

ANNUAL REPORT 2014

MINISTRY OF SUGAR INDUSTRY



TABLE OF CONTENTS

LETTER OF TRANSMITTAL.....	2
ABOUT THIS REPORT	3
PERMANENT SECRETARY SUMMARY STATEMENT.....	4
I. ACRONYMS	5
II. CORPORATE PROFILE	6
III. OUR STAKEHOLDERS	7
1.0 MINISTRY PROFILE	8
2.0 MINISTRY PERFORMANCE HIGHLIGHTS	12
3.0 MINISTRY OUTPUTS & DELIVERABLES.....	14
4.0 FINANCIAL REPORT	25

LETTER OF TRANSMITTAL

The Honorable Prime Minister and
Minister for Sugar Industry

Dear Sir

I am pleased to present the Annual Report of the Ministry of Sugar Industry for the year ended 31 December, 2014.

The report has been prepared in accordance with the requirements of the Financial Management Act 2004 which requires that the report be presented to the Parliament of Fiji.

The report consists of the performance of the Ministry relative to its activities and targets contained in its Annual Corporate Plan for the year; together with its audited Financial Statements.

I hereby respectfully submit the report for your information and presentation to Parliament.

Yours sincerely

Yogesh J. Karan
Permanent Secretary for Sugar Industry

ABOUT THIS REPORT

Welcome to the Ministry of Sugar Industry's Annual Report 2014. This is the third for the Ministry since its creation as a separate Ministry in June 2011. The Report is designed to provide information about the Ministry of Sugar Industry, its purpose, services and performance.

This Annual Report provides:

1. The profile of the Management and their duties;
2. A summary of the Ministry's major achievements in respect of the outputs set out in its 2014 Annual Corporate Plan; and
3. The Ministry's audited Financial Statements

PERMANENT SECRETARY'S SUMMARY STATEMENT

I am pleased to present the 2014 Annual Report for the Ministry of Sugar Industry in accordance with the General Order 1108(a).

The year 2014 has been both challenging and rewarding as we attempted to utilize our resources well in order to achieve the targets we had set at the beginning of the year.

The Ministry received the Achievement Award in the Public Service Excellence Awards; this being only the second year of its participation in the awards.

This is indicative of the hard work put in by the staff despite it being the newest and perhaps smallest Ministry in Government in terms of staff number.

In addition to the delivery of its outputs the Ministry, this year, also facilitated the launching of the Sugar Industry Geographical Information System (Sugar GIS), by the Hon. Prime Minister and Minister for Sugar Industry. This is a major step forward in the drive to have the Industry modernized with the latest technology to keep abreast with international best practices particularly in terms of having a more accurate estimation of area under cane cultivation, crop estimates and crop yields etc.

The Sugar Research Institute of Fiji (SRIF), a key stakeholder of the Industry, also released two new varieties of cane namely Qamea and Viwa, which will assist in varietal spread and give farmers more quality varieties to choose from when planting cane.

The Ministry has continued to drive and provide oversight of the implementation of the homegrown Sugar Industry Strategic Action Plan 2013-2017.

I would like to acknowledge the efforts of the staff, who, have performed exceptionally well to deliver the outputs entrusted to it by the Government.



Manasa Vaniqi
Permanent Secretary for Sugar Industry

I. ACRONYMS

1. ACP- Asian, Caribbean and Pacific
2. CAR- Cane Access Road
3. CBUL- Committee on better utilization of land
4. CDRF- Cane Development Revolving Fund
5. CQP- Cane Quality Payment
6. DISMAC- Disaster Management Centre
7. EBA- Everything But Arms Initiative
8. EPA- Economic Partnership Agreement
9. EU- European Union
10. FAOUN- Food and Agricultural Organization (UN)
11. FAO- Food and Agriculture Organization
12. FPCL- Fiji Ports Corporation Limited
13. FRCA- Fiji Revenue and Custom Authority
14. FSC- Fiji Sugar Corporation Ltd
15. ISO- International Sugar Organization
16. MOGA- Memorandum of Gang Agreement
17. PD- Personal Deduction
18. PMO- Prime Minister's Office
19. SPC- Secretariat of the Pacific Community
20. SRIF- Sugar Research Institute of Fiji
21. TLTB- iTaukei Land Trust Board
22. VAT- Value Added Tax

II. CORPORATE PROFILE

VISION

To create a vibrant, sustainable and globally competitive sugarcane industry.

MISSION

To successfully implement sugar cane reforms and deliver timely, effective and efficient services to relevant stakeholders that contribute to boosting sugar production.

VALUES

Integrity and Professionalism

Transparency and Accountability

Honesty and Commitment

Customer Satisfaction

Teamwork

III. OUR STAKEHOLDERS

Internal Stakeholders

Fiji Sugar Corporation (FSC)

Sugar Industry Tribunal (SIT)

Sugar Cane Growers Council (SCGC)

Sugar Cane Growers Fund (SCGF)

Sugar Research Institute of Fiji (SRIF)

South Pacific Fertilizer Limited (SPFL)

External Stakeholders

Minister

Cabinet Office

Public Service Commission (PSC)

Ministry of Strategic Planning, National Development & Statistics (MSPNDS)

Ministry of Finance

Internal Coordinating Office (ICO)

Sugarcane Growers

Potential Investors

Consultants

PART 1.0 – MINISTRY PROFILE

1.1 Roles and Responsibilities

The Ministry of Sugar Industry is responsible for the co-ordination of the activities and functions of the various institutions that make up the sugarcane industry with the sole objective of ensuring that Government's commitment to reviving the industry is achieved through Government's reform.

To this end, the Ministry will ensure that the right environment is created and maintained whereby these institutions work closely together with a spirit of cooperation to achieve their respective institutions roles and functions to continue to contribute to achieving Government's and Industry's overall objectives of a thriving sugar cane industry.

Where budgetary resources for these institutions are provided by Government, the Ministry will ensure that these funds are disbursed in a timely manner such that those institutions' programmes are effectively implemented without due delay.

Integral to this facilitative role is the Ministry's pursuit to persistently strive for improvement in service delivery, not only within Government circle but within the industry as a whole.

