has been taken and even the master plan is still in the draft state. So, that is one solution which could be the trade and infrastructure or that to have a new port facility but also the time spent according to the ADB consultants that it should be starting now in 2018 something has to start because as I have mentioned there are a lot of development happening in the region so if you need to be competitive and stay ahead

then some development has to be started and also this is the artist impression if the Rokobili Terminal comes in, it is actually close to that area where you can see the previous and current view with the government shipyard area and when it is transformed it will be like a more modern port but despite all that, the infrastructure development in order to achieve this internally the management have put in a lot of controls and in terms of improving the quality if all aspect of management that we have done and as a result what happens is that in 2015 we got the Achievement Award for Business Excellence and then in 2016 we won the Prize Award for Business Excellence so this shows that in all aspects those criteria that are mentioned in the Business Excellence Framework that we have addressed within the organisation and we are basically geared up to take all the challenges.

So, with that Mr. Chairman and Honourable Members we conclude our presentation and we would be happy to answer any questions.

HON. DEPUTY CHAIRPERSON.- Thank you, Honourable Members I now give the floor to the Honourable Members who may want to ask question.

HON. A.T. VADEL.- Thank you, Mr. Chairman. Just a few questions and clarifications on page 23 - Occupational Health and Safety, line 4 and line 7 those two HASWA 1996 and HASAWA. Is that a spelling error just reconfirming?

MR. K. KIRFAN.- That is a typographical error.

HON. A.T. VADEL.- Alright. My question I did not see any Auditor-General's report in your annual report. What does that mean? Was your report being audited by the Auditor-General or only your auditor?

MR. K. KIRFAN.- Yes, Honourable Member. After privatisation, since Fiji Ports Corporation Limited is now a private entity we obtained a clarification from the office of the Auditor- General and basically the feedback we have received is that the board is in a position to now appoint an independent auditor and hence the board has appointed Ernst & Young to do the external audit for Fiji Ports Corporation Limited.

HON. A.T. VADEL.- Did you get some grant in 2015 from the Government?

MR. V. PIYASENA.- Honourable Member., we have not received any grant whatsoever.

HON. A.T. VADEL.- That is why I am asking.

MR. K. KIRFAN.- We have been paying dividends to the State.

HON. A.T. VADEL.- Dividends to Government.

HON. S.V. RADRODRO.- Thank you, Mr. Chairman. Just some clarifications if we can just sort of throw out the tender slide on the changes in 2013 and 2015. So now have those three separate entities - MPCL for reform?

MR. V. PIYASENA.- As I mentioned Honourable Member the first one was the terminal privatisation in 2013 so with that...

HON. S.V. RADRODRO.- So in the second one which means FPCL holds that 49 percent share, that is the Fiji Ports Authority.

MR. V. PIYASENA.- Yes

HON. S.V. RADRODRO.- Alright and ASPLC holds 20 percent from there and another 51 percent in that one?

MR. V. PIYASENA.- Yes, that is correct.

HON. S.V. RADRODRO.- My question is, it has a larger share as compared to the local counterparts?

MR. V. PIYASENA.- In terms of terminal it could be the case because terminal privatisation but...

HON. S.V. RADRODRO.- Yes, even in terminals and FPCL because they hold 20 percent of Fiji Ports Corporation, at the top the same company holds 51 percent at the bottom.

MR. V. PIYASENA.- Yes

HON. S.V. RADRODRO.- Yes, which means that in as far as the whole Ports entity, it has sort of the biggest shares.

MR. V. PIYASENA.- It is not the whole Port entity but specifically in terms of Ports Terminal.

HON. S.V. RADRODRO.- Yes. I stand to be corrected, that is a major maybe income generation from as far as Ports activities is concerned. It comes from the cargo aspect of it. Because that is a foreign company and you also mentioned the need that Ports have in terms of infrastructure replacement or improvement, does it really have that responsibility, mandate or interest in as far as looking after the improvement of the infrastructure?

MR. V. PIYASENA.- What happened in the terminal privatisation, Honourable Member, is that there is a concession agreement. So the concession agreement stipulates what services FPCL has to provide to FPTL and other customers and what services FPTL is providing. So, from that perspective FPCL is supposed to do the maintenance of all the wharves and there is a non-exclusive lease between FPCL and FPTL, so with this non-exclusive lease starting from that point, it was \$3.2 million now we are basically looking at increasing this lease. If this \$3.2 million is paid to FPCL as the lease payment, then we are basically entitled to 49 percent of their profits.

