



# **2013 ANNUAL REPORT**

**MINISTRY OF SUGAR INDUSTRY**

**PARLIAMENTARY PAPER NO. 21 OF 2019**

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# LETTER OF TRANSMITTAL

The Honourable Prime Minister and  
Minister for Sugar Industry

Dear Sir

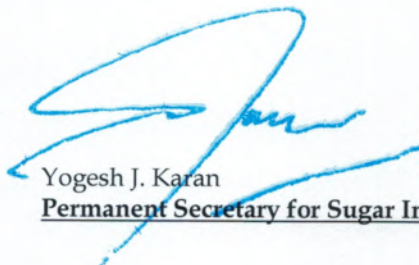
I am pleased to present the Annual Report of the Ministry of Sugar Industry for the year ended 31 December, 2013.

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

The report consists of the performance of the Ministry relative to its activities and targets contained in its Annual Corporate Plan for the year; together with its audited Financial Statements.

I hereby respectfully submit the report for your information and presentation to Parliament.

Yours sincerely



Yogesh J. Karan  
Permanent Secretary for Sugar Industry

# ABOUT THIS REPORT

Welcome to the Ministry of Sugar Industry's Annual Report 2013. The Report is designed to provide information about the Ministry of Sugar Industry, its purpose, services and performance.

The 2013 Annual Report is the second for the Ministry since its creation in June 2011.

The report provides:

1. The profile of the Management and their duties;
2. A summary of the Ministry's major achievements in respect of the outputs set out in its 2013 Annual Corporate Plan; and
3. The Ministry's audited Financial Statements.

# PERMANENT SECRETARY SUMMARY STATEMENT

I am pleased to present the 2013 Annual Report for the Ministry of Sugar Industry in accordance with the General Order 1108(a).

Although this is only the second year that the Ministry has been in existence since its creation in June 2011, the year has turned out to be an eventful one in that through the facilitation of the Ministry, Government hosted two international sugar conferences in Nadi and in Sigatoka in June and in October, respectively.

Following his appointment in November 2012 as chairman of the Council of the International Sugar Organization (ISO), the Prime Minister and Minister for Sugar Industry, the Honourable Josaia Voreqe Bainimarama, hosted the 43<sup>rd</sup> Council Meeting of the ISO at the Sofitel Hotel & Spa, at Denarau, Nadi from 7-9 June 2013.

This was a first for Fiji although it had been the eighty-seven member country of the ISO since 1992.

In October 2013, Fiji hosted the 54<sup>th</sup> Ministerial Conference on Sugar of the African, Caribbean and Pacific Sugar Group (ACP) comprising sugar producing countries that export sugar to the European Union. The Conference which is held every two years was to have been hosted by one of the African member countries. However, following the late withdrawal of the Africans, Fiji offered to host it at the Shangri-La, Fijian Hotel, Yanuca from 14-17 October.

A significant agenda item of this Conference was the on-going dialogue between the ACP Sugar Producing Countries and the European Union on the possible extension of the preferential sugar price arrangement enjoyed by the ACP sugar producing countries under the sugar protocol after the same expires on 30 September, 2017.

Apart from the hosting of these two sugar-related international conferences, the year also marked the first year of implementation by key industry stakeholders of the home-grown Industry Strategic Plan 2013-2022 after it was endorsed by the Cabinet earlier in the year. Consequent to that Cabinet decision was the transfer of the oversight of the implementation of the Industry Strategic Plan 2013-2022 to the Ministry following the dissolution of the Sugar Task Force which oversaw the implementation of the Deloitte Report Reform Agenda from 2010 to 2012.

The Ministry also received the Commitment Award in its first year of participation in the Service Excellence Award sponsored and administered by the Public Service Commission.



