

STANDING COMMITTEE ON
JUSTICE, LAW AND HUMAN RIGHTS

**[Verbatim Report of Interview with
Fiji Rice Limited & Food Processors (Fiji) Ltd]**

HELD IN THE

COMMITTEE ROOM (EAST WING)

ON

MONDAY, 15TH APRIL, 2019

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON JUSTICE, LAW AND HUMAN RIGHTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON MONDAY, 15TH APRIL, 2019 AT 2.30 P.M.

Interviewee/Submittee: Fiji Rice Ltd and Food Processors (Fiji) Ltd

In Attendance:

- | | | | |
|----|-----------------|---|--|
| 1. | Mr. Raj Sharma | - | Chairman, Fiji Rice Ltd |
| 2. | Mr. Krupali Ben | - | Acting CEO, Food Processors (Fiji) Limited |

MR. CHAIRMAN.- Good afternoon, Honourable Members. On behalf of the Standing Committee on Justice, Law and Human Rights and Honourable Members - Honourable Niko Nawaikula and Honourable Mosese Bulitavu, along with Madam Deputy Secretary-General and the Secretariat Team, I would like to welcome Mr. Raj Sharma, the Chairperson of Fiji Rice Ltd and Food Processors (Fiji) Ltd and to come and present on the Public Enterprises Bill, Bill No.4 of 2019.

Sir, without further delay, I would like to give the floor to you to give your presentation with regards to this particular Bill and after that, we shall open the floor for question and answer session. Thank you.

MR. R. SHARMA.- Thank you, Honourable Chairman and Members of the Committee. It is our pleasure, on behalf of Fiji Rice Ltd, as well as Food Processors (Fiji) Ltd, to be here before your Committee to make a presentation on the Bill.

Just quickly a brief on the Fiji Rice Ltd, it was established since 1960 and is one of the profile and profound companies in the rural-based Dreketi that has complemented to the economic growth of Vanua Levu.

It is going through the transformation with lot of changes that we have brought about to Fiji Rice Ltd in terms of the governance, and in terms of the rice scheme in conjunction with the Ministry of Agriculture. Perhaps, on the same note, we do not have the General Manager of Fiji Rice Ltd here because of bereavement and apologies on his behalf.

For Food Processors (Fiji) Ltd, we have the Acting CEO. Probably just for a quick brief, I will ask Ms. Ben to give a brief on Food Processors (Fiji) Ltd.

MS. K. BEN.- Thank you, Mr. Chairman. I thank the Standing Committee on Justice, Law and Human Rights for the invitation provided to Food Processors (Fiji) Ltd.

Food Processors (Fiji) Ltd was established in 1984 as a Government Commercial Company (GCC) and today, it is a purely agricultural-based company. It is based in Vatuwaqa. We are the only company in Fiji that does canned agricultural products. This is value-adding the local agricultural products in terms of canned *duruka*, canned *ivi*, canned *palusami* and canned breadfruit.

Majority of those are exported to United States of America (USA), New Zealand and Australia. The company also does canned tomato sauce and coconut cream for the local market. It goes by the renowned brand of Pacific Crown. Thank you.

MR. R. SHARMA.- Just on the financial performance of both the companies, Food Processors (Fiji) Ltd last year recorded a gross profit of \$22,000 and the year before, it was \$145,000. It was \$235,000 in 2016.

We are going through a restructure of the balance sheet at the moment. On the flip side, Fiji Rice Ltd, last year, recorded \$375,000 profit; July 2017 - \$289,000 and July 2016 - \$105,000. These have been totally insolvent companies that we have tried to revive and put it on the right form.

Honourable Chairman and Members, now we draw your attention to the Bill that we have before us. First and foremost, we support the Bill because of various reasons. Whilst it is a very simpler document that tries to promote good governance and tries to foster more accountability. It also tries to give empowerment to the Board of Directors but with a duty of care and responsibility that should be vested on them. But there are certain things that we thought we should bring to the attention of the Committee.

