

STANDING COMMITTEE ON
JUSTICE, LAW AND HUMAN RIGHTS

**[Verbatim Report of Interview with
Yaqara Pastoral Company Ltd (YPCL)]**

HELD AT

YAQARA PASTORAL COMPANY LTD

ON

TUESDAY, 9TH APRIL, 2019

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON JUSTICE, LAW & HUMAN RIGHTS HELD AT THE YAQARA PASTORAL COMPANY LIMITED ON TUESDAY, 9TH APRIL, 2019 AT 2.23 P.M.

In Attendance:

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| 1. | Hon. Alvick A. Maharaj | - | Chairperson |
| 2. | Hon. Rohit R. Sharma | - | Deputy Chairperson |
| 3. | Hon. Ratu Suliano Matanitobua | - | Opposition Member |
| 4. | Hon. Mosese D. Bultavu | - | Opposition Member |
| 5. | Mrs. Jeanette Emberson | - | Deputy Secretary-General |

Apology

- | | | | |
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| 1. | Hon. Dr. Salik R. Govind | - | Government Member |
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Interviewee/Submittee: Yaqara Pastoral Company Limited

In Attendance:

Mr. Joseph Ram - Chief Executive Officer (CEO)

MR. CHAIRMAN.- Good afternoon, Honourable Members. We shall start this afternoon's meeting. We are here in Yaqara to hear their submission on the Public Enterprises Bill 2019 (Bill No. 4 of 2019).

This is our first submission with regards to the Bill. Thank you very much for accommodating our Committee. We are here to listen whilst this Bill is going to affect you in

On behalf of Parliament, it is our responsibility to call for submissions. As you are aware, this Bill was presented to the Parliament last week under Standing Order 51, which basically means that we only have 30 days to report back to Parliament.

First, I would like to introduce my team.

(Introduction of Committee Members and Secretariat by Mr. Chairman)

The Government procedure is that, we go out to collect submissions. So the floor is now open, if you wish to discuss any particular Clause or what your views are with regards to the Bill. It is up to you whichever way you want to present and we will go from there.

MR. J. RAM.- Thank you, Sir. I would like to welcome your Committee, Honourable Chairman and Members of our Parliament, to Yaqara. Unfortunately, we have had a few circumstances where most of my staff are not here. One is attending a court case, one of our staff is attending to the livestock TB cases. The Board is not here, but I have got some comments from the Board that I would like to ask and we only have one submission to make with regards to the Bill.

With regards to Part 6, Clause 31(2)(b) on the eligibility for appointment to the Board of Directors, we then got a change and if you could move to Section 12(b) it states that:

“The person subject to Section 68(2), a person who is not eligible for appointment and the person is a civil servant in the Ministry or Department of Civil Service, with direct regulatory or operational or principle business of the public enterprise.”

We have had some of our civil servants as members of the Board and under their guidance, I think in the two years, Yaqara has achieved a considerable amount of work as compared to the previous years. We find it very conducive to our operations if they are in the Board.

I know some of the enterprises will not want it, but personally we have received considerable outcomes and I can take you around, since I do not think we would be spending much time here, to show you what we have accomplished over the past two years under the direct leadership of the current Board that have civil servants on it.

That is the only submission we would like to make. Although there are some questions asked with regards to the Bill on what Clauses may have been deleted which may affect State-Owned Entities (SOEs) like YPCL, I was looking at the amendments to the Bill, there is no direct amendment that contains YPCL. We are happy with the amendments and everything because that is the way we are operating now.

It states that we must release information, we are happy to do that Also because with the new Board, the new Management, we believe in transparency to maximise our operations and we welcome both, positive and negative criticisms to help us achieve our goals.

Mr. Chairman, I think that is all that we have. Basically, the Bill is quite specific in determining the quorum, et cetera.

MR. CHAIRMAN.- Basically I believe the main purpose of bringing this Bill is for the reason that now we do not have the Ministry for Public Enterprises and it has been downgraded to Department of Public Enterprises. So we needed a law to actually align that policy of the Government because majority of the Boards will now be operating on an independent basis, so we needed some guidelines.

