

# Annual Report

2015



MINISTRY OF SUGAR INDUSTRY



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# LETTER OF TRANSMITTAL

The Honourable 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, 2015.

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 2015; the fourth 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 2012 Annual Corporate Plan; and
3. The Ministry's audited Financial Statements

# PERMANENT SECRETARY'S SUMMARY STATEMENT

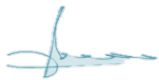
I am pleased to present the 2015 Annual Report for the Ministry of Sugar Industry in accordance with the General Order 1108(a).

The year 2015 saw two changes in leadership at Permanent Secretary level, following the passing away of its former Permanent Secretary the late Mr. Manasa Vaniqi on 1<sup>st</sup> January, 2015. The Permanent Secretary for Public Service Commission, Mr. Parmesh Chand, was appointed to act as Permanent Secretary from 21<sup>st</sup> January.

The second change came on July 10<sup>th</sup>, when, the Director Sugar Industry, Mr. Viliame Gucake, was appointed to act in the position until a substantive appointment was made.

Two amendments to the Sugar Industry Act 1984 (Cap 206) were successfully enacted during the year and these were the: (i) amendment to the appointing authority to the membership of the Sugar Cane Growers Fund and the (ii) creation of the Council of Sugar Cane Growers to oversee the operations of the Sugar Cane Growers Council.

In the last quarter of the year all positions of the Permanent Secretaries of Government Ministries were advertised and new appointments were made.



Viliame Gucake  
**Acting Permanent Secretary**

# 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 sugar cane industry.

### MISSION STATEMENT

To successfully facilitate the implementation of sugarcane reforms and ensure timely, effective and efficient delivery of services to relevant stakeholders for a viable sugarcane industry.

### VALUES

Good Governance

Courtesy

Commitment

Partnership

Integrity

Equity

Honesty

Responsiveness

Impartiality

Responsibility

Professionalism

Innovation



### III. OUR STAKEHOLDERS

#### **Internal Stakeholders**

Minister for Sugar Industry  
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 (SPF)

#### **External Stakeholders**

Minister  
Cabinet Office  
Ministry of Finance  
Internal Coordinating Office (ICO)  
Ministry of Lands & Mineral Resources  
Other Government Ministries and Agencies  
iTaukei Land Trust Board  
Sugarcane Growers  
Potential Investors  
Fijian Government Development Partners  
Multinational Agencies – World Bank, IMF, ADB  
Consultants

# PART 1.0: MINISTRY PROFILE

## 1.1 Roles and Responsibilities

The Ministry of Sugar 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 reforms.

To this end, the Ministry ensures 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 vibrant 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 undue 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 1<sup>st</sup> January 2014 to 2017.

The plan focuses on six key areas which include:

-  Crop production and Grower Advisory Services
-  Harvesting and Transport
-  Milling and Processing
-  Cane Quality Payment
-  Revenue Generation
-  Industry Structure

By way of legal framework and duly instituted instruments of Government, the Ministry of Sugar is guided by the following legislation and regulations:








-  Sugar Industry Act 1984 (Cap 206)
-  Constitution of the Republic of Fiji'2013
-  Fiji National Provident Fund Decree 2011
-  MOS Finance Manual 2013
-  MOS Human Resource Manual
-  Fiji Procurement Act 2010
-  Financial Instructions 2010
-  Financial Instructions 2010
-  Financial Management Act 2004
-  Fiji budget Estimates 2015
-  Occupational Health and Safety at Work Act 1996

### **1.1.1 Facilitative Function**

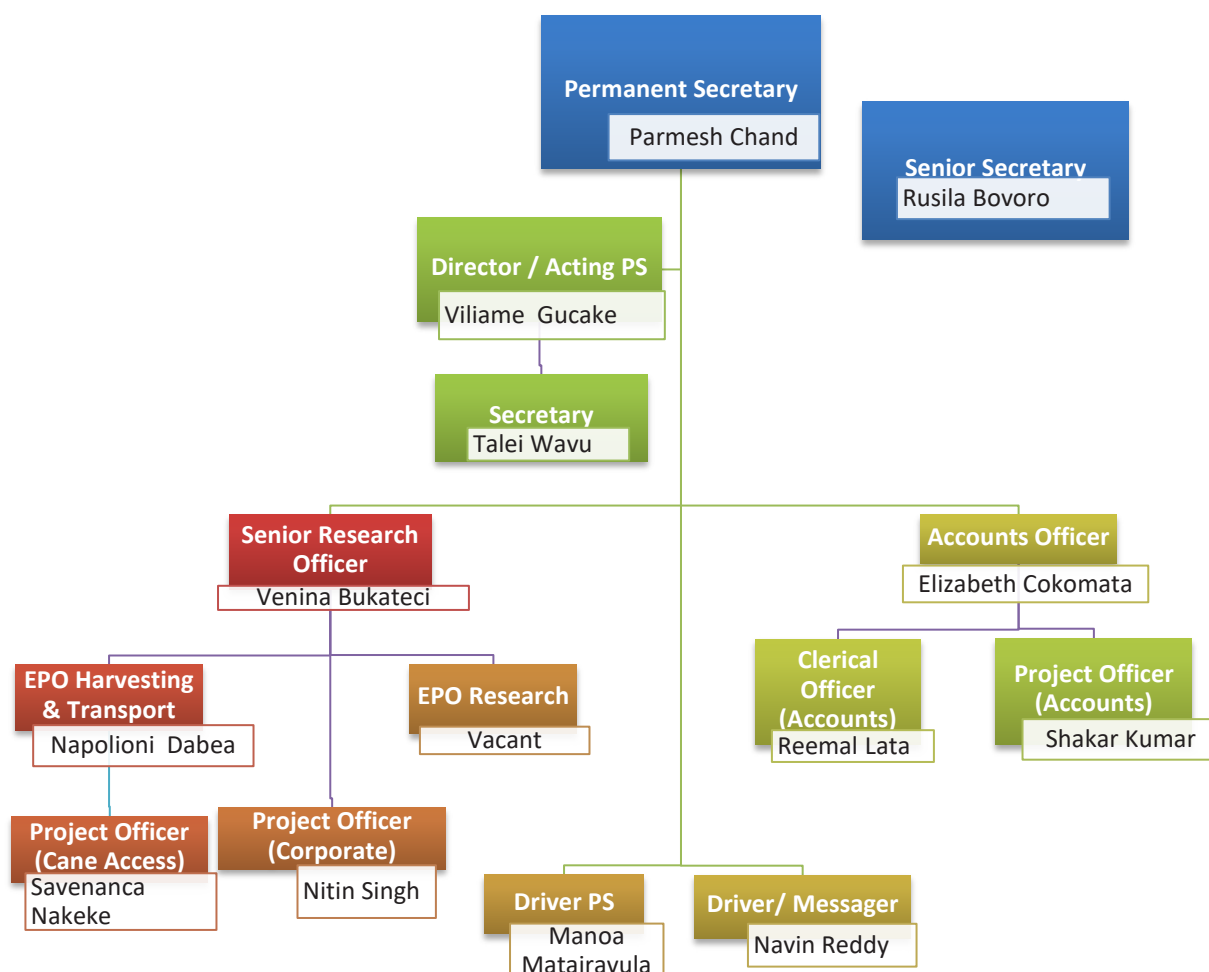
The Ministry of Sugar is mandated to facilitate and oversee the implementation of sugar reforms in the sugarcane industry.

