



LIST OF WITNESSES WRITTEN EVIDENCES

2016/2017 Audit Report on Government Commercial Companies and Commercial Statutory Authorities

No.	Witnesses	Page No.
1.	Copra Millers of Fiji	2
2.	Unit Trust of Fiji	39
3.	Fiji Development Bank	42
4.	Fiji Development Bank Nominees Limited	52
5.	Fiji Public Trustee Corporation Limited	53
6.	Pacific Fishing Company Limited	70
7.	Housing Authority of Fiji	86
8.	Post Fiji Limited	124
9.	Airports Fiji Limited	129

02 October 2019

Hon. Alvick Maharaj
The Chairperson
Public Accounts Committee
Parliament of Fiji
P O Box 2353
Government Buildings
Suva

Dear Hon. Alvick Maharaj,

RE: Response on issues – Report of the Auditor General of the Republic of Fiji.

We acknowledge receipt of letter dated 16 September 2019 on the clarification of issues on 2016/2017 Audit report for Copra Millers of Fiji Limited (CMFL).

Question 1

Does the Company have a Risk Management Policy and a policy on the classification of spare parts? If so, please present a copy of the Policy to the Committee.

CMFL had a full day workshop with Board and Management on Saturday 25 May 2019 to draft the Risk Management Policy and Risk Register. The draft Risk Management Policy & Risk Register was given to KPMG to review and finalized the documents. CMFL now has the Risk Management Policy and Risk Register.

CMFL also has the Accounting Policy Manual and the policy on classification of spare parts forms part of the manual on page 13. The Accounting Policy Manual was reviewed in August 2017.

Question 2

Why did the entity exceed the bank overdraft on numerous occasions?

CMFL had a Bank Overdraft Limit of \$250,000 in 2016/2017.

Due to the adverse effect of TC Winston on the Copra Industry the supply of raw materials had drastically reduced. Table 1.0 shows the supply trends of raw materials before and after TC Winston.

CMFL was not able to generate the operating revenue as there was less Oil Sales because of lack of raw material supply. The low Copra supply carried forward in 2017 and thus CMFL used the bank overdraft to operate.

The world market price of Coconut Oil started to fall from 2017 and in September 2018, CMFL increased the bank overdraft limit from \$250,000 to \$400,000.

The current Bank Overdraft Position as at 30 September 2019 is \$40,841 with a limit of \$400,000.

The above is achieved through improvement in Copra Supply, increase in local sales of Coconut Oil and timely refund of Copra Price Stabilization Fund Producers and Millers Share Proceeds.

The increased in bank overdraft facility assisted in better cashflow management. It also gave CMFL selling bargaining power to hold stock and negotiate with Oil buyers. CMFL at times is forced to make a sale at the given price available to avoid our bank accounts being overdrawn.

Question 3

Please advise whether the Government grant provided has improved the financial position of the entity?

Summary of Government Grant Received for the past 5 Years and Financial Performance

Year	Government Grant Received (\$)	Financial Performance (\$)
2012	Capital grant 462,000	(1,577,007)
2013	Capital grant 150,000	31,576
2014	Capital grant 150,000	44,796
2015	Capital grant 150,000	(240,727)
2016/2017	Capital grant 150,000	(458,843)
2017/2018	Capital grant 430,000	(162,293)
2018/2019	Operational 500,000 Coconut Replanting 700,000	67,722

Can the entity be sustainable without Government Grant?

CMFL is working towards Whole Coconut Processing facility and with multiple coconut products we can achieve self-sufficiency. The aim is to sell most of coconut oil locally and thus we can have a guaranteed profit margin in sales as compared to price takers in overseas markets. CMFL is introducing another new product Food Grade Coconut Oil for local market by January 2020.

We have finalized our Corporate Planning documents for the next 3 years with projections and indication are we can achieve above breakeven financial performance without Government Grant.

Yours sincerely,



John Deo
General Manager

Annex 1

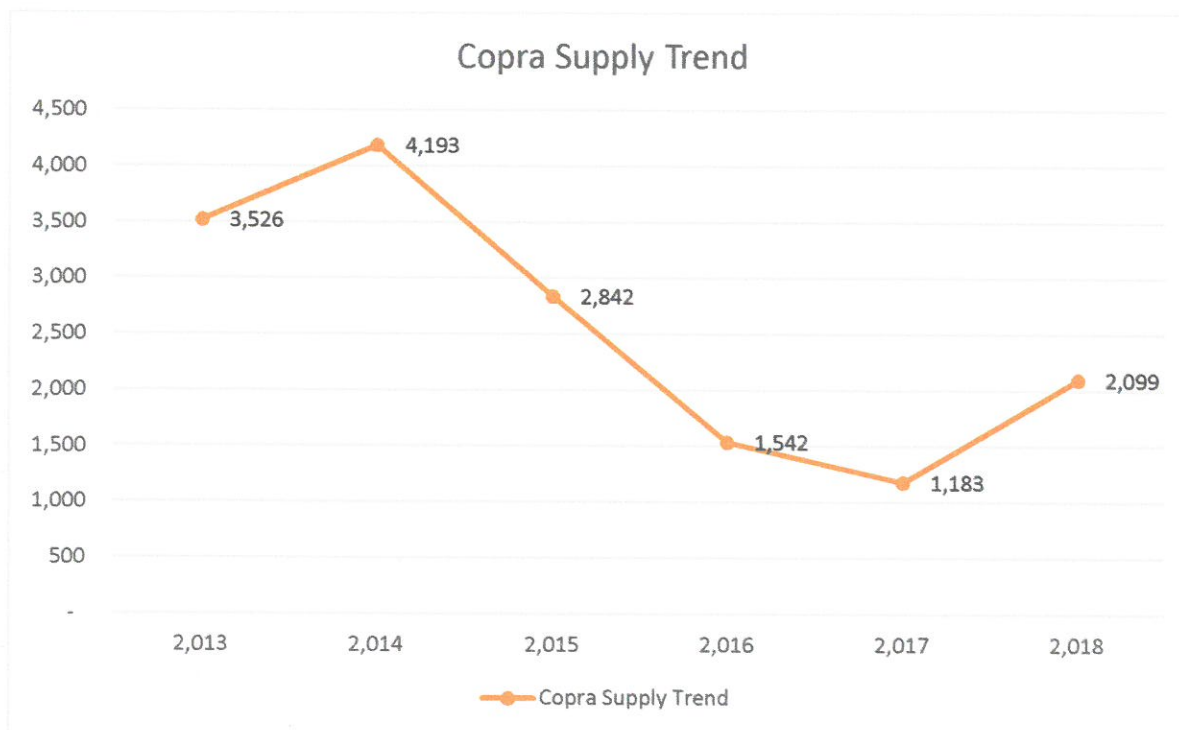
Table 1.0 Copra Supply Before and After TC Winston.

Month	2013	2014	2015	2016	2017	2018
January	226.640	252.360	155.290	112.86	60.52	55.75
February	253.740	348.220	210.710	228.55	90.95	121.11
March	229.990	389.660	258.74	201.54	126.89	156.72
April	261.990	545.050	292.07	214.10	109.72	152.53
May	288.700	523.390	351.80	246.84	154.55	216.55
June	244.550	437.840	327.43	170.25	138.89	203.57
July	315.490	411.290	294.85	109.07	151.75	238.23
August	321.290	319.740	308.22	93.12	111.98	258.41
September	356.720	286.420	276.87	76.00	74.71	172.24
October	394.080	242.820	162.86	36.99	59.02	208.79
November	345.320	229.990	103.95	33.03	47.76	179.72
December	287.580	206.550	99.49	19.29	56.00	135.83
	3526.090	4193.330	2842.280	1541.64	1182.74	2099.45

NB:

: Prior to TC Winston

: Post TC Winston



Annex 2

Risk Management Strategy on Copra Supply and Overseas Price Fluctuations

The company has initiated the Coconut Replanting Program through Government Grant assistance which will boost the supply of raw materials in the coming years. This will generate revenue for the company and eventually assist in the cash flow management.

The projected increase is 200 tonnes of Copra annually from Year 5 – 2022.

CMFL is targeting more local sales and is introducing Food Grade Coconut Oil by January 2020 as a healthy oil for local market.



COPRA MILLERS FIJI LIMITED

ACCOUNTING POLICY MANUAL

Effective from: August 2017

Table of Contents

GENERAL	3
CMFL Budget.....	3
Income Management.....	4
Overseas sales	4
Shipping Documentation Required.....	4
Local Sales.....	4
Expenditure Management	4
Delegations for Expenditure and Cheque Signatories	5
General Manager.....	5
Accountant.....	5
Mill Operations Manager.....	6
Cash Cheques	6
Savusavu Cheques.....	6
Authorization of Payments.....	6
Monthly Reports	6
Day to Day Expenses	7
Tenders and Expenditure on Assets or Major Maintenance	8
Petty Cash and Cash Management.....	8
Banking	9
Asset Management.....	9
Payroll	9
Weekly Pay.....	9
Fortnightly Pay	10
Functions of MYOB	10
Accounts.....	10
Banking	10
Sales	10
Purchases	10
Management Meetings.....	10
Subcommittee Meetings.....	11
Storage, Maintenance and Back-up of Data.....	11
Taxation.....	12
Notes forming part of the financial statements.....	12



COPRA MILLERS FIJI LIMITED

This Manual deals with the rules, procedures and instructions pertaining to Accounting Administration in Copra Millers Fiji Limited (CMFL).

The Manual is an official document of our Company and shall not therefore be lent, shown or communicated to any outside person(s) or organization (s) without the specific authority of the General Manager.

The manual may be amended from time to time in accordance with management in-house association policies and objectives and all staff are required to be fully conversant with such changes as soon as these are notified.

The objective of this Finance Manual is to actively develop the financial management framework for CMFL. It is to be used to support the appropriate stewardship of CMFL finances. The Manual is a work in progress and as time evolves, some changes may be needed to bring the Manual up to date.

The Board of Directors formulates financial policies, delegates administration of the financial policies to the General Manager and review operations and activities.

The General Manager has management responsibility including financial management.

Where ever possible financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, etc.

This Manual shall be reviewed by the Board of Directors every three years.



GENERAL

Copra Millers Fiji Ltd. processes coconuts to produce and sell Crude Coconut Oil; Coconut Meal and Virgin Coconut Oil. It is intended to eventually move into whole nut processing and increase their products to include Refined, Bleached and Deodorised Oil (RBD); desiccated coconut; soap; coconut milk powder; charcoal and skin care products. The Mill is based in Savusavu and has a Mill Operations Manager and administration team. The General Manager and Finance Section are based in Suva.

The current products are being run parallel with Virgin Crude Oil. The oils are sold on international markets as well as domestically. The bulk of the Coconut Meal is being sold to Dairy Farmers to increase milk production.

Coconuts are sourced from all over Fiji and are weighed and a purchase price paid to farmers usually by cash cheques. When coconuts are purchased from markets they are paid for from a cash float.

CMFL uses MYOB to record all financial transactions except Payroll and exports data to Excel to prepare Budget reports. The Sales and Purchases as well as Accounts and Banking components of MYOB are used.

CMFL Budget

The processes detailed below are to be followed in the establishment and authorisation of budgets:

- 1) The budget process commences with the Board of Directors, who shall set the direction for expenditure for the following year. These aims will be communicated to the General Manager and all staff.
- 2) The General Manager and Accountant will prepare a draft budget prioritising programs to fit the Board's aims. This process should commence no later than 1st September for the following year's budget and should involve all staff particularly the Mill Operations Manager and Team Leader VCO. The anticipated expenditure must be matched with anticipated income to provide a surplus unless the Board directs that a deficit budget be prepared.
- 3) The Board will determine an amount of surplus to be achieved each year so that a contingency fund can be established to guard against unexpected outcomes. This contingency fund should be invested in an interest bearing account.
- 4) The draft budget will be presented by the General Manager to the Finance and Human Resource Subcommittee for recommendations and presented to the Board for approval prior to the start of the budget year.
- 5) The General Manager will review and monitor the budget every month with the Accountant.
- 6) The General Manager will present a budget analysis to the Finance and Human Resource Subcommittee at least 4 times per year prior to Board meetings for their recommendations to the Board. Any programs that vary by more than 10% from the original budget must be approved by the Board.



Income Management

Overseas sales

- Sales are negotiated with buyers based on forecasted production.
- Not necessarily the highest bidder gets the sales contract, the buyer's ability to pay on time is also looked at before a sales contract is confirmed.
- Once bidders have been selected, a sales contract is made and signed by both parties.
- Upon signing of sales contract, a sales invoice is raised by the Accountant based on the forecasted production.
- Upon signing of the sales contract the buyer needs to pay 95% of the invoice amount balance to be paid on providing the bill of sale.
- No shipment will be made unless proof of payment of 95% has been deposited in our bank by the buyer.
- Once production is completed the final quantity is loaded and ready for shipment.
- An invoice is raised on the actual quantity that is loaded and sent together with the bill of lading for the buyer to make full payment.

Shipping Documentation Required

- USD invoice
- Local Invoice
- Packing list
- Certificate of analysis
- Certificate of Weight
- Certificate of Origin
- Certificate of Non Genetically Modification
-

Local Sales

All cash sale and debtors receipts in Suva are made by the Assistant Accountant. All the transactions are then entered in the cash receipts register by the Assistant Accountant. For all cash sales from Suva office invoicing will be done using MYOB. A manual receipt will be issued from Suva office for the cash sale. Then the Assistant Accountant enters the receipts in MYOB to update payment for the cash sale. For debtors payments a manual receipt will be issued and the Assistant Accountant will update debtor account on a daily basis in MYOB.

All cash sales receipts are issued in Savusavu by the Accounts Clerk and the Payments Clerk. A cash sales register is updated daily by the Accounts Clerk. The sales register is sent to Suva on a daily basis to be updated in MYOB.

Expenditure Management

The company should consider getting in quotations from at least 3 suppliers before making a purchase order. Where there is a sole supplier of items, prior approval



needs to be given by the General Manager, before making purchase order. This will enable the company to get the best price on offer making savings for the company.

The Assistant Accountant posts invoices received from the suppliers to the creditors ledger in MYOB. Furthermore, all unpaid invoices at balance date should be checked against the creditors listing to ensure that all creditors are properly taken up.

The reconciliation of the creditor's ledger and creditors listing is be done on a monthly basis. Creditor's reconciliation will ensure internal control over creditors is maintained. Creditor's ledger and bills in the system are updated on a daily basis as soon as we receive creditor's invoices.

The invoices are first checked by Assistant Accountant ensuring a green copy of the order is attached, Goods Received Docket (GRD) is made and any other relevant document should also be attached. At the end of the month the creditors send statements which are then reconciled with our records. The creditor's ledger is reviewed and any payments made during this time are deducted from the statement balance.

The ledger should balance and if it does not then queries are made with the creditor. If he has shown additional invoices in the statement which are not in our records then details are requested.

Delegations for Expenditure and Cheque Signatories

The Board of Directors has approved the delegation of authority for the following management level positions.

General Manager

Finance

Capital Expenditures up to \$10,000

Operation Expenditures up to \$10,000

Local/Export Pricing & Marketing

Make decisions on all product sales pricing & marketing

Staff Recruitment & Disciplinary Action

Undertakes staff recruitment and disciplinary action for all staff. The General Manager may delegate these duties to the Mill Operations Manager if he sees fit.

Others

Any other responsibilities as delegated by the Board of Directors.

Accountant

Finance

Capital Expenditures up to \$1,000 limit

Petty Cash up to \$300 limit



Mill Operations Manager.

Finance

Capital Expenditures Limit of up to \$1,000

Operation Expenditures Limit of up to \$1,000

Petty Cash Limit of up to \$100 against receipt/invoice.

Mill petty cash level for coconut purchases up to \$1000.

Cash Cheques

The Company should minimize the use of cash cheques and only use them in extreme cases. The company should use **NOT NEGOTIABLE** cheques rather than cash cheques.

This will reduce risk of fraudulent activities and provide a trail for the payee.

Savusavu Cheques

Most cheques issued for Copra supplies at the Mill in Savusavu are for Cash to Coconut farmers for the purchase of nuts and copra. Before cheques are issued the staff should identify that the person receiving the cheque has full entitlement.

Authorization of Payments

All payment vouchers must have authorized signatures. Furthermore, payment vouchers must be accompanied by all necessary supporting documents before payments are authorized.

The authorized signatories for cheques are :

Suva General Manager
 Accountant
 Chairman of the Board
 Nominated board member

Any two of the four must sign cheques

Savusavu Mill Operations Manager
 Accounts Clerk
 Payments Clerk

The Mill Operations Manager and one other must sign cheques.

Monthly Reports

Within three working days after month end the following reports to be submitted to the Accountant by the respective staff:



	Assignee
Stabilization Report	Accounts Clerk
Monthly Report By Price	Accounts Clerk
Bank Reconciliation	Payments Clerk
Cess Report	Accounts Clerk
Levy Report	Accounts Clerk
Cash Sales Invoices	Yashwan/ Seini
Stock Movement Reports/Stock Card	Accounts Clerk
Vehicles Fuel Summary	Accounts Clerk
Fuel & Oil Reconciliations Sheet	Accounts Clerk
Receipts Summary	Accounts Clerk
Copra Purchase Vouchers	Accounts Clerk
Summary of Credit Purchase	Accounts Clerk
Vehicles Running Sheet	Accounts Clerk
Debtors Listing	Accounts Clerk
Firewood Payments	Accounts Clerk
Asset Maintenance Reports	Accounts Clerk
Production Reports	Accounts Clerk
Copra Buying Float Reconciliation	Accounts Clerk
Copra1 Summary	Accounts Clerk
Cess Deduction by Copra 1	Accounts Clerk
Stock Listing	Accounts Clerk
List of Creditors as at balance date	Seini/yashwant
Deposit Listing	Seini/yashwant
Fixed Asset schedule and register	Payments Clerk
Wages Reconciliation	Payments Clerk
Bank Reconciliation	Accountant/Accounts Clerk
Reconciliations of stock listing to general ledger	Accounts Clerk
Reconciliations of debtors listing to general ledger	Payments Clerk
Reconciliations of fixed assets to general ledger	Payments Clerk
Reconciliations of VAT lodgments to general ledger	Payments Clerk
Reconciliations of producers and millers claim to general ledger	Payments Clerk
Suva buying station records	Payments Clerk

Day to Day Expenses

All items for payment are to be forwarded to the General Manager or Mill Operations Manager for appropriate approvals.

- 1) Each item of expenditure must relate to a specific line item in the approved CMFL budget.



- 2) An expenditure voucher must be raised for each item of expenditure – specifying the particular line item in the CMFL budget and what the expenditure relates to.
- 3) All claims for payment from an external supplier must be in the form of an invoice and checked against supplier statements.
- 4) Staff must prepare the payment voucher before drawing the cheques and upon payment each invoice is to be marked as “Paid” and fixed to the expenditure voucher for filing.
- 5) All documentation must be presented to the signatories at the time of signing the cheques.
- 6) Cheques must not be pre signed without details nor postdated.
- 7) The General Manager and Mill Operations Manager cannot approve their own expenditure beyond their delegations.
- 8) Documentation relating to expenditure made from Savusavu must be returned to the Accountant within one week of the payment.

Tenders and Expenditure on Assets or Major Maintenance

- 1) At least 3 quotations are to be obtained on business letterhead (where possible) and documented for significant purchases.
- 2) If the cost is within the General Manager or Mill Operations Managers delegation they will approve the purchase after reviewing the quotes.
- 3) If the cost is above the delegated limits, tenders shall be advertised and when received must be safely secured in sealed envelopes until opened by at least 2 people and details entered in a register and signed by both openers.
- 4) The tenders will be forwarded to the Milling/Production/Marketing & Tendering Subcommittee for review and recommendation to the Board.
- 5) Value-for-money principles are to be followed when procuring such goods and/or services. Goods and services received are to be verified as to their good order, condition and quality before payment is processed.
- 6) Maintenance should be included in the Budget and approved by the Board or if beyond delegation limits then separately approved on recommendation of one of the Subcommittees.

Petty Cash and Cash Management

- 1) Cash is to be held in a safe and secure place and cash advances are to be properly controlled.
- 2) All payments of petty cash must be less than \$100 and accompanied by a receipt.
- 3) When the Petty cash is reimbursed the Accountant will review the Petty cash reconciliation and certify its accuracy.
- 4) All receipts must be filed with the reconciliation.
- 5) A Bank Reconciliation must be undertaken at least monthly to ensure accuracy and completeness, and is to be reviewed by the General Manager to agree the Cash Book Balance with the Bank balance.
- 6) The reconciliation statement must be signed and dated by the General Manager and Accountant.



Banking

- 1) Banking is at least weekly or done on a daily basis where cash received is more than \$300.
- 2) Cash must be safely secured at all times.
- 3) All payments collected and cash receipts are banked intact after being receipted.
- 4) The Accountant should reconcile the Bank Deposit slip with cash and cheques received and sign the Deposit Slip.
- 5) CMFL is responsible for the safety of employees and should put in place relevant safeguards when staff are handling cash.
- 6) The Accountant / Mill Operations Manager should examine the Bank deposit slip when returned from the bank to ensure the bank stamp is imprinted.

Asset Management

- 1) The CMFL Asset Register is used to record details of all assets of more than \$500 value which will be retained beyond 1 financial year. It will also record items under \$500 which are of an attractive nature. This enables their location and condition to be tracked over time, as well as facilitating the calculation of depreciation.
- 2) The assets need to mark as CMFL property, given an asset number and be sighted and assessed for condition and fitness each year.
- 3) Assets will be classified as either current or non-current. A Current Asset is an asset on the balance sheet that can be either converted to cash or used to pay current liabilities in 12 months or less. A Non-Current Asset is an asset on the balance sheet that is not classified as a current asset, and is held for more than 12 months.
- 4) All disposals of assets must be approved by the General Manager. A minimum of two (2) offers for the purchase of the asset must be submitted prior to disposal. When the disposal value of the asset is zero or negligible, it shall be disposed of in an appropriate manner, as determined by the General Manager. All disposals must be recorded in the Asset Register.
- 5) The purchase and disposal of assets must be approved in the budget, as per budget procedures. In the budget, all approvals for the purchase of assets would be listed under "Assets".

Payroll

Weekly Pay

- Individual timecards are to be filled in manually by each staff.
- a timesheet needs to be prepared by the accounts clerk in Savusavu , which is checked by the Mill Operations Manager and signed.
- After this the time cards together with the timesheets are sent to Suva for processing in Paymaster payroll software.
- The Assistant Accountant in Suva reconciles the time sheet with the timecard and enters the data into Paymaster software.
- Paymaster software reports are generated and reconciled by the Assistant Accountant with the time card and passed on the Accountant to verify and approve the payroll.



- After the Accountant verifies the payroll the General Manager also approves the pay.
- The approved copies of payroll are sent to the bank for processing.

Fortnightly Pay

- Assistant Accountant Suva reconciles the timecard for all fortnightly pays and then enters the data in Paymaster software.
- Payroll reports are given to the Accountant to verify.
- After the Accountant verifies the report, it is passed on to the General Manager for approval.
- The approved copies are sent to the Bank for processing.

BSP bank receives and processes the payroll and sends a confirmation that the payroll has been processed. Once bank confirmation is received the Assistant Accountant sends pay slips via email to all staff.

Functions of MYOB

Accounts

The accounts function is used to generate a charts of accounts and trial balance. The trial balance is exported to excel, which is used to generate financial statements.

Banking

Bank reconciliations are carried out monthly and checked and signed by the General Manager.

Sales

All sales are updated in the sales module using the same sequence of invoice number on the manual invoice. Customer payments are updated by the receive payment module. Aged trial balances are generated to give the debtors listing at month end.

Purchases

All purchases made by the company are done using a Purchase Order. The purchase function is used to record all purchases using these purchase orders. Pay bill function updates the payment for supplier accounts. Aged creditors listings are generated at month end.

Management Meetings

Every day at 10am, if possible the Accountant will meet with the General Manager to review current cash available and Debtors owing as well as future commitments. Every month within 5 working days of the end of the month, the Accountant will provide the General Manager with

- The Bank Reconciliation Statement together with the Bank Statements



- The General Ledger Summary showing Cash Book balance
- A statement of Budget versus Actual for Income and Expenditure
- A Debtors Aged Trial balance
- An Aged Purchases Summary
- Any other requested reports or documents

The General Manager will review these documents and satisfy himself as to their accuracy and seek explanations for differences. A plan should be implemented to chase errant debtors. Any consequential changes in circumstances should be advised to the Board and referred to the Finance and Human Resource Subcommittee.

Subcommittee Meetings

The Secretaries of the Finance and Human Resource Subcommittee; the Audit and Risk Subcommittee and the Milling/Production/Marketing and Tendering Subcommittee must do the following:

1. Within 5 working days of a Subcommittee meeting they must forward an Agenda and all related documents to members.
2. They must record accurate minutes of the meeting and circulate to members within 5 working days of the meeting.
3. The Chair of the Subcommittee must attest to the accuracy of the minutes and endorse them.
4. The Chair of the Subcommittee will table and present the minutes at the next meeting of the full Board.