Respectfully, Mr. Chairman and Honourable Members, first is that it must have a gist of corporate social responsibility embedded to it. It means we run these two companies and apart from this, I am also the Chairman of Copra Millers Fiji Ltd based in Savusavu. Also, Fiji Rice Ltd has to be with association of the farmers, so as Food Processors (Fiji) Ltd. So we cannot be looking at purely commercial arm of that, it has to balance so that is where I think the provision is there that the entity can have consultation and agreement with the Minister for that.

Let me draw your attention to Part 3, Division 4, Clause 16 where it says, and I quote:

“A public enterprise must not be a party to an agreement to form a joint venture that is inconsistent with this Act or the constitution of the public enterprise.”

It may be prudent to have a magnitude of the entities with ministerial concern or where if required, with the Cabinet concern, have joint ventures.

Sir, tomorrow, we want to make Fiji Rice Ltd a really profitable company. If for the area, the farmers want to have a stake in it or the landowners want to have a stake in it so that the profit of that entity goes back to the people, those sort of things should have a provision to allow for joint ventures, and that is what we propose.

The other part that we feel is in the policy and currently we experience is, that the document requires that we have a corporate plan, we have a Statement of Corporate Intent and a business plan. This is bit of a duplication. That same document we want in three forms. It may be very important or it is recommended to avoid duplication, we may either have a corporate plan or operation plan for 12 months and a strategic plan for three years or five years, depending on the entity, to avoid this duplication and reporting of the Statement of Corporate Intent, corporate plans and the business plans.

Clause 24(a) states, and I quote:

“The board –

- (a) must give the Minister a final draft of the statement of corporate intent not less than 2 months before the start of the financial year to which it will apply.”

We request if there could be some flexibilities allowed with the consent of the Minister, who allows with valid reasons. If these things could be provided and that is on Clause 24, we are asking if that could be given some leeway.

Then we move on to Clause 37(a) which talks about Code of Conduct and later on, it also explains about Code of Conduct. We are of the view that recently Government has introduced Bill No. 33/2018 on the Code of Conduct. That Code of Conduct could be the single document that should be the one that the entities should follow.

Also in that Bill, it talks about the list of government entities, talks about the Government officials that need to be followed, so it should not be different to that Bill on this Code of Conduct when you talk about it.

We move on to Clause 41 on improper use of position or information as director or employee. The overview is that, it is quite important that there should be one section on confidentiality of the information within this Act.

We have looked at the one similar to this Act the other Acts that we have in Fiji which has confidentiality of information, to what level of information that should be confidential and under what circumstances those information could be available.

Clause 43(1), in terms of the good governance as to the conflict of interest that the directors should have and it is limited to directors' spouse or child, we are of the view that it could be extended to anything on everything that the director receives or knowingly, conflicts they would have. It could be conflict for two reasons; personal conflict and professional conflict that needs to be declared.

I sit in the Board of Copra Millers as well as Food Processors. They are similar commodities, both the entities are engaged in coconut so I have to declare my interest. It is a professional interest not personal. Personal could be if my family member is bidding for a tender over there that needs to be declared. So, some demarcation and it should not be limited to directors' spouse and child.

Knowingly or not knowingly, any conflict that comes need to be declared on that and within the entities, there would be a process to follow - a conflict register when to declare the beginning of the meeting, et cetera. So, that is on Clause 43(2)(a) where we said that we should be very transparent and take it beyond spouse and children.

Clause 46 has the content of the code of conduct. Clause 46(a) to (j) should be the code of conduct. We are of the view that totally, it should be a replication of the Code of Conduct 2018 (Bill No. 33 of 2018).

Mr. Chairman, moving on to Part 6 - Clause 52, that is something on Board remuneration and allowances. Whilst there was a Salaries High Commission, obviously it has to be approved by the authorities - something of the Board allowances and how it is set, et cetera, could be incorporated, like this sort of things are part of corporate governance that we need to know.

