



**MINISTRY OF  
SUGAR INDUSTRY**  
**ANNUAL REPORT**  
**2018-2019**



# TABLE OF CONTENT

Programs 2018-2019.....	I
Financial Highlights.....	II-III
Acronyms.....	IV
Letter of Transmittal.....	V
About the Report.....	VI
Permanent Secretary Summary Statement.....	VII
Overview of The Ministry.....	1-5
I. Ministry Corporate Profile	
II. Stakeholders	
III. Ministry of Sugar Industry Portfolio	
IV. Ministry Management	
V. Legislative Framework	
VI. Strategic Priorities	
<b>PART 1.0: HUMAN RESOURCES &amp; ADMINISTRATION.....</b>	<b>6-8</b>
1. Staff Establishment	
2. Recruitment And Selection	
3. Leave Management	
<b>PART 2.0: ANNUAL PERFORMANCES RESULT.....</b>	<b>9-17</b>
Output 1: Monitoring & Evaluation of Sugar Industry Reforms	
Output 2: Portfolio Leadership, Policy Advice & Secretariat Support	
Output 3: Public Sector Reform	
Output 6: Monitoring of Rural Women Engaged in Sugar Farming Activities	
<b>PART 3.0: MINISTRY OF SUGAR INDUSTRY FINANCIAL STATEMENTS.....</b>	<b>18-30</b>



# PROGRAMS 2018-2019



Sugar Development and Farmers Assistance Program



Sugarcane Individual Farmers Grant Program



Cane Cartage Program



Farm Mechanisation Program



New Farmers Assistance Program



Cane Access Road Program



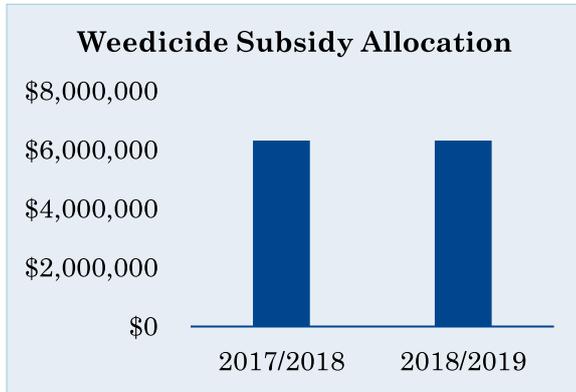
Weedicide Subsidy Program



Fertiliser Subsidy Program

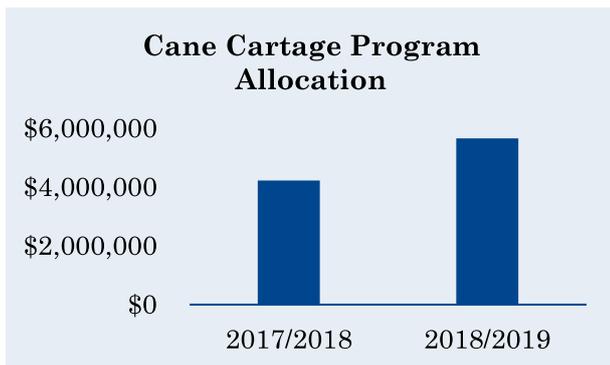
# FINANCIAL HIGHLIGHTS

## WEEDICIDE SUBSIDY PROGRAM



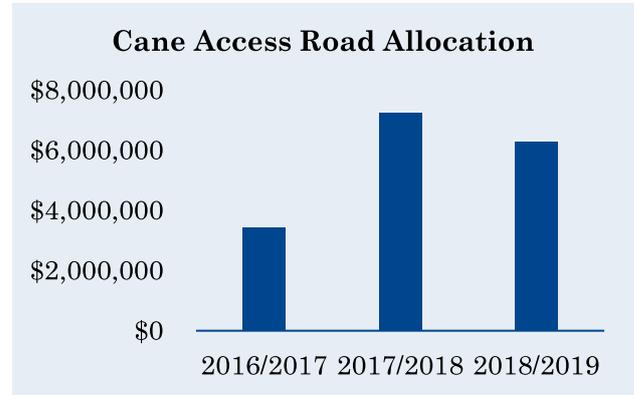
Considering the increasing cost of herbicides, the government introduced the Weedicide Subsidy Program in 2017/2018 with an allocation of a total of \$6.3 million to subsidize price of recommended weedicides for cane crops. In 2018/2019, the program continued with allocation of \$6.3 million to subsidize weedicides for sugarcane farmers.

## CANE CARTAGE PROGRAM



The government allocated \$5,659,930 as cane transfer subsidy for the financial year 2018/19 crushing season to reduce transport cost for farmers in Penang Mill area. This subsidy was distributed to the cane farmers through Fiji Sugar Corporation, the implementing agency.

## CANE ACCESS ROAD PROGRAM



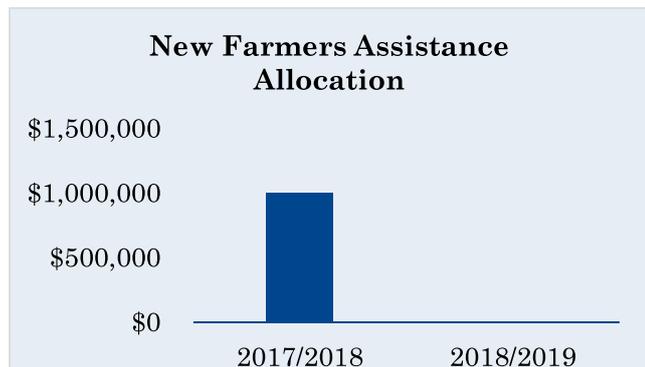
Cane Access Road Program began in 2012. Funding was gradually increased to \$6.3 million in 2018-2019. The funding was used to maintain over 3800 kilometers of Cane Access Roads.

## FERTILIZER SUBSIDY PROGRAM



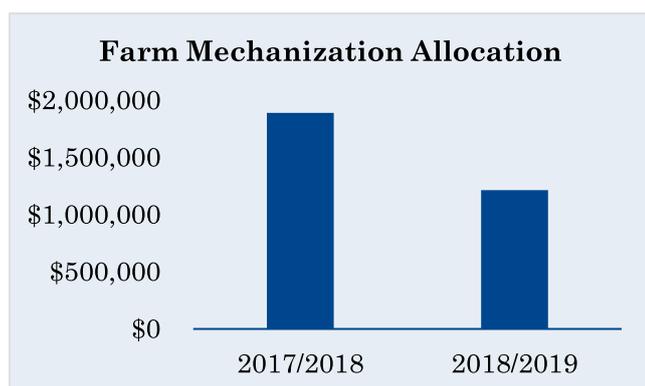
The Fertilizer Subsidy Program was implemented by SPFL. Comparing to the financial year 2017 – 2018, it was a continued allocation of \$15.35 million in 2018 – 2019 financial year and the subsidy was further increased from \$14.09 to \$25.59 per bag since 2017 – 2018 to make cost of fertilizers more affordable to the cane farmers and encourage fertilizer usage on farms at the industry's recommendation rate of 15-18 bags/hectare.

## NEW FARMERS ASSISTANCE PROGRAM



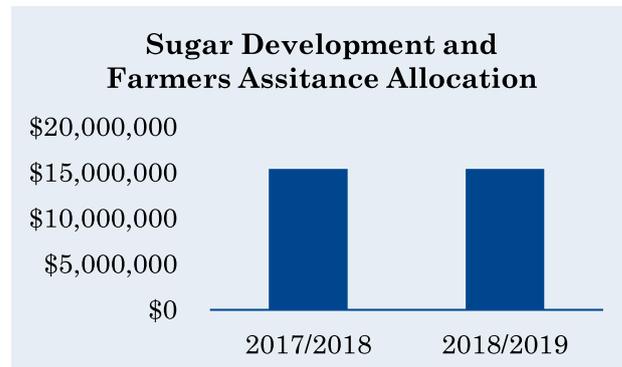
New Farmers Assistance Program started in 2017-2018 to entice new farmers into Sugar Industry. Initial funding of \$1 million was used to cater for both 2017/2018 and rolled over in 2018-2019.

