



STANDING COMMITTEE ON SOCIAL AFFAIRS

**REVIEW REPORT ON THE FIJI PORTS CORPORATION LIMITED (FPCL) 2016
ANNUAL REPORT**



**PARLIAMENT OF THE REPUBLIC OF FIJI
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CHAIRMAN'S FOREWORD

I am pleased to present the Committee review report on the Fiji Ports Corporation Limited (FPCL) 2016 Annual Report.

The Committee believes that the global maritime transport industry has been growing by around 3% annually for the past three decades with over 80% of world trade now conducted by sea. Maritime transport is, without question, seen as most important means of transporting goods, and remains the cheapest way of transporting large amounts of goods compared to other methods.

The Committee noted that the year 2016 was noteworthy as it represents the Company's first full year of operation under its new part-privatized structure, and the Company's robust financial results mirrored the success of the divestment of a percentage of shares in the Company to the private sector. It was also pleasing to note that under the partnership, 80 percent of the total number of shares remained in Fiji hands.

The year in review signifies FPCL's commitment to fulfilling its obligations as a professionally managed commercial maritime company demonstrating across the board improvement in its delivery of services. An area worth taking note of is the achievement of operating gross profit for the year was \$26,254,954 significantly up in comparison to 2015's profit after tax figure for \$13,577,091.

Increasing globalization of trade and complexity of port operations requires the Company to stay up to date with Port operating systems as it grows. The size of ships too, has doubled over time and continues to add challenges to managing port operations while addressing demand for even larger logistical effort. The way forward hinges on continuous investment in infrastructure and the protection of its human resources to ensure FPCL is positioned amongst the best in the region.

I thank the Deputy Chairperson, Hon. Veena Bhatnagar, Members, Hon. Salote Radrodoro, Hon. Ruveni Nadalo, Hon. Anare T. Vadei and Hon. Ratu Tevita Niumataiwalu as an alternate member for their contribution towards the scrutiny and formulation of this bipartisan Report.

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



Hon. Viam Pillay

Chairperson of the Social Affairs Standing Committee

RECOMMENDATIONS

The Standing Committee on Social Affairs has conducted a review of the Fiji Ports Corporation Limited (FPCL) 2016 Annual Report and has few recommendations to be brought to the attention of the House:

Recommendation 1:

- Pollution prevention and environmental concerns should be the foremost considerations. The Committee recommends that FPCL accelerates their actions with relevant stakeholders for the removal of the eighteen (18) derelict vessels.

FPCL's response:

- Under the Sea Port Management Act 2005, removal or derelict vessels is the responsibility of the owner. FPCL is only responsible for notifying the owners through the issuing of Removal Order and to oversee how the removal operation is carried out. Although funding is always a hindrance, FPCL is doing its best to ensure these wrecks are removed from the harbour. Removal operation for the Southern Phoenix is expected to commence in August and FPCL sees this as an ideal opportunity to use the same salvage company to remove other derelict vessels as bringing the machines over to our shore is an expensive exercise. Talks are already in progress for the removal of these derelict vessels. FPCL remains hopeful that sufficient funds will be available in order to have this costly exercise carried out especially to cater for the removal of vessels on our priority list.

Recommendation 2:

- The Committee recommends that FPCL be assisted financially for the implementation of its Master Plan, for example, to address the issue of ageing infrastructure and space limitations.

FPCL's response:

- The FPCL Master Plan progression and implementation is very vital to guide future growth and development for the company and for Fiji, as a nation. With the implementation of this dynamic plan, it will surely address the current challenges of ageing infrastructure and limitation of vessel berthing space boosting our international and local trade. A solid backing from Government to support FPCL's bid in acquiring suitable land and gaining assistance from financial institutions will be an added bonus in achieving our key focus of implementing the Master Plan.

Recommendation 3:

- The Committee recommends that FPCL strengthens the Seaport Management Act 2005 to assist in the waste management system.

FPCL's response:

- FPCL is supportive of the review and strengthening of the Seaport Management Act 2005 to give us the power to enforce some regulations to assist us in waste management system such as imposing fines to discourage pollution in our Harbour. The current process of having those found in breach of the Act is produced before the Court is time consuming. We have had discussions with the relevant Ministries (Ministry of Public Enterprise and Ministry of Transport) and we are looking to a collective approach and collaboration in our continuous quest to mitigate pollution and advocating for a clean maritime environment.

Recommendation 4:

- The Committee recommends that FPCL looks at the opportunity of upgrading the Levuka and PAFCO wharves and also Malau to boost economic activities in those areas.

FPCL's response:

- The development of PAFCO wharf and Malau Port, as suggested, are out of FPCL's jurisdiction as they are privately owned. FPCL is only responsible for marine activities and collection of relevant charges under the Seaport Management Act 2005. However, FPCL will now be looking at opportunities to upgrade the Levuka Wharf only in order to generate economic activities in the area.

INTRODUCTION

Fiji Ports Corporation Limited was a government owned entity incorporated under the Fiji Companies Act, 1983 and a Government Commercial Company under the Public Enterprises Act of 1996, domiciled in Fiji till 12 November 2015. Minister for Public Enterprises through a gazette declared Fiji Ports Corporation Limited ('the holding company') and Fiji Ships and Heavy Industries Limited ('the subsidiary company'), collectively ('the group') on 13 November 2015 a Re-organisation Enterprise under the Public Enterprise Act 1996. This facilitated the changes under the privatisation and divestment initiative of the Government.

The Shareholding breakdown has the Ministry of Public Enterprises controlling 41% and Fiji National Provident Fund 39%, with Sri Lankan conglomerate Aitken Spence PLC (AS PLC) controlling the remaining 20%. Given AS PLC's maritime industry experience in port management and the partnership package provides an ideal model for public private cooperation.

Fiji Ports Corporation Limited's core responsibilities are:

- Provision and management of Port infrastructure;
- Landlord and property development functions;
- Facilitation of the efficient provision of Port services;
- Ensuring the maintenance of safety and environmental standards within the Port;
- Ensuring the delivery of community service obligation of Government that are essential for the socioeconomic development of the country but which are not commercially viable through appropriate contract with Government for the provision of this service.

The Parliament at its sitting on 7th April, 2018 referred the Fiji Ports Corporation Limited 2016 Annual Report to the Standing Committee on Social Affairs for review and collation of information which included a presentation from the Fiji Ports Corporation Limited. This assisted the Committee members to fully appreciate the organization's operations, achievements and challenges encountered during the financial year.

The discussions basically focused on the Fiji Ports Corporation Limited's administration and gender breakdown, organization structure, functions, policies/programs in place, budgetary allocation, achievements and challenges.

This report consists of the Committee's recommendations, findings, gender analysis and conclusion.

FINDINGS

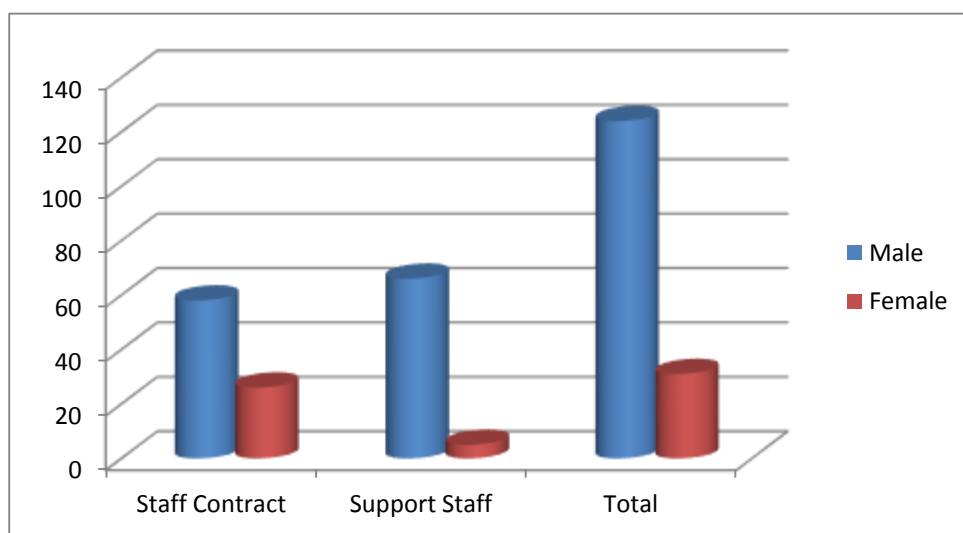
The Committee during its deliberation on Monday, 28th May, 2018 received submission from Fiji Ports Corporation Limited (FPCL) and collated the following findings:

1. The Committee noted that on the 25th of May 2018, FPCL recorded a total number of twenty (20) derelict vessels to which only two (2) vessels were removed from the Suva Harbour.
2. The Committee also noted that the implementation of FPCL's Master Plan depends a lot on the level of funding from the Ministry of Public Enterprises. Major targets in the Master Plan include the removal of derelict vessels and the upgrading of the ageing infrastructure. Another major challenge is the limited space for expansion.
3. Due to enforcement challenges with the legislations, FPCL is faced with the problem of having to effectively manage and enforce waste disposals in the Port.
4. The Committee notes that PAFCO cargo is offloaded at the Suva Wharf, and PAFCO faces the challenge and burden of cartage to Levuka. Therefore, the upgrading of the Levuka and PAFCO wharves can greatly boost economic activities and the livelihood of the people in Ovalau and surrounding islands. Similarly, Malau Port can also be upgraded for the same reasons.

GENDER ANALYSIS

Gender is a critical dimension to parliamentary scrutiny. Standing Orders 110 (2) stipulates that “the Committee shall ensure full consideration will be given to the principle of gender equality so as to ensure all matters are considered with regards to the impact and benefit on both men and women equally”. Workplace gender equality is achieved when employees are able to access and enjoy the same rewards, resources and opportunities regardless of gender, and FPCL wholeheartedly supports gender equality in the workforce and actively promotes its advancement. In this regard the Company actively encourages women employees to pursue careers within the maritime industry which have been traditionally male dominated.

Notwithstanding, the majority of FPCL employees continue to be male, averaging just over 127 across the year in review.



The Committee further notes that the organization still has rooms for improvement towards gender equality.

CONCLUSION

The review of the Fiji Ports Corporation Limited 2016 Annual Report was conducted in a comprehensive manner which covered all the required aspects.

The Committee acknowledges the response and clarifications from the organization on issues raised during their presentation, however, has made a few recommendations for appropriate actions.