The Ministry is also responsible for the monitoring, evaluation and reporting of the implementation of the home-grown Sugarcane Industry Strategic Action Plan (SISAP) 2013-2017 put together by key industry stakeholders including Government.

Essentially, this Strategic Action Plan 2013- 2017 builds on the achievement of the Deloitte reforms of 2011 and 2012 and is the successor reform agenda to take the industry forward from 1st January 2013 to 2017.

The plan focuses on six key areas which include:

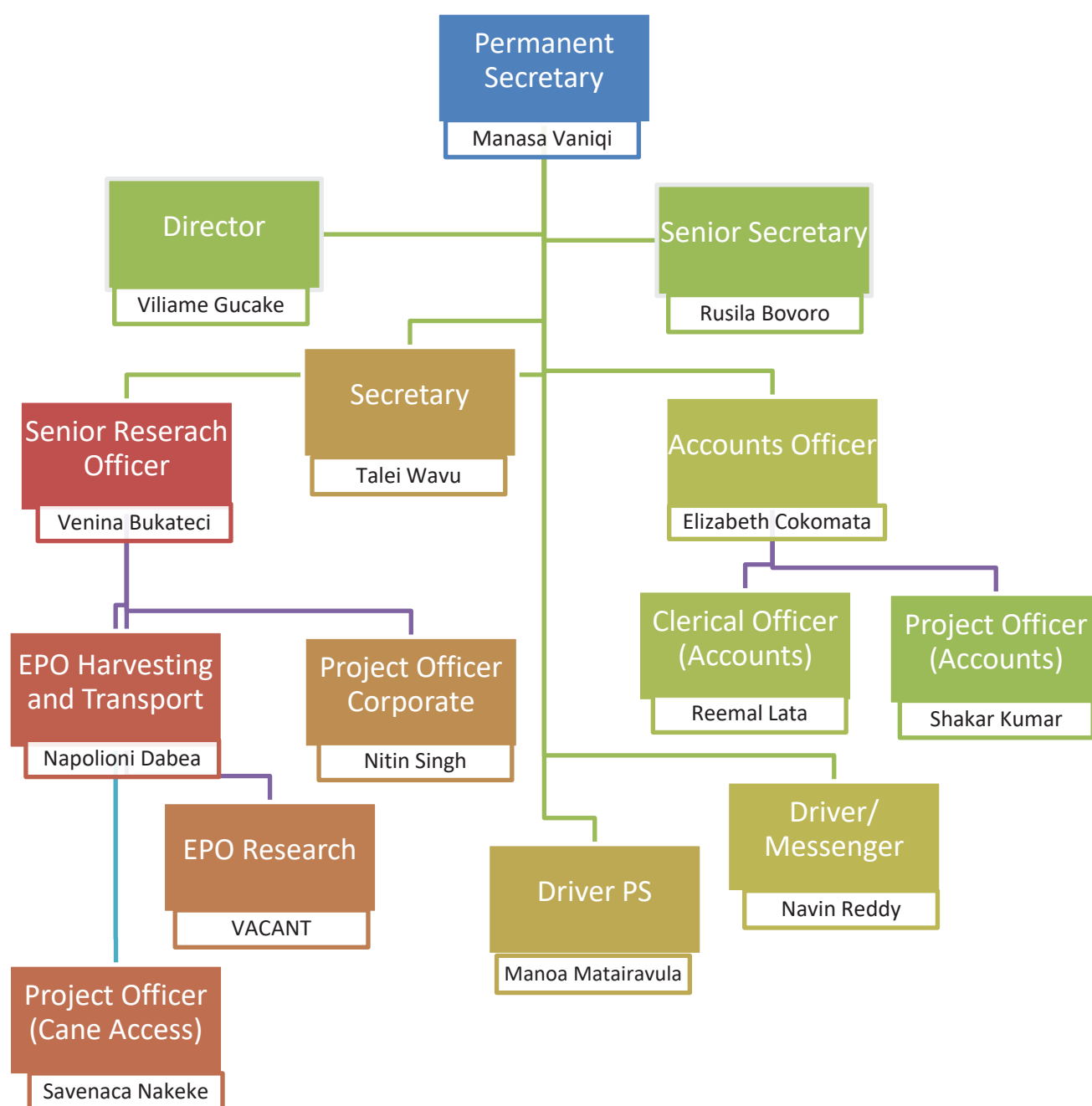
- (i) Crop production and Grower Advisory Services
- (ii) Harvesting and Transport
- (iii) Milling and Processing
- (iv) Cane Quality Payment
- (v) Revenue Generation
- (vi) Industry Structure

1.2 Legislative Framework

The Ministry of Sugar Industry is guided by the following legislations and regulations:

- Sugar Industry Act 1984 (Cap 206)
- Constitution of the Republic of Fiji 2013
- Fiji National Provident Fund Decree 2011
- Ministry of Sugar Industry Finance Manual 2013
- Ministry of Sugar Industry Resource Manual
- Fiji Procurement Act 2010
- Financial Instructions 2010
- Financial Instructions 2010
- Financial Management Act 2004
- Fiji Budget Estimates 2014
- Occupational Health and Safety at Work Act 1996

1.3 ORGANIZATION STRUCTURE



1.4 STAFF PROFILE

1.4.1 General Administration

Since its creation as a separate Ministry in June 2011, the Ministry has worked with the limited resources and staff to facilitate and provide the services required by Government and expected by the sugar industry.

1.4.2 Personnel

The Ministry has a total of eight (8) established officers and one (1) Government Wage Earner under the PSC Approved Staff Establishment. For salary and wages, the Ministry has utilised \$286,815 for the staff.

1.4.3 Training

The summary of training attended to by officer(s) for their up-skilling to enhance productivity is shown at **Table 1**.

Table 1: Summary of Trainings

Course Title	Venue
Financial Management Information System	Western Health Regional Office, Lautoka
Service Exam (E)- Tutorial	Conference Room, Dept. of Youth & Sports, Lautoka
Finance Management Information System (Account Payable)	Ministry of Health Subdivision office, Lautoka
Procurement Workshop	Ministry of Information (FPO Policy Unit)

(Source: Ministry of Sugar Industry 2014)

PART 2.0: MINISTRY PERFORMANCE HIGHLIGHTS

The year 2014 has been one where the Ministry has successfully fulfilled its obligations to the Government, industry stakeholders and to the public through the delivery of its mandated outputs and deliverables as set out in its Annual Corporate Plan.