HON. S.V. RADRODRO.- Just leading up to that, what kind of investment does ASPLC bring into the country? Is it bringing it from outside into the country or is it all internally? Like with Assets, what kind of assets did it bring from outside into Fiji?

MR. V. PIYASENA.- O of course what happens is that the terminal privatisation only we were involved because it was FPCL's also and in that sense they bought over 51 percent shares, \$10.335 million so that is their investment in here and they bought over the shares, and in terms of FPCL we are unaware of what was happening because all that matters is basically handled by the ministry. So, the management was not involved in this, management was involved in the organisation capacity but not in terms of negotiating any enterprise where or whatever it is FPCL is concerned.

HON. S.V. RADRODRO.- Just my other question is on the oil spillage by *MV Southern Phoenix*. As you had mentioned that it was taken under control. Is there some kind of penalty or given this kind of incident like you mentioned that you had effectively taken it under control which is more like our reactive stunts but in terms of being proactive, what kind of measure is in place to be able to maybe give some kind of caution to companies or to ship owners like that?

MR. V. PIYASENA.- Honourable Member, this accident can happen at any time. It has happened and at the same time we immediately like all those oil tanks, whilst strippers upload had been plugged and done at that time, then obviously all costs associated with this clean-up had to be bound by the owners. So, whatever the costs associated including like if we had used our staff to extend their additional rosters and using of pollution prevention equipment on board, we have a separate account and we would now be claiming from the owner and the owner is basically the insurance company who should be able to pay.

HON. DEPUTY CHAIRPERSON.- Thank you. Any other questions from Honourable Members?

HON. A.T. VADEL.- Regarding the derelict boat, the turnaround time because one of the issues raised in Parliament that our port is not safe for cruisers to come to, it is an eyesore for them. So, what is Ports or the organisation going to do about it?

MR. V. PIYASENA.- As mentioned here Honourable Member, that currently no derelict vessel is basically obstructing the navigational activity. If it is obstructing, the Maritime Safety Authority will immediately take action for Fiji Ports Corporation Limited. All the current derelict vessels are lying there for the last 10 years have been and we are now in the process of cleaning but it has become a very expensive operation. Recently as an extended scope of developing this master plan, the Fiji Ports Corporation Limited and the Ministry requested ADB to do another study on the removal of derelicts. So, that is also in a draft form and they are looking at its removal, it is not solely Fiji Ports Corporation Limited's responsibility but also Maritime Safety Authority of Fiji should also get involved.

And then the next recommendation is basically, because there are three types of things happening in this kind of incidents that in a ship that they have cargo, cargo should be insured. Generally it is done by the cargo owners and then there is a next one as the haul and machinery insurance. Haul and machinery insurance for the loss of the ship so, the ship owner can insure for haul and machinery and then the third insurance is basically the rack removal. If something happens and the ship goes down and then the ship owner can remove that by using the insurance to remove that and that includes removal of oil any cargo and all that.

So, most of these large international vessels that are coming in they do have this PNI insurance cover for that but the problem is that generally the entire vessels that are in here, that they do not have that kind of insurance for one thing that we have before this disaster that the Sullivan also went down and then that assessment in a number of times I have mentioned in the number of Standing Committees that assessment came up \$26 million is not worth salvaging that vessels no one wants to do that because unlike this Southern Phoenix it is actually is about like 20-25 metres deep down in the bottom of the seabed. So, that kind of maintenance cost is there.

So, what is happening right now is that we are using whatever resources in order to clear up these things one by one but the problem is that we do not have adequate capacity to do these kinds of things like the cranes and technology and all of the equipment. So, that is something that we are looking at but until such time, if we take very drastic measures like for example the Venus Shipping owners of *MV Sullivan* and also they have *MV Sinuwasa* in Levuka and another vessel in Levuka.