**SIGNATURES OF MEMBERS OF THE SOCIAL AFFAIRS STANDING
COMMITTEE**



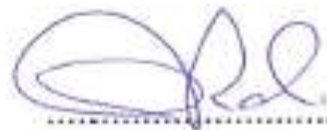
Hon. Viam Pillay
(Chairperson)




Hon. Veena Bhatnagar
(Deputy Chairperson)



Hon. Salote Radrodro
(Member)



Hon. Anare T. Vadei
(Member)



Hon. Ruveni Nadalo
(Member)



Hon. Ratu Tevita Niumataiwalu
(Alternate Member)

APPENDICES

APPENDIX 1: LIST OF ACRONYMS

Acronyms	Meaning
SO	Standing Orders
FPCL	Fiji Ports Corporation Limited
PAFCO	Pacific Fishing Corporation Limited
AS PLC	Aitken Spence PLC

APPENDIX 2: POWERPOINT PRESENTATION BY THE FIJI PORTS CORPORATION LIMITED



Our Vision, Mission & Values 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 **93%** liquid bulk and **7%** 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.

Second Tier Ports & Local Wharves

SECOND TIER PORTS

These are ports of entry with specialized functions but is administered by FPCL for statutory requirements like ISPS, etc.

Wairiki

- A dedicated woodchips terminal commenced operations in 2012.

Rotuma

- Established through the Fiji Government's initiative in assisting the Micronesian countries in the Pacific for exportation of root crops with shipping schedules covering Fiji / Rotuma / selected Micronesian countries / Rotuma / Fiji.

LOCAL WHARVES

Suva

- ❑ Mua i Walu 1 – dedicated fishing vessel facility
- ❑ Mua i Walu 2 – Local vessels berthing

Lautoka

- ❑ Cater for vessels servicing the islands in the Mamanuca and Yasawa group



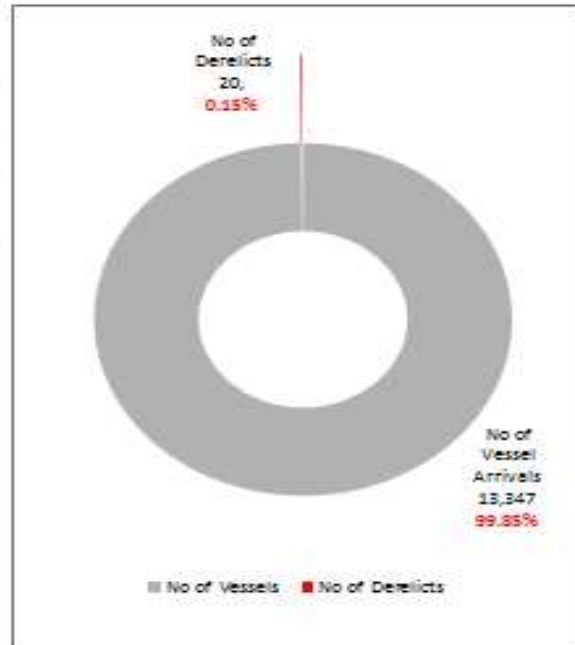
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Derelict Vessels

Suva/Lautoka Vessels Arrivals vs. Derelicts	
No. of Vessel Arrivals 2010-2017	13,347
No. of Derelicts as at 23/05/18	20
Percentage of Derelict Vessels compared to total vessel arrivals (2010 – 2017)	0.15%



Sourced: fijiwillgo.com



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Q1

How many derelict vessels were removed from the harbor from 2015 to 2016 and what is the cost (this includes Southern Phoenix)?

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Derelict Removal (2015/2016)



- 2015/2016, two (2) derelict vessels were removed from Suva Harbour (GSS area).
- Total Removal Cost is over \$305,000
- m.v. "Tovuto" - Over \$220,000
- m.v. "Sea Love" - Over \$85,000
- m.v. "Southern Phoenix" is not included as the vessel sank on 6th May, 2017.
- Removal Order issued to ship owner.
- Removal contract is being finalized between the ship owner and the salvage company.
- Removal Operations expected to commence in August, 2018

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Removal of m.v "Tovuto" & m.v Sea Love



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High Priority List To Be Removed from Suva Harbor

No	Name of Vessel	Position	Status	No. of days to remove wreck
1	Tunakatuku	18° 07.362'S, 178° 23.446'E	Steel hull, Sunk at a depth of 4-5meters	3 days
2	Degel II	18° 07.430'S, 178° 23.423'E	Steel hull, Sunk at a depth of 9- 11meters	2 days
3	Western Pacific	18° 07.411'S, 178° 23.676'E	Steel hull, Sunk at a depth of 1-2meters. 90% of the hull and structure has been removed	3 days
4	Tug 7	18° 07.687'S, 178° 23.334'E	Steel hull , Sunk at depth of 10 – 12meters	4 days
5	Shan Yu #16	18° 07.724'S, 178° 23.378'E	Steel hull, Partly submerged, at a depth of 2-3meters Fiji Ships Slipway	4 days
6	Victory 2	Aground at Rokobili Terminal	Fiber – Glass Hull, Aground with a 30% of hull remain.	3 days
7	Barge Dautukiduru	18° 07.730'S, 178° 23.378'E	Steel hull, Partly submerged at a depth of 1-2meters, Fiji Ships Slipway	Being removed by RPA from shore side
8	Sunstar	South Anchorage	Sunk	Totally dismantled
9	Lady Geraldine	18° 08.473'S, 178° 23.170'E	Timber hull, Sunk at a depth of 9-10meters Opposite Tiko's Floating Restaurant	Totally dismantled

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Q2

*What is the progress on the upgrading of access roads fro the Suva Wharf to Walu Bay and when will it be actualize?
(Page 8)*

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Changes to protect roads and drivers

CHANGED access to the Port of Suva will protect the upgraded roads in the Central Business District and improve safety for vehicles moving within the wharf area.

With the Harris Road upgrade nearing completion and the upgraded Victoria Parade completed last year,

the changes are designed to lessen the flow of heavy trucks past the market and through the town, reducing wear and tear on the newly rehabilitated sections of road.

"MWH Global, consulting engineers to the Fiji Roads Authority, has



The MWH Global engineers' drawing showing the changes to be made to the access and exit at the Port of Suva North gate.

designed a lane that provides a straight run for heavy vehicles from the Walu Bay roundabout into and out of the North gate," said FPCL Port Engineer, Mr Ronald Sue.

"At present, all traffic enters through the North gate and exits via the South.

this area thereby improving safety. Small vehicles such as delivery vans, ships' agents, Ports and PTL staff vehicles and other authorised vehicles will be required to enter and leave through the South gate instead of travelling through the cargo and container storage areas," said Mr Sue.

In the future, all cargo operations using heavy vehicles will enter and exit the North gate. Security personnel will monitor all inward and outward bound traffic from a purpose-built gatehouse.

"It can be very hectic in the container storage area when the container ships come in, so the changes will reduce the traffic in

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Q3

Are there any plans to develop Malau to be the Port of Entry since the site has already been identified by the Government few years back?

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Port of Malau

- Malau is already a Port of Entry.
- FPCL currently has no plans to develop the Malau Port as it is privately owned by Fiji Sugar Corporation and Mobil.
- Also other privately owned ports are Wairiki and Vuda.
- FPCL is only responsible for marine activities and collection of relevant charges under the Seaport Management Act 2005.



Q4

What are some of the challenges in managing Ports operations?

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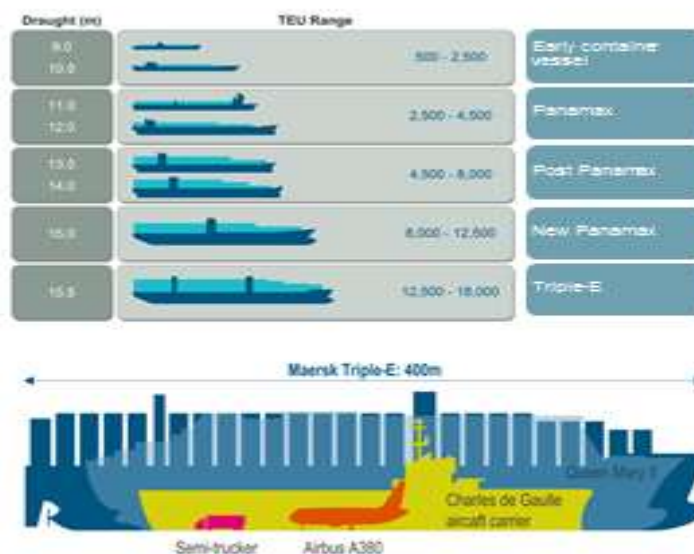
Operation Challenges

- Changes in the Global Shipping Industry
- Ageing Infrastructure and Space Limitations
- Complex Licencing System for Pilotage
- Insufficient technology to achieve optimum collaboration between key stakeholders. (This issue is currently addressed through the implementation of the “Single Window System” under the National Trade Facilitation Committee [NTFC])
- Constraints in funding to remove derelict vessels

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Increasing Size of Ocean Going Vessels - Impact to Ports

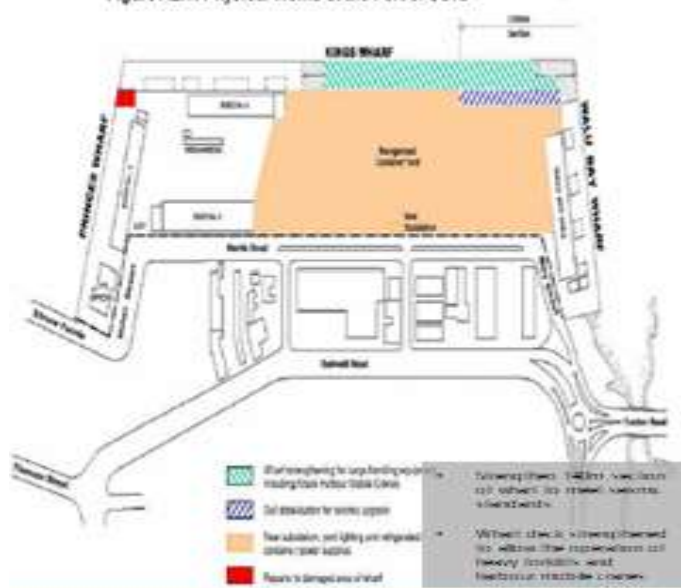
- Mega vessel size may rise to 22,000 TEUs in the near future (21,100 TEUs end 2017)
- Key impacts from mega vessels include:
 - Fewer calls
 - Demand for deeper draft & port facilities upgrade
 - Preference on higher performing ports
 - Requirement on connectivity, whether the ports provides enough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



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Infrastructure Issues and Regional Competition – Lae Port, PNG

Figure A2.1: Physical Works at the Port of Suva



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Q5

Despite highlighting profits for 2016, there seems to be no upgrading of Ports in Fiji. What has the organization done to address this issue?

