

ANNUAL REPORT 2016

MINISTRY OF SUGAR
INDUSTRY

PARLIAMENTARY PAPER NO. 24 OF 2019



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LETTER OF TRANSMITTAL

The Honorable Prime Minister
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 July 2016.

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

The report consists of the Ministry of Sugar Industry's Annual Corporate Plan performance and its Audited Financial statements.

I hereby certify that I am satisfied with the report provided for the Ministry's performance from January to July, 2016.

Yours sincerely

Yogesh J. Karan
Permanent Secretary for Sugar Industry

ABOUT THIS REPORT

Welcome to the Ministry of Sugar Industry's Annual Report for the 2016 financial year.

The report relates to the Ministry's performance against the measures outlined in its Annual Corporate Plan, Annual Budget and the Strategic Plan. This report covers the seven (7) months (January to July 2016) operation and activities of the Ministry following the recent announcement by Government of the change in the new financial year of the Government from August to July.

Hence, the Ministry's performance from January to July 2016 is recorded and reported in this Annual report.

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 2016 Annual Corporate Plan; and
3. The Ministry's audited Financial Statements

PERMANENT SECRETARY'S SUMMARY STATEMENT

I am pleased to present the 2016 Annual Report for the Ministry of Sugar Industry in accordance with the General Order 1108(a).

This was a year of many challenges and changes.

Category 5 Tropical Cyclone Winston hit Fiji on Saturday 20 February, causing unprecedented damage to the country where forty four lives were lost besides damage inflicted on homes, villages, farms, properties, infrastructure to the extent of approximately one billion American dollars.

The plan to merge the Ministry of Sugar Industry with the Ministry of Agriculture was shelved in May and the Ministry of Sugar Industry remained under the Office of the Prime Minister with his Permanent Secretary appointed in June as Permanent Secretary for Sugar Industry.

Another significant change announced and implemented by Government during the year was the new financial year which would run from August to July instead of January to December. This would allow for revenue generated during the financial year be collected and captured within that financial year; instead of it spilling over to and being collected and captured in the next financial year.

Additionally, it would allow the civil servants, after the Government budgets are approved, to organize themselves better, taking into account their leaves etc. so that the implementation of Government development plans and programmes for the financial year proceed in earnest without causing any undue delay.

Also in July the Prime Minister and Minister for Sugar Industry commenced an industry- wide consultation with the cane growers and key stakeholders resulting in sweeping changes being made at the Board of the Fiji Sugar Corporation and its executive management.

Despite these challenges and changes, the Ministry was able to satisfactorily deliver on its outputs for which I commend the staff of the Ministry, together with the able and continuing support of the industry stakeholders in working diligently together to support Government initiatives and the industry.

Yogesh J. Karan
Permanent Secretary for Sugar Industry

I. ACRONYMS

SAP	Strategic Action Plan
NGO	Non-Government Organization
EU	European Union
EDF 11	European Development Fund N0. 11
AMSP	Accompanying Measures Support Programme for Sugar Protocol
WASH	Water Sanitation and Hygiene
CBUL	Committee on Better Utilization of Land
NDMO	National Disaster Management Office
SPC	Secretariat of the Pacific Community
GIS	Geographical Information System
PDNA	Post Disaster National Assessment
FSC	Fiji Sugar Corporation
SCGC	Sugar Cane Growers Council
SCGF	Sugar Cane Growers Fund
SRIF	Sugar Research Institute of Fiji
SPFL	South Pacific Fertilizers Limited

II. CORPORATE PROFILE

VISION

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

MISSION STATEMENT

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

VALUES

Good Governance

Commitment

Integrity

Honesty

Impartiality

Professionalism

Team work

Courtesy

Partnership

Equity

Responsiveness

Responsibility

Innovation

III. OUR STAKEHOLDERS

We take pride in serving our customers by implementing our 'Customer Service Charter' which sets out our commitment to providing high quality standards of services that is beyond customer expectations. Our customers include:

Internal Stakeholders

Minister of Sugar Industry
Fiji Sugar Corporation Ltd
Sugar Cane Growers Council
Sugar Industry Tribunal
Sugar Cane Growers Fund
Sugar Research Institute of Fiji
South Pacific Fertilizers Ltd
EU Coordination Unit

External Stakeholders

Cabinet
Ministry of Civil Service (MCS)
Ministry of Economy
Sugarcane Growers
iTaukei Land Trust Board
Ministry of Lands & Mineral Resources
Potential Investors
Consultants

PART 1.0: OVERVIEW OF THE MINISTRY OF SUGAR INDUSTRY

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 reforms.

The Ministry ensures that the right environment is created and maintained whereby these institutions work closely together with a spirit of co-operation to achieve their respective institution roles and functions to continue to contribute to achieving Government's and Industry's overall objective of a thriving sugarcane industry.

The Operations division which is located in Sugar House, Lautoka oversees the Ministry's daily operations which consist of administration, human resource, service delivery and finance. It ensures that proper co-ordination, planning, implementation and monitoring of the Ministry's plan, policy and procedures. The Operations division consists of Executive Support, Harvesting and Transportation, Accounts and the Corporate Unit.

The executive support unit supports the work of the Director as well as the Permanent secretary. It provides support in terms of logistics, procurement, recordings and referrals to sugar institutions, government agencies and ministries.

The harvesting and transportation unit manages the Ministry's cane access road construction, repair and maintenance which is part of the Ministry's approved output. Integral to the unit's role is the monitoring of retention of existing cane growers in the industry through providing practical, timely and tangible solutions to cane grower's issues and complaints. The unit also facilitates support to the sugar institutions through coordination and implementations of the Ministry's policy towards industry reforms.

The Accounts unit manages the Ministry's finance through strict compliance to Finance Reporting. It also provides support to the Ministry's role and responsibility towards the industry reform in the planning, implementation and monitoring of the Ministry's budget. The unit is responsible for the Ministry's asset management, records management and procurement.

The Corporate Unit supports the Ministry's administration through human resource management and staff development.

The Research & Policy Division which is located at Level 4, Government Buildings, provides executive support directly to the Permanent Secretary on a wide range of issues which are either highly confidential in nature and/or require immediate feedback.

1.1 Ministry of Sugar Industry Senior Leaders



Mr. Yogesh Jitendra Karan was appointed Permanent Secretary for Sugar Industry in June 2016 after Government decided to separate the Sugar Portfolio from the Ministry of Agriculture.

He took over from Mr. Jitendra Singh who remained as Permanent Secretary for Agriculture.

