

25th May 2018

Ref: 140/05

The Chairman
Hon. Ashneel Sudhakar
Public Accounts Committee
Parliament Complex, Constitution Avenue
P.O. Box 2352 Government Building,
Suva

Dear Sir

**Clarification of Issues – 2015 Audit Report on
State Owned Entities & Statutory Authorities**

I refer to your email dated 16th May 2018 regarding the above.

Please refer below our responses to the clarifications needed by the Public Accounts Committee for Section 6.4.3 (page 26):

Due to the huge monetary value of FEA's assets base, \$1.3B as at 31 December 2015, the exercise of physically verifying these assets cannot all be done in one year and is a exhaustive exercise. We have taken a staged approach to physically verify these assets in view of the limited resources we have. We have commenced with this exercise in 2016 by starting with the physical verifications of all computers and motor vehicles. All computers have been tagged while vehicles have been tagged in the Fixed Asset register against the Vehicle Registration number. In 2017, we undertook physical verification of all lands and buildings. Most of the lands where buildings are sitting on them have been traced back to their original titles and the land pegged against these titles. We envisaged that this exercise will be completed this year as some missing titles will require a legal process to be followed. After the land & building verification is completed then next we will be verifying all our generation assets. This verification should not be an issue as we normally receive updates on the performance of each power station daily. Without the power station operating or if it has been impaired then customers will be calling FEA complaining of interruption to power supply. The final assets for verification, which is planned for 2019-2021, will be a huge exercise, which is to physically verify most of our network assets. Again the test will be similar to the generation assets in the sense that if any of the network asset is not performing or has impaired then customers will be complaining about interruption in power supply. The breakdown of the asset value by asset categories is tabulated below:

Description	Cost (\$M)	Status of Physical Verification
Land and Buildings	\$125.1M	In Progress
Generation Assets	\$571.7M	Will be carried out in 2018. Majority of the value is associated with the Monasavu and Nadarivatu Hydro Schemes.
Network/Generation Assets	\$587.1M	Will be carried out in 2019/2020. Majority of this cost is associated with the 132kV, 33kV, 11kV Transmission/Distribution Lines and 132kV/33kV/11kV Substations.
Computer, Furniture & Fittings	\$28.3M	Computers have been completed
Motor Vehicles	\$17.0M	Done
Total Fixed Assets	\$1,329.2M	Excluding Capital WIP and Capital Spares



Lastly, some of the above assets were acquired by FEA when it was established in 1966 and were taken up into the Fixed Asset Register as consolidated assets and not on an individual basis. These are the assets that will be very difficult to verify.

Should you need any further clarification or information please do not hesitate to contact the undersigned.

Thank you.

Yours sincerely

Hasmukh Patel
Chief Executive Officer