Within the Bill Clause 52(a), the Committee Members co-opt the Committee members so the Board may have the discretion and consultation of the Ministry which should. The Board may, by resolution delegate in writing any powers and functions, except for the powers delegated to anything to the Committee of the Board. This means we can have the Board sub-committee.

But going through the Act as to who appoints the board sub- committee, it could be a further mechanism that we can have, both sub-committees can be formed with the existing Board members, or even to bring up a robust governance. They could be independent people who are not the members of the board, could also be co-opted to become the members of the sub-committee. So that is what we are recommending to look at.

Finally and the last one is on Clause 57 - Financial Statements, where we feel that in consultation with the Ministry and also in consultation with the Office of the Auditor-General, the Board should also have a discretion to have external audits done by outside parties. Currently it is done by the Office of the Auditor-General or they outsource it themselves. So this will bring up more efficiencies in terms of the audit, timely preparation of the Annual Reports, et cetera, in accordance with the Companies Act.

Those are the short presentations and submissions, Honourable Members, that we have provided and we are now open for questions now.

Once again thank you very much, Mr. Chairman, for allowing us to be present before the Committee. Thank you.

MR. CHAIRMAN.- Thank you, Mr. Raj Sharma, for that presentation with regards to the Public Enterprises Bill. I believe whatever you have said must be in written form as well.

MR. R. SHARMA.- We have sent a draft but we will revise and send you a final copy once again. I got a copy here with me but there are some cosmetic changes that we will make, but we do have a draft copies here.

MR. CHAIRMAN.- All right, that will actually help us with regard to the deliberation of the points that you have actually raised. Whatever we have been doing actually this morning is basically, whoever is coming to do the presentation with regards to any of the enterprises, we have actually asked them to provide us with a brief background. I know you have actually come on board at a time when the boat is about to sink and you are trying to actually salvage it again, so would you be able to provide the brief with regards to the background of that two entities that you actually Chair?

MR. R. SHARMA.- First of all, thank you very much, and we will start with Fiji Rice. Fiji Rice, previously known as Rewa Rice Limited, was based in Dreketi. I would say it has gone through a lot of abuses in the system of controls, checks and balances, even to the level that happened from the 1990s level to where we have unaccounted monies being taken by Directors which we could not trace back, so we had to bring in discipline.

Since 2013, I have been on the Board and then appointed as Chairman in 2014. In 2012 and 2013, it came to a stage where Fiji Rice would operate only one day or two days because of financial constraints, but Government had continuously helped it.

Then we look at our balance sheet. We had abandoned properties that are not being used so we had to go through the process, with Cabinet approval, in getting the valuations done and trying to dispose that and strengthen our balance sheet which we are in the process of doing.

On the flip side, the Mill is the old mill of 1970s that has gone through operational issues, run down, et cetera, so we look at setting up another mill in Dreketi which we have done. Operationally, we have an investment of around \$500,000. We had taken a loan from FDB and we have cleared the loan in full. So that has brought up the efficiencies.

We did go through challenges, no doubt, and the challenges are is the inconsistent supply of rice, despite the Government giving incentives to the farmers in terms of mechanisation, ploughing, planting, seed cane but the fact remains, the manpower and the old aged farmers.

To overcome that, we also looked at provisions of our articles, whether we can do planting and we have started that in Dreketi at the moment with about 181 hectares of land. We took it, on the lease, and we have started planting. There is a huge demand of Fiji brown rice and we could not meet the demand, especially in Viti Levu and that is the track that we are doing.

So we are looking at getting the farms of the old age farmers who are not able to cultivate on a commercial terms and conditions and get it across. So that is on the track and that is how in the last three years, we have shown a profitability. No doubt, the Government is supporting the price subsidies of the paddy, but the mill efficiencies operational, also trying to balance the corporate social responsibility. We are picking the paddies from the farmers irrespective of where they are, even if they are in Viti Levu we try to pick their paddies from here, mill it and sell it.