Yogesh Karan
Permanent Secretary



Mr. Viliame Gucake was appointed Director Sugar Industry in April 2010 when it was part of the Ministry of Provincial Development, Multi-Ethnic Affairs, National Disaster Management and Sugar Industry based at Knolly Street, Suva.

He continued in this position after the creation of a separate Ministry for Sugar Industry in June 2011 when the Ministry was relocated to Sugar House, Lautoka.

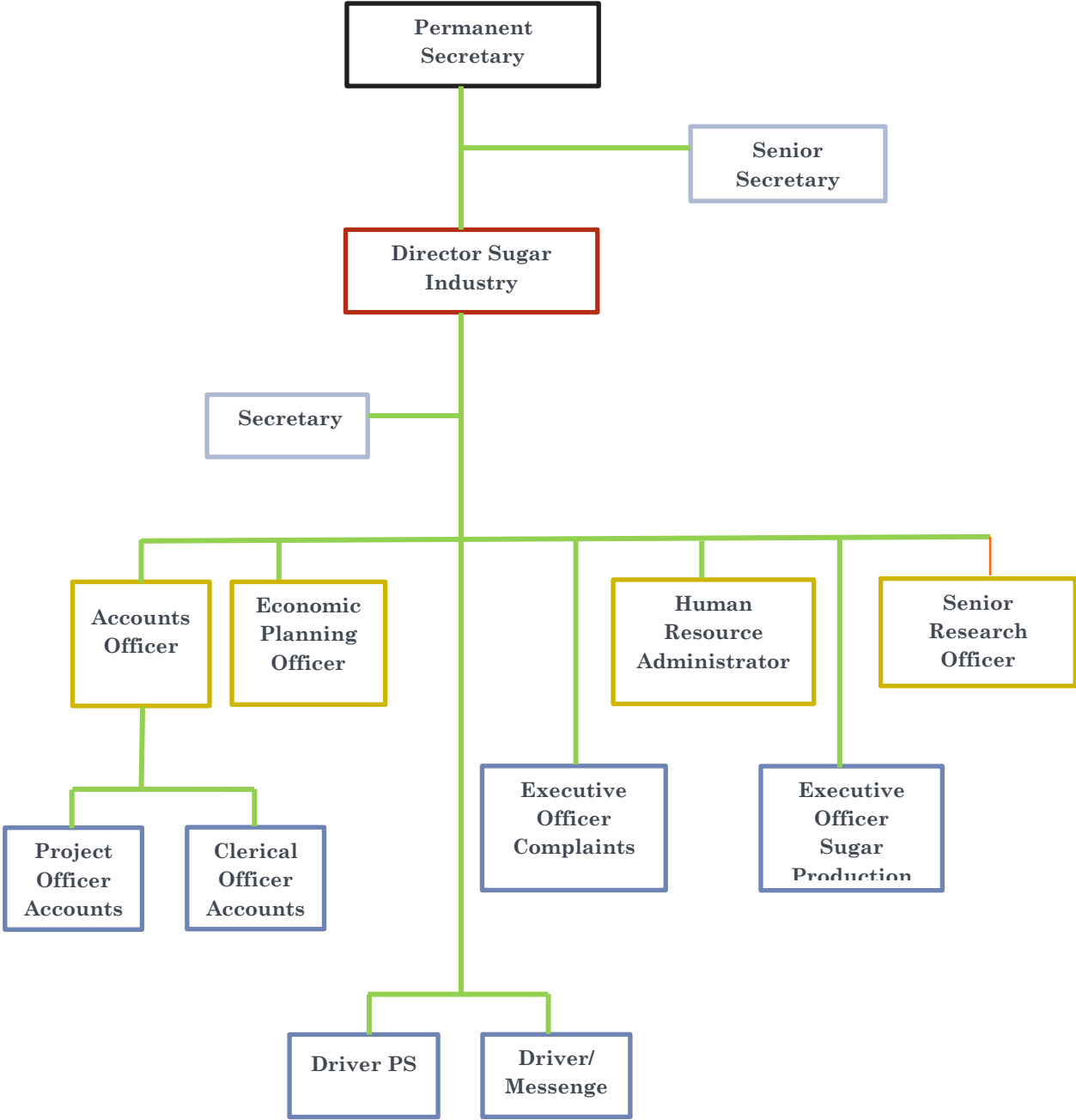
Viliame Gucake
Director Sugar Industry

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 Government Strategic Priorities

Table 1: Government Strategic Priorities for the Ministry of Sugar Industry

PILLAR (PCCPP)	OUTCOME (GOAL/POLICY OBJECTIVE- RDSED)	OUTCOME PERFORMANCE INDICATORS (KEY PERFORMANCE INDICATORS- RDSED)	MINISTRY OF SUGAR INDUSTRY'S OUTPUT
Pillar 5: Achieving higher economic growth while ensuring sustainability	<u>Agriculture/Livestock</u> A revitalized sugar industry & community livelihood through competitive exports and food security	Implementation of Sugar Industry Reforms including 'National Adaptation Strategy'	Output 1: Monitoring & Evaluation of Sugar Industry reforms
	<u>Macro-Economic Performance</u> Maintaining macro- economic stability to facilitate social and economic development.	Provision of Accounting Service	Output 7: Compliance to Ministry of Economy Financial Requirements
Pillar 4: Enhancing Public Sector Efficiency, Performance Effectiveness and Service Delivery	<u>Leadership</u> Effective, Enlightened and Accountable Leadership	Provision of Ministerial advice and portfolio leadership	Output 2: Portfolio Leadership, Policy Advice & Secretariat Support
			Sub Output 2.1: Policy Advice
			Sub Output 2.2: Operating & Capital Grants
	<u>Public Sector Reform:</u> Improve public sector efficiency and effectiveness and improve service delivery	Implementation Progress and Monitoring of Ministry Service Charter	Output 3: Improve Ministry's Systems & Processes in customer service
			Output 3.1: Ministry's Standard Operating Procedures
			Output 3.2: Innovation and best practice in public service delivery
Pillar 8: Reducing Poverty to a Negligible Level	<u>Poverty Reduction:</u> Reducing poverty to a negligible level by 2022	Increasing consultation with cane growers on Industry reforms & provision of grant assistance	Output 4: Monitoring of Retention of existing cane growers in the industry
	<u>Rural and Outer islands Development:</u> Promoting equal opportunities and access to basic services, livelihoods and markets	Road construction, repairs, maintenance and upgrading of cane access roads and amenities (bridges, crossings, drainage, culverts, etc)	Output 5: Road Construction, repairs and maintenance – Cane Access Roads Sub Output 5.1 Efficient planning, implementation, monitoring & evaluation of cane access roads & Irish crossings