Storage, Maintenance and Back-up of Data

This section applies to both Suva Administration Office and the Mill at Savusavu

1. All data, both in electronic and hard-copy formats, shall be stored in a safe and secure location on the premises. Files will be kept for all relevant and important financial and non-financial information in a private and professional manner.
2. Contracts, leases and other important documents need to be securely stored.
3. For all computerised data, the backing up of electronic data will take place every day via the server housed in Suva.
4. Staff at both Suva and Savusavu will access the server via individual passwords for all CMFL data.
5. At the end of each week, on Friday, data will be backed up on an External Hard Drive, or equivalent, and stored off-premises.
6. Data will also be backed up every Friday on a cloud site.
7. At least bi-monthly, data which has been backed up must be restored on a dummy system to ensure data backup is accurate and accessible.
8. For both Suva and Savusavu passwords, safe combinations and keys must be regulated and copies must be securely stored in a safe place with limited access.
9. User Names and passwords should be recorded in a register kept secured by the Accountant and accessible by the General Manager.



10. Passwords will be changed every 6 months.
11. Computers should not be left logged on if unattended. Use CTRL-ALT-DEL keys and select Lock Computer.
12. Hard copies of Financial Statements and other significant records need to be safely stored at Savusavu.

Taxation

The investigation of all taxation requirements of CMFL shall be determined by the Accountant. All taxation requirements shall be met and recorded in the accounting records and systems. This shall include all salary taxes, contributions to Fiji National provident Fund and all other relevant employer contribution funds as well as VAT.

Notes forming part of the financial statements

2.2 "Significant accounting judgements, estimates and assumptions"

"The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.2.1 Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below.

2.2.2 Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 6.

2.3 Cash and cash equivalents

"Cash and cash equivalents comprise cash at bank and on hand. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as



defined above, net of outstanding bank overdrafts."

2.4 Trade and other receivables

Trade and other receivables are carried at original invoice amounts less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

This provision is based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

"The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the profit is recognised in the statement of comprehensive income within 'administration and other expenses'.

"When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to 'other operating revenue' in the

Statement of comprehensive income.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the First-in-first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.5.1 SPARE PARTS

Spare parts are valued at invoice plus associated costs into store. Provisions for spare parts inventory obsolescence are raised based on a review of inventories. Inventories considered obsolete or un-serviceable are written off in the year in which they are identified.

The Spare parts used from the inventory shall be classified as revenue expenditure, it will be expensed during the financial year.

2.6 "Property, plant and equipment"

(a) Recognition and measurement

"Items of property, plant and equipment are stated at cost and deemed cost less accumulated depreciation and impairment losses. Freehold land, building and improvements are shown at fair value based on periodic valuations by external independent valuers. Any accumulated



(a) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred Income Tax

"Deferred income tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax is settled.

2.7 Income tax

(b) Deferred income tax

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences and the eligible tax losses can be utilised

(c) Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(d) Value Added Tax (VAT)

"Revenue, expenses and assets are recognised net of the amount of VAT except: where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax recognised as part of the acquisition of the asset or as part of the expense item as applicable and receivables and payables are stated with the amount of sales tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payable in the statement of financial position.

2.8 Trade and other payables



3.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



2.16 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

For reporting purposes, the company considers itself to be operating in one business segment as it operates predominantly in the copra milling industry and revenue from other sources are not material for the purposes of segment reporting. In addition the company operates in Fiji only and hence one geographical segment for reporting purposes.

2.17 Earnings per share

Basic earnings per share (EPS) is determined by dividing net profit after income tax attributable to shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is the same as the basic EPS as there are no ordinary shares which are considered dilutive.

3.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(a) Market risk

(i) Foreign exchange risk

The company largely procures most of its mill plant, equipment, spare parts, supplies and crude coconut oil sale proceeds from overseas and is exposed to foreign exchange risk arising from various currency primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in foreign currencies.

As a measure, prompt settlement of liabilities (and assets if necessary) is exercised by management to minimize the exposure to foreign exchange losses. As an additional measure, the company negotiates favourable rates with its banker to minimize the losses and maximize the gains when receipt and payments become due.



As at year end, assets and liabilities denominated in foreign currencies are significant and hence changes in the US dollars by 10% (increase or decrease) is expected to have a significant impact on the net profit and equity balances currently reflected in the financial statements.

(ii) Price risk - Coconut oil market

The company is exposed to world coconut oil price and for oil exports to Rotterdam. The copra pricing formula is based on the past 4 week's world market price to purchase COPRA and the company sells oil on spot basis based on the time of sale price or forward/forecast pricing. The frequency of oil sales exposed the company to more world market price risk. The price risk is managed by monthly sales of all available stock of CNO.

(iii) Operational risk

Operational risk is the risk of profit arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The company cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the company is able to manage risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment procedures. The company undertakes the re-structuring and mill modernization where necessary to achieve production efficiency and thereby maintaining profits.

(iv) Copra supply risk

The company's profitability is largely dependent on the copra supply by growers. The company has a copra crushing capacity of 20,000 tonnes but only crushes approximately 1591 tonnes of copra yearly, therefore operational only 8% of its full capacity

(v) Credit risk

Credit risk is managed at company and at individual entity level. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks, only reputable parties with known sound financial standing are accepted. The company has minimised its credit risk by operating on standby overdraft facility with BSP bank in 2013.

(vi) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure of availability of funding. The company monitors liquidity through rolling forecasts of the company's cash flow position.



DRAFT RISK MANAGEMENT POLICY

1.1 PURPOSE

Risk is defined in the Australian Standard AS/NZ ISO 31000:2009 as the 'effect of uncertainty on objectives'. Risk is inherent in all business activities, and every employee of Copra Millers of Fiji Limited continuously manages risk.

The Company recognizes that the aim of risk management is not to eliminate risk totally, but rather to provide the structural means to identify, prioritizes and manage the risks involved in all our activities. It requires a balance between the cost of managing and treating risks and the anticipated benefits that will be derived.

CMFL acknowledges that risk management is an essential element in the framework of good corporate governance, and is an integral part of good management practice. The intent is to embed risk management in a very practical way into business processes and functions via approval processes, review processes and controls to add significant value to the Company; it is not to impose risk management as an extra requirement, which adds no value to the Company.

1.2 OBJECTIVES

The objectives of the risk management policy are classified into

Strategic:

- Organizational Growth.
- Comprehensive range of products.
- Sustenance and Growth of Strong relationships with dealers/customers.
- Expanding our presence in existing markets and penetrating new geographic markets.
- Continuing to enhance our industry expertise.
- Enhance our capabilities through technology alliances and acquisitions.

Operations:

- Consistent Revenue growth.
- Consistent profitability.
- High quality production.
- Further develop Culture of Innovation.
- Attract and retain quality technical associates and augmenting their training.

Reporting:

- Maintain high standards of Corporate Governance and public disclosure
- Ensure stricter adherence to policies, procedures and laws/ rules/ regulations/ standards.
- Ensure that the activities of CMFL are undertaken within board approved risk appetite and tolerance levels to protect the financial performance and the overall reputation of CMFL.
- Embedding risk management principles and practices into strategy development and day-to-day operational processes is critical to achieving robust and proactive business

outcomes – a balance between mitigating threats and exploiting opportunities. This Policy establishes the top-level framework for risk management.

1.3 BACKGROUND

CMFL has developed a Risk Management Policy (the Policy) designed to protect and enhance resources and enable the achievement of its objectives.

The Policy emphasizes that risk management is an integral part of CMFL'S business processes.

The Policy is based on the following principles. Risk management is:

- The responsibility of the Board, all executives, managers, employees and contractors
- integrated into all business activities and systems
- based on the Australian Standard AS/NZ ISO 31000:2009

A structured risk management framework provides a number of beneficial outcomes by:

- enhancing strategic planning through the identification of threats to the Macarthur Coal's Vision and strategic goals
- encouraging a proactive approach to issues likely to impact on the strategic and operational objectives of the Company
- Improving the quality of decision making by providing structured methods for the exploration of threats and opportunities, and allocating resources.

1.4 Scope & Context

The Risk Management Plan consists of the process and timing for identifying and managing risks, mitigation actions required, and organizational responsibility for monitoring and managing the risks throughout the entire lifecycle.

1.5 Guiding Principles

- The Management team will be responsible for making an overall risk assessment and reviewing it with the team and stakeholders.
- Work and communicate progress on most severe risks first.
- Set realistic due dates and then work to meet the dates.
- Mitigate risks at the appropriate level (i.e., project, team, and sub-team).
- Keep stakeholders informed on current risk status.
- Document the planned risk mitigation history and actual mitigation of a risk. This documentation serves as a key input to root cause analysis, key learning, metrics, and risk analysis.
- For high impact, impending risks, a rapid decision turnaround may be required, as determined by the Risk/Project Manager. In such cases, available applicable team members will make the decision.

2.0 Risk Management Organization

1.1 Process Responsibility

The management team will be responsible for the Risk Management Plan, its effective implementation throughout the project, trends and metric analysis, and training project personnel on risk management. The Risk Manager is also responsible for creating and maintaining the Risk Register (or Log), unless this task is delegated to a team member.

2.2 Risk Management Team

The management team has overall facilitative responsibility for the risk management process. The Risk Management Team is comprised of the management and the Risk Management staff, if required. Specific responsibilities may include the following activities.

- Develop and implement the Risk Mitigation Plan.
- Maintain the Risk Management Plan in line with configuration management procedures.
- Generate risk reports, including trends and metric analysis, for risk meetings and ad-hoc requests.
- Clarify, consolidate and document risks.
- Maintain and monitor data in the risk register.
- Monitor the status of risk mitigation.
- Communicate status to risk owners.
- Escalate communication if expected mitigation action deadlines are not met.
- Execute the risk closure process.

1.2 Risk Owner

The Risk Owner is the person to whom the Risk Management Team assigns primary responsibility for mitigating the risk. This assignment is based on the type of risk and should be assigned to the team member who is empowered to assure this risk is mitigated. This will typically be a team lead and/or their respective co-lead. Project sponsors, directors and/or managers may also need to be aligned with a risk to assure adequate support. The Risk Owner has the following responsibilities:

- Assess the risk and create a risk mitigation plan that meets Risk Management Team approval.
- Mitigate risk per the risk mitigation plan.
- Recommend risk closure to Risk Management Team.
- Present risk status at Risk Management Team meetings as required

2.4 Steering Committee

The project's Steering Committee has overall responsibility for ensuring the Risk Management Plan is executed fully. Specific responsibilities include the following activities.

- Approve the mitigation of very high severity level risks.
- Support mitigation implementation.
- Assist in cross-organization and controversial risk mitigation to include determining the involvement of senior management and other organizational resources.

2. Risk Management Process

2.1 Risk Identification

2.1.1 Financial Risk

- Credit risk
- Liquidity risk
- Borrowing risk
- Procurement risk
- Copra Price Stabilization support
- Raw Material Subsidy
- profitability
- Price risk (purchase, sales)
- Foreign exchange risk

2.1.2 Operational Risk

2.1.2.1 Mill Machine Operations

- Machinery breakdown
- Sabotage – damage and business interruption for physical loss or damage
- Aging of Crude Coconut Oil Expeller
- key spare parts
- Servicing
- Boiler Explosion
- Storage tanks
- Copra dryer
- VCO machines
- Technical expertise-workers
- Power supply
- Water supply
- Weighbridge

2.1.2.2 Supply Chain Risk

- Copra Supply Risk
- Copra quality risk
- Stock deterioration
- Pest & diseases

Other Risks Associated with Operation

- Material Damage – all tangible property
- Motor Vehicle – defensing driving
- Public Liability
- Burglary
- Fraud
- Process
- Policies

2.1.3 Market Risk

2.1.3.1 Price Risk

- Foreign exchange risk

2.1.3.2 Product

- Recall
- Quality & contamination
- Packaging and handling
 - ✓ Leakage of oil while on transit
 - ✓ Product self-life

2.1.3.3 Competition

- local
- international
- bargaining power of suppliers
 - ✓ target niche
- bargaining power of buyers
 - ✓ target niche
- Promotion (Facebook, banners, tv, bill boards, brochures)
- High reliance on 1 overseas Buyer

2.1.4 Governance & Compliance Risk

- Board Appointment risk
 - ✓ Board sub- committee risk
- Board Calendar and meeting risk
 - ✓ Board AGM
 - Annual report
 - Companies act compliance
 - ✓ Policy management risk
 - Mill operational policy
 - HR policy
 - Accounting policy

2.1.6 Technological Risk

- System capability
- Information leakage
- Virus attack & Cyber risk
- System failure

2.2 Risk Analysis

3.2.1 Financial Risk

Risk	Causes of Risk	Risk Rating				Almost certain	Impact of risk
		Rare	Unlikely	Possible	Likely		
Credit risk	<ul style="list-style-type: none"> Customers not paying up the debts Provision for bad debts and doubtful debts 			✓			<ul style="list-style-type: none"> The company will incur cash flow issues The sales has to be write off and this will reduce the profit if the company.
Liquidity Risk	<ul style="list-style-type: none"> Company making continuous losses Low coconut oil prices Less demand for crude coconut oil Unexpected cash outflows 			✓			<ul style="list-style-type: none"> Bankruptcy Inability to pay the debts Closure of the company
Borrowing Risk	<ul style="list-style-type: none"> Non repayment of interest on loan Inability to meet contingent liabilities inability to meeting settlement in terms of security trading inability to make timely repayments non- tax compliance 			✓			<ul style="list-style-type: none"> Company would not be able to make capital investment
Procurement Risk	<ul style="list-style-type: none"> Tightened credit markets Changes in credit terms by supplier Inability to pay debts 		✓				<ul style="list-style-type: none"> Problems in the production process Mill break down In ability to supply timely orders due non operation of mill
Copra Stabilization Support	<ul style="list-style-type: none"> Unavailability of funds from government to support the fund 			✓			<ul style="list-style-type: none"> The copra will be purchased at actual price. The supply will drastically reduce The overhead costs will increase This will also affect the bottom line of the company.
Raw Material Subsidy	<ul style="list-style-type: none"> Government does not have enough capital to give out subsidy 			✓			<ul style="list-style-type: none"> The supply will drastically reduce The overhead costs will increase This will also affect the bottom line of the company.
Profitability	<ul style="list-style-type: none"> Decrease in supply of raw materials Huge drop in world market price of CNO Increase in production cost Increase in sales and delivery cost 			✓	✓		<ul style="list-style-type: none"> The company's financial performance will be affected Company will make loss

Price Risk	<ul style="list-style-type: none"> Over supply of goods in the world market and availability of substitute products. 				✓		<ul style="list-style-type: none"> The company's dollar sales will decrease hence resulting in losses.
Foreign exchange risk	<ul style="list-style-type: none"> Changes in FX rate. Devaluation 				✓		<ul style="list-style-type: none"> Loss on overseas funds received Fluctuation on the present value of future operating performance. Balance sheet adjustments Inaccurate sales forecast

3.2.2 Operational Risk Matrix

Risk	Causes of Risk	Risk Rating					Impact of risk
		Rare	Unlikely	Possible	Likely	Almost certain	
Machine Operations	<ul style="list-style-type: none"> Untimely repair and maintenance of machines Overloading the machines Unavailability of correct spare parts Modification of machines 			✓			<ul style="list-style-type: none"> Production will stop Supply of products to customers will stop. This may result in loss of potential customers Sales target will not be met.
Sabotage	<ul style="list-style-type: none"> Burglary/ theft of goods or physical property Employee fraud Theft of key spare parts of machines Vandalism to property 			✓			<ul style="list-style-type: none"> Financial losses Mill breakdown Reduction in mill efficiency Variance in stock.
Servicing Risk	<ul style="list-style-type: none"> Untimely servicing of machines Cash flow problems to finance servicing Unavailability of materials Unavailability of expertise to carry out the work 			✓			<ul style="list-style-type: none"> Noncompliance with statutory bodies Risk material damage to machines Affects in production Impacts the mill operation overall
Power Supply risk	<ul style="list-style-type: none"> Untimely payment of bills Problems with power line Problems with wiring 			✓			<ul style="list-style-type: none"> Machines can be damaged Mill operations will stop Un availability of skilled labour to fix the issue
Water Supply	<ul style="list-style-type: none"> Untimely payment of bills Leaks in the pipe Drought 		✓				<ul style="list-style-type: none"> Problem for employee using washroom facilities and drinking water
	•			✓			•
Weighbridge Risk	<ul style="list-style-type: none"> Weighing overloaded cargo over the limit of the weighbridge Interruption in power supply 			✓			<ul style="list-style-type: none"> Incorrect weight produced

3.2.3 Marketing & Reputation Risk

Risk	Causes of Risk	Risk Rating				Almost certain	Impact of risk
		Rare	Unlikely	Possible	Likely		
Price Risk	<ul style="list-style-type: none"> Excess supply of crude coconut oil in the market Availability of substitute products Money laundering Poor customer relationship 				✓		<ul style="list-style-type: none"> Low sales return Lower profit Some cases loss on sale Overall impact on financial performance
Foreign Exchange Risk	<ul style="list-style-type: none"> Market inflation Government debt Recession Changes in interest rate Terms of trade Country's stability & Performance 			✓			<ul style="list-style-type: none"> High cost of importing modern machines Loss on sale export sales Increase in banking charges
Product Recall	<ul style="list-style-type: none"> Supply of defective goods Improper packaging Expired products 			✓			<ul style="list-style-type: none"> Extra cost for recall Loss on sale Public liability claim Lawsuits against the company Loss of reputation in the market.
Product Quality & Contamination	<ul style="list-style-type: none"> Bad quality raw materials used for products. Proper procedures not adhered during production and packaging Use of inefficient packaging materials Lack of skilled labor 			✓			<ul style="list-style-type: none"> Product recall Lawsuit against the company Public liability claim Loss of reputation in the market
Leakage of goods while on transit	<ul style="list-style-type: none"> Improper packaging materials used Container damaged during lift on and lift off Accidental loss Poor road conditions Machine or human error 			✓			<ul style="list-style-type: none"> Product recall Loss on sale Cost of recall
Product Shelf Life	<ul style="list-style-type: none"> Poor quality raw materials Food safety controls Untimely processing of raw material Improper packaging 			✓			<ul style="list-style-type: none"> Product recall Loss of reputation in the trade market Extra cost to sales
Local Competition	<ul style="list-style-type: none"> Cheaper substitute products Lack of marketing Misunderstanding customer needs Insufficient budget for marketing and promotions 			✓			<ul style="list-style-type: none"> Loss of customers Less sales return Lower profit
International Competition	<ul style="list-style-type: none"> Availability of substitute products New products World market price fluctuations Over supply 			✓			<ul style="list-style-type: none"> Stock hold up Cash flow issues due untimely sales Forced to sell at cheaper rates Loss on sale

Bargaining Power of Suppliers	<ul style="list-style-type: none"> • Loss of interest to farmers to supply • Unfavorable buying price • Selling price of other agricultural products 			✓			<ul style="list-style-type: none"> • Lack of supply • Production efficiency reduces • Impacts the sales
Bargaining power of Buyers	<ul style="list-style-type: none"> • Price of substitute products • Price fluctuations in the world market • Over supply of commodity • Over stocking • Product quality • Customer order quantity • High reliance on single buyer 			✓			<ul style="list-style-type: none"> • Loss on unit price • Loss on sales revenue • Loss of customers • Sales at lower price to clear stock

<ul style="list-style-type: none"> • Companies Act • Food Security Act • Export Standards • Insurance • OHS • Boiler Upgrade • Product Analysis • Fire Drills • Business License • Weighbridge • HACCP 	<ul style="list-style-type: none"> • Sudden change in policies and procedures of compliance • Unskilled workforce • Improper policy and procedures followed. • Availability of compliance officers. 						<ul style="list-style-type: none"> • Company will not get compliance certificate when needed. • Have difficulty to ascertain funding from banks and other credit institutions. • Fines and penalties would apply for any in compliance in fulfilling statutory requirements. • Products maybe recall if foods security requirements are not met.
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3.2.5 Environmental Risk

Risk	Causes of Risk	Risk Rating					Impact of risk
		Rare	Unlikely	Possible	Likely	Almost certain	
Land & Sea Pollution	<ul style="list-style-type: none"> • Oil spillage • Use of harmful weedicides • Reclaim nation of land • Use of plastic products 				✓		<ul style="list-style-type: none"> • Fear of survival of animals, sea creatures and soil quality. • Increase in landfill sites • Penalties and fines.
Qoliqoli	<ul style="list-style-type: none"> • Timely payment to Qoliqoli owners • Causing pollution in the Qoliqoli area 				✓		<ul style="list-style-type: none"> • The company would have to pay heavy penalties. • The company would lose assets associated with the Qoliqoli,
Fire Risk	<ul style="list-style-type: none"> • Boiler explosion • Improper OHS policy in place • Improper use of safety equipment • Inefficient policies and procedures 				✓		
Pest and Disease	<ul style="list-style-type: none"> • Lack of control on the farms • Government authorities do not check farms • Lack of awareness on pests 			✓			<ul style="list-style-type: none"> • Quality of raw material supply will reduce • The plants will bare less fruits, hence the supply will decrease. • Production and sales will decrease overall

Climate Change • Cyclone • Tsunami • Flood • Earthquake	• Nature call				✓		<ul style="list-style-type: none"> • Financial loss • The raw materials will be damaged • In case of fire the company might lose all the assets which might lead to closure
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3.2.4 Technological Risk

Risk	Causes of Risk	Risk Rating					Impact of risk
		Rare	Unlikely	Possible	Likely	Almost certain	
Information Leakage	<ul style="list-style-type: none"> • Weak and sharing of passwords • Theft • Exploiting vulnerabilities • Accidentally emailing sensitive information • Malicious Attacks • Loss of Paper work 				✓		<ul style="list-style-type: none"> • Employee threats • Governance issues • Argument within staffs • Breaching company policy • Business interruption • Financial losses • Credibility issues • Lawsuits against employees • Sensitive and confidential data of public knowledge.
Data Integrity Risk	<ul style="list-style-type: none"> • Inconsistency of data maintenance • Inadequate restrictions and controls over data usage • Inadequate preventative and detective balancing and reconciliation controls. • Error in data processing • Improper authorization • Human error • Security errors 				✓		<ul style="list-style-type: none"> • Miss calculations • Inaccurate data stored in the system • Data threats • Hardware compromised • Loose protection over data stored •
Virus Attack & cyber Risk	<ul style="list-style-type: none"> • Malicious Attacks • Exploiting vulnerabilities • Opening infected emails • Browsing infected websites 				✓		<ul style="list-style-type: none"> • Deface online operations • Online websites can close down • Business can go into bankruptcy • Loose crucial corporate information • Erase or overwrite data in the system.
System Failure Risk	<ul style="list-style-type: none"> • Lack of technical knowledge • Poor planning • Underestimating or ignoring impact of change • Using large application in small capability system • System is overloaded 				✓		<ul style="list-style-type: none"> • Data loss • Financial loss • Wasted time and human output • Lost custom and market share

• System is dependent upon other processes that are not performing well.

• Missing or corrupted data
•

3.3 Risk Evaluation and Mitigating Factors

3.3.1 Financial Risk

Risk	Risk Evaluation				Mitigating Factors
	Accept	Share	Avoid	Reduce	
Credit risk			✓		<ul style="list-style-type: none"> • Use hedging technique in sales negotiation for export sales • Customer to present evidence of payment if direct payments are made • Continuous follow ups • Law suit against customer if not recovered to follow ups • Customer to fill credit application form before given credit terms • Credit check to be made before allowing credit terms. • Charge interest on late payments.
Liquidity Risk			✓		<ul style="list-style-type: none"> • Minimize credit risk • Control liabilities level • Determine liquidity level that is sufficient to meet the schedule of cash outflow • Efficient cash flow forecasts to be prepared • Ratio analysis to be performed to analyzed company's position. • Assessment of funding facilities • Optimizing working capital • Policy on liquidity buffer.
Borrowing Risk		✓		✓	<ul style="list-style-type: none"> • Making timely loan repayments • Collateral that the risk is shared with the lender • Avoid cross-collateralized loan structures. • Using multiple lenders • Establish and maintain the right debt structures • Use own equity where possible • Insurance on PPE acquisition
Procurement Risk		✓		✓	<ul style="list-style-type: none"> • All payments to be made through cash upon relevant documents being prepared • Internal audit • Monthly checks on inventory • Create awareness of anti-fraud •
Copra Stabilization Support			✓		•
Raw Material Subsidy			✓		•
Profitability			✓	✓	•
Price Risk				✓	•
Foreign exchange risk			✓		•

UNIT TRUST OF FIJI (MANAGEMENT) LIMITED

RESPONSE TO PUBLIC ACCOUNTS COMMITTEE PERTAINING TO 2017 AUDITED FINANCIAL STATEMENTS

2PM - THURSDAY, 3 OCTOBER 2019
BIG COMMITTEE ROOM 2, PARLIAMENTARY PRECINCT

QUESTION 1

a) Brief Background of Unit Trust of Fiji (Management) Limited

Unit Trust of Fiji (Management) Limited as a “Manager” for Unit Trust of Fiji and is responsible to manage the investment portfolio for and on behalf of the investors (unit holders) and provide six monthly tax-free returns.