Highlights of the Ministry's achievements for the year include:

1. ACHIEVEMENT AWARD - PUBLIC SERVICE COMMISSION SERVICE EXCELLENCE AWARDS

The Ministry managed to win an Achievement Award during the annual Public Service Commission Service Excellence Awards.

The Achievement category recognizes that the Ministry has managed to integrate Quality management practices into its systems and processes. Given the fact that the Ministry is the smallest in Government and that it was only setup in June 2011, this is an outstanding achievement.

2. LAUNCH OF SUGARCANE INDUSTRY GEOGRAPHICAL INFORMATION SYSTEM (GIS) PORTAL

The Ministry successfully facilitated the launch of the Sugarcane Industry Web GIS Portal by the Honorable Prime Minister on 13th November, 2014. The Ministry is a member of the Sugarcane Industry GIS Council together with other Sugarcane Industry Institutions. Government has funded the operations of the Sugar GIS unit which includes field surveys and digitizing of spatial data.

3. RELEASE OF TWO NEW SUGARCANE VARIETIES, QAMEA & VIWA

The Ministry likewise facilitated the release of two new sugarcane varieties by the Honorable Prime Minister on 2nd May, 2014. The two new varieties, Qamea and Viwa were developed by the Sugar Research Institute of Fiji and are early to mid-maturing (June-August) and mid to late maturing (August-December) varieties, respectively. Government annually provides a third of SRIF's operating budget.



Figure 1: Prime Minister launching the Qamea and Viwa cane varieties

4. DEVELOPMENT OF MINISTRY SERVICE CHARTER

The Ministry has developed its Service Charter, which defines the type and quality of services that the Ministry's clients can expect from the Ministry. Given its relatively new status, the Ministry's Service Charter is a step to conforming to the expectation of the Sugar Industry stakeholders and Government's intent to reviving a vibrant and sustainable Sugarcane Industry.

PART 3.0 – MINISTRY OUTPUTS & DELIVERABLES

OUTCOME 1: AGRICULTURE & LIVESTOCK

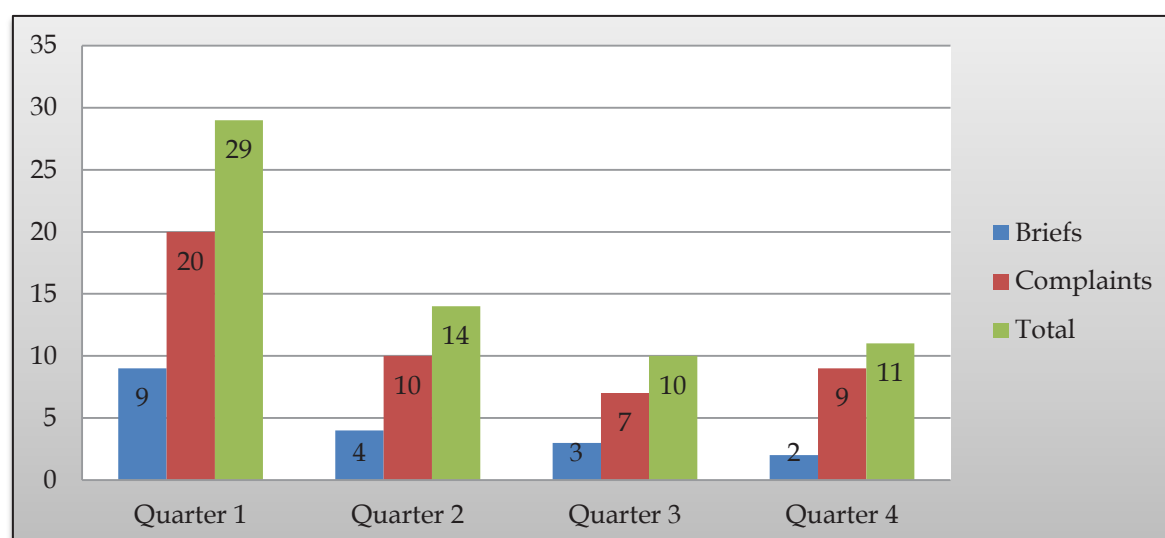
(i) Portfolio Leadership, Policy Advice and Secretariat Support

The Ministry is the only Government Ministry located outside the capital Suva. Its current location in Lautoka takes the Ministry closer to the Sugar Industry stakeholders particularly, to the cane growers and the miller, the Fiji Sugar Corporation three mills for the Viti Levu cane belt.

This has enabled the Ministry to effectively and efficiently deliver its services to its clients and also to quickly gather valuable information and feedback on stakeholder issues for policy advice to the Minister for Sugar Industry and for effective leadership of Government's reforms for the Industry.

The Ministry managed to provide 18 Ministerial briefs and dealt with 46 policies related complaints from farmers and stakeholders during the year.

Graph 1: Number of Policy and Leadership Advices



(Source: Ministry of Sugar Industry, 2014)

(ii) Sugar Industry Reform

A key component of the Ministry's deliverables is the facilitation of the Government's targeted outcome of a revitalized sugar Industry through the reform of the Sugar Industry.

In that regard, the Ministry is tasked with the monitoring and evaluation of the Sugarcane Industry Strategic Action Plan 2013-2017, to undertake consultations with the International Monetary Fund, the World Bank, Non-Government Organizations and potential investors, attend international sugar industry related conferences and meetings, to monitor Government grants utilization and to ensure the timely release of funds to Sugarcane Industry Institutions that receive Government funding.

(iii) Sugarcane Industry Strategic Action Plan 2013-2017

The Strategic Action Plan is the successor to the Deloitte Report and is the Government approved framework for the reforming of the Fiji Sugarcane industry. It focuses on six key areas which have been identified as essential towards the continued revival of the Industry. These are as follows;

- a. Crop production and Grower Advisory Services;
- b. Harvesting and Transport;
- c. Milling and Processing;
- d. Cane Quality Payment;
- e. Revenue Generation; and
- f. Industry Structure.

