STANDING COMMITTEE ON PUBLIC ACCOUNTS

Review of the 2018 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities

PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 145 of 2020

August, 2021

Published and printed by the Department of Legislature, Parliament House, Government Buildings, Suva

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CHAIRPERSON'S FOREWORD

This report provides the review findings of the Committee on the 2018 Audit Report of the Office of the Auditor General on Government Commercial Companies, Commercial Statutory Authorities and Other Entities.

The Report contains analysis on the financial audits of eleven (11) entities. The Auditor General had issued twelve audit opinion out of which eight were related to the 2018 financial statements while four were for backlog of various entities. There was no modified opinion issued for the 2018 financial statements. However, three of the financial statements in the backlog for the various entities were issued with the modified audit opinion. The Auditor General had issued an unmodified audit opinion on all of the 2018 financial statements that were audited for the various entities and one of the financial statements that were in backlog for the various entities was issued with an unmodified audit opinion.

The financial statements of most entities audited for 2018 were timely and generally of good quality. However, further improvements can be made to enhance the quality and timeliness of submission of financial statements for the Office of the Auditor General's audit. Also, there has been a delay in the audit of eight Government Commercial Companies, Commercial Statutory Authorities and Re-organized entities which were due to delay in submission of draft accounts for audit or draft accounts submitted were incomplete, entities decided to address issues raised in draft audit reports and resubmission of financial statements for audit and financial statements not submitted for audit.

It is important to note that the Novel Coronavirus Disease renamed as COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020. The Parliament of the Republic of Fiji therefore undertook necessary health precautionary measures to control the spread of the new virus strand outbreak.

In view of the above, Standing Order 112 (1) (b) provides powers to the Standing Committee on Public Accounts to compel the production of documents or other materials or information as required for its proceedings and deliberations.

The Committee thoroughly scrutinised the audit report and formulated questions for the nine entities that were audited to provide their written responses on other significant matters and the financial anomalies that were highlighted by the Office of the Auditor General.

The Committee noted that some of the entities have resolved the audit queries while some are working towards resolving these control issues. The Committee strongly recommends that immediate action is required by the respective entities in order to improve financial accountability.

It is important to note that most entities are working towards achieving their contribution towards Fiji's 5years & 20years National Development Plan in line with the relevant SDGs targets.

I wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of this bipartisan report namely Hon. Joseph Nand, former MP Hon. Vijendra Prakash, Hon. Aseri Radrodro and Hon. Ratu Naiqama Lalabalavu. I also wish to acknowledge the contributions from Hon. Virendra Lal and Hon. Ro Teimumu Kepa who are now substantive Members who have assisted the Committee in finalizing this bi-partisan report.

On behalf of the Committee, I also acknowledge the parliamentary staff for their timely support throughout the scrutiny process that were undertaken, consultations conducted, compilation and finalization of this detailed report.

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Hon. Alvick Maharaj
Chairperson

COMMITTEE MEMBERS

The substantive Members of the Standing Committee Public Accounts Committee are as follows:

Hon. Alvick Avhikrit Maharaj
(Chairperson MP)

Hon. Joseph Nitya Nand
(Deputy Chairperson MP)

Hon. Aseri Masivou Radrodro
(Opposition MP)

Hon. Ro Teimumu Kepa
(Opposition MP)

Hon. Virendra Lal
(Government MP)

INTRODUCTION

The 2018 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities was tabled on Friday 22 November 2019 Parliament sitting and referred to the Standing Committee on Public Accounts, for its scrutiny.

Standing Order 109(2) (d) mandates the Committee to *"…– including examining the accounts of the Government of the Republic of Fiji in respect of each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review. The committee must only examine how public money has been dealt with and accounted for in accordance with the written law and must not examine the merits of the underlying policy that informs public spending".*

This report looks into the 2018 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities, Parliamentary Paper 154 of 2019.

Copies of the relevant Auditor-General's reports are available for perusal on the Parliament website www.parliament.gov.fj under "*Parliament Business*".

Committee Procedure

The Novel Coronavirus Disease renamed as COVID-19 was declared by the World Health Organisation as a global pandemic on 11 March 2020. The Parliament of the Republic of Fiji therefore undertook necessary health precautionary measures to control the spread of the new virus strand outbreak.

In view of the above, Standing Order 112 (1) (b) provides powers to the Standing Committee on Public Accounts to compel the production of documents or other materials or information as required for its proceedings and deliberations.
The Committee resolved that the following entities identified in the audit report shall provide a substantive written submissions to the Committee:

1) Pacific Fishing Company Limited
2) Airports Fiji Limited
3) Copra Millers of Fiji Limited
4) Fiji Development Bank
5) Fiji Development Nominees Partnership Limited
6) Fiji Broadcasting Corporation Limited
7) Post Fiji Limited
8) Energy Fiji Limited
9) Housing Authority of Fiji
10) Fiji Rice Limited
11) Yaqara Pastoral Company Limited

BACKGROUND

All state-owned entities prepare annual financial statements. Directors and management of these entities are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and requirements of applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error, selecting appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The Auditor-General is responsible, on behalf of Parliament, for audit of the accounts of all state-owned entities except for its own office and those entities which may be exempted by law.

The Audit Report on the Government Commercial Companies, Commercial Statutory Authorities and other entities contains the financial audit of eleven entities. The Auditor General issued 12 audit opinions out of which eight related to the 2018 financial statements while four were for backlog audits of various entities. There was no modified opinion issued for the 2018 financial statements. However, 3 of the financial statements in the backlog for the various entities were issued with the modified audit opinion. The Auditor General issued unmodified opinion on all of the 2018 financial statements audited for the various entities and one of the financial statements that were in backlog for the various entities were issued with unmodified opinion.

The financial statements of most entities audited for 2018 were timely and generally of good quality. However, further improvements can be made to enhance the quality and timeliness of submission of financial statements for the Office of the Auditor General's audit.

Furthermore, there has been delay in the audit of eight Government Commercial Companies, Commercial Statutory Authorities and Re-organized entities.

No.	Government Commercial Company	Last year audited	Audits delayed (Years)
1	Fiji Rice Limited	2017	1
2	Viti Corporation Limited	2006	11
3	Yaqara Pastoral Limited	2015	3
4	Food Processes Fiji Limited	2008	10
5	Fiji Hardwood Corporation	2016	2
6	Walesi Fiji Limited	*New*	4
7	Fiji Investment Corporation Limited	2005	13
	Reorganised Entity		
8	Biosecurity Authority of Fiji	2012	6

The delay in the audit has been due to the following reasons:

- Delay in submission of draft accounts for audit or draft accounts submitted were incomplete;
- Entities decided to address issues raised in draft audit reports and resubmission of financial statements for audit; and
- Financial statements not submitted for audit.

COMMITTEE FINDINGS

1. PACIFIC FISHING COMPANY LIMITED

Financial Information - 2018

The audit of Pacific Fishing Company Limited ('**PAFCO**') for the financial year 2018 resulted in the issue of unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – PAFCO (PTE) LTD

Description	**2018 ($)**	**2017 ($)**
Revenue	**31,864,121**	**33,183,538**
Operating Costs:		
Raw materials and consumables used	(10,286,437)	(9,562,519)
Changes in inventories of raw materials and finished goods	401,298	1,031,896
Distribution costs	(227,203)	(373,543)
Staff and employee benefits	(9,345,329)	(8,737,381)
Other operating expenses	(12,333,212)	(12,574,257)
Depreciation and amortization expenses	(3,120,118)	(2,848,952)
Finance costs	(579,410)	(88,237)
Total Operating Expenses	**(35,490,447)**	**(33,152,903)**
Total Operating (Loss)/profit	**(3,626,326)**	**30,635**
Add Other Income	**3,421,106**	**1,795,050**
Less Non-Operating Expenses		
Loss on disposal of fixed assets	(2,185,364)	(8,438)
Total Non-Operating Expense	**(2,185,364)**	**(8,438)**
(Loss) / Profit before income tax	(2,390,584)	1,817,247
Income tax credit / (Expense)	381,686	(197,990)
(Loss) / Profit for the year after Tax	**(2,008,898)**	**1,619,257**
Other comprehensive income	-	-
Total comprehensive (Loss) / Income for the year	**(2,008,898)**	**1,619,257**

Abridged Statement of Financial Position – PAFCO (PTE) LTD

Description	**2018 ($)**	**2017 ($)**
Property, plant and equipment	35,189,714	36,545,104
Intangible asset	43,560	-
Deferred tax assets	595,648	214,074
Inventories	4,445,821	5,951,803
Trade receivables	3,116,717	2,554,867

Description	2018 ($)	2017 ($)
Prepayments and other receivables	1,241,082	1,061,527
Cash on hand and at bank	284,495	907,679
Advance tax paid	374,906	-
TOTAL ASSETS	**45,291,943**	**47,235,054**
Deferred income	6,551,108	4,224,436
Borrowings	14,244,662	14,198,569
Trade and other payables	2,520,864	3,396,332
Borrowings	1,297,217	2,202,929
Income tax payable	-	374,796
Provisions	91,817	77,362
TOTAL LIABILITIES	**24,705,668**	**24,474,424**
NET ASSETS	**20,586,275**	**22,760,630**

Other Significant Matters

1. Processing Plant not utilized to full potential

The audit noted that the Company's plant capacity is 130, 000 metric tonne per day and with a yearly average of 230 processing days equivalent to 30,000 metric tonne. However, the total raw fish supplied was 19,578.67 metric tonne. The root cause of the issues is that the processing plant operations is dependent on the raw fish supplied.

The Committee noted that PAFCO has been considering opportunities to increase the canned tuna production and is looking at new market options. One such initiative has been the production of a new product, single cooked tuna for a high end customer for the US market.

The Committee was informed that this was a trial product processed for a customer who is a food chain distributor in the US. One 20FT container of the product has been shipped to the customer. The customer has advised that the product has been well accepted by their assessment team and they are now marketing this product.

Committee Recommendation:

- **The management to provide incentives to local suppliers in order to increase the supply of raw tuna to PAFCO to be able to operate at full capacity.**

2. Risk Management Policy

The audit noted that the Risk Management Policy of the company is still in the draft form. There is also evidence that risk management strategies and procedures disclosed in the financial statements practiced.