PILLAR (PCCPP)	OUTCOME (GOAL/POLICY OBJECTIVE- RDSED)	OUTCOME PERFORMANCE INDICATORS (KEY PERFORMANCE INDICATORS- RDSED)	MINISTRY OF SUGAR INDUSTRY'S OUTPUT
Pillar 1: Ensuring Sustainable Democracy and Good & Just Governance	<u>Gender Equality and Women in Development</u> Achievement of Gender Equality and Empowerment of Women	Promoting and engaging women in Economic Development through farming	Output 6: Monitoring of rural women engaged in sugar farming activities
			Sub Output 6.1: Achievement of gender equality & empowerment of women through the full participation of agriculture development
Pillar 10: Improving Health Service Delivery	<u>Health</u> Quality, affordable and efficient health services for all	Promoting a Healthier Fiji	Output 8: Promote & contribute to the overall goal of a Healthier Fiji

Source: Ministry of Sugar Industry, 2016

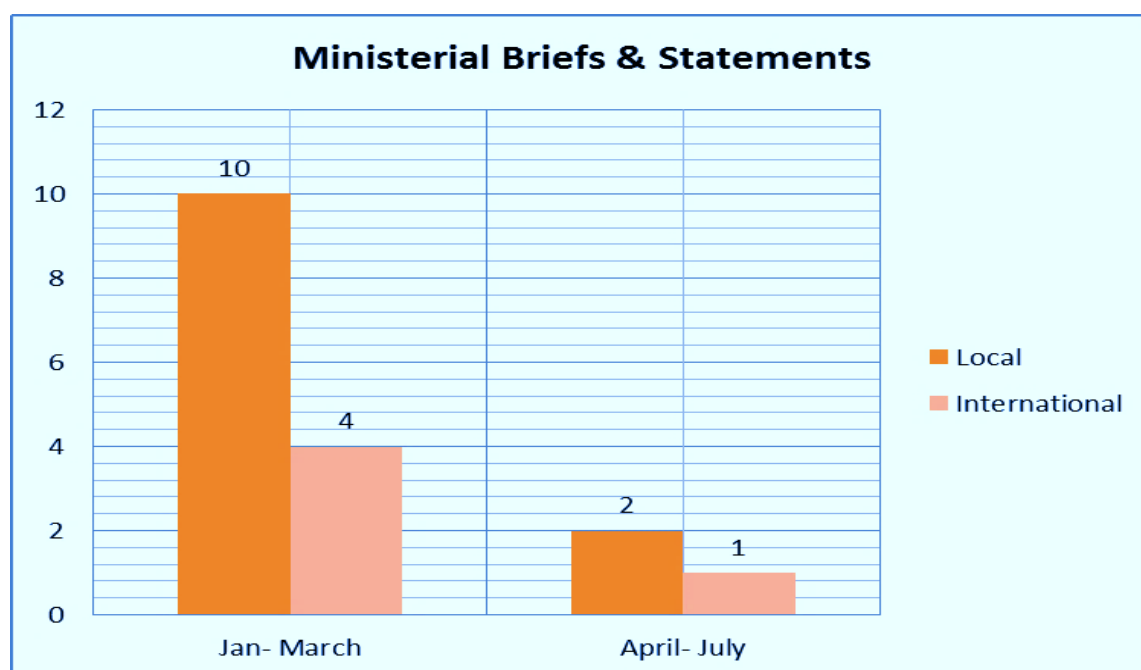
PART 2.0: MINISTRY PERFORMANCE HIGHLIGHTS

2.1 Outcome: Agriculture and Livestock

2.1.1. Output: Portfolio Leadership, Policy Advice and Secretariat Support

The Ministry prepared 17 Ministerial briefing papers pertaining to cane and sugar reform to the Permanent secretary and the Prime Minister. Considering that the 17 briefs have been prepared in the seven month-year, it has surpassed its target of ten (10) Ministry briefs and statements for the full twelve-month year.

Figure 1: Ministerial Briefs & Statements for Local & International



(Source: Ministry of Sugar Industry, 2016)

The first 3 months saw briefs written in relation to the sugar industry institutional various reform activities. Internationally, a brief was written in preparation of the Honorable Prime Minister and Minister for Sugar's proposed visit to the Okinawa Sugar industry, Japan in the month of March.

The second quarter briefs reflected three major events which were:

- i. Penang Mill preparedness for the 2016 Crushing season on the 26th of April;
- ii. Presentation of FSC's Strategic Business Plan to the Honorable Prime Minister and Minister for the Sugar Industry at the Cabinet Chambers in Level 4, New Wing, Government Building in Suva on the 5th of May;
- iii. Statement at the 49th Session of the ISO Council Agenda Item 7 of the National Policies held at the Hotel Hilton, Bomonti Istanbul, Turkey on the 26th of May.

The Ministry did not present any cabinet paper in the year.

2.1.2. Output Sugar Industry Reform

The Ministry of Sugar industry is mandated to facilitate and oversee the implementation of reforms in the sugar industry. The ministry monitors the implementation of the six areas of focus of the Sugarcane Industry Strategic Action Plan 2013-2022 (SAP).

A Strategic Action Group (SAG) made up of senior representatives of the industry stakeholders meets on a monthly basis to monitor the progress of the activities of the six areas of focus. The group consisted of the following institutional and its Heads:

- Ministry of Sugar Industry- Director
- Sugar Cane Growers Council- CEO
- Fiji Sugar Corporation Limited- Acting CEO
- Sugar Industry Tribunal- Industrial Commissioner/Registrar
- Sugar Research Institute of Fiji – Acting CEO
- Sugar Cane Growers Fund – Acting CEO
- South Pacific Fertilizers – General Manager
- EU Coordination Unit - Team Leader

This group then deliberates on implementation issues that impede progress and makes decision on what strategies to employ in order to address those impediments.

Undertaking industry consultation with EU, World Bank, LMC International and Asian Development Bank (ADB)

The Ministry engaged in these consultations basically to provide updates on the status of the industry relative to the various reforms approved by Government and/or to provide clarification as to what kind of assistance the industry might want after natural disasters for which they could consider offering assistance.