So, what we can do is we can impound the assets so and if you do that then they will not be able to provide the service to inter island service. So, if we do some drastic actions to prevent these things and then for example if we tell Gounder Shipping without having wreck removal insurance you cannot come to our port. We can do that Mr. Chairman but the repercussion of such thing then how are our people going to move here and there. So, we have are always taking that risk so if such a vessel goes down in Narain Jetty today nothing, we cannot do anything. So, we are controlling the situation by always informing them.



Sometimes they do unauthorised repairs in the jetty and if something has been removed in there and do more something like sea-wall or something and if by some accident and it starts flooding it will just go down and they will not have any means to remove this vessel and then it will be a severe obstruction to that. So, we have day to day we have to manage this kind of risk, if we are managing it in terms for the benefit of the public but at the end of the day something happens it will come to Fiji Ports.

HON. DEPUTY CHAIRPERSON.- A last question.

HON. S.V. RADRODRO.- Thank you Mr. Chairman. This is the annual report for FPCL. Is there an annual report for the other company or who is responsible for that one - terminal ports?

MR. V. PIYASENA.- Fiji Ports Terminal Limited, that is a separate Director board and we have not received any annual report from them.

HON. S.V. RADRODRO.- Just on the infrastructure because I note that is one of the focus of this company and you had mentioned that the infrastructure really needs to be looked at in terms of improvement. So, what is in the long term plan in terms of infrastructure development or improvement particularly like for example the Levuka one, so what is in the plan?

MR. V. PIYASENA.- Currently we have those two plans I have already shown; the 7-year development plan which is currently in draft form and the ADB one which has been developed but it had to obviously go through the relevant ministries and approval of the Honourable Minister. It is currently in draft form and I got permission from the Ministry if we could basically inform this to the Honourable Committee but in terms of Levuka, no substantial economic activity investing on that work structure becomes a problem.

So, who will be investing because FPCL now is a privatised company and then we have to convince all the shareholders if they are to do major repairs because it cost about \$4 million to \$5 million then they would be looking at the revenue generating from Levuka. So, we cannot justify that kind of investment so these things now has to come under some major development plan and I believe that is what our ministry was talking about 20 to 50 year long term development plan with the assistance from the World Bank and something has to happen and the cost like we are talking about Rokobili which is about US\$275 million. Ports development has enormous cost and sometimes you do not have a business case but you still have to do it for the benefit of the future of the country. That we will leave it to our ministries to advise us on what is happening relating to the actual port development.

HON. DEPUTY CHAIRPERSON.- Thank you CEO. On behalf of the Standing Committee on Social Affairs, I take this opportunity to thank you and your team for coming on board to present

the Fiji Ports Corporation Limited 2015 Annual Report. This will give us the opportunity to finalise our recommendation before we present or table it in our next Parliament sitting.

With those words I thank you once again and do congratulate your team and please keep up the good work. Thank you, *vinaka vakalevu*.

MR. V. PIYASENA.- *Vinaka* Mr. Chairman and Honourable Members.

The Committee adjourned at 4.38 p.m.

## **APPENDIX 4: RESEARCH BRIEFS**

## APPENDIX 4: Research Briefs

### Annual Report Summary-Fiji Ports Corporation Limited 2015 Standing Committee on Social Affairs

**Vision-**"To be the maritime gateway in the Pacific region through facilitating waterborne transport, trade and commerce"

**Mission-**"To develop, maintain and improve key seaport and ship repair facilities to enhance the economic growth and prosperity of Fiji"

Fiji Ports Vision and Mission statements has been updated to reflect Fiji Ports new role as a Landlord Port.

	2015	MPs Comments
<b>Principal Activity</b>	<p>FPCLs objectives and responsibilities under the Sea Ports Management Act 2005 are as follows:</p> <ul style="list-style-type: none"> <li>-To effectively manage sea ports in Fiji</li> <li>-To create or enhance opportunities in the provision of port services.</li> <li>-To manage operation and regulatory responsibilities that include:                             <ul style="list-style-type: none"> <li>a) Manage the processes of declaring of new ports and approaches to ports;</li> <li>b) Responsibility for management of Fiji's Port;</li> <li>c) Taking of action in the event of an emergency;</li> <li>d) Acquire land for ports operations;</li> <li>e) Levy charges for provision of services;</li> <li>f) Details vessels in breach of Fiji law;</li> <li>g) Exempt, reduce or refund, any vessels for dues and rates;</li> <li>h) Take a lien, and after 21 days (or for perishables after 21 hour) sell goods in relation to charges;</li> <li>i) Take a lien and after 21 days over vessels in relation to charges;</li> <li>j) prosecute offences of evasion of due or rate or charges;</li> <li>k) License persons to access ports for commercial purposes;</li> <li>l) Chair meetings of Stakeholders on Ports issues;</li> <li>m) Removal of derelict and dangerous vessels;</li> <li>n) Make rules regulating the use and operation of ports and approaches to ports, and the conduct of persons within ports and approaches to ports and fine for breach of those rules.</li> </ul> </li> </ul>	
<b>Shareholders</b>	<p>Government Shares-100%</p> <p>The terms of the agreement specify that the Ministry of Public Enterprises maintains 41% of the</p>	