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Major Developments Planned

- Port Master Plan development started in 2016 and completed in 2017 by ADB.
- A comprehensive condition assessment for all wharfs in Suva completed in 2017.
- Shed removal in Lautoka to create additional yard space completed in 2017.
- Future Major Development Plans includes development of Yard 3 and Yard 4 areas in Lautoka.

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Demolition of Shed 2 & 3 in Lautoka to create additional Yard Space



COMMENCEMENT OF PROJECT – 2016/2017



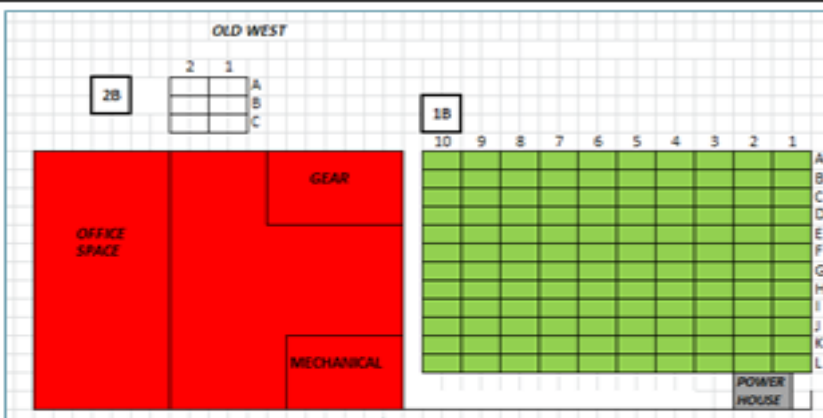
PROJECT IN PROGRESS – 2017



COMPLETION OF PROJECT – JULY, 2017

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Additional Cargo Space Created after Demolition of Shed 2



LOCATION: New 1B
(shed no. II demolition area)

LAYOUT: 10(L) x 12(W) x 4(H)

CAPACITY: 460 TEU

The revised site location for Bay 1B can accommodate **460 TEU** at full capacity. The new storage area has had positive impact storage wise enabling FPTL operations team to also stack break-bulk time and steel when space is available.

The only disadvantage is Bay 1B is located on the Old West side of the main wharf – No condition assessment has been done and presently only empty containers can be storage in Bay 1B. Handling and stacking of full containers by the forklifts is not permitted.

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Lautoka Yard 3 & 4 Development Plan - In progress



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Q6

Was there any upgrading/rebuilding of Ports after the TC Winston devastation?

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Effects of TC Winston on FPCL



Damaged old warehouse - Levuka

- No major damages to Port infrastructure sustained in Suva and Lautoka.
- Only minor repairs were carried out to buildings in the Port of Lautoka.
- In Levuka the old warehouse leased to Carpenters Hardware was damaged and its restoration is in progress and is handled by the Department of Heritage as Levuka is a World Heritage site.

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Q7

On page 32, can you further elaborate on the 15 workplace accidents recorded by FPCL.

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2016 Accident Statistics – No Fatal Accidents/Deaths Recorded

LOCATION OF INJURIES

COMPENSABLE	NOT COMPENSABLE
86.66%	13.33%

0%

Maintenance
Operations
18%

0%



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Risk Mitigating Initiatives to Achieve Zero Accidents

- Continuous training on the Historical Background of the Legislation; the role of workers and employers under the Health and Safety at Work Act 1996; Managing OHS in the workplace and OHS Technology.
- Review all Safe Operating and Safe Work Procedures so that they are up to par with industry best practices.
- Improve our risk management program and procedures through reviews and benchmarking with industry best practise.
- FPCL is confident of reducing the number of accidents in the coming years through on-going training, participation, consultation and collaboration with employees and stakeholders.

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Q8

How is the organization ensuring that all ports are complying with OHS Standards?

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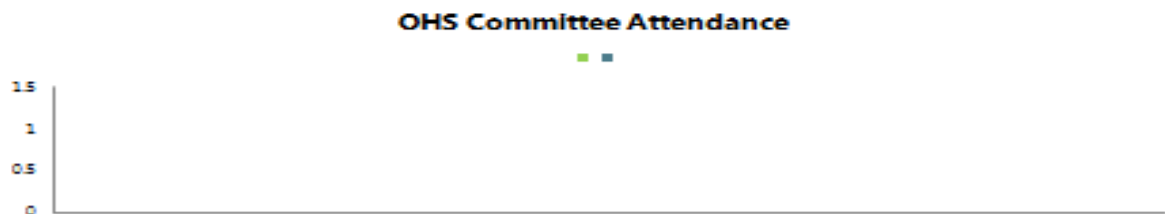
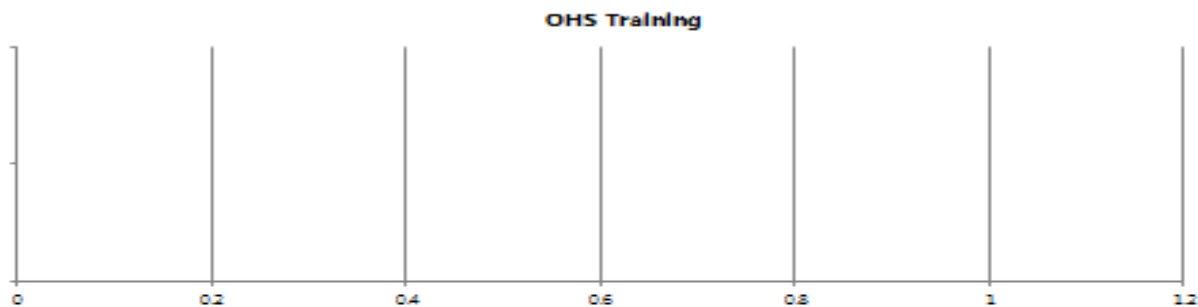
Ensuring OHS Compliance through Training and Monitoring



- Development of an OHS Management System Manual aligned to International Standards *ISO 45001: 2018, Occupational Health and Safety Management Systems Requirement*.
- Ongoing internal safety training to both FPTL and FPCL staff at all locations
- OHS Forms and Booklets have been used for documentation of OHS procedures
- Forms in place to control High Risk Activities such as Hot Work Permits and Work at Height Permits.
- Inspections and audits are conducted regularly to identify gaps.

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OHS Training & Monitoring Initiatives (2016/2017)



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Awareness in Prevention of Accidents

Investing in training

UPGRADING the skills and knowledge of the Company's workforce is an investment rather than an expense.

The most obvious example would be the cost effectiveness of having properly trained crane and lorry drivers who will not misuse and damage equipment.

However, Ports also recognises the importance of effectively and efficiently upgrading the skills of all workers, thus improving their opportunities for advancement within the Company.

To this end, the Company has an across-the-board policy that releases staff to undertake relevant tertiary studies at the University of the South Pacific or the Fiji National University, or to pursue on-line Information Technology courses.

Staff members successfully completing papers, diplomas or degrees have their fees reimbursed by the Company, on the understanding that they will be bonded to work for the Company for an appropriate length of time that is decided on a case-by-case process.

As people with the potential for future advancement can



Lautoka Classroom from RPTC/PNEI conducts a leadership training session at F2008.

be identified and mentored, effective succession planning can be put in place, and employees are able to explore different employment possibilities within the Company, such as, for example, moving from a clerical position in the Financial Department to a position in the Human Resources Department as a result of studying Industrial Relations.

This win-win policy maintains a skilled and qualified workforce employed at Ports, and assists staff to attain qualifications while fully employed.

OHS strengthens hazard identification process



FPCL OHS Officer, Mr Lindsay Fong (left), conducts an induction and hazard reporting training with FPCL officers in Lautoka: Mr Solomon Ravasawa (left), Mr Asaeli Vanabagi (right), and Officer in Charge, Mr Muli Tolia (standing).

WORKING towards achieving ISO 45001 certification standards, the Fiji Ports Corporation Ltd (FPCL) is tightening its Occupational Health and Safety (OHS) procedures.

Since his Lautoka audit earlier this year, FPCL OHS Officer, Lindsay Fong, says that there has been "good improvement in Lautoka; 43.75 percent of the issues identified from the last audit have been rectified with the remaining 56.25 percent being progressively resolved."

While Mr Fong is urging FPCL and FPTL personnel to "adhere to all safety requirements of the Port facilities", the OHS department is strengthening its hazard reporting procedures.

Mr Fong has conducted an introductory hazard reporting training in Lautoka, Suva and Levuka for both FPCL and FPTL staff. The training also involved awareness on the procedures to follow once a hazard is identified.

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Q9

What are some of the waste management systems in place to protect our environment?

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Port Waste Management System

- Port Waste Management Plan.
- Operation of Incinerator in compliance with International Standard to burnout all waste within the port premises (incinerators operating in both Suva and Lautoka)
- Port Waste Reception Facility System will be implemented in collaboration with external parties - Tender being awarded to a local company.
- Active participation in National Action Plan for Oil Pollution Response.
- Ports oil pollution team does boom containment and dispersing chemical to clean up pollution slick and residue.
- Management focuses on making Suva a Green Port. (Initiatives already being implemented)

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Green Port Initiative

PROJECT IMPLEMENTATION

The timeframe for this project is four years, projected from 2018 to 2021.

The targeted countries will be those among members of the Pacific Community (SPC) and the Secretariat of the Pacific Regional Environment Programme (SPREP) with ports engaged in improving the efficiency of their operations, reducing their carbon footprint and protection the environment.