Four major consultations undertaken by the Ministry in 2016 were:

- i. The various consultation meetings with the EU on the EDF 11 Funding Assistance with the Ministry of Finance. The discussions were based on the preferred key performance indicators of the EDF 11 Fund and its accessibility to the Sugar Industry.
- ii. The engagement of Mr. Henri Loze, a consultant by the World Bank to do a Post Disaster Needs Assessment (PDNA) of Tropical Cyclone Winston on the Sugar Industry in March 9th.
- iii. On the study by LMC International (On Current and Forecast Market Developments for ACP Sugar Suppliers to the EU Market) the Ministry facilitated the meeting by the LMC International Consultant with

Government representatives, industry representatives, industry trade unions representatives.

- iv. The ADB consultation had a three pronged objectives (i) identify major commodities imported and exported by Fiji for data analysis; (ii) develop strategies to reducing supply chain bottlenecks at borders and key international gateways (airports and seaports) and (iii) identify local organizations/agencies which may assist in data collection and analysis. The Ministry of Sugar Industry was involved with the Fiji Sugar Corporation because of sugar.
- v. A brief highlighted summary of the consultations:

Table 2: International Partner Consultation

International Organization Partner	Consultant	Consultation	Location	Month
European Union and is based in its Headquarters, Brussels	Mr. Gianpietro De Cao	EUR20M Budget Support programme focusing on Agriculture/Sustainable Rural Livelihoods FIRST: Food and nutrition security Impact, Resilience, Sustainability, Transformation' programme of which Fiji is a beneficiary.	Suva	January
EU	EU delegation	EDF 11 Funding Assistance- Key Performance Indicators	Ro Lalabalavu House, Suva	February
EU	EU delegation	EDF 11 Funding Assistance- Discussion on the Key Performance Indicators	Sugar House, Lautoka.	February
EU	Mr Ugo Astuto (Deputy Managing Director of the EU External Action Service for Asia and the Pacific) accompanied by the Head of Delegation, Ambassador Jacobs	Sugar Industry/post- TC Winston briefing- challenges faced and going forward needs plans Power point presentation on the AMSP programme provided by EU Co-ordination Unit (CU)	Tanoa Waterfront, Lautoka	
EU/SPC		EDF 11 Meeting	EU Office, Suva	March

World Bank	Mr. Henri Loze	Assessment on the Post Disaster Needs Assessment	Sugar House, Lautoka.	April
LMC International	Dr. Babou Rajpati	Study on Current and Forecast Market Developments for ACP Sugar Suppliers to the EU Market by LMC International	Sugar House, Lautoka.	April
Asian Development Bank	Mr. Stephen Cox - ADB Trade Facilitation Expert	Undertaking a mission to Fiji to deliver the outputs. The purpose of the mission is to; (i) Identify the major commodities imported and exported by Fiji for data analysis; (ii) For key commodities, collect data to develop strategies for reducing or eliminating supply chain delays, bottlenecks at the border crossing points at key international gateways (ports and airport); (iii) Identify local organizations who may assist in data collection and analysis; and (iv) Deliver diagnostics and recommendations using the methodology for Trade and Transport	Sugar House, Lautoka.	June
Asian Development Bank	ADB Delegation	ADB Regional Technical Assistance on Trade and Transport Facilitation	Tanoa Plaza, Suva	July

(Source: Ministry of Sugar Industry, 2016)

2.1.3 International Sugar Industry Related Conference & Meetings

The Ministry participated in a sugar related visit and two International Sugar Organization conferences.

In February, a team of senior officials led by HE Mr. Isikeli Matakaitoga, Ambassador Republic of Fiji to Japan visited Okinawa. The team consisted of

- HE Mr. Isikeli Matakaitoga Ambassador republic of Fiji to Japan
- Mr. Viliame Gucake - Acting Permanent Secretary Sugar industry
- Mr. Sanjay Prakash - Acting CEO Sugar Research Institute of Fiji
- Ms. Kelera Savu, Second Secretary, Fiji Embassy, Tokyo, Japan.

The purpose of the visit was to prepare a programme for the visit to the Okinawa Sugar Industry by the Honorable Prime Minister and Minister for Sugar Industry in March when he visits Japan. This visit by the Honorable Prime Minister was eventually cancelled.

In May, the Sugar Industry participated in the 49th ISO Council Session at Hotel Hilton Bomonti in Istanbul, Turkey from 23-27th of May. Accompanying the Hon. Prime Minister and Minister for Sugar Industry on this trip were the Acting Permanent Secretary, Mr. Yogesh Karan; Fiji High Commissioner to London, H. E. Mr. Jitoko Tikolevu; Counsellor to the Fiji Mission in Brussels, Belgium, Mr. Nidhendra Singh; Executive Chairman, Fiji Sugar Corporation, Mr. Abdul Khan; Chief Executive Officer, Sugar Cane Growers Council, Mr. Sundresh Chetty; Industrial Commissioner for the Sugar Industry Tribunal, Mr. Timothy Brown and Director Sugar Industry, Mr. Viliame Gucake.

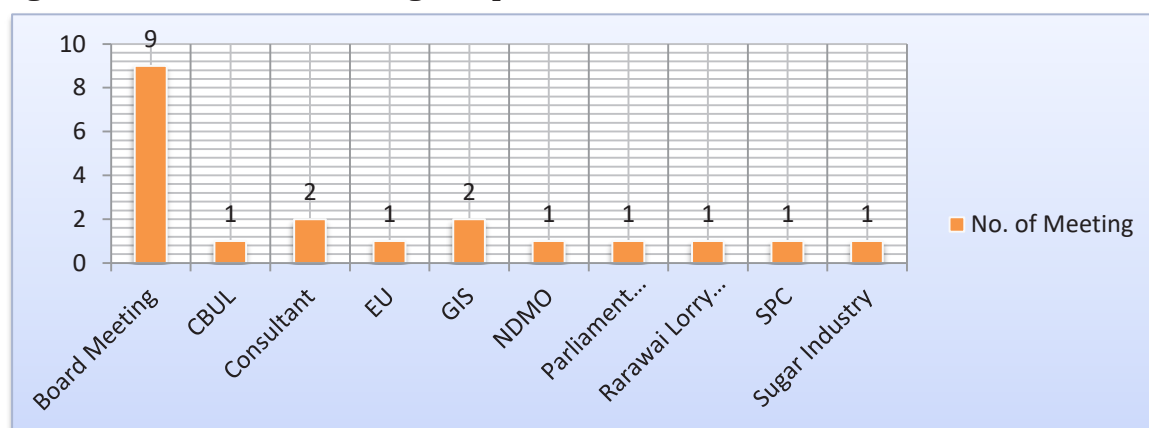
2.2 Outcome: Public Sector Reform

2.2.1 Output Improve Ministry Systems & Processes

2.2.1.1 Better Coordination of Sugar Industry Institution Roles and Functions to Effectively Support Sugar Industry

To achieve its Public Sector Reform outcome, the Ministry's output is to improve its systems and process through a strategy of better coordination of sugar institution roles and functions whereby it is indicated by the stakeholders meetings. In the period of seven (7) months, the Ministry attended to 21 meetings.