This particular Bill provides the guidelines on what are some of the principles of public enterprises, how the Board is supposed to be formulated, how they are supposed to report with regards to the Annual Report and also with the Transparency Commission coming into place now, how transparent is the Board supposed to be and the transparency of the Board itself.

So basically it outlines all as to how the Boards were supposed to run these public enterprises. So this is our commercial arm of the Government which basically brings in money and we want to see that it is more viable and fruitful for the business in years to come. As you have stated rightfully, I believe it is not just the civil servants but the policies as well.

There has been a lot of polices that had been amended and changed. In a couple of years, we can actually see a positive work in our public enterprise.

Thank you very much for your submission and it is dully noted. We will not be able to elaborate on anything on that particular submission at this point in time, but when the Committee goes back to Parliament, at the Committee stage, a deliberation is done, that is where we will try and get back to the drafters and see why that particular Clause 2(b) is there and what is its justification for not including civil servants anymore, or if there is any kind of regulation that should say that. It does not say in a very clear picture that civil servants are not allowed to sit on the Board, but there is a sentence that definitely underlines the conditions.

Honourable Members, do you have any comments?

HON. M.D. BULITAVU.- Thank you, Honourable Chairman. In what capacity are you in at YPCL?

MR. J. RAM.- I am the CEO of YPCL.

HON. M.D. BULITAVU.- So the Chairman is still Mr. Cole?

MR. J. RAM.- No, it is Mr. David Kolitagane.

HON. M.D. BULITAVU.- You replaced Mr. Simon Cole?

MR. J. RAM.- I replaced Ms. Talica.

HON. M.D. BULITAVU.- Simon was the Chairman before?

MR. J. RAM.- Yes.

HON. M.D. BULITAVU.- How is the Company performing in terms of dividends?

MR. J. RAM.- w\We are still awaiting our resolution. This year, hopefully, we want to finish our 2015- 2016 audits.

We had an office fire in 2017 that spoiled everything and lost all our source documents. We have finished all our financials and we are awaiting a Board meeting next week for the submission for audit and come out to par with 2017 and 2018.

HON. M.D. BULITAVU.- In 2016, there was \$1.4 million dividend and most of the dividends and income coming from the Company comes from Fiji Water?

MR. J. RAM.-Yes, Sir.

HON. M.D. BULITAVU.- How does YPCL connects to Fiji Water in terms of earning?

MR. J. RAM.-The land that Fiji Water is operating on originally belonged to Yaqara. So when they came up with their operations, there was some deeds signed and there was a turnover deed that they will give royalty to the Company which goes directly, all the royalty from Fiji Water goes directly to the Government through YPCL.

HON. M.D. BULITAVU.- My question is on the Code of Conduct in the company and one of the objectives of the Bill is to get into international best practice and standards on the issue of conflict of interest. Do you have an internal one or are you relying on the amendments in the Bill to put a standard for all public enterprise?

MR. J. RAM.- Actually during our time when we joined the Company, we had to declare if we had any interest in any company, et cetera. And not only that, association with other companies through communal ties also, that has to be declared as well. So we are coming up with one case, where one Director has indicated that he has to declare his interest and that case is coming up and will be tabled in the next Board meeting.

HON. M.D. BULITAVU.- This are some of the problems that they face. The Clause that you have raised, the issue of civil servants participating in Boards, one of the key components that the Bill has been brought forward is to look into that.

I just want you to give your views to help the Committee. We will not take that as your answer, it is just that you give your view, so do not be afraid to give your opinion on this. It is not on record or shared anywhere else but this is just to help us see the background of where your submission is coming from.

In terms of civil servants' participation in Boards, I know they bring in their experience in the Board, et cetera. Also, the Government is bringing in private sector people to become Board members, to bring in their experience from the private sector on how businesses are run and how the business arm of the Government, public enterprise entities can get more profits for Government.