Mr. Chairman, that is on Fiji Rice. In terms of the governance, Board comes with the background of the people appointed by the authorities of the Honourable Minister, and they come with the farming background, they come with financial background and good governance that we have.

On the Food Processors, Mr. Chairman, I have been appointed in July last year, again, it is a company that does have challenges of its own. So we are trying to strengthen it in terms of the processes.

We have gone through the process of looking at the assets that we have, properties that we are not utilising and the Government has approved to sell off those properties, again, through the maximum value that we can get it through, so we are trying to finalise this. Once this happens, we will try to clear all the liabilities that we carry, that are not earning anything for us. The surplus of the money, definitely, we are investing it into the machines, the plants and giving back into the company.

On Food Processors, again, we are looking at a duplication or there is a competition among the entities of Government which includes Agricultural Marketing Authority. So we are trying to look at how these two companies can work together. But definitely with this company (Food Processors), we are also in a position to turn it around, I would say in two months or so.

So those are the backgrounds of those companies.

MR. CHAIRMAN.- Thank you very much, Mr. Sharma, for that background. Honourable Members, I now open the floor, if you have any questions.

HON. N. NAWAIKULA.- Maybe I will put three or four questions to you.

(Laughter)

1. When was the last time Fiji Rice publicised its Annual Report?
2. We understand that if there are little products, when we looked at the Annual Report of Fiji Agriculture, rice was going up and one factor of that was because of Grace Roads. I want to ask whether that is also milled by you; and

3. There are a lot of different rice that are coming in from overseas and that is impacting on local production, because we cannot say that there is not enough land, there is plenty land
4. So what would you like to see in order for the Fiji Rice to be maintained or even grow better in the future, taking into account all that, all the cheap price coming in, et cetera, and we are not even planting our rice?

So, I put all that before you.

MR. R. SHARMA.- On the Annual Report, we could not trace back when was the last Annual Report because there was a backlog of audits that needed to be done which has been done now. We are catching up with 2017 audit report.

This is again with Auditor-General's Office, all were very transparent. We had to clear a lot of backlogs which has been done now. So we have gone to the Ministry to look at as from which year we should get the annual report but definitely all accounts are audited and in order. We are with 2017-2018 at the moment. We also change our year, to make it align to the Government fiscal year, so it is August of each year. So we are pretty much alright with the audit reports of the years of backlog.

On Grace Road, Grace Road production is not very much impacting us, not in the whole agriculture. What we understand, they are trying to plant for their own usage to their restaurants.

When you talk about Grace Road, we also had a discussion with their President Kin, whether you plant and we compliment to mill them, especially in Savusavu, when they have gone there. So they had said that they want to be pretty much focussed to theirs.

With us, the total right now is about 10,000 tonnes of rice being expected and produced which is what we look at. Of that, we are only taking 1,000 to be milled by Fiji Rice.

If you look at the rice production, it has definitely gone down, not out. There are various reasons, one is the production cost of rice which is quite huge. We look at the price. Here, we are getting overseas rice at \$1.10. Our rice being sold at the moment at the wholesale price of \$1.52, but it is the brown rice which is more hygienic and healthwise, people still buy that.

We are trying to reduce that cost and that cost now being reduced with mechanisation. No more manual planting, we have got the machines and Fiji Rice has got its own machines. Thanks to Government of the day, they gave us four tractors, through the Government assistance.

But I believe it is also the Japanese and Indonesian Governments that have contributed. We also got our own tractors, own harvester machines, et cetera, that we are trying to do to help the farmers to grow.

Honourable Members, we are also looking at a land in Savusavu. We have just seen a land and we do know exactly many suitable lands so we are in the process of getting the soil tested, et cetera, by the Ministry of Agriculture whether that will be suitable. And that is what we are looking at, even to come up with our organic rice.