### **1.1.2 2015 Approved Outputs**

2015 expenditure for the Ministry of Sugar are driven towards the following outputs:

-  Portfolio Leadership, Policy Advice and Secretariat Support
  -  Sugar Industry Reform
  -  Improve Ministry Systems & Processes
  -  Monitoring of rural women engaging in sugar farming activities
  -  Monitoring of retention of existing cane growers in the industry
  -  Road Construction, repairs and maintenance- Cane Access Roads
  -  Compliance to Financial Reporting

## 1.2 Organization Structure



## 1.3 Staff

### 1.3.1 Staffing

The Ministry has 11 officers that are manning the Ministry's roles and responsibilities. The Ministry utilized a total of \$387,523.00 for its staff expenditure whereby \$355,591.00 was used for established salaries and \$31,932.00 for government wage earners.

The Ministry engaged a volunteer from the Fiji Volunteer Services in October as per the engagement of graduate Youth Volunteers under the NEC Decree 2009 which is administered by the Public Service Commission. The volunteer is engaged with the corporate office of the Ministry.

### 1.3.2 Staff Training

As part of its training and development programme to up-skill staff and improve productivity, the Ministry participated in eleven (11) trainings conducted by PSC. The Ministry training is tabulated below:

**Table 1: Staff Training**

N o	Name of Courses	Name of Trainers
1	Research Development, Data Management & Analysis	PSC
2	Cost Benefits Analysis	PSC
3	Quality Circles	PSC
4	Basic Leadership	PSC
5	Basic Leadership 1	PSC
6	Public Service Ethics and Decision Making	PSC
7	Good Governance In Public Sector	PSC
8	Emotional Intelligence	PSC
9	Performance Management	PSC
10	Leadership Training ii	PSC
11	Protocol Training	PSC
12	Integrating Climate Change and Disaster Risk Management	Min of Rural Development

*(Source: Ministry of Sugar Industry, 2015)*

## PART 2.0: MINISTRY PERFORMANCE

### 2.1 World Sugar Events

#### 2.1.1 47<sup>th</sup> ISO Council Session

A delegation comprising Government and Sugar Industry representatives attended the 47<sup>th</sup> ISO Council Session that was held in Antigua City, Guatemala from the 22<sup>nd</sup> to the 25<sup>th</sup> of June, 2015.

The delegation consisted of the Acting Permanent Secretary for Sugar, Mr Parmesh Chand; Fiji's Ambassador to Brazil, H.E Cama Tuiloma; Counsellor, Fiji Mission, Brussels - Mr Nidhendra Singh, CEO Sugar Cane Growers Council- Mr Sundresh Chetty, Industrial Commissioner, Sugar Industry Tribunal - Mr Timothy Brown and Director Sugar, Mr. Viliame Gucake.

Acting Permanent Secretary for Sugar, Mr. Parmesh Chand, who led the delegation, presented an update on Fiji's Sugar Cane Industry on the Agenda Item 9 which is on national policies.

#### 2.1.2 24<sup>th</sup> ISO Seminar

The Fiji delegation consisted of the Prime Minister and Minister of Sugar, Acting Permanent Secretary for Sugar - Mr Viliame Gucake, High Commissioner, Fiji Mission London - H. E. Mr Solo Mara. Counsellor Brussels - Mr Nidhendra Singh, Executive Chairman, FSC - Mr Abdul Khan, CEO Sugar Cane Growers Council - Mr Sundresh Chetty,

and the Industrial Commissioner, Sugar Industry Tribunal - Mr Timothy Brown.

The 24<sup>th</sup> ISO seminar was held in London for one week commencing from 16<sup>th</sup> to the 20<sup>th</sup> November 2015.