In those cases say, for example, if the Bill goes through and most of the individuals become Board members, it goes through and does not allow civil servants in, do you suggest any kind of a succession planning kind of thing on how human resource can be absorbed into the various companies that you are in, that they relinquish one post and they become Board members or what arrangements can be done to accommodate their experience and also with their experience, companies gaining and they also comply with the law?

MR. J. RAM.- Currently, the observers from the Ministry sit with us, but in terms of making decisions and voting for majority decision, they are non-voting members. And if we have a senior civil servant, for example, we have some issues with our public enterprise on some of the laws and principles, there and then it can be highlighted, outlined and cleared there and then, rather than going back, writing to them, it takes up time.

Yaqara is a farm. We sometimes wake up in the morning with one decision and by 12 o'clock; we have to change because of the weather. The external factors are too many. And we have noticed that we have very rigid Boards so when it is time to make decisions, it is a bit lengthy, especially for a farming enterprise.

Very soon, we will be hitting the dry season. Whatever strategies we have now will not work in the dry season. So we need an advice on a Board Meeting there and then to come up with resolutions on how to tackle it, not one month down the line. That is the only point I am raising, which means we have expertise within the Board from the Ministry or the legislative arm of the Ministry, to provide us guidance there and then.

I believe that a good Board should be a mixture of the private sector and public sector. Both should be taken into consideration. The private sector has the drive to generate income, we are more generated towards profitability, not service-oriented. So that is what I think.

HON. M.D. BULITAVU.- In terms of the powers of CEO in making decision known practically on the ground without waiting for the Board to sit, convene and pass a resolution, how flexible is that - the flexibility with even more powers to be given to the public through CEOs of private enterprise companies because of the requisite that could be there?

MR. J. RAM.- This was not on record. As a CEO, obviously I would love to have more powers, but there is a saying, absolute power corrupts absolutely. Therefore, I believe that there should be a mechanism in place to keep our CEOs in check also.

We are happy to operate with that because I know there is someone watching from above, whereby my people will benefit more.

HON. M.D. BULITAVU.- The operational decision?

MR. J. RAM.- Yes, the operational decision should be best left with the management team. What we have in Yaqara is what we call Adaptive Management. Our management meets every week, as the situation change, we adapt to the situation and the decisions are taken up to the Board. It has been working quite well for us because we have a mixture of experienced and educated people in our management.

HON. RATU S. MATANITOBUA.- How many civil servants are in the Board?

MR. J. RAM.- Currently, one, the Chairman.

MR. CHAIRMAN.- I believe once this Bill becomes an Act, all the current members who continue over time their term expires. So they are given time to bring someone in with regards to the succession plan. But I believe the main issue behind getting out all the civil servants is trying to have that demarcation between civil servants, our working arm and our commercial arm.

(Inaudible)

...with the Ministry itself because we want to give independent powers to the Board itself, which is one of the main reasons that we do not actually want civil servants because when they used to sit on Boards, there used to be a lot of interference by the Ministries or when we want to approach the Board, majority of the time the decision is overturned by the Ministry because the PS has more power, majority of the time sitting as a chairperson.

Just because it is a commercial arm, I believe we are trying to bring in people from the private sector to come and entirely run it like a business, and not like a public service kind of thing because at the end of the day, there is reason behind it - need money generated from our public enterprises and a few other companies that are commercially owned.

HON. M.D. BULITAVU.- The point I was trying to raise here is the general discussion. Public enterprises are regarded as any Government's milking cow. You cannot sell the cow because you have to milk it to get something out of it. So these are your milking cows. To sell or totally give away

one..... But then there are different models and approaches.....this is an arrangement.....(inaudible).

If you look at another recent model, on Fiji Ports Corporation Limited (FPCL), that was another model. There was divestment of shares where more than 50 percent still remain as shares within the companyand let us say 39 percent goes to a foreign partner. For Fiji Ports, it was Aitken Spence, a company from Sri Lanka, so they came in only on the management side. The Board is ours, assets are ours but just the management part is by Aitken & Spence. And if in that way say, for example, this one.....(inaudible) look for someone better in New Zealand to carry out that management role. The idea is to keep our human resources. We, Fijians, can do that and if we are qualified to run this, then we will do it. But with our qualification and criteria as local people do not qualify and that is when we have to bring in someone from outside.