The “Manager” is licensed by the Reserve Bank of Fiji to conduct and carry out the business of managing UTOF. The Manager has been operating the affairs of UTOF since 25th April 1978.

The duties, roles and responsibilities of the Manager are stipulated under the UTOF’s Scheme Deed and Companies Act 2015 and Public Enterprise Act 2019.

One of the key functions of the Manager is to identify potential investments, evaluate the investment viability, conduct due diligence and recommend the investment to the Trustee.

b) Advance to Fiji Wai Limited (FWL)

Fiji Wai Limited (FWL) is a separate legal entity which was established by Unit Trust of Fiji (Management) Limited in 2006 to seek expression of interest from strategic partners to invest in a JV with the intent to establish, finance and operate a water bottling plant in Ra.

By virtue of the structure and expenses incurred, 1% shares were allocated to Unit Trust of Fiji (Management) Limited and 99% shares were allotted to Unit Trust of Fiji (Trustee Company) Limited.

All the expenses pertaining to the water project was “expensed off” until the advice from the auditor was to reclassify as “advances” so that the company is able to track its expenses and recover once the project commences.

The “Manager” and “Trustee” via FWL have advanced the funds to meet the cost associated with consultancy, leases & premium payments to landowners, goodwill payment to landowners, research & development, water testing and Environmental Impact Assessment Report.

Water Project Progress

FWL acquired 99 years’ native land leases at Naseyani Village, west of Viti Levu which contains substantial spring water flows.

The water at its natural form was tested and it met the USA FDA requirements in the year 2006. The 2,200 acres of land has 12 natural springs and the water samples from 2 springs known as Koroilagi and Lewavinivini were tested in USA.

The average flow of these two springs are 4 litres per second (126,000,000 litres per annum).

In addition to the issuance of leases, FWL/UTOF has completed other preliminary requirements of the project. The reports and approvals held on file are:

- Environmental Impact Assessment (EIA) Report
- The EIA Report is fully compliant with Environment Act 2008
- Geotechnical Investigations Report of proposed plant site – prepared by Tonkin & Taylor International Limited, Auckland, NZ
- Water Testing (2 sources) – USA Compliance Designs Laboratory, New Hampshire, USA. The water from other springs were assessed and tested at the laboratory of the University of the South Pacific, Suva, Fiji.
- Approvals from Town and Country Planning and Ra Rural Local Authority for project commencement.

c) Recovery of advance from Fiji Wai Limited

The expenses incurred to-date will be recovered as “equity” once the project JV is established and the water bottling business commences its operation.

d) Recovery of advance from Fiji Wai Limited in 2017

The “Manager” has not received any funds from FWL in 2017.

e) Legislative governing Unit Trust of Fiji (Management) Limited

The mandate provided under Companies Act 2015 and Scheme Deed allows the “Manager” to spend funds to explore, identify, conduct due diligence on potential investment opportunities which would benefit the investors (unit holders). In this case, the expenses related to FWL was re-classified as “advances” to ensure that the funds are recovered with directly or via “equity” once the project is implemented.

QUESTION 2

a) Delay in submission of draft financial statements

The delay in submission was due to pending reconciliations, tax-effect accounting calculations, internal resourcing and planning.

The same was noted in 2018.

Going forward, we have recruited additional resources (as part of succession planning), reviewed our business processes and recently appointed the Head of Finance & Investment to provide the financial leadership and ensure that the financial governance and timelines are adhered to.

QUESTION 3

a) Audit adjustments in financial statements

We always ensure that the financial statements submitted for audit reflects the correct performance and position of the company. In 2017, the audit adjustments were mainly related to expenses incurred for the Naseyani Water Project which was reversed and reclassified as advances.

However, we have further reviewed the business processes, particularly, the financial management to ensure that the financial statements are thoroughly reviewed and sign-off prior to audit submission. We have strengthened the internal capacity by recruiting the Head of Finance & Investment.

FIJI DEVELOPMENT BANK

1. Brief Overview of the Bank

Fiji Development Bank was established under the provisions of the Fiji Development Bank Act and opened for business on 1st July 1967, taking over the operations of the former Agricultural and Industrial Loans Board. The Government of Fiji is the sole shareholder of the Bank.

As per the FDB Act chapter 214, section 5, the functions of the Bank include facilitating and stimulating the promotion and development of natural resources, transportation and other industries and enterprises in Fiji, and in the discharge of these functions, the Bank shall give special consideration and priority to the economic development of rural and agricultural sectors of the economy of Fiji.

FDB concentrates on its developmental role in keeping with the provisions of the Act and plays a more active role in the development of resource-based sectors and all other economic sectors that contribute to employment creation, exports, import substitution that assist in the economic development of the nation. In keeping with its lending mandate and Government strategic objectives, the Bank will continue its focus on the following sectors:

Focus	Non-Focus
Agriculture	Building & Construction
Electricity, Gas & Water	Private Individuals
Manufacturing	Professional & Business Services
Mining and Quarrying	Real Estate
Professional & Business Services	Wholesale, Retail, Hotels & Restaurants (>\$500k)
Transport, Communication & Storage	
Wholesale, Retail, Hotel & Restaurants	

The Bank has twelve branches throughout Fiji to allow accessibility and visibility to customers.

The Bank is audited by the Office of Auditor General.

2. Performance and Achievements for Financial Year 2016

For the financial year ending June 2016, FDB recorded creditable improvements in terms of both financial performance and quality of projects, despite the intense competition in the market and the fallout from tropical Cyclone Winston. This is evident through the 18.98% increase in the Bank's net profit to \$7.31M for the year. This was achieved through the stringent cost control measures set by Management and significant success in the area of bad debt recovery.

2.1 Operating Income versus Operating Cost

Major components of the Bank's income and expenses for the 2016 financial year include:

- Gross Total Revenue - \$34.70M. Interest income from loans and advances which make up the largest component of the Bank's total income noted a decline of 1.59% over the year due to stiff market competition and declining portfolio levels. As at June 2016 interest income totaled \$23.86M. Other revenues include fee income, rental income, bad debt recovery and other income.
- The Bank incurred interest expense (borrowings cost) of \$6.53M during the year, noting an increase of 21.73% from \$5.38M in 2015. This was underpinned by increasing market interest rates which resulted in the Bank acquiring funds at higher interest rates. Hence, the Bank's cost of fund increased to 3.01% compared to 2.59% in June 2015.
- Total Operating Expenses - \$12.29M, an increase of \$0.39M from 2015.
- Allowance for credit impairment - \$8.58M was credited to accommodate for future credit losses. There was an increase \$0.78M over the financial year.

2.2 Portfolio Growth

The high liquidity position in the economy resulted in competitive interest rates in the market. This had an adverse effect on the Bank as it experienced the exiting some of its prominent clients. However, the total loan portfolio had an increase of 2.25% (\$8.28M) in comparison to June 2015. This increase was triggered by the improved disbursements during the year.

2.3 Disaster Rehabilitation Package

On 23 February 2016, in response to the Reserve Bank of Fiji Natural Disaster Rehabilitation Scheme, the Bank activated its Disaster Rehabilitation Package (DRP). Its primary purpose is to support Government rehabilitation and reconstruction initiatives by assisting in the post-cyclone recovery of existing FDB customers, and offers repayment moratorium, interest rate assistance and rehabilitation of loans.

2.4 Realignment of Relationship and Sales

To enhance portfolio quality and customer satisfaction through improved service delivery, the Board in 2016 approved the Bank Realignment Scheme in line with the agreed 2015-2017 Strategic Plan. Changes within the Relationship and Sales Division included the appointment of three Regional Mangers tasked with driving sales, growing business and efficiently managing the loan portfolio.

3. Performance and Achievements for Financial Year 2017

With the close of 2017 financial year, the Bank prepared to embark upon its 50th year of operation, and it did so with confidence. It had overcome the considerable market challenges of 2017 to end the year with a record net profit of \$8.15M, an improvement of 11.63% against 2016 financial year.

The impressive performance was largely attributable to a combination of strict cost controls, stringent credit appraisals and a reduced level of allowance for credit impairment.

3.1. Operating Income versus Operating Cost

- The Bank's total operating income for the 2017 Financial Year was \$24.52M against total operating expenses of \$12.36M.
- Total allowance for credit impairment declined by \$4.57M compared to the preceding financial year, contributing significantly to the healthy profit recorded.
- The Bank's borrowing cost increased by \$0.89M which led to an increase of cost of fund from 3.01% as at June 2016 to 3.27% as at June 2017. As a development Bank, FDB has the challenging task of balancing low lending rates against a high cost of funds, an area where commercial banks have the upper hand.

3.2. Portfolio Growth

The ability of FDB to maintain a sustainable financial position throughout the 2017 Financial Year is reflected in an increase in total assets from \$374.91M in the 2016 Financial Year to \$402.06M. This was attributed to the following:

- The Bank's total loan portfolio increased by \$62.58M result to \$438.09M loan portfolio in the 2017 Financial Year, an increase of 16.67% on the \$375.51M of financial year 2016.
- The Bank achieved 87.25% of its disbursement target of \$122.96M. The disbursement of \$107.28M was recorded for the year that contributed to a growth rate of 16.67%, surpassing the targeted 14.62% by a good margin.

3.3. Strengthening of Customer Service Delivery

The Bank's core lending function has been realigned to inculcate a culture of seamless service delivery and the constant strengthening of customer relationships. Some of the notable changes during the 2017 Financial year were:

- Setting up of a Credit Administration Unit which became fully operational by 2018. The Unit comprised of three specialist teams. One is to have

specific responsibility for security documentation, second one is for settlements and third one for data entry and loan documentation.

- Established of a new branch specifically to provide all categories of loans to customers in and around Suva. It joins a network of eleven other FDB branches and sub-branches across Fiji, each providing development funding opportunities to small and medium entrepreneurs and rural-agricultural businesses in their vicinity.
- Creation of a Prime Lending Centre at the Bank's Head Office to cater for high-end blue chip customers.

4. Future Ahead

After fulfilling the strategies identified under Bank's 2015-2017 Strategic Plan, at the beginning of 2018 Financial Year, the Bank launched its 2018-2020 Strategic Plan based. The Strategic Plan is divided into five thematic areas and each of the thematic areas are having its own set of strategies to be achieved:

THEMATIC AREA 1 – FINANCIAL

Goal 1 - Deployment of Prudent Financial Management Practices

Strategy 1: Diversify Revenue Base

Strategy 2: Diversify Funding Base

Strategy 3: Manage Cost

THEMATIC AREA 2 – CUSTOMERS

Goal 2 - Industry Level Customer Service Experience

Strategy 1: Becoming the Preferred Banker

Strategy 2: Diversify Services to Meet Changing Needs

Strategy 3: Improve Market Segmentation and Profitability

Strategy 4: Service Delivery Focus

Strategy 5: Product Diversification

Strategy 6: Linkage and Value Adding

THEMATIC AREA 3 – INTERNAL BUSINESS PROCESSES

Goal 3 - Focused Internal Business Processes

Strategy 1: Ensure Quality, Safety and Performance of All Lending Products

Strategy 2: To Be Responsive to the Changing Customer's Product Expectations

Strategy 3: Create Dynamic and Empower Team Concept for Greater Innovation, Improvement and Strengthen Culture of Seamless Service Delivery

Strategy 4: Develop Efficient and Flexible Processes

THEMATIC AREA 4 – LEARNING AND GROWTH

Goal 4 - Developing a Culture of Innovation and Growth

Strategy 1: Develop a Culture of Learning, Innovation and Growth

Strategy 2: Engage a Highly Competent Workforce

THEMATIC AREA 5 – EMPLOYEE ENGAGEMENT

Goal 5 - Employee Engagement throughout the Network

Strategy 1: Create a Culture that Encourages Engagement

Strategy 2: Create Employment Growth Opportunity

THEMATIC AREA 6 – COMMUNITY AND ENVIRONMENT

Goal 6 – Integrated Approach to Community and Environment

Strategy 1: To be a Good Corporate Citizen

Another key area of focus for the Bank would be in the area for infrastructure development, as part of the Government's plan for the Bank to be its conduit for accessing and deploying global funding. Such may be forthcoming from the GCF as well, to meet national development objectives.

Fiji's association with the Asian Infrastructure Investment Bank (AIIB) could expand the Government's funding resource base with large infrastructure projects that would stimulate economic growth. One of our key interests at this stage, with Fiji holding the Presidency of COP23, is to analyze the impact of AIIB's Articles of Agreement affecting Fiji's ability to source climate resilient infrastructure financing.

5. Conclusion

Despite the social and economic challenges that our country faced during the Tropical Cyclone Winston, the Bank had a commendable performance for the financial year 2016. Moreover, 2017 once again saw the Bank making exhaustive efforts to identify the best possible financial products and services, in order to contribute significantly to the expansion of the Fijian economy, and an improved quality of life for every Fijian.

In keeping with its promise of Your Partner in Progress, the Bank will continue offer enhanced access to products providing funding for agricultural businesses, and new service providers, that will help maintain their cash flow. There will be products designed specifically to assist investors in meeting changing needs, and for sugarcane farmer cooperatives for the acquisition of mechanized farm implements.

The future for existing and potential FDB customer from all sectors is bright.

FIJI DEVELOPMENT BANK - RESPONSE TO PUBLIC ACCOUNTS COMMITTEE

Significant Matters - 2016

1.0 Has the security Margin guidance in the Manual now reflects the current market?

Yes, the security margin guidance in the Lending Manual have been revised. Board had approved the revisions in March 2017 and the changes came into effect from 18th April 2017.

The table below gives a summary of revisions relating to Share securities. The revised margins range from 0% to 100%, in contrast to a flat 80% for shares in a listed company only.

Asset	Security Taken	Existing Security Margin (%)	Revised Security Margin (%)
Shares	Lien:		
	a) Shares in SPSE Listed Companies ¹	80	80
	b) Fixed Term Deposit	-	100
	c) Unlisted companies with strong dividend history	-	50
	d) Newly established business	-	0

The above is an extract of Head Office Circular 21/2017 for your reference.

2.0 What is the total exposure of credit risk for non-payment and is there adequate security in place from customers?

The Bank had total gross loans of \$375.52M as at end of June 2016 with total non-performing loans of \$63.45M. The Bank carries sufficient allowances for credit impairment to cater for any shortfall in security levels.

Significant Matters - 2017

1.0 Is the Bank now up to date with the credit review of loan portfolios? Please provide evidence.

The Bank now uses various loan review procedures and few general principles for reviewing of the loan portfolio.

These include:

1. Mandatory and Annual reviews to be conducted on all loan accounts:

Loan Grade	Mandatory Review	Annual Review
A – D	1	1
E	1	1
F	2	1
G	12	1
H	Daily Supervision	
I	Write-off cases	

(Fiji Development Bank: Volume 3- General Lending Guidelines)

2. Structuring the loan review process carefully to make sure the most important features of each loan are verified, including:
 - The record of borrower payments, to ensure that the customer is not falling behind the planned repayment schedule.
 - The quality and condition of any collateral pledged behind the loan.
 - The completeness of loan documentation, to make sure the Bank has access to any collateral pledged and possesses the full legal authority to take action against the borrower in the courts if necessary.
 - An evaluation of whether the borrower's financial condition and forecasts have changed which may have increased or decreased the borrower's need for bank credit.
 - An assessment of whether the loan conforms to the Bank's lending policies and to the standards applied to its loan portfolio by examiners from the regulatory agencies. A review must be based on the most recent financials certainly not older than 18 months.
 - Reviewing most frequently the largest loans, because the default on these credit agreements could seriously affect the Bank's own financial condition.
 - Conducting frequent reviews for troubled loans.
3. From the Beginning of financial year 2019/2020 to date, the percentage of account reviews completed is 91%. Refer below table, which shows the date for July and August 2019. When Portfolio Officers are on leave, some reviews are not completed hence, this gets completed in the following month.

BRANCH	July			August			TOTAL REVIEWS		
	Due	Comp	%	Due	Comp	%	Due	Comp	%
LAUTOKA	88	85	97%	84	84	100%	172	169	98%
NADI	94	92	98%	99	99	100%	193	191	99%
SIGATOKA	91	68	75%	82	69	84%	173	137	79%
BA	149	111	74%	145	111	77%	294	222	76%
RAKIRAKI	95	89	94%	82	78	95%	177	167	94%
WESTERN	517	445	86%	492	441	90%	1009	886	88%
LABASA	237	218	92%	243	231	95%	480	449	94%
SAVUSAVU	97	97	100%	95	115	121%	192	212	110%
TAVEUNI	56	56	100%	68	73	107%	124	129	104%
SEAQAQA	70	70	100%	78	78	100%	148	148	100%
NABOUWALU	38	38	100%	43	43	100%	81	81	100%
NORTHERN	498	479	96%	527	540	102%	1025	1019	99%
SUVA	333	255	77%	343	357	104%	676	612	91%
SUVA PRIME	14	14	100%	17	15	88%	31	29	94%
NAUSORI	137	11	8%	121	64	53%	258	75	29%
CENTRAL	484	280	58%	481	436	91%	2071	1816	88%
BANK	1499	1204	80%	1500	1417	94%	4105	3721	91%

2.0 *Is the loan variation advice now sent to the customers?*

The Bank now gives customers 30 days' notice before any variation of the terms and conditions which affects fees and charges and the liabilities or obligations of customers takes effect. For all other variation, the Bank gives customers reasonable notice before such variation takes effect.

This issue was resolved hence; it was removed from the 2018 audit report.



Fiji Development Bank

Reference

FDB/PAC-10/19
MC/SN/ss

Development
Bank Centre
360 Victoria Parade
GPO Box 104
Suva FIJI
Tel : 331 4866
Fax : 331 4886
Email : info@fdb.com.fj
Website : www.fdb.com.fj
 : Fiji Development Bank

21st October, 2019.

Hon. Alvick Maharaj,
Chairperson,
Public Accounts Committee,
Parliament of Fiji,
SUVA.

Dear Hon. Maharaj,

Re: Responses to Supplementary Request – FDB (2016-2017 Audit Report on Government Commercial Companies and Government Statutory Authorities)

I refer to your letter dated 17 October 2019 in regards to the above.

Further to the deliberations to the Committee, please refer below for the Banks response to the supplementary issues:

1. *Please provide the data and statistics for commercial and non-commercial agriculture in Fiji.*

The Bank remains committed to its strategic role of assisting in the economic development of Fiji, in particular the development of the Agriculture sector.

The table below gives a breakdown of the Agriculture sector by commercial and non-commercial category.

2016/2017 Financial Year	No. of Accounts	\$
Total Agriculture	2,635	\$86,153,419
Agriculture commercial	23	\$31,969,350
Agriculture non-commercial	2,612	\$54,184,069

2. *Can FDB advise what strategies are in place that focuses on climate change initiatives or programmes.*

The Banks strategic priorities include promoting inclusive, green and sustainable development. Examples of this include:

- GCF accreditation activities, finalization of accreditation;
- Projects include Agri PV, electric bus projects and resilient housing;
- Initiation of off- grid hotel solar power projects;
- Development of infrastructure package for remote/outer island areas, providing renewable energy, water pumping for irrigation, clean drinking water, organic fertilizer;
- Alliances with international agencies such as GGGI, ADB;
- Provision of Environmental Management Plan /Environmental Impact Assessments by customers where relevant;
- Application of SEFP and ISEFF funding to renewable energy projects;
- Re-forestation and mangrove planting as part of Corporate Social Responsibility;
- Creating a special Green impact award in SME awards.

The Bank is encouraging Fijian businesses to take a strategic approach towards climate action initiatives.

I hope the above responses will suffice. Please do not hesitate to contact Ms. Veronika Gukibau on 3314866 or email on Veronika.Gukibau@fdb.com.fj for any further information or clarification.

Yours sincerely,



.....
Mark Clough,
CHIEF EXECUTIVE OFFICER.



Fiji Development Bank

Reference

MC/vtg
FDB/APC-09/19

Development
Bank Centre
360 Victoria Parade
GPO Box 104
Suva FIJI
Tel : 331 4866
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Email : info@fdb.com.fj
Website : www.fdb.com.fj
FID : Fiji Development Bank

26th September, 2019.

Hon. Alvick Maharaj,
Chairperson,
Public Accounts Committee,
P O Box 2353,
Government Buildings,
SUVA.

Dear Hon. Member Alvick,

Thank you for your letter of 25th September, 2019 regarding the suggested hearing for FDB Nominees Limited.

I would like to point out the following:

1. FDB Nominees Limited (FNL) is a small subsidiary of FDB;
2. Its activity is mainly the financial administration of Fiji Investment Corporation Limited (FICL), a Government-owned company investing in Fijian businesses. It does not have any role in FICL decision-making;
3. The company's activities have not changed from year to year.
4. Its financials represent the difference between the Consolidated and Bank Columns of FDB's financial statements in its annual report;
5. Net assets are less than \$50,000 with the main asset being a management fee receivable and the main liability being a loan from the Bank;

In light of this simplicity, we suggest a hearing of the Accounts Committee may not be required.

We can address any questions on FDB Nominees at the hearing on 4th October, 2019 or alternatively provide additional information on FDB Nominees if you wish.

Yours faithfully,

.....
Mark Clough,
CHIEF EXECUTIVE LIMITED.

FIJI PUBLIC TRUSTEE CORPORATION (PTE) LIMITED

**Presentation to the
Parliamentary
Standing Committee on Public Accounts
2016/2017 Annual Report
(Wednesday, 9th October 2019 – 1:00pm)**

Fiji Public Trustee
Corporation Limited



■ BACKGROUND

- Corporatised in 2006;
- Governed by the Fiji Public Trustee Corporation Act. 2006;
- Services provided:
 - Estates Administration Services;
 - Trustee Services;
 - Will making;
 - Power of Attorney;
 - Other Legal services.
- These services are provided at a regulated fees, gazetted under the FPTC Act.
- The services are provided at no cost to government.

BOARD OF DIRECTORS AND MANAGEMENT

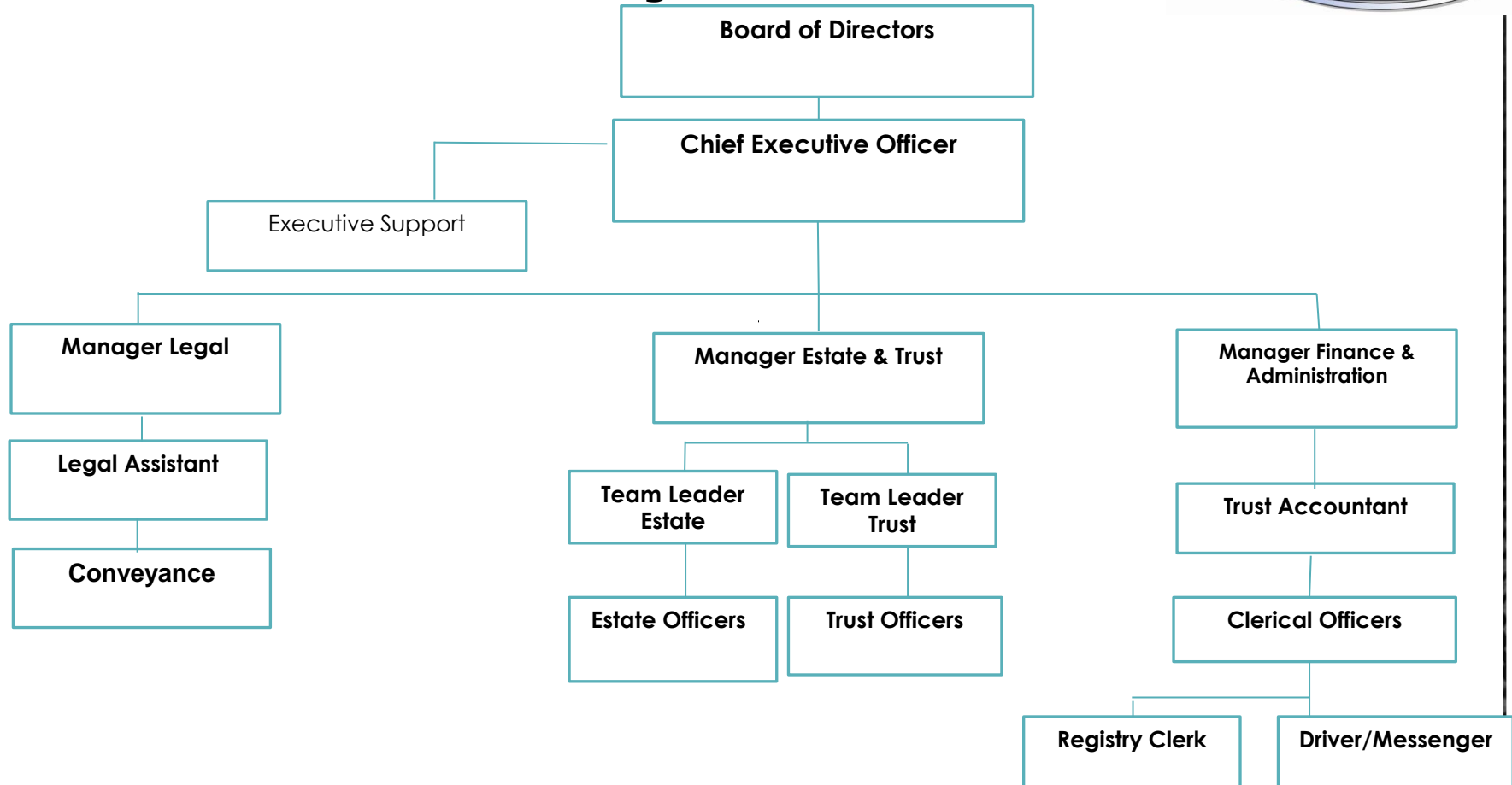
Board of Directors in 2017

- Mr. Ikbal Jannif – (Chairman Resigned – July 2018)
- Mrs. Bernadette Sera Nicholls – Director
- Mr. Sunil Sharma – (Chairman – Appointed July 2018)
- Ms. Lorraine Seeto – (Director – Appointed July 2018)
- Ms. Timaima Vakadewabuka - (Director – Appointed July 2018)

Management Team

- Mr. Atonio Takala – Chief Executive Officer
- Mr. John Mow – Manager Finance & Admin
- Mrs. Salaseini Drekeni – Manager Estates & Trust
- Mrs. Priya Lal – Manager Legal

Organisation Chart



Vision and Mission

Vision

To be Fiji's preferred and leading provider of estates administration, trustee and will services.