You would see Lakena, last week the Honourable Minister for Agriculture was there. We had gone to Lakena two years back, but then we had to focus on our milling. We had fixed up the new mill in Dreketi, a mill sector cost us less than \$0.5 million, we can set up a good mill.

If you go to Vanua Levu, you will see recently the Honourable Minister has gone to give small portable rice mills. Those mills they do not supply to us, but they have that for their family consumption.

Way back, you will see even the rice farmers (I am also a rice and a cane farmer), we plant at least one acre or so for our family consumption, which means that reduces the import bill which we are trying to promote.

This year, we have gone to Government to allow us to give us some money to rule out as a sustainable Rice Development Scheme, which we have taken in Navidamu and Tabia to allow the farmers to plant rice.

There are lots of rice land which has not been planted, so we are trying to capture that. And if we have a way, we are trying to look at that, time will come that we should be self-sustainable as far as food security is concerned. So that is the reply to your question two or even three, I would say.

MR. CHAIRMAN.- Honourable Mosese Bulitavu, any question?

HON. M.D. BULITAVU.- Yes, thank you. Honourable Chairman and through you thank you for the good presentation, it is a very comprehensive one and also for the process.

When we talk about the Bill as you have said, you totally support the Bill in terms of how it creates and it becomes more dynamic to the old Act that is still in place. It allows the various Government owned business entities to be efficient and also attain those commercial objectives that they are given with –the Statement of Corporate Intent, strategic plan and also the business plan. And it helps Government to see and measure performance in terms of checking the systems that we have; responsible governance, transparency, performance and monitoring other performance...

MR. R. SHARMA.- Yes.

HON. M.D. BULITAVU.- Looking at the Fiji Rice Limited and its location in Dreketi, the farmers who are there and the production that you have annually to meet your targets, given that all Government owned companies are milking cows for the Government.

MR. R. SHARMA.- Yes.

HON. M.D. BULITAVU.- Are they are the ones that get income for the Government?

MR. R. SHARMA.- Yes.

HON. M.D. BULITAVU.- What are some of the incentives in terms of trying to keep the farmers there in Dreketi? Also the young ones, who might not be interested in rice farming but wanting to come to Suva to get better jobs, how is Fiji Rice partnering with them? You said something on joint venture.

MR. R. SHARMA.- Sure.

HON. M.D. BULITAVU.- And how to continue that nature of production, that people do not draw away from rice farming.

MR. R. SHARMA.- Thank you very much, Honourable Member. Any agriculture sector has a lot of challenges, once you may give incentives, there are certain things beyond our control, especially natural disasters, drought or even flooding that affects the crop.

And what is the substitute of a similar crop that you have? On the rice, the incentives that we give with the assistance of the Government, we are giving the farmers a maximum price of \$800 a tonne for the rice paddy. In a normal commercial sense looking at the world market price, it comes to about \$600 to \$650, so we are giving more than that, that is one incentive.

The second incentive, if we look at on the Government side, the Government gives them tractors and harvesters at non-commercial rate of about \$17 an hour or so, whereas the commercial rate would be about \$70 or so.

We, at Fiji Rice, do not charge the farmers to pick up their paddies from the farms or from their homes. These includes the farms even in interior of Labasa or even in Wainikoro, in those areas and as far as Ba and here, we take it at no cost. We come and bring our rice supplied to the supermarkets over here, on the return we take those paddies with no cost and we pay the farmers on the quantity and the quality of the rice.

These are the incentives that we have but we are also looking at, we have requested the Government to start off on how we can get the first time farmers to plant and this year, Government had allocated \$100,000 in the Budget for the new farmers.

We have identified two areas of Navidamu landowners to venture into farming. So we are helping them to plant rice in that area, et cetera, and in Tabia in Labasa to do that. We are rolling out that project to other side which is suitable where the infrastructure and the weather patterns are right and it also includes, we are looking at a land in Savusavu. These are the things that we have for the farmers.