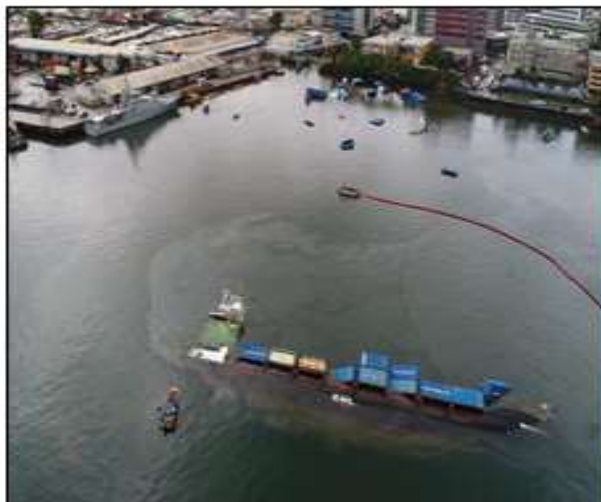
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Q10

How successful is the company in managing hazardous pollution and how effective is the Pollution prevention equipment donated by the New Zealand Government in association with Maritime NZ (Page 33)?

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Effective Oil Pollution Containment Measures Implemented



Pollution Prevention Equipment in use during the capsizing of m.v "Southern Phoenix" – Port of Suva, May 2017



Effective Control of Oil Spills during the capsizing of m.v "Southern Phoenix" – Port of Suva, May 2017

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FPCL & MSAF Collaborations with Maritime New Zealand

Environmental Protection vital in oil spill response



Simon Henderson, Simon Henderson and Lauren English with MSAF's Captain Philip Bell

The importance of protecting the environment during oil spill management response was one of the key aspects learnt by the Fiji Ports Corporation Limited (FPCL) officers who attended the workshop conducted by the Maritime New Zealand Authority in February.

FPCL enforcement officer, Captain Paulina Vakalotoma said the workshop enhanced their knowledge in dealing with oil spills.

"One of the missing aspects is environmental protection dealing with how spills are cleaned. The workshop also covers the safety and security of those involved in managing spills," Captain Vakalotoma said.

Occupational Health and Safety Officer Lashay Fung said the workshop was really helpful as

they were able to identify their key responsibilities.

This, he said, includes those relevant stakeholders that should be involved in the National Oil Spill Response Plan as well as the procedures involved in all aspects of oil spill response.

"We were taught on how to predict the oil spill movement patterns using a vector diagram, identifying the correct equipment to respond to oil spills as well as the different methods in containing and cleaning up oil spills."

The workshop is part of an on-going relationship between Maritime New Zealand and MSAF to build oil spill response capability.

The workshop is an obligation for the Maritime New Zealand Authority in trying to stop oil spills in the Pacific.

Workshop On Oil Spill Response



Workshop participants after a demonstration at the Process Wharf in Suva last Thursday. Photo: MSAF

February 28

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2019

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An oil spill could devastate the ecosystem around the spill site and have negative effects on other sectors such as tourism, says Maritime and Safety Authority of Fiji (MSAF) chief executive officer John Tunidau.

Mr Tunidau made the comment following MSAF's On-scene Command Training Workshop funded by the Government of New Zealand and facilitated by experts from the Maritime New Zealand.

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

Q11

What has the organization done to address the issue on local wharf congestion (Page 44)?

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

Local Wharf Congestion Eased through Effective Collaborations

Concerted effort eases congestion

Fiji Ports Corporation Limited (FPCL) worked closely with Fiji Roads Authority (FRA), Land Transport Authority (LTA), Fiji Police Force and the Suva City Council (SCC) in addressing congestion, overcrowding and traffic jam at Port Mua-i-Wala 2. Certain strategies were executed immediately to compliment FPCL's recently implemented control measures.

Officers from FRA, SCC and LTA were deployed daily during the peak travelling season to control the traffic while police officers assist FPCL employees in directing/controlling the crowd outside and in the operation area.



FPCL Chairman of the Board, Shashan Ali visits Port Mua-i-Wala II during the peak travelling season as the stakeholders work towards addressing congestion. Pictured here with Enforcement Officer, Captain Peshani Fekalimone and Senior Port Security Officer, Nivani Radhaki.

Some of the strategies implemented at the immediate surroundings include;

- The re-routing of traffic at Tofua Street through Matua Street to ensure free flowing of

traffic at all times to ease ongoing congestion and overcrowding.

- Ship operators' requirement to submit their vessel schedules at least 48 hours from expected time of departure and arrival to

assist FPCL in making the necessary arrangements with the relevant stakeholders.

- Passengers holding tickets were only allowed on to the jetty as well as those sending or receiving cargoes upon producing their tickets at the gates. Others were to remain at the waiting shed.

These are now ongoing practices at Port Mua-i-wala II during the peak travelling season.

FPCL is urging ship operators and members of the public to adhere to these measures to ensure that operations run smoothly for the best interest of the travelling public.

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

Solutions Implemented to Eliminate Congestion



- Wharf access control measures implemented
- Concerted effort with the Ministry of Transport Suva City Council, Fiji Roads Authority and Fiji Police in control of traffic in the Mua-i-walu surrounding areas
- The re-routing of traffic at Tofua Street through Matua Street to ensure free flowing of traffic at all times
- Ship operators are now required to submit their vessel schedules at least 48 hours from expected time of departure and arrival to assist FPCL in making the necessary arrangements with the relevant stakeholders.

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

APPENDIX 3: RESEARCH ANNUAL REPORT SUMMARY



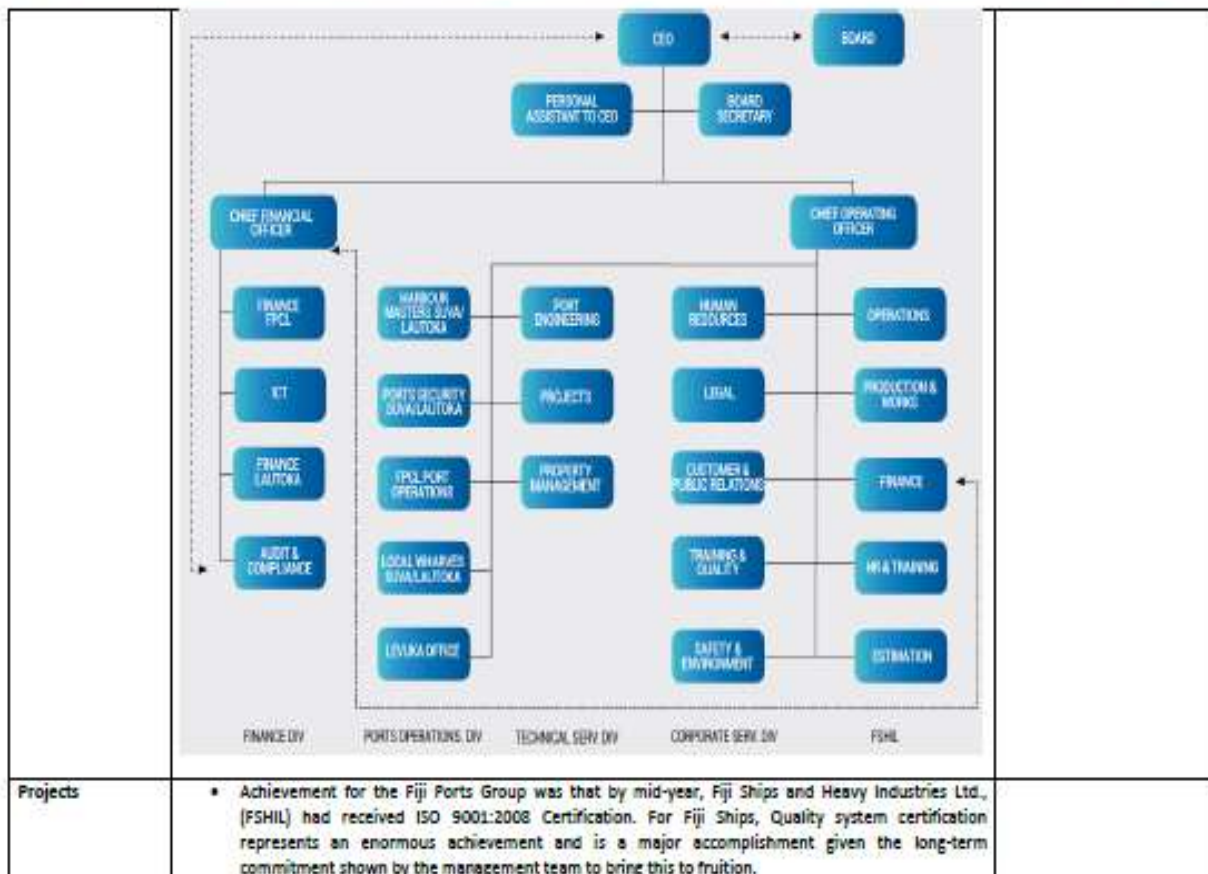
Annual Report Summary-Fiji Ports Corporation Limited 2016 Standing Committee on Social Affairs

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"

	2016	MPs Comments
Principal Activity	<p>Fiji Ports Corporation Limited was a government owned entity incorporated under the Fiji Companies Act, 1983 and a Government Commercial Company under the Public Enterprises Act of 1996, domiciled in Fiji till 12 November 2013. Minister for Public Enterprises through a gazette declared Fiji Ports Corporation Limited ('the holding company') and Fiji Ships and Heavy Industries Limited ('the subsidiary company'), collectively ('the group') on 13 November 2013 a Re-organisation Enterprise under the Public Enterprise Act 1996. This facilitated the changes under the privatisation and divestment initiative of the Government.</p> <p>Fiji Ports Corporation Limited's core responsibilities are:</p> <ul style="list-style-type: none"> • Provision and management of Port infrastructure; • Landlord and property development functions; • Facilitation of the efficient provision of Port services; • Ensuring the maintenance of safety and environmental standards within the Port; • Ensuring the delivery of community service obligation of Government that are essential for the socioeconomic development of the country but which are not commercially viable through appropriate contract with Government for the provision of this service. 	
Act in place	Seaport Management Act 2003	
Organization structure	There are nine members in the Board of Directors, consisting of one chairman and eight Directors.	