Mission

To provide Fijians with expert, professional and timely service.

Our Purpose

The company's major business activities are:

- a) Administration of deceased person's estate;
- b) Trustee Services;
- c) Will Making;
- d) Power of Attorney services.

Vision and Mission

Our Values

We value honesty, integrity, respect, professionalism and timeliness in providing our services:

a) Honesty

Being open and honest in all our dealings;

b) Integrity

Adhering to moral and ethical principles of the business and maintaining the highest integrity at all times;

c) Respect

Treating all with high regard and self-esteem through our services;

d) Professionalism

Discharging our duties with integrity, providing quality service and being reliable and responsible;

e) Customer Services

Providing timely and accurate information. Implementing suggestions from customers on how better we can serve them;

f) Timeliness

Commitment towards creating and meeting realistic deadlines;

g) Our People

Training, developing, maintaining and rewarding our people.

Fiji Public Trustee Corporation Limited - Strategic Plan 2015–2017

Vision

To be Fiji's preferred
and leading provider
of Estate
Administration,
Trustees and Wills
Services

Mission

To provide Fijians
with expert,
professional and
timely service

Values

We value honesty,
integrity, respect,
professionalism,
trust, our customers
and our people.

Customer Service

We strive to achieve service excellence by offering customer experience combined with a focus on professional services

- Improve communication with customers;
- Work on simplifying processes and improve turnaround time;
- Implement suggestions from customers on how better we can serve them;
- Clear dormant file accounts.

People and Culture

We will train and develop our people and create a rewarding working environment

- Enhance the capabilities of our work force and our culture;
- Work on the transfer of knowledge amongst staff;
- Create opportunities for the enhancement of the individual employee's abilities;
- Enhance the PMS rewarding system;
- Improve Workplace Health & Safety.

Business Improvements

We will identify opportunities to improve and enhance all areas of our business processes

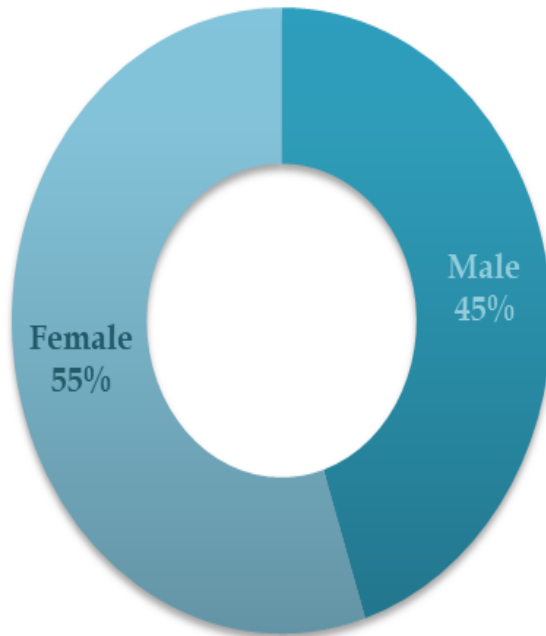
- Ensure the organisation remains profitable;
- Research and develop new business initiatives;
- Upgrade and enhance our ICT capabilities;
- Marketing and promotion of our services;
- Enhance internal business units to achieve agreed fiscal targets.

Stakeholder Partnerships

We will strengthen our business relationships with government and non-governmental agencies and business partners as they play important role in our business

- Develop working relationships and understanding with stakeholders;
- Foster our relationship with the Ministry of Justice & Judiciary;
- Develop twinning relationships with Public Trustees overseas;

Gender Composition
2017



Workforce and Human Resources

The workforce included:

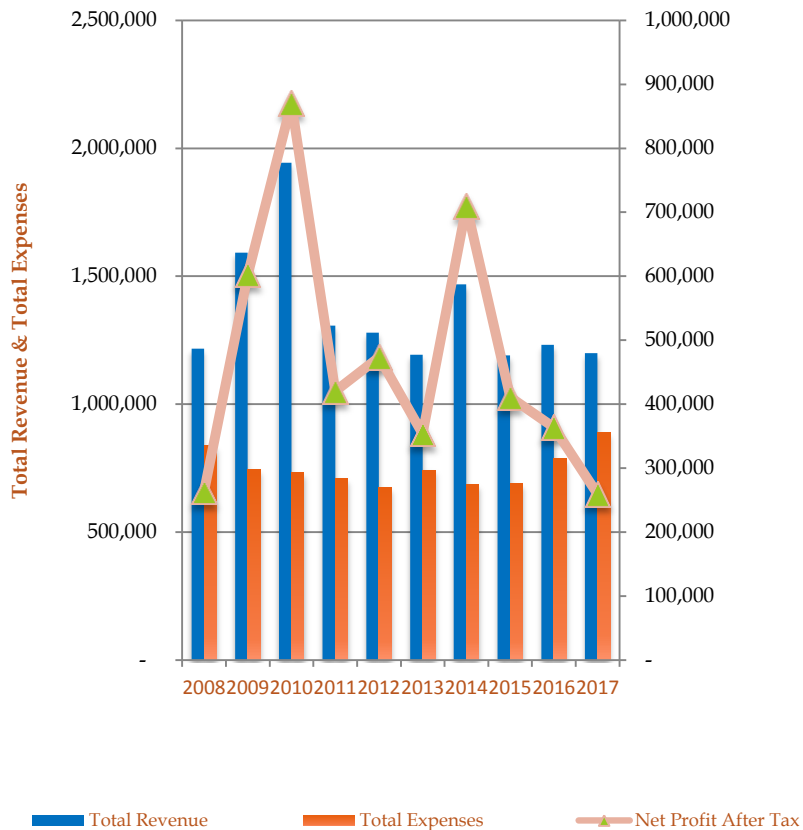
- 21 staff members,
 - 3 managers and the CEO
- and comprises 55% females and 45% males;

Training & Development

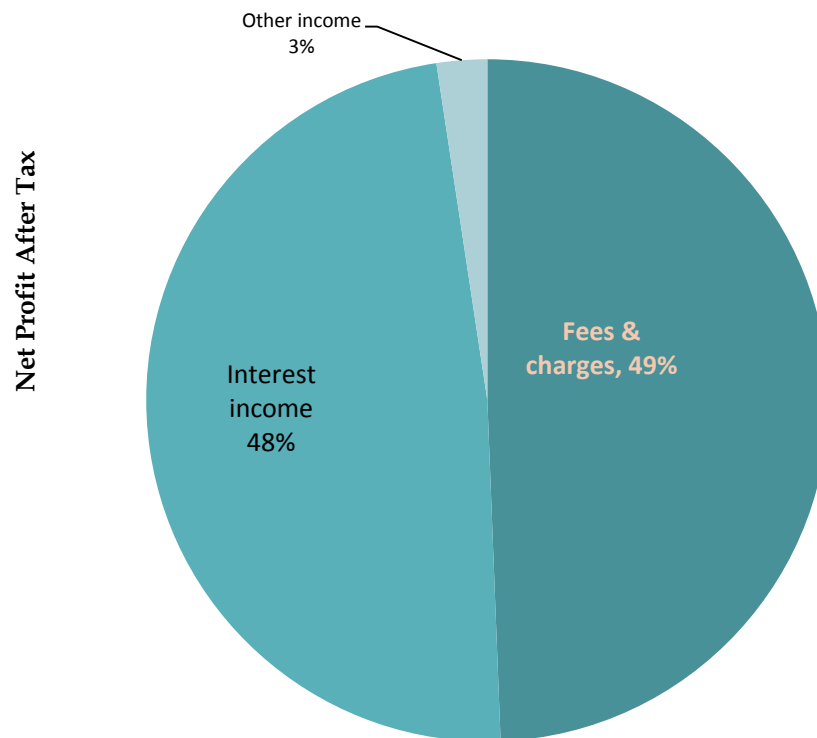
- Training Plan for the year;
- leadership, quality management, customer services;
- Education assistance for staff;
- Fiji Business Excellence Awards.
- Staff rewards through performance management system;

Financial Performance

Financial Performance

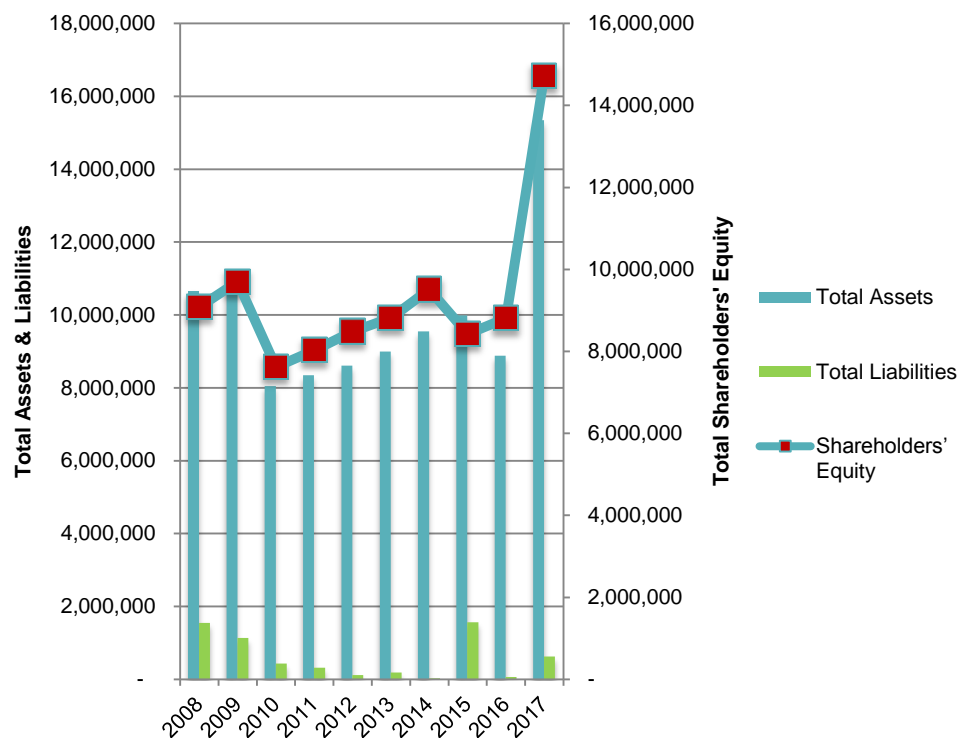


2017 - Income Composition



Financial Position

Financial Position



Ratio	2013	2014	2015	2016	2017
Return on Assets	4%	7%	4%	3%	2%
Return on Equity	4%	4%	5%	4%	3%
Current Ratio	17:1	83:1	1:1	12:1	2:1
Debt to Equity	2%	-	19%	1%	4%

Services Provided to the People of Fiji

These services are provided to the people of Fiji at no cost to government.

Estates Administration Services

This service involves collating a person's assets, paying their debts, and distributing the assets to beneficiaries according to the terms of their Will upon death. Without a Will the distribution is done in accordance with the Succession Probate Admin. Act.

In 2017, we opened 56 estates valued at \$4.5 million and finalised 108 estates valued at \$2.1million.

Fees and charges are as gazetted.



Estates Administration

	2013	2014	2015	2016	2017
New Estates	62	57	66	74	56
Value of New Estates	\$2.7M	\$3.7M	\$4.1M	\$3.4M	\$4.5M
Estates Settled & Closed	55	19	27	34	108

The FPTCL administers estates where:

- there is a “Will” appointing the Fiji Public Trustee as Executor;
- there is no Will and the beneficiaries or close relatives appoints Fiji Public Trustee;
- an existing executor is unable to fulfill the task and renounces it in favour of Fiji Public Trustee;
- Fiji Public Trustee is appointed by the High Court to administer;

Services Provided to the People of Fiji

Trustee Services

A trust is a relationship based on confidence between the person creating a trust, a Trustee and a Beneficiary.

In 2016, the Corporation was Trustees for 9,108 clients with a value of \$15.8M.

Fees and charges are as gazetted.



Trust Administration Services

Trust Funds Movement in the last 5 years

	2013	2014	2015	2016	2017
No. of Trust A/C on Hand	10,171	9,821	9,309	9,108	11,418
Value of Trusts	\$21.7M	\$19.4M	\$17.3M	\$15.8M	\$15.1M

The FPTCL's duties as trustee are to:

- ❖ hold and protect trust funds;
- ❖ invest the funds during the term of the trust;
- ❖ make appropriate disbursements from the trust;
- ❖ Pay out the funds to the beneficiary at majority age or as per the conditions of the Trust.

Services Provided to the People of Fiji

Estate Planning & Other Legal Services

- Wills Preparation;
- Power of Attorney;
- Enduring Power of Attorney;
- Executor Assistance Services;
- Wealth Transfer;
- Legal Conveyance work;



Legal Services

Legal Services	2017	2016
No. of Application for Court Grants	29	20
No. of Application for Property Transfers	12	11
No. of Other Conveyance services	9	10
No. of Other legal services	24	16

The legal services team assists in the conduct of:

- Litigation for contested estate and trust matters and for wills prepared by the Fiji Public Trustee;
- Guidance to staff on specific legal matters and in training and developing staff on legislation and legal updates;
- Conveyance work related to client estate, trust and administration matters.

The legal team also offers other legal services, which were introduced in 2014 and have become very popular with private executors and administrators of estates.

Looking Forward

- To continue to be financially viable and offer services to the people of Fiji at no cost to Government;
- In 2020 the Corporation will be rolling out new estate planning services to the people of Fiji as we expand the business;
- Enhancement and development of IT Systems to improve services;
- Expanded public awareness and marketing activities in various communities, civil society, amongst workers and to the ordinary Fijians;
- To also assist economically disadvantaged Fijians as Non-Commercial Obligations;
- Long term plan to explore other business opportunity with the expansion of the FPTCL HQ property in Suva.

PACIFIC FISHING COMPANY PTE LTD

2016/2017 Audit Report on Government Commercial Companies' and Commercial Statutory Authority

Anti-Fraud Program

Has the Company developed an anti-fraud program? In addition, in the absence of the anti-fraud program, how did the company manage the risks of frauds?

The company does not have a documented anti-Fraud Program.

The risks of fraud are managed by internal control measures and practices. All cash that is received as sales is reconciled and balanced on a daily basis. All employee attendance data is captured in an automated time keeper system – Palm-reader is utilized. A daily headcount of all employees is conducted.

The accounts department carries out monthly reconciliation of all its accounts. Internal and external audits are conducted annually and audit findings and recommendations are implemented and monitored.

A Policy for the anti-fraud program will be developed – target date of completion is June 2020

SIGNIFICANT FINDINGS

Inadequate documentation to support monthly consultancy payments

The monthly consultancy payments are deductions made from the Loin Fee payment by the Bumble Bee Foods. A sum of USD2248 is deducted on a monthly basis. The deduction is for a consultancy fee charged by Bumble Bee for the employment of a maintenance personnel at the factory. The maintenance personnel is employed on a work permit under PAFCO, the personnel was initially recruited by Bumble Bee to help upgrade the factory in required areas.

There is no written agreement for the engagement of the consultant. This has been discussed with the executives of Bumble Bee, however, they are of the opinion that this has been an ongoing arrangement and should remain.

Provision of Motor Vehicle to employee of the customer

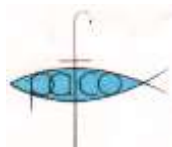
A motor vehicle, at the cost of PAFCO, has always been provided to the Bumble Bee's General Manager based at the factory in Levuka. The costs of operations and maintenance of the vehicle are now charged to Bumble Bee. The provision of the vehicle will be withdrawn from January 2020.

Review of Finance Manual

The Finance manual is under review and the process will be completed by end of December 2019. The review that has been suggested by the auditors is the inclusion of a Bonus Policy as part of the manual.

Absence of Disaster Recovery Plan

PAFCO has a written down Crisis Management Program – this is reviewed annually.



**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 1 of 15	Issued: Jan 2019
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SUBJECT: CRISIS MANAGEMENT PROGRAM

INDEX

1. PURPOSE
2. POLICY
3. APPLICATION
4. DEFINITION
5. AREAS OF RESPONSIBILITY
6. EMERGENCY REPORTING INSTRUCTIONS
7. COMMUNICATION TO BUSINESS PARTNERS
8. PRODUCT SAFETY & PRODUCT QUALITY
9. COMPANY SPOKESPERSON
10. ALTERNATIVE HEADQUARTERS
11. TRAINING
12. EMERGENCY ALARMS AND DRILLS
13. CRITIQUE OF RESPONSE AND FOLLOW-UP
14. EMERGENCY EXITS AND LIGHTING
15. EVACUATION ROUTES
16. EVACUATION PROCEDURES
17. CRITICAL PLANT OPERATION PROCEDURES
18. OTHER EMERGENCY PROCEDURES
19. RECORDS

APPENDIX:

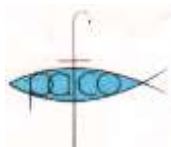
APPENDIX A

APPENDIX B

APPENDIX C

POLICY #: 3.05:06

ISSUED BY:	APPROVED BY:	SUPERSEDES	FIRST DATED	VERSION	REASON	COPIES HELD BY
V. Komainalovo	A. Raj	08	Mar 2009	09	Ref to Doc Reg	CEO/GMO/QA/Prodn/PMD/ RML/HR/FC Managers



**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 2 of 15	Issued: Jan 2019
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SUBJECT: CRISIS MANAGEMENT PROGRAM

1 PURPOSE

To institute policy, guidelines, and responsibilities needed to establish and carry out emergency preparedness, response plans and evacuation procedures. The objective is to protect personnel, equipment, products and records during any period of impending or actual emergency at our Pacific Fishing Company Ltd facility.

2 POLICY

It is Company policy to implement and maintain an overall plan of action for the protection of products safety and quality, people and property in the event of an impending or actual emergency, major disaster, or civil defense alert, in accordance with OHS standard, National Disaster Management Act and Public Order Act.

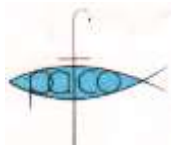
The written emergency action plan covers designated actions that must be taken to ensure product and employees' safety from fire and other emergencies. However, no set of procedures and instructions can cover all the requirements for coping with every emergency. The application of good judgment and sound management decisions are necessary to implement all procedures. With this in mind, Plant Management shall apply the elements of this program and make appropriate decisions specific to particular plant operations and environment.

3 APPLICATION

This plan applies to all Pacific Fishing Company Ltd. Product, employees, 3rd-party temporary employees, visitors, contractors, security guards, and any other "non-employees" whose work is directed by Pacific Fishing Company, PAFCO.

Visitors: All visitors, delivery persons, contractors, etc., requiring entrance to the facility must sign the visitor's log located in the front Security Office. It is the responsibility of the Pacific Fishing Company employee receiving the visitor(s) to inform them of emergency exits and actions to be taken in case of an emergency.

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 3 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

4 DEFINITION

Within the scope of this plan, an emergency situation is an event that has the potential to affect product safety, personal injury and/or create significant property damage. For example, these emergencies could include: medical, fire, a gas leak, a chemical spill or release, an explosion, earthquake, power failure, civil disturbance, and a bomb threat.

5 AREAS OF RESPONSIBILITY

The duties under this program outline the responsibilities for the process of preparing for, mitigating, responding to and recovering from an emergency.

The Chief Executive Officer has overall responsibility for the program, however PAFCO has the crisis management team is set up to handle a specific situation and has the authority to handle that situation. The core members of the crisis management team are as follows:

Crisis Coordinator: Production Manager

Responsibility: To coordinate all relevant procedures in the event of a crisis. To ensure that the Crisis Management Procedure is followed.

Crisis Secretary: Quality Assurance Assistant Manager (SQF Practitioner)

Responsibility: To document all information gathered by the Crisis Management Team along with the date, time and provider of the information. To minute all decisions/actions approved in an incident log. To be aware of the movements of the crisis management team during the crisis. To prepare a post-crisis report. To ensure that all necessary equipment is located at the crisis management control centre. To manage document control of the crisis management plan. To update the Emergency Contact List every 6 months.

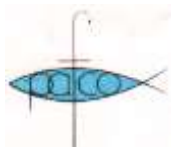
Chairman: General Manager Operations

Responsibility: To maintain management with senior management and board as appropriate. To ensure that all decisions are coordinated and information/decisions are communicated to the relevant personnel, which must include the Operations Director, Marketing Director and the Logistics Director.

Corporate Affairs: Human Resources Manager

Responsibility: To manage media and communication activities and to liaise with senior management to determine requirements in respect of the media and other key audiences of the group.

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PACIFIC FISHING COMPANY PTE LIMITED

QUALITY ASSURANCE MANUAL

PROCEDURE

SQF ref: 2.1.5	PAFCO.II.10	Page 4 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

In the absence of the Chief Executive Officer, the following employees are considered as most senior officials on site for the purposes of handling emergencies. These employees may be contacted for further information or explanation of duties under this plan:

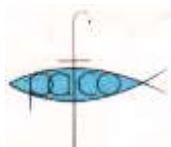
Day Operations

Name	Job Title	Mobile phone
Brett Carter	General Manager for Operation	(679) 990-8269
Sunita Sundar	Quality Assurance Manager	(679) 990-8266
Vasiti Komainalovo	Ass. Quality Assurance Manager	(679) 9226529
Kelera Ratinaisiwa	Human Resources	(679) 9890869
Dusilele Bola	Occupational Health And Safety	(679) 9360268
Ashok Raj	Production Manager	(679) 9908262
Rolando Yambao	Technical Manager-Engineering	(679) 9908267
Philip Murry	Technical Supervisor-Engineering	(679) 9948581
Thomas Mcgoon	Raw Material & Logistic Mgr	(679) 9908268
Tomasi Vakatale	IT Supervisor	(679) 9479240

Evening/Night Operations

Name	Job Title	Mobile Phone
Mikaele Sikeli	Assistant Production Manager	(679) 9908614
Atu Draunidalo	Operation Supervisor	(679) 9772576
Titilia Cokanisiga	QA Shift Supervisor	(679) 2190138
Maraia Matavesi	QA Shift Supervisor	(679) 9208820
Daniele Rawalai	Operation Supervisor	(679) 9666040
Luke Ravula	RML Supervisor	(679) 9208080

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 5 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

Weekends/Holiday Operations (When the plant is closed)

Shift Security (679) 34400 55 — main guard room telephone

When the plant is closed, Shift Security Team on duty will follow orders as described in the guard's General and Special Post Orders. The guards will be responsible for notifying management of any emergencies.

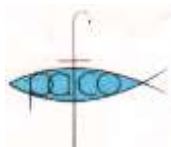
6 EMERGENCY REPORTING INSTRUCTIONS

Employees shall immediately notify the supervisor, lead-person, or most senior manager on duty of any fire or other emergency. The most senior manager on duty will contact Levuka Town Fire Authority emergency services via telephone, by dialling 3440600, if such outside assistance is warranted (see also Appendix A for additional reference to medical and utility providers that may need to be called.)

In the case of emergency after normal daytime business hours, the most senior manager on duty shall notify the Chief Executive Officer or alternates listed below until one is contacted:

	NAME	TITLE	MOBILE PHONE
1	Bhan Singh	Chief Executive Officer	(679) 9908756
2	Brett Carter	General Manager-Operations	(679) 9908269
3	Sunita Sundar	Quality Assurance Manager	(679) 9908266
4	Vasiti Komainalovo	Ass. Quality Assurance Manager (SQF Practitioner)	(679) 9226529
5	Kelera Ratinaisiwa	Human Resources Manager	(679) 9908266
6	Dusilele Bola	Occupational Health And Safety	(679) 9360268
7	Ashok Raj	Production Manager	(679) 9908262
8	Rolando Yambao	Technical Manager-Engineering	(679) 9908267
9	Thomas Mcgoon	RML Manager	(679) 9908268

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 6 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

It is the responsibility of the General Manager or alternate to contact the other members of management as listed above. (The above listing is also contained in Appendix B).