Figure 2: Stakeholders Meeting Completed in 2016



(Source: Ministry of Sugar Industry, 2016)

Board Meetings

The Sugar Industry Institutions held their Board Meetings during the January to July period. The sugar institutions are FSC, SCGC, SCGF and SPF. The Ministry of Sugar Industry is represented by its Director who sits on the Boards of these industry institutions.

Sub-Committee for the Better Utilization of Land (CBUL)

The Director Sugar was appointed in July 2012 by the main CBUL to chair the Sub-Committee of CBUL. The purpose of this sub-committee was to screen and finalize all papers for CBUL before the CBUL meets.

The Sub-Committee met to discuss a draft Cabinet Memorandum seeking a further extension for 3 years of the Committee of Better Utilization of Land.

Consultants

The consultants made a presentation to representatives of the Sugar Industry Institutions on their findings and recommendations on the work carried out by by Sugar Research Institute of Fiji (SRIF) under its AAP2012 funded by the European Union.

Mr. Herve Busschaert from the European Union audited the SRIF's AAP2012 Grant Contract. Beneficiaries of the project, who are the growers and industry stakeholders met with Mr. Busschaert.

The grower demonstration trials that SRIF been conducting have been financed under the project. Mr. Gucake met Mr. Busschaert as the Government representative to discuss the positive impact of the grower demonstration trials and field days that SRIF has been conducting.

Henri Loze presented his Assessment Report on the Post Tropical Winston PDNA to the Key Industry Stakeholders.

European Union Meetings

The Ministry met with the EU-AMSP Programme Steering Committee to analyze the AMSP program performance as well as discussed on the strengthened, high level and forward looking platform for effective implementation.

National Disaster Management Council

Meeting to discuss reports on the changing weather inclement that is affecting the nation as well as natural disaster issues for presentation to the Cabinet.

Parliament Standing Committee on Economic Affairs

Upon request, the Ministry made a presentation to the Standing Committee on the "Reform of the Sugar Cane Industry Bill 2016". The Ministry was represented by Permanent Secretary Mr. Jitendra Singh and Director, Mr. Viliame Gucake.

Rarawai Lorry Association

The Ministry met with the Lorry Association executives to discuss the logistic issues faced by lorry drivers while transporting sugarcane to the Mill.

Secretariat of the Pacific Community (SPC)

The Micro Projects Programme or MPP is a five year project which started in October 2013 and will run until June 2018. The €4.3 million project was funded by the European Union (EU) and implemented by the Secretariat of the Pacific Community (SPC). The Pacific Community is delivering a number of projects that

are funded by the European Union's Accompanying Measures for Sugar Protocol (AMSP) Programme, across Fiji's sugarcane belt. MPP is one of those projects, covering WASH, Rural Electrification, and Hydrological surveys.

Sugar Industry

Representatives of the sugar Industry Institution met with Ambassador Isikeli Mataitoga to discuss on the Honorable Prime Minister's visit to Japan and Fiji/Philippine cooperation programme between the Sugar Industry of the two countries.

2.2.2 Ensure Timely Release of Funds

To implement the above strategy to achieve the outcome of Public Sector Reform the Ministry is required to release funds on a timely manner.

Table 3: Grant Disbursements

Grant	Amount (\$)	Date
Sugar Industrial Tribunal- 1 st half	239,973.00	February
International Sugar Conference (ISO) 2016 Subscription	34,025.00	February/March
Cane Development Grant (Sugar Development Program)	4,600,000.00	May
GIS Cadastral Development Grant under Sugar Industry Tribunal	221,305.004	May
SRIF	900,000.00	June
Subsidy to SPFL	8,919,357.79	July
Sugar Industrial Tribunal- 2nd half	239,973.50	July
SCGC payment of Government Sugar Levy	600,000.00	July

(Source: Ministry of Sugar Industry, 2016)

2.2.3 Monitoring of Grants Utilization

The Ministry provides assistance to the cane growers through two major grants that assist them in Cane Planting and Cane Access Roads.

2.2.3.1 Cane Planting Grant

This grant is provided to assist farmers in planting sugarcane in fallow land as well as replanting to replace old ratoon canes which are more than 5 years.

A total of \$5,000,000.00 was budgeted for the above grant in which only \$1,197,800.00 was utilized from January to July.

Table 4: Utilization of Cane Planting Grant 2016 as at 31 July 2016

Mill	No. Growers	Grant Committed	Grant Paid
Lautoka	156	230,800	155,000
Rarawai	255	404,000	368,600
Labasa	344	608,000	527,400

Penang	130	211,200	146,800
Total	885	1,454,000	1,197,800

(Source: FSC, 2016)

2.2.3.2 Cane Access Road Programme

Cane Access Road Programme (CAR) is administered by the Ministry which provided funding to maintain cane access roads to motorable condition and assist in the transportation of cane from the field to the mills. The aim of this program is ensure that all harvestable cane is harvested and delivered to the mill, thereby preventing the incidence of stand over cane. It will also contribute to the continuity of supply of cane to the mills.

Budget of CAR program has increased from \$2.5 million in 2015 to \$3.0 million this year.

Table 5: Utilization of CAR Program in 2016 (Jan- July)

CAR Details	Target	Actual Repaired	Balance- To be Repaired
No. Of Roads	2,884	2,883	1
Length (km)	3869.77	3865.77	4.0
Cost (\$)	\$260,000.00	\$25,989.00	\$1,100.00

(Source: Ministry of Sugar Industry, 2016)

2.3 Improve Ministry Systems & Processes

2.3.1 Better Coordination of Sugar Industry Institution to effectively Support Sugar Industry Reforms

The Ministry made a power-point presentation to the Cabinet on 29 March on the priority list of Sugar Industry infrastructure damaged by TC Winston.

This was done after consultation with the Sugar industry key stakeholders.