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	<p>shares in FPCL and Fiji National Provident Fund (FNPF), Fiji's largest financial institution with total assets valued at \$4.9 billion, acquiring 39 percent. The second partner in the agreement is Sri Lankan conglomerate Aitken Spence PLC (ASPLC) which acquired 20 percent of the total number of FPCL shares.</p>	
<b>Act in place</b>	<ul style="list-style-type: none"> <li>• The Sea Ports Management Act 2005.</li> <li>• The Public Enterprise Act 1996.</li> </ul>	
<b>Organization structure</b>	<p>There are three members in the Board of Directors, consisting of one chairman and three Directors. The Board is appointed by the Minister of Public Enterprise and Reform Unit in accordance with the provisions Public Enterprise Act.</p> <p>Fiji Ports Corporation Limited is headed by the CEO who oversees Company operations headed by the two Division executives of Finance (CFO) and Operations (COO).</p> <p>FPCL's Finance Division has responsibility for FPCL's financial operations, payroll, financial and balanced scorecard reporting including KPI's. The Finance Division is also responsible for commercial services, (pricing, trade forecasts), financial management, (investment analysis, operational analysis, balanced Score-card, enterprise-wide risk management).</p> <p>The COO manages Corporate Services Responsible for the departments of Human Resources, Customer and Public Relations Training, and Safety and Environment issues; Port Operations Responsible for supporting working operations of the ports working with port service providers to offer customer service delivery in an efficient operating environment, managing harbour masters, pilots, docking, mooring, tug operations, security, emergency preparedness and local wharfs; Technical Services Responsible for all engineering and ports infrastructure development and maintenance, and manages the Property Department.</p> <p>Subsidiary company Fiji Ships and Heavy Industries Limited (FSHIL) operates as a commercial, self-funded company specialising in ship repairs and heavy industry services.</p> <p>The Division includes:</p> <ul style="list-style-type: none"> <li>• Corporate Services Division-comprises the departments of Human Resources, Staff Training, Legal, Customer and Public Relations and Safety, Health and the Environment.</li> <li>• Technical Service Division- is responsible for all FPCL engineering and ports infrastructure</li> </ul>	

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	<p>development and maintenance at FPCL's designated Ports. Management of FPCL's substantial Property assets also falls under the sponsorships of Technical Services.</p> <ul style="list-style-type: none"> <li>Port Operations Division- Port Operations comprises a portfolio of maritime-based activities that encompasses the Harbour Masters Office at the Ports of Suva and Lautoka including Piloting Movements and Tug Boat Movements, Ports Security Unit, the Port of Levuka's operations, and Local Wharf infrastructure management.</li> <li>Finance Division-oversees the financial activities for the FPCL Group including financial reporting, stock control and asset management, payroll processing credit management, accounts payable and international controls.</li> </ul>	
<b>Projects</b>	<ul style="list-style-type: none"> <li>Work on extensions to Suva and Lautoka's Local and Fishing Wharf facilities, and the installation of the new weighbridge at the Muaiwalu Wharf which provides FPCL with a more accurate tonnage of fish being off-loaded from fishing vessels was substantially advanced this year.</li> <li>Ongoing discussions with the Fiji Navy regarding taking over their site in Walu Bay (adjacent to Kings Wharf adjoining the FSHIL site) to facilitate the Navy's planned relocation.</li> <li>Development of a major office complex, retail and terminal building at a Walu Bay site owned by FPCL (adjacent to Muaiwalu II) is ongoing.</li> <li>Further work on the establishment of a barge operation specific to the Wharf in Suva.</li> <li>Rebuilding and renovation work at the FSHIL site in Walu Bay to provide a much needed new commercial wharf -Muaiwalu III - continues.</li> <li>Expansion and reconfiguration of Lautoka Local and Tenant Wharfs including a permanent commercial barge loading facility needed to support Fiji's booming tourism sector is under development, along with establishment of a commercial dredging operation or purchase of a company in that business.</li> <li>Possible Lautoka Port PPP for our cruise vessel project and barge terminal which includes development of a haul-out facility on land adjacent to the Local Fishing Wharf for barging/vessel operators that service the Mamanuca and Yasawa Group of Islands.</li> <li>Further development of Shed 6, Kings Wharf by establishing a second floor within the Wharf building and creating a cruise liner terminal.</li> <li>An upgrade of facilities for FPCL staff and port users at all Wharfs is also planned.</li> <li>Upgrade of the Lautoka Incinerator. Works included upgrading the facility to operate using a</li> </ul>	