7. COMPANY SPOKESPERSON and COMMUNICATION TO BUSINESS PARTNERS

The Chief Executive Officer or his/her designee will be the official spokesperson for the company in the event of an emergency. All inquiries are to be referred to the designated spokesperson.

The Chief Executive Officer or the General Manager shall notify its business partners notifying the effect of the incident which may results to shifting production to other facilities until the plant has recovered.

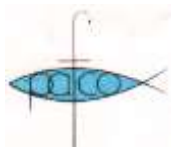
The Chief Executive Officer shall communicate with the customers in the event of a crisis that impacts ability to supply quality product.

8. PRODUCT SAFETY & PRODUCT QUALITY

In case of an emergency action must be taken to assure the safety and quality of the product as follow:

- 8.1 Any product with the Food Safety or Food Quality risk shall be identified, and isolated appropriately.
- 8.2 Product shall be placed on hold, a full analysis; risk assessment and disposition should be given by the Quality Assurance Manager. Refer to the Noncompliance Product Program.
- 8.3 A product recall can arise from the production of unsafe, or non-conforming product and threats to products. Refer to QP 2205.1 – Traceability/Product Recall Program.
- 8.4 Upon identification that a certified supplier initiates a unsafe or does not meet customer specification event that requires public notification (such as Class I or Class II recall), the supplier shall notify the certification body and the SQFI in writing at foodsafetycrisis@sqfi.com within twenty-four (24) hours of the event. The supplier's selected certification body and the SQFI shall be listed in the supplier's essential contacts lists as defined in module 2.1.6 of the SQF Code-See QP 2205.1. The certification body shall notify the SQFI within a further forty-eight (48) hours of any action they intend to take to ensure the integrity of the certification. Please contact

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 7 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

the Bumble Bee Senior Manager Quality Services for further details should such an event occur.

Contact Details for Bumble Bee Senior Manager Quality Services

Daniel Clark

Daniel.Clark@bumblebee.com

Ph: 858.715.4099

Company Name	EMAIL ADDRESSES
SQFI	foodsafetycrisis@sqfi.com

Meréiux	Fiona Grime Position: Technical and Certification Manager Email: certification.au@mxns.com Phone: +61 3 8878 2122 Fax: +61 3 9877 8444
Meréiux	Denise Andersen (U.S. and Canada Plants)

9. ALTERNATIVE HEADQUARTERS

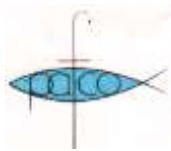
If for whatever reason, the offices within the main building become unsafe or unusable, then the security guard office area or the Company Koromakawa Facility is to be used to coordinate all emergency response activities.

10. TRAINING

All employees of Pacific Fishing Company receive annual training on the company's Emergency Action Plan. New employees are given instructions during new hiring orientation/Induction Training.

The training program emphasizes these items:

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 8 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

- 10.1. Procedures to follow in the event of an emergency evacuation
- 10.2. Evacuation routes
- 10.3. Emergency reporting procedures
- 10.4. Emergency alarm, exits and designated assembly areas
- 10.5.** Types of Emergencies: Fires, earthquakes, cyclones, hurricanes, medical emergencies, etc.

11. EMERGENCY ALARM AND DRILLS

Alarms

- 11.1. The facility is provided with an alarm system. In the event of a fire, ammonia or evacuation the alarm will sound.
- 11.2. There may be instances when the alarm system may fail. In those cases, employees will be notified to evacuate by verbal command.
- 11.3. Periodically, the Company conducts a test of the emergency alarms, to ensure they are working properly.

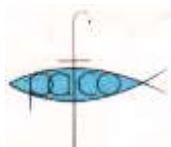
Drills

- 11.4. The Company will conduct emergency and evacuation drills Bi-annually to familiarize all employees with proper emergency responses and procedures. Drills will be conducted as if a real emergency exists.

12. CRITIQUE OF RESPONSE AND FOLLOW-UP

A critique and follow-up will occur at the conclusion of an emergency evacuation, after all hazards have been removed and systems restored, as well as at the conclusion of a practice evacuation. The General Manager-Operations and designated personnel will review the entire situation, critique responses of the personnel involved and make recommendations for changes in the plan and/or procedures. The General Manager will issue directives for the implementation of any changes. The OHS Officer will make changes as applicable to the written procedures.

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 9 of 15	Issued: Jan 2019
-----------------------	--------------------	---------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

2.1.5.3 The business continuity plan shall be reviewed, tested and verified at least annually.

2.1.5.4 Records of reviews and verification of the business continuity plan shall be maintained.

13. EMERGENCY EXITS AND LIGHTING

Both the main processing facility, administration and cold storage buildings and warehouses and other areas have designated exits to be used in the event of an evacuation. Exit sign properly marks each of these exits. Emergency lighting is also provided at each exit.

Emergency exits are readily accessible at all times and maintained free of obstructions and impediments.

All doors, which may be perceived to lead directly outside the building and are not actually an exit, will be clearly identified with a sign reading "Not an Exit".

14. EVACUATION ROUTES

Diagrams of evacuation routes showing the facility exits and various routes to be followed in the event of an emergency evacuation are posted throughout the main buildings and warehouses.

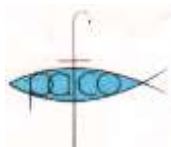
It is the responsibility of every employee to study the diagrams and be prepared to evacuate in case of emergency. If there is an emergency, employees are to evacuate through the nearest exit door and meet at their designated department assembly area. (Appendix C)

15 EVACUATION PROCEDURES

In the event an emergency situation arises which necessitates the immediate evacuation of personnel, the following procedures are to be followed:

- Employees shall notify the supervisor, lead-person, manager, or most senior manager on duty immediately upon discovery of a fire or other emergency.

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 10 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

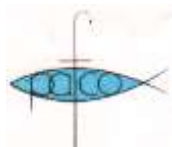
- The most senior manager on duty (Appendix B) will make the decision and alert all personnel to evacuate, or in the event of a severe emergency necessitating immediate removal of personnel, the most senior manager or supervisor in the disaster area will make the decision and alert all personnel to evacuate.
- When ordered by the supervisor, or other manager in charge, machinery and utilities shall be shut off depending on the emergency and the time available. This includes retorts, boiler, ammonia system, natural gas, and electrical systems.
- Employees will be notified to evacuate by using the evacuation alarm signal. Otherwise, employees will be notified to evacuate by verbal command.
- All employees are instructed to evacuate the building by walking in an orderly fashion from their work areas to the nearest exit door. Should that door be blocked by a hazard, the nearest alternate route must be used.
- After evacuating the facility, employees are to proceed immediately to the pre-designated assembly areas so everyone can be accounted for.
- Supervisors will account for employees (including 3rd party temporaries) assigned to them. Department managers will account for all supervisors. The Human Resources department will have a master list available to confirm headcount. If it is determined there are missing person(s), the fire department will be immediately instructed to conduct a search.
- The receptionist will account for any visitors to the main administration building area. Individual employees will account for any visitors (i.e., vendors, delivery persons, contractors, etc.) they have received.

16 CRITICAL PLANT OPERATION PROCEDURES

Designated maintenance employees will be responsible for performing critical plant operations before they evacuate, as per internal maintenance department procedures.

These critical plant operations are:

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 11 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

- 16.1. Boiler Operation Shutdown
- 16.2. Ammonia Systems(cold storage and Plate Freezers) Shutdown
- 16.3. Natural Gas Shutdown
- 16.4. Electrical Shutdown
- 16.5. Retorts Shutdown
- 16.6. Pre-cookers Shutdown
- 16.7. Hydraulic systems
- 16.8. Air Compressors shutdown
- 16.9. Laboratory equipment shutdown

17. OTHER EMERGENCY PROCEDURES

17.1. Sewer back-up:

Small sewer spill

For a small sewer spill affecting the restrooms facilities close to our production areas, Maintenance department will be contacted immediately for repairs. Sanitation personnel liaising with Maintenance Department will proceed to take appropriate measures to ensure it does not reach production areas. Sanitation will clean and sanitize the area after all is clear.

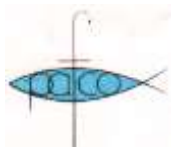
Major sewer spill

In the event of a major sewer spill, management will direct employees either to evacuate the plant until areas are cleaned, or stop production for the rest of the shift. Areas affected will be cleaned and sanitized.

Our 24 hours security personnel have been trained on the procedures to follow in case of an emergency during off hours. A list of phones to call is placed in the guard office.

17.2. Floods

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 12 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

Natural causes – In the event of an alert caused by the risk of a flood due to natural causes our Sanitation and Maintenance crew will be on alert stage to take action preventing the flood water from reaching our finish products by moving these (already on pallets) to safer location.

We estimate that a flood caused by a natural event will not reach our production lines, as long as grounds and drainage are kept clean. A master maintenance schedule ensures that all facility grounds are kept clean of any trash or debris that may prevent the free flow of water currents.

Broken pipe – In the event of a broken pipe in any area inside our building, Maintenance personnel will close main valves and proceed with repairs.

17.3. Power outage

In the event of a power outage that may disrupt our production, all operation will be stopped not allowing for raw product to be taken out of the freezer. If product on the lines is exposed for a time considered to be a risk, all exposed product will be put on hold, stored appropriately for further analysis for final disposition. Management will determine further actions according to the seriousness of the emergency.

In case of a power outage that may disrupt production the following steps, must be taken to assure the safety of the product:

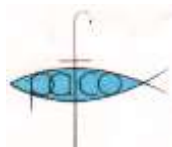
- Any product at risk must be identified and isolated.
- Product is to be placed on hold and a full analysis, risk assessment and disposition should be performed by the Quality Assurance Manager.
- The following should be implemented in case of a “Power Failure” situation if the power is not restored within two hours:

1. Raw Materials

Freezer

- Maintain all doors closed at all times
- Get a portable power plant if needed
- Connect unloaded fish containers using a power generator

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 13 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

2. In Process Product

Thaw System

- Evaluate fish temperature and time (refer to “Thaw System Table Time”)
- Segregate and place product on hold if temperature and time exceed allowed limits,
- Analyze histamine and perform a sensory evaluation as needed

Packing Lines

- Evaluate fish temperature and time (refer to “Thaw System Table Time”)
- Segregate fish on conveyors and at patching tables if time exceeds two hours. Further evaluations should be taken such as histamine and sensory analysis
- Discard fish on conveyors if it exceeds two hours.

Retorts

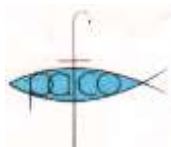
- Place product on hold if closing time in canned product before retorting exceeds 1.5 hours.
- Evaluate time, temperature and pressure of every retort with product
- Determine the safety measure that should be taken to assure the product in retorts is not at risk. Measure can include re-cooking, or destroying the product.

17.4. Chemical spill

PAFCO does not keep in the premises amounts that may create a disruption in the production due to a spill. All toxic chemicals are stored in closed sheds/cages provided with spill containment, none inside the processing facility building. In the event of a spill in the outside chemical handling area, chemical absorbent pillows will be used or appropriate steps will be taken to contain the spill; all waste will be managed according to local regulations.

17.5. Civil unrest

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 14 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

In the event of a civil unrest that may disrupt our production, all operation will be stopped not allowing for raw product to be taken out of the freezer. If product on the lines is exposed for a time considered to be a risk, all exposed product will be put on hold, stored appropriately for further analysis for final disposition. Management will determine further actions according to the seriousness of the emergency.

17.6. Serious health issue/outbreak of disease or pandemic

In the event of a serious health issue that may disrupt our production, all operation will be stopped not allowing for raw product to be taken out of the freezer. If product contaminated by the affected employees, the affected products will be considered to be a risk, all affected product will be put on hold, stored appropriately for further analysis for final disposition. PAFCO Management in conjunction with Fiji Health Department will determine further actions according to the seriousness of the emergency.

17.7. Ammonia Leak Procedure

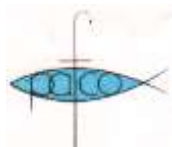
Ammonia Smell (May or May not be a Leak)

1. Report to the Ammonia operator (Utility/Boiler Operator)
2. Notify the Plant Engineer and/or Safety Supervisor if they are in the plant.
3. Ammonia operator will check to see if there is a leak.

Ammonia Leak

1. Report to the Ammonia operator (Utility/Boiler Operator)
2. Ammonia operator confirms it is a leak.
3. Report to shift Supervisor
4. Shift supervisor will call Plant Engr and other Managers.
5. Ammonia Operator will mitigate leak if possible.
 - Turn off compressor.
 - Put wet rag on leak.
 - Put bucket of water under leak.
 - Ventilate the plant.
 - Turn off valves if available.
6. Notify Safety Coordinator, Plant Engr., Production Mgr., and QA Manager

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**PACIFIC FISHING COMPANY PTE LIMITED
QUALITY ASSURANCE MANUAL
PROCEDURE**

SQF ref: 2.1.5	PAFCO.II.10	Page 15 of 15	Issued: Jan 2019
-----------------------	--------------------	----------------------	-----------------------------

SUBJECT: CRISIS MANAGEMENT PROGRAM

7. All management and/or supervision in the plant will determine where to evacuate the plant.

Large Ammonia Leak

1. Alarms sound /Big Smell – When Alarm sounds the compressor are shut down automatically.
2. Evacuate Plant
3. Call 911
4. No One talks to media
5. Call OH&S Manager and Engineering & Maintenance Manager
6. Call Production Mgr. and HR Mgr.

18. EMERGENCY PLAN EXERCISE

See attached.

20. RECORDS

Records of reviews and verifications (drills) of the plan shall be maintained.

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Housing Authority Presentation to Public Accounts Committee 2016 & 17 Annual Accounts

Date : 17th October, 2019

Time : 2.00pm

Venue : Parliament Committee Room (West Wing)



Housing Authority

Your complete housing solution

Role & Objectives

- “Helping Fijians own affordable homes”
- Reinforced by Government’s vision along with the objective of the Authority

Role & Objectives

- The **Housing Act (Cap 267) sec 15 of 1955** with the **principal objective to provide housing accommodation to workers** in Suva, Lautoka and other prescribed areas while the act empowers the Authority to:
 - to acquire land or buildings or any estate or interest therein
 - to subdivide and develop any land acquired by or vested in it;
 - to let or lease any land or building vested in it, to be used for the purpose of any factory, warehouse, shop, workshop, school, place of worship or place of recreation which would, in the opinion of the Authority, be to the convenience or benefit of persons occupying houses provided by the Authority;

Role & Objectives

- **by way of loan, guarantee or otherwise, to assist a worker to purchase a dwelling house, or discharge a debt secured on a dwelling-house, or erect, or effect substantial alteration, improvement or extension to.**



Role & Objectives

- Salary threshold or market segment with income level below:
 - ✓ \$7,000.00 per annum from 1960,
 - ✓ \$16,500 per annum from 1995,
 - ✓ \$50,000 per annum from 2003
- Further in Section 16 of the Housing Act stipulates that the Authority;
 - ✓ **“Shall not be to make a profit but to enable the workers and their families to obtain accommodation suitable to their needs at the minimum cost without the Authority actually incurring a loss.”**



AFFORDABLE HOUSING

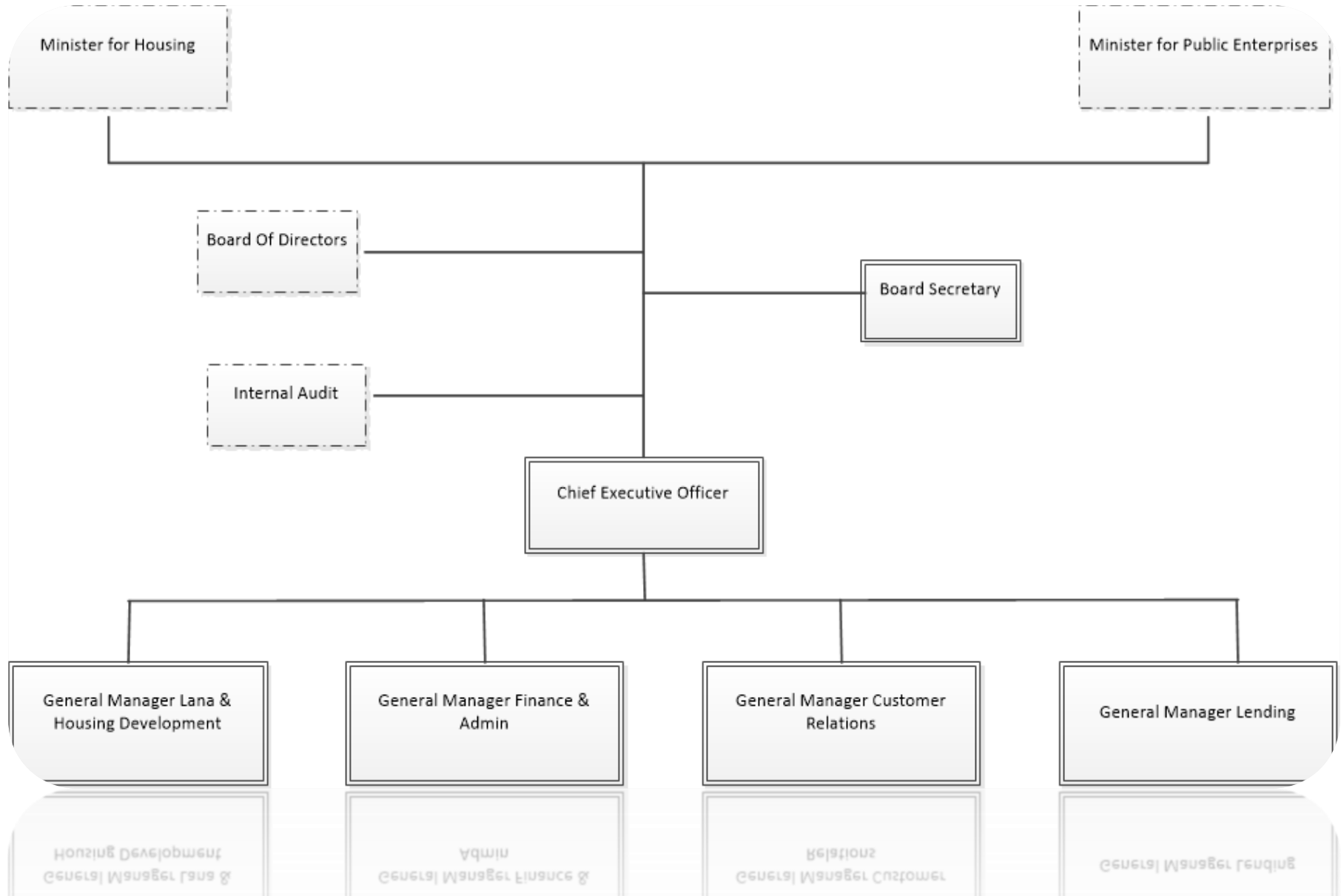
BUSINESS EXPECTATION

- Provide affordable and equitable land supply and “design & build” houses including strata units.
 - Deliver and offer 1000 fully serviced lots per annum from its projects. -
 - 70% to 80% of the lots subsidized for the low & middles income residents.
 - Design and build houses/strata units are affordable to the low & middle income residents
- Provide innovative housing solutions to build integrated communities in the different urban centres around the country.
- Provide total financial solution for low income earners with household income below \$50,000 per annum.

National Development Plan

- Authority corporate plan and strategic direction is aligned to the Governments 5year & 20 year development
- Supports long tern transformational plan
- Access to **affordable housing** through the construction of new housing units – self build/contractors.
- Ensuring that more land is made available for **home construction and** help increase the supply of housing.
- Government will encourage both public and private investments in the provision of housing units with strata titles
- Vertical villages
- “The Housing Authority and Public Rental Board will ensure that more land is developed for residential lots and more affordable and accessible housing is provided”

ORGANISATION STRUCTURE



RECRUITMENT

CATEGORY	TOTAL	MALE	FEMALE	%
EXECUTIVE	5	5	0	
MANAGEMENT	10	9	1	10%
TEAM LEADERS	18	10	8	44%
STAFF	115	76	39	34%
ENGINEERS	6	5	1	16%
TOTAL	154	105	49	31%

STRATEGIC DIRECTION

- Orbits around the vision, mission and corporate values

» Vision

- “Helping Fijians Own Affordable Homes”.

» Mission

- The purpose of Housing Authority is to be the premier producer of affordable and quality housing products and services through;
- - Development of affordable fully serviced lots and construction of affordable homes/units with - Affordable home loan packages to our low income customers - Building happy communities

» Corporate Values

- We will encounter all challenges to be the dynamic leader in housing
- We will provide excellent services promptly, effectively and courteously
- We will be innovative in meeting the needs of our customers and stakeholders
- We will understand, appreciate and involve all staff
- We will do business in a transparent, ethical and honest manner

STRATEGIC DIRECTION

- There are **financial and non-financial targets based on balance score card** structure representing the four perspectives which is aligned towards the strategic direction of the organization
 - to address the housing broken market and breaking barriers that effect **“supply & affordability”**.
 - The focus is to ensure that lot prices and loan package are **“affordable”** and **“easily accessible”** to the low & middle income residents who are struggling to get on the housing ladder.
 - Concentration is to facilitate families earning \$20,000.00 to **\$30,000.00**.