The Hon. Prime Minister and Minister for Sugar presented an update on Fiji's Sugar Cane Industry on the Agenda Item 9 which is on national policies.

#### 2.1.3 ACP Sugar Research Programme

The ACP sugar research Programme provides solutions to the sugar industry in ACP countries, by responding to a selected number of clearly identified technological challenges that hamper the sugarcane sector's performance. A total of thirteen research and innovation projects are implemented under the Programme, covering three distinctive areas of research: (cane varieties, costs and losses cuttings).

This project is funded by the European Union. The purpose of this programme is to assist the ACP Sugarcane Research Programme and its Steering Committee; providing them with a Coordinating Unit to support five research stations (MSIRI, SIRI, SRIF, SSA, WICSBS) in attaining their goals and fostering networking among ACP research stations to strengthen their capabilities, increase

communication and enhance the sharing of information and research outputs.

In this Sugar Research Programme, the Fijian delegation attended the final workshop of the Steering Committee that was held in Mauritius from the 5th- 7th October, 2015.

The delegation comprised of the Acting Permanent Secretary, Sugar- Mr Viliame Gucake, CEO Sugar Cane Growers Council- Mr Sundresh Chetty, Acting CEO SRIF - Mr Sanjay Prakash, Senior Research Officer SRIF - Mr Prema Naidu, Senior Scientific Officer SRIF - Mr Amit Singh, Technical Officer SRIF - Miss Jyotika Prasad.

## **2.2 Budget Support**

One of the Ministry's approved outputs is the sugar industry reform through grant allocation to revive the sugarcane production.

The Ministry has two programmes that run concurrently to support its efforts to assisting cane farmers. They are the Cane Planting Grant (CPG) and the maintenance of Cane Access Roads (CAR).

### **2.2.1 Cane Planting Grant**

Government has continued to providing funding support to assist cane farmers through

the 2015 Sugar Cane Planting program. The expectation is to raise cane productivity or yield per unit area of land and be able to raise cane production levels annually.

In the program, the government provided a grant of \$5 million to subsidize the farm production cost through planting of some 3,800 hectares of fallow land during the 2015 cane planting season. The grant is administered by the Fiji Sugar Corporation Ltd under a pre-determined set of guidelines agreed to jointly by the Ministry, Sugar Cane Growers Council and Fiji Sugar Corporation.

From the 3,800 hectares of new crops in the 2015 cane planting season, the aim was to produce 285,000 tonnes of sugarcane with the overall plant yield of at least 75tc/ha. The grant provides a sum of \$2,000.00 per hectare for farmers representing a 63% subsidy of the total cost of \$3,200.00 per hectare.

Under the programme, 2,975 hectare was prepared of which 1,799 hectare had been planted. The 2015 season was marked by drought from March- December. The balances of 1,176 hectare, farmers have been advised to complete planting by 31<sup>st</sup> March 2016 or forfeit their other grant entitlement.

**Table 2: Cane Planting Program Assistance**

Mill	No. of Farms	Hectares Planted	Planting Assistance	
			\$8.4m CPG	\$5.0m CPG
Lautoka	819	569	26	298
Rarawai	628	531	36	386
Labasa	1,278	1,226	4	794
Penang	317	327	0	255
All Mills	<b>3,042</b>	<b>2,652</b>	<b>66</b>	<b>1,733</b>

(Source: Ministry of Sugar Industry, 2015)

**Figure 1: Land Preparation****Figure 2: Sugarcane germinating**

### 2.2.2 Cane Access Road

A total of \$2,500,000.00 was allocated for the 2015 Cane Access Road programme (CAR) compared to the \$2,000,000.00 in 2014. With the increase in the budgetary allocation of the CAR programme, the Ministry was able to upgrade 331 more roads compared to the 2610 roads upgraded in 2014.

\$2,200,000.00 of this allocation was distributed to the four mill areas for road upgrades according to the tonnage produced in each mill area. The remaining \$300,000.00 was used to assist farmers through the supply of culverts with the repair and construction of crossings.

Road upgrades commenced in from mid-May and all roads were upgraded and completed by the month of September. 2941 roads were upgraded compared to 2610 roads in 2014.

**Table 3: Fund Distribution and No. of roads Upgraded- Mill**

Mill	Funds Allocated	No. of Roads Upgraded	Km
Lautoka	\$616,000.00	950	1,268
Rarawai	\$704,000.00	658	1,194.87
Labasa	\$660,000.00	942	855
Penang	\$220,000.00	391	418.58
Total	<b>\$2,200,000.00</b>	<b>2941</b>	<b>3735.45</b>

(Source: Ministry of Sugar Industry, 2015)

Twenty seven (27) road contractors were engaged in the upgrading of the cane access roads whereby fifteen (15) operated in Viti Levu while twelve (12) handled Vanua Levu.



**Table 4: Contractor Distributor- Mill**

Mill	No. of Contractors
Lautoka	8
Rarawai	5
Labasa	12
Penang	2
<b>Total Contractor</b>	<b>27</b>

(Source: Ministry of Sugar Industry, 2015)

The programme contributed significantly to the successful harvesting efforts whereby of the total standover cane figure of 12,365 tonnes from the four mills, only 150 tonnes or 1.21% of the total standover cane was attributed to poor cane access road.

