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## **STANDING COMMITTEE ON SOCIAL AFFAIRS**

**Review of the:**

**Fiji Ports Corporation Limited 2019 Annual Report**

**Fiji Ports Corporation Limited 2018 Annual Report**



**PARLIAMENT OF THE REPUBLIC OF FIJI  
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## COMMITTEE MEMBERSHIP



### **Chairperson**

Hon. Viam Pillay MP

Government Member

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### **Deputy Chairperson**

Hon. George Vegnathan MP

Government Member

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### **Member**

Hon. Alipate Nagata MP

Government Member

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### **Member**

Hon. Salote Radrodro MP

Opposition Member

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### **Member**

Hon. Dr Ratu Atonio Lalabalavu MP

Opposition Member

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## CHAIRPERSON'S FOREWORD

I am pleased to present the report of the Standing Committee on Social Affairs on the annual review of the Fiji Ports Corporation Limited (FPCL) for 2019 and 2018.

This review was undertaken in accordance with Standing Order 109(2)(b) which mandates the committee to look into issues related to health, education, social services, labour, culture and media. The committee first met to deliberate in March of this year and formulated questions pertaining to the Annual Reports which were sent to FPCL for its response. Upon receipt of all relevant information on the committee's queries, the committee compiled its findings and subsequently endorsed its report in March.

Some of the pertinent issues emanating from the scrutiny of FPCL's Annual Reports include:

- Plans to rehabilitate ports and wharves, further develop the Lautoka and Levuka ports, and review regulatory requirements and responsibilities for declared and non-declared ports and wharves, in line with FPCL's 5-year Strategic Plan (2019-2023);
- Dividend totalling more than FJ\$16million paid to FPCL Shareholders for the 2019 financial year;
- Launching of 2019-2023 Green Port Master plan and Sustainability Guidelines for Procurement; and
- Launch of FPCL 5-Year Strategic Plan 2019-2023.

At this juncture, I wish to thank the Chief Executive Officer of the Fiji Ports Corporation Limited, Mr. Vajira Piyasena, and his staff for their timely assistance in this review process. I also extend my gratitude to my Committee colleagues namely: Hon. George Vegnathan (Deputy Chairperson), Hon. Alipate Nagata, Hon. Salote Radrodro and Hon. Dr Ratu Atonio Lalabalavu for their contributions during the committee's deliberations.

On behalf of the Standing Committee on Social Affairs, I commend this Report to Parliament and request all members of this august House to take note of the Report.



**Hon. Viam Pillay**  
**Chairperson**

## **LIST OF ACRONYMS**

FSHIL - Fiji Ships and Heavy Industries Limited

MP - Member of Parliament

NPAT - Net Profit After Tax

## **RECOMMENDATION:**

The Standing Committee on Social Affairs has conducted the annual review of the Fiji Ports Corporation Limited for 2019 & 2018 and recommends that the House take note of its report.

## **1.0 INTRODUCTION**

The 2019 & 2018 Annual Reports of the Fiji Ports Corporation Limited was tabled in Parliament during the December 2021 meeting and referred to the Standing Committee on Social Affairs for its scrutiny.

Standing Orders 109(2)(b) allows Standing Committee on Social Affairs to examine matters related to health, education, social services, labour, culture and media.

Furthermore, Standing Orders 110(1)(c) authorises the Standing Committee to “*scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*”

### **1.1 Committee Procedure**

We first met in March to deliberate on and formulate questions pertaining to the 2019 & 2018 Annual Reports of FPCL which were sent to FPCL for its response.

Upon receipt of all relevant information on the committee's queries, we compiled our findings on the Annual Reports and subsequently endorsed it in the latter part of this month.

We received written response from the Fiji Ports Corporation Limited for this annual review. They are available on the Parliament website, at the following link: <http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>

## **2.0 ABOUT THE FIJI PORTS CORPORATION LIMITED**

Fiji Ports Corporation Limited is a commercial maritime port management company that operates the two main ports of entry into Fiji - Kings Wharf & Queens Wharf. FPCL is responsible for:

- Local wharves - FPCL owns and operates two major Ports of Suva and Port of Lautoka and secondary ports of Port of Levuka, Port of Vuda, Port of Malau, Port of Wairiki, and Port of Rotuma;
- Property;
- Wharf infrastructure, Development and Maintenance;
- Marine Services – Tugs, Lines boat, Pilot boat; and
- Land based Services - Warehousing, Container yard planning, berthing.