The Committee noted that PAFCO agreed to finalize the draft policy, submit it to the board and implement the policy.

The Committee was informed that the risk management policy is now in place.

3. Absence of Audit Committee

The audit noted that the Company does not have an Audit Committee within the board. Therefore, the issues raised in Internal and External audits may not be addressed in a timely manner.

The Committee was informed that an audit committee has been appointed with the recent appointment of two new directors.

2. FIJI AIRPORTS LIMITED

Financial Information – 2018

The audit of Fiji Airports Limited for the financial year 2018 resulted in the issuance of an unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – FIJI AIRPORTS LTD

Description	2018 ($)	2017 ($)
Revenue	141,708,690	130,264,311
Other Income	8,168,393	8,000,140
Finance Income	2,079,478	1,877,937
Total Income	151,956,561	140,142,388
Other Expenses	30,501,873	21,407,262
Operating Expenses	20,806,557	19,143,294
Personnel Expenses	19,417,508	17,539,621
Finance Cost	2,017,741	1,865,798
Total Expenditure	**72,743,679**	**59,955,975**
Profit Before Income Tax	**79,212,882**	**80,186,413**
Income Tax Expenses	**(14,672,081)**	**(15,946,426)**
Profit for the Year	**64,540,801**	**64,239,987**
Revaluation of surplus on property, plant and equipment, net of deferred tax	165,802,114	-
Total of Comprehensive Income for the Year	**230,342,915**	**64,239,987**

Abridged Statement of Financial Position – FIJI AIRPORTS LTD

Description	2018 ($)	2017 ($)
Cash at Hand and at Bank	25,139,097	55,210,940
Trade Receivables	16,414,011	17,878,683
Inventories	606,129	483,298
Other receivables and prepayments	5,674,166	4,612,538
Investments	32,000,000	11,000,000
Property, plant and equipment	460,219,184	233,790,792
Investment Property	-	8,453,793
Right-of-use assets	7,250,534	-
Total Assets	**547,303,121**	**331,430,044**
Trade and other payables	9,518,475	10,961,908
Loans and Borrowings	74,379,377	81,073,156
Lease Liabilities	4,668,813	-
Employee Benefits	843,483	844,057
Deferred Income	7,344,643	11,212,372
Current Tax Liability	245,623	2,982,032
Deferred Tax Liability	43,478,751	2,875,478

Description	2018 ($)	2017 ($)
Total Liabilities	**140,479,165**	**109,949,003**
Net Assets	**406,823,956**	**221,484,041**
Share Capital	92,300,180	92,300,180
Asset Revaluation Reserve	165,802,114	-
Retained Earnings	143,770,161	124,229,360
Capital Construction	4,951,501	4,951,501

However, there was a matter drawn to the management of the company as follows:–

The Company was reminded that in complying with the circular issued on cabinet decision No. 357 of 2012 for its accounting treatment of government grants after 1 January 2010, was not in compliance with International Accounting Standards 20 Accounting for Government Grants and Disclosure of Government Assistance.

Other Significant Matters

1. Impact of the Non-Compliance with IAS 20

The audit noted that during the year ended 31 December 2012, the company changed its accounting policy for government grants, including restatement from prior periods, to comply with a circular that was issued by the Ministry of Public Enterprises & Tourism on 14 March 2013.

This accounting treatment was not in compliance with International Accounting Standards (IAS) 20. In March 2016, the Directors were issued a circular from the Ministry of Public Enterprises & Tourism who confirmed that all Government grants received after 9th March 2016 need to be accounted for in accordance with the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Had the Company complied with IAS 20, the impact would result in an increase in profit by $568,502 for the financial year 2018. The audit further noted that the impact increased by $312,502 or 120 per cent in 2018 compared to 2017 which was $256,000.

The Committee was informed that this issue is in relation to the government grant policy received in the years 2010-2015 and the treatment of grant was based on the Ministry of Public Enterprise circular. The circular stated that all government companies like Fiji Airports were to treat any funds received after 2010 as capital contribution and not as deferred income.

The Committee was further informed that the circular was not in compliance with International Accounting Standard (IAS 20). This matter raised relating to IAS 20 is out of the scope of the Company to resolve. The resolution of this would happen through a Government directive/circular specifically stating that the treatment of Government grants received in the years 2010 to 2015 shall be treated according to IAS 20.

In April 2016, the Ministry issued a circular stating that "Treatment of Government Grant received from March 2016 onwards was to be IFRS compliant and to be applied henceforth. However, it did not provide any changes to the treatment of grants received between 2010 and 2015. Therefore, only with the

Ministry's directive this matter can be resolved. Fiji Airports have contacted the Ministry on 7th May 2019 and 10th May 2019 without any success.

2. Risk Management Policy

The audit noted that the Company's risk management policies are documented in the Company's finance policy and procedures manual."

Although, the Company has disclosed in the financial statements that it was exposed to credit risks, liquidity risk, market risk and operational risk, we were not provided with the risk management policy nor a risk register that will identify, monitors and manage these significant risks that arises during the year.

The Minutes of the Board did not discuss of any risks that arises during the year for Board to consider.

The Committee was informed that there is a Risk Management Policy and manual in place. The company also maintains a risk management portal to log hazards and actions taken.

3. Preparation of the Annual Statutory Accounts

The audit noted that the preparation of the annual statutory accounts of AFL is outsourced even though the Company has a Finance Department. It is important that the Finance Department staff have the necessary skills and expertise to prepare the annual statutory accounts in accordance with the International Financial Reporting Standards (IFRS).

The Committee was informed that the preparation of International Financial Reporting Standard compliant annual financial statements for a large company like Fiji Airports is a very critical exercise. While management prepares financial statements for monthly reporting, the annual financial statements contain other important elements like key accounting disclosures that need to be current and accurate. Accounting firms stay abreast with the changing accounting environment and are very well suited to deliver these professional services like the IFRS compliant financial statements.

A recent example of the changing accounting environment was the new IFRS for new standards 9 Financial Instruments, 15 Revenue from Contract with customers and 16 Leases. These required new disclosure requirements and have been incorporated in the 2018 financial statements. Engaging the services of an accounting firm therefore aids us with these disclosures and technical changes relating to IFRS.

Additionally, these financials are used by various international stakeholders and banks that Fiji Airports deal with so it is very important that the company's financial statements are of the best standards. Therefore, outsourcing this critical exercise of the preparation of annual IFRS compliant financial statement is undertaken. However, the management works closely with the engaged accounting firm in this exercise and ensures financial statement captions and disclosures are reported accurately.

3. COPRA MILLERS OF FIJI LIMITED

Financial Information – 2018

The audit of the financial statements of Copra Millers of Fiji Limited for the year ended 31 December 2018 resulted in an unqualified audit opinion.

Abridged Statement of Financial Performance – COPRA MILLERS OF FIJI LTD

Description	2018 ($)	2017 ($)
Operating Revenue	2,872,444	2,898,684
Cost of Goods Sold	(2,323,004)	(2,348,304)
Gross Profit	**549,440**	**550,380**
Proceeds from Insurance	-	29,350
Operating Government Grant	286,067	-
Other Income	111,077	103,918
	946,584	**683,648**
Selling & Distribution	233,085	148,543
Administrative & Operating	564,789	686,049
Impairment loss – trade receivables	4,425	-
Profit / (Loss) from Operations	**144,285**	**(150,944)**
Finance Cost	(53,063)	(46,980)
Profit / (Loss) before Income Tax Expense	**91,222**	**(197,924)**
Income Tax credit /(expense)	(23,500)	35,631
Profit / (Loss) after Income Tax Expense	67,722	(162,293)
Total Comprehensive Profit / (Loss) for the year	**67,222**	**(162,293)**

Abridged Statement of Financial Position – COPRA MILLERS OF FIJI LTD

Description	2018 ($)	2017 ($)
Assets		
Cash on hand and at bank	1,671	10,609
Trade and other receivables	451,487	308,302
Inventories	426,309	310,962
Property, plant and equipment	6,434,755	6,091,511
Copra Price Stabilization Fund – Ministry of Economy	171,918	-
Deferred Tax Asset	139,666	163,167
Total Assets	**7,625,806**	**6,884,551**
Liabilities		
Trade and Other payables	210,819	146,054
Interest Bearing Debt	1,187,849	848,834
Deferred Grant Income	1,229,979	907,976
Copra Price Stabilization Fund – Ministry of Economy	-	52,250
Total Liabilities	**2,628,647**	**1,955,114**

Description	2018 ($)	2017 ($)
Net Assets	**4,997,159**	**4,929,437**

However, emphasis was drawn to the following matters:

- Company's "Notes to the Financial Statements" explains the financial risk management objectives and policies of the Company. However, the Company does not have documented Risk Management Policies in place to ensure compliance.
- Company's "Notes to the Financial Statements" discloses operation of two biofuel mills which is managed by the Company. The financial transactions for the operation of these mills are not included as part of the financial statements. Accordingly, no opinion is provided on the accuracy of the amounts reported in the Note.

Other Significant Matters

1. Non-disclosure of Project funds and operation in the Financial Statement

The audit noted that the CMFL on 15/01/18 entered in to an agreement with the Ministry of Infrastructure and Transport to operate the Rabi Biofuel Company Ltd and the Lakeba Biofuel Company Ltd. Consequently, CMFL opened two bank accounts for Rabi and Lakeba projects. At the end of the financial year, Rabi and Lakeba bank accounts had balances of $26,400 and $34,447, respectively. The income and expenditures and other transactions relating to the projects were not reflected in the draft financial statements of the Company submitted for audit.

The Committee was informed that the financial transactions of CMFL and Bio Fuel Mills are kept separate. It has separate bank accounts and all records. The Island Accounts shall be audited separately by Office of the Auditor General. CMFL has signed an agreement with Department of Energy to manage the idle Bio Fuel Mills on the island of Rabi, Lakeba, Cicia, Gau, Moala and Matuku. CMFL has been provided an initial startup capital of $150,000 for Mill Repairs and buying of raw materials on the island and processing into Coconut Oil on the island. To date, 4 Mills are fully operational – Rabi, Lakeba, Cicia and Gau.