[Manasa Vaniqi]

**Permanent Secretary for Sugar Industry**

# **I. ACRONYMS**

1. ACP- Asian, Caribbean and Pacific
2. CAR- Cane Access Road
3. CBUL- Committee on better utilization of land
4. CDRF- Cane Development Revolving Fund
5. CQP- Cane Quality Payment
6. DISMAC- Disaster Management Centre
7. EBA- Everything But Arms Initiative
8. EPA- Economic Partnership Agreement
9. EU- European Union
10. FAOUN- Food and Agricultural Organization (UN)
11. FAO- Food and Agriculture Organization
12. FPCL- Fiji Ports Corporation Limited
13. FRCA- Fiji Revenue and Custom Authority
14. FSC- Fiji Sugar Corporation Ltd
15. ISO- International Sugar Organization
16. MOGA- Memorandum of Gang Agreement
17. PD- Personal Deduction
18. PMO- Prime Minister's Office
19. SPC- Secretariat of the Pacific Community
20. SRIF- Sugar Research Institute of Fiji
21. TLTB- iTaukei Land Trust Board
22. VAT- Value Added Tax

## II. CORPORATE PROFILE

### VISION

To create a vibrant, sustainable and globally competitive sugarcane industry

### MISSION

To successfully implement sugar cane reforms and deliver timely, effective and efficient services to relevant stakeholders that contribute to boosting sugar production

### VALUES

Integrity and Professionalism

Transparency and Accountability

Honesty and Commitment

Customer Satisfaction

Teamwork

### III. CUSTOMERS

#### INTERNAL

Fiji Sugar Corporation Limited (FSC)  
Sugar Cane Growers Council (SCGC)  
Sugar Industry Tribunal (SIT)  
Sugar Cane Growers Fund (SCGF)  
Sugar Research Institute of Fiji (SRIF)  
South Pacific Fertilizer Limited (SPFL)

#### EXTERNAL

Minister  
Cabinet Office  
Public Service Commission  
Ministry of Finance  
Ministry of Strategic Planning, National Development & Statistics  
Strategic Framework for Change Coordinating Office  
Sugarcane Growers  
Potential Investors  
Consultants

# **PART 1.0 MINISTRY PROFILE**

## **1.1 ROLES AND RESPONSIBILITY**

The Ministry of Sugar Industry is responsible for the co-ordination of the activities and functions of the various institutions that make up the sugar industry with the sole objective of ensuring that Government's commitment to reviving the industry is achieved thereby cementing Government's catch phrase that the industry is here to stay.

To this end, the Ministry will ensure that the right environment is created and maintained whereby these institutions work closely with a spirit of co-operation to achieve their respective institutions roles and functions to continue to contribute to achieving Government's and industry's overall objectives of a thriving sugar cane industry.

Where budgetary resources for these institutions are provided by Government, the Ministry will ensure that these funds are disbursed in a timely manner such that those institutions' programmes are effectively implemented without undue delay.

Integral to this facilitative role is the Ministry's pursuit to persistently strive for improvement in service delivery, not only within Government circle but within the industry as a whole.

The Ministry is also responsible for the monitoring, evaluation and reporting of the implementation of the home grown Sugarcane Industry Strategic Action Plan 2013-2017 put together by key industry stakeholders including Government.

Essentially, this Strategic Action Plan 2013-2017, builds on the achievement of the Deloitte-based reforms of 2011 and 2012. The plan focuses on six key areas which include:

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

This is the successor reform agenda to take the industry forward from 1st January, 2013 to 2017.

## **1.2 MINISTRY ADMINISTRATION**

The Ministry through its technical staff continued to perform administrative and clerical duties without a Corporate Service Unit and support staff.

The Ministry has a total of eight (8) established officers and one (1) Government Wage Earner under the PSC Approved Staff Establishment.

Its daily operations are managed by two Economic Planning Officer that look after the Cane Development, Replanting, Transportation with Harvesting and Milling while its finances are managed by an account officer.

The Ministry used \$333,743.00 for its operating staff expenditure.