The Ministry is part of the Strategic Action Group made up of Industry Institutions which meets monthly to discuss the progress of implementation of the Action Plan and formulate strategies to overcome constraints and to ensure that SAP targets are achieved.

The targeted achievements for 2014 and actual achievements are tabulated below:

Table 2: Sugarcane Action Plan Achievements

Action Area	SAP 2014 Targets	SAP Achievements
Crop production and Grower Advisory Services	2,350,000 tons of cane targeted to be produced in 2014	1,832,000 tons of cane produced in 2014
Harvesting and Transport	Initiatives such as increased mechanization of harvesting, rail network development and the regulation of cane lorry cartage	All the identified initiatives were pursued in 2014. Increased private participation in mechanization was

Action Area	SAP 2014 Targets	SAP Achievements
	costs to be explored in 2014	recommended while the average cost for lorry cartage over the years was finalized.
Milling and Processing	TCTS 9.5	TCTS 8.1
Cane Quality Payment	Cane Quality Payment System to be trialed in parallel with normal weight based payment system in 2014	Cane Quality Payment system was trialed in parallel with normal weight based payment in 2014
Revenue Generation	FSC to export \$269,537 worth of sugar and molasses in 2014	FSC exported \$214,600 worth of sugar and molasses

(Source: Ministry of Sugar Industry, 2014)

(iv) Consultations with Development Partners, Government Agencies

The Ministry also engaged in meetings with Development partners, Government Agencies, Regional organizations, potential investors and other parties which expressed interest in the sugar industry. The Ministry undertook the following consultations in this regard.

Table 3: Consultations carried out in 2014

Consultation (Stakeholders)	Topic
Chinese Exploratory Mission	Providing insight to Chinese Mission on Fiji Sugarcane Industry
Americana International Group Company	Investors interested in investing in Commercial Sugarcane Estates
Standards & Poor's (Global Economic Evaluators)	An overview of the sugar industry performance was provided to Standards & Poor's being part of their evaluation of the Macro Economic Performance of the Fijian Government; Sugar being a significant contributor to the Fiji Economy.
Tate & Lyle Sugars	Courtesy call by Messrs Simon Gibbons and Mac McLachlan with discussion on Fairtrade and Fiji Sugar long term relationship with Tate & Lyle
Counsellor Fiji Mission to United Arab Emirates	Meeting with Mr. Alik Salusalu, Counsellor Fiji Mission to UAE on proposed visit to UAE for Fiji Sugar Market

Consultation (Stakeholders)	Topic
	Exploration
5 th India-Fiji Foreign Office Consultation	Discussed on the opportunities for Fiji in the Pacific and Asian regions.
Paul and Margaret Long	British nationals who seek Government co-funding for the construction of the proposed Korotari Irish Crossing in Labasa.
Secretariat of the Pacific Community - Inception Meeting Accompanying Measures for Sugar Protocol	Meeting with Dr. Caroline Tupoulahi of the SPC on Cane Access Roads component of AMSP.
Digital Globe, Secretariat of the Pacific Community	Digital Globe is a provider of satellite images. Meeting was to provide Digital Globe with the Sugarcane Industry's imagery requirements and to see how Digital Globe could assist.
3 Dimension Consultants	3 Dimension Consultants is a New Zealand based company seeking to partner with Government, FSC, iTaukei landowners and cane growers in bringing and converting idle land into productive use, thereby contributing to increased cane production.
South Pacific Commission, EU Micro Projects	Meeting with Dr. Caroline Tupoulahi and Mr. Daniel Cowley, new Project Manager for EU Micro Projects under AMSP.
Investors from India	Interested in buying Fiji Sugar.
Japanese International Co-operation Agency (JICA)	JICA is working on the Planning of Nadi River Flood Control Structures and were interested in likely economic impacts of the project.
Ministry of Defence NCLASA cluster	Meeting on Economic and Environment Security.
Ministry of Industry and Trade	Trade Development Committee.
Katalyst Foundation	Company interested in providing mechanisation services in both planting and harvesting cane for the Industry.
Fiji Geospatial Information Management Council	Conference of local GIS user institutions on needs and challenges faced by GIS user institutions.

(Source: Ministry of Sugar Industry, 2014)

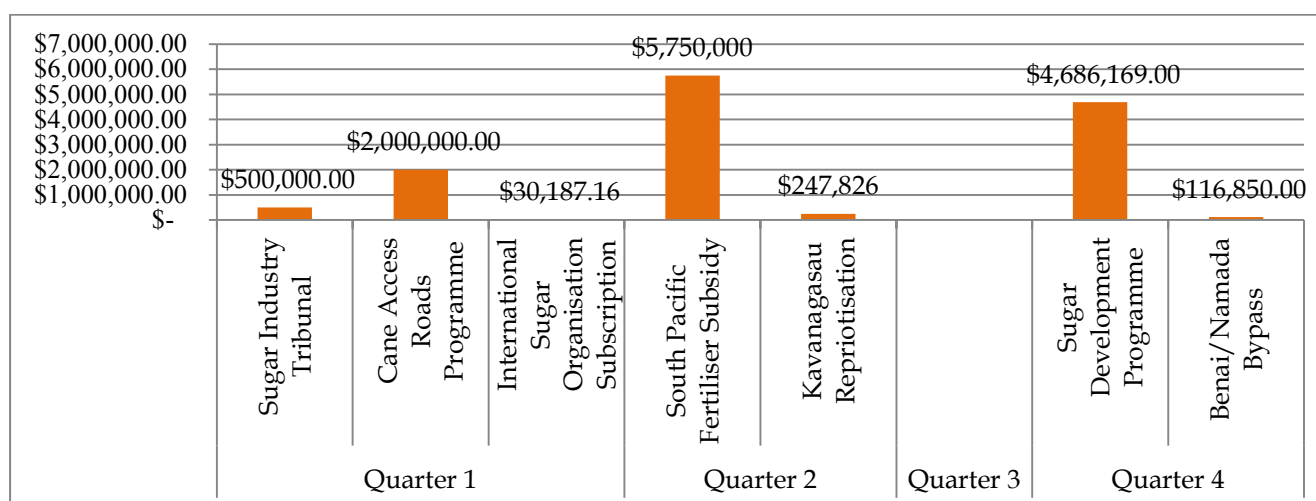
International Sugar Conferences and Meetings

The Ministry was part of the Fiji delegation to the 45th and 46th Conferences of the International Sugar Organization held in Montego Bay, Jamaica in June and London in November, respectively. The Honourable Prime Minister updated the International Sugar Council in London on the progress of reforms in the Fijian Sugarcane industry and reiterated Government's commitment to the revival and sustainability of the Industry.