These also applies even to the young farmers and those farmers who have been working hard in Dreketi, they have good income. You will see quite a number of these Hybrid vehicles in Dreketi right now and their only major source of income is rice. These are the plans that we have.

HON. N. NAWAIKULA .- Can I just ask, taking everything into account, like, potential land for rice, the assistance from the Ministry of Agriculture, including there is one species now that is in the country, infrastructure, et cetera, do you think there is potential for Fiji to be self-sufficient in rice or we will forever be dependent on imports?

MR. R. SHARMA.- It needs some time and that is why we say that the Act should also have some sort of level of joint ventures, privatisation, even inviting local people to form up companies that can promote, especially the landowners or the famers. We have got the Vanua Levu Farmers' Co-operative. So you go ahead and buy land or acquire land or even do not acquire but you lease the land and plant.

In fact a quick way to do, Honourable Member, this idea may be personal of mine, we got 11,000 cane farmers. If each farmer plants one acre of rice, you will get one and a half tonne of rice. That would mean, 68 percent conversion to around one tonne of rice. One tonne of rice means, if you take \$1 a kilo, it is \$1,000 of rice. So 11,000, that is a quick way to do it. One acre of rice will give him about 1,200 as a gross. Because we are buying at 800 tonnes per acre so for one and a half is 1,200 for 11,000 farmers. That is the quick way to do and we have still to meet with that.

Before the rice farmers were planting for their self-consumption. Still in their areas you will find in Lagalaga, Wainikoro or even in our areas of Vunimoli and Vunicuicui, the farmers are planting for their self-sufficiency.

MR. CHAIRMAN.- I believe you actually stated that Fiji Rice Limited goes around the country to collect the paddy from farmers. How do you actually classify, is it a cost on you or is it a social responsibility? If it is a cost, do you actually put it in your P & L or would you like to actually see it as a social responsibility and passed on as a dividend?

MR. R. SHARMA.-Thank you very much for that question, Sir. Before, Fiji Rice used to charge money. I would say, in 2000 they would charge money for getting the rice. We have taken the approach, we are trying all the best, whether you take it as a corporate social responsibility, at the end of the day, we got a mill. If we had no market, then it is a problem for us. We have got a market, there is a lack of rice and what we want is to go through this mill.

At Fiji Rice Limited a new mill has a capacity of 10 tonnes per day, we are doing about 700 tonnes or 800 tonnes annually. We have got a huge capacity of 4,000 tonnes per year on this mill so we are trying to look at it, irrespective of the small cost over here but we are trying to incentivize our farmers to plant and we will be coming to your place to pick it up. So, part of our corporate social responsibility end result is, even now we are currently selling it at \$1.62 or \$1.70 and we even sell at \$2, still there is a huge demand for our brown rice.

HON. N. NAWAIKULA.- We had the same problem. Fiji Meat Industry Board was here, they slaughter the meat but they depend on the farmers. So, in your case, is there a viable option for you to also own land to plant rice or?

MR. R. SHARMA.- That is exactly what we are doing. Like I had said, Honourable Member, we have planted 180 acres on our own land in Dreketi on a lease of a person. We also were looking at investing about a million dollars to buy a farm. We are in discussion with the vendor and we have also potentially found that there is some freehold land available for rice planting about 160 acres in Savusavu freehold. So, we are trying to do all our due diligence of that.

Basically that is the way, going into partnership with landowners, even going into partnership with co-operatives so that we can come and plant, eliminate the cost reasonably. We would not make margins even in planting because our core business is milling, and there is a market and we want to pass extra to the landowners. That is exactly what we have done in Naividamu.

MR. CHAIRMAN.- I believe that is exactly what I was trying to tell FMIB, that there is a market. They slaughter, they sell but they are not growing their livestock just because they are saying that they are small farmers. But then those small farmers are not able to meet the demand and being a public enterprise, they need to start growing their own livestock so that they can supply and that is exactly what Fiji Rice Limited is doing at this point in time.