MR. J. RAM.- Your point is taken, Sir. For me personally, I believe the locals have the capacity, we have the knowledge. Right now, if you see our education level, it is quite high and with experience.

I believe that a partnership for a certain time to train our people in order to adapt better to what is demanded out there and then the locals take over, because if you build the capacity of our own people, then they will work for the benefit of our nation. I am not a proponent of looking for expatriates every time I need something. We have got a huge friendship base with Ministry of Agriculture and we have experienced people both, domestic and internationally working with SPC, UNDP, et cetera, in the various projects that we are utilising now to develop Yaqara to its optimum potential.

Over the past couple of years, everyone knows that Yaqara has not been performing its operational arm, and we are here to lift it up, that we can be sustainable based on our own initiative and hard work.

What we are doing now in Yaqara is, we are basing all our operations, our way of handling cattle and management to the Australian level that is out there. I have already spoken with some Universities in CQU and FNU, to run Stockmanship Programme, the level that is out there in the works, and we are willing to come on board to help our stockman develop their capacities, because I can tell you that if any rancher comes and sees how the Yaqara boys work, then they will offer them \$30 an hour and take them straight away. The only thing is speaking in the vernacular. They may not be able to read or write, but they understand their job very well and that is what we want to develop. They can have the same skills and certification in vernacular for them and keep them there.

HON. M.D. BULITAVU.- Their accreditation.

MR. J. RAM.- Yes, we have started talks on that and we have started developing our farms. We will take you around. Yaqara has been in the news in the last two to three years with a lot of compensation paid out, and we will show you what we have achieved in two years. Definitely with more interventions, consultations and with more friendship-type initiatives, Yaqara can achieve international standards.

We have already started talking with ISO certification, HACCP certification for Yaqara but ISO will be quite difficult because of our abattoirs, they need ISO certification first before we can do anything.

But we had a stakeholder consultation two weeks ago, all stakeholders of Yaqara and we are moving forward. It will not be very slow, we try to move very fast. So you can capture a bit of the market out there. We have Australians and Americans testing the beef that we are producing now, and I assure you, it is one of the best in the world.

We have butcher outlets. Most of our meat is sold to Extra Supermarket, mostly expressed in markets and most of the top restaurants in Suva now. So very soon, you will see Yaqara brand out there. So I believe we have got the capacity, we have got the technical skills also, but it is all hidden, we just need to bring it out.

HON. M.D. BULITAVU.- Just a question there, in terms of the retention of your skills, when you lose one of them, you will have to train another one for how many years?

MR. J. RAM.- At the moment, in the stockmanship operations, we are training five, in case one leaves, four are still left.

(Laughter)

We do not train only one person, we train more, because the best will take the lead job, the second best will understand where he fits in.

We have just finished our job evaluation exercise, our performance was not very good because of the TB status, and what will happen is that based on that, we will try and give a scale wise percentage increase on our pay to get it on par with what is available in the market, and then do better than that over the next three years.

There are certain core stuff that needs to be done first on the farm, so the boys can prove to us with their KPIs to show that they deserve a pay.

MR. CHAIRMAN.- Thank you, Honourable Bulitavu.

Thank you very much CEO for accommodating our Committee. We would definitely like to go out and have a look at what you are doing and what you have proposed to do in the future.

On behalf of the Committee, I would like to wish you all the best in your future endeavours. This farm does actually become one of the revenue generators for the Government in future. It is very important to retain our human resources, and I believe this must be one of the major sources of income in this area?

MR. J. RAM.- Yes, Sir.

MR. CHAIRMAN.- So we need to maintain this kind of service within the Government so that the people are uplifted with this kind of enterprises and they can actually survive.

With those words, thank you very much.

The Committee adjourned at 2.49 p.m.