2. Negative operating cash flows

The audit noted that the Company is unable to derive positive cash flows from its operations and relies on the overdraft facility to finance its operations.

Financial Years	Cash flows from Operations
2018	($ 121, 750)
2017	($ 171,873)

The Committee noted that due to the timing difference of the funds remitted to CMFL, the company forced to exceed the OD limit. It also states that the copra pricing formula is old and does not constitute of the current cost of business, CMFL requested Ministry of Agriculture for the review of the copra price formula which will cover the current operating cost and reduce CMFLs cost of production.

The Committee was informed that the Bank Overdraft is exceeded on numerous occasions due to delay in receiving the refunds for Producers and Millers from Copra Price Stabilization Fund – Ministry of Economy/Agriculture. The Company receives the reimbursement after 3 to 4 months. The Copra Price has been below the minimum support price of $1,000. During these situations, CMFL pays farmers a minimum guaranteed price of $1,000/ton of Copra and claims the balance from Government. The claim is processed in 3 to 4 months period which leads to Overdraft of $400,000 exceeding at times.

The Committee was informed that the measures taken by the Company to ensure positive cash flows are derived from operations as follows:

- Selling coconut oil every month for cash inflow.
- Stock piling the raw material for 3 weeks, processing in the 4th week of the month and selling oil stock by first week of each month.
- With the delay in refunds for Producers and Millers Share, the company is working with Bank of South Pacific to increase Overdraft from $400,000 to $600,000.

The cash flow position as at 31st January 2020 is $51,522.

As at 31 March 2020 – Producers & Millers Share & Whole Coconut Subsidy receivable was as detailed below:

Months	Producers & Millers Share ($)	Whole Coconut Subsidy ($)
December	55,989.01	31,695.00
January	25,269.86	51,175.00
February	80,813.98	93,341.00
March	91,033.00	127,339.00
Total due	**$253,106.00**	**$303,550**

The Company stated that if this is received in a timely manner, there will be no cash flow issues.

3. <u>Undesirable current ratio</u>

The audit noted that the current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. Excluding spare parts, as it is a less liquid asset, the Company's current ratio indicated that the Company does not have capital on hand to meet its short term obligations if they were all due at once. The following table shows the Company's current ratio for 2017 and 2018 financial years which shows a decline.

Financial Years	Current Ratio
2018	$0.87:1
2017	$1.13:1

The Committee noted that the company stated that its debt collecting ratio is improving and currently CMFL is able to recover its receivables within 15-20 days from sales. The company adds that the timing difference of the refunds from the Ministry is contributing to unfavorable current ratio.

The Committee was informed that the current ratio for the financial year 2019 was $1.47:1

Receivables as at 31 December 2019

Whole Coconut Subsidy & Replanting	$176,690
Producers & Millers share refund – CPSF	$381,101
Total	$557,791

The measure taken by the company to improve the current ratio is to conduct discussions with Ministry of Agriculture and Ministry of Economy on timely refund of Producers and Millers share.

4. FIJI DEVELOPMENT BANK

Financial Information - 2018

The audit of the Fiji Development Bank and its Subsidiary for the year ended 30 June 2018 resulted in the issue of unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – FIJI DEVELOPMENT BANK

For the Year Ended	Consolidated		The Bank	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Interest Income	32,423,538	25,369,427	32,423,538	25,369,427
Fee Income	4,248,986	3,801,367	4,248,986	3,801,367
Other Income	2,869,389	2,763,885	2,867,470	2,762,644
Total Income	**39,541,913**	**31,934,679**	**39,539,994**	**31,933,438**
Interest Expenses	9,251,202	7,411,560	9,251,202	7,411,560
Operating Expenses	13,762,521	12,364,041	13,761,253	12,363,319
Total Expenses	**23,013,723**	**19,775,601**	**23,012,455**	**19,774,879**
Operating Profit Before Allowance	**16,528,190**	**12,159,078**	**16,527,539**	**12,158,559**
Allowance for Credit Impairment	5,035,555	1,772,938	5,035,555	1,772,938
Allowance for Interest and Fees	4,080,893	2,230,872	4,080,893	2,230,872
Profit Before Tax	**7,411,742**	**8,155,268**	**7,411,091**	**8,154,749**
Tax Expense	-	-	-	-
Profit for the Year	**7,411,742**	**8,155,268**	**7,411,091**	**8,154,749**

Abridged Statement of Financial Position – FIJI DEVELOPMENT BANK

For the Year Ended	Consolidated		The Bank	
	2018 ($)	2017 ($)	2018 ($)	2017 ($)
Cash and Cash Equivalents	44,683,382	24,566,853	44,681,557	24,549,882
Investments Held to Maturity	2,049,316	2,032,397	2,000,000	2,000,000
Loans and Advances	397,529,316	354,820,471	397,529,316	354,820,471
Receivable due from Subsidiary	-	-	406,820	404,820
Other Receivables	2,837,174	2,806,063	2,463,384	2,431,512
Investment in Subsidiary	-	-	20,000	20,000
Investments	15,001	15,001	15,001	15,001
Property and Equipment	20,389,179	17,637,904	20,389,179	17,637,904
Computer Software – Intangibles	140,638	180,567	140,638	180,567
Total Assets	**467,644,006**	**402,059,256**	**467,645,895**	**402,060,157**
Accounts Payable and Accruals	3,827,098	6,077,304	3,823,650	6,072,217
Debt Securities Issued	295,078,368	237,177,512	295,078,368	237,177,512
Other Liabilities	6,960,293	4,492,860	6,960,293	4,492,860
Employee Entitlements	767,990	1,031,309	767,990	1,031,309
Deferred Income	3,036,756	2,718,512	3,036,756	2,718,512
Total Liabilities	**309,670,505**	**251,497,497**	**309,667,057**	**251,492,410**
Net Assets	**157,973,501**	**150,561,759**	**157,978,838**	**150,567,747**
Capital	56,050,636	56,050,636	56,050,636	56,050,636
Reserves	15,048,508	15,048,508	15,048,508	15,048,508
Accumulated Profits	86,874,357	79,462,615	86,879,694	79,468,603
Total Equity	**157,973,501**	**150,561,759**	**157,978,838**	**150,567,747**

The Banks operating profit after tax decreased significantly. The operating expenditure increased by $1.4 million. The Committee was advised that the reason for the increase in the operating expenditure by $1.4 million was mainly due to the following:

1. An increase in employee (staff) costs. The Bank, during this period carried out the Job Evaluation Exercise (‘**JEE**’) to align its salaries to the market rate. This exercise was undertaken one after every three (3) years. In addition to this, the Bank also paid Merit/Bonus payments to staff that were eligible for a payout based on the Banks Performance Measurement Rating (**‘PMR**’) system.
2. The Bank’s staff capacity has increased from 176 staff to 194 staff over the years with the recruitment of 18 new staffs. This included positions such as the General Manager Talent & Organization Development, additional Relationship & sales Officers, Research Officers, Audit Officer, Marketing & Development Officers and Monitoring & Compliance Officer. Vacant Positions for Chief Executive Officer and Manager Legal Services were also filled during this period.
3. Other major activities undertaken during the year include marketing expenses relating to the Bank’s 50th Anniversary Celebration and consultancy work undertaken on the implementation of the International Financial Reporting Standard (IFRS 9).

The Committee noted that the allowance for credit impairment increased significantly in 2018 by $3.3 million which indicates that the Bank could be at risk for not being able to recover these loans from customers. In terms of the measures and strategies adopted by the Bank to ensure that debts are collectable are:

1. The Bank tries to mitigate all its risks at project appraisal stage by assessing quality loans or projects that have strong viability. Once the loan is disbursed, the Bank closely monitor its loan portfolio on a monthly basis as part of its portfolio management process in order to collect its dues and when it falls due. The Relationship & Sales Officers also do regular visits to clients in order to assess the project performance on the ground as a proactive measure to avoid accounts going into arrears.
2. The Bank’s allowance for credit impairment increased by $3.3 million due to the movement of two major accounts – Toa Fiji Ltd (a Nadi based poultry project) and Brighton Holdings Fiji Ltd (Shipping Project) to the non-performing loans portfolio. As such, specific provision of around $1.8 million was created for this loan account under the RBF minimum provisioning guidelines.
3. The Committee was advised that as at 30 June 2020, the Bank had allowance for credit impairment of $14.3 million. This was mainly done to cater for all loans where the Bank had given moratoriums to clients that were impacted by the COVID-19 pandemic. Under the IFRS 9 expected credit loans loss model, the Bank has taken stage 2 provision for the COVID impacted accounts (total portfolio value of around $100 million)

5. FIJI DEVELOPMENT NOMINEES LIMITED

Financial Information - 2018

The audit of FDB Nominees Limited for the financial year 2018 resulted in the issue of unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – FDB NOMINEES LTD

For the year ended 30 June	2018 ($)	2017 ($)
Interest Income	1,919	1,241
Total Income	**1,919**	**1,241**
Operating Expenses	1,268	721
Total Expenses	**1,268**	**721**
Operating profit / (Loss) before income tax	651	520
Income Tax Expense	-	-
Operating profit / (Loss) after income tax	**651**	**520**

Abridged Statement of Financial Position – FDB NOMINEES LTD

For the year ended 30 June	2018 ($)	2017 ($)
Cash	1,825	16,971
Accounts receivable	373,750	373,750
Held to Maturity Investment	49,315	32,397
Other receivable	42	40
Deferred Tax Asset	-	761
Total Assets	**424,931**	**423,919**
Amount owing to FDB	406,820	404,819
Other current liabilities	3,446	5,086
Total Liabilities	**410,266**	**409,905**
Net Assets	**14,665**	**14,014**

However, attention was drawn to the following:

- Statement of Financial Position and in the notes to the financial statements shows receivable amounting to $373,750 which relates to management fees due from Fiji Investment Corporation Limited ('**FICL**'). The Management of FICL has confirmed that payments of at least the receivables due in the short term, after carrying out due diligence in liaison with FDBNL.

The Committee was advised that FICL is a 100 per cent owned Government Corporation which was previously managed by its own Board. However, in July 2011, the Government (Ministry of Industry, Trade & Tourism then) transferred the operations of FICL and its projects to FDB Nominees Limited under a "Management Agreement" dated August 2010. This agreement was for 3 years and expired in August 2013. However, FDB Nominees Partnership Limited continued to manage the Company until June 2016 in the attempt to have the agreement renewed which was unsuccessful. Since then, no work was carried out by FICL by FDB Nominees Limited.