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		<ul style="list-style-type: none"> FSHIL introduced a water cycling system that captures filters and recycles the water used in operating the company's 40Kpsi water blaster. The introduction of the water recycling system means that FSHIL has greatly improved maintenance of the blaster and has the added advantage of keeping work areas dry. The upgrade also significantly conserves the amount of water utilised via the mains water supply. Environmentally, the recycling system greatly reduces the possibility of paint or chemical-laden water discharging into the surrounding marine environment. Initiation of negotiations, and the commissioning of a Traffic Impact Assessment (TIA) to gain approval from the Fiji Roads Authority (FRA) to instate a one-way traffic arrangement to the Walu Bay area leading to/from the Musiwalu Wharf II comprising Totus St, Niagara and Matus Streets. The undertaking of a comprehensive Energy Audit of all Company assets and operational sites which identified potential savings of \$800,000 per annum. Conversion of all lighting sources at FPCL Head office at Musiwalu House to LED, with ongoing roll-out to all FPCL properties. Significant capital works undertaken for the extension and renovation of the Harbour Master Office. Lighting upgrades at the Queen's Wharf from high pressure sodium to metal halide fittings to improve the quality and brightness of the area's flood lighting sources. Purchase of additional and supplementary fenders for the King's Wharf Main Face to allow the existing fenders to be removed from the wharf while swapping in the new fenders to ensure continuous protection of the wharf structure when old fenders are removed for maintenance purposes. Work initiated on replacing 17 fenders for Lautoka's Queen's Wharf Old West berth to replace the existing arch fenders which have deteriorated to the point they are not able to provide adequate protection to the wharf structure. Repairs undertaken to FPCL's property in Lautoka owing to damage caused by severe TC Winston. Extensive repairs undertaken to the Port of Levuka which suffered major structural damage to the Shed (occupied by Sarita Tailor, Carpenters Hardware, BAF and FPCL) and the Wharf structure. (The Shed building at Levuka Wharf is currently undergoing a major restoration program managed by the National Trust of Fiji to ensure heritage standards are maintained). The installation of a new lighting system at the Musiwalu I Wharf was undertaken this year in order to facilitate a safer working environment and create improved security at night. 	
Financial Position (Company and Group)		Group	Company
	Total income	53,842,868, (operation revenue-increase of 23 % due to new FPCL tariff charges, Other Revenue-	55,016,653

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		increase by 57% due to gain on sale of \$2.7m on the land and administration office building]		
	Total expenses	28,367,132, decreased by 7% due to decrease in employee expenses, and a decrease in direct costs relating to core income.	23,915,494	
	Profit before income tax	30,936,659	31,217,862	
	Net profit for the year	26,254,954, increase of 93% from 2015	26,803,663	
	Dividend payment	5,070,605		
	Total shareholders' equity	131,138,102	126,147,353	
	Total assets	140,006,789	134,414,387	
	Total liabilities	8,868,687	8,267,034	
	Cash and cash equivalents at the end of the year	29,953,286	21,138,268	
Auditor's Opinion (EY)	<p>Opinion</p> <p>Auditor has audited the consolidated financial statements of Fiji Ports Corporation Limited ('the company') and its subsidiary (collectively 'the group'), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.</p> <p>In auditor's opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the company and the group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).</p>			
Fiji Ships and Heavy Industries	<ul style="list-style-type: none"> FPCL's subsidiary company, Fiji Ships and Heavy Industries Limited, operates from a substantial site in Wailu Bay, Suva. The company has substantial infrastructure to service its extensive list of clients that includes a fully equipped engineering and steel workshop complex, three shipways, and a significant 			

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Limited (FSHIL)	<p>winch house and paint and blasting shop.</p> <ul style="list-style-type: none">• The company has, over time, grown into a major industrial and engineering enterprise that primarily services the island states of the South Pacific through securing regular slipway assignments for tourism vessels, Fiji Navy patrol boats, the private sector, government Inter-island ships, launches, fishing boats, tugs, and barges.• This year Fiji Ships generated a Net Profit after Tax of \$1.02 million, and Return on Equity Invested remained high at 11%. However, the company did not meet its overall revenue budget whereby the variance was \$317,498.• FSHIL operates three slipway facilities for dry docking of vessels with differing the vessel capacities of 200 Tonne, a 500 Tonne and a 1,000 Tonne. The company's slipway services also extend to blasting and painting, and steel and engineering works.• Operating income exhibited a decline by 14% largely due to the reduction in the value of project-based works.• Expenses, decreased by 8% over 2015 mainly attributed to a lower income turnover from project based works• The dividend paid to parent company in 2016 with respect to 2015 financial year amounted to \$734,128 which represents a massive 36% increase.	
Gender analysis	<p>Workplace gender equality is achieved when employees are able to access and enjoy the same rewards, resources and opportunities regardless of gender, and FPCL wholeheartedly supports gender equality in the workforce and actively promotes its advancement. In this regard the Company actively encourages women employees to pursue careers within the maritime industry which have been traditionally male dominated.</p>	



Guiding questions

- 1) How does the Corporation evaluate its service delivery (in terms of providing efficient & effective service) to its customers?
- 2) Can you further elaborate on the issue regarding "Port security"? What is the way forward to sort this?
- 3) How does the corporation ensure the maintenance of safety and environmental standards at the ports?
- 4) How does the Corporation manage customer/stakeholder complaints?
- 5) What are some of the major challenges faced by the Corporation and how have these been overcome?
- 6) Highlight some of the Corporation's future plans?

29 March 2018

Disclaimer

The Annual Report Summary was prepared to assist the Standing Committee on Social Affairs in its review of the Fiji Ports Corporation Limited 2016 Annual Report. Although every effort has been made to ensure accuracy, it should not be taken as a complete or authoritative guide to the Report. The Research and Library Team shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may revise, vary or amend any information at any time without prior notice. The Research and Library Team accepts no responsibility for any references or links to, or the content of, information maintained by third parties. Other sources should be consulted in the review of the Report.

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APPENDIX 4: VERBATIM REPORT ON THE SUBMISSION BY THE FIJI PORTS CORPORATION LIMITED

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON SOCIAL AFFAIRS COMMITTEE HELD AT THE SMALL COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON MONDAY, 28TH MAY, 2018 AT 1.35 P.M.

Interviewee/Submittee: Fiji Ports Corporation Limited

In Attendance:

- | | | |
|--------------------------------|---|--------------------------|
| 1. Mr. Vajira Piyasena | - | Chief Executive Officer |
| 2. Mr. Roshan Abeyesundere | - | Chief Financial Officer |
| 3. Captain Pauliasi Vakaloloma | - | Pilot |
| 4. Mrs. Losalini Bolatagici | - | Public Relations Officer |
| 5. Mrs. Karalaini Tukana | - | Board Secretary |

ACTING CHAIRPERSON.- *Bula vinaka* and a very warm welcome once again Mr. CEO. I take this opportunity to say a very big thank you for availing yourselves for this afternoon's submission. This is the Parliamentary Standing Committee on Social Affairs which comprises of Honourable Salote Radrodoro, Honourable Anare T. Vadei and of course I, Honourable Ruveni Nadalo taking over from Honourable Chair and Deputy Chair who are away on Ministerial duties.

Honourable Members, here with us is the CEO for Fiji Ports Corporation Limited, Mr. Vajira Piyasena, the Chief Financial Officer, Mr. Roshan Abeyesundere, Captain Pauliasi Vakaloloma, Mrs. Losalini Bolatagici and Mrs. Karalaini Tukana. Without further ado, I will now give you the floor to go ahead with your submissions. Thank you.

MR. V. PIYASENA.- Good afternoon Honourable Acting Chairman and Honourable Members. We have a very brief presentation addressing the questions given to us and basically I will go through this presentation very quickly. The first three is basically our Vision, Mission and Values for the Fiji Port Corporation Limited, so basically we are looking at being the maritime gateway in the Pacific region.

We have some information about the ports that we administer. Suva handles about 54 percent of cargos and Lautoka which is the second largest one handles about 42 percent and also we have Malau and Levuka which handles a very small percentage of our cargo; Levuka is 0.22 percent, it is mainly the cargo from PAFCO and also in Malau cargo for the Fiji Sugar Corporation. We administer the second tier ports such as Wairiki and Rotuma but there again Wairiki is operated by Tropic Wood and our administration is basically limited to activities happening in the sea port boundary. Also in terms of Rotuma, it is providing administrative support in terms of maintaining their international regulatory requirements such as International Ship and Port Facility Security Code, and so on.

Apart from that, we also administer two local wharves in Suva; Mua i Walu 1 and Mua i Walu 2. Mua i Walu 1 is dedicated fishing vessel facility and Mua i Walu 2 is to facilitate inter-island transportation; all inter-island vessels come to Mua i Walu 2. And also in Lautoka, we have the local wharf which facilitates local vessels transporting goods and passengers to other islands, so that is basically the details of our operations Acting Chairman and Honourable Members.

The questions are mainly based on the derelict vessels. So just to give a very basic highlight, Honourable Acting Chairman, that during the period of 2010 to 2017, we had 13,347 vessels visiting our ports. And then we have these 20 different derelict vessels left in our ports. So they are all scattered in different areas but not directly sort of impacting our navigation and other operations. But, of course, in terms of clearing up the harbour and also in terms of future development, these derelicts have to be removed. So we understand our responsibility in that. There are only two large vessels and basically smaller vessels there. So this is the current situation and in terms of going into directly addressing the question, Honourable Acting Chairman as to how many derelict vessels were removed from the harbour from 2015 to 2016 and what is the cost. In terms of that, we have this information.

Two vessels removed between 2015/2016 period; one is the large vessel, *M.V. Tovuto*. *M.V. Tovuto* is actually a former Government Survey Vessel which have been sold to the scrap metal dealers. This was done through a Government tender process. What they have done with this vessel, they have just cut off the top part which is called the 'super structure' and also some haphazard sort of cutting off the vessel. Then the vessel just sank, closer proximity to the Government Shipping area. When the vessel sank, actually the vessel ruptured like a concrete column. So the vessel sank, rupturing the hull. It was a major operation to remove this vessel because the vessel could not be floated, it was basically stuck in that position.

At the end of the day, after all these efforts, Fiji Ports Corporation had paid in excess of FJD\$220,000 to remove this vessel. There was also another vessel, which was also sold to scrap metal dealers. They just cut the top part which can be easily cut and left the hull decaying there and then the vessel sank. So we again removed this vessel which costs us in excess of FJD\$85,000. These two vessels as we can see in the picture there was a major operation having all the floating booms. But finally we managed to remove that and because that was our top priority, that is, to clear that Government Shipping Services area. That has now been done. The whole area is now clear.

In terms of the question and relating to the *M.V. Southern Phoenix* which sank in Suva Harbour on 6th May, 2017, these vessels, the owners do have some form of insurance. Because three types of insurance a vessel should have are - Cargo Insurance that is for cargo on board, the other one is Hull Land Insurance that is for the vessel itself and the third type of insurance is called Wreck Removal Insurance.