## FARM MECHANIZATION PROGRAM



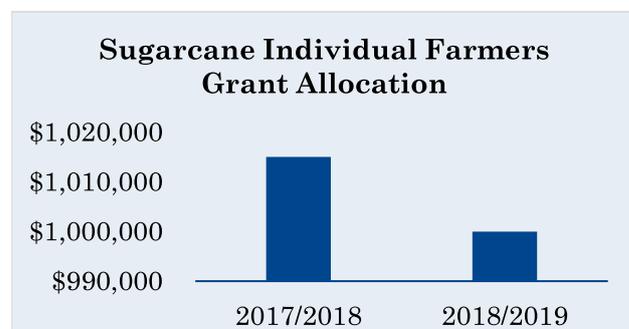
The Sugar Industry has been facing recurring and major challenges of labour shortages, aging farmers and lack of interest from the young generation in cane farming. To address the issue of shortage of tractors, the government has allocated a sum of \$1 million in 2017/18 budget and assisted 20 cooperatives in procuring tractors with implements. Since the demand for farm machineries was still high, the government continued the farm mechanization program with an allocation of \$1 million in the 2018 – 2019 government financial year.

## SUGARCANE DEVELOPMENT & FARMERS ASSISTANCE PROGRAM



To boost cane production, the government introduced the Cane Planting Grant assistance in 2014 under the Sugarcane Development and Farmers Assistance Program to assist farmers in cane planting. For the financial year 2017/18, \$15.4 million was allocated which continued in the year 2018/19 to provide assistance for cane planting.

## SUGARCANE INDIVIDUAL FARMERS GRANT



The sugar industry recorded almost 25% drop in the production of cane and almost 40% drop in sugar production in 2016 season. Considering the problems faced by farmers, the government in the year 2017/2018 introduced Sugarcane Individual Farmers Grants Scheme with an allocation of \$1 million. The program assisted 218 individual cane farmers in 2017/2018 to purchase materials to construct fences, install boreholes and procure other small farm implements. The government continued with an allocation of \$1 million in the financial year 2018 – 2019.

## **ACRONYMS**

<b>ACP</b>	<b>Annual Corporate Plan</b>
<b>CAR</b>	<b>Cane Access Road</b>
<b>CPG</b>	<b>Cane Planting Grant</b>
<b>FDB</b>	<b>Fiji Development Bank</b>
<b>FSC</b>	<b>Fiji Sugar Corporation</b>
<b>GIS</b>	<b>Geographical Information System</b>
<b>GWE</b>	<b>Government Wage Earner</b>
<b>I-TLTB</b>	<b>I-Taukei Land Trust Board</b>
<b>MoSI</b>	<b>Ministry of Sugar Industry</b>
<b>SAP</b>	<b>Strategic Action Plan</b>
<b>SCGC</b>	<b>Sugar Cane Growers Council</b>
<b>SCGF</b>	<b>Sugar Cane Growers Fund</b>
<b>SGS</b>	<b>Small Grants Scheme</b>
<b>SIT</b>	<b>Sugar Industry Tribunal</b>
<b>SPFL</b>	<b>South Pacific Fertilizer Ltd.</b>
<b>SRIF</b>	<b>Sugar Research Institute of Fiji</b>

# LETTER OF TRANSMITTAL

Dear Sir

I present to you the Annual Report of the Ministry of Sugar Industry for the year ended 31<sup>st</sup> July, 2019.

This report has been prepared for the purpose of *Financial Management Act 2004*, which requires that I submit an annual report for presentation to Parliament of Fiji.

The report consists of the Ministry's annual performance statement which is in accordance with the Ministry's Annual Corporate Plan (ACP); together with its Audited Financial Statements.

In presenting the Annual Report, I am pleased to concede the progressing effort of our staff to achieve the Ministry's purpose and strategic objectives.

Yours sincerely,



Yogesh J. Karan  
**Permanent Secretary for Sugar Industry**

# ABOUT THE REPORT

The Ministry of Sugar Industry Annual Report highlights the Ministry performance in accordance with the ACP and Annual Budget for the year. The report consists of details of performance measures from 1st August 2018 to 31st July, 2019.

Compilation of this report will be on:

Overview of the Ministry

1. Annual Performance Results
2. Human Resource Administration
3. Ministry Annual Financial Statements



# PERMANENT SECRETARY SUMMARY STATEMENT



I am pleased to present the Ministry of Sugar Industry's 2018-2019 Annual Report in accordance with the General Order 1108(a).

The year saw many challenges to the industry and the Ministry. There were two tropical cyclones that hit Fiji, Cyclone Josie and Cyclone Keni causing many incomparable damages where properties, homes, farms and infrastructure were damaged.

For 2018-2019 financial year, a total of \$62.3 million was allocated to the industry by Government. An additional \$6 million was provided by the government for cane payment top-up for 2017 crops. The Ministry together with the assistance of the industry institutions implemented the following capital projects; Sugarcane Development and Farmers Assistance Program (SDP) Grants - FSC, Fertilizer Subsidy -SPFL, Weedicide Subsidy – SPFL, Sugarcane Small Grants Scheme, Farm Mechanization, Cane Cartage Program - FSC and Cane Access Road (CAR) Program – FSC.

In addition, operational grant was also provided to Sugar Research Institute of Fiji (SRIF), Sugar Industry Tribunal (SIT) and Sugar Cane Growers Council (SCGC) to meet their administrative costs to enable them to continue improving service delivery to the industry.

During the year, 23 female growers were assisted under the Sugarcane Small Grants Scheme Program and 139,939 tonnes of canes were carted under the Cane Cartage Program. Under the Sugar Development & Farmers Assistance Program, total of 3,958ha of cane was planted; bulldozer works of 714ha, ratoon managed of 90ha and supply of Aglime for 504ha were achieved. 526,240 bags of Fertilizer, 218,325 litres of Amine, 80,530 kilograms of Diuron, 145,475 litres of Glyphosate and 35,387 kilograms of Valpar King were supplied to farmers. A total of 3,490 kilometers of cane access roads were upgraded.

Furthermore, in the 2018 season a total of 1.69 million tonnes of cane were harvested.

A handwritten signature in blue ink, appearing to read 'Yogesh J. Karan', written over a faint, larger version of the same signature.

**Yogesh J. Karan**  
**Permanent Secretary for Sugar Industry**

# OVERVIEW OF THE MINISTRY

## I. MINISTRY CORPORATE PROFILE

### VISION

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

### MISSION

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

### VALUES

- Integrity and Professionalism
- Transparency and Accountability
- Honesty and Commitment
- Customer Satisfaction
- Teamwork



## II. STAKEHOLDERS

We take pride in serving our customers by implementing our ‘*Customer Service Charter*’ which sets out our commitment in providing high quality standards of service that are beyond customer expectations. Our customers include:

### Internal Stakeholders

*Fiji Sugar Corporation Ltd*

*Sugar Cane Growers Council*

*Sugar Industry Tribunal*

*Sugar Cane Growers Fund*

*Sugar Research Institute of Fiji*

*South Pacific Fertilizers Ltd*

### External Stakeholders

*Cabinet*

*Ministry of Civil Service (MCS)*

*Ministry of Economy*

*Ministry of Agriculture*

*iTaukei Land Trust Board*

*Ministry of Lands & Mineral Resources*

*Sugarcane growers*

*Potential Investors*

*Development Partners*

### III. MINISTRY SERVICES AND PURPOSE AND PORTFOLIO

About 20 % of Fiji's populations wellbeing rely on the country's sugarcane farming industry. Therefore, the Ministry of Sugar Industry (MoSI) is accountable for laying down a stable foundation for a vital sustainable industry that will remain thriving in years to come.

The MoSI's responsibility is to coordinate activities and functions of diverse institutions that make-up the sugarcane industry with the sole objective of ensuring that Government's obligation to reviving the industry is achieved through Government's reform.

The MoSI implements key policies and plans to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar cane industry. Ongoing partnership with the relevant industry stakeholders will enable more land available for productive and social purposes which encourage cane cultivation, adequate labor and committed sugar workforce.