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	<p>5000L above ground fuel tank which would allow the fuel supplier to deliver bulk fuel via tanker truck.</p> <ul style="list-style-type: none"> <li>Five 30T bollards were installed for the Muaiwalu II Wharf to facilitate berthing of the RORO ferries on the southern section of the Wharf. The original bollards, which had been damaged or lost, had not been replaced for a number of years.</li> <li>Thermographic scanning of all electrical switchboards for all FPCL properties in Suva, Lautoka and Levuka was completed.</li> <li>Dredging of the Lautoka Tropikwood/FSC berth to provide 11m draft was completed.</li> <li>The sale of FPCL's King's Wharf Administration Building and associated property for \$3.5 million to Fiji Road Authority was finalised.</li> <li>Structural assessment of the Levuka Wharf was completed.</li> <li>The department sourced new fenders for the Queen's Wharf Old Main Face with the work to be finalised in 2016.</li> <li>Fiji Ports Shipyard Redevelopment Project was finalised. The proposal for the old Fiji Ships Ship-yard property at Lot 1 Sannergren Drive is based on converting the site into a wharf facility for fishing vessels, barges and/or RORO ferries, and other small vessels.</li> <li>Renovation and office fit-out of the Muaiwalu House Ground Floor was completed.</li> </ul>	
<b>Financial Position (Company's)</b>	<b>2015</b>	<b>2014</b>
	Total Income-\$38,282,285	Total Income-\$32,815,720
	Total Expense-\$25,840,471, Total expenses has increased by 7% and is attributed to increase in employee expense reflecting significantly a 87% rise in staff incentives payments, a 37% increase in direct cost relating to core income stream and one - off expensing substantial consultancy fees from work in process account.	Total Expense-\$24,559,356
	Net profit for the year (Profit after Tax)-\$10,141,210, increased by from the increase Tariff charges.	Net profit for the year(Profit after Tax)-\$6,637,848

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<b>Financial Position (Group's)</b>	Total Shareholders' equity-\$109,872,292	Total Shareholders' equity-\$103,450,273	
	Net Assets-\$109,872,292	Net Assets-\$103,450,273	
	Cash flow balance-\$14,629,218	Cash flow balance-\$6,973,369	
	Dividend cheque to Government - \$3,719,191	Dividend cheque to Government-\$3,698,979	
	Total Income-\$43,082,828	Total Income-\$36,613,694	
	Total Expense-\$30,603,870	Total Expense-\$28,680,483	
<b>Auditor's Opinion (Auditor General)</b>	Net profit for the year (Profit after Tax)-\$13,577,091	Net profit for the year (Profit after Tax)-\$7,438,382	
	Total Shareholders' equity-\$115,411,750	Total Shareholders' equity-\$105,553,850	
	Net Assets-\$115,411,750	Net Assets-\$105,553,850	
	Cash flow balance-\$16,153,748	Cash flow balance-\$8,785,771	
<b>FPCL's Subsidiary companies-Fiji Ships &amp; Heavy Industries Limited</b>	<p>In the Auditor Opinion:</p> <p>a) Proper books of account have been kept by the company and the group, so far as it appears from our examination of those books, and</p> <p>b) The accompanying Consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards:</p> <p>i) Are in agreement with the books of account; and</p> <p>ii) To the best of our information and according to the explanation given to auditor:</p> <p>a) Give true and fair view of the state of affairs of the company and the group as at 31 December 2015 and of the company's and the group's financial performance, changes in equity, and its cash flows for the year ended on that date; and</p> <p>b) Give the information required by the Fiji Companies Act, 1983 in the manner so required.</p> <p>Auditors have obtained all the information and explanation which, to the best of auditor knowledge and belief were necessary for the purpose of the audit.</p>		
	<ul style="list-style-type: none"> <li>Fiji Ships and Heavy Industries Limited's core business comprises the slipping of maritime vessels, ship repairs and maintenance, and heavy industry and engineering works. FSHIL's substantial Walu Bay site comprises a fully equipped engineering and steel workshop complex, three slipways, a significant winch house, and is home to FSHIL's head office.</li> <li>Notable amongst the production highlights for the company this year were:</li> </ul>		