Most of the foreign vessels, I would say almost all the foreign vessels have all three types of insurance. If a vessel sinks, then they can use their Wreck Removal Insurance to remove the vessel but for most of the local vessels, such as inter-island vessels, they do not have this Wreck Removal Insurance, which is where we have some kind of a risk for these inter-island vessels. Of course it has been a lengthy process, in the first few months, all the assessments had been done as per vessel, Sir, all the oil had been removed. Generally I can assure this Committee (99 percent) that there is no

more pollution risk at this stage because all oil had been removed and all cargo on top of the vessel had been removed. But there are still some cargo remaining in the vessel.

This operation costs in excess of \$1.5 million which was paid by the insurance company and then we issued a Removal Order to the ship owner. The ship owner had tendered and engaged one company to remove this vessel but of course there had been a delay from the Department of Environment providing the clearance, despite MSAF and FPCL going through their salvage plan and all that and had been approved. Because of this delay the selected contractor had basically pulled off and then the ship owners had to negotiate with the next two contractors from the tender process and now they are almost about to sign the agreement with the salvage company to remove this. So, we have a removal order extended up to June of this year (2018). Of course we know there are procedures, they are working on removing this but at the same time we will also be taking legal action on these ship owners. We have taken legal action on the *M.V. Sullivan* owner, the court case is currently proceeding. So, with that we expect to commence the removal of *M.V. Southern Phoenix* in August 2018 and generally it will take six to eight months to remove this vessel.

ACTING CHAIRPERSON.- Thank you Mr. CEO, in between the questions please expect some supplementary questions from the Honourable Members.

HON. A.T. VADEI.- Acting Chairperson, a supplementary question on that. Since FPCL is on a reactionary side of things, why can they not they take a positive, the liability in front of owners of vessels to pay up for the insurance et cetera just like cars, five minutes if there is an accident, clear the traffic. The ports in Suva and Lautoka are not that big but are being used often and waiting for salvaging to take place, insurance, et cetera that will take a lot of time. What sort of proactive action are you going to take in future to address that issue?

MR. V. PIYASENA.- Mr. Acting Chairperson and Honourable Members, the Sea Ports Management Act says that all vessels have to be removed. First we issue a removal order to the owner and if the owner does not remove it then Fiji Ports Corporation can remove the vessel at the owner's cost. The Fiji Ports Corporation is not responsible but is the responsibility of the owner to remove the vessel. So, this is where it comes from. We cannot, of course, in certain cases when we know that it will cost millions of dollars to remove the vessel, we have no funds available for the removal which is why we have to go through the insurance process, Honourable Members.

HON. A.T. VADEI.- The reason why I am asking that question is because of the port size, it is so small considering it being used so often. So if we have more accidents in future, and by waiting for insurance et cetera this will cause a lot of havoc.

MR. V. PIYASENA.- That is noted, Honourable Member.

ACTING CHAIRPERSON.- Thank you.

HON. S.V. RADRODRO.- Thank you, Acting Chairperson and thank you CEO and team for presenting to us this afternoon. My question is on the, I think in your presentation there was a figure showing that there were 20 ships to be removed. Is that correct? Yes. Out of that 20, you had mentioned that 2 had been removed which means 18 are still there. So these 18, from what period have these 18 been there? How many are local ships and how many are overseas-owned? I ask this

question because in overseas ports we do not really see these kind of derelict ships like we do in our port here in Suva. So, you have explained that the onus is sort of really on the owners of the ships. If that is the case, then why is it taking them so long in Fiji and not in other overseas countries? How does the international agreement pitch in, in this kind of situation whereby Fiji has to wait for this long time, depending on your confirmation, how many ships are overseas-owned?

Like, for example, if you go to Sydney Harbour Port, you do not see these kinds of derelict ships stuck in their port. Why is it that we are having it in Fiji? You have explained that it is because of the owners and the cost, if that is the case, then why is it just happening here and not abroad? If you can explain that, CEO.

MR. V. PIYASENA.- Acting Chairperson and Honourable Members, that was the first thing when I explained about *M.V. Tovuto* that is why I explained as to what is the case behind this. What had happened, this is a Government Survey Vessel and it had been sold to a scrap metal company, and the scrap metal company cut off certain parts and the vessel sank and it was there. So, this had happened some time back. The measures that we have taken is that no scrap metal company is allowed to do any cutting or any operations within the port without the permission of Fiji Ports Corporation. This incident which had happened more than eight years ago, happened at that time.

To answer the Honourable Member's question, in the past mainly with overseas fishing companies, when they see that this vessel is not seaworthy, the best thing for them is to come into some port and anchor the vessel there. The crew will slowly fly off from there and abandon the vessel. That was the best thing that they could do because they cannot abandon the ship at sea. So, these things have happened in the past but now we have a strict monitoring system where no company will be able to leave their vessel in our anchorage. Similarly a number of other causes relating to how these derelict vessels have come in the past, one by one we have gone through the causes and things have been addressed.

The other thing is that most of the other countries, for example, Australia and New Zealand, all vessels including international and local ones have to have this Wreck Removal Insurance cover. That was what I also mentioned earlier. This is becoming mandatory once any country ratifies the Nairobi Convention.

The Nairobi Convention says: that all vessels operating within that country should have Wreck Removal Insurance.

Now, having said that, I have also mentioned earlier that almost all overseas vessels do have this P&I insurance which includes the removal of wreck. I would say, almost none of these fishing vessels and inter island vessels have that insurance. So, in the past like last year the ADB did a consultation and clearly recommended and it also been put to MSAF that we should be signing this. That is Maritime Safety Authority's responsibility. We should be signing this Convention and basically making it mandatory for all inter-island vessels to have this wreck removal cover.

So, this had been taken into by the board now, even as part of MSAF's responsibility but we have to bear these risks. Now, at this stage there could be, like a number of, for example, large vessels, I am not naming them. The company, say is, Gounder Shipping, they have large vessels. If something happens to one of their vessels in Mua i Walu 2, if it goes down obstructing the wharf, he

know that it is not insured and they do not have the ability to remove it immediately. The reason that we cannot basically remove it immediately. The reason that we cannot basically remove it immediately, we do not have that kind of equipment in Fiji. We are talking about 3,000 tonnes to 4,000 tonnes of steel and then when water goes into the vessel it will be impossible without pumping out water, then also re-floating so it is considerably a large operation. We do not have those kinds of floating cranes so this is the other issue in here. With the Board's resolution, we are talking to all the ship owners to have this insurance, but from their point of view, most of these vessels are very old. They are all bought from places like Canada or some other places which are 30 years to 40 years old. The insurance companies will not be able to get the insurance and it will be at an enormous cost. So when that happens, they will not be able to operate this vessel and all inter-island transportation will have a major impact on them. So we are stuck in this type of vicious cycle.

HON. S.V. RADRODRO.- Thank you, CEO. Roughly can you tell us how many of those 18 ships are local or overseas-owned and fishing vessels?

MR. V. PIYASENA.- Yes, we do have a comprehensive list of all that and we can provide this Committee, Honourable Deputy Chairperson, because we have removed more than eight vessels in the past. This 20 is what is remaining there apart from *M.V. Tovuto* and *M.V. Sea Love* is already in the removed list. In all these vessels we have done some environmental impact and also categorised these vessels into which ones are of high risk. High risk ones means like in terms of not directly impacting our navigation but much closer to that. Generally they are all local, apart from the *M.V. Southern Phoenix* which is an overseas vessel.

HON. S.V. RADRODRO.- The fishing boats?

MR. V. PIYASENA.- Currently all local; the overseas abandoned ones we have removed.

HON. S.V. RADRODRO.- So there is no overseas-owned fishing boat?

MR. V. PIYASENA.- No.

HON. S.V. RADRODRO.- I ask that question because I wanted to know if there were any because the licence is issued by the Ministry of Fisheries whether there was any kind of co-ordination or partnership but there is none? No fishing boats?

MR. V. PIYASENA.- No overseas ones.

HON. S.V. RADRODRO.- No overseas ones, all local? Okay.

MR. V. PIYASENA.- With some derelict oversea ones, sometimes we cannot locate the owner.

ACTING CHAIRPERSON.- Thank you, Sir, you may go on with that.

MR. V. PIYASENA.- *Vinaka*. Also we have some pictures relating to the removal of these derelicts, some structures are still there and considerable effort had been put in. A priority list of all the derelicts vessels that is to be removed from the Suva Harbour is also in here.

Moving onto Question No. 2: What is the progress on the upgrading of the access road to the Suva Wharf? This is a project not handled by us, it is mainly by FRA but with consultation with FPCL. This has completed - in front of the North Gate and also there were some minor changes done in the South Gate because of the new bridge there. So now with the North Gate arrangement, it is more streamlined and with a proper traffic light.

ACTING CHAIRPERSON.- Any supplementary questions, Honourable Members?

HON. MEMBERS.- No.

ACTING CHAIRPERSON.- Thank you, go ahead, Sir.

MR. V. PIYASENA.- Moving onto Question No. 3: Are there any plans to develop Malau to be the Port of Entry since the site has already been identified by the Government a few years back?

Honourable Acting Chair, Malau is already a Port of Entry and is currently operated by Fiji Sugar Corporation and the property is owned by them and operated by them as I mentioned before. We are only responsible for the maritime activities relating to seaport boundary. We not been informed by any Government agency relating to further developments in Malau.

ACTING CHAIRPERSON.- Supplementary questions on Malau?

HON. MEMBERS.- No.

ACTING CHAIRPERSON.- Thank you, go ahead, Sir.

HON. S.V. RADRODRO.- Thank you, Mr. Acting Chairman. My question is not really on Malau but to a similar port like in Levuka. Levuka as you had mentioned operates mainly on the PAFCO cargo but in one of our previous discussions on the PAFCO, one of their issues or challenges was the Levuka Wharf. They had to cart their cargo from Suva to Levuka and it was because of the inability of Levuka Wharf to be able to provide that service.

What is your organisation doing? Because in that way it is like extra cost to PAFCO because the fishing boats come to Suva so they have to arrange for the fish to go to Levuka as the wharf in Levuka is not in a position to be able to look after the offloading of the PAFCO cargo; the fish from the fishing vessels.

MR. V. PIYASENA.- Honourable Acting Chair and Honourable Members, this is because PAFCO have their own wharf. They normally do not use our wharf in Levuka, in fact, most of the time we use their wharf as well. I think this issue was relating to some to things such as pilotage and things like that. From our understanding that was the only concern received from PAFCO some time back but other than that, we have not received any concern from PAFCO because they have their own wharf.