Release of Funds

As part of its support towards the Industry, Government provides funds for the annual operating budget of a number of key sugar intuitions and also for the administration of key Government Programmes. The release of funds from the Ministry of Finance is facilitated by the Ministry through the Request to Incur Expenditure (RIE) process. The Ministry facilitated the release of funds through a total 7 RIEs for 2014.

Graph 2: Ministry of Sugar Industry 2014 RIE Breakdown



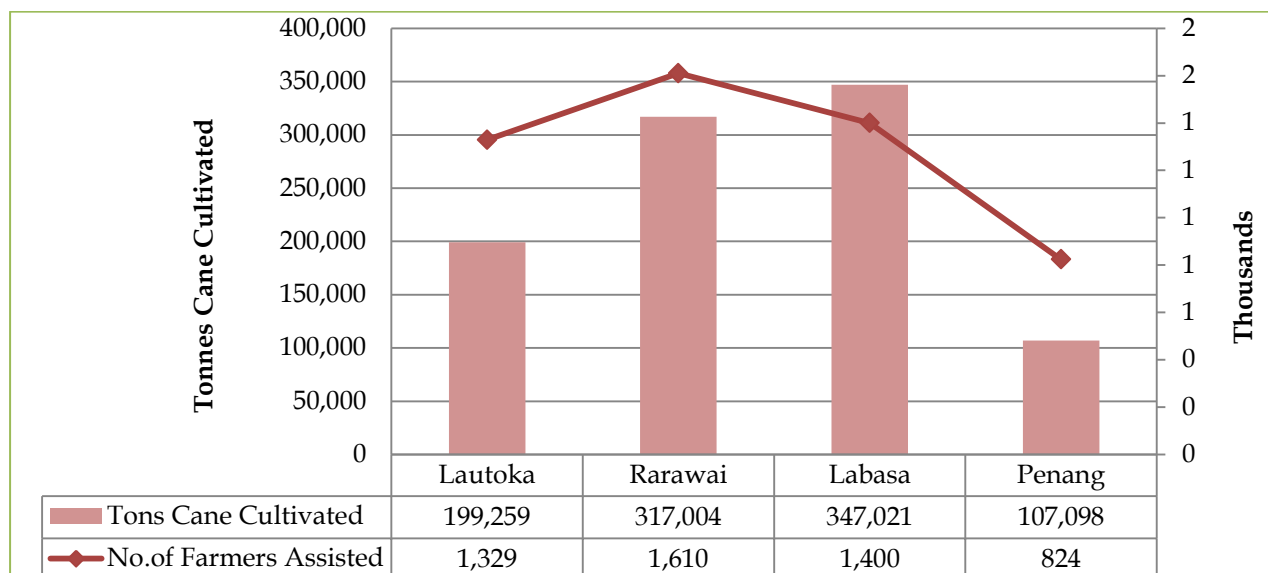
(Source: Ministry of Sugar Industry, 2014)

Monitoring of Grants Utilization

In 2014, the Government made available through the Ministry the Sugar Development Programme Grant aimed at increasing sugarcane production. The Grant quantum of \$8.4 million was implemented with the Fiji Sugar Corporation on a reimbursement basis, whereby the Corporation would spend its funds up-front in assisting farmers on the basis of a pre-determined (by the Ministry and FSC) set of guidelines and later FSC would seek reimbursement from Government, with full acquittals.

In this manner, there were a total of 5,163 farmers assisted in all four mill areas who managed to cultivate 970,382 tons of cane with funding with the Grant.

Graph 3: Cane Development Assistance 2014



(Source: Fiji Sugar Corporation, 2014)

OUTCOME 2: PUBLIC SECTOR REFORM

The Ministry has the responsibility of ensuring that it continuously improves its services to its clients and sugar Industry stakeholders. The Ministry has standardized its operating procedures and has also developed its service charter with the aim of providing a uniform high standard of service to its clients and stakeholders.

The Ministry is also charged with disseminating information about Government's support to the Industry through consultations with Industry stakeholders. In that regard, the Ministry represents the Government on the boards of the Sugar Cane Growers Fund, the Fiji Sugar Corporation, the Sugar Research Institute of Fiji and South Pacific Fertilizers Ltd.

A number of awareness meetings and stakeholder consultations, seminars, workshops and conferences were also attended by the Ministry for this purpose.

Table 4: Consultations with Industry

Consultation	Consultation Topic
Consultation with growers	Growers views and comments on Sugar Industry Action Plan 2013-2017

Consultation	Consultation Topic
Cane Planting Programme	Investors interested in investing in Commercial Sugarcane Estates
Biogas	Seminar on Biogas hosted by Sugar Research Institute of Fiji
Cane Burning	Meeting with Divisional Police Commander, West on curbing of illegal cane burning. Growers are to form neighbourhood watch gangs to report on suspicious activity.
Geographical Information System	Meeting of the Sugar GIS Council where the GIS unit presented on the features of the ready to be launched Sugar GIS Portal.
Cane Planting Programme	Meeting of Cane Planting Programme Steering Committee on progress of implementation of Cane Planting Grant.
Near Infrared (NIR) Quality Cane Payment	Update by the Cane Quality Manager
Launch of two new cane varieties in Qamea and Viwa	Prime Minister launched the release of the two new varieties Qamea and Viwa for use by sugarcane farmers
Fiji Sugars Rebranding	Prime Minister opened the new FSC Head Office and launched the rebranding of FSC to FSC "Sugars of Fiji"
Aglime	Half day workshop on Aglime on increasing awareness of benefits of Aglime and its potential for increasing yields in agriculture
EDF 11-Sustainable Rural Livelihoods	Presentation to Ministry of Finance on status of Sugar Industry reforms.
FBC Talkback show	Talkback show on Ministry of Sugar achievements for Quarter 1, targets for Quarter 2 and targets for 2014 crushing season
National Peoples Charter – Advisory Council	Presentation on Sugar Industry Reforms
Secretariat of the Pacific Community	Partnership cooperation Sugar and Non-Sugar agriculture