2.4 Monitoring of Rural Women Engaging In Sugar Farming Activities

2.4.1 Encourage the Involvement of Women in Sugarcane Farming

The Ministry observed that 26 Women farmers registered in the seven month period:

Table 6: Women Sugarcane Farmers New Registration

Details	Quarter 1	Quarter 2
Women Farmers Registered	16	10

(Source: Sugar Industry Tribunal, 2016)

2.5 Monitoring of Retention of Existing Cane Growers In the Sugar Industry

2.5.1 Increase Consultation Awareness of Government Support

The Ministry organized and coordinated fourteen (14) Consultations of the Sugar Cane Farmers with the Honorable Prime Minister and Minister for Sugar Industry and held one radio talk back show with Fiji Broadcasting Corporation during the period January to July.

Table 7: Consultation Visit to Sugar Cane Farmers

No.	Consultation	Venue	Date
1	Honorable PM visit to the West	Sigatoka, Nadi & Lautoka	25-29 January 1-5 February
2	Honorable PM visit to the West	Loqi Settlement, Nadroga	February
3	FBC Talk Back Show-TC Winston Damage to the Industry and Assistance available to Farmers	Suva	23 March
4	Honorable PM's Consultation with Cane Growers In West	Rakiraki held at Penang Sangam Hall <ul style="list-style-type: none"> Tavua held at Tavua High School Ba at the Nukuloa College Ba at the Veisaru Primary School Lautoka at the Growers Council Bldg Hall Nadi at the Votualevu College Hall Nadi at the Korovuto College Hall Sigatoka at the Tuva Primary School 	23 July 24 July 25 July 26 July
5	Honorable PM's Consultation with the Cane Growers in the North	<ul style="list-style-type: none"> Seaqqa Community Hall Labasa Civic Centre Hall 	27 July

The consultations allow sugarcane farmers to raise issues directly with the Hon. Prime Minister and Minister for Sugar Industry who in turn provided answers and solutions. Where follow-up action was required, the Ministry would monitor outstanding issues until resolved and an update provided to the Permanent Secretary.

2.6 Monitor and Management of Existing Cane Growers Retention

The Ministry monitored and observed that 189 new growers registered from January to July period.

Table 8: New Growers Registration

Details	Female Farmer	Male Farmer
Quarter 1	16	75
Quarter 2	10	88
Total Registered	26	163

(Source: Sugar Industry Tribunal, 2016)

PART 3.0: ADMINISTRATION AND HUMAN RESOURCE

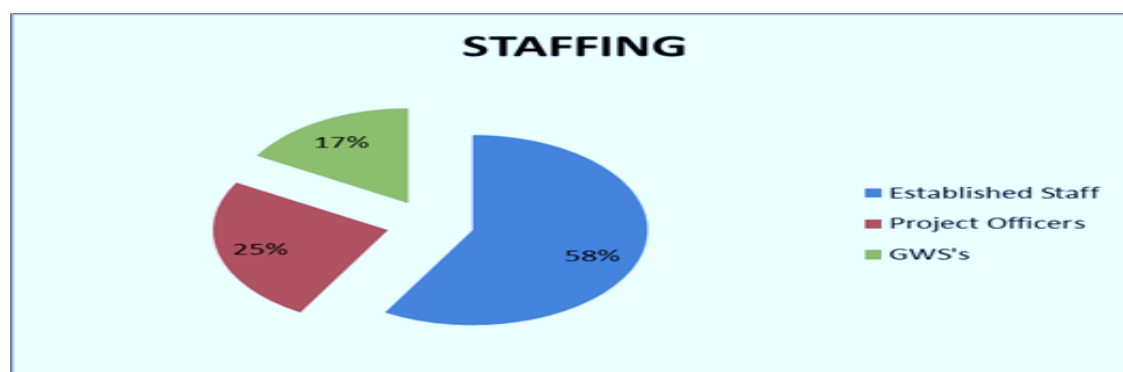
3.1 Human Resources and Administration

3.1.1 Staff Establishment

Table 9: Staff Establishment by Classification 2013-2016 (Jan- July)

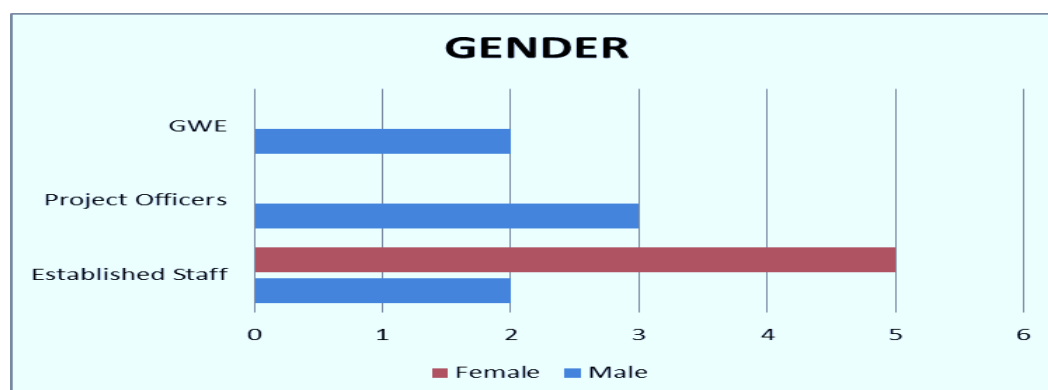
POSITION	GRADE	2013	2014	2015	2016 (Jan- July)
Director Sugar	US03	1	1	1	1
Senior Secretary	SS03	1	1	1	1
Secretary	SS04	1	1	1	1
Senior Research Officer	SC02	1	1	1	1
Economic Planning Officer	SS03	1	1	1	1
Accounts Officer	AC03	1	1	1	1
Project Officer- Accounts	SS04	0	1	1	1
Project Officer Corporate	SS04	0	1	1	1
Project Officer (CAR)	SS04	0	1	1	1
Clerical Officer- Accounts	SS05	0	1	1	1
PS Driver	GWE	1	1	1	1
Driver and Messenger	GWE	0	1	1	1

Figure 3: Pie Chart shows the percentage break down of staffing during the reporting period



Excluding the Permanent Secretary, the Ministry of Sugar Industry employed a total of twelve (12) staff members of whom seven (7) or 58% were established officers, two (2) or 17% were Government Wage Earners and three (3) or 25% were Project Officers.