The Levuka Wharf itself is maybe 110 years old and is now obviously closed. The only thing is that Fiji Ports Corporation is unable to invest anything in Levuka because there is no other economic activity that is happening in Levuka. In the past, at least one cruise ship say once a year

used to go there but now that is also not happening. So there is not much economic activity happening in Levuka. We have done a comprehensive assessment and also some understanding of the cost of this development. There is no business case to invest there, unfortunately.

HON. S.V. RADRODRO.- On your vision, mission and on your responsibilities, the very first dot point says, provision and management of port infrastructure and then you have just mentioned that Levuka Port, the PAFCO one does not come under your area of responsibility?

MR. V. PIYASENA.- Acting Chairperson, the PAFCO they have their own wharf and Levuka Port, we have our own wharf. PAFCO Wharf is new, obviously, it was just constructed recently but the FPCL wharf area is from the olden days. If there was some economic or business activity happening, then to develop this wharf and reconstruction could be justified.

HON. S.V. RADRODRO.- Because in my view if the Port is developed then that would encourage economic activities. If the port is developed to a level whereby maybe similar to Suva then only the cruise ship can then go to Levuka. So, if there is no development on the port, then that further restricts the economic activities in Levuka. So for that to happen in Levuka, I believe one of the main infrastructure development that has got to be done is the wharf. Also in my view it is like a social obligation to the people, the port will then kick start to trigger economic activities. If that is in your bigger plan of things in having to upgrade Levuka to a level whereby PAFCO could benefit potentially and also to be able to unleash those economic potential that Levuka may hold.

It is a heritage city and we can have that and then we get the cruise ships coming in and then you can have economic activities generated there.

MR. V. PIYASENA.- Thank you, Honourable Member, this is noted. Actually this has been incorporated into our master plan and some development will take place.

ACTING CHAIRMAN.- Thank you, Mr. CEO. Let us go to Question No. 4.

MR. V. PIYASENA.- What are some of the challenges in managing Port operations? Basically, the main challenge is coming from the global shipping industry. The sizes of these vessels are increasing. To accommodate these vessels, we need to have all other infrastructures and support structure available such as the different types of cranes, dredging requirements and all that. This is a major challenge that we are facing right now because all the shipping companies have started sending larger vessels. For us to become a hub port, we need to accommodate these larger vessels. On the contrary, the other challenge is that we also have this aging infrastructure and space limitation. We have recently done a comprehensive condition assessment especially in the Suva Wharf area. We have identified a number of limitations and of course, in terms of, the other important thing is to bring in these vessels into the port. In order to bring these vessels to the port, that we have a port harbour pilot sort of system. Unfortunately this system has a very complex sort of licencing system in the sense that in Suva we have something called Class 1 licence, Class 2 licence and Class 3 licence, in Levuka - Class 1, Class 2, Class 3 and Lautoka - Class 1, Class 2 and Class 3. This is basically depending on the size of the vessel. For example in terms of Levuka, occasionally certain large vessels will go there. In order to train a pilot we had to wait until the vessel goes in and then the pilot will have to do a number of such moves, et cetera and then it will take years for a pilot to qualify to a different level of licence. So, this is again hampering our

operations, because they are all qualified Master pilots but on top of that they need to get these licenses and be trained. This is again becoming a bit of a long sort of process, so this is another challenge that we have.

The other one is basically in terms of the collaboration. This is relating to trade facilitation in terms of collaboration between a number of stakeholders. Fortunately this issue is currently being addressed. Before I came at 12 o'clock I had a meeting with the World Bank team who are here right now to facilitate this single window system that means when all Biosecurity, Customs, Ports, et cetera, will be interconnected and that should facilitate this process.

Last but not the least is what we have been discussing concerns the funding to remove derelict vessels. This matter had been discussed with a number of Standing Committees before but of course the board had basically taken this issue and then the Chairman is very confident and would be discussing this right now at the Budget Consultation Forum to see whether some Government funds can be allocated to remove these vessels. The Ports have sort of gone ahead and taken a general indicative cost relating to this removal from a number of other companies especially the salvaging companies which gave their quotes for the removal of *M.V. Southern Phoenix* because if they are here, all their equipment will be here. So that will be a golden opportunity for us if we have allocated some funds to use their equipment and everything. They have done an assessment, for some vessels, actually three or four days because they have that large crane.

Right now if we try to do it, for example *M.V. Tovuto* it will take months for us because we do not have that kind of equipment. I think we are getting very close to clearing up this because in anyway the *M.V. Southern Phoenix* will be cleared because they will now sign a contract provided we have sufficient funds.

What we are looking at now is approximately US\$3 million for all these vessels, some companies have quoted. I would not put that figure in a more official manner because these are all the quotes that we receive. So, if the funds are available then we would be clearing all the vessels. In terms of the size of the vessels, vessels are becoming bigger and bigger the aircraft carrier can be put inside the world's largest container ship. So, you can see how big the vessels are becoming.

The other thing as I said, the competition that is coming from other ports such as the Lae Port in PNG. The section that is highlighted in green is the area where we can operate our mobile cranes. So, the wharves we have; Princess Wharf, King's Wharf and Walu Bay Wharf – that is the area that we can operate within. So, this is the lifeline of this. If you look at Papua New Guinea, massive developments are coming up. So, we will be subject to all these competition in future. That is something that we are mindful of what we are basically proceeding with in our master plan as soon as possible.

ACTING CHAIRPERSON.- Supplementary question.

HON. S.V. RADRODRO.- Thank you, Acting Chairperson. I think it was the number two challenge in terms of the aging infrastructure and the limited space and Fiji being the hub of the South Pacific and there is an increasing demand of the Ports services. What is the plan in place to be able to address that challenge – aging infrastructure and the limited space?

MR. V. PIYASENA.- I believe, Honourable Member, we are referring to aging infrastructure and space limitations?

HON. S.V. RADRODRO.- Yes.

MR. V. PIYASENA.-We have a couple of other sites in here however we are generally addressing the space limitation but aging infrastructure has been addressed with some repairs being carried out. For example, in Mua i Walu 1, as I had mentioned, we have done a comprehensive condition assessment.

Now in Mua i Walu 1 immediately after this condition assessment, we had to downgrade the wharf area and then reduce the load in there. But of course we have done the repairs in such a manner that all the columns, now we have the latest methods to straighten up, if the columns are decaying, they are being straightened up.

So, that repair has already been completed and we are putting Mua i Walu 1 back into normal operation. Mua i Walu 2, again this issue had been identified and now with the repair methods, we have already gone through with it and will be tendered. So, similarly one by one we will be addressing these issues. However the general aging of infrastructure can only be addressed to having some new Port facility, we believe, so that is what is being discussed at the master plan level.

Honourable Members, we are addressing these things but the ultimate solution should come with some new port facility.

HON. A.T. VADEI.- Supplementary question, Acting Chairperson, through you, in regards to Fiji becoming a port for trade or hub for trade in the Pacific, are we are ready to take up that challenge. Before I used to work with the Ministry of Industry and Trade. I used to face a lot of difficulties with fuel companies exporting oil through Fiji down to the Pacific Islands, say Pago Pago, Tonga and Samoa due to the size of the port. So, for all the future plans, challenges, what are you intending to do as Fiji is to become a port, a requirement of the MSG. That is one of the Ministerial Head of State's challenges.

MR. V. PIYASENA.- Acting Chairperson and Honourable Members, it is not only the port activities like cargo loading and off-loading which makes it a hub but other areas including providing facilities to maritime islands.

It is a comprehensive sort of approach. This is what we have already put in our strategic plan. This year we have gone one step further and a comprehensive strategic plan has now been developed. In the past, we were developing our plans. So, this plan is currently being developed.

Two important areas were:

- i) Master Plan in terms of infrastructure development; and
- ii) Strategic Plan in terms of what sort of direction and strategy in order to achieve our vision.

That is happening, Honourable Acting Chairperson and Honourable Members.

I will proceed, Honourable Acting Chairperson on Question No. 5: Despite highlighting profits for 2016, there seems to be no upgrading of ports in Fiji. What has the organisation done to address this issue? As I have mentioned the Port Master Plan development started in 2016 and completed by 2017 by ADB. However, the funding and execution of this plan is now led by the Ministry of Public Enterprises, the Government is sort of a shareholder. As I mentioned, to understand the current condition of all the wharves a comprehensive condition assessment had been done and any issues coming from this condition assessment has been currently addressed as I mentioned like Mua i Walu 1, Mua i Walu 2 and of course in King's Wharf, et cetera.

At the end of the day we are coming into a limited sort of improvement situation. Before we had some large new port facilities. All these sheds within our ports, earlier this convention on cargoes – those days where they bought plants, various things in gunny bags and stacked in large warehouses. Now it is all containers and what we require is this open yard space. So the removal of these sheds had been proposed in the master plan and this is also happening. But our main challenge is that if you look at these sheds, these sheds have two levels. It was constructed like that in the past. From the ship the things are moved into the shed. From the other side the level is low because when a truck comes in all the cargoes would be manually transformed and this is going to cost us millions of dollars.

What we have done right now in terms of removal of these sheds and using this space to create more space for cargo storage. The other important development that will be happening in Lautoka is we are putting up two large yard areas. So the other picture shows how the shed removal is done in Lautoka and as a result of that you can see a large area has now been made available so that we can store up to 460 containers in it.

This is the example, Honourable Acting Chairperson and Honourable Members how we are basically within our capacity and within our budget how we are facilitating these improvements. And also Yard 3 and Yard 4 development plan that we will be tendering out in two weeks' time to create large comprehensive fully pledged container yards in Lautoka. Plans have already been developed for this and will be tendering out in two weeks' time.

ACTING CHAIRPERSON.- A supplementary question Honourable Salote Radrodro?

HON. S.V. RADRODRO.- Sir, I ask a question on the master plan. What is the period of implementation? I do not know whether I heard correctly, who is it going to be funded by? What is the duration - from what year to what year, how are you going to fund the implementation of the master plan?

MR. V. PIYASENA.- Honourable Acting Chairperson and Honourable Members, the master plan basically 2018 and 2022 are the years identified for this development. The funding arrangement as I had mentioned is with the Ministry of Public Enterprises.

HON. S.V. RADRODRO.- Is it Government funded?

MR. V. PIYASENA.- I believe this is the case Honourable Member because the execution of the Master Plan have been taken over by the Ministry of Public Enterprises. But of course the Port will support in various aspects but the withdrawal will be on the Ministry of Public Enterprises.