Consultation	Consultation Topic
Fiji Sugar Industry GIS Council	Meeting on proposed launch of Sugar GIS Portal and request for data sharing between Sugar and Water Authority of Fiji
Cane Quality Payment (NIR)	Update by Cane Quality Manager on Cane Quality Parallel trials in all 4 mills
Termite Eradication	Meeting with Prime Minister and sugar industry stakeholders in Tawatawa, Lautoka on strategies to combat Asian subterranean termite infestation in sugar cane fields in the Lovu Sector
Koroqaqa Cane Farming project	PS Sugar opened the Koroqaqa Cane Farming project and information day at Varoko sector
Varietal spread	Industry stakeholders field day organised by SRIF(technology transfer and varietal spread at Malau sector)
Accompanying Measures to the Sugar Protocol Programme (AMSP)	AMSP Steering Committee meeting
Public Service Excellence Awards	Fiji Public Service Awards - Ministry attained Achievement award.
FBC Talkback show	Question and answer session on topics ranging from FSC shareholders dividends, controlling of cane burning, assistance for cane planting, mechanical harvesters, standover cane, Fairtrade sugar etc.
Sugar Industry GIS Portal Launch	Launch of Sugar Industry GIS Portal by the Prime Minister

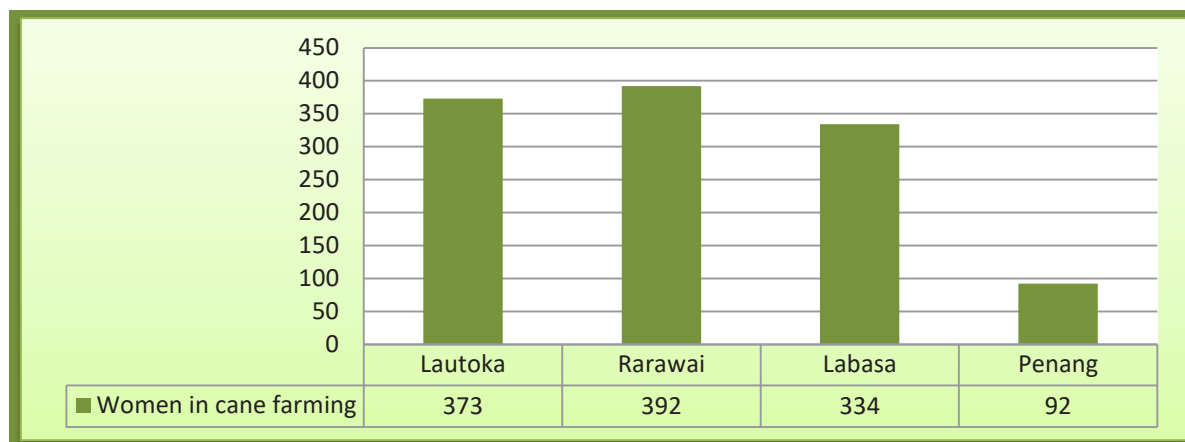
(Source: Ministry of Sugar Industry, 2014)

OUTCOME 3: GENDER EQUALITY AND WOMEN IN DEVELOPMENT

Monitoring of Rural women engaged in sugarcane farming

As part of capturing women's participation in the sugar industry the Ministry does monitor the number of women engaged in sugarcane farming. In this regard the Ministry liaises closely with the Registrar of Cane Growers (Office of the Sugar Industry Tribunal) on a quarterly basis to capture the update in registered grower statistics. There were 1,191 registered female growers in 2014.

Graph 4: Women Cane Farmers in 2014

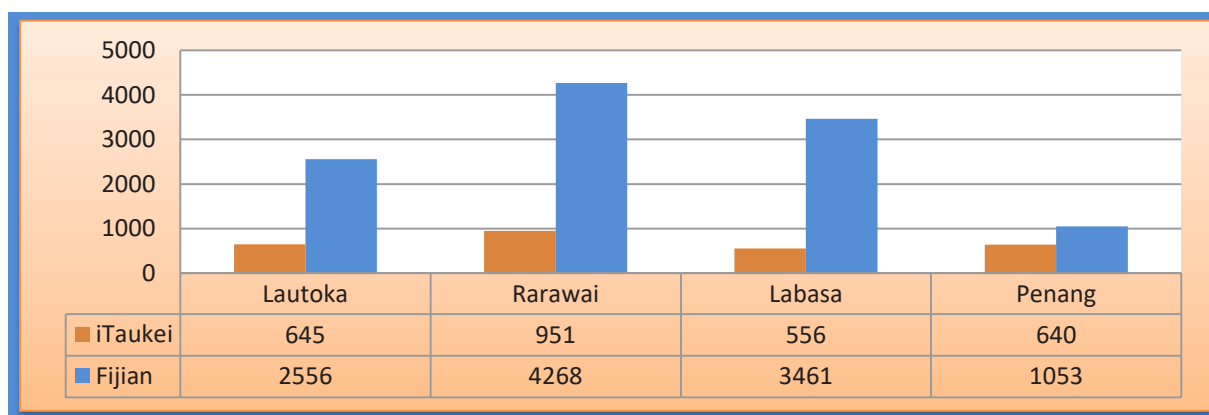


(Source: Sugar Industry Tribunal, 2014)

OUTCOME 4: POVERTY REDUCTION

Closely linked to the Government outcome in gender equality is the drive towards reducing poverty towards a negligible level. In that regard, the Ministry is entrusted with the task of monitoring the number of sugarcane farmers that remain active in the Industry.