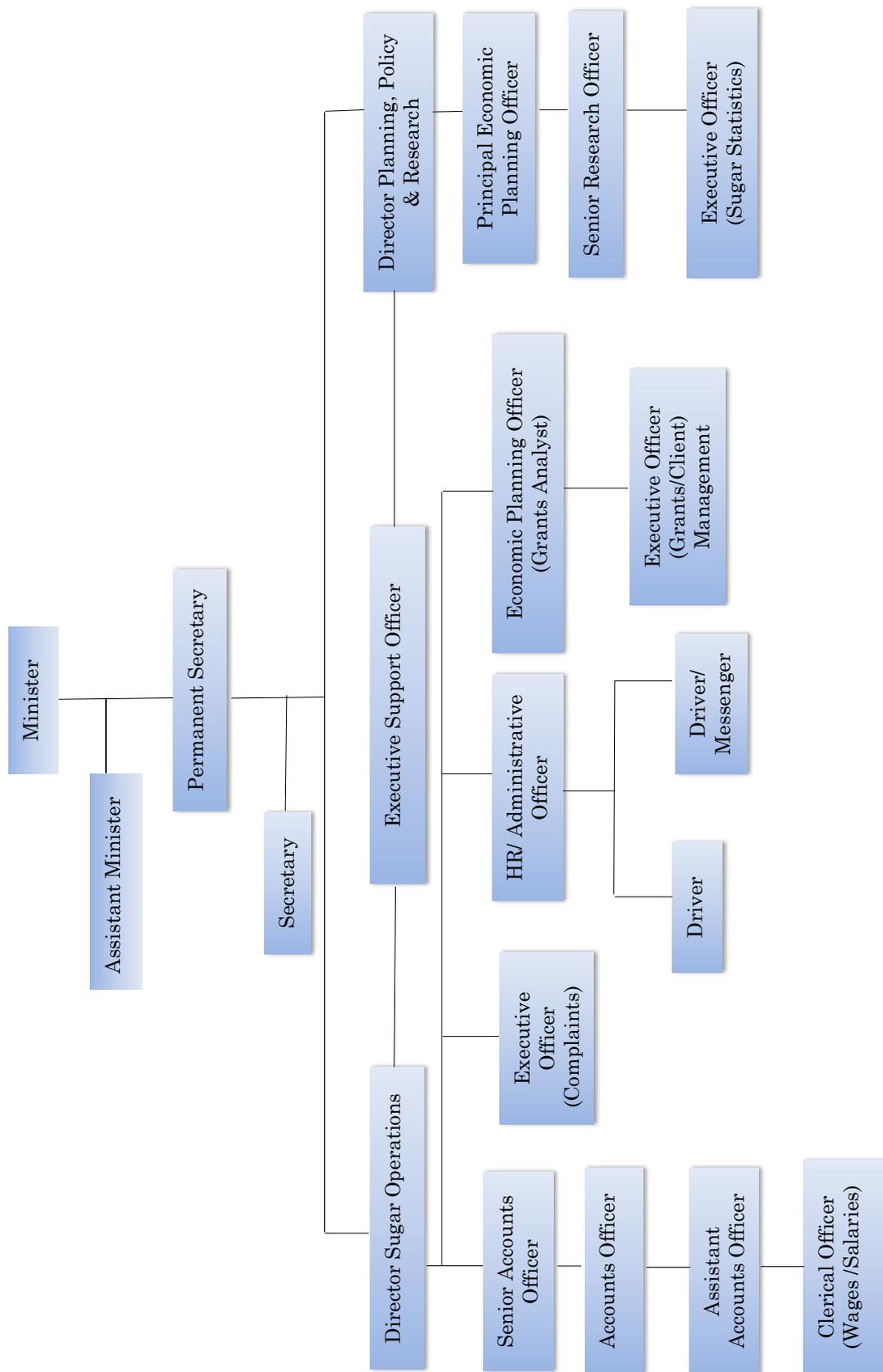
The MoSI also initiates analysis on its policy and conduct research in finding out adequate techniques to help improve sugar production and farming system, as well as assuring that effective and timely customer services are being provided. The MoSI relentlessly does its utmost in improving service delivery not only within its government agencies but to the industry as a whole.

The MoSI provides an enabling environment for direct efficient delivery of services to the stakeholders throughout Fiji. The adoption of a 'professional' service delivery by the MoSI promotes maximum cane and sugar production annually through increased investments in cane and mill technology. This is to assure that right cane variety is cultivated and there is efficiency in mill operation that could lead to an increase in both cane and sugar productions thus achieving higher profits for millers and farmers.

The MoSI ensures that funds provided by the Government are to be utilized and dispersed to responsible institutions in an efficient manner such that those institutions programs are effectively implemented without hindrances.



**Figure 1: Ministry Organization Structure**



#### IV. MINISTRY OF SUGAR INDUSTRY STRATEGIC PRIORITIES

The 5-year and 20-year National Development Plan highlights the goal of the MoSI: **A Sustainable Sugar Industry**. The strategies aligned to achieve the overall goal of the sugar industry are as follows:

Figure 2: Ministry Strategic Priorities



# PERFORMANCE RESULTS

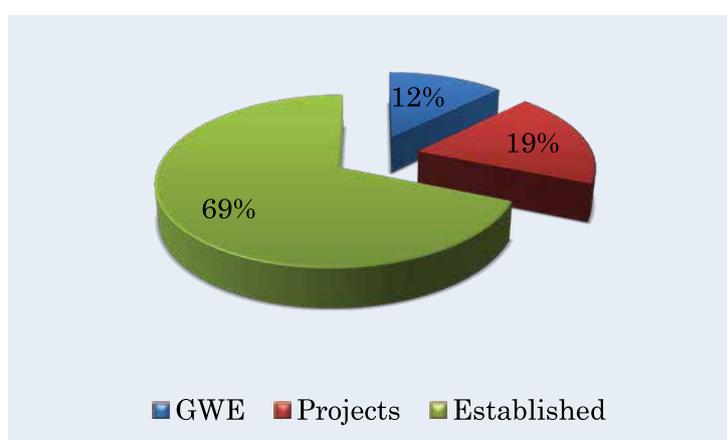
## PART 1.0: ADMINISTRATION & HUMAN RESOURCE

### 1. HUMAN RESOURCE

#### 1.1 Staff Establishment

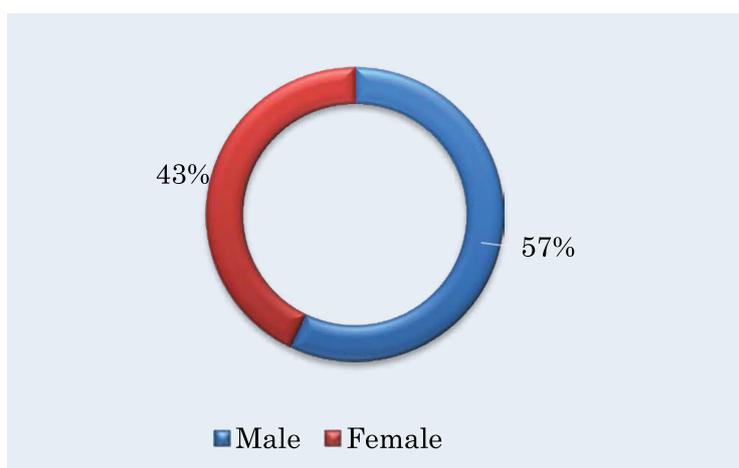
The MoSI employed a total of sixteen (16) staff; eleven (11) (69%) established staff, three (3) (19%) project officers and two (2) (12%) general wage earners (GWEs).

**Figure 3: Staff Ratio per Establishment**



The MoSI staff gender ratios were: 57% male and 43% female staff.

**Figure 4: Gender Ratio at the MoSI**



## **1.2 Recruitment and Selection**

Total of four (4) positions were advertised. Two positions was successfully filled in which the two (2) officers have signed three (3) years employment contract. The remaining two (2) positions were re-advertised.

## **1.3 Staff Training**

### **1.3.1 Training & Development**

Training & Development is one of the key functions of Human Resources. The MoSI maintains that training and development as an integral part of human resources development. Training provided by the MoSI is a continuous effort to improve competence and organize performance as a goal to improve an employee's capacity and performance. Total of 365.50 hours of training was provided to the staff.

### **1.3.2 Part-Time Studies**

One (1) officer was released to complete his Master's program from the University of the South Pacific.

### **1.3.3 Overseas Training**

One (1) officer attended overseas training during the period. The program offered was fully funded as it was the part of development cooperation needs offered by the donor countries:

- Sustainable National Development through Public Private Partnership which was held in Malaysia from 29<sup>th</sup> July - 6<sup>th</sup> August 2018. This training was fully funded by Malaysian Technical Cooperation (Government of Malaysia).