Currently, the Committee was informed that FICL is being managed by its own Board. On 13th October 2020, FICL had requested FDB Nominees PTE LTD to handover all administrative, financial and operating documents to the new Board. The same was arranged on 22nd October 2020.

The Committee noted that the Company has not earned any revenue from operations in 2017 and 2018 and that the only revenue was from interest income from Investment. The Committee was advised that the principal activities of FDB Nominees PTE LTD since its formation is to provide accounting, management and secretariat services to Companies in which FDB has a lending or equity interest and supervision of some of its large non-performing loans and its operations were mostly ad hoc. Since the expiration of Fiji Investment Cooperation Limited Management Agreement in August 2013 and further management services till June 2016 to FICL, FDB Nominees PTE LTD has not been engaged in any major activities.

Therefore, FDB Nominees PTE LTD has been dormant and will commence on a need basis at the discretion of its own, the Fiji Development Bank. FDB Nominees PTE LTD main source of income remains the interest income earned from its term deposit investments.

6. FIJI BROADCASTING CORPORATION LIMITED

Financial Information - 2018

The audit of the financial statements of the Fiji Broadcasting Corporation for the year ended 31 December 2018 resulted in an unqualified audit opinion.

However, a matter was drawn to management of Company in Notes to the financial statements which states that grants and/or special funding from Government up to 7 March 2016 were treated as capital contribution in accordance with Cabinet's decision in 2012, and from 8 March 2016 were treated as revenue based on the Cabinet's decision in 2016 to align the accounting treatment to International Financial Reporting Standards ('**IFRS**').

Abridged Statement of Financial Performance – FBCL LTD

Description	2018 ($)	2017 ($)
Revenue	24,800,706	22,332,621
Other Operating Revenue	1,376,229	999,264
Finance Income	275,671	74,889
Total Income	**26,452,606**	**23,406,774**
Administration and Operating Expenses	17,985,569	13,120,352
Impairment loss on trade and other receivables	264	-
Marketing expenses	2,036,719	2,534,853
Finance cost	702,269	817,450
Total Expenditure	**20,724,821**	**16,472,655**
Profit Before Income Tax	**5,727,785**	**6,934,119**
Income tax expenses	991,016	183,611
Profit After Income Tax	**4,736,769**	**6,750,508**

Abridged Statement of Financial Position – FBCL LTD

Description	2018 ($)	2017 ($)
Cash	1,600,022	8,933,748
Trade and other receivables	2,513,574	2,116,149
Other assets	1,381,934	640,906
Investments	11,240,169	2,363,944
Property, plant and equipment	31,886,415	17,547,021
Income tax receivable and deferred tax assets	309,879	57,991
Total Assets	**48,931,993**	**31,659,759**
Trade and other payables	1,631,003	1,973,254
Employee Entitlements	287,039	162,711
Deferred Income	14,673,498	19,032
Interest Bearing Borrowings	11,776,036	13,827,603
Deferred Tax Liability	697,117	546,627
Total Liabilities	**29,064,693**	**16,529,227**
Share Capital	4,113,357	4,113,227
Capital Contribution	18,489,696	18,489,696
Asset Revaluation Reserve	3,341,214	3,341,214
Accumulated Losses	(6,076,967)	(10,813,735)
Total Shareholder's Equity	**19,867,300**	**15,130,532**

Other Significant Matters

1. Absence of Risk Register

The audit noted that Note 4 to the financial statements states that the Company is exposed to foreign exchange risk, interest rate risk and credit risk. It was noted that the Company does not have a Risk Register that keeps track of the risks identified and controls put in place to manage them.

The Committee was informed that the Corporation has a Disaster Recovery Plan in place. This Plan covers various aspects of business continuity plan which is in line with the consistent radio and television broadcast services.

Committee Recommendation:

- **FBCL put in place a Risk Register to manage risks.**

2. Regular Board Meetings not held

The audit noted that the Board had only three (3) Board meetings during the financial year 2018 indicating that regular meetings were not held. This was due to delay in the appointment of the Chair and other Board members.

The Committee was informed that the appointment of board members was delayed, hence only 3 meetings were held in this financial year. The Ministry of Public Enterprise was informed of all important decisions.

The Committee was further informed that timely update/ correspondences were done via email and the Ministry of Public Enterprise was also updated in a timely manner. Even though the board did not meet as anticipated, approvals/ updates and decisions were sought by means of email correspondence.

3. Disclosure of the Impact of the Non-compliance with IAS 20

The audit noted that Note 3(k) and 23(c) to the financial statements states that, based on the Cabinet's decision in 2012, grants and / or special funding from the Government of Fiji be treated as a capital contribution. Any additional funding to be recognized as equity rather than being treated as operating revenue of the Company. Effective from 8 March 2016 and based on the Cabinet's decision in 2016, grants and / or special funding (now referred to as Broadcast Service Fee) from the Government of Fiji, is treated as operating revenue, to align the accounting treatment in accordance with International Financial Reporting Standards ('**IFRS**').

While the matter was raised as an emphasis of matter for the attention of Management, there have been no resolution to clarify on the capital contributions prior to 2016 in consultation with Ministry of Public Enterprise to comply with full requirements of IAS 20.

The Committee was informed that based on the Cabinet's decision in 2012, grants/fee or special funding from the Government of Fiji, as the shareholder, were treated as a capital contribution. As such, grants/fee or special -funding by the Government of Fiji were treated as additions to equity rather than being recognized as operating revenue of the Company.

The Committee was further informed that effective from 8 March 2016 and based on the Cabinet's decision in 2016, grants/fee or special funding (now referred to as Broadcast Service Fee) from the Government of Fiji, as the shareholder, is treated as operating revenue. This is to align the accounting treatment for all State Owned Entities ('**SOEs**') in accordance with International Financial Reporting Standards. As such, PSB Fee paid by the Government of Fiji after 8 March 2016 has been recognized in the statement of comprehensive income as operating revenue.

4. Long outstanding accruals for broadcast license fee

The audit noted that included in the Company's books of account are long outstanding accruals for broadcast license fee. From review of broadcast license fee accrual, the audit noted that there were long outstanding accruals, dating back to 2014 were recorded in the books of account with no subsequent payment or reversal. Total broadcast license fee accrued at year-end amounted to $121,516 (2017: $101,010).

The Committee noted that the Corporation indicated that this needs to be paid, however this largely depends on receipt of official invoice from TAF. Telecommunications Authority of Fiji is yet to bill FBCL for this.

The Committee was informed that this relates to the broadcast license fees owing to Telecommunications Authority of Fiji. FBCL had recorded an accrual of $20,505 per annum since 2013 based on initial licensing agreement. A copy was provided to the auditors for verification.

The FBCL does monitor accruals in a timely manner to determine whether it is appropriate to continue to record it as a liability. In this instance, it was a prudent decision as per accounting standards to record this as a liability, which the FBC has to pay in near future.

As per CFO's correspondence with TAF, it was confirmed that this needs to be paid, however this largely depends on receipt of official invoice from TAF. Telecommunications Authority of Fiji is yet to bill FBCL for this.

Committee Recommendation:

- **FBCL is to pay its annual broadcast license fee to TAF.**

7. POST FIJI LIMITED

Financial Information - 2018

The audit of Post Fiji Limited for the financial year 2018 resulted in the issue of unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – POST FIJI LTD

Description	2018 ($)	Restated 2017 ($)
Revenue	9,942,565	8,971,892
Postage, Stamp and Other Sales	4,471,446	4,430,446
Rental – Postal Box and Bag	2,368,883	2,257,419
Agency Commission and Other Services	11,083,240	9,178,792
Other Operating Revenue	1,275,728	1,850,098
Finance Income	221,229	329,198
Total Income	**29,363,091**	**27,017,845**
Cost of Sales	8,263,284	6,862,860
Depreciation and Amortization Expense	1,221,896	1,181,176
Employee Benefits Expenses	8,018,159	7,949,757
Administration and Operation Expenses	8,293,536	10,100,557
Impairment Expense	428,408	116,021
Selling, Marketing and Distribution Expenses	130,560	141,484
Other Operating Expenses	22,390	17,957
Total Expenditure	**26,378,233**	**26,369,812**
Profit from Operations	2,984,858	648,033
Income Tax Expenses	(655,384)	(172,389)
Profit for the year after income Tax	**2,329,474**	**475,644**

Abridged Statement of Financial Position – POST FIJI LTD

Description	2018 ($)	Restated 2017 ($)
Cash	4,436,201	2,503,582
Trade and Other Receivables	7,402,286	6,768,577
Financial Assets – Held in Maturity	5,019,189	4,723,604
Inventories	5,960,795	6,439,585
Other Assets	841,717	473,741
Property, Plant and Equipment	9,417,535	9,487,528
Intangible Assets	393,260	605,793
Deferred Tax Assets	2,324,662	2,719,110
Total Assets	**35,795,645**	**33,721,520**
Trade and Other Payables	20,152,068	19,899,559
Employee Entitlements	1,374,925	1,624,002
Deferred Income	681,558	708,332
Finance Lease – Postal Global	261,780	417,624
Current Tax Liability	207,113	283,276
Total Liabilities	**22,677,444**	**22,932,793**
Net Assets	**13,118,201**	**10,788,727**

However, attention was drawn to the following matter:

The company is still in the process of establishing policies and standard operating procedures (SOPs).

Other Significant Matters

1. Governance and internal controls

The audit noted that the following governance issues were noted during the year:

- The Company is still in the process of establishing its policies to govern some aspects of its operations and activities. For example, risk management policy, debt recovery policy, investment policy, information technology manual/policy, staff advances, excess cash holding and disaster recovery plan for postal offices and agencies.
- The Company's corporate instructions manual was developed in 1998 and was last revised in 2003. Consequently, numerous policies, processes and procedures applied currently including amendments to leave entitlements and allowances have not been updated in the existing manual.
- The annual reports for the financial years 2011 to 2017 are yet to be submitted to the Minister as required under Section 58 of Public Enterprises Act 2019.
- The Internal Audit Department did not have an approved annual work plan. Moreover, the recommendations provided in the internal audit reports did not relate to improving the company's operation or strengthening internal controls.