Graph 5: Total Number of Cane Farmers in 2014



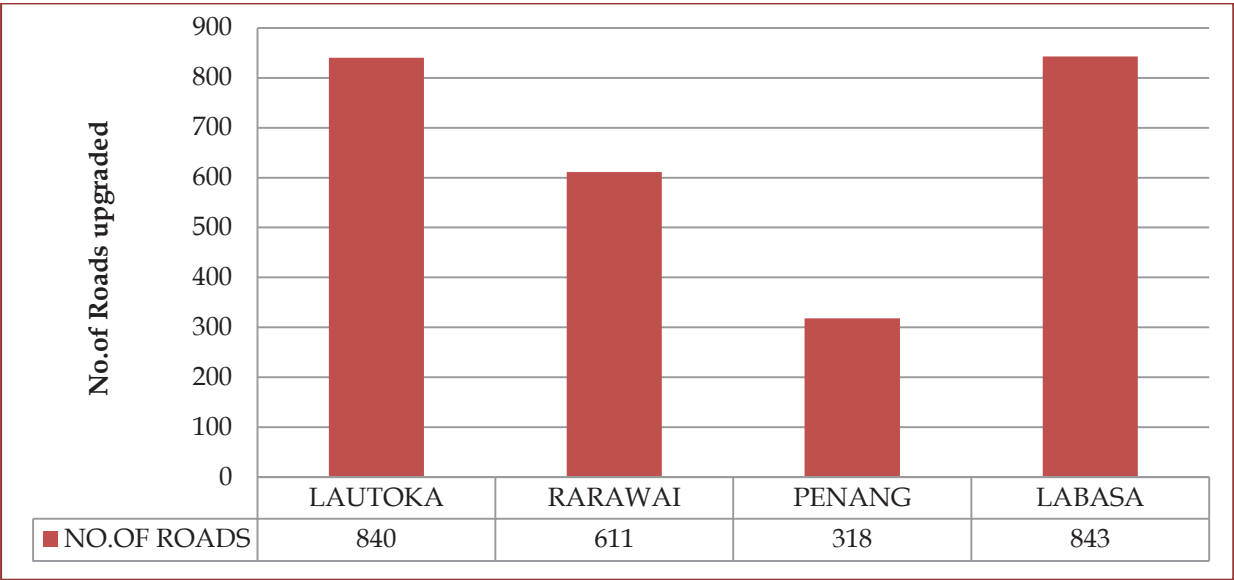
(Source: Sugar Industry Tribunal, 2014)

OUTCOME 5: RURAL AND OUTER ISLAND DEVELOPMENT

The Ministry contributes to the annual cane harvesting efforts of sugarcane farmers through the Cane Access Roads Upgrading Programme, where cane access roads are upgraded to motorable conditions and assist cane lorries in accessing farms to haul harvested cane to the mills for crushing.

The Ministry facilitated the upgrading of 2,610 cane access roads in 2014.

Graph 6: Cane Access Road upgrading in 2014



(Source: Ministry of Sugar Industry, 2014)



Figure 1 & 2: Cane Access Road built through funding from Cane Access Roads Upgrading Program

PART 4.0 – FINANCIAL REPORT

MINISTRY OF SUGAR INDUSTRY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

MINISTRY OF SUGAR INDUSTRY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

TABLE OF CONTENTS

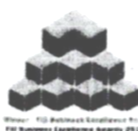
INDEPENDENT AUDIT REPORT.....	28
MANAGEMENT CERTIFICATE.....	30
STATEMENT OF RECEIPTS AND EXPENDITURE.....	31
APPROPRIATION STATEMENT.....	32
STATEMENT OF LOSSES.....	33
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS.....	34

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



6-8TH Floor, Ratu Sukuna House
2-10 McArthur St
P.O.Box 2214, Government Buildings
Suva, Fiji



Telephone: (679) 330 9032
Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



INDEPENDENT AUDITOR'S REPORT

MINISTRY OF SUGAR

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Scope

- I have audited the special purpose financial statements which have been prepared under the cash basis of accounting and Notes 1 to 4 thereon of the Ministry of Sugar, for the year ended 31 December 2014. The financial statements comprise the following:

- (i) Statement of Receipts and Expenditure;
- (ii) Appropriation Statement; and
- (iii) Statement of Losses.

The management of the Ministry of Sugar is responsible for the preparation and presentation of the special purpose financial statements and the information contained therein.

My responsibility is to express an opinion on these special purpose financial statements based on my audit.

My audit was conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatements. My audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements and evaluation of accounting policies. These procedures have been undertaken to form an opinion as to whether, in all material respects, the special purpose financial statements are fairly stated and in accordance with government policies in Note 2, the Audit Act and the Financial Management Act 2004, so as to present a view which is consistent with my understanding of the financial performance of the Ministry of Sugar for the year ended 31 December 2014.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion:

- (a) the special purpose financial statements presents fairly, in accordance with the accounting policies stated in Note 2, the financial performance of the Ministry of Sugar for the year ended 31 December 2014; and
- (b) the special purpose financial statements give the information required by the Financial Management Act 2004 in the manner so required.



Atunaisa Nadakuitavuki
for AUDITOR GENERAL

Suva, Fiji
29 May 2015



MINISTRY OF SUGAR INDUSTRY


MANAGEMENT CERTIFICATE FOR THE YEAR ENDED 31 DECEMBER 2014

We certify that these financial statements:

- (a) fairly reflect the financial operations and performance of the Ministry of Sugar and its financial position for the year ended 31 December 2014; and
- (b) have been prepared in accordance with the requirements of the Financial Management Act 2004 and the Finance Instructions 2010.