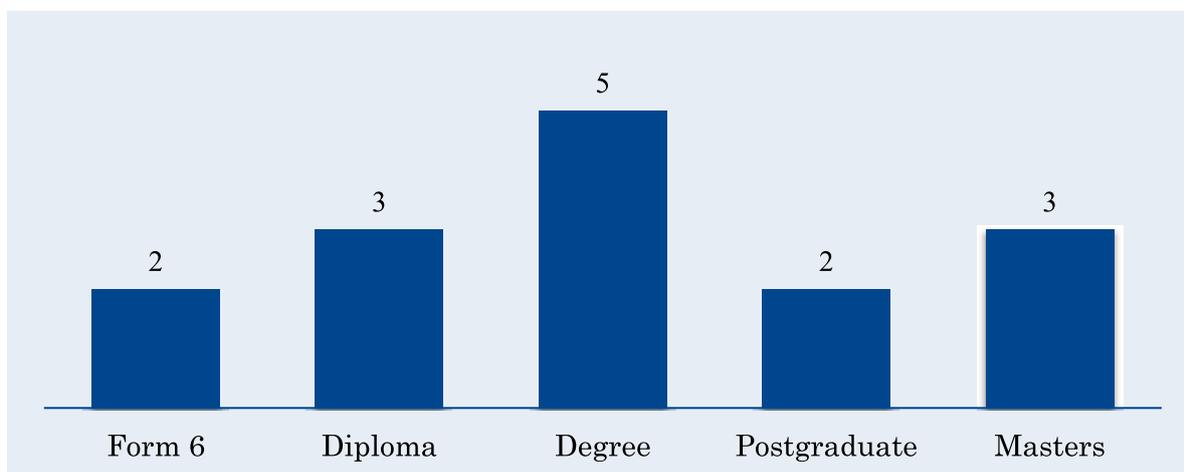
## **1.4 Staff Turnover**

A total of two (2) staff turnover was recorded during the period. Both the officers had tendered their resignation from the MoSI.

### 1.5 Staff Qualification

Figure 5 depicts different qualification levels that staff hold at MoSI.

**Figure 5: Staff Qualification**



### 1.6 Discipline

Staff are guided by PSC Code of Conduct and Values as per Part 2 Section 4 (1) - (14) of Public Service Act (1999). Any breach of PSC Code of Conduct and Values, a ground of disciplinary action taken against the officer. Two (2) cases were referred to Investigation committee for alleged breach of Code of Conduct.



## PART 2.0: ANNUAL PERFORMANCE ANALYSIS

The MoSI dynamically contributes to the Key Outcomes of the Government through its reforms and monitoring system.

### OUTCOME 1: SUSTAINABLE ECONOMIC DEVELOPMENT

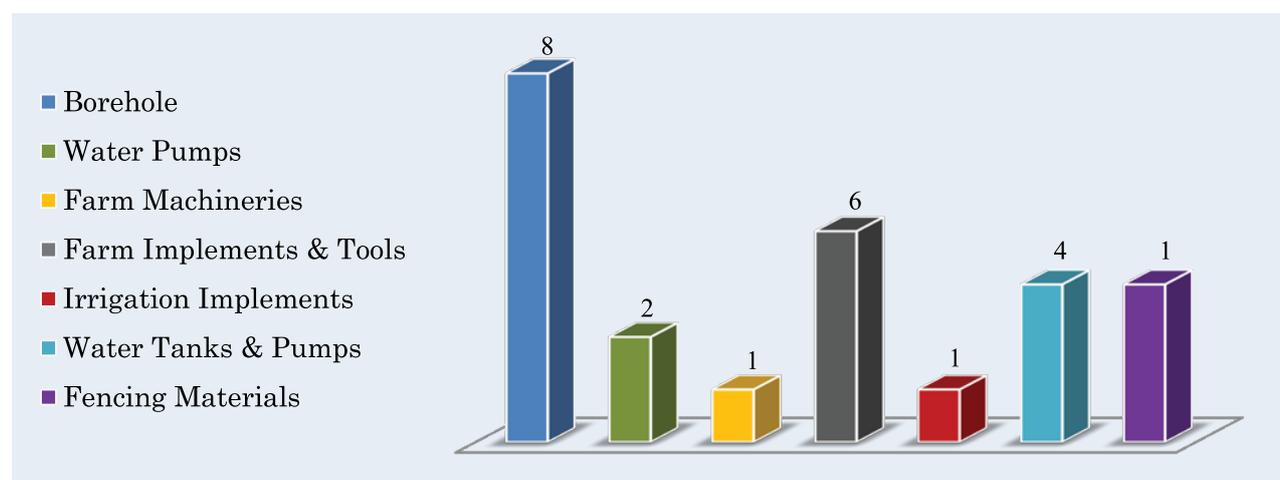
#### 1. *Inclusive Socio-Economic Development*

As outlined in the NDP “*women will be empowered, allowing them opportunities for greater participation in leadership and decision making across all sectors*”, in 2018-2019 financial year, a sum of \$104,285.80 was utilized to assist 23 female growers.



The graph below depicts the number of women the MoSI assisted through the Sugarcane Small Grants Programs.

**Figure 6: No. of Female Farmers Assisted under the Small Grants Program**



## 2. Modernised Transportation

To have an efficient cane delivery system, a modern and viable transportation network needs to be developed. To achieve this output, there were strategies being initiated by the MoSI; Cane Access Road Program (CAR) and Cane Cartage (Penang- Rarawai) program.

### 1.1 Cane Access Road Program



In 2012, MoSI initiated a Cane Access Road Program with \$2 million budget. Over the years, the budget progressively increased due to high demands of rehabilitation work needed to be undertaken due to cyclones and flooding.

The scope of work involves grading and gravelling of CARs, installments of culverts and construction of small to medium sized crossings covering mill areas in Penang, Rarawai, Lautoka and Labasa. CARs are crucial components of the cane supply chain by which harvested cane is supplied to the mills to minimize mill stoppages and to ensure that cane farmers are able to earn a stable income through the successful delivery of their cane.

For 2018/2019, budget allocated for CAR Program was \$6.0 million. The table below compares the achievement of the program in 2017-2018 and 2018-2019.

**Figure 7: Comparison of 2017/2018 and 2018/2019 CAR Achievements**

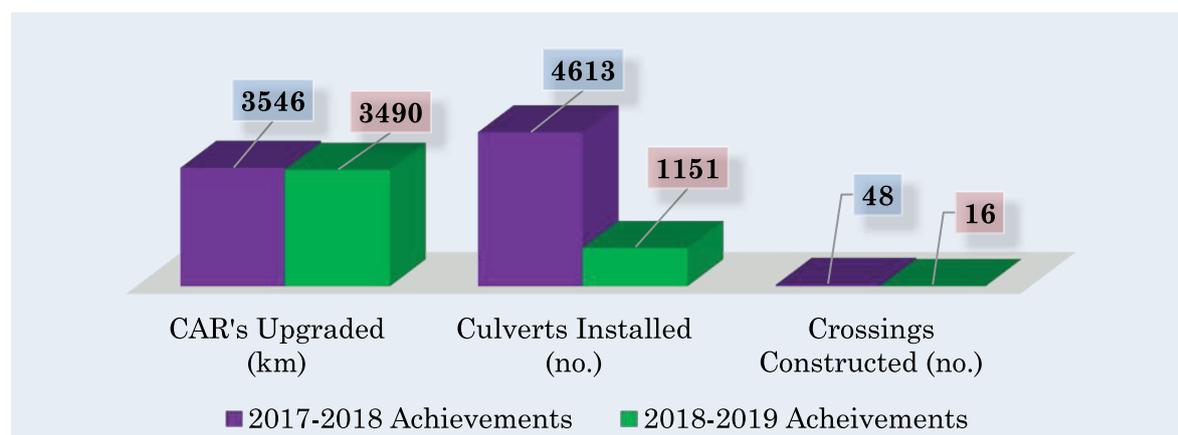


Figure 7 exemplifies that a greater quantity of culverts and crossings were constructed in the year 2017-2018. This is due to the number of requests received for culverts and crossings mostly for rehabilitation works caused by Cyclone Josie and Keni. Both cyclones had caused a total of \$20,941,567 of damages to infrastructure (cane access roads, tramline bridges, water dams, FSC Mills) and \$4,396,558 damages and losses to the crops. The MoSI also assisted cane growers with clearing of debris under the Farm Care initiative of the Government.

## 1.2 Cane Cartage Program

In 2016, the Penang Mill permanently closed down due to the Tropical Cyclone Winston that hit the country and caused vast and severe damages to the mill. Cane farmers were affected especially those in the Penang mill area where farmers had no alternatives but to transport their cane to the Rarawai Mill for crushing.