Committee Recommendation:

- **That Post Fiji submits it's pending Annual Reports to the line Minister as required under Section 58 of Public Enterprises Act 2019.**

8. ENERGY FIJI LIMITED

Financial Information - 2018

The audit of the financial statements of the Energy Fiji Limited for the year ended 31 December 2018 resulted in an unqualified audit opinion.

Abridged Statement of Financial Performance – ENERGY FIJI LTD

Description	2018 ($'000)	2017 ($'000)
Revenue – electricity sales	349,497	340,223
Other operating revenue	12,660	10,933
Finance income and unrealized foreign exchange gain	2,578	2,191
Total Revenue	**364,735**	**353,347**
Personnel Costs	23,669	23,912
Fuel Costs	130,357	121,873
Electricity Purchases	23,003	18,546
Lease and rent expenses	1,761	1,731
Depreciation and amortization	41,196	39,627
Other Operating Expenses	52,593	50,007
Finance Costs and unrealized foreign exchange loss	12,355	13,482
Total Expense	**284,934**	**269,178**
Profit Before Income Tax	**79,801**	**84,169**
Income Tax Expense	15,886	16,779
Profit After Tax Income Tax	**63,915**	**67,390**
Other comprehensive income (cash flow hedges)	10,204	-
Total comprehensive income for the year	**53,711**	**67,390**

Abridged Statement of Financial Position – ENERGY FIJI LTD

Description	2018 ($'000)	2017 ($'000)
Cash at Hand and at Bank	154,580	98,349
Short Term Deposits	39,953	60,000
Receivables and prepayments	59,513	38,612
Derivative financial asset	1,313	-
Inventories	43,038	37,646
Property, plant and equipment	1,079,992	1,054,898
Intangible Assets	1,604	2,001
Current and deferred tax assets	1,397	198
Total Assets	**1,381,390**	**1,291,704**
Trade and other payables	126,882	121,501
Derivative Financial Liability	9,394	-
Employee Benefit Liability	3,109	2,942
Interest Bearing Borrowings	277,519	297,566
Deferred Income	104,370	65,292
Current and deferred tax liabilities	55,033	53,122
Total Liabilities	**576,307**	**540,423**
Share Capital	750,000	-
Retained Profits	65,287	656,082
Capital Construction	-	95,199

Description	2018 ($'000)	2017 ($'000)
Hedging Reserves	(10,204)	-
Total Capital	**805,083**	**751,281**

Other Significant Matters

1. Internal Use of Electricity

The audit noted that the review of VAT returns lodged with Fiji Revenue and Customs Service ('**FRCS**') during audit noted that the Company has declared internal sale of electricity amounting to $5,442,607 in the VAT returns under total taxable supplies and it has claimed VAT on internal electricity expense pertaining to $5,442,607.

Although, there were no VAT implications, the taxable supplies and VAT claims were incorrectly disclosed in the VAT returns.

Furthermore, it was noted that the Company has incorrectly recorded internal sales of electricity and corresponding electricity expense amounting to $293,596 relating to electricity usage in its customer service outlets.

The Committee was informed that in the past, the internal electricity usage was recorded as electricity cost and the contra entry went to sales. This accounting methodology for treating internal usage of electricity was accepted by the past auditors.

In view of a different accounting treatment recommended by the Auditors in 2018, EFL has started recording the cost of internal electricity usage accurately from 2019 as part of cost of goods sold for the production of electricity based on the monthly weighted average cost of generation (hydro plus thermal). The audit have commenced the accounting treatment using this methodology from 2019, which is considered the correct way to account for internal electricity usage. Both the methodologies will not have an impact on the profitability of EFL, as revenue and expenses offset (old methodology) and cost of fuel is reallocated (new methodology).

2. Debit Balances in Trade Creditors Ageing

The audit noted that review of the trade creditors ageing as at 31 December 2018, there were trade creditors with debit balances in different age categories totaling to approximately $10m.

Based on the audit review and discussions with the management, these debit balances were mainly as a result of unallocated payments to respective invoices of suppliers.

The Committee was informed that EFL Team has met with Navision Financial Management System Service provider, Eclipse in May 2019 and have rectified the timing issue. The updated ageing report has been rectified and now the debit balance is offset against the credit balance in the Aged Creditors Trial Balance. In other words, the outstanding invoices have been allocated correctly to the payments made against these invoices.

3. Credit balances in Trade Receivables Ageing

The audit noted that review of the trade receivables ageing as at 31 December 2018, there were trade receivables with credit balances of approximately $6 million.

Based on the audit review and discussions with the management, these credit balances were mainly as a result of unallocated receipts from customers, overpayments and payments made by unidentified customers.

The Committee was informed that on a daily basis Customers themselves opt for advance payment of their electricity account to ensure that they don't get disconnected for failure to pay or clear bills in a timely manner. This is beyond EFL's control and as such the report will continue to reflect credit balance to offset future electricity consumption. This happens to the banks as well where customers prefer to advance pay their loans in anticipation of reduction of interest. This is also beneficial from EFL's working capital point of view as electricity usage is paid well in advance. However, EFL will continue monitoring the credit balance refund monthly and intends to keep the credit balance under control and at minimum level where possible. The unallocated credit balance as at 31st December 2019 of $7.75 million is going to offset the debtors balance as at 31 December 2019 of $34.2 million and is a matter of timing only. Finally, while the ideal situation is to have zero credit balance on a monthly and annual basis, however, this is unrealistic and impractical, in view of EFL's larger customer base of around 170,000 who pay their electricity bills daily on monthly basis.

9. HOUSING AUTHORITY OF FIJI

Financial Information - 2017

The audit of Housing Authority of Fiji for the financial year 2017 resulted in the issue of unmodified (unqualified) audit opinion.

Abridged Statement of Financial Performance – HOUSING AUTHORITY OF FIJI

Description	2017 ($) '000	2016 ($) '000
Interest Income	7,396	7,259
Interest Expense	(4,479)	(4,562)
Net Interest Income	2,917	2,697
Other Operating Income	9,807	18,685
Total Revenue	**12,724**	**21,382**
Staff Costs	4,732	4,620
Bad & Doubtful Debts	245	790
Depreciation of Property, Plant and Equipment	511	520
Amortisation of Intangible Asset	260	259
Cost of Sales	2,978	11,262
Other Operating Expenses	2,297	2,457
Total Expenditure	**11,023**	**19,909**
Other Comprehensive Income		
Revaluation Surplus on Land and Building	2,954	-
Total Comprehensive Income for the year after Tax	**4,655**	**1,473**

The total comprehensive income increased by $3.181 million in 2017 compared to 2016 which was largely attributed to the increase in value of land and buildings from the revaluation the Authority carried out for financial year 2017.

Abridged Statement of Financial Position – HOUSING AUTHORITY OF FIJI

Description	2017 ($) '000	2016 ($) '000
Cash & Cash Equivalents	1,823	2,323
Loans and Advances	90,033	86,173
Inventories	38,404	31,019
Land held for future development	3,262	3,755
Property, Plant and Equipment	10,446	7,515
Other Assets	4,986	4,286
Held to maturity investments	28,400	41,950
Intangible Assets	161	406
Total Assets	**177,515**	**177,427**
Borrowings	100,962	102,055
Trade and other Payables	21,044	16,928
Employee Benefit Liability	532	511
Provisions	25	25
Total Liabilities	**122,563**	**119,519**
Net Assets	**54,952**	**57,908**

Other significant matters –2017

1. Inventory provisioning and valuation

The audit noted that at year end, the carrying value of unsold lots and developed properties are assessed and a provision for write-down is created where the net realizable value is determined to be less than the carrying value. From the audit review of inventory account, the audit noted the following:

a. There is no formal policy on provisioning of inventory;
b. Valuation on land held for sale was not performed every two years; and
c. Timely valuation of various land lots in the Western and Northern division have not been carried out.

The Committee was informed that the provisioning policy was approved by the Board in June 2018 through Board resolution for BP/34/18 and the audit have been complying with the policy which is in-line with the accounting standards.

The Committee was further informed that the number of lots from old subdivision or delivered prior to 2014 is now 23 lots, while 7 lots is currently under review for lot discrepancies and 2 lots sold waiting for lease confirmation from other land lords. The balance of 14 cases is currently on sale and valuation is required on regular intervals. The valuation for the recently completed subdivision is current and reviewed on regular intervals.

10. FIJI RICE LIMITED

Financial Information - 2016

The audit of the financial statements of Fiji Rice Limited for the year ended 31 July 2016 resulted in a qualified audit opinion. The qualification issues were as follows:

1. Included in the cash at bank balance of $90,997 is unidentified deposits with a credit balance of $15,641. The necessary supporting documents were not provided to ascertain the accuracy of this amount. Consequently, it could not be determined if cash at bank balance was accurately stated in the financial statements.

   The Committee was informed that this is a 2014 financial year issue and the same balance is carried forward in the next financial period with the same opening balance. Previously the management was catching up with the backlog audit as the 2013 audit started in 2016. The Company is now up to date with the current audit therefore the management will prepare a write off paper to the board for the amount of $15,641 from the books in 2019-2020. This will solve the recurring issue. The current practice is that the monthly bank reconciliations is carried out by the Accountant and signed off by the General Manager on a monthly basis after which monthly accounts are prepared and presented to the board. Any direct deposit done in bank account is rectified at the same time so that it offsets with the correct vendor and does not appear in the Unidentified Direct Deposit Account.

2. Included in the Trade creditors and accruals balance of $366,008 is an amount of $31,855 and VAT payable of $146,245. The supporting documents and reconciliations of these balances were not provided to ascertain its accuracy. Consequently, it could not be determined if Trade creditors and accruals were fairly stated in the financial statements.

   The Committee was informed that the company maintains the Creditors Listing and it's presented on a monthly board meeting to the Directors. The Company also prepares the VAT reconciliation for the taxes paid to FRCS. This balance is from prior years (before 2013). The Management will prepare for a write off paper to the board for all balances without proper documentations.