SOCIAL & COMMERCIAL OBJECTIVES

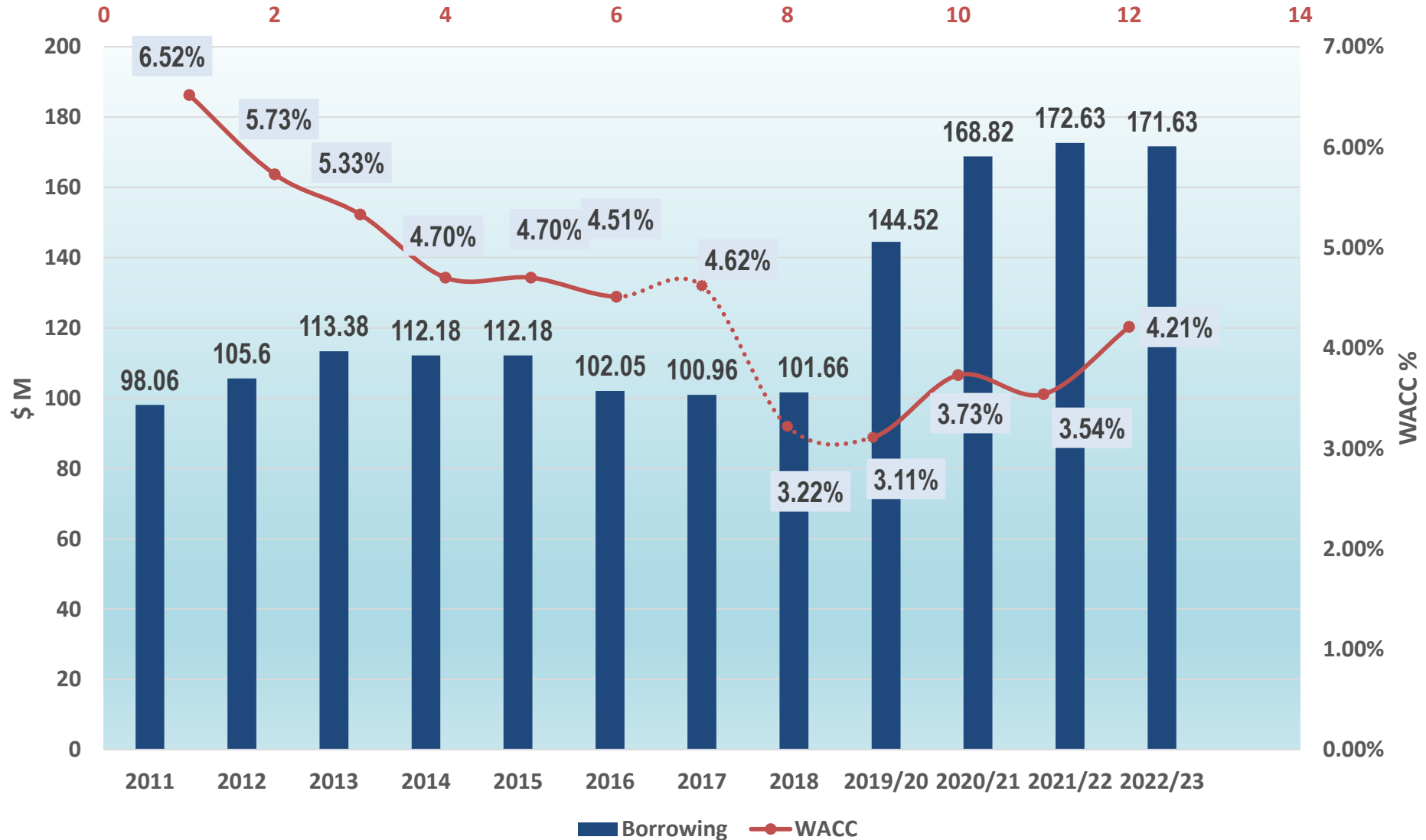
➤ SOCIAL OBJECTIVES

- ✓ Affordability
- ✓ Cost of Land & House
 - Government Subsidy
 - Cross Subsidy
- ✓ Lending interest rates
 - Government assistance
- ✓ Services
 - Free standard house plan
 - Documentation fees

➤ COMMERCIAL OBJECTIVES

- ✓ Operating surplus
- ✓ Accountability
- ✓ Productive
- ✓ Efficient

BORROWING PORTFOLIO / WACC 2013-2018 & Projected 2019/20-2022/23

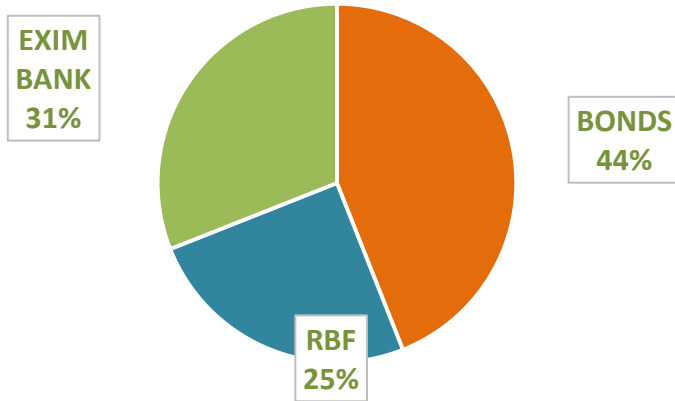


BORROWING PORTFOLIO

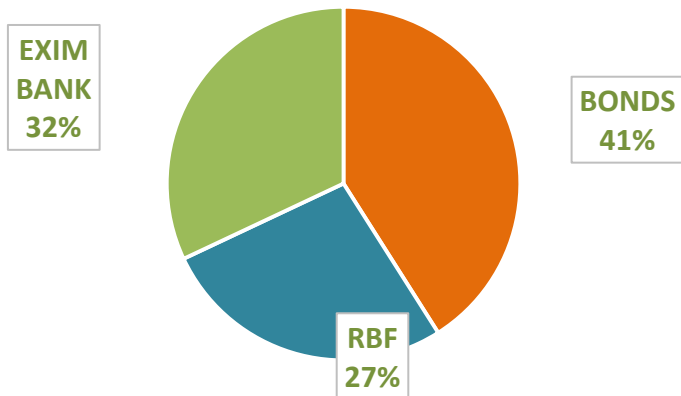
BORROWING PORTFOLIO

INVESTORS

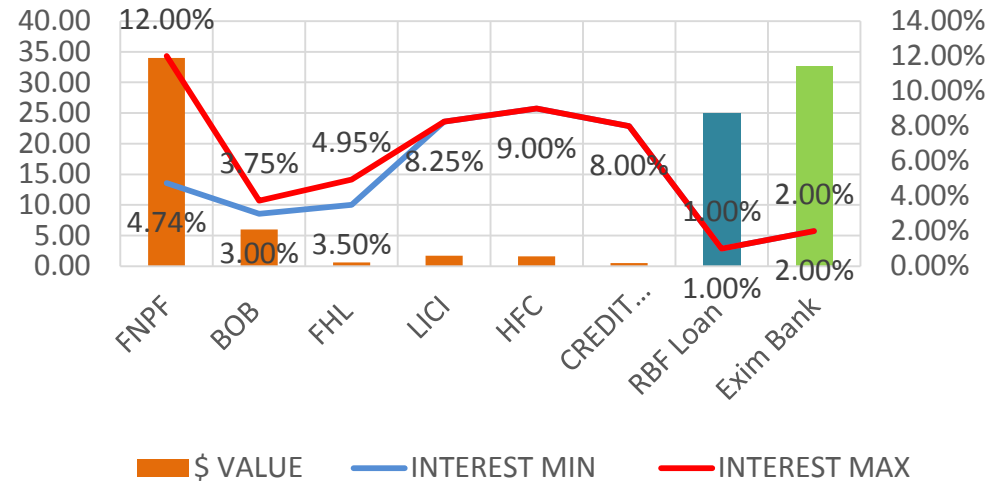
2016



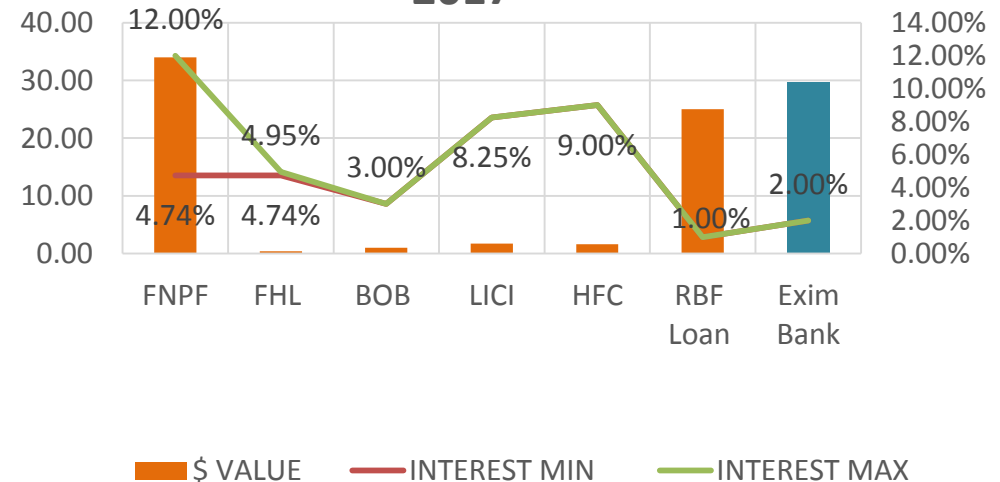
2017



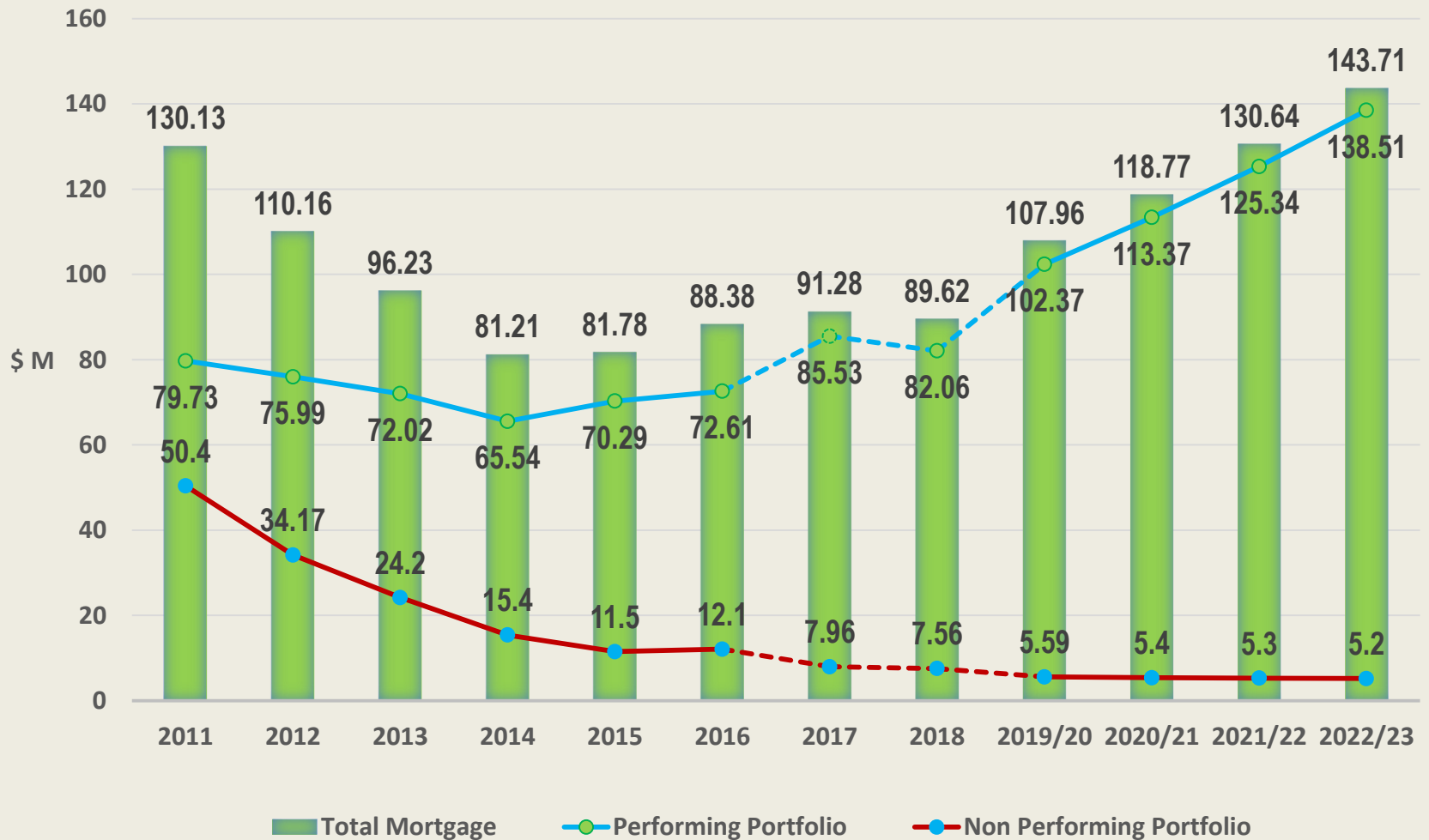
2016



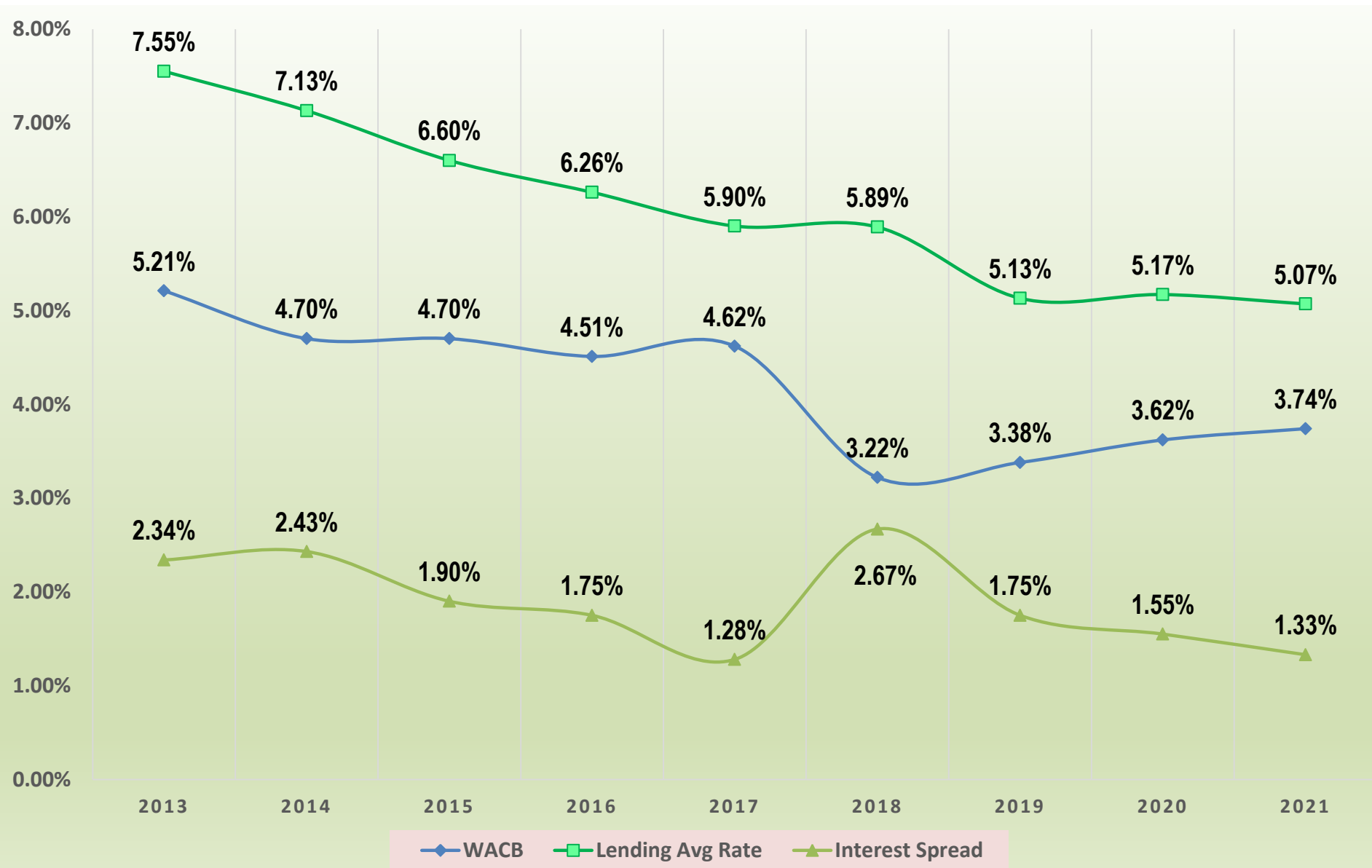
2017



MORTGAGE PORTFOLIO (2013-2018) & PROJECTION 2019-2022/23



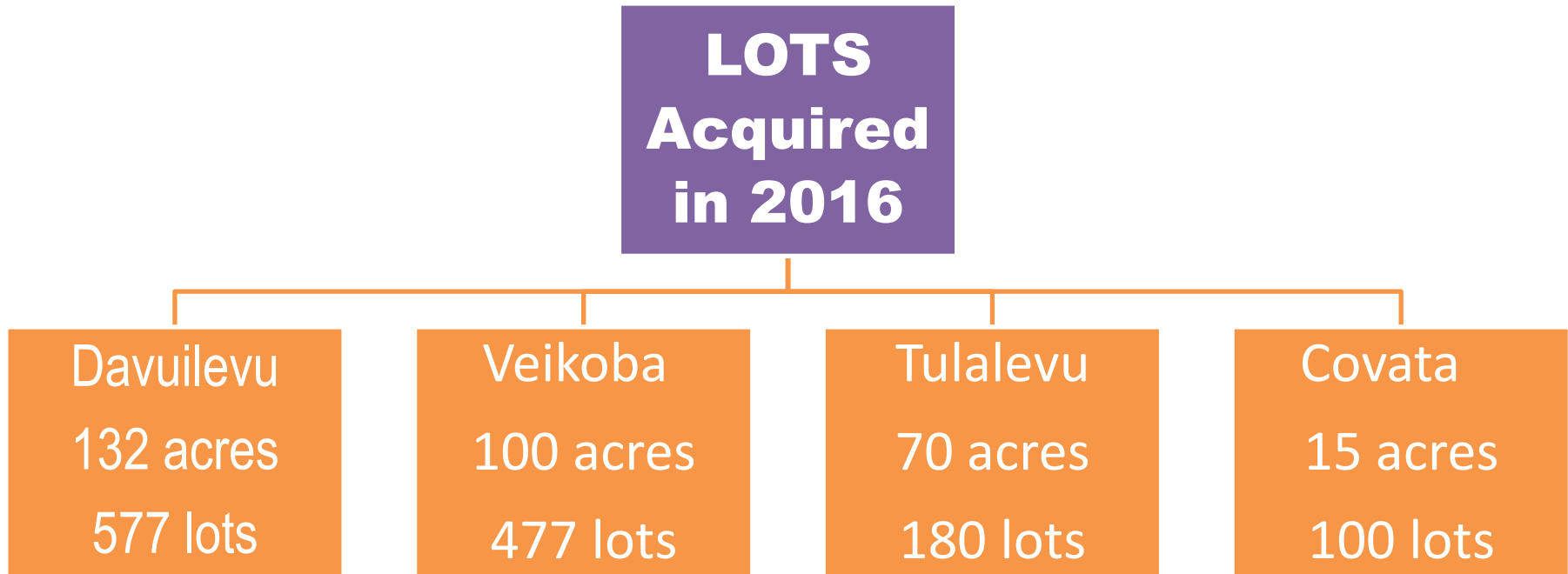
INTEREST SPREAD



OPERATING SURPLUS 2013 - 2018 & Projection 2019-2022/23



BUSINESS ACTIVITY



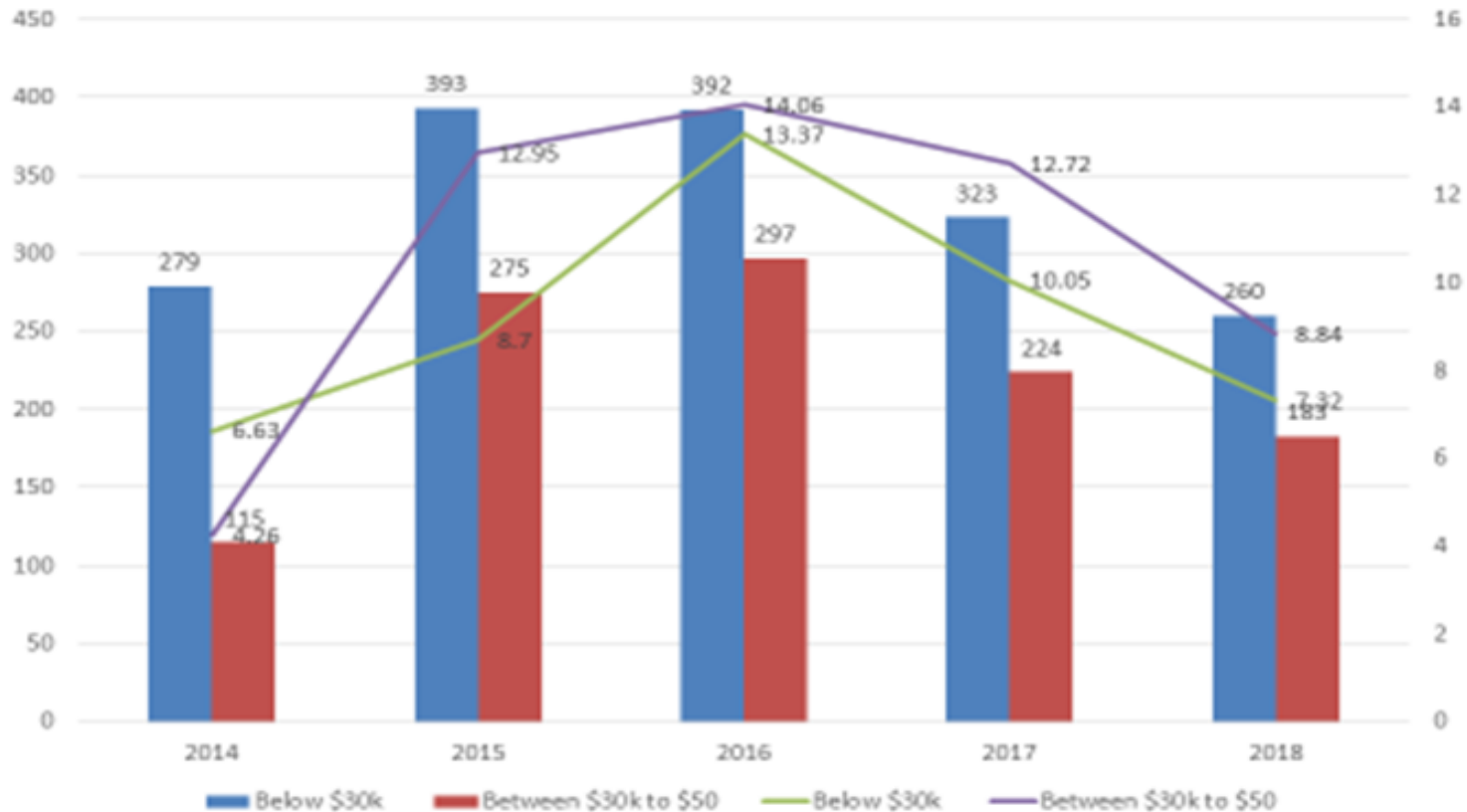
BUSINESS ACTIVITY

- Applications approved in 2016 and 2017 as follows:

SALARY RANGE	2016		2017	
	No	Amount	No	Amount
Below \$30k	392	13,379,624	323	10,051,835
Between \$30k & \$50k	297	14,067,150	224	12,720,195
Above \$50k	40	2,644,003	29	1,901,674
TBC	52	2,425,607		
TOTAL	781	32,516,385	576	24,673,704

Loan Summary by Income Level

BUSINESS ACTIVITY – Loan Summary by Income Level



BUSINESS ACTIVITY – LOAN PRODUCT

Product	Gold Package	TM1	TM2	Existing Customers	TM4	DHL
YEAR	2013	2013	2013	2013	2017	2017
1	3.50%	3.95%	3.95%		4.75%	3.95%
2	4.40%	4.95%	7.50%		7.50%	4.20%
3	4.40%	4.95%	7.50%			4.20%
4	5.75%	4.95%	7.50%			4.20%
5	5.75%	4.95%	7.50%			6.99%
6	7.50%	7.50%	7.50%			
Variable	7.50%	7.50%	7.50%	5%	7.50%	6.99%

RBF HOUSING FACILITY

PRODUCT	NO	AMOUNT	YEAR	STATUS
GHLP	37	1,011,342.00	2013 to 2014	Approved
TM1	606	24,529,944.00	2014 to 2017	Approved
		25,541,286.00		
DHL	350	31,663,151.00	2017 to 2019	Approved
		56,663,151.00		
DHL	50	3,895,281.00	2019	Proposed
DHL	71	6,425,999.00	2019	Proposed
		10,321,280.00		
TOTAL	1114	66,984,431.00		

HOUSING ASSISTANT GRANT YEARLY SUMMARY														
HAG STATUS	2014		2015		2016		2017		2018		2019 as at 27/09/2019		TOTAL	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
Year Approved														
2014	71	655,000											71	655,000
2015	16	145,000	81	640,000									97	785,000
2016			16	135,000	121	1,190,000							137	1,325,000
2017					75	685,000	121	1,095,000					196	1,780,000
2018					1	10,000	41	355,000	70	670,000			112	1,035,000
2019					1	10,000			10	125,000	82	895,000	93	1,030,000
													0	-
Subtotal	87	800,000	97	775,000	198	1,895,000	162	1,450,000	70	670,000	82	895,000	706	6,610,000
Cancellled			1	5,000									1	5,000
Declined					8	80,000	5	40,000	2	20,000	3	35,000	18	175,000
Pending Approval							1	10,000			30	385,000	31	395,000
Pending Clarification													0	-
Subtotal	0	-	1	5,000	8	80,000	6	50,000	2	145,000	33	420,000	50	575,000
TOTAL	87	800,000	98	780,000	206	1,975,000	168	1,500,000	82	815,000	115	1,315,000	756	7,185,000

LOT DELIVERY & SALES PROGRESS

[illegible]

SOCIAL HOUSING POLICY

The sole purpose of this policy was to enable the Authority to meet its corporate & social responsibility to assist customers who have paid more than the principal loan amount and yet continue to face genuine financial difficulties to repay their loans.

Customer accounts are carefully scrutinized under the following criteria:

- 1) Customers who have retired and over 55 years of age.**
- 2) Customers who are medically proven unfit to work.**
- 3) Customers who are physically or mentally disabled.**
- 4) Customers who are unemployed.**
- 5) Low Income customers - single or combined household annual income of \$10,000.**

Note: The customer must comply with one or more of the above criteria to be considered under the scheme.