**Table 5: Standover Cane Figures for 2015- Mills**

Mill Area	Total Standover Cane (tonnes)	Standover due to Poor Access (tonnes)	Percentage Standover due to Poor Access
Lautoka	2,365	10	0.42%
Rarawai	290	70	24%
Labasa	7,230	70	0.96%
Penang	2,480	0	0%
<b>Total</b>	<b>12,365</b>	<b>150</b>	<b>1.21%</b>

(Source: Ministry of Sugar Industry, 2015)



*Figures 3& 4: Uluisila Crossing before and after construction of Irish Crossing*

### 2.3 Stakeholders Meetings

- 16 February, 2015- EU Accompanying Measures for the Sugar Protocol Programmes Steering Committee Meeting.
- 11th February, 2015- Cane Quality Payment System –Audit and monitoring Consultant Schedule of Visit.
- 8th June 2015- Consultation on the Review of the Sugar Master Award
- 5th May, 2015- Acting PS- Sugar opened the GIS and Remote Sensing user Forum
- 29th May, 2015- National CBUL Meeting
- 18th June, 2015- EU/SPC Steering Committee
- 4th June, 2015- RARAI (Rural Access Roads and Associated Infrastructure Project)
- 17th July, 2015- Cane Access Road Meeting between Sugar Industry Stakeholders with Rarawai Contractors
- 27th October, 2015- Pollution in Draunivutia River, Rakiraki.
- 2- 4 November, 2015- Report on Integration of Climate Change Mitigation

and Disaster Risk Reduction into Development Planning Workshop

- 21st December, 2015-Presentation to the Heads of Missions Consultant
- 22nd December, 2015- Critical Sector at the National Disaster Management Council Meeting

### 2.4 Awareness program

The Ministry in its effort to increase consultation awareness of the government support to the public has embarked on awareness programs.

The Ministry in creating awareness also uses the speeches from the Government officials such as the Prime Minister and Minister of Sugar and the Acting Permanent Secretary to reflect on Sugar Industry's progress and future.

Tabulated below are some of the major awareness programmes that the Ministry participated in.

**Table 6: Awareness Programme to Farmers**

Date	Awareness programme	Topic	Discussion
18/02/2015	Advisory	Cane Planting Program	Cane Planting Program - 14 I-Taukei Famers. Vakabuli Farmers seeking assistance to plant sugarcane in their farm
26/02/2015	Advisory	Cane Replanting Program 2015- 5 million grant	Cane Replanting Program 2015- 5 million Grant- Nadroumai Village, Sigatoka.
29/05/2015	Radio- Talk Back Show	Farm Advisory Services	Media Awareness through FBC and Department of Information on Farm Advisory Services available to farmers attended by: <b>Hindi Slot-</b> Mr. Dhurup Kumar ( Farm Enhancement Manager, FSC) <b>Itaukei Slot-</b> Mr. Samu Railoa (Cane Development Manager, FSC)
22/09/2015	Radio- Talk Back Show	OHS Issues- FSC	Media Awareness through FBC and Department of Information Mr. Viliame Gucake and Mr. Vineshwa Narayan (HRO FSC) talking on OHS Issue at FSC.

16/12/2015	Advisory	Cane Access Road	Meeting at FSC Yard in Cuvu for the Navovo Cane Access Road- Tramline.
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(Source: Ministry of Sugar Industry, 2015)



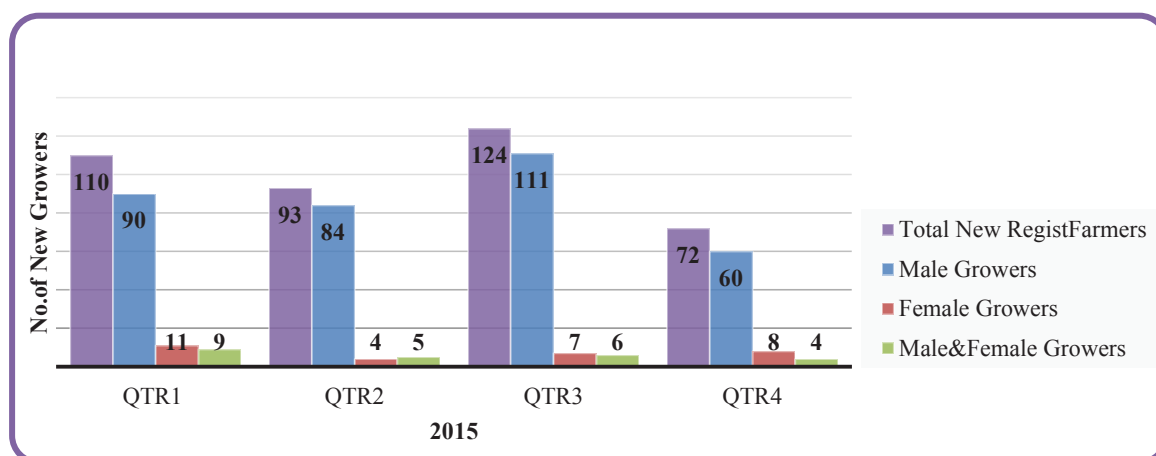
**Figure 5: Napolioni with FSC in a meeting with farmers in Vakabuli Village, Lautoka**



**Figure 6: Acting PS Sugar, Mr Parmesh Chand and SCGC CEO Mr Chetty meeting with farmers at the SCGC office, Ba.**

Through the sugarcane consultation awareness program and government initiatives, the Ministry has observed that there was considerable interest shown in the sugar industry through the registration of 399 new farmers (new application and ALTA) for the 2015 year alone.