HON. S.V. RADRODRO.- Okay, just further to that you mentioned that it is going to be taken over by the Ministry of Public Enterprises which means the implementation of the plan will depend on the funding provided by the Ministry? And we can look forward to that in the upcoming budget?

MR. V. PIYASENA.- It would only be a large scale funding like, for example, this shed removal and other things that are mentioned in the Master Plan, that would be fully funded and done by FPCL. But the Master Plan also includes things such as development of new port facility, so those large scale projects are not included in FPCL's budget.

HON. S.V. RADRODRO.- So which means CEO basically at the end of the day the upgrading of the infrastructure which is in the Master Plan will very much fall back on the Ministry, like it is a Government responsibility?

MR. V. PIYASENA.- Yes. In terms of discussing about the funding arrangement, it could be with World Bank or ADB. With the involvement of the Ministry, once we identify the funding mechanism then FPCL's role will be as to how these funds will be obtained and what kind of guarantees would be done.

HON. S.V. RADRODRO.- Thank you.

ACTING CHAIRPERSON.- Go ahead with the next question.

MR. V. PIYASENA.- The next question is Question No. 6: :

Was there any upgrading or rebuilding of Ports after *TC Winston*?

There were no major damages to the infrastructure in Suva and Lautoka, only minor repairs were carried out. But in Levuka the old warehouse completely collapsed. But because this is a heritage building, the reconstruction has been taken over by the Department of Heritage and they are working on it right now. The progress is slow but they are working on that.

ACTING CHAIRPERSON.- Thank you. Since there are no supplementary question, will move onto the next one, Sir.

MR. V. PIYASENA.- Question No. 7: 15 workplace accidents?

Of course, we have some information in here. They were all minor accidents, no fatal accidents, no deaths recorded during this period. We have a system whereby accidents and near misses we will record for the purpose of improving, and taking other precautionary actions. And on the other side, we are to mitigate this risk, we have a number of measures mentioned in our presentation and if there are any questions from the Committee, we are happy to answer.

ACTING CHAIRPERSON.- Supplementary question?

HON. A.T. VADEI.- What is your organisation doing to reduce or have it accident free in your organisation? What have you done to reduce or resolve that issue?

MR. V. PIYASENA.- As we have mentioned, there are risk mitigating initiatives to achieve zero accidents. We are trying to address this with continuous training on the historical background of the legislation and role of the workers and employers under the Health and Safety Act. The training is done on this aspect and also hazard sort of prevention. We have a very strict policy in terms of monitoring whether the people are wearing all their personal protective equipment and so on. We have two OHS officers (OHS officer and an Assistant OHS officer) monitoring all work sites at all times and also our sub-contractors. When we issue a port user licence, we have a clear policy for our sub-contractors. They cannot come inside the port as they are not our employees but they should comply with all our health and safety requirements including the wearing of safety shoes and all that. If any sub-contractor is doing any work inside the port without wearing the personal protective equipment, we will immediately stop the work and address that issue. We are very strict with that. Management is proud to say that we have a very good record relating to safety.

DEPUTY CHAIRMAN.- There being no supplementary question, can we move onto the next question Sir.

MR. V. PIYASENA.- Acting Chairman, Questions No. 8: How is the organisation ensuring that all ports are complying with OHS standards? It is more or less similar to what we have discussed just now. Regular training is conducted as a OHS requirement. Also the training statistics are also provided and also this training statistics we also submit to the relevant authorities and also for our training grants and some other information relating to that in the form of newsletters on how we invest in training and also OHS training to prevent and strengthen hazard identification process have been done.

ACTING CHAIRMAN.- There being no supplementary question, we move onto the next question, Sir.

MR. V. PIYASENA.- Acting Chairman, Question No. 9: What are some of the waste management systems in place to protect our environment? We have a Port Waste Management Plan. In most of the ports, waste inside the port cannot be taken out due to bio-security requirement. We do have in both Suva and Lautoka incinerators and these incinerators are basically operating to international standard.

We also have an oil pollution prevention plan. We are part of the National Pollution Prevention Plan, we work in collaboration with the Maritime Safety Authority and we also have a Pollution Prevention Officer and an Enforcement Officer, Captain Pau who is our Enforcement Officer.

Years back, we had dedicated like a landing craft boat which I had already mentioned to previous Standing Committees at a cost of nearly \$100,000. We had restored, put in engines and that is now used for monitoring the harbour. In the past we never had this kind of arrangement. In the past seven or eight years ago no monitoring was done. Now there is continuous monitoring. Recently an article came up where we imposed a fine of \$20,000 on some companies for some oil spill and also some garbage disposal. The only issue is that our Act does not allow, us to fine these

shipping companies. We have to take them to court and then basically enforce this fine but as of now we are basically charging this as clean-up cost because the legal process will take a very long time to prosecute them. If we cannot prosecute them, they might come back to us and sue us. So, that risk is there. This is something that we are looking at now to strengthen the Sea Port Management Act so that FPCL can directly enforce fines for these shipping companies not adhering to our waste disposal plans and pollution measures. Also we are moving into this Green Port Initiative which has these three elements; Quality Management with Legal Framework, Energy Management and then the Environmental Management. This is the model that we are basically adopting to have a comprehensive approach for Waste Management, Pollution Prevention and Energy Management, et cetera.

ACTING CHAIRPERSON.- A supplementary question, Honourable Vadei.

HON. A.T. VADEI.- On this carbon footprint, the boats coming to our harbour are using heavy fuel, what sort of regulation have you in place regarding our environment?

MR. V. PIYASENA.- The large vessels use marine heavy fuel. Generally the vessels come into port, they change to marine diesel oil. That is for these large overseas vessels. Most of the local vessels use marine diesel oil. So, for large vessels we have the air quality monitoring system in place and I had tabled the result of the air quality monitoring system. Generally our air quality was compared to various other ports and ours is very much in an acceptable standard because this study was done at the Macquarie University. They installed all these and provided us all the reports.

The only thing is that in terms of emission control, MSAF has to enforce measures to detect if vessels are violating the emission control.

HON. A.T. VADEI.- The reason why I am asking that question is because of my experience in Singapore =port.

MR. V. PIYASENA.- Noted Acting Chairperson and Honourable Members.

ACTING CHAIRPERSON.- A supplementary question, Honourable Salote Radrodro.

HON. S.V. RADRODRO.- Thank you Acting Chairperson, you had mentioned that there is a need to strengthen the Seaport Management Act to be able to improve on the Waste Management System. Are you suggesting that the Act should be reviewed?

MR. V. PIYASENA.- Yes, Honourable Member that is already in the process because it is mainly to strengthen our ability to enforce fines. There are a lot of fines already mentioned in the Seaport Management Act, immediately we can fine \$200,000. However the reality in here, say if there is an oil spill in the night, some vessel just put some oily bilge water into the sea and in the morning when we detect this, we have to see which vessel has actually done this and then we have to take samples from the oil spill, we have to take samples from their bilge water, analyse this and then prove that this is oil from this vessel. According to this, then we have to court and prosecute them, and during this period the vessel has to be detained.

For example if this is an overseas vessel, the vessel will be detained for months or sometimes depending on court proceedings. At the end of the day if we cannot prosecute them and if they not found guilty then the whole thing will come back to us. Their entire years of loses, everything will be issued back to FPCL.

This is where the problem is. We have basically work around this and said that we can detain the vessel. So, we detained the vessel and then we will say, “to clean up this, you have to pay this much.” This is being done through our lawyers, it is not by FPCL but we get our lawyers involved. We have a separate fund for that. We do not take this money as our income. It was just separate. We do not want to profit from this pollution and other activities. That fund will only be used to remove derelict vessels, clean up and all other pollution prevention activities.

ACTING CHAIRPERSON.- You may proceed, Sir.

MR. V. PIYASENA.- Question No. 10: How successful is the company in managing hazardous pollution and how effective is the pollution prevention equipment?

In that question we have something here relating to how we have jointly both FPCL and MSAF have handled the incident relating to *M.V Southern Phoenix*. Obviously when the vessel went down there was oil. How was this oil contained? We had this compared to oil pollution prevention equipment both in Suva and Lautoka which was provided by the Maritime New Zealand. All our staff have been trained.

Also, all MSAF staff have been trained. We have actually put all our things into practice and you can see that these things had happened and then the spill was contained. This is an ongoing sort of process.

ACTING CHAIRPERSON.- Any supplementary question?

MR. V. PIYASENA.- Question No. 11: What has the organisation done to address the issue on local wharf congestion?

Again we are happy to mention that currently there is a joint effort with Fiji Roads Authority (FRA) Land Transport Authority, Fiji Police Force and other law enforcement authorities such as Fiji Police Force. It is a combined effort. Now we have done comprehensive changes to the wharf access and roads both inside and outside the wharf. There are things that we have introduced such as access control. In the past anyone could go into the local wharf and if one person is going in a boat, there will 0 people coming in there to bid farewell, but now only the person with the ticket to the boat will be allowed.

So, we have provided a waiting shed here in Suva and Lautoka. All these waiting sheds are managed by FPCL including the toilets facilities and everything. This is free of charge to all inter-island passengers. We do not get such facilities anywhere in Suva now, when you go to Sports City car park, you go to pay. In this waiting area, this is free for some time so people from outside also come in here. It is like a public area. We constructed these facilities - half a million dollars was spent in Suva and half a million dollars for the construction at Lautoka, We still maintain this as part of our social obligation, Sir.

Acting Chairperson, that is all from us.

ACTING CHAIRPERSON.- Anymore supplementary questions from Honourable Members?

HON. A.T. VADEI.- Supplementary question on that last question. It is not the congestion, it is only during the peak periods. That is my only concern whether the boat owners arrange to come at the same time or leave at the same time. That is my concern.

MR. V. PIYASENA.- This is a huge challenge because it is a very small facility and then everyone is going to the islands. Now, we are more generally prepared for this kind of thing and now our staff have been given some training on crowd control but still this will come up again in December.

ACTING CHAIRPERSON.- Thank you, CEO and the team.

Thank you once again for your presentation this afternoon. This will greatly assist the Social Affairs Standing Committee in its deliberation on the Fiji Ports Corporation Limited 2016 Annual Report before we report back to Parliament.

So, thank you once again for your presentation, Sir.

MR. V. PIYASENA.- Thank you very much, Acting Chairperson and Honourable Members.

Vinaka vakalevu.

The Committee adjourned at 2:47 p.m.