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<b>Other Important Issues</b>	<p>-The signing of a one-year contract with the Land and Water Resources Management Division through the Ministry of Agriculture to repair the Division's pontoons in Rewa and Labasa sites. The signing of this heavy industry assignment advances FSHIL's strategic objective To Build Partnerships to Improve Quality and Responsiveness.</p> <p>-Furthering plans to secure a commission from a major Korean ship building company through the Ministry of Industry and Commerce, again to achieve new partnerships for building ships in Fiji.</p> <p>-An refit agreement was signed with Captain Cook Cruises for Spirit of the Pacific, a 108 footer topsail schooner operating in the Mamanuca and Yasawa Islands.</p> <p>-The company met its 80% minimum slipway usage objective for the year which required staff to work systematically and strategically in order to mitigate the effects of unfavourable weather conditions delaying deadlines.</p> <p>-The company took the final step required before the external audit for ISO 9001 accreditation with the completion of its ISO QMS Gap Analysis standard operating procedures as part of the company's journey towards ISO accreditation.</p>	
	<ul style="list-style-type: none"> <li>A large component of the prepayments made was to the Asian Development Bank (denominated in US dollars). Had the Company not been able to make the timely debt reductions against the U.S. dollar, it would have been exposed to large losses.</li> <li>The most important event for the year was Government's announcement of part-privatisation of the Company, (the Ministry of Public Enterprises and the Ministry of Finance) divesting 59% of Company shares to private entities. The terms of the agreement specify that the Ministry of Public Enterprises maintains 41% of the shares in FPCL and Fiji National Provident Fund (FNPF), Fiji's largest financial institution with total assets valued at \$4.9 billion, acquiring 39%. The second partner in the agreement is Sri Lankan conglomerate Aitken Spence PLC (ASPLC) which acquired 20% of the total number of FPCL shares.</li> <li>A further positive outcome of the agreement is that government receives approximately \$3.3 million from the sale of land to Fiji Roads Authority (FRA) for the realignment of the road and bridge at Stinson Parade in the city of Suva.</li> <li>This year FPCL enjoyed success at the Fiji Business Excellence Awards. As first year entrant the Company and staff received the Achievement in Business Excellence Award.</li> <li>Amongst the initiatives put in place this year was the signing of an MOU between FPCL and FNU. Under the agreement environmental research reports are generated by students – the</li> </ul>	

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	<p>aim of which is to actively contribute to Fiji Ports Environmental Monitoring Program.</p> <ul style="list-style-type: none"><li>• The successful revision of Port tariff charges during the year will mean an increase in revenue for the Company that is capable of impacting on future earnings after years of rates not keeping pace with inflation. Although the success of this submission is a significant achievement for the Company, increases would not have been put into action without first ensuring stakeholders were informed.</li><li>• FPCL has taken the initiative to streamline internal processes before beginning the journey to International Organisation for Standardisation (ISO) standards.</li></ul>	
Gender Analysis	<ul style="list-style-type: none"><li>• Annual report provides the breakdown of staff into gender, on page 20.</li><li>• FPCL's Human Resources Plan determines that women employees at Fiji Ports are provided opportunities to perform roles that are traditionally male dominated.</li></ul>	

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**Disclaimer**

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