## **3.0 COMMITTEE’S OBSERVATIONS**

3.1 We queried FPCL on plans to expand the ports and wharves under its ambit. The committee was informed that in line with FPCL’s 5-year Strategic Plan (2019-2023), there are plans to rehabilitate the ports and wharves, further develop the Lautoka and Levuka ports, review regulatory requirements and responsibilities for declared and non-declared ports and wharves, and so forth. The Yard 3 Development Project in Lautoka is nearing completion which will improve container/cargo storage.

In relation to the Suva port, detailed condition assessments and rehabilitation works are ongoing. Furthermore, with the aid of the Asian Development Bank, a consulting firm has been engaged to perform a strategic review of Suva port, undertake the maritime sector review and identify a preferred site for partial relocation of Suva port. The feasibility study is expected to be completed towards the end of this year.

3.2 We note that although Fiji Ships & Heavy Industries Limited, a subsidiary company of FPCL, recorded a profit of FJ\$112k for the 2019 Financial Year, the total income exhibited a decrease of FJ\$819k, which is about 12.5% in comparison with 2018. This is attributed to the impact from ageing infrastructure, especially the underwater section of the slipways.

We also observe that in 2019, Management has invested FJ\$813k to fabricate the new cradle for the 500T slipway and to develop a robust plan to repair the aging infrastructure.

3.3 The key highlights of FPCL in the 2019 financial year were:

- Dividend totalling more than FJ\$16million paid to FPCL Shareholders
- Compilation of updated FPCL Risk Register
- Port Mua-i-Walu II deck overlay successfully completed
- Introduction of Vehicle Access Control System at Port Mua-i-Walu II

- Installation of electric powered incinerator at Port of Suva
- Launching of 2019-2023 Green Port Master plan and Sustainability Guidelines for Procurement
- Launch of FPCL 5-Year Strategic Plan 2019-2023

3.3 Furthermore, the key highlights of FPCL in the 2018 financial year were:

- Group NPAT of \$28.04 million, representing a 6% increase over the 2017 NPAT of \$26.35 million
- A Total Dividend of \$15.23 million was paid for 2017 in 2018
- Implementation of the FPCL Energy Management Plan
- FPCL subsidiary FSHIL reported a profit of \$1.3 million
- Successful refurbishment and return to service of the FSHIL 1000 tonne slipway
- FSHIL continues drive to expand regional reach, reconnecting with Samoa after a 30-year lapse
- Accreditation of ISO 9001:2015 awarded to FSHIL

3.5 The operating Group (FPCL subsidiary) profit for 2019 was \$26,500,505 (2018: \$28,041,359) after providing for income tax expense of \$5,664,291 (2018: \$5,725,731). The operating profit for the Company (FPCL) for the year was \$28,035,714 (2018: \$27,065,479) after providing for income tax expense of \$5,620,759 (2018: \$5,369,473).

## **4.0 COMMITTEE RECOMMENDATIONS**

1. That FPCL ensure the full implementation of its 5-Year Strategic Plan (2019-2023), particularly in respect of the rehabilitation of ports and wharves, further development of the Lautoka and Levuka ports, and review of the regulatory requirements and responsibilities for declared and non-declared ports and wharves.
2. That FPCL ensure that the feasibility study conducted for the partial relocation of the Suva port is completed by the year end.
3. That FPCL, through the Fiji Ships and Heavy Industries Limited, develop and implement a robust plan to repair the aging port infrastructure.
4. That FPCL work closely with the Ministry of Economy and other relevant agencies to explore the prospect of finding a suitable place in the North to develop as a port of entry.



## **5.0 CONCLUSION**

The committee has fulfilled its mandate to review the 2019 & 2018 Annual Reports of the Fiji Ports Corporation Limited. As part of its review process, the committee received a written response from the FPCL.

In this review report, the committee has highlighted various areas that need to be strengthened by the FPCL and relevant recommendations have been made for the resolution of issues.

## COMMITTEE MEMBERS' SIGNATURE

We, the Members of the Standing Committee on Social Affairs, hereby agree with the contents of this report:



Hon. Viam Pillay  
(Chairperson)



Hon. George Vegnathan  
(Deputy Chairperson)



Hon. Alipate Nagata  
(Member)



Hon. Salote Radrodoro  
(Member)



Hon. Dr. Ratu Atonio Lalabalavu  
(Member)

# APPENDIX

## Published written evidence

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Written evidence was received from the Fiji Ports Corporation Limited and can be viewed on the Parliament website at the following link: <http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>