Figure 4: Staff within the Ministry by Gender



3.1.2 Recruitment and Selection

- **Vacant Positions and Appointments**

For the 2016 budget, approval for funding of the remuneration and associated costs for the recruitment of an additional ten (10) staff was made. However, because of the devastation of Tropical Cyclone Winston and the urgency with which Government had to address the many challenges it brought, staff recruitment had to be put on hold.

- **Contract of Service**

The three project officers had their service contract temporarily extended pending substantive appointments.

- **Staff Turnover**

There was no staff turnover recorded for the Ministry in 2016.

- **Discipline**

A breach of the Public Service Code of Conduct is ground of disciplinary action. No such breach was recorded in the year.

- **Staff Training**

The Ministry of Sugar Industry is committed to foster a learning culture which encourages, supports and invests in the up-skilling and capacity building of its human resources. Opportunities to attend the development programs was initiated by the unit in order to boost skills, knowledge and abilities. It utilized a total of \$14,276.00 for this purpose.

- **In- Service (Local)**

The Ministry in consultation with the training providers and stakeholders do facilitate in-house and local trainings.

3.1.3 Attendance

During the year the time for arrival and departure for all staff is recorded in the attendance book which is administrated by the Senior Research Officer

3.1.4 Transport Management

3.1.4.1 Vehicle Maintenance and Fuel

The Ministry had a total of three (3) vehicles during the shortened year. In terms of type and make, the vehicles were a Chevrolet, a Kia Sorento and a Ford Ranger. The Ministry utilized a total of \$7,078.00 towards the running expenses of these three motor vehicles.

3.1.4.2 Vehicle Accident

No Vehicle was involved in any accident.

3.2 Finance Management

The activities undertaken were categorized under the Outputs of the Unit in the ACP and as in the Business Plan. Under its key performance indicators, the Ministry was only able to submit its Commitment Expenditure Ledger Update report for the following period:

January- March 2016

April- July 2016

The submission of other reports is due to the time of submission which does not fall on the reporting period of this Annual Report.

PART 4.0: FINANCIAL STATEMENT

MINISTRY OF SUGAR INDUSTRY
AGENCY FINANCIAL STATEMENTS
FOR THE SEVEN MONTHS ENDING 31 JULY 2016

MINISTRY OF SUGAR INDUSTRY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

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OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

Audit Opinion

I have audited the financial statements of the Ministry of Sugar, which comprise the Statement of Receipts and Expenditure, Appropriation Statement and Statement of Losses for the 7 months period ended 31 July 2016, and the notes to the financial statements including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities* paragraph of my report. I am independent of the Office in accordance with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Management's Responsibilities for the Financial Statements

The management of the Ministry of Sugar are responsible for the preparation of the financial statements in accordance with the Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and related disclosures made by the Ministry.

I communicate with the Ministry regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Ajay Nand
AUDITOR GENERAL



Suva, Fiji
02 June 2017

MINISTRY OF SUGAR INDUSTRY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2016**

We certify that these financial statements:

- (a) fairly reflect the financial operations and performance of the Ministry of Sugar for the period ended 31 July 2016; and
- (b) have been prepared in accordance with the requirements of the Financial Management Act 2004, Financial Management (Amendment) Act 2016 and the Finance Instructions 2010.



**Viliame Gucake
Acting Permanent Secretary**



**Sanjay Kumar
Director of Sugar**



Date:



Date:

MINISTRY OF SUGAR INDUSTRY

STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 (\$)	2015 (\$)
RECEIPTS			
Agency Revenue		-	-
total Agency Revenue		-	-
TOTAL AGENCY REVENUE		-	-
EXPENDITURE			
Established Staff		166,318	355,591
Government Wage Earners		22,857	31,932
Travel & Communication		37,701	49,843
Maintenance & Operations		51,085	62,214
Purchase of Goods & Services		13,131	14,110
Operating Grants & Transfers	3(a)	2,009,347	1,429,399
Special Expenditure	3(b)	221,305	938,170
Total Operating Expenditure		2,521,744	2,881,259
Capital Construction	3(c)	2,745,866	2,099,179
Capital Purchases		-	-
Capital Grants & Transfers	3(d)	14,322,100	5,000,000
Total Capital Expenditure		17,067,966	7,099,179
Value Added Tax		252,194	599,767
TOTAL EXPENDITURE		19,841,904	10,580,205

MINISTRY OF SUGAR INDUSTRY

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 JULY 2016

SEG	Item	Budget Estimate (\$)	Changes (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	502,567	-	502,567	166,318	336,249
2	Government Wage Earners	68,731	-	68,731	22,857	45,874
3	Travel & Communication	88,000	-	88,000	37,701	50,299
4	Maintenance & Operations	86,000	-	86,000	51,085	34,915
5	Purchase of Goods & Services	21,000	-	21,000	13,131	7,869
6	Operating Grants & Transfers	2,009,347	-	2,009,347	2,009,347	0
7	Special Expenditure	2,945,000	-	2,945,000	221,305	2,723,695
	Total Operating Costs	5,720,645	-	5,720,645	2,521,744	3,198,901
	Capital Expenditure					
8	Construction	3,000,000	-	3,000,000	2,745,866	254,134
9	Purchases	-	-	-	-	-
10	Grants & Transfers	14,722,100	-	14,722,100	14,322,100	400,000
	Total Capital Expenditure	17,722,100	0	17,722,100	17,067,966	654,134
13	Value Added Tax	345,600	-	345,600	252,194	93,406
	TOTAL EXPENDITURE	23,788,345	-	23,788,345	19,841,904	3,946,441

MINISTRY OF SUGAR

STATEMENT OF LOSSES FOR THE FINANCIAL PERIOD ENDED 31 JULY 2016

Loss of Money

There was no loss of money recorded for the financial period ended 31 July 2016.

Loss of Revenue

There was no loss of revenue recorded for the financial period ended 31 July 2016.

Loss (other than money)

There was no loss of fixed asset recorded for the period ended 31 July 2016. However, items worth \$11,170 have been submitted to the Ministry of Economy for disposal through resale, following the Ministry's Board of Survey conducted by the Ministry in 2016.

Office	Cost (\$)	Item	Remarks
Ministry of Sugar (Accounts)	10,450	19 * Bridgestone tubeless 245/70 17" tyres.	The conditions of the goods are in good, general working conditions. The used tyres from the vehicles need to be disposed through resale method.
	720	4 * Bridgestone tubeless 245/70 15" tyres	
Total	11,170		

MINISTRY OF SUGAR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2016

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 is prepared on cash basis of accounting. All payments related to purchases of fixed assets have been expensed.