The MoSI has provided cane farmers financial assistance through its Cane Cartage Program where the MoSI met all cost of transporting canes from Penang Mill to Rarawai Mill.

For 2018/2019 crushing season, \$5,659,930 was allocated to meet cane transfer cost from Penang mill to Rarawai mill. The funds were distributed to the cane farmers through FSC as an executing agency for MoSI.

A total of 2,743 sugarcane farmers were assisted under this program in 2018-2019. A sum of 139,939 tons of sugar cane was carted from Penang to Rarawai as compared to 118,240 tons of canes were carted in 2017/2018.

**Table 1: Comparison of Cane Cartage Program for Year 2017/2018 & 2018/2019**

Year	Famers Assisted	Tons of Cane Carted
2017-2018	1,382	118,240
2018-2019	2,743	139,939

*(Note: There was a correction to the total amount of cane carted in the year 2017 – 2018 previously stated as 139,939 tonnes which was actually recorded at 118,240 tonnes in the 2017 – 2018 financial year.)*

As illustrated in table 1 above, performances for year 2018-2019 has improved compared to 2017-2018 financial year. This is due to an increase of budget allocated for the Cane Cartage Program resulting in more cane harvested and carted from Penang Mill area.

## ***2. Developing Resource Based Sector- Sustainability of Sugar Industry***

### **2.1 Promote Adoption of New Farming Technologies to Mechanise Farms (planting, fertilizer application, spraying and harvesting)**

#### ***2.1.1 Farm Mechanization Program***

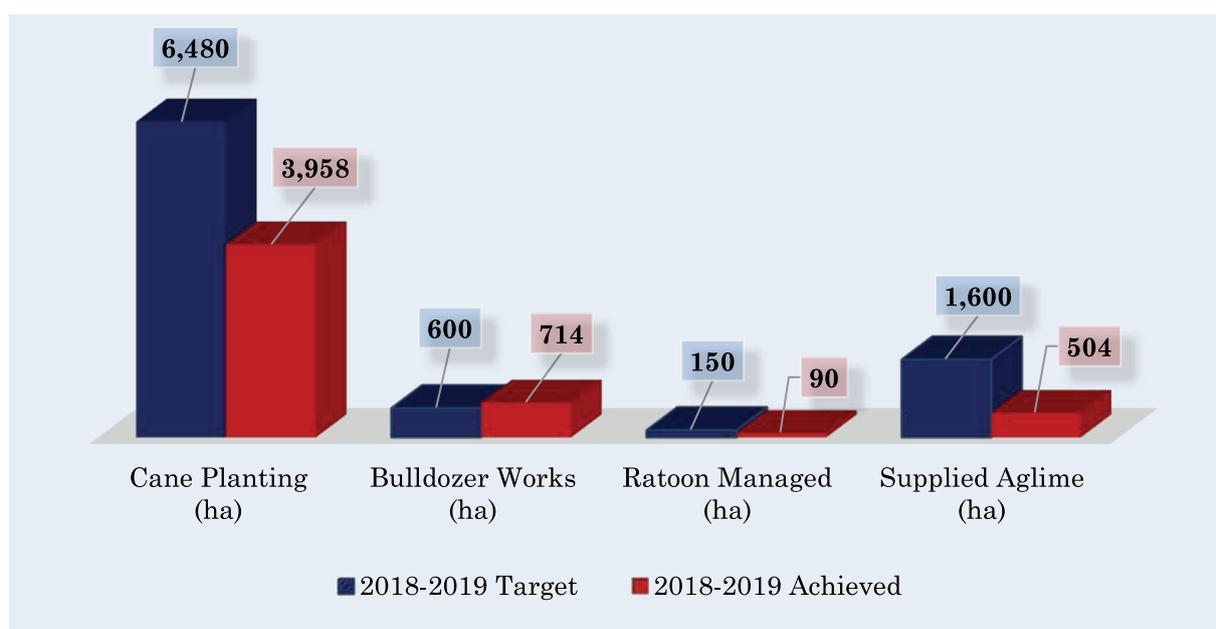
Over the years, the Sugar Cane Industry has encountered many challenges such as shortage of labor, aging of existing farmers, lack of interest from young generations and scarceness of machines. Cane farmers had requested the Government for assistance in purchasing of mechanical harvester. In 2016/2017, the MoSI provided 21 Co-operatives with a grant of \$90,000 each as a deposit to loan to purchase mechanical harvesters.

The MoSI had planned to continue with the farm mechanization program with an allocation of \$1.0 million in the 2018/2019 financial year budget. In year 2018/2019, a total of 13 Cooperatives were assisted with deposits to loan to procure mechanical harvesters.

## 2.2 Increase Cane Production to Ensure Sustainability of the Sugar Sector

### 2.2.1 *Sugarcane Development and Farmers Assistance (SDP) Program*

**Figure 8: Target Vs Achievements of SDP Program for the year 2018 – 2019**



For 2018/19 financial year, Government had allocated \$15.4 million to continue assistance for cane planting, rehabilitation of uneconomical ratoon fields and supply of agricultural lime (Aglime) to ameliorate the poor soil health or acidity of soil.

SDP was implemented by FSC. Grant was distributed to selected farmers to ensure that the funds disbursed were clearly accounted for and necessary reports are submitted to the MoSI. At the end of the year, the following were achieved under this program which is tabulated below:

**Table 2: Target Vs Achievement of SDP Program for the Year 2018/2019**

SDP Activities	2018-2019 Target	2018-2019 Achieved
Cane Planting (ha)	6,480	3,958
Bulldozer works (ha)	600	714
Ratoon managed (ha)	150	90
Supplied Aglime (ha)	1,600	504

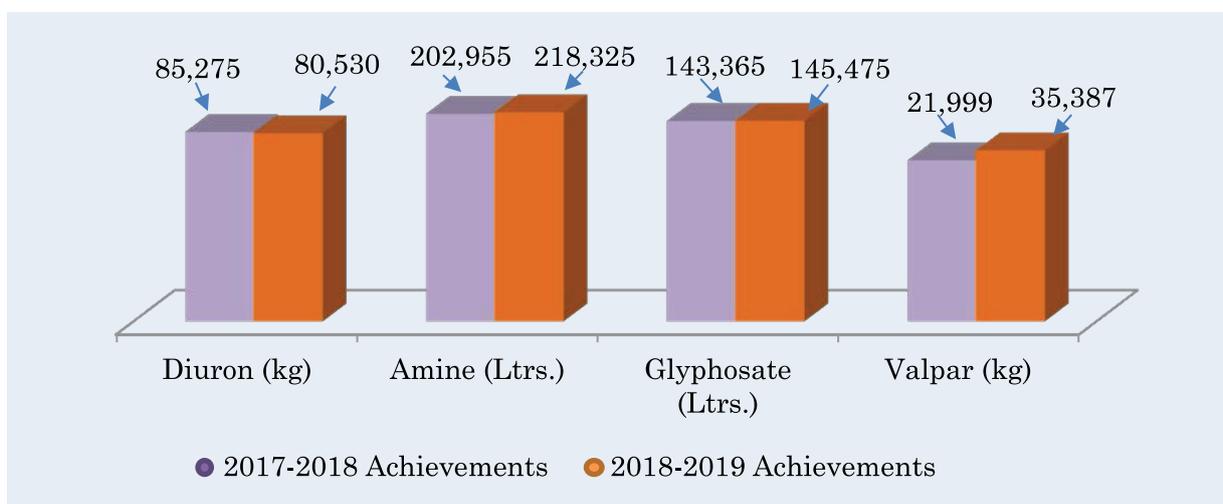
## 2.2.2 Weedicide Subsidy Program

In the past 2 years, sugarcane yield was averaged around 40 Tc/ha. Poor weed control is one of the major contributing factor for low yield. Weeds have been estimated to cause 12% to 70% reduction in cane yield depending upon the severity of infestation in sugarcane farms.



Weedicide Subsidy Program was introduced in 2017/2018 with an allocation of \$6.3million to subsidize price of four (4) recommended weedicides for cane crops. For 2018/2019, an allocation of another \$6.3 million was granted to subsidized weedicides which include Diuron, Amine, Glyphosate and Valpar King. This program was implemented by South Pacific Fertilizers Limited (SPFL). The graph below depicts that growers are fully utilizing the support rendered by the Government to boost production and decreases input costs making sugarcane cultivation appealing for both current and new growers in the sugar industry.