3. The Company has reported nil provision for employee entitlements in the financial statements. The necessary supporting documents were not provided to ascertain employee entitlements. Consequently, it could not be determined if adjustments were required in the statement of income statement and statement of financial position in relation to employee entitlements.

   The Committee was informed that the Management accepts the recommendation and included provision for employee entitlement in 2017 and 2018 Financial Statement. The sick leave for employees is not paid if not taken and the annual leave is taken at the balance date. As per the company policy all annual leave is to be taken within the same financial year and it is compulsory for all staff.

4. There is an unreconciled variance of $10,971 in Trade Receivables between the general ledger and the subsidiary ledger. Consequently, it could not be determined if Trade and Other Receivables were accurately stated in the financial statements.

The Committee was informed that the company maintains the debtors listing and its presented on a monthly board meeting to the directors with monthly statement to debtors and follow up payment. This is a prior year (before 2013) balance and the Management will prepare a write off paper to the board for all receivables without proper documentations.

5. Included in the Borrowings of $6,758,548 is Advance from Shareholders amounting to $4,825,382. Written confirmation of the Loan balance was not provided. Additionally, it has been disclosed in Note 12 that shareholders have agreed in principal to convert $4,825,382 as grant to the Company. However, no written supporting document was provided on the status of this conversion as at 31 July 2016. As such, the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statement could not be determined.

   The Committee was informed that the Debt Equity Conversion has been confirmed by Ministry of Economy in March 2020. This has solved this recurring issue.

6. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of $72,344. As a result, the accuracy and completeness of the income tax expense could not be determined. It also could not be determined if any adjustment was required for the related income tax payable, deferred tax asset and deferred tax liability in the statement of financial position.

   The Committee was informed that the company calculated 20 per cent of income tax on the net profit and the same been submitted to OAG. The company maintains the income tax schedule and the same are submitted to FRCS when it's lodged. The income tax reconciliation is also prepared.

7. The Company changed its financial year from 31 December to 31 July. The OAG was not informed of the change prior to 31 July 2016 and therefore could not attend the stock take for the period ended 31 July 2016. As a result, the OAG was unable to verify the existence of inventory at balance date. The Auditor-General was also unable to ascertain the existence of the inventory through alternative audit procedures. Consequently, the Auditor General was unable to ascertain the accuracy of the inventory of $319,057 reported in the statement of financial position.

   The Committee was informed that the OAG was present for the annual stock take for the financial year 31 July 2019. The change in financial year to July 2016 was approved in September 2016, thus Fiji Rice Limited was not able to conduct the annual stock take on 31st July 2016.

In addition, emphasis was drawn on the following matter:

- There is an overall excess of liabilities over assets of $4,673,478 (2015: $4,398,398) as at 31 July 2016.

Abridged Statement of Financial Performance – FIJI RICE LTD

Description	2016 (7 months) ($)	2015 (12 month) ($)
Operating Revenue	315,374	688,795
Cost of Goods Sold	(367,028)	(723,331)
Gross Loss	**(51,654)**	**(34,536)**
Other Revenue	533,217	161,080
Administrative & Operating	(349,123)	(445,235)
Profit / (Loss) from Operations	**132,440**	**(318,691)**
Income Tax (expense) / credit	(26,488)	-
Profit / (Loss) after income tax expense	105,952	(318,691)
Total Comprehensive Profit / (Loss) for the year	**105,952**	**(318,691)**

Abridged Statement of Financial Position – FIJI RICE LTD

Description	2016 (7 months) ($)	2015 (12 month) ($)
Assets		
Cash on Hand and at Bank	90,997	703,675
Trade and other receivables	406,170	225,739
Inventories	319,057	81,739
Property, Plant and Equipment	1,634,585	1,403,202
Total Assets	**2,450,809**	**2,413,924**
Liabilities		
Trade and other payables	355,008	86,940
Borrowings	6,758,548	6,725,382
Total Liabilities	**7,134,556**	**6,812,322**
Net Assets	**(4,673,747)**	**(4,398,398)**

Other significant matters – 2016

1. Corporate Governance

The audit noted that the review of the effectiveness of corporate governance revealed the following:

- Absence of a risk management policy.
- The Company does not have a Disaster Recovery Plan in place
- There was no business plan prepared by the Company for the specific operations and work plans of the business. The Company only follows the general corporate plan.

The Committee was informed that the company is currently working towards the preparation of Disaster Recovery and Risk Management Plan. The plans are expected to be completed by the end of 2020.

The Committee recommends that the Fiji Rice Limited should prepare Business Plans for its specific operations.

2. Anomalies in Procurement process for 3 phase wiring and new mill

The audit noted that for the financial year as at 31/07/2016, the company procured two items through tender:

- the engagement of Contractor for 3-phase wiring; and
- the purchase of a new mill at Dreketi from a supplier.

It was noted that the company did not have a tender policy at the time of the procurement. In the review of the purchase of the new mill, the Auditor-General was unable to correctly establish how the supplier was selected.

While the final decision was made by the Board of Directors based on Management's assessment, the Auditor-General could not verify any documentation on the recommendations and due diligence made by the Fiji embassies overseas, the suppliers visit and tender assessment. In addition, the Auditor-General was not able to obtain any procurement plan and project plan for the purchase of the mill.

The Committee was informed that the company's tender policy is documented and any purchase above $10,000 is approved by the Board. The first process is to call for tender through newspaper advertisement. The next step is to summarize the tender by the management and presented to the board for analysis and approval. For the procurement of the new mill, the company advertised for tender and also visited supplier in China to purchase the best rice mill. This is because the local supplier did not have the expertise in supplying and repairing the rice mill.

3. Overstatement of trade and other payables

The audit noted that a variance of $698.60 between the payables listing and the financial statements. Additionally, there were no supporting documents available for the balance of $31,855.15 disclosed as trade creditors and accruals and accrued expenses in the financial statements as at 31/07/2016.

The Committee was informed that the trade creditors had some prior years (before 2013) balances without any supporting documents. The company is now up to date with the current audit therefore, the management will prepare to write off the amount of old balances from the books. The company expects this to solve the recurring issue.

Financial Information - 2017

The audit of the financial statements of Fiji Rice Limited for the year ended 31 July 2017 resulted in a qualified audit opinion. The qualification issues were as follows:

1. Included in the cash at bank balance of $458,737 is unidentified deposits with a credit balance of $15,641. The Auditor General was not provided with necessary supporting documents to ascertain the accuracy of this amount. Consequently, it could not be determined if the cash at bank balance was accurately stated in the financial statements.

   The Committee was informed that this was a 2014 financial year issue and the same balance was carried forward in the next financial period. Previously the management was catching up with the backlog audit as the 2013 audit started in 2016. The Company is now up to date with the current audit therefore the management will prepare a write off paper to the board for the amount of $15,641 from the books in 2019-2020. This will solve the recurring issue. The current practice is that the monthly bank reconciliations is carried out by the Accountant and signed off by the General Manager on a monthly basis after which monthly accounts are prepared and presented to the board. Any direct deposit done in bank account is rectified at the same time so that it offsets with the correct vendor and does not appear in the Unidentified Direct Deposit Account.

2. Included in the Trade creditors and accruals balance of $248,614 is an amount of $31,855 and VAT payable of $84,095. The Auditor-General was not provided with the supporting documents and reconciliations of these balances to ascertain its accuracy. Consequently, the Auditor-General was unable to determine if Trade creditors and accruals were fairly stated in the financial statements.

   The Committee was informed that the company maintains the Creditors Listing and it's presented on a monthly board meeting to the Directors. The Company also prepares the VAT reconciliation for the taxes paid to FRCS. This balance is from prior years (before 2013). The Management will prepare for a write off paper to the board for all balances without proper documentations.

3. The Company has reported nil provision for employee entitlements in the financial statements. The Auditor-General was not provided with the necessary supporting documents to ascertain employee entitlements. Consequently, the Auditor-General unable to determine if any adjustments is required in the statement of income statement and statement of financial position in relation to employee entitlements.

   The Committee was informed that the Management accepts the recommendation and included provision for employee entitlement in 2017 and 2018 Financial Statement. The sick leave for employees is not paid if not taken and the annual leave is taken at the balance date. As per the company policy all annual leave is to be taken within the same financial year and it is compulsory for all staff.

4. There is an unreconciled variance of $9,440 in Trade Receivables between the general ledger and the subsidiary ledger. Consequently, the Auditor-General was unable to determine if Trade and Other Receivables is fairly stated in the financial statements.

   The Committee was informed that the company maintains the debtors listing and it's presented on a monthly board meeting to the directors with monthly statement to debtors and follow up payment. This is a prior year (before 2013) balance and the Management will prepare a write off paper to the board for all receivables without proper documentations.

5. Included in the Borrowings of $7,006,000 is Advance from Shareholders amounting to $4,825,382. The Auditor-General was not provided with the written confirmation of the Loan balance. Additionally it has been disclosed in Note 12 that shareholders have agreed in principal to convert $4,825,382 as grant to the Company. However, the Auditor-General was not provided with any written supporting document on the status of this conversion as at 31 July 2017. As such, the Auditor-General was unable to satisfy myself on the accuracy and completeness of the borrowings and the related disclosure as disclosed in the financial statement.

The Committee was informed that the Debt Equity Conversion has been confirmed by Ministry of Economy in March 2020. This has solved this recurring issue.

6. The Company did not provide supporting schedules for computation of income tax to support the Income Tax expenses of $72,344. As a result, the Auditor-General was unable to satisfy myself on the accuracy and completeness of the income tax expense and if any adjustment is required for the related income tax payable in the statement of financial position.

   The Committee was informed that the company calculated 20 per cent of income tax on the net profit and the same been submitted to OAG. The company maintains the income tax schedule and the same are submitted to FRCS when it's lodged. The income tax reconciliation is also prepared.

7. The Company changed its financial year from 31 December to 31 July. The Office of the Auditor General were not able to attend the stock take for the financial year ended 31 July 2017. As a result, we were unable to verify the existence of inventory at balance date. The Auditor-General was also unable to ascertain the existence of the inventory through alternative audit procedures. Consequently, the Auditor-General was unable to ascertain the accuracy of the inventory of $404,261 reported in the statement of financial position.