SOCIAL HOUSING POLICY

YEAR	NO	GOVT GRANT ASSISTANCE	HA ASSISTANCE	TOTAL
2011	90	530,483.06	865,823.64	1,396,306.70
2012	146	1,024,191.99	927,565.97	1,951,757.96
2013	73	886,915.77	742,190.57	1,629,106.34
2014	19	143,881.75	134,960.97	278,842.72
2015	30	201,753.31	272,367.53	474,120.84
2016	20	150,857.15	239,374.63	390,231.78
2017	19	160,429.66	405,184.19	565,613.85
2018	8	69,860.37	81,131.65	150,992.02
TOTAL	405	3,168,373.06	3,668,599.15	6,836,972.21

BUSINESS - STRATA UNITS

- Role as corporate body
 - Four strata unit locations
 - Edenville, Vesida, Cakau & Rogi

STRATA	LOCATION	BLOCK	UNITS
Edenville	Toorak	7	92
Vesida	Nasinu	6	48
Cakau	Nasinu	6	44
Rogi	Nadera	2	26

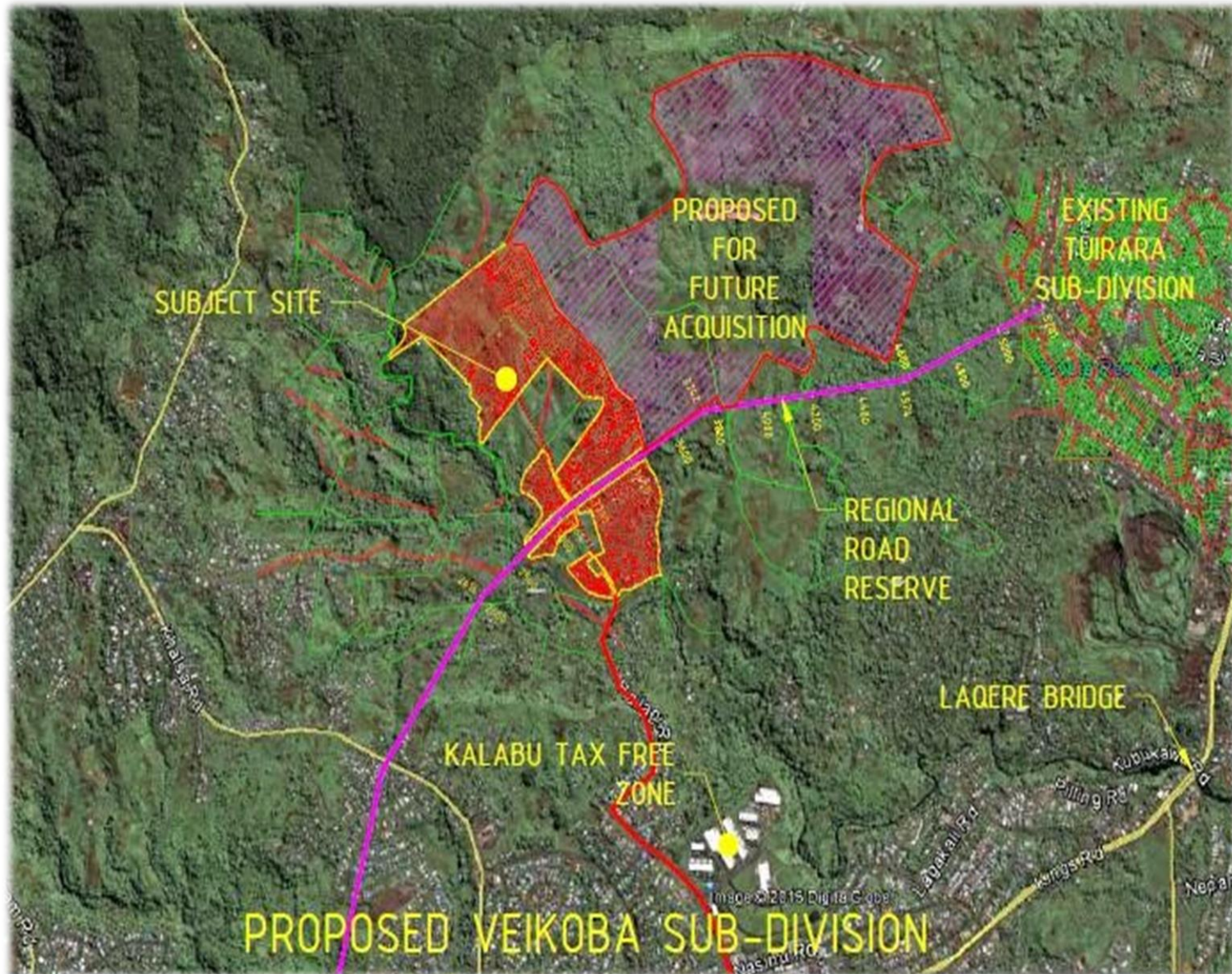
BUSINESS ACTIVITY Existing Land Development Projects

- Nepani Launched in 2016
 - 15 arches
 - Producing 181 lots
 - Budget \$14 million
 - Progress 90%
 - Completion – Feb 2020
- Davuilevu Launched in 2017
 - Arches
 - Producing 540 lots
 - Budget \$32 million
 - Progress 40%
 - Completion – July 2020
- Tavakubu Launched in 2017
 - 70 arches
 - Producing 477 lots
 - Budget \$20 million
 - Progress 50%
 - Completion – Jan 2020
- Tavua Launched in 2018
 - 15 Arches
 - Producing 113 lots
 - Budget of \$5 million
 - Progress 90%
 - Completion Jan 2020

BUSINESS ACTIVITY Planning - Land Development Projects

- Veikoba Nasinu
 - 2020
 - 100 arches
 - Producing 300 lots
- Covata – Labasa
 - 2020
 - 30 Arches
 - Producing 80 lots

Veikoba Sub Division - Nasinu



FUTURE DEVELOPMENT

Covata Sub Division - Labasa



Project :

COVATA
SUBDIVISION
LABASA

Drawing Title :

SUBDIVISION
SCHEME PLAN

Consultant / Developer



HOUSING AUTHORITY
VALELEVU CENTRE NASINU
P.O.BOX 1263, SUVA
FIJI ISLANDS
info@housing.com.fj

Surveyed by : MF

Date : Nov 2016

Original Size : A3

Drawn by : MELI TUOIRE

Date : 20_06_17

Scale : 1 : 1500

Designed by : SM

Date :

Computer File Name : C:\COVATA SUBDIVISION.DWG

Checked by : AGM/LAD

Date :

Drawing Reference : E/096

BUSINESS ACTIVITY - Construction - Vertical Village

SUBDIVISION	LOCATION	YEAR	UNITS
WAINIBUKU	NASINU	2018 to 2020	176
NEPANI	NASINU	2018 to 2021	608
MATAVOLIVOLI	LAUTOKA	2018 to 2020	
DAVUILEVU	NASINU	2019 to 2022	224
VEIKOBA	NASINU	2019 to 2023	110
			1,118

BUSINESS ACTIVITY Land acquisition plan

- Nabarawai – Veisari
 - 100 arches
 - 600 lots
- Naqeledamu
 - 80 arches
 - 280 lots
- Korovou – Tailevu
 - 80 arches
 - 267 lots
- Veikoba
 - 100 aches
 - 600 lots

VEISARI

Land Area: 191
acres

Location:
Wailekutu,
Veisari, Lami
Proposed
Development
Land Use:
Mixed
Development



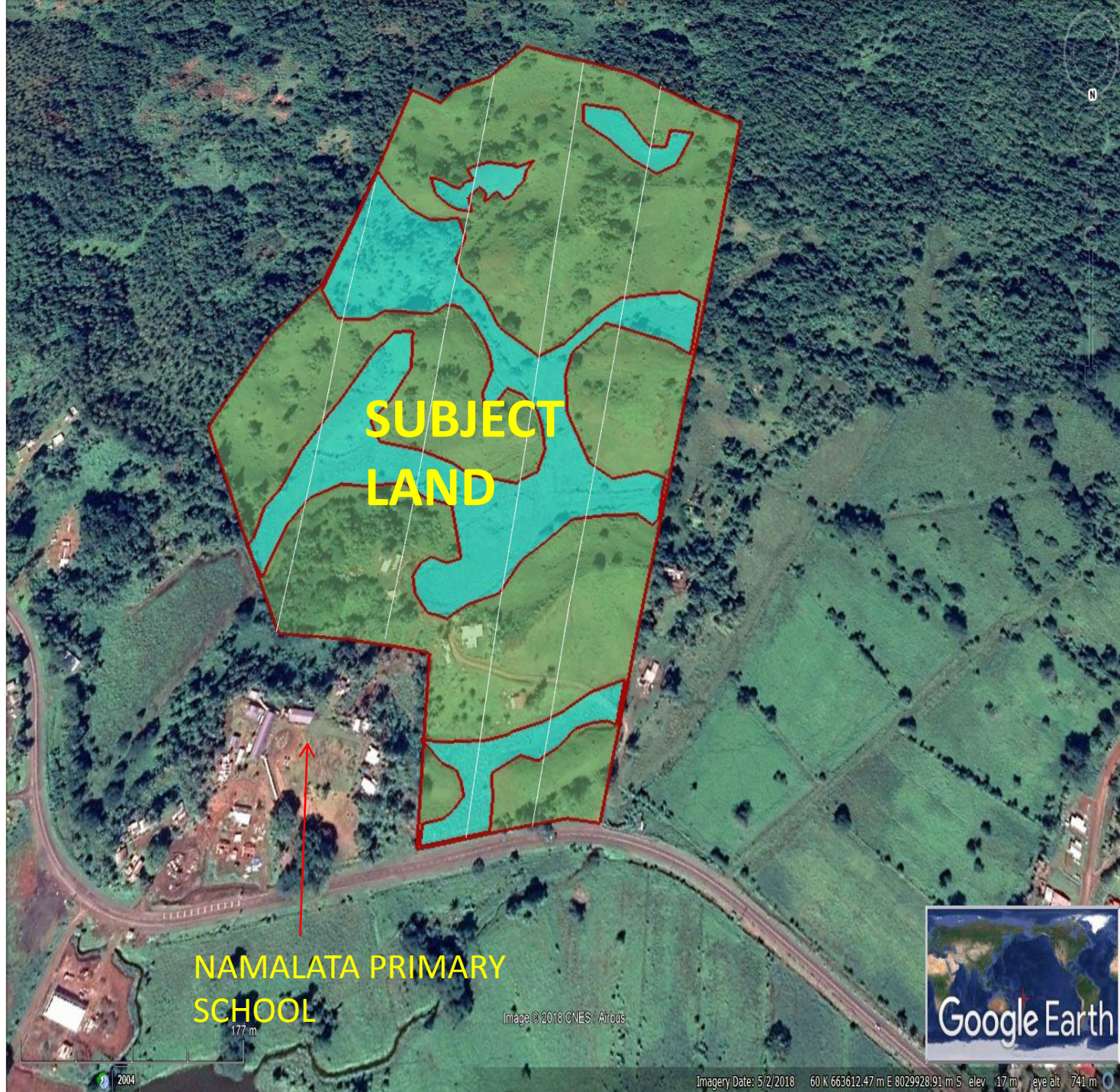
KOROVOU

Land Area: 87
acres

Location:
Korovou, Tailevu.

Proposed
Development

Land Use:
Mixed
Development



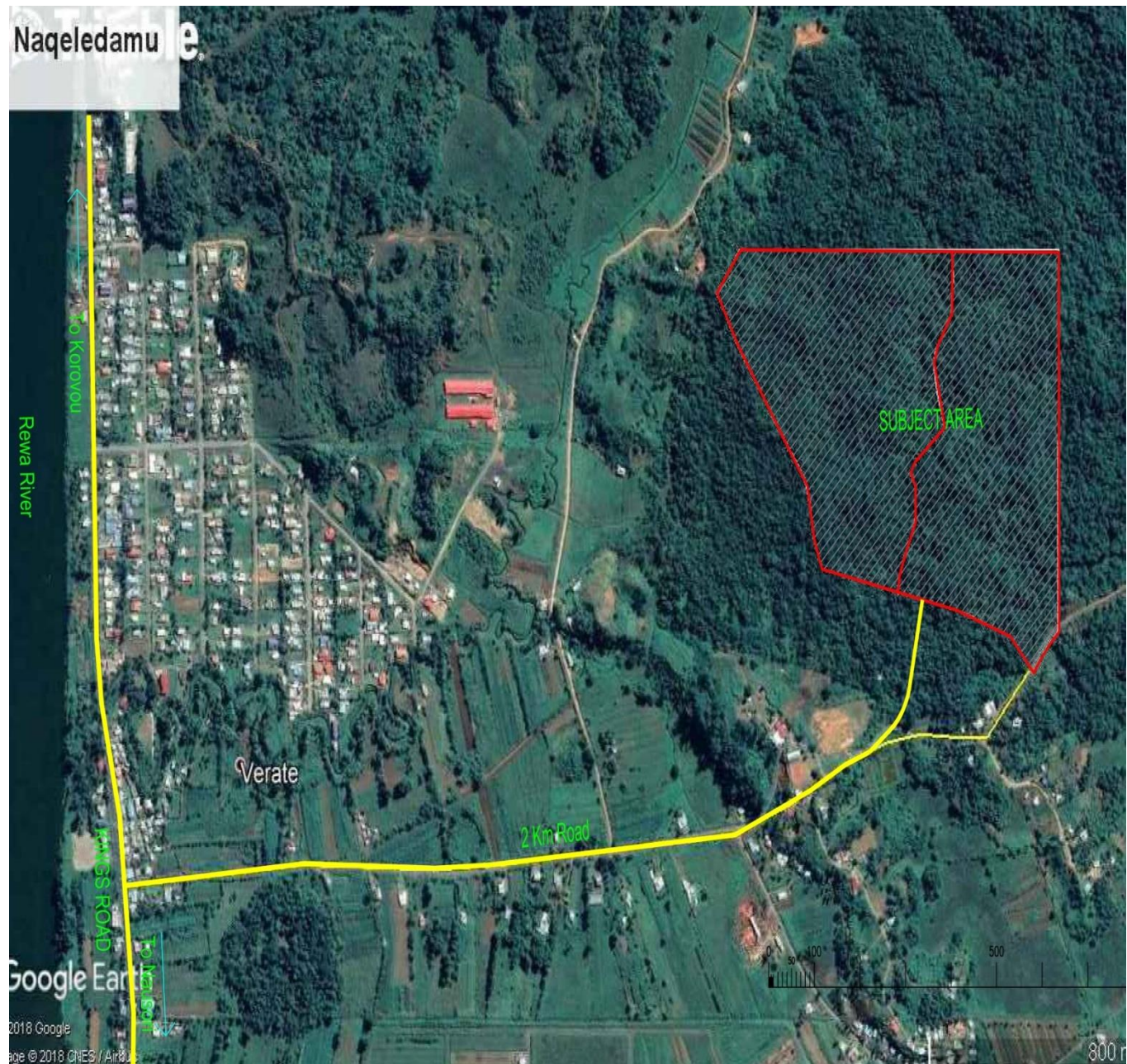
LAND ACQUISITION

NAQELEDAMU

Land Area: 80 acres

Location: Verata,
Nausori

Proposed
Development Land
Use:
Mixed Development



KEY CHALLENGES

- Accessibility to technologies that will allow the Authority to construct affordable housing.
- Lack of suitable raw land to development and produce affordable housing
- High lease premiums
- Accessing available land through TLTB and Lands and securing 99 year head lease



Thank You



Your reference
In reply please quote

Post Fiji Pte Limited
Head Office : 10 Thomson St., Suva
Postal Address : G.P.O. Box 40, Suva, Fiji.
Telephone : 330 2022 Fax : 330 6088

18th October 2019

The Chairperson
Standing Committee on Public Accounts
Government Building
Suva

Dear Sir,

Re: Response to Clarification of Issues- Report of the Auditor General of the Republic of Fiji.

We are pleased to present ourselves before the standing committee to provide clarifications on the issues reported by the Auditor General pertaining to our 2016 and 2017 annual financial audits.

I am thankful for raising these issues, which helps us to learn and rectify the same. Many of them are procedural issues and system failures, which surely will be discussed in this meeting.

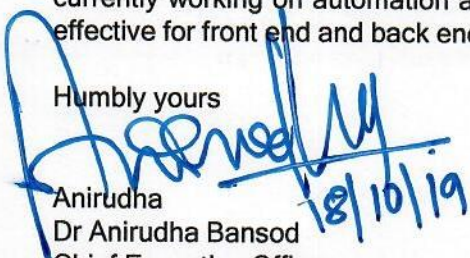
Being new CEO to Post Fiji (2 months), many of the things are not aware of me personally. However, we will be taking ownership of all these issues and will sincerely put forward to improve the same in coming years. The post Fiji team is working on the various strategical drive and structural changes at the moment for the betterment of Post Fiji, which is 100 % Government of Fiji arm.

Post Fiji Head of Finance worked on the issues raised by your authority and drafted a trailing response in the most positive manner. I am confident, the issues in coming years will be minimized and every effort will be put in to reduce the inefficiency and errors for betterment of Post Fiji Operations.

Currently, I am learning, studying and understanding the Post Fiji business in totality. I have definite strategic plans and vision to grow the post Fiji business. As we all know, postal business is going through tough time all over the world. On top of that, the global economy is also not giving any positive indication, making Post Fiji operations more difficult. However, we are confident, change in strategy, culture and attitude change, bringing system and processes effective and efficient in our operations will give desired results.

One of the areas of concern is Post Fiji has partial manual processing for various services. That's where, system loopholes are exposed. To fix these loopholes and leakages, we are currently working on automation and digitization of our services, to make it transparent and effective for front end and back end operations of post Fiji.

Humbly yours


Anirudha
Dr Anirudha Bansod
Chief Executive Officer
Post Fiji Pte Ltd

Issues from financial information- 2016

Absence of risk management policy

Subsequent to our response to the office of auditor general, the organisation has gone ahead and drafted the risk management policy. A comprehensive training was conducted in 2018 followed by a risk committee setup. The committee has established a risk register and identified various risk categories for Post Fiji. The risks are categories according to its impact on the business and relevant mitigation plans developed and implemented.

Internal audit

The internal audit functions and its audit plans are developed at the beginning of each year. The team works according to the plans, however, there is always ad hoc audits required based on the issues for unforeseen circumstances. Due to the limitations in terms of resources, there is always an overlap in the planned audits. However, the team is always trying to catch up on pending audits as per the annual audit plans.

The internal audit team has been briefed on their core responsibilities and have been reminded of the audit of internal controls and governance of the organisation.

Assessment for Impairment on property, plant and equipment

The audit findings were note and impairment assessments were performed in the subsequent years. These assets were later written off in 2018. The impairment testing for PPE has been documented in the new finance policy and assessment will be performed on an early basis.

Anomalies in the procurement process

We understand that there was no agreements and or contracts in place when the purchasing was done with these new suppliers. However, the rationale to buy from these suppliers was to reduce cost and be more competitive in terms of lowering cost of doing business.

The personnel from Post Fiji had visited the respective suppliers before any advance payments were done. However, all payments that were done with these suppliers was on the Letter of Credit with ANZ bank, which mitigated our risk. All goods ordered were received in full before the final payments were released.

However, following this audit, there was a change in the process and all overseas buying was secured through agreements and contracts. We are still using the Letter of credit as the means of payments and with certain suppliers, we have a credit facility. This process has been incorporated in the new finance policy.

Anomalies in staff advance

The staff advance- salary account under review was a carried forward balances from prior years. It was a practice in the past whereby staffs were entitled for advance from the organisation and recovered from salaries. However, this arrangements has been ceased and there is no longer any facility as such. Due to the fact that the balances are very old and record keeping was weak, there was no record for the names of the staff advances.

These balance have been written off in the subsequent year. The only advance account that the organisation currently has is tour advance, which is an accountable advance provided for business purposes. New policies and processes have been developed and contained in the finance policy in regards to any advances from the organisation and its recovery process. The reconciliations for such accounts are now prepared on a timely basis.

Issues from financial information- 2017

Absence of policy and guidelines

The policy guidelines which are in place are quite outdated and needs to be reviewed in line with the changing business environment and technology.

The current management has done the review of the policies and procedures and is in the process of seeking the board's approval before any implementation. The policies are in a comprehensive form and includes all aspects of the business. A separate policy has been developed for corporate governance within the organisation.

Outdated Corporate Instructions Manual

The corporate instructions manual has been revised through a consultative approach and requires some further discussions with the unions. This will be later presented to the board for endorsement and implementation.

However, relevant sections have been updated as and when new legislations have been gazetted and or changes in organisation policy been implemented.

Absence of evidence to confirm approval of the 2017 budget by the board

The management has rectified the issue and corrective measure have been put in place. Budgets are living documents of any organisation and a guide to achieve the set goals and targets. All management reports to the board for 2017 was guided by the budgeted numbers and variances explained accordingly. However, budgets in the subsequent years were duly presented and deliberated to the board and necessary approvals sought.

Significant long outstanding local debtors

The management was with the view that all avenues has to be exhausted to recover debtors. However, due to lack of some records and missing documents the recovery process was futile. A thorough

impairment assessment was performed on all local debtors outstanding. Subsequently, the debtors were written off in 2018.

There has been vast changes in the debt recovery and the management is now ensuring that the local debtors do not go past 60 days outstanding. The debt recovery policy has been documented in the new finance policy.

Ineffective controls over management of inventory

The office of Auditor General has performed an inventory management audit and provided with recommendations to be implemented for a more effective and efficient inventory management particularly in the offline location. Together with the recommendations from OAG, Post Fiji is committed to converting the offline stations to online. This will provide with more real time data and a very close monitoring of the Post Office operations. There are only 8 out of 58 Post Offices to be online Fiji wide.

The new finance policy incorporates all the inventory related policies for better governing of inventory management and controls.

Absence of valid and proper rental agreements

Post Fiji is in the process of renewing its rental agreements with the landlords and our tenants. Accordingly, a number of agreements have been renewed.

In regards to the crown lease at Government Buildings, the management is looking into the matter. There is no file record with the lands departments and the premises has been occupied by Post Fiji from yesteryears. The premises was allocated by the government for postal operations from Government Building. The rent that is booked is on accrual basis as a provision for any future liability as rent payable.

Absence of valid and proper written agreements with the billpay vendors

Agreements with billpay vendors are in place with the terms and conditions. However, some agreements had expired during the audit phase and was regarded as invalid.

The management is working on validating all agreements with respective vendors and moving forward will ensure that agreements are valid.

Back to school credit not properly managed

There has been a significant changes in credits for back to school credit subsequent to the 2017 audit. The process of credit application vetting and credit approval has been very thoroughly scrutinized and relevant controls put in place.

With the new process implemented, there has been a huge decline in back to school credit outstanding. The new finance policy has incorporated relevant policies and procedures for all credits.

However, the old outstanding in back to school credit has been written off in 2018.

Incorrect disclosures of losses and shortages as receivables

Subsequent to the audit recommendations, the stated accounts except for QSF grant have been reclassified and correctly disclosed in the financial statements. QSF grants receivable is still classified as other receivable as Post Fiji Limited has some projects that have been approved by Universal Postal Union.

The rationale for the company to classify shortages and losses as other receivable was due to the fact that these funds were due to be received either through insurance settlement and or recovery from staff. However, the organisation has reclassified these accounts to be in compliance with IFRS.

No policy and guideline for holding of excess cash for Postmasters cash account.

In normal circumstances, all excess cash is remitted to the controlling Post Office. However, there are instances when the levels of cash exceed the approved limits. This is normally communicated to head office and reasons are outlined for holding extra cash.

Given that fact that our locations are spread all over Fiji including rural and maritime, accessibility to such locations is a challenge for Post Fiji. Secondly, all maritime and rural islands rely on Post Fiji for all their remittances. There are circumstances when Post Offices maintain extra cash due to unavailability of transportation to send and receive money on timely basis. There is a higher risk in sending and receiving money than keeping it in the Post Office. All Post Offices are equipped with ground safe, and cash is always kept under lock and key.

To strengthen the controls, Post Fiji is in the process of installing cameras to have real time audio visual conversation with Post Masters.

In regards to policy matters, the relevant policy notes have been incorporated in the new finance policy governing the cash accounting at Post Office.

Anomalies in business engagement with international mail logistic company

The business venture between Post Fiji and Freipost initiated in 2011, with a draft agreement in place subject to review and signoff's. However, this did not eventuate but the business continued. Due to the shortcomings and disagreements from the business partner, Freipost, the venture had to cease in March 2016.

Various follow up for the balance of payments was done but the debt remained outstanding. Finally the management and the board decided to seek legal assistance to recover debt.

A legal counsel has been appoint to assist Post Fiji with the debt recovery. The process is progressing with a letter of demand issued and waiting response from the client.

Thank You.