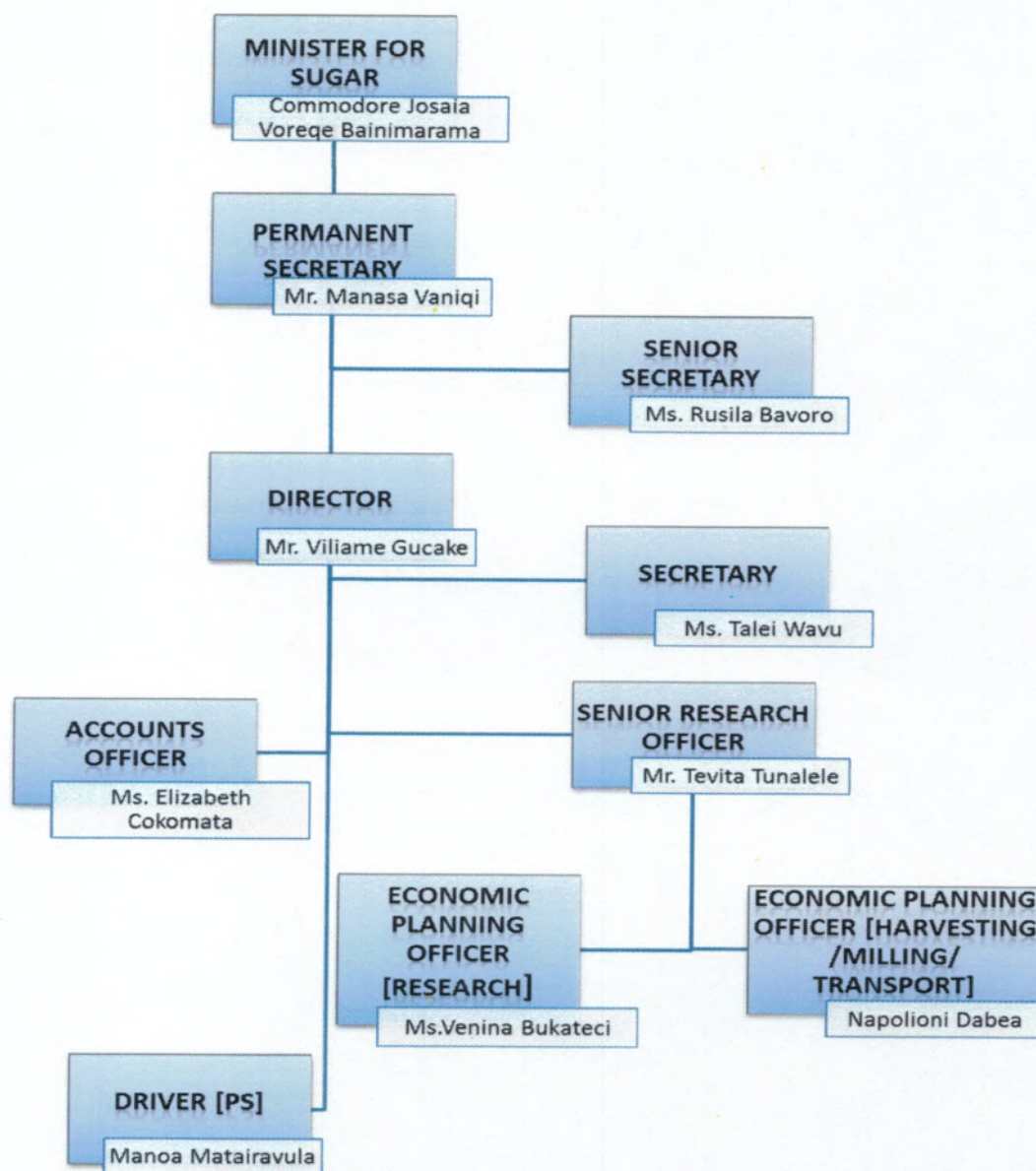
For its transportation, a Toyota Prado is used by its Permanent secretary while the Ford Ranger is used for the Ministry's operational purposes.