**Figure 9: Comparison of Achievements of Weedicide for Year 2017-2018 & 2018-2019**



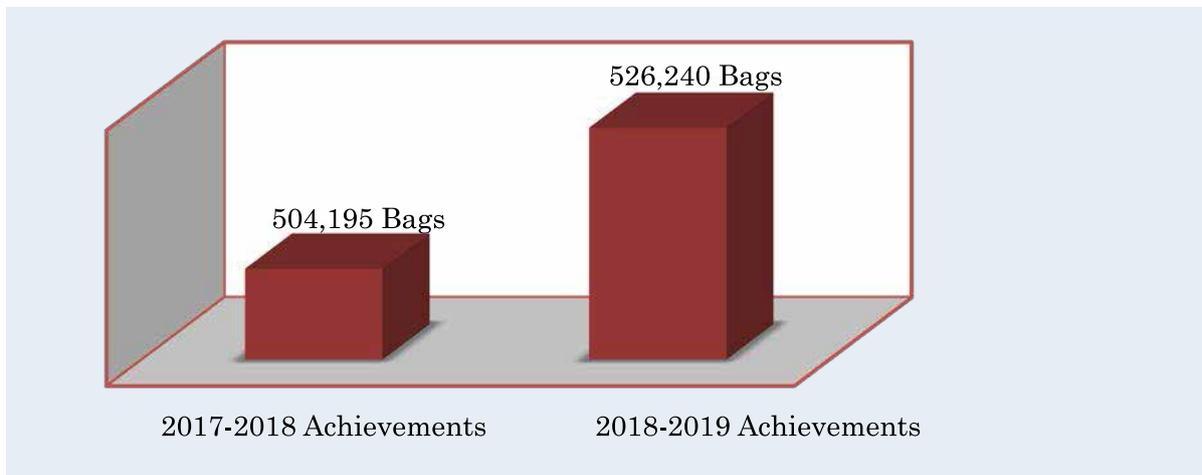
## 2.2.3 Fertilizer Subsidy Program

Sugarcane crops require Nitrogen, Potassium and Phosphorous to grow successfully. Fertilizer is a vital component in boosting sugarcane production.

Over the years, price of fertilizer has increased thus reducing profit for farmers. To address this issue, the Government introduced Fertilizer Subsidy Program to assist farmers to reduce input costs and enable SPFL to procure the required raw materials, blend and sell to farmers at a much lower price.

For 2018/2019, an allocation of \$15,354,000 was budgeted for this program. Figure 10 shows the comparison of achievements of number of bags of fertilizer distributed in 2017-2018 and 2018-2019 financial year.

**Figure 10: Comparison of Number of Bags of Fertilizer Distributed for Year 2017-2018 & 2018-2019**



As illustrated in Figure 10, there was an increase in sale of fertilizer in 2018-2019 compared to 2017-2018 financial year due to:

- i. More orders in 2018-2019 compared to the same period of 2017-2018.
- ii. Favorable weather conditions in the year 2018 – 2019.
- iii. Rehabilitation works undertaken due to Tropical Cyclone Josie and Tropical Cyclone Keni that affected Fiji in April, 2018.

### **3. Strengthen Research and Transfer Technology to Cane Farmers**

#### ***3.1 Improve fertilizer advisory services, knowledge and technology transfer to growers and pest and disease control***

The Sugar Research Institute of Fiji being the Research Centre for the Sugar Industry provides numerous services for the growers. The Research Institute provides soil sample and leaf sample analysis to all growers. The analysis is used to calculate the number of bags of fertilizer and other inputs that the farm will require to provide optimum production for grower. The Research Institute also conducts demonstration trials, information days and farmer training events on Farm Advisory Services that allow growers direct experience. Moreover, commercial sugarcane fields are inspected for disease outbreaks on a daily basis to rogue out infected plants. The hot water treated disease free seed cane is also supplied to interested growers. Using tissue culture technique, the Research Institute is now venturing into supplying disease free seed cane.

## **OUTCOME 2: STRUCTURAL REFORMS**

### **2.1 Improve Ministry Systems & Processes**

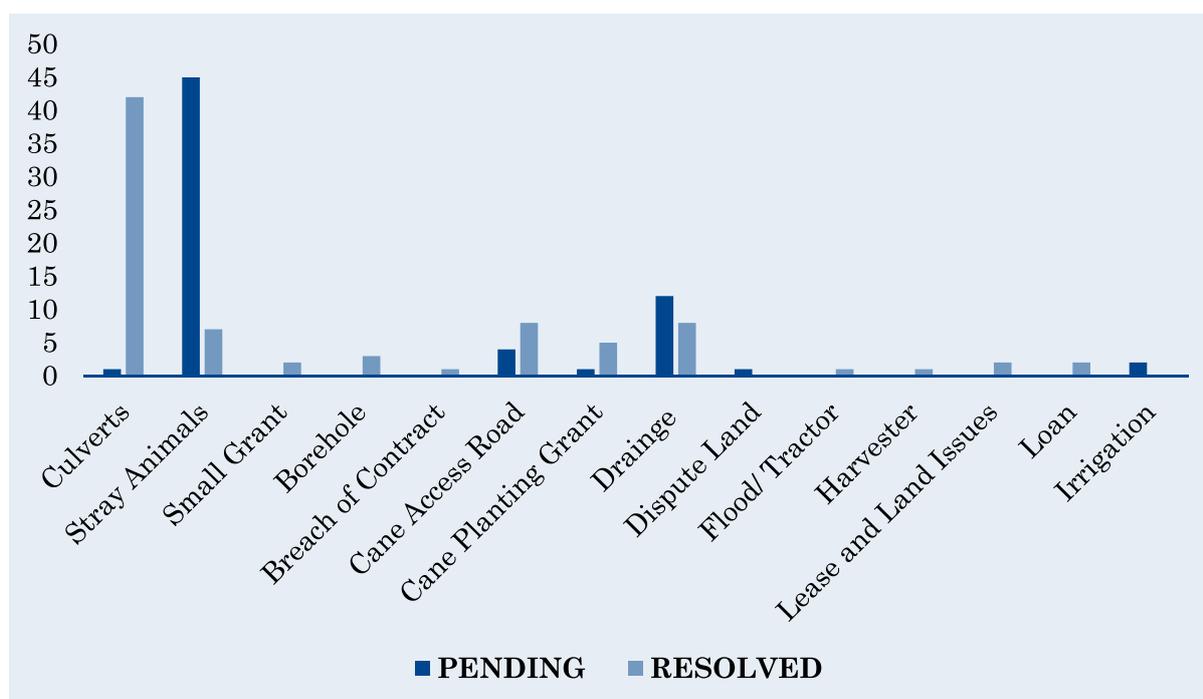
#### ***2.1.1 Innovation and best practice in public service delivery***

The MoSI prepared four (4) Quarterly Grant progress reports. These reports highlighted the utilization of each program drafted by the MoSI and implemented by either external or internal stakeholders. The targets and achievements of each program were monitored through the progress reports.

#### ***2.1.2 Complaints/ issues raised by farmers***

The graph below depicts the summary of complaints received for year 2018/2019. For complaints received regarding CAR were forwarded to FSC to resolve and complaints related to stray animals were resolved through the Sugar Cane Small Grants Scheme.

**Figure 11: 2018/2019 Summary of Complaints**



### **2.2 Implementation, Monitoring and Evaluation of Sugar Industry Reforms**

#### ***2.2.1 Policy shift to expand development and support of transforming the sugar Industry***

##### ***2.2.1.1 National Sugar Industry Policy***

The MoSI carried out consultation with the farmers being the one of the major stakeholders of the sugar industry and developed a draft National Sugar Industry Policy.

### **2.2.1.2 Cabinet Papers**

The MoSI submitted (3) Cabinet papers in the year. These are as follows:

- i. Cane Top-up Payment;
- ii. Development of a National Sugar Industry Policy; and
- iii. Tabling of Annual Reports to the Cabinet.

### **2.2.1.3 International Sugar Industry Related Conference & Meetings**

The MoSI attended two (2) annual international meetings related to sugar industry.

- i. 54<sup>th</sup> Session of the International Sugar Council in London, November 2018.
- ii. 55<sup>th</sup> Session of the International Sugar Council in Cairns, Australia, July 2019.

### **2.2.1.4 Participation in Parliament Session on Sugar Related Issues**

The MoSI submitted two (2) responses on Order papers to the Parliament in relation to sugar related issues in the year.