The 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

MINISTRY OF SUGAR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(CONTINUED...)

FOR THE FINANCIAL PERIOD ENDED 31 JULY 2016

NOTE 2: STATEMENT OF ACCOUNTING POLICIES (*Continued...*)

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 and 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

The Ministry changed its reporting period from 1 August to 31 July as per the Ministry of Economy circular number 04/16 due to a change in the whole of government reporting period.

Hence, the 2016 financial reporting period is for 7 months effective from 1 January 2016 to 31 July 2016. In comparison, the 2015 financial reporting period is for 12 months effective from 1 January 2015 to 31 December 2015. This was provided for in the Financial Management (Amendment) Act 2016.

For the purpose of comparison of results for the seven (7) months period covering January to July 2016, the corresponding result for the previous financial period (fiscal 2015) can be prorated by dividing the respective figure by twelve (12) and multiplying by seven (7).

(d) Revenue Recognition

Revenue is recognized when actual cash is received by the Ministry of Sugar.

MINISTRY OF SUGAR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(CONTINUED...)

FOR THE FINANCIAL PERIOD ENDED 31 JULY 2016

NOTE 2: STATEMENT OF ACCOUNTING POLICIES (*Continued...*)

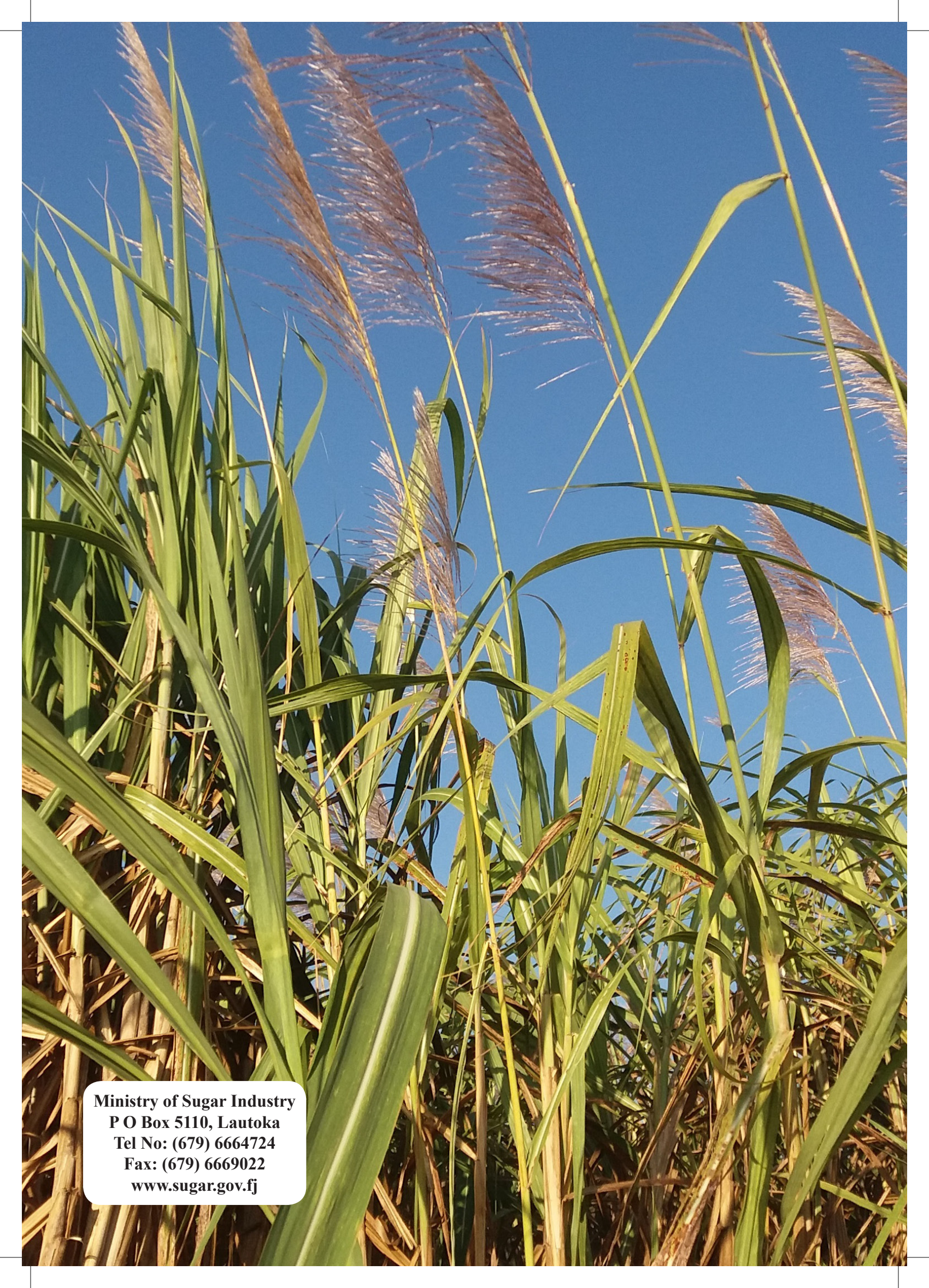
(e) Change in Fiscal Year

As per the change in the Government Fiscal year from January – December to August to July, the current Annual Financial Statements depicts financials for seven months. The figures of the last seven months are illustrated against December 2015 figures.

NOTE 3: SIGNIFICANT VARIATIONS

- (a) Operating Grants and Transfers funds noted an increase of \$579,948 or 41% due to the commencement of the payment of the Sugar Council Levy in 2016 by the Ministry.
- (b) Special expenditures noted a decline by \$716,865 in 2016 compared to 2015 due to the reduction of the budget for the Sugar Geographical Information System cadastre development in 2016 and only the first payment of \$221,305 of the \$645,000 allocation was paid to Sugar Industry Tribunal during the financial period. There was also no expenditure incurred on the Sustainable Rural Livelihood (EU) programme for period ended 31 July 2016.
- (c) The capital construction expenditure for the financial period ended 31 July 2016 noted an increase of \$646,687 or 31% despite the shorter financial year. This was due to the fast tracking of cane access roads maintenance to ensure coverage of as many roads as possible with an estimated 97% of the cane access roads being maintained and repaired before financial period ended 31 July 2016.
- (d) Capital grants and transfers increased significantly by \$9.3million due to the payment of fertilizer subsidy to South Pacific Fertilizer from the Ministry's allocation in 2016. In 2015, the allocation was under Head 50 with the Ministry of Economy.

[illegible]



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