MR. R. SHARMA.- Yes.

HON. N. NAWAIKULA.- (Inaudible)

MR. R. SHARMA.- We have gone through that experience because we were entirely dependent on the farmers. We had a huge contract with FSC to supply rice to the farmers. We supplied one season and we could not do it for the next one because that was not a consistent supply and then we had to quickly go and plant our own which we are able to do now. A lot can be done.

MR. CHAIRMAN.- Just a quick one on Food Processors, what are some of the future things in store to actually see that....

MR. R. SHARMA.- First and foremost, and I think we are getting a CEO appointed and the CEO starts on 29th of this month (April). We had a female officer acting and we must thank her for all her contribution. She vested not to show her interest on that but we are getting a CEO appointed, a local person coming with mechanical and food processing background.

The second one is that, we are trying to rebrand ourselves at Food Processors so the company itself had challenges of restructure of the balance sheet and financials. The Government has approved the sale of properties which will clear the loans. The rest of the surplus proceeds will be directly invested into getting technology based machines, plants and processing.

As we had discussed with the Ministry of Agriculture, by core business, we are food processors. What we are doing is that, we are also going to buy from the people in Tailevu and people in the Western Division, *duruka*, *palusami* making dalo leaves, or even coconut, cassava, taro. So AMA is also doing the same thing, they are buying and processing so there are two Government entities doing the same thing.

We had a discussion with the Ministry of Agriculture, whether we can synchronise and we focussed on processing, they get it and we do the core business like Madam had said that we have got a market in the US.

We are also currently looking at the market composition of 70:30, that is, 70 is overseas and 30 is local. We are also looking at changing the dynamics to have a mix of 70:30 to become 60:40 or 55:45 so that the price fluctuation or the currency fluctuation there does not impact.

Our products were not very much focused on Vanua Levu, now you can find these products of Food Processors (Fiji) Ltd in Vanua Levu, so that was a quick local market penetration that we have done with the distributors and the retail chain of stores that we have. So these are the things that we have - restructure of our balance sheet, getting the CEO appointed, getting the corporate plan done and getting the rebranding done, so look at the market penetration and the shift, and reinvests the money into plants and machinery that we want.

Exactly, yes. Actually the Government was intending to sell Food Processors (Fiji) Ltd and we came with some changes that we want to retain, enhance the value of this entity and to relook at it, to put it in the market as a sustainable Government entity. In 1960s, it started, yes, Rewa Rice.

MR. CHAIRPERSON.- Sir, as Chairman, how do you see a civil servant actually sitting on a Board? We are getting some mixed reactions with regards to this from different public enterprises.

MR. R. SHARMA.- Our view is that, they contribute effectively. In any entity and if you look at, I would say, the Organisation for Economic Co-operation and Development (OCED) corporate governance structure talks about that, even here if you look at the financial sector too, it talks about independent directors and non-independent directors. They may be considered as non-independent but at the end of the day, they are there to look at the interest of not the shareholder but the stakeholder. Some of the things that we may be stuck with, they are the ones to help us. If it is a policy matter with the Government, with any Ministry, they can help us but one thing that we felt, I think we have also discussed is that, the civil servants are not paid any board allowances, et cetera.

That is an element that needs to be discussed or taken into consideration. Why, is with Higher Salaries Commission?

No, they are not because at the end of the day, they are ones accountable for their actions. So they should be equally remunerated if they are representing here. They may take time off, they could take leave but they should be remunerated. So it also motivates them to attend a meeting, otherwise, you will see they will give a miss to the meetings too.

I mean, yes, because before there was no accountability, nothing. Now, there is a Companies Act, there is a Crimes Act, Code of Conduct, so any action that you take, you will be the one going behind the bars. I mean, that is the accountability that you need to take. So it is not the employer. That is something they need to be and it is not only for every director, also every director is accountable in terms of good governance that whether you have taken a duty of care, you have taken reasonable steps to do that so even the civil servants, they are accountable for any decisions that they make.

