**SUMBISSION ON PUBLIC ENTERPRISE BILL 2019**

**(BILL NO. 4 OF 2019)**

**Submission to: Parliament Standing Committee on Justices, Law and Human Rights**

**Date of submission: 15 April 2019 at 2.15pm**

**Venue: Big Committee Room 2 – Parliament Complex, Suva**

**Joint Presentation by Fiji Rice Limited and Food Process Fiji Limited**

**Opening**

1. Good Afternoon to Honorable Chairman and Members of the Committee, ladies and gentlemen.
2. We thank the committee on invite extended to us to hear our views and suggested changes to the Public Enterprise Bill 2019.
3. My name is Raj Sharma and currently in position as Chairman of public enterprise entities that is Fiji Rice and Food Processors (FIJI) LTD.
4. Joining me Ms. Krupali Ben who is Acting CEO at Food Processors (FIJI) LTD. We take apologies on behalf of Fiji Rice, the General Manage unfortunately is unable to attend due to death of family member.

Pacific island countries recognize the importance of trade, investment, and private sector development to inclusive economic growth. For more than a decade, Pacific island countries have been introducing policy, legal, and institutional reforms to improve their business environments, including reforms to state-owned enterprises (SOEs) that provide many of the basic infrastructure services on which private firms depend for their competitiveness. These reforms have translated into improved SOE performance, increased formal business creation, and new investment.

FINDING BALANCE 2016 BENCHMARKING THE PERFORMANCE OF STATE-OWNED ENTERPRISES IN ISLAND COUNTRIES- ADB Report on SOE

A detailed analysis of 25 infrastructure SOEs in the Pacific confirms that productivity is well below developed country benchmarks, but is improving in those countries undertaking reforms.

State-

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**Brief overview of FPFL**

Food Processors (FIJI) PTE LTD, is agricultural company, and some main key products involving Canned Vegetables such as duruka, ivi, breadfruit, coconut cream and Palusami. The main objective of the company is to value add local agricultural produce.

1. **Update on Financial audit -**Last audited accounts is of year 2008. This was finalised in 2017.
2. **Reason for the delay following 2008.**

Manager Finance resigned early 2018; following which management and Board has strategized on in-house recruitment process which is was not successful.

Pending audit has become a corporate governance issues, hence an external accounting service provider has been recruited by company to make financial preparations from 2009-2014 and complete back log audits. The company is currently in liaison with relevant accounting firm.

1. **Moving Forward**

For past three years, company has been in complaint with ensuring

* Timely reporting to line Ministry in terms of submission of draft yearly financials and corporate planning documents
* Corporate governance structure adherence by ensuring transparency and monthly reporting system
* Ensuring Compliance to Statutory requirements.

|  |  |  |  |
| --- | --- | --- | --- |
| **FOOD PROCESSORS (FIJI) PTE LIMITED** | | | |
| **DRAFT STATEMENT OF COMPREHENSIVE INCOME** | | | |
| **FOR THE YEAR ENDED 31 DECEMBER 2016 , 2017,& 2018** | | | |
|  | | | |
|  | **31 December 2018** | **31 December 2017** | **31 December 2016** |
|  |  |  |  |
| Revenues | 2,240,229.00 | 2,370,582.00 | 2,639,556.00 |
|  |  |  |  |
| Cost of Sales | (2,217,907.00) | (2,224,770.00) | (2,404,165.00) |
|  |  |  |  |
| Gross Profit | 22,322.00 | 145,812.00 | 235,391.00 |
|  |  |  |  |
| Other Operating Income | 234,737.00 | 381,182.00 | 254,634.00 |
|  |  |  |  |
|  | 257,059.00 | 526,994.00 | 490,025.00 |
|  |  |  |  |
| Operating Expenses | (485,381.00) | (546,609.00) | (447,069.00) |
|  |  |  |  |
| **Profit/(Loss) from operations** | **(228,322.00)** | **(19,615.00)** | **42,956.00** |
|  |  |  |  |
| Finance Cost | (234,351.00) | (192,611.00) | (188,161.00) |
|  |  |  |  |
| **Profit/(Loss ) after tax** | **(462,673.00)** | **(212,226.00)** | **(145,205.00)** |
|  |  |  |  |
| Other Comprehensive Income | - | - | - |
|  |  |  |  |
| **Total Comprehensive Income** | **(462,673.00)** | **(212,226.00)** | **(145,205.00)** |
|  |  |  |  |
| **Earning /(Loss )per share** | **(0.67)** | **(0.31)** | **(0.21)** |
|  |  |  |  |
| **EBITDA** | **35,840.00** | **222,270.00** | **186,304.00** |
|  |  |  |  |
| **Note:** |  |  |  |
| The above accounts are in draft for management discussion purposes and are subject to adjustments. | | | |

**Fiji Rice Limited**

Fiji Rice Limited was established in 1960 after Government of Fiji took over the Colonial Sugar Refinery [CSR] Company. Since then Government of Fiji owns 100% shareholding of the company. As a government entity the company received continues financial (in form of grant and Loans) and management support from Government.