**Graph 1: New Cane Growers in 2015**

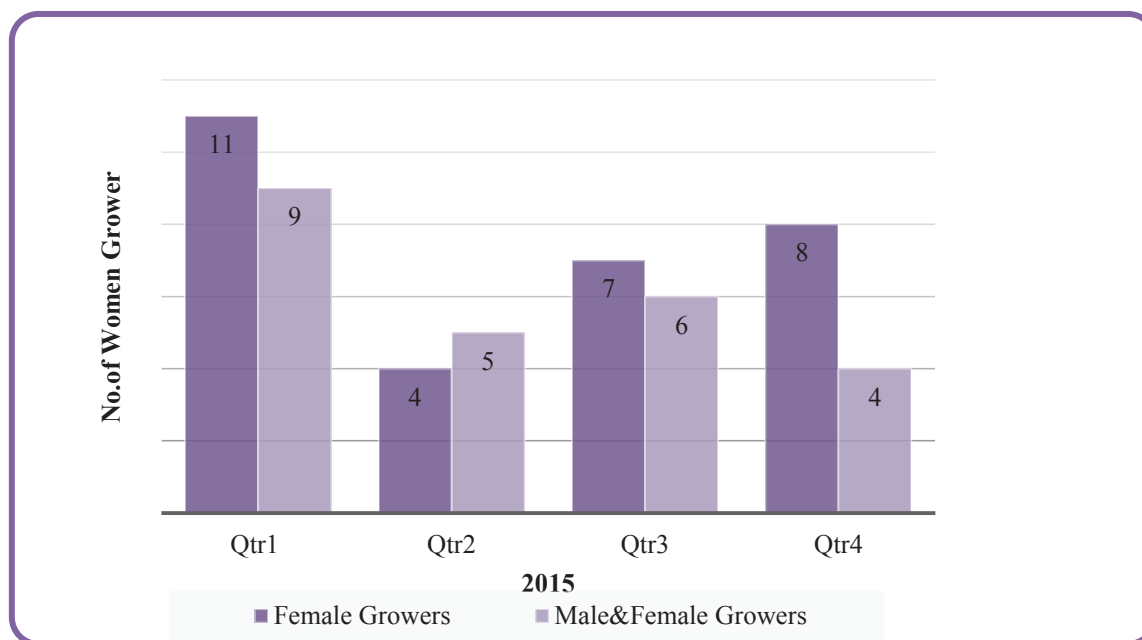


(Source: Sugar Industry Tribunal, 2015)

From the 399 new cane growers registered, a total of 14.3% of women growers were registered in the first and second quarter of the year while 16.7% women cane growers were registered at the end of the third and last quarter. The Ministry also noted that Women were involved in the joint registration with their male partners hence contributing a 6% registration in the year. The joint venture cane

farming showed that women are taking interest in improving their family livelihood through cane farming.

**Graph 2: No. of Women Growers Registered in 2015**



(Source: Sugar Industry Tribunal, 2015)

## 2.5 Industry Consultation with Overseas Investors

Tabulated below is the Ministry's consultation with overseas investors, funding organization as well as the development organization.

**Table 7: Ministry's Consultation with Overseas Investors and Funding Organization**

CONSULTATION	CONSULTATION TOPIC	DATE
Korean Investor	Developing non- woody pulp from the biomass Sugar Cane. Representative of Asian Mobil Co. Ltd	January, 2015
Final Evaluation of EU funded Accompanying Measures for the Sugar Protocol (AMSP) 2010	Mr Roberto Borlini and Roberto Cabessa conducting final evaluation of the EU- funded AMSP 2010.	February, 2015
Partners in Performance International Messrs Rob Aitken & John Syffer	Discussion of PPI field of expertise and how it could be formulated and implemented in the Sugar Industry	February, 2015
Head of the EU delegation Ambassador Andrew Jacobs	Courtesy call and discussion of setting up future co-operation with the Sugar and Agriculture sector.	February, 2015
Standard and Poor's visit. Joint Meeting with FSC and Ministry of Sugar.	Update on sugarcane industry performance as part of their assessment of the Fijian Government's economic performance for benchmarking and rating purposes.	March, 2015

Meeting with Mr Alan Wood, head of Global Commodity trading of Tate & Lyle Sugars and Mr Lindsay Wheeler of FSC.	Discussed on the opportunities for Fiji in the Pacific and Asian regions.	March, 2015
EDF 11 Programme Planning Mission, First Stakeholder Workshop held at First Landing. Chaired by Mr Michael Parker.	Brainstorming on the areas that may need to be considered for funding under this funding source - Sugar Cane and Non- Sugar Cane sectors	21/04/2015
EDF11 De-briefing chaired by A/PS Ms Elina Volavola ( Finance)	Debriefing on the outputs of various meetings and consultations. Discussion of the €20 million indicative funding (EDF 11)	7/05/2015
World Bank Meeting at Ministry of Sugar Boardroom. [Mr Henri Loze, World Bank Consultant & Mr Kofi Nouve of World Bank Regional Office, Sydney]	"Assessing the demand for engagement in Fiji's Sugar and Non- sugar agriculture sector".	12/06/2015
Meeting with Mr Mimica from EU with Sugar Institutions held at SRIF	Presentation on the Sugar Cane Industry Reforms	17/06/2015
AMSP Steering Committee meeting held at First Landing Resort- Vuda point	EU Accompanying Measures for the Sugar Protocol Programme (Debriefing Monitoring & Evaluation Mission for AAP2010 & AAP2011)	22/07/2015
Meeting on the EDF11 Funding Modality for Fiji's NIP (National Indicative Programme) held at Level 10 East Wing Conference Room- Ro Lalabalavu house.	Discussion and finalization of the implementation mode of the preferred modality of EDF11 for the 2016-2020 period	5/08/2015
Sojitz Corporation Group Japanese company interested in buying Fiji sugar they were accompanied by Ambassador Isikeli Mataitoga.	Expression of interest in buying Fiji Sugar.	15/08/2015
GIS Council Meeting with Digital Globe	Digital Globe is one of the World's leading provider of satellite images and related information pertaining to Geospatial information. Meeting held at Ministry of Sugar Boardroom.	22/08/2015
Meeting with Mr Kofi Nouve (World Bank) regarding Agricultural Sector in Fiji held at MoS Board room.	Scoping mission for possible World Bank support to the agricultural sector (Sugar, Horticulture and Livestock (beef & Sheep)).	10/09/2015
EDF 11 meeting with Consultant Mr Chris Lightfoot (EU Assistant to Harvest & Transport).	The meeting was arranged by Ministry of Finance to allow representatives of Ministry of Agriculture and Ministry of Sugar to meet with Mr Lightfoot who has been engaged by the EU to carry out assessment of Eligibility Criteria for Budget Support for the EDF 11.	12/10/2015