HON. M.D. BULITAVU.- Just one last one, in terms of the company working with the Ministry of Public Enterprises, monitoring the processes of how Government-owned entities are performing. How is Fiji Rice....

MR. R. SHARMA.- They have been very good. We have got a desk officer there, we got access to the PS, we got access to the directors and even to the Minister. They are very good and supportive. At the end of the day, we are appointed as Board of Directors, and we are also accountable, like I said, for our actions.

We make our own KPIs in terms of the corporate plan but duly approved by the Ministry, but they are very good in terms of the turnaround, assistance and the help. They are good, yes.

HON. N. NAWAIKULA.- That is why we keep asking. Like you said, this Act empowers, manages and also makes them responsible and it removes all the bureaucracy that was in the old one. That is something about it.

But I see one of the big object of this comes in No.2, the Non-Commercial Obligation. I call it a social obligation of a company. You know, public enterprises started with a public need and now we are commercialising them and there is always the fear that if you become too commercial, you forget your social responsibility. So, this one allows you to go into that field. In terms of Fiji Rice, what are the kind of things that can come into that?

MR.R. SHARMA.- I think that was the first point that we have pointed out in our submission, Honourable Member, that in Part 2, we have said there has to be a provision for corporate social responsibility which is missing or it may be done in conjunction with the Minister, that if he needs.

Coming back to corporate social responsibility, the Government pays for the paddy price at the moment. If it was not, then I would be buying the paddy at \$650. Currently, we are buying at \$750 to \$800. So, if it was of purely commercial, then it can be \$650 or \$550, then the farmers will not give at that level. I would be charging for every kilometre to pick the paddy from the farmer, purely commercial. But we have to draw up a line somewhere to foster the planting and farming. So, that is one.

HON. N. NAWAIKULA.- For example...(inaudible).

MR. R. SHARMA.- That is why we changed it to Fiji Rice.

HON. N. NAWAIKULA.- What happened to the mill that was in Nausori?

MR. R. SHARMA.- Lack of rice and no rice so that was closed. Then we had the buildings and that is why we have gone through the process to sell those buildings and we try and invest it in the mill.

HON. N. NAWAIKULA. -Visama Rice is a different one?

MR. R. SHARMA.- Visama was a separate company of their own. Mr Raghubar Singh is on its own. If you look at that time in Lakena and Navua, there was so much rice.

HON. N. NAWAIKULA.- When did they go?

MR. R. SHARMA.- But Lakena is coming up again. We are buying from some of the farmers. Some of the settlers from Vanua Levu have settled in Lakena and Nausori, they are supplying us rice now. So, Navua is still to come but you will also know that Navua is a bit of commercialisation on the streams. That is the thing that we have.

HON. M.D. BULITAVU.- In terms of drainage and irrigation system and other things that the farmers need in terms of drought and also controlling flood so that it does not affect the farmers in their planting time they want to cultivate?

MR. R. SHARMA.- We do have challenges but you would know that the Ministry of Waterways with the Minister should help us now. I would say that the current Minister in holding both the portfolios should energise them together because now waterways and drainage comes under him, and also agriculture. We do have challenges in Dreketi on that but now that has been managed by him quite well.

In total, expected from Ministry of Agriculture is around 10,000 tonnes. We got a forecast to get about a thousand tonnes, 10 percent of that to be mill buyers. The rest is by farmers on their own, individuals. They grow, they sell in the market, you will find it in Vanua Levu where they sell their own rice. Even here in the Suva market, you will find the local rice being sold but grown mostly there, brown rice.

MR. CHAIRMAN.- Alright, Sir, I believe that actually brings us to the end of this presentation and the submission with regards the Public Enterprises Bill. Thank you very much for availing yourself this afternoon to come and present on behalf of Fiji Rice Limited and Fiji Food Processors Limited. Thank you very much.

The Committee adjourned at 2.59 p.m.