### **2.2.1.5 Promotion and Adoption of Policy**

The MoSI prepared and submitted twenty – six Requestion to Incur Expenditure (RIE's) in the year. All the RIE's were approved.

### **2.2.1.6 Promotion of Cane Farming through New Cane Farmer Assistance Program**

The MoSI in its 2017/2018 budget introduced a New Farmers Assistance Program to entice new sugarcane farmers venture into sugarcane farming and utilize idle land suitable for cane farming. This program meets costs incurred in acquiring land leases. MoSI paid costs stated in offer letters issued by the iTLTB or Ministry of Lands; and grant amount for input cost (fertilizer and weedicide) and cost for planting 2 hectares of cane to start sugarcane farming.

## **2.2.2 Strengthen governance in Ministry and implementing partners**

### **2.2.2.1 Improve Monitoring and Evaluation Systems**

The allocated fund of \$2 million under New Farmers Assistance Program in the year 2018 – 2019 was vired for Cane Access Roads and Farm Mechanization due to the damages caused from the two Tropical Cyclones, Josie and Keni. In the year 2018 – 2019, the MoSI was involved in signing of grant agreements and releasing payments for the 108 approved applicants of 2017 – 2018 fiscal year.

#### **2.2.2.1.1 New Farmer Registrations**

The MoSI assisted and monitored the registration of 108 new growers in the year under the New Farmers Assistance Program.

### 2.2.2.1.2 Growers consultation

The MoSI conducted numerous consultations in the year to gather inputs from the growers for draft National Sugar Industry Policy as highlighted below:

**Table 3: Growers Consultation Details 2018/2019**

DATE	TIME	SECTOR	VENUE
<b>VANUA LEVU</b>			
<b>8 January, 2019</b>	10.00 a.m.	Waiqele	Waiqele Sector office
	2.00 p.m.	Wailevu	Wailevu Ganesh temple
<b>9 January, 2019</b>	10.00 a.m.	Wainikoro/ Daku	Wainikoro Sector Office
	2.00 p.m.	Bucaisau	Vunika Temple
<b>10 January, 2019</b>	10.00 a.m.	Natua/Bulivou	Seaqaqa Community Hall
	2.00 p.m.	Solove	Solove Primary School
<b>11 January, 2019</b>	10.00 a.m.	Vunimoli	Anil's Residence - Vunimoli
	2.00 p.m.	Labasa	Dreketilailai Temple
<b>VITI LEVU</b>			
<b>14 January, 2019</b>	10.00 a.m.	Ellington 1	Navolau No.1 Village Hall
	2.00 p.m.	Ellington 2	Burenitu Village Hall
<b>15 January, 2019</b>	10.00 a.m.	Nanuku	Wailevu Temple
	2.00 p.m.	Malau	FSC Mechanics Hall
<b>16 January, 2019</b>	10.00 a.m.	Drumasi	Naidu's Shop
	2.00 p.m.	Yaladro	Vinod Sharma Residence
<b>17 January, 2019</b>	10.00 a.m.	Tagitagi	Tagitagi Temple Shed
	2.00 p.m.	Varavu	Satendra Prasad Residence
<b>18 January, 2019</b>	10.00 a.m.	Veisaru	Veisaru Temple
	2.00 p.m.	Koronubu	Rajesh Kumar Singh Residence
<b>19 January, 2019</b>	10.00 a.m.	Mota/Naloto	Nukuloa College
	2.00 p.m.	Mota/Naloto	Moto Sanatan
<b>21 January, 2019</b>	10.00 a.m.	Rarawai	Rarawai Gangamma Temple - F28
	2.00 p.m.	Varoko	Muni Mukesh Residence
<b>22 January, 2019</b>	10.00 a.m.	Drasa	Hira Sami's Residence Drasa Seaside
	2.00 p.m.	Lovu/Lautoka	SCGC Hall Lautoka
<b>23 January, 2019</b>	10.00 a.m.	Legalega	Votualevu College Hall
	4.00 p.m.	Saweni/ Natova	Sabeto Central School
<b>24 January, 2019</b>	10.00 a.m.	Meigunyah	Mulomulo Secondary School
	2.00 p.m.	Qeleloa/ Malolo	FSC Navo Office
<b>25 January, 2019</b>	10.00 a.m.	Yako	Nawai Temple
	2.00 p.m.	Nawaicoba	Nawaicoba Vocational School Hall
<b>26 January, 2019</b>	10.00 a.m.	Lomawai	Lomawai Sanatan Bhawan
	2.00 p.m.	Cuvu/Olosara	Cuvu Sector Office

**PART 3.0: MINISTRY OF SUGAR INDUSTRY  
FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31st JULY 2019**



**MINISTRY OF SUGAR INDUSTRY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>st</sup> JULY 2019**

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**TABLE OF CONTENTS**

Independent Auditor's Report	20-23
Management Certificate	23
Statement of Receipts and Expenditure	24
Appropriation Statement	25
Statement of Losses	26
Notes Forming Part of the Financial Statements	27-30

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## OFFICE OF THE AUDITOR-GENERAL

Promoting Public Sector Accountability and Sustainability Through Our Audits



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### INDEPENDENT AUDITOR'S REPORT

#### To the Minister for Sugar Industry

#### Report on the Audit of the Financial Statements

#### Opinion

I have audited the financial statements of the Ministry of Sugar Industry, which comprise the Statement of Receipts and Expenditure, Appropriation Statement and Statement of Losses for the year ended 31 July 2019, and the notes to the financial statements including a summary of significant accounting policies.

In my opinion, except for the effect of matters described in the basis of Qualified Opinion paragraphs, the accompanying financial statements are prepared, in all material respect, in accordance with the Financial Management Act, the Finance Instructions 2010 and Finance (Amendment) Instructions 2016.

#### Basis for Qualified Opinion

1. There is an unreconciled variance of \$1,820,659 and \$3,838,071 between the cane access roads and cane planting grant acquittals respectively and bank statement balance of the cane access roads and cane planting grant maintained by Fiji Sugar Corporation. Consequently, I couldn't not confirm the accuracy of the Capital grants and transfers amounts of \$57,750,367 reflected in the financial statements.

2. The Cane Top-up payment of \$3,134,295 and \$2,869,165 was incorrectly posted to Sugar Development and Farmers Assistance program allocation and Cane Access Road allocation respectively. Consequently, the general ledger account of the Cane Top-up payment is understated by \$6,003,460, and the general ledger of the Sugar Development and Farmers Assistance program allocation and Cane Access Road is overstated by \$3,134,295 and \$2,869,165 respectively.

3. The acquittals totaling \$5,659,906 submitted by the Fiji Sugar Corporation did not provide proper records for all costs incurred and the utilization of the cane cartage grant in accordance with the requirements of section 6.1 of the Grant Agreement.

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Ministry in accordance with the International Ethics Standard Commission for Accountant's Code of

Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Other Matters**

1. The Ministry is yet develop the Business Continuity and Disaster Recovery Plan.
2. The Ministry is yet to review and update the Finance Manual. Consequently, procedures currently applied are not update in the existing Manual.

### **Responsibilities of the management and those charged with governance for financial statements**

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

Those charged with governance are responsible for overseeing the Ministry's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

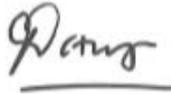
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

- Evaluate the appropriateness of accounting policies used and related disclosures made by the Ministry.

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



Ajay Nand  
AUDITOR-GENERAL



Suva, Fiji  
13 October 2020

**MINISTRY OF SUGAR INDUSTRY  
MANAGEMENT CERTIFICATE  
FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

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We certify that these financial statements:

- (a) fairly reflect the financial operations and performance of the Ministry and its financial position for the year ended 31 July 2019; and
- (b) have been prepared in accordance with the requirements of the Financial Management Act, the Finance Instructions 2010 and Finance (Amendment) Instructions 2016.

  
\_\_\_\_\_  
Yogesh Karan  
Permanent Secretary  
Date: 01/07/2020.