Fiji Airports

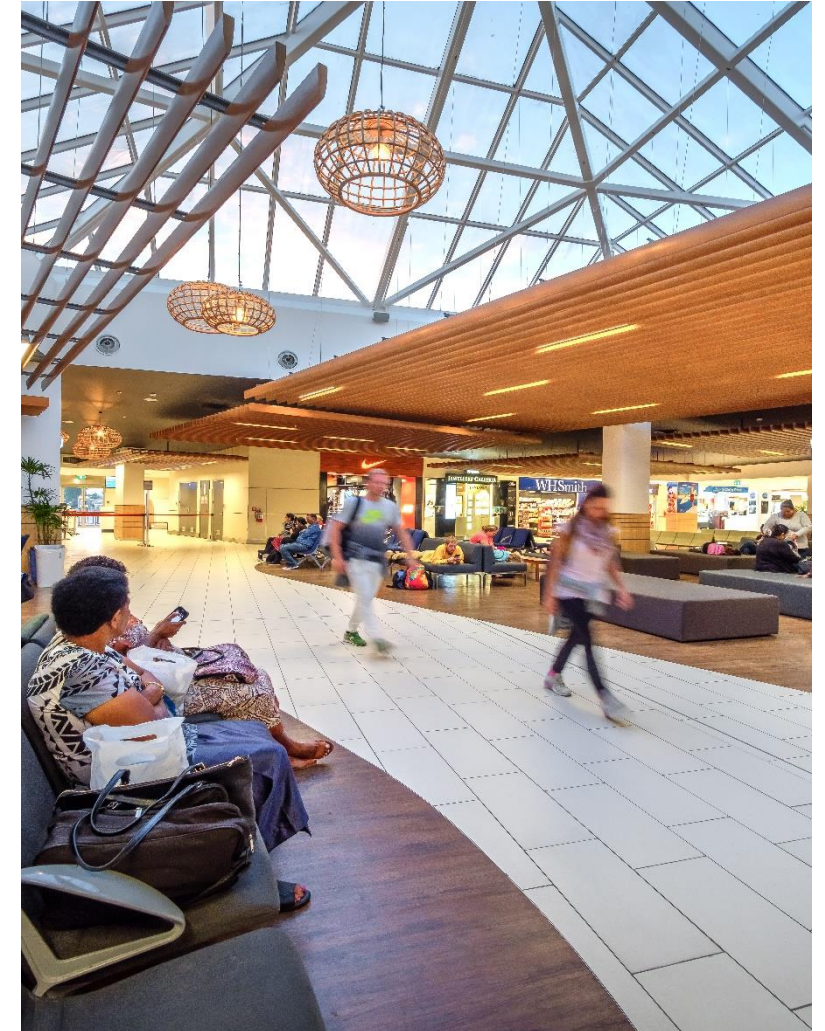
Standing Committee on Public Accounts Presentation



Business Overview

FIJI AIRPORTS CORE RESPONSIBILITIES

- Carry out **international, domestic and outer island Airport Operations**; maintain and manage infrastructure assets with safety and reliability paramount under principles of best practices.
- Carry out **Air Traffic Management (ATM) in the Nadi Flight Information Region** and Fiji's Airspace (6 million square kilometres)
- Provide world class **customer experiences to our passengers**.
- Provide **reasonable returns to our shareholder**.
- Continually **invest and develop our ATM facilities, terminal and airfield pavement infrastructure** to safe, efficient reliable and world class standards.



Asset revaluation

Category	Fixed Asset Register 31 December 2017	Erasito Beca Revalued at:	Increase / (Decrease)	% change
Buildings	169,681,984	228,040,000	58,358,016	34%
Infrastructure	41,281,115	176,883,500	135,602,385	328%
Land	98,443	98,443	-	0%
Motor Vehicles	2,060,955	4,967,200	2,906,245	141%
Plant and Equipment	16,793,103	27,179,100	10,385,997	62%
	229,915,601	437,168,243	207,252,643	90%

- In September 2017, FA's Board approved Erasito Beca Consultants Ltd (Erasito Beca) to complete a revaluation of buildings, infrastructure, and plant & equipment assets for financial reporting purposes.
- Over the last decade, FA has undertaken various Developments and Upgrades of its assets. The large increase in value is reflective of these numerous value for money investments developments.
- The valuation by Beca also revalued annual depreciation (and rates). This was derived by Beca considering the age and condition of the asset.
- Final valuation report was received on 31 May 2018. FA then carried out the reconciliation of assets as per the valuation report against individual assets in the asset register and engaged Ernst & Young (EY) to review and propose required accounting entries to be taken up in the books for revaluation, disposals, and assets addition. The accounting entries were taken up as at 1 January 2018.
- In summary, FA's assets were revalued upwards by \$207M (90%) as shown above.
- Audit issues relating to assets (3 out of 4 issues highlighted) have been resolved through this asset revaluation.

Taxable Supplies Incorrectly captured in VAT Sales Report

- Whilst this had no effect on the vat payable or vat refunds there were several transactions such as term deposit and loan drawdown appearing in the vat sales report as it was being receipted in the finance receipting system.
- This was rectified and such items are being segregated at receipt entry level.

Financial Performance

				Growth Compared to 2013	
Year	2013	2016	2017	2016	2017
	\$m	\$m	\$m	%	%
<u>Income Statement</u>					
Total Revenue	63.8	118.1	140.1	85%	120%
Total Expenses	47.8	55.9	60	17%	26%
NPBT	16	62.1	80.2	288%	401%
Income Tax Expense	3.1	12.7	15.9	310%	413%
NPAT (\$m)	12.9	49.5	64.2	284%	398%
Dividends Paid	5	30	45	500%	800%
<u>Balance Sheet</u>					
Total Assets (\$m)	197.4	301.9	331.7	53%	68%
Total liabilities (\$m)	29.8	99.2	109.9	233%	269%
Net assets / Shareholders equity (\$m)	167.6	202.6	221.7	21%	32%

Financial Performance

- FA has been recognized by Airports Council International (ACI) for very good overall cost competitiveness and cost management in the region both in terms of operating expenditure and capital expenditure.
- This report benchmarked FA's per passenger cost being only 53% of the Pacific and World Average.
- Fiji Airports has paid \$175m in dividends to our shareholders over the last six years. By comparison FA had paid \$14.91m in dividends in its entire history prior to that. FA is the highest dividend paying State Owned Enterprise in Fiji.

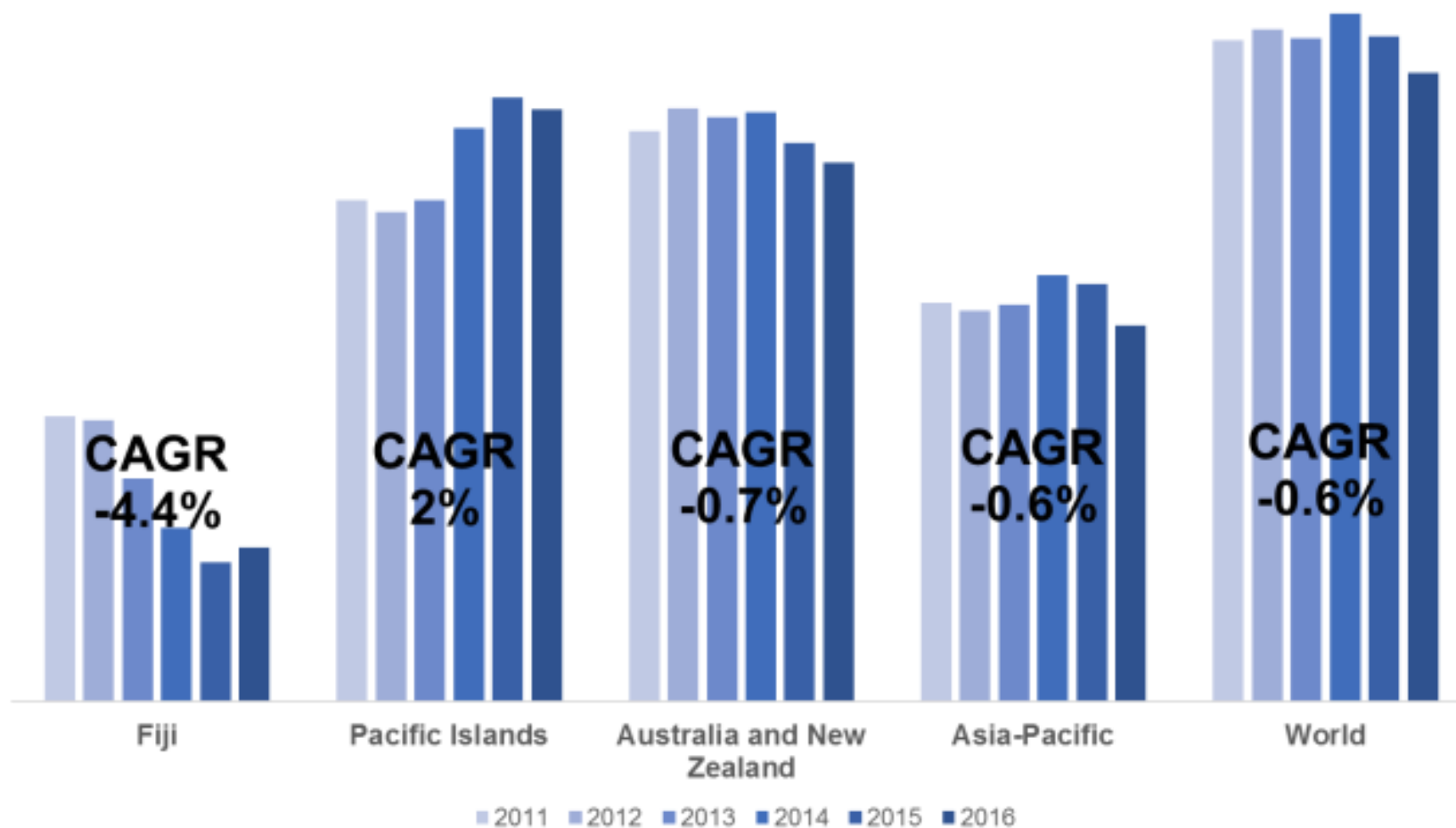
Financial Performance

- Strong Balance sheet:
 - \$350.6m increase in total assets from \$197.4m in 2013 to \$548m in 2018.

This is due to both carrying out successful cost efficient infrastructure upgrades that have given good “value-for-money” investments to FA and the lapse of time increasing values of assets. FA engaged Beca Erasito for a revaluation exercise which was taken into FA books in 2018.
 - Total shareholder’s fund grew from \$167.6m in 2013 to \$406m in 2018. An increase of \$237.9m or 142%. This is despite the \$145m paid out in dividend until 2018.

Financial Performance – ACI Benchmarking

Chart 46: Historical evolution of airport total costs per passenger; standardized in real terms; inflation-adjusted US\$ (2011–2016)



While from 2011 to 2016 Total cost per passenger in the Pacific was increasing at an average of 2%, Fiji Airports had an average decrease in cost per passenger of 4.4%

“such cost figures testify to the efficient cost management of Fiji airports” – Airports Council International

Financial Performance - ACI Benchmarking

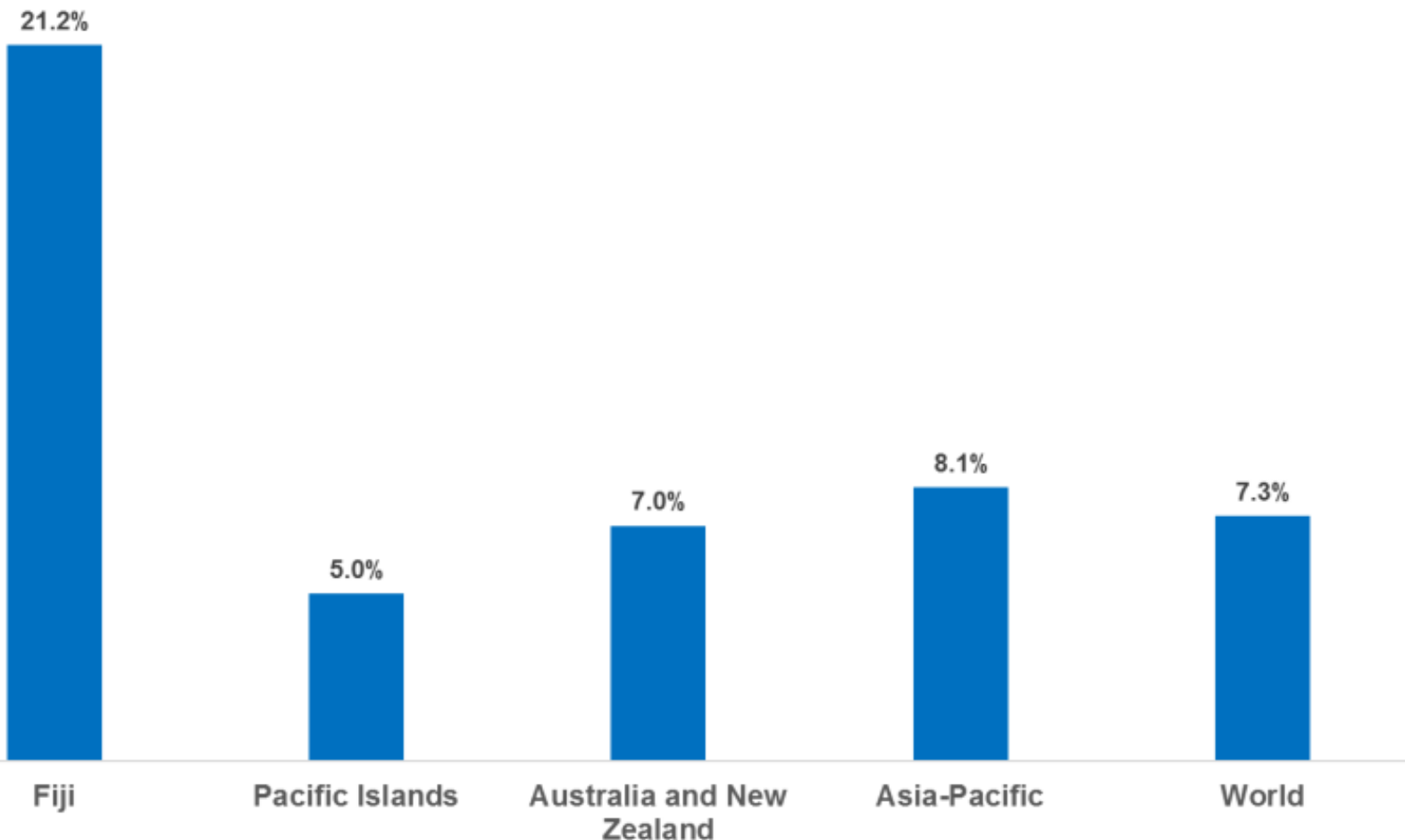
Chart 58: EBITDA margins: high-level perspective (2016)



“Fiji airports perform better than their direct peers in the Pacific Islands (71.6% vs. 51%), and than their counterparts in Australia and New Zealand and Asia-Pacific at large, where EBITDA margin is calculated at 58.6% and 58.3% respectively” – Airports Council International.

Financial Performance - ACI Benchmarking

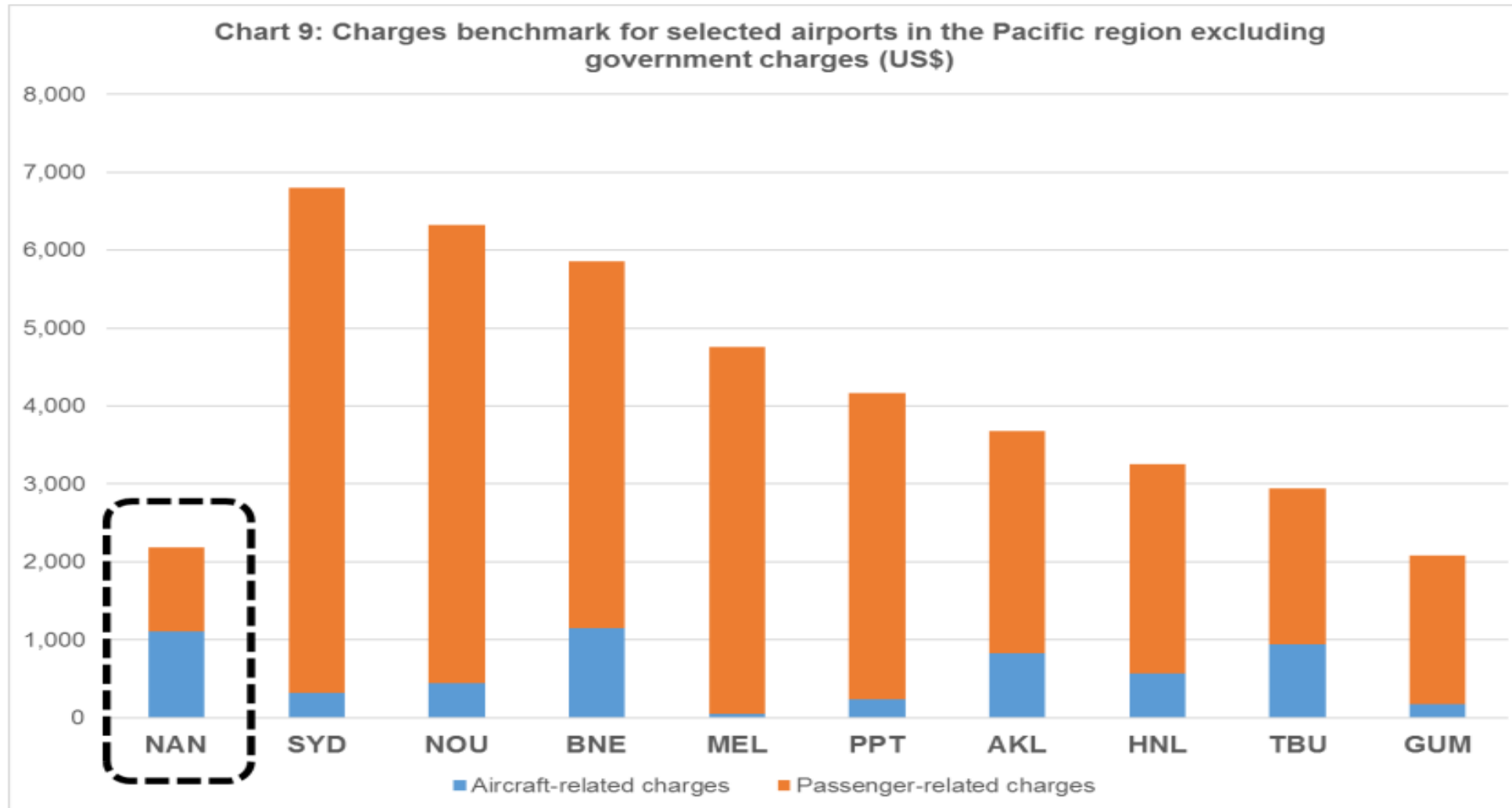
Chart 70: Return on invested capital (ROIC): high-level perspective (2016)



The return on invested capital, which is a robust measure of profitability, is over 21% for FA. This outstanding return is more than four times higher than the ROIC generated by its peers in the Pacific Islands.

“Given the level of economic and financial maturity that FA has achieved over the past years, the point of reference to assess performance probably lies in comparable airports in Australia, New Zealand and mature Asian countries rather than in the Pacific Islands.” – Airports Council International.

Airport Charges



Nadi Airport charges are one of the lowest in the World.

FA does not receive the \$200 / pax Departure Taxes.

FA gets \$9.17 / Pax, that is reflected in our audited financials.

Source: Latest available published schemes of charges; ICAO's *Tariffs for Airports and Air Navigation Services* (Doc 7100).

Financial Performance – Key Ratios

– CURRENT RATIO

- It measures a company's ability to pay short-term obligations or those due within one year. It tells how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
- If the ratio is below 1, it raises a warning sign as to whether the company is able to pay its short term obligations when due
- FA's current ratio is 3.44 in both 2018 and 2017. It shows that FA has three times the ability to pay its current short term obligations.

– DEBT TO EQUITY RATIO

- It is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.
- A ratio of greater than 100% shows that the company is effectively owned more by creditors and financiers instead of shareholders.
- FA's ratio is 35%. FA has only 35% external debt funding compared to shareholder's equity.

Financial Performance – Key Ratios

– INTEREST COVER RATIO

- The interest cover ratio measures how many times a company can cover its current interest payment with its available earnings. In other words, it measures the margin of safety a company has for paying interest on its debt during a given period.
- The lower the ratio, the more the company is burdened by debt expense.
- FA's interest cover ratio is 40.26.

– DEBT TO EBITDA

- One of the key financial indicators in balance sheet is Debt to EBITDA because it links a company's liabilities in the balance sheet against cash base profitability measure of earnings that is EBITDA.
- FA's ratio is currently at 1.40.
- FA has an exceptional Debt to EBITDA ratio. This is particularly noteworthy considering ongoing investments in Nausori and 13 Outer island loss making assets.

Nausori & Outer Island Airports (2018)

Airport	REVENUE	OPEX	CAPEX	DEFICIT
Nausori	4,146,698.00	7,885,106.24	5,452,115.45	-9,190,523.69
Labasa	695,827.00	878,206.56	1,395,422.18	-1,577,801.74
Savusavu	274,116.00	456,852.49	193,913.08	-376,649.57
Matei	118,392.00	428,083.24	425,671.40	-735,362.64
Kadavu	20,837.00	141,505.44	6,037.49	-126,705.93
Rotuma	5,938.00	845,696.27	5,421,993.68	-6,261,751.95
Vanuabalavu	2,559.00	90,923.93	0.00	-88,364.93
Ono-I-Lau	15.00	24,658.00	0.00	-24,643.00
Moala	2,496.00	100,354.36	0.00	-97,858.36
Lakeba	3,684.00	100,056.14	6,037.49	-102,409.63
Gau	1,824.00	64,602.19	0.00	-62,778.19
Cicia	2,499.00	62,165.42	0.00	-59,666.42
Bureta	10,839.00	138,048.24	6,037.49	-133,246.73
Koro	1,843.00	71,892.22	0.00	-70,049.22
Total	5,287,567.00	11,288,150.74	12,907,228.26	-18,907,812.00

Nausori & Outer Island Airports

- In the past it was difficult to find a flight to Rotuma with the twin otter aircraft only carrying 7 passengers at a time with 1 flight per week, if at all. This restricted the development of Rotuma.
- There are no hotels on the island. Many Rotuman people and Fijians have never visited Rotuma. Yet, Rotuma has pristine environment with its turquoise blue waters and white sandy beaches.
- With the twin otter operations replaced by ATR's, tenfold passengers will be carried at a time. With weekly flights, this new runway will allow Rotuma to transform itself for the better, for good. It will allow Rotuma to realise its potential.
- FA will continue to upgrade and develop our network of airports as part of our social obligation to improve air connectivity for all Fijians.



Projects and Expansion

- **ATM OPERATIONS** – ATM systems are on par with systems currently used in US, AUS and NZ for Oceanic and International Traffic Movement. To ensure continued compliance and alignment with future technological advancements FA makes continuous upgrades. FA is currently upgrading our domestic ATM system from procedural control to surveillance, which will enhance the safety & efficiency of our domestic airspace.
- **NADI AIRPORT** – Large capital airside developments are planned to enable the necessary aircraft apron and gate capacity to meet long term demands based on Nadi Airport Master Plan done by Landrum & Brown
- **NAUSORI AIRPORT** - Runway Upgrade project is currently underway. This project involves lengthening of the runway and will allow the Boeing 737 to operate on full load capacity out of Nausori.



Projects and Expansion – Outer Is.

■ LABASA

- Runway lights installation has completed, allowing night landing & additional flights.
- New Labasa Airport terminal including the expansion of the apron and car park will commence in 2020.

■ ROTUMA

- In October 2018 Rotuma Runway Upgrade project of \$12.8m was successfully completed. This allows ATR larger aircraft operations in Rotuma.
- This project included a Fire Tender and a new Fire Station to house the fire truck and new fire recruits.

■ SAVUSAVU

- A new Terminal facility will be built.

Newly upgraded Rotuma Runway



Newly upgraded Bureta Runway

Projects and Expansion – Outer Is.

- Other Outerstation Airports

- Runway upgrades completed at Bureta and Lakeba last year
- Runway upgrades for Kadavu and Labasa scheduled for first and second quarter of 2020.



Newly upgraded Lakeba
Runway

A Responsible Organisation

- Whilst profitability and shareholder returns are a key part of our objectives; it does not define us.
- There is a focused attention on building stronger relationships with all key stakeholders.
- FA has a capacity building program for its employees. We mainly have a local Fijian workforce; consultants on key projects are from abroad and locally.
- In 2018, FA hosted 6 International Civil Aviation Organisation and Airports Council International, regional and global seminars. This allows growth of local capacity.
- FA enjoys a strong relationship with International Civil Aviation Organisation, Civil Aviation Authority of Fiji, airlines, customs, immigration, the local communities, the shareholder etc.



A Responsible Organisation

- In August this year, FA launched its Mangrove Replanting Initiative to further enhance our efforts to fight climate change. We wish to learn and at the same time create awareness on the importance of mangroves to Fiji. Our beautiful country is blessed with pristine environment. FA is committed to mangrove preservation and restoration.
- In terms of our community based initiatives, FA hosts a New Year's Day Lunch treat for orphans from our two Nadi based children's homes – Treasure House Children's Home and St Mina Children's Home. The kids are hosted on the first day of the new year at our swimming pool.



A Responsible Organisation

- In terms of our community sponsorships, in 2018 FA spent close to \$120,000 in sponsorships and community engagements.
- FA sponsors the Nadi Aviators Women's team to empower our women but also due to the challenges women face in securing sponsors.



International Accolades

- SKYTRAX WORLD AIRPORT AWARDS 2018.
Worlds 6th most improved airport.
- TRAVELLER GUIDE - International
Best Recent Renovation.
- PRIME MINISTER'S INTERNATIONAL BUSINESS AWARDS – Fiji
Supreme Award – 2019
Excellence in Business Leadership – 2019
Excellence in Service- 2018
- AIRPORT CARBON ACCREDITATION - ACI
Level 2- Reduction Attained.
- AIRPORTS COUNCIL INTERNATIONAL - GREEN AIRPORTS RECOGNITION
Silver Award based on greener improvements incorporated into the recent NATMP.