   The Committee was informed that the OAG was invited and were present for the annual stock take for the financial year 31 July 2019. The change in financial year to July 2016 was approved in September 2016, thus Fiji Rice Limited was not able to conduct the annual stock take on 31st July 2016.

In addition, emphasis was drawn on the following matter:

There is an overall excess of liabilities over assets of $4,384,371 (2016: $4,673,748) as at 31 July 2017.

11. YAQARA PASTORAL COMPANY LIMITED

Financial Information - 2015

The audit of the Yaqara Pastoral Company Limited for the year ended 31 December 2015 resulted in the issue of modified (disclaimer of opinion) audit opinion. The basis for disclaimer of opinion was as follows:

1. Subsequent to year end on 21 November 2017, the company's main office at Yaqara was completely burnt down. This main office contained all the accounting records which was destroyed in the fire. While performing the audit for the year 31 December 2015, source documents were not available. Accordingly, the Auditor-General could not express an opinion as to whether balances have been properly recorded in the books of accounts at year end.

2. The Audit Report draws attention to Note 11 of the financial statements, which records biological assets at a total value of $3,781,727. The Auditor-General did not observe the counting of physical livestock at the end of the year. Hence, could not satisfy by alternate means concerning livestock held at 31 December 2015. Since biological assets enter into the determination of the financial performance and cash flows, the Auditor-General was unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows. Furthermore, source document was not available to confirm pricing and weight of livestock used in determining fair value of biological asset recorded in the books of account at year end.

3. The Audit Report draws attention to Note 10 of the financial statements, which records inventories at a total value of $55,901. The Auditor-General did not observe the counting of physical inventories at the end of the year. Hence, was unable to satisfy by alternate means concerning inventories held at 31 December 2015. Since inventories enter into the determination of the financial performance and cash flows, the Auditor-General was unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows. Furthermore, source document was not available to confirm inventory costing used in determining value of inventories recorded in the books of account at year end.

Abridged Statement of Financial Performance – YAQARA PASTORAL COMPANY LTD

For the Year Ended	2015 ($)	2014 ($)
Revenue from Operations	919,009	926,044
Cost of Sales	432,862	83,796
GROSS PROFIT	**1,351,871**	**1,009,840**
Other Operating Income	3,246,871	2,986,281
NET TRADING RESULT	**4,598,694**	**3,996,121**
Administrative Expenses	896,956	1,055,539
Selling and Distribution Expenses	667	608
Operating Expenses	61,948	69,732
TOTAL EXPENDITURE	**959,571**	**1,125,879**
OPERATING PROFIT	**3,639,123**	**2,870,242**
Finance Costs	1,082	1,286
PROFIT BEFORE INCOME TAX	**3,638,041**	**2,868,956**
Income Tax Expense	765,835	566,417
PROFIT AFTER INCOME TAX	**2,872,206**	**2,291,530**

Abridged Statement of Financial Position – YAQARA PASTORAL COMPANY LTD

As period end	2015 ($)	2014 ($)
Cash on Hand and at Bank	4,253,829	1,433,251
Trade Receivables	268,724	301,508
Other Debtors and Prepayments	99,375	33,895
Advance Tax	1,379,950	1,191,362
Biological Assets	3,781,727	3,305,331
Held in Maturity Investments	1,885,612	2,476,818
Inventories	55,901	53,166
Property, Plant and Equipment	1,436,929	1,519,305
Deferred Tax Assets	46,359	47,362
TOTAL ASSETS	**13,208,406**	**10,361,998**
Creditors and Accruals	193,378	229,641
Employee Benefits Liability	38,134	27,669
Provision for Dividend	1,594,623	1,594,623
TOTAL LIABILITIES	**1,826,135**	**1,851,933**
NET ASSETS	**11,382,271**	**8,510,065**
Share Capital	1,191,846	1,191,846
Retained Earnings	10,190,425	7,318,219
TOTAL EQUITY	**11,382,271**	**8,510,06**

Other significant Matters

1. Old Creditors

The audit noted that creditors listing revealed that old debts are being carried forward in the accounts at year end. Some dues are as far back as 2010 such as owing to a law firm.

The Committee was informed that this was related to a debt owing to Sahu Khan & Sahu Khan of $15,943.06 in respect to legal services and representation on behalf of Yaqara Pastoral Company Limited. The case was between YPCL and Sunbeam Buses Limited which involved a major motor vehicle accident with Sunbeam Bus and the death of an employee. This case ended up in High Court. These fees remained unpaid pending the outcome of the case and the subsequent receivership of the legal firm Sahu Khan & Sahu Khan. There has not been any decision made by the Board as to the clearance of this case because of the current impasse and uncertainties.

2. Bank Lodgements

The audit noted that an amount of $1,150 recorded as lodgments in the bank reconciliations is being carried forward prior to 2015. Amount was yet to be credited to bank till the date of testing.

The Committee was informed that it is unclear whether the Board was notified of this debt. The debt was supposed to be recovered by management then from the said employee.

The Committee further noted that no action was taken before the employee left the company and this amount was not provided for as bad debt. This amount still exists in the bank reconciliation as funds not yet credited to date.

3. Accounts receivable listing

The audit noted that the Company is using MYOB version 12 which is not able to generate an aged accounts receivable listing and as a result they prepared an aged debtors listing in Microsoft excel.

The Committee was informed that no specific attempt was made by management to ensure the MYOB application was updated and the accounts officer trained to ensure the system was able to generate an aged debtor's listing. To date, the license the MYOB has still not been updated. Over the years the aged debtors listing was always done on an Excel spreadsheet.

The Committee recommends that relevant trainings for its Accounts staff to ensure that Accounts Receivable are being generated efficiently using MYOB version 12.

4. Annual Returns not lodged

The audit noted that YPCL has not lodged its annual return for the financial year ended 31/12/06 till 31/12/15. This is in breach of Section 127 of the Companies Act.

The Committee was informed that the reason for the delay in the lodgement of the company annual returns was the absence of specific details for the completion of the returns. The Registrar of Companies has been approached to discuss this matter and YPCL has been advised that the non-lodgement of returns from 2006 has been forgiven but that going forward the company should ensure proper and timely lodgemnent of the new e-returns and strictly complied with. Management has already contacted and liaised with RoC on the new submission of returns.

The Committee was further informed that YPCL is in the process of updating its entire operations and bringing it to par with applicable regulations and laws, incorporating technological changes and best management practices as practiced by similar organizations in other countries.

YPCL has drastically improved its farm productivity status over the last three years with set production goals and is currently improving administrative and financial functions of the company which includes clearing backlogs, development of recording and financial systems and capacity building of staff across all departments.

Committee Recommendation:

- **The Committee strongly recommends that YPCL to lodge its annual tax returns in a timely manner and also to clear its back log as soon as possible.**

SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

1. COPRA MILLERS OF FIJI LIMITED ('**CMFL**')

CMFL contributes to SDG 1 and 13.

- Income for our coconut farmers
- Eliminating poverty
- Food security
- Farmer bundled insurance
- Coconut planting as a resilient crop to Climate Change, coastal protection and strong wind barrier.

2. FIJI BROADCASTING CORPORATION LIMITED ('**FBCL**')

The Corporation's activities are aligned to the Operational Plans which is in line with the national development plan and is submitted to the Ministry of Public Enterprise.
Annual planning documents submitted to our line ministry in the September 2018 included:

- FBCL 2019 - Employment & Industrial Relations Plan.
- FBCL 2019 - Statement of Corporate Intent
- FBCL - Strategic Plan 2019-2021

Other initiatives include:

- Gender Equality is supported and promoted by the two public service broadcast radio stations (Radio Fiji One & Radio Fiji Two) and the FBC Television.
- The FBC promotes Equal Employment Opportunity ('**EEO**'). EEO is fair treatment in employment, promotion, training, and other personnel actions without regard to race, color, religion, sex (which includes gender, sexual harassment, and pregnancy), age, national origin, reprisal (for prior EEO activity), physical or mental disability, genetic information, status as a parent, and sexual orientation.
- Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. Providing women and girls with equal access to education, health care, decent work, and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large.
- Implementing new legal frameworks regarding female equality in the workplace and the eradication of harmful practices targeted at women is crucial to ending the gender-based discrimination prevalent in many countries around the world.
- The FBC has formulated Standard Operating procedures which are incorporated in the employee handbook. A copy is provided to all staff and during training and induction process of all recruits.
- The FBC had QMS in place and all policies and procedures are provided to various departments' heads and updated and amended in a timely manner.
- The FBC has MOUs with Asian broadcasters (AIBD, ABU, AVN) in promoting gender equality. A lot of trainings are offered to women in the workplace.
- The FBC pays annual membership fees for Women in Business for our aspiring women leaders. As a result, the members are able to attend various conferences and workshops.
- The FBC promotes gender equality through the Selection and Recruitment process; however, individuals are employed solely on their suitability for the position.

- The FBC has a Women's Forum which is chaired by the CEO. This is a quarterly forum attended by all women at the FBC to discuss and share development and growth opportunities.

3. ENERGY FIJI LIMITED

SDG Target No. 7.1 by 2030 ensures universal access to affordable, reliable and modern energy services. The estimated number of Fiji's Population having access to electricity is over 90 per cent of the country's population. EFL has various sources of electricity as follows: Hydro, Thermal, Wind & IPP (Solar & Bio Mass). The current billing system of EFL does not have the desegregated data by sex and persons living with disability.

EFL has its 10 year Power Development Plan (PDP) and reviews this every 2 years. The ten (10) year power development plan contains the load forecasting and power generation planning scenarios up to 2026 for Viti Levu, Vanua Levu, Ovalau and Taveuni Power Systems with associated network assets to be augmented/developed and the investment plan required to implement this 10 year Power Development Plan.

It is estimated that the total funding to execute the 10 Year Power Development Plan will require an investment of around FJ$2.4 billion
Development of Power Generation Projects - F$1.6 billion
Transmission & Distribution Power Network - F$0.8 billion

EFL expects the private sector to invest in the Power Generation Sector as Joint Venture ('**JV**') Partners, Independent Power Producers ('**IPP**') or on a Private Public Partnership ('**PPP**') basis. There are ongoing discussions with prospective IPPs to develop various Renewable Energy technologies that is Biomass/Waste to Energy Projects, Solar Projects & Hydro Projects.