  
\_\_\_\_\_  
Sanjay Kumar  
Director of Sugar Industry  
Date: 29/9/2020

**MINISTRY OF SUGAR INDUSTRY  
STATEMENT OF RECEIPTS AND EXPENDITURE  
FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

	Notes	2019 (\$)	2018 (\$)
<b>RECEIPTS</b>			
<b>State Revenue</b>			
Commission		38	21
<b>Agency Revenue</b>			
Board Member Fee		8,143	4,082
<b>Total Revenue</b>		<b>8,181</b>	<b>4,103</b>
<b>EXPENDITURE</b>			
Established Staff	3 ( a )	523,456	443,729
Government Wage Earners	3 ( b )	62,094	49,375
Travel & Communications		120,913	142,558
Maintenance & Operations	3 ( c )	280,240	90,512
Purchase Of Goods & Services		23,011	92,339
Operating Grants & Transfers		2,012,442	2,012,963
Special Expenditures		179,315	338,845
<b>Total Operating Expenditure</b>		<b>3,201,471</b>	<b>3,170,321</b>
<b>Capital Expenditure</b>			
Capital Construction		---	---
Capital Grants & Transfers		57,750,367	77,483,649
<b>Total Capital Expenditure</b>		<b>57,750,367</b>	<b>77,483,649</b>
Value Added Tax		35,231	24,116
<b>TOTAL EXPENDITURE</b>		<b>60,987,069</b>	<b>80,678,086</b>

**MINISTRY OF SUGAR INDUSTRY  
APPROPRIATION STATEMENT  
FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

SEG	Item	Budget Estimate (\$)	Changes (Note 4) (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	<b>Operation Costs</b>					
1	Established Staff	598,145	0	598,145	523,456	74,689
2	Government Wage Earners	73,259	0	73,259	62,094	11,165
3	Travel & Communications	215,005	-72,770	142,235	120,913	21,322
4	Maintenance & Operations	213,000	72,770	285,770	280,240	5,530
5	Purchase of Goods and Services	32,380	0	32,380	23,011	9,369
6	Operating Grants and Transfers	2,014,947	0	2,014,947	2,012,442	2,505
7	Special Expenditures	5,881,413	0	5,881,413	179,315	5,702,098
	<b>Total Operating Costs</b>	<b>9,028,149</b>	<b>0</b>	<b>9,028,149</b>	<b>3,201,471</b>	<b>5,826,678</b>
	<b>Capital Expenditure</b>					
8	Capital Construction	---	---	---	---	---
9	Capital Purchase	---	---	---	---	---
10	Capital Grants & Transfers	53,231,930	6,003,460	59,235,390	57,750,367	1,485,023
	<b>Total Capital Expenditure</b>	<b>53,231,930</b>	<b>6,003,460</b>	<b>59,235,390</b>	<b>57,750,367</b>	<b>1,485,023</b>
13	Value Added Tax	71,800	0	71,800	35,231	36,569
	<b>Total Expenditure</b>	<b>62,331,879</b>	<b>6,003,460</b>	<b>68,335,339</b>	<b>60,987,069</b>	<b>7,348,270</b>

**MINISTRY OF SUGAR INDUSTRY  
STATEMENT OF LOSSES  
FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

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**Loss of Money**

There was no loss of money recorded for the financial period ended 31 July 2019.

**Loss of Revenue**

The Ministry recorded a loss of \$3,827 for the financial year ended 31 July 2019. This consist of outstanding unretired Accountable Advance is the money owed by a former employee of the Ministry. The matter is before the Magistrate Court.

**Loss (other than money)**

Board of Survey for Ministry of Sugar Industry was carried out in the month of June 2019, covering the period for August 2018 to July 2019. There is loss of assets valued at \$2,926.10 for the year ended 31 July 2019 as follows:

<b>Asset</b>	<b>Amount (\$)</b>
<b>Office Equipment</b>	2,926.10
<b>Total</b>	<b>2,926.10</b>

These assets were issued to the former Accounts Officer, who had failed to return the items to the Ministry upon the termination of her contract.

**MINISTRY OF SUGAR INDUSTRY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

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**NOTE 1: REPORTING ENTITY**

The Ministry is responsible for implementing key policies and plans consistent with Government programs to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar industry. This provides a strong platform to increased cane production through the coloration with relevant industry stakeholders.

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

Through the grant assistance to the relevant sugarcane institutions, the Ministry delivers the following services to the sugarcane growers by way of fertilizer subsidy, cane variety research, effective administration of cane contracts, upgrading of cane access roads, cane planting and replanting assistance, cane cartage, small grants scheme, farm mechanization and GIS mapping of cane farm.

Government is fully committed to the revival and future viability of Fiji's sugar cane industry.

**NOTE 2: STATEMENT OF ACCOUNTING POLICIES**

**(a) Basis of Accounting / Presentation**

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

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

**MINISTRY OF SUGAR INDUSTRY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)***  
**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

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

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

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

**(c) Comparative Figures**

Where necessary, amounts relating to prior years have been re-classified to facilitate comparison and achieve consistency in disclosure with current financial period amounts.

**NOTE 3: SIGNIFICANT VARIATIONS**

- (a) The increase in Established Staff by \$79,727 or 18% was attributed to the Civil Service Job Evaluation movement in Salary Step, Performance Pay and appointment of Assistant Minister for Sugar Industry.
- (b) The increase in Government Wage Earners by \$12,719 or 26% was attributed to the Civil Service Job Evaluation movement in Salary Step and appointment of temporary driver for Assistant Minister Sugar Industry.
- (c) The increase in Maintenance & Operations by \$189,728 or 210% was due to the increase in expenditure for the cane harvesting – Fiji Corrections Service.

**MINISTRY OF SUGAR INDUSTRY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

**NOTE 4: APPROPRIATION MOVEMENTS**

There was redeployment of funds, approved by Permanent Secretary for Sugar Industry and the Permanent Secretary for Economy for the fiscal year 2018-2019.

Redeployment No.	To Expenditure Group	Amount (\$)	Approved By
<b>REDY01</b>	SEG 10	2,869,165	PS - Economy
<b>REDY01</b>	SEG 10	3,134,295	PS - Economy
<b>TOTAL</b>		<b>\$6,003,460</b>	

There were virements approved by Permanent Secretary for Sugar Industry and the Permanent Secretary for Economy during the period. The appropriation movements for the financial year ended 31 July 2019 are detailed below:

Virement No.	From Expenditure Group	Amount (\$)	Virement No.	To Expenditure Group	Amount (\$)	Approved By
<b>V35003/18-19</b>	SEG 1	324	<b>V35003/18-19</b>	SEG 1	324	PS - Economy
<b>V35004/18-19</b>	SEG 10	215,000	<b>V35004/18-19</b>	SEG 10	215,000	PS - Economy
<b>V35001/18-19</b>	SEG 2	5,000	<b>V35001/18-19</b>	SEG 2	5,000	PS - Economy
<b>V35002/18-19</b>	SEG 2	1,000	<b>V35002/18-19</b>	SEG 2	1,000	PS - Economy
<b>V35007/18-19</b>	SEG 2	300	<b>V35007/18-19</b>	SEG 2	300	PS - Economy
<b>V35006/18-19</b>	SEG 2	900	<b>V35006/18-19</b>	SEG 2	900	PS - Economy
<b>DV3502/18-19</b>	SEG 3	24,394	<b>DV3502/18-19</b>	SEG 4	24,394	PS - Sugar Industry
<b>DV3504/18-19</b>	SEG 3	4,382	<b>DV3504/18-19</b>	SEG 4	4,382	PS - Sugar Industry
<b>DV3507/18-19</b>	SEG 3	30,453	<b>DV3507/18-19</b>	SEG 4	30,453	PS - Economy
<b>DV3505/18-19</b>	SEG 3	13,538	<b>DV3505/18-19</b>	SEG 4	13,538	PS - Sugar Industry
<b>DV3501/18-19</b>	SEG 4	32,258	<b>DV3501/18-19</b>	SEG 4	32,258	PS - Sugar Industry
<b>DV3503/18-19</b>	SEG 4	4,388	<b>DV3503/18-19</b>	SEG 4	4,388	PS - Sugar Industry
<b>DV3506/18-19</b>	SEG 4	9,689	<b>DV3506/18-19</b>	SEG 4	9,689	PS - Economy
<b>TOTAL</b>		<b>\$341,626</b>	<b>TOTAL</b>		<b>\$341,626</b>	

**MINISTRY OF SUGAR INDUSTRY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)***  
**FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2019**

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**NOTE 5: REVOLVING FUND ACCOUNT – MISCELLANEOUS**

As at 31 July 2019, the Ministry had a balance of \$3,827 in the Revolving Fund Account (RFA) Miscellaneous account made up of Advances.

**NOTE 6: DRAWINGS ACCOUNT**

At balance date, there were no un-presented cheques under Drawings Account as at 31 July 2019.





**Ministry of Sugar Industry**  
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