Parmesh Chand
Acting Permanent Secretary



Elisabeth H Cokomata
Accounts Officer

Date:

Date: 19/5/2015

MINISTRY OF SUGAR INDUSTRY

STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
EXPENDITURE			
Operating Expenditure			
Established Staff	3(a)	429,335	333,743
Government Wage Earners		25,441	23,513
Travel & Communication		48,396	56,064
Maintenance & Operations		44,989	40,137
Purchase of Goods & Services		11,883	12,944
Operating Grants & Transfers		1,429,400	1,429,053
Special Expenditure		-	249,081
Total Operating Expenditure		<u>1,989,444</u>	<u>2,144,535</u>
Capital Expenditure			
Capital Construction		2,145,199	2,240,668
Capital Purchases	3(b)	-	383,740
Capital Grants & Transfers	3(c)	14,150,000	9,695,526
Total Capital Expenditure		<u>16,295,199</u>	<u>12,319,934</u>
Value Added Tax		281,700	131,718
TOTAL EXPENDITURE		<u>18,566,343</u>	<u>14,596,187</u>

MINISTRY OF SUGAR INDUSTRY

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

SEG	Item	Budget Estimate	Appropriation Changes	Revised Estimate	Actual Expenditure	Carry- Over	Lapsed Appropriation
		\$	\$	\$	\$	\$	\$
			(Note 4)				
1	Established Staff	441,982	(99)	441,883	429,335	---	12,548
2	Government Wage Earners	38,721	99	38,820	25,441	---	13,379
3	Travel & Communication	49,000	---	49,000	48,396	---	604
4	Maintenance & Operations	51,000	---	51,000	44,989	---	6,011
5	Purchase of Goods & Services	15,500	---	15,500	11,883	---	3,617
6	Operating Grants & Transfers	1,429,400	---	1,429,400	1,429,400	---	--
7	Special Expenditure		---			---	--
	Total Operating Costs	2,025,603	---	2,025,603	1,989,444	---	36,159
	Capital Expenditure						
8	Construction	2,600,000	---	2,600,000	2,145,199	---	454,801
9	Purchases	600,000	---	600,000	---	---	600,000
10	Grants & Transfers	14,150,000	---	14,150,000	---	---	--
	Total Capital Expenditure	17,350,000	---	17,350,000	16,295,199	---	1,054,801
13	Value Added Tax	497,300	---	497,300	281,700	---	215,600
	TOTAL EXPENDITURE	19,872,903	---	19,872,903	18,566,343	---	1,306,560

MINISTRY OF SUGAR INDUSTRY

STATEMENT OF LOSSES FOR THE YEAR ENDED 31 DECEMBER 2014

Loss of Money

There was no loss of money recorded for the year ended 31 December 2014.

Loss (other than money)

There was no loss of assets owned by the Ministry for the year ended 31 December 2014.

MINISTRY OF SUGAR INDUSTRY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1: REPORTING ENTITY

The Ministry of Sugar Industry is responsible for implementing key policies and plans consistent with Government programs to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar industry. On-going partnership with the relevant industry stakeholders will enable more land available for productive and social purposes which encourages cane cultivation, adequate labour and committed sugar workforce.

The establishment of a dedicated Ministry of Sugar Industry provides the enabling environment for direct efficient delivery of services to the stakeholders and cane districts and sectors throughout Fiji. The adoption of the 'professional' service delivery by the Ministry will promote maximum cane and sugar production annually through increased investments in cane and mill efficiency operation which lead to higher prices in sugar exports to existing and potential global markets.

The current sugar industry reform programs targeted at the FSC is closely monitored by the Sugar Taskforce in areas such as budget support, regulatory framework, prudent financial management, human resources management, production management, harvesting and transport, operational management and improved husbandry practices.

With clear guidelines in place to achieve specific targets, the Ministry is committed to adopting a 'professional' service status that promotes:

- Investment in cane management systems thus ensuring increased cane production.
- Investments in mill technology thus contributing to improved mill efficiency and sugar extraction.
- Exploring opportunities to value adding of milling by products as a source of additional revenue for the industry.

NOTE 2: STATEMENT OF ACCOUNTING POLICIES

(a) Basis of Accounting/Presentation

In accordance with Government accounting policies, the financial statements of the Ministry of Sugar Industry is prepared on cash basis of accounting. All payments related to purchases of fixed assets have been expensed.

MINISTRY OF SUGAR INDUSTRY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2: STATEMENT OF ACCOUNTING POLICIES (continued)

The financial statements are presented in accordance with the Financial Management Act and the requirements of Section 71(1) of the Finance Instruction 2010. The preparation and presentation of a Statement of Assets and Liabilities is not required under the current Government policies, except for that of the Trading and Manufacturing Accounts.

(b) Accounting for Value Added Tax (Vat)

All income is inclusive of VAT while all expenses are VAT exclusive. The Ministry on a monthly basis takes out VAT output on total money received for expenditure from Ministry of Finance. VAT input on the other hand is claimed on payments made to the suppliers and sub-contractors for expenses incurred.

The VAT payment as per the statement of receipts and expenditure relates to the VAT input claimed on payments made to the suppliers and sub-contractors for expenses incurred and VAT payments to FRCA. Actual amount paid to FRCA during the year represent the difference between VAT Output and VAT Input.

(c) Comparative Figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

NOTE 3: SIGNIFICANT EXPENDITURES

- (a) Established Staff increased by \$95,592 or 29% in 2014 compared to 2013. The increase was mainly attributed to the increase in staff establishment with the Ministry recruiting an additional four (4) project officers.

MINISTRY OF SUGAR INDUSTRY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3: SIGNIFICANT EXPENDITURES (*continued*)


- (b) The Ministry did not utilize its budget for the purchase of tractors during the year. These were to be provided to the Fiji Sugar Corporation (Lautoka, Labasa and Penang Mills) to assist sugar cane farmers who do not have the necessary machinery to carry out sugarcane farming and harvesting.
- (c) Capital Grants and Transfers increased by \$4,454,474 or 46 % in 2014 compared to 2013. The increase was attributed to a new program, the Sugar Development, undertaken in conjunction with Fiji Sugar Corporation in order to assist sugarcane farmers in the preparation of sugarcane farming lands. In addition, a \$5,750,000 annual subsidy was provided to the South Pacific Fertilizers Limited.

NOTE 4: APPROPRIATION MOVEMENTS

There were no redeployments of the Ministry's funds during the year. Other movements were made through virement as follows:

SEG	Allocation	From	To	Net Change (\$)
1	Established Staff	(99)		(99)
2	Government Wage Earners		99	99

[illegible]



Ministry of Sugar Industry
P O Box 5110, Lautoka
Tel No: (679) 6664724
Fax: (679) 6669022
www.sugar.gov.fj