The Ministry is the only Government Ministry located in the Western division to have its Permanent Secretary office.

This is to bring the Government service to where the sugar industry is centrally located, as well as show governments commitment towards its statement of "the sugar industry is here to stay."

The Ministry's operation is linked to the People's Charter for Change, Peace and Progress under 5 pillars and its output is aligned to the Government's outcome based on the Roadmap for Democracy and Sustainable Socio- economic development. This is portrayed in Table 1.

### 1.3 ORGANISATION STRUCTURE



## 1.4 LINKAGE OF GOVERNMENT'S TARGERED OUTCOMES

Table 1- Linkage of PCCPP, RDSSSED 2009-2014 and Minister Outputs

KEY PILLAR(S) PCCPP	TARGETED OUTCOME [GOAL/ POLICY OBJECTIVE- RDSSSED]	OUTCOME PERFORMANCE INDICATORS OR MEASURES [KEY PERFORMANCE INDICATORS- RSSED]	MINISTRY'S OUTPUT
<b>PILLAR 5: Achieving higher economic growth while ensuring sustainability.</b>	<u>Agriculture/ Livestock:</u> A revitalised sugar industry (a sustainable sugar industry & community livelihood through competitive exports and food security)	Implementation of Sugar industry reform include "National adaptation Strategy"	<u>Output 1:</u> Portfolio Leadership, Policy Advice & Secretariat Support. <u>Output 2:</u> Sugar Industry reform
	<b>PILLAR 4: Enhancing Public Sector Efficiency, Performance Effectiveness and Service Delivery</b>	Implementation Progress and Monitoring of Ministry Service Charter	<u>Output 3:</u> Improve Ministry Systems & Processes
<b>PILLAR 8: Reducing Poverty to a Negligible Level</b>	<u>Gender Equality and Women In Development:</u> Achievement of Gender Equality and Empowerment of women	Promote involvement of women in economic development through farming and SME's	<u>Output 4:</u> Monitoring of rural cane belt development programme
	<u>Poverty Reduction:</u> Reducing poverty to a negligible level by 2015	Increasing consultation cane growers on industry Reforms	<u>Output 5:</u> Monitoring of Retention of existing cane growers in the industry
	<u>Rural and Outer Islands Development:</u> Promoting opportunities and access to basic services, livelihoods and markets	Road constructions, repairs, maintenance and upgrading of cane access roads and amenities (bridges, crossings, drainage, culverts etc.)	<u>Output 6:</u> Roads Construction, repairs and maintenance- Cane Access Roads

## PART 2.0 MINISTRY HIGHLIGHTS

### 2.1 CABINET DECISIONS

#### 2.1.1 OUTCOME OF THE 42<sup>ND</sup> INTERNATIONAL SUGAR COUNCIL AND RELATED MEETINGS, 26-30 NOVEMBER 2012

On 11<sup>th</sup> January, the Ministry submitted a memorandum to inform the Cabinet on the outcome of the following International Sugar Organization (ISO) meetings held in London from the 26-30 November 2012. The meetings were:

- 23<sup>rd</sup> World Association of Beet and Cane Growers (WABCG)/ ISO Informal Consultations
- 21<sup>st</sup> International Sugar Organization Seminar
- 40<sup>th</sup> Session of the Market Evaluation, Consumption and Statistics Committee (MECAS)
- 61<sup>st</sup> Meeting of the Administrative Committee
- 42<sup>nd</sup> ISO Council Session

The Cabinet noted the Memorandum submitted for Information by the Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, the Public Service, People's Charter for Change and Progress,

Information, iTaukei Affairs, Provincial Development, Sugar Industry, Lands and Mineral Resources on the January 15<sup>th</sup>.