Meeting request for Ambassador Jacobs with acting PS Sugar.	Discussion based on the status of the Fiji Sugar industry and possible future programmes between EU and Fiji.	13/10/2015
Mr Nobuyoshi Tada from Pehicle Tours (Fiji) Ltd, coordinators of one of JICA project.	Their survey will identify feasibility in Fiji of the technology developed by Kawasetsu Co. Ltd, Okinawa that specialized water treatment technologies at Lautoka Mill.	26/10/2015
Debriefing by the EU consultant on budget Support Assessment for Agriculture & Sugar Sectors Mr Chris Lightfoot held at the conference room, Level 9, Ro Lalabalavu House, Ministry of Finance at 2 pm.	Debriefing by the EU Consultant - Budget Support Assessment for Agriculture & Sugar Sectors	30/10/2015

(Source: Ministry of Sugar Industry, 2015)

## 2.6: Ministry 2015 Achievement

**Table 8: Achievements of the Ministry in 2015**

Achievement	No. of Farmers Assisted	Details
<b>Subsidy to South Pacific Fertilizers</b>	11,436	484,194 (50kg Bags) distributed to farmers
<b>Cane Access Road Program</b>	13,379	Increase in Budget allocation of \$2.5 million resulted in upgrading of 2941 roads (3735.45 km) compared to 2610 roads (2480.5 km) with a budget of \$2 million in 2014.
<b>Cane Development Grant</b>	3,224	Cane planting grant was increased by 3.2% from the 2014 allocation of \$4.6 million to \$5 million for 2015. 2,522 hectares was planted.
<b>GIS Cadastre</b>	5,226	In its commitment and recognition towards the use of technology in the Sugar industry, GIS (Cadastre) was allocated \$938,170.00 12 Cane sectors were mapped consisting of: <ul style="list-style-type: none"> <li>• Malolo (Nadi)</li> <li>• Koronubu (Ba)</li> <li>• Bucaisau (Labasa)</li> <li>• Daku (Labasa)</li> <li>• Vunimoli (Labasa)</li> <li>• Wainikoro (Labasa)</li> <li>• Waiqele (Labasa)</li> <li>• Bulivou (Seaqaqa)</li> <li>• Natua (Seaqaqa)</li> <li>• Solove (Seaqaqa)</li> </ul>

(Source: Ministry of Sugar Industry, 2015)



## PART 3.0: MINISTRY HIGHLIGHTS



*Figures 7 & 8 Acting PS Sugar, Mr Parmesh Chand handing over the 5 tonnes of Sugar to the Divisional Planning Officer, Western, Mr. Sitiveni Tavaga.*

The Sugarcane Industry Stakeholders together with the Ministry of Sugar Industry presented five (5) tonnes of sugar as the Industry's contribution to the Fiji Government for its assistance to the Vanuatu Government in providing relief to those affected by TC Pam at the FSC Shipping Shed on 25th day of March, 2015.



*Figure 9: Courtesy call by Mr. Deo Saran, Ambassador Designate for the Fiji Mission in Brussels, with Acting Permanent Secretary, Mr. Parmesh Chand, Director Sugar, Mr. Viliame Gucake and representatives of the Fiji Sugar Corporation, Sugar Cane Growers Council and iTaukei Land Trust Board at the Ministry's Conference Room, Sugar House, Lautoka.*

## **PART 4.0: FINANCIAL REPORT**



**MINISTRY OF SUGAR INDUSTRY  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**MINISTRY OF SUGAR INDUSTRY  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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# OFFICE OF THE AUDITOR GENERAL

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## MINISTRY OF SUGAR

### SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### INDEPENDENT AUDITOR'S REPORT

##### 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 2015. The special purpose 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 government 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 accounting policies in Note 2 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 2015.

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

##### Qualification

The correctness of the Statement of Losses could not be verified as the Board of Survey was not conducted by the Ministry.

## MINISTRY OF SUGAR INDUSTRY

### SPECIAL PURPOSE FINANCIAL STATEMENT FOR THE YEAR ENDED

31 DECEMBER 2015

**INDEPENDENT AUDITOR'S REPORT** *Cont'd*

**Qualified Audit Opinion**

In my opinion:

- (a) except for the matter referred to in the qualification paragraph, the special purpose financial statements present fairly, in accordance with the government accounting policies stated in Note 2, the financial performance of the Ministry of Sugar for the year ended 31 December 2015; 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  
12 August 2016




**MINISTRY OF SUGAR INDUSTRY**

**MANAGEMENT CERTIFICATE  
FOR THE YEAR ENDED 31 DECEMBER 2015**

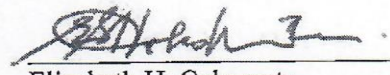
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We certify that the special purpose financial statements:

- (a) fairly reflect the financial operations and performance of the Ministry of Sugar for the year ended 31 December 2015; and
- (b) have been prepared in accordance with the requirements of the Financial Management Act 2004 and the Finance Instructions 2010.