The principal activities of the company planting, milling and sale of brown rice and poultry feed.

The company has qualified and very innovative Board of Directors and management team and hence came up with five year plan with projection to turn the company to self-sustainable. The last three years has seen a significant increase in the demand for Brown Rice and its By Products. While there’s a huge demand, the company is facing challenges due to the quality and competition in the local market. The mill and rebranding has given competitive edge in the market together with the health benefits of Brown Rice. The new market opportunities such as supplying to sugar cane farmers through FSC tender process brings about immense opportunity. The company also intends to create its own niche market in the retail sector, inclusive of international market as premium quality brown rice, making a footprint in the region for brown rice at premium price.

We have continued to undertake our maintenance work, to grow in staff numbers and to progress our various strategic initiatives.

We at FRL looked at critical success factors of *Customers and beyond; Governance, Internal Control & Policy; Finance & Profitability; Production, Suppliers & Milling; Innovation and Process Improvement; Our People; and Community & Environment* and how these factors could be linked to the corporate and operational plans.

This Plan provides a roadmap for the desired results that meets the aspiration of all the stakeholders and we are committed to make a change, a change that is essential for not only at Fiji Rice Limited but for the rice industry of Fiji and livelihoods of our people who directly or indirectly depend on rice.

**Profitability**

* July 2016 (Half Year) $105,951
* July 2017  - $289,377
* July 2018 - $375,267

**Public Enterprises Bill 2019(Bill No. 4 of 2019) – Submission template**

*\*The provided data is an example of the format to be used when filling in the table*:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Part | Clause | Sub-Clause | Suggested changes (if any) | Explanation |
| **\*1** | **1** | **(1)** | **Insert any suggested changes** | **A brief explanation/rationale for the suggested change** |
| Part 2 | 6 | (e) | There has to be provisions for the corporate social responsibility | Most of the SOE are linked to the CSR |
| Part 3 | Division 4 | 16 | Must allow with Ministerial approval for JV and reorganized approaches | As part of corporatization or commercial and possible to make it provide  Also depending on the size and magnitude of the entity could base on the asset size to be approved by Minister or Cabinet |
| Part 4 | Division 1 | 19 | whether Corporate plan , Corporate Intend and Business plan should be made two documents - Strategic Plan (3years) and 12 month Business plan | To avoid duplication |
| Part 4 | Division 1 | 19 (b) | Should there be six monthly reporting. | Close monitoring |
| Part 5 | Division 1 | 24 (a) | any provision to allow extension by Minister | Effectiveness |
| Part 6 | Division 1 | 33  (1) (a) | maximum 3 years by 2 terms for continuity or as the Minister determines | To maintain the continuity |
| Part 6 | Division 2 | 37 (d) | Should be same as Bill 33/ 2018 on Code of Conduct. | To maintain consistency |
| Part 6 | Division 2 | 41 | One section should be Confidently of the Information | This is quite important aspect of any entity and irrespective of the internal policy |
| Part 6 | Division 2 | 43 (1) | Conflict of - Professional Interest or Personal | To differentia |
| Part 6 | Division 2 | 43  (2) (a) | Should it include relatives and known people? And not limit.. | Recommended so that information and any dealing are more transparent and taken all actions beyond reasonable doubt |
| Part 6 | Division 2 | 46 | Bill 33/2018 | Very good piece of document with few editions and additions |
| Part 6 | Division 3 | 48  (1) (a) | Minimum quarterly | Every 2 months may become cumbersome and to value addition meeting as minimum but the Board and management may decide for earlier  Again – there has provision for the Bard compensation on the allowance or number of justified meeting as now irrespective number of meeting / there is no allowance |
| Part 6 | Division 3 | 51 | Currently it goes to the Minister and the to the Prime Minister and depending the size and Complexity of the institution should refer to them | Small institutions can remain with Board |
| Part 6 | Division 3 | 52 (1) | There should be a Board remunerations & Allowance , who approves / review | As mentioned above |
| Part 6 | Division 3 | 52 (1 ) | Provision for co-opt other independents committees members | At the Discretion or in consultation with ministry to bring up robust governance process |
| Part 7 | Division 1 | 57 (1) | Timely audit and options for external appointment with consent of OAG. | We have backlog of work in audits and have comply with Company’s Act |
| Part 9 | 68 | (1) | Provision for Civil Servants to get the allowance and fees paid to them as the liability rest with directors - time off or leave |  |