Operational Renewable Energy Plant

a. Hydro

- Monasavu Hydro Scheme has a capacity of 72MW and is capable of generating around 400M units of electricity per annum on an average
- Nadarivatu Hydro Scheme has a capacity of 40MW and is capable of generating around 100M units of electricity per annum
- Wainikasou Hydro Scheme has a capacity of 6MW and is capable of generating around 22M units of electricity per annum
- Nagado Hydro Scheme has a capacity if 2.8MW and is capable of generating around 8M unit of electricity per annum
- Wainiqeu Hydro Scheme has a capacity of 0.7MW and is capable of generating around 1.5M units of electricity per annum
- Taveuni Hydro Scheme has a capacity of 0.7MW and is capable of generating around 2M units of electricity per annum

b. Biomass

- TWIL supplies up to 6MW of capacity and supplied 28.7M units of electricity in 2019
- FSC supplies energy to the EFL grid during the crushing season from their Lautoka & Labasa Sugar Mills
- Nabou Green Energy Limited has a 10MW plant and started feeding into the EFL grid since July, 2017

c. Solar

- surplus energy from solar roof-top installations are currently fed into the EFL grid at an agreed upon price between EFL & the individual customers and the number keeps increasing – presently 166 customers

Prospective Renewable Energy Projects – Viti Levu

EFL has plans to develop the following renewable energy schemes:

- Biomass – Waste to Energy Plant by utilizing municipal waste – via JV, IPP or PPP model
- Solar – 3 x 5MW (without batteries) – via JV, IPP or PPP model in North Western Viti Levu (Sigatoka to Rakiraki corridor)
- Hydro – Upper Wailoa/Qaliwana Diversion Project & the Lower Ba Project.

Presently European Investment Bank is carrying out full feasibility studies for the first project. The final feasibility report will be completed by end of 2020. Furthermore, the intention is to carry out full feasibility studies for the Lower Ba Project as well on completion of the above.

- Hydro – Namosi Hydro Project
- 3 Hydros in Namosi with a total capacity of 32MW and anticipated total energy output of 120M units/annum. Feasibilities completed, EIA obtained & land has been acquired by EFL for this Project.

Prospective Renewable Energy Projects – Vanua Levu

- There are two independent power systems in Vanua Levu – Labasa & Savusavu
- EFL had called for Expressions of Interest for the Development of Grid Connected Renewable
- Energy Projects in Vanua Levu, covering both Labasa & Savusavu Power Systems-Opportunities for either JV, IPPs or PPP
- There is also an opportunity for the establishment of an independent mini grid in the township of Nabouwalu.

Prospective Renewable Energy Projects – Ovalau

- The entire island of Ovalau is electrified with 100 per cent fossil fuel generation.
- The present peak demand in Ovalau is 1.6MW
- The largest customer in Ovalau is PAFCO with a peak demand of 1.2MW
- Study has been undertaken for a Solar Hybrid Plant by a Korean Company
- EFL will be calling for expressions of interests soon in this regard.

Prospective Renewable Energy Projects – Taveuni

- EFL entered the island of Taveuni in December, 2017.
- Presently only 30 per cent of the island is electrified.
- The remaining 70 per cent will be electrified over the next 2 years.
- The present demand on the island is 340kW and it is anticipated that the demand will increase to 2.4MW once the entire island is electrified by extending the grid.
- The present power generation is as follows:
    - Somosomo Mini Hydro – 700kW
    - Waiyevo Diesel Plant – 2 x 1MW
- The Mini Hydro Scheme is able to cater for the present demand of 340kW practically throughout the year
- Through grant-in-aid, KOICA is in the process of developing a 1MW Solar PV Plant with 400kWh battery capacity to be connected to the grid. This project is anticipated to be completed by December 2020.
- The prospect for further development is to establish renewable energy schemes of around 1.5MW to 2MW based on the demand growth as the grid is extended over the next 2 years.

4. HOUSING AUTHORITY OF FIJI

The 5 year and 20 years National Development is the Authority's bed rock while developing the annual budget and five year development plan including the SDGs goal. The Provision of affordable housing in the Governments strategic direction plan page 4 states that "the Housing Authority and Public Rental Board will ensure that more land is developed for residential lots and more affordable and accessible housing is provided.

The Authority's strategic direction is more focused in providing more residential lots in partnership with PRB and aligning planning for subdivision development to the SDG 11: Sustainable cities and communities in ensuring that all subdivision subject to land area to provide opportunities for all, with access to basic services, energy, housing, transportation and more. Also supports SDG 1 – No poverty through provision of affordable housing to Fijians earning below $30k and providing opportunities to those in squatter settlement.

The Authority's three to five year plan incorporates corporate target of delivering 500 lots per annum with a stretch target of 1000 lots that's affordable to the target market, fulfilling government's development plan including the SDG's.

The Authority's activity is of national interest and closely monitored by the Ministry of Economy for funding programs under debt arrangement and Ministry of Housing, closely monitoring deliverables. The planning for subdivisions incorporating with SDG 11 provides more meaningful approach in providing basic services, energy, housing, transportation and more which is an enhancement to the Authority's role when developing any new subdivision.

The Ministry of Housing and Community Development plays a critical role in terms of policy direction in ensuring that Housing Authority compiles with the requirement to fulfill the SDGs which is incorporated by the Authority and reviewed by regulatory stakeholders.

The Authority's role is confined to land development incorporating SDGs while the Ministry is involved with the different housing stakeholders and providing the required direction.

5. FIJI RICE LIMITED

The company works with 5 year strategic plans and some of the major highlights include self-sustainability in rice, land use, green growth environment initiatives, community development and livelihood of rural communities.

The inclusion of different villages and Mataqali's in rice planting projects. FRL signed MOU with Tabia, Navidamu, Qawaria and Vunivuto Villages for rice planting projects. FRL also engaged one on one consultation with farmers in Bua and Dreketi. About 249 acres of rice has been planted in this season with expected output tonnage of minimum 249 tonnes with expected income of $186,750 after cost deduction these land owners are expected to get $87,150.

FRL through the board provides 6 monthly update to Ministry of Economy on all financial update and all capital projects. FRL also has its board meeting on a monthly basis and Ministry representative sits in the Board where monthly reports are tabled with a copy of paper is provided to the representative.

FRL believes the driving force to lead the SDG implementation should be the line ministries as the commercial companies are mainly focused on their products, services and profitability. The national objectives are often taken as a secondary focus. However, FRL has recognized these goals as part of the strategic plan.

6. YAQARA PASTORAL COMPANY LIMITED ('**YPCL**')

The awareness of staff members of Fiji's 5 years and 20 years National Development Plan, the 2030 Agenda, the Sustainable Development Goals and the SAMOA Pathway is unknown. However, staff are aware that YPCL business plan is based on the SDGs and partially derived from the 5 and 20 years National Development Plan.

There is no mechanism in place to enhance awareness of staff members of the alignment between the National Development priorities as per the Fiji's 5 years and 20 years National Development Plan with the SDGs and its targets and indicators. Weekly management meetings with senior management discuss the work plan and the primary focus with regards to the current economic situation in relation to the NDP and key focus areas for YPCL operations which is derived from the NDP and SDGs. This is then discussed with employees to generate awareness of the changing demands and the role YPCL must play to meet these demands especially in National Food Security, Commercial Agriculture and the Public Enterprise Act.

YPCL needs educated and literate personal on its staff. The YPCL's business plan incorporates aspects relevant to the company's YPCL operations from the National Development Plan and the SDGs.

YPCL corresponds with the Ministry of Agriculture on relevant issues pertaining to the performance of YPCL. At the moment, YPCL sustainable profitability is a strategic priority and once this goal is achieved, YPCL will attain its goal of National Food and Nutritional Security.

GENERAL RECOMMENDATIONS

The Committee have agreed to the following recommendations, this is after thoroughly scrutinised the Audit Report in consultations with audited entities on audited issues that were identified:

1. ***All state owned entities to adopt Open Merit Recruitment System ('OMRS') to attract highly qualified Accounting personnel;***

2. ***Regular internal trainings for Finance Staff in terms of basic financial reporting;***

3. ***That improvements be made on the timely submission of the financial statements be done on timely basis as required and the quality of the report;***

4. ***The improvement on control weaknesses and deficiencies which can prevent severe disruption to achieve the audit objectives and comply with relevant legislations;***

5. ***That all relevant information/records/risk register are properly kept for timely submission for audit; and***

6. ***That all financial statements be prepared in accordance with International Financial Reporting Standards and Medium-sized Entities ("IFRS for SMEs").***

CONCLUSION

The Public Accounts Committees notes the audit findings specifically in relation to the quality and timeliness of financial reporting by companies, the audit opinions issued on the financial statements and the key reasons for such opinions, the internal control assessments, other significant issues that were identified from the audits and the high level recommendations which aims at strengthening financial reporting of all state entities, governance and internal controls.

Therefore, the Committee looks forward to the Government Commercial Companies, Commercial Statutory Authorities and other entities to implement the recommendations highlighted by the Auditor General and the Public Accounts Committee. A prompt action is required by these entities to improve their financial accountability.

We, the undersigned Members of the Standing Committee on Public Accounts agree with the contents of this report:

……………………………
Hon. Alvick Maharaj
(Chairperson)

………………………..
Hon. Joseph Nand
(Deputy Chairperson)

…………………………
Hon. Virendra Lal
(Member)

…………………………………
Hon. Ro Teimumu Kepa
(Member)

……………………………
Hon. Aseri Masivou Radrodro
(Member)

APPENDICES

APPENDIX 1:
PUBLIC ACCOUNTS COMMITTEE QUESTIONS

APPENDIX 2:
Published Written Evidences

The following copies of the written evidence and supplementary evidences from the 10 agencies covered in this review report can be accessed on the Parliament Website using the following link: http://www.parliament.gov.fj/committees/standing-committee-on-public-accounts/

APPENDIX 3:
Report of the Auditor General

2018 Audit Report on Government Commercial Companies, Commercial Statutory Authorities and Other Entities (PP No. 154 of 2019)

http://www.parliament.gov.fj/wp-content/uploads/2020/01/PP-No.-154-of-2019-GCC-CSA-2018.pdf