  
\_\_\_\_\_  
Yogesh J. Karan  
Permanent Secretary

Date: 19 July 2016 .

  
\_\_\_\_\_  
Elizabeth H. Cokomata  
Accounts Officer

Date: 19 July 2016

## MINISTRY OF SUGAR INDUSTRY

### STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 (\$)	2014 (\$)
<b>RECEIPTS</b>			
Agency Revenue		-	-
<b>Total Agency Revenue</b>		-	-
<b>TOTAL REVENUE</b>		-	-
<b>EXPENDITURE</b>			
Established Staff	3(a)	355,591	429,335
Government Wage Earners	3(b)	31,932	25,441
Travel & Communication	3(c)	49,843	44,396
Maintenance & Operations	3(d)	62,214	44,989
Purchase of Goods & Services	3(e)	14,110	11,883
Operating Grants & Transfers	3(f)	1,429,399	1,429,400
Special Expenditure	3(g)	938,170	-
<b>Total Operating Expenditure</b>		<b>2,881,259</b>	<b>1,989,444</b>
Capital Construction	3(h)	2,099,179	2,145,199
Capital Purchases	3(i)	-	-
Capital Grants & Transfers	3(j)	5,000,000	14,150,000
<b>Total Capital Expenditure</b>		<b>7,099,179</b>	<b>16,295,199</b>
Value Added Tax	3(k)	599,767	281,700
<b>TOTAL EXPENDITURE</b>		<b>10,580,205</b>	<b>18,566,343</b>

# MINISTRY OF SUGAR INDUSTRY

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

SEG	Item	Budget Estimate	Appropriation Changes	Revised Estimate	Actual Expenditure	Carry- Over	Lapsed Appropriation
		\$	\$	\$	\$	\$	\$
			(Note 4)				
1	Established Staff	454,703	---	454,703	355,591	---	99,112
2	Government Wage Earners	56,651	---	56,651	31,932	---	24,719
3	Travel & Communication	74,000	---	74,000	49,843	---	24,157
4	Maintenance & Operations	69,000	---	69,000	62,214	---	6,786
5	Purchase of Goods & Services	17,000	---	17,000	14,110	---	2,890
6	Operating Grants & Transfers	1,429,400	---	1,429,400	1,429,399	---	1
7	Special Expenditure	938,170	---	938,170	938,170	---	--
	<b>Total Operating Costs</b>	<b>3,038,924</b>	<b>---</b>	<b>3,038,924</b>	<b>2,881,259</b>	<b>---</b>	<b>157,665</b>
	<b>Capital Expenditure</b>						
8	Construction	2,500,000	---	2,500,000	2,099,179	---	400,821
9	Purchases	600,000	---	600,000	---	---	600,000
10	Grants & Transfers	5,000,000	---	5,000,000	5,000,000	---	--
	<b>Total Capital Expenditure</b>	<b>8,100,000</b>	<b>---</b>	<b>8,100,000</b>	<b>7,099,179</b>	<b>---</b>	<b>1,000,821</b>
13	Value Added Tax	629,700	---	629,700	599,767	---	29,933
	<b>TOTAL EXPENDITURE</b>	<b>11,768,624</b>	<b>---</b>	<b>11,768,624</b>	<b>10,580,205</b>	<b>---</b>	<b>1,188,419</b>

## **MINISTRY OF SUGAR INDUSTRY**

### **STATEMENT OF LOSSES FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **Loss of Money**

There was no loss of money recorded for the year ended 31 December 2015.

#### **Loss (other than money)**

There was no loss of assets owned by the Ministry for the year ended 31 December 2015.



## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### NOTE 1: REPORTING ENTITY

The Ministry of Sugar 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 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; and
- 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

In accordance with Government accounting policies, the special purpose financial statements of the Ministry of Sugar Industry is prepared on cash basis

## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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of accounting. All payments related to purchases of fixed assets have been expensed.

The special purpose financial statements are presented in accordance with the Financial Management Act 2004 and the requirements of Section 71(1) of the Finance Instructions 2010. The preparation and presentation of a Statement of Assets and Liabilities is not required under the current Government accounting policies, except for that of the Trading and Manufacturing Accounts.

#### **(b) Accounting for Value Added Tax (VAT)**

All income is inclusive of VAT while 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 VARIATIONS**

- (a) Established Staff costs decreased by \$73,744 or 17.2% in 2015 compared to 2014 due the Permanent Secretary for the Ministry post been vacant, thus the Director Sugar was acting on the post but was being paid from Seg 50 from the Ministry of Finance.
- (b) Government wage earners costs increased by \$6,491 or 25.5% in 2015 compared to 2014 due to recruitment of an additional employee in June 2014 and increase in overtime and meal claims.

## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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- (c) Travel and Communications costs increased by \$1,447 or 3% in 2015 compared to 2014 due to an addition to vehicle fleet for Permanent Secretary, recruitment of 3 additional project officers and clerical officers.
- (d) Maintenance and Operations costs increased by \$17,225 or 38.3% in 2015 compared to 2014 due to an addition to vehicle fleet for Permanent Secretary, recruitment of 3 additional project officers and clerical officers and increase in office incidentals.
- (e) Purchase of goods and services increased by \$2,227 or 18.7% in 2015 compared to 2014 due to recruitment of additional 4 staff, sign writing for whole of the office and purchase of OHS equipment.
- (f) Operating Grants and Transfers decreased by \$1 or 0% in 2015 compared to 2014. The decrease is insignificant.
- (g) Special Expenditure increased by \$938,170 or 100% in 2015 compared to 2014 due to an inclusion of a budget allocation for the Geographical Information System for the Industry.
- (h) Capital Construction costs decreased by \$46,020 or 2.1% in 2015 compared to 2014 due to most cane access roads not needing upgrading as a result of prolonged drought conditions in 2015.
- (i) Capital purchases costs remained at zero in 2015, despite the Ministry being allocated \$600,000 for the purchase of tractors which was not incurred due to the long overdue of tender procedures and processes.
- (j) Capital Grants and Transfers decreased by \$9,150,000 or 64.7% in 2015 compared to 2014 due to the cessation of the subsidy provided to the South Pacific Fertilisers Limited, which was moved under the Ministry of Finance in 2015.
- (k) VAT has increased by \$318,067 or by 112.9% in 2015 compared to 2014 mainly due to the inclusion of Special expenditures in the 2015 Budget.

## **MINISTRY OF SUGAR INDUSTRY**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

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#### **NOTE 4:     DETAILS OF APPROPRIATION CHANGES**

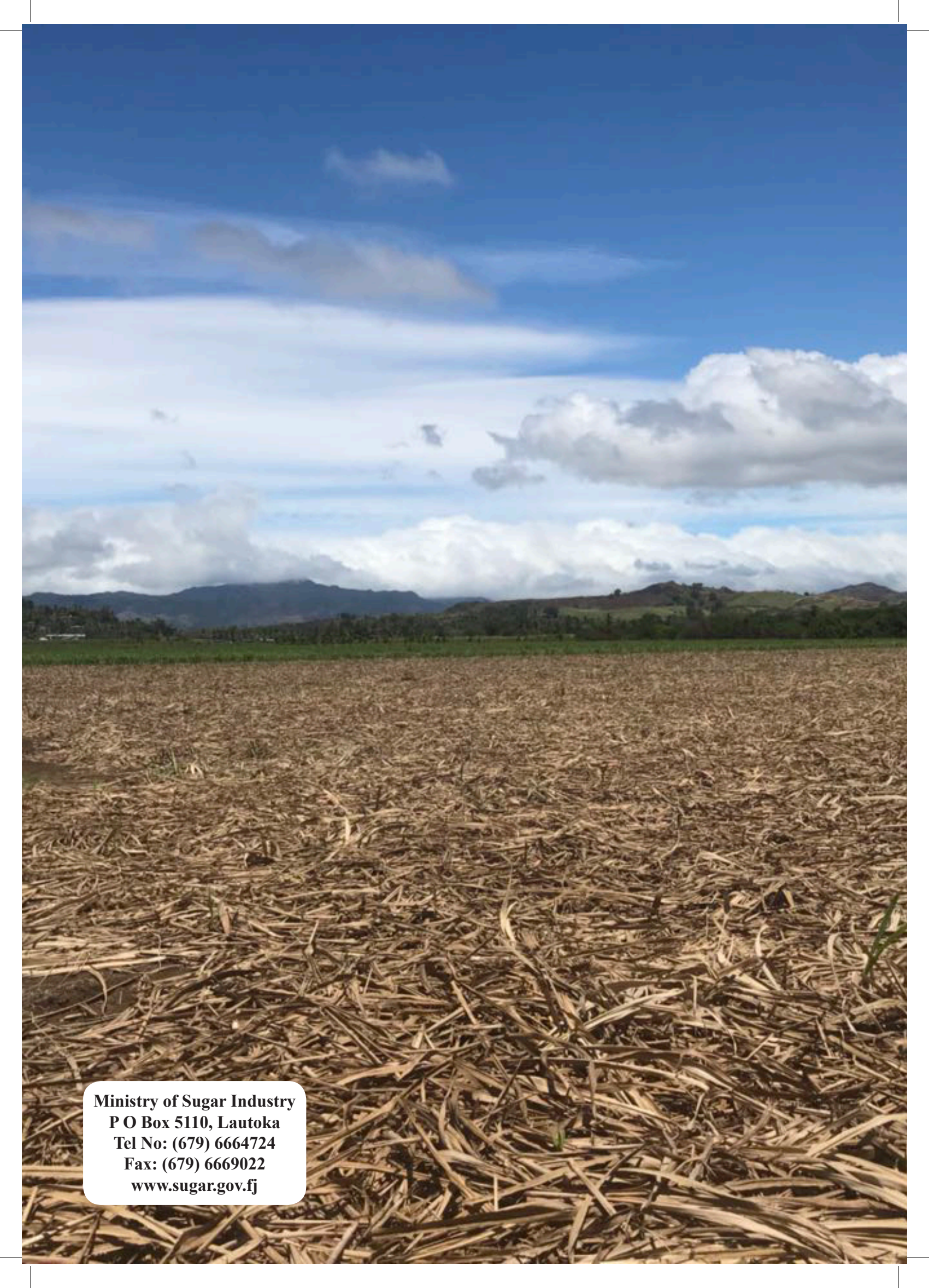
There were no virements and redeployments of the Ministry's funds in 2015.

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