#### 2.1.2 FIJI SUGAR CANE INDUSTRY STRATEGIC ACTION PLAN 2013- 2022

In light of the sugar cane industry reform, the Ministry on February 8 submitted a memorandum to Cabinet proposing the following:

- i. To provide the final report of the Deloitte based Sugar Industry Reform Agenda 2011- 2012;
- ii. To seek Cabinet's endorsement for the implementation of the Sugar Cane Industry Strategic Action Plan 2013- 2022;
- iii. To seek the Cabinet's endorsement that the Sugar Task Force be disbanded and that the Ministry of Sugar to oversee the implementation and monitoring of the Sugar Cane Industry Strategic Action Plan 2013- 2017.

In the proposal the Ministry presented the two year 2011 - 2012 Deloitte Report Reform Agenda key achievements:

## 2.2 REFORM AGENDA

**Table 2: Deloitte Report Reform Agenda- Summary of Achievements**

Issue	Deloitte Reform	Achievements
1. Exim Bank Facility of US\$50.4m	Government to take over this liability	FSC will repay as part of its debt restructuring in 2013. Government Guarantee to continue
2. Government Funding	Government to inject \$113.4 million in 2011 and further \$59.3 million in 2012	FSC utilized \$97.4 million in 2011 and a further \$40.9 million in 2012. No further funding allocation
3. Funding of FSC losses going forward	Government to continue to fund FSC losses going forward (next 7 years)	FSC has been able to convert its loss position into profitability in 2 years; and has been able to put in place a funding facility with ANZ bank for €40 million for the next 3 years. No further requirement for direct funding from Government.
4. FSC Ownership	Government to take 100% ownership of FSC	This will be completed in 2013 either via a Decree or via dilution of shareholdings
5. Sugar Cane Replanting	Undertake major cane replanting over the next 4 years at \$10.0 million per year	Only \$6.0 million was allocated in 2011 but was later converted into Industry Revolving Fund
6. Cane Quality Payment System	Introduce a cane quality payment system and enforce burnt cane penalties	Cane Quality equipment being installed and will run parallel with existing payment by weight in 2013 but will go live in 2014. Burnt cane penalties strictly enforced from 2012.

The Ministry also submitted statistics to compare the 2 year performance (2009-2010) prior to the Deloitte Report Reform Agenda (2011-2012) to illustrate the positive movements in key efficiency performance parameters from the field and within the mills;

**Table 3: Statistics Capturing Achievements versus 2 Year Results Prior to Deloitte**

	2009	2010	2011	2012
Area under cane (ha)	49,000	46,000	51,000	41,000
Cane Production (000 tonnes)	2,247	1,778	2,095	1,564
Sugar production (000 tonnes)	168	132	167	155
Molasses production (000 tonnes)	136	113	107	67

	2009	2010	2011	2012
Tons Cane to Tons Sugar (TCTS)	13	13.5	12.6	10
Yield per hectare	46	40	40	38
Sugar Recovery	65	63	70	82
Pure Obtainable Cane Sugar (POCS)	10	10	9.6	11.02
Crushing rate (tonnes per hour)	788.6	794.5	833.9	810.5
Mill Inside Stoppages (Total)	5,675	6,325	3,688	810.5

(Source: Fiji Sugar Corporation, 2013)

The statistics show the improvement in efficiency in the FSC's milling operations for the last 2 years (2011 and 2012) when compared to 2009:

- The low molasses figure (reflects better sugar extraction)
- Improved sugar recovery from 65 to 82
- Improved TCTS from 13 to 10
- Reduced number of inside mill stoppages

The statistics also reveal that more work needs to be done to lift yield per hectare from 40 tonnes per hectare (tpha) to 70 tpha and beyond.

Sugar Cane Industry Strategic Action Plan was developed to succeed and carry forward the momentum of the Deloitte Report Reform Agenda.

Overall, the plan has six action areas, and the respective objectives of which are:

- Crop & sugar production- for increased production

- Harvesting & transportation- for efficient harvesting & transportation system
- Milling- for improved milling efficiency
- Marketing and revenue generation- widen revenue base
- Cane quality- for improved sugar quality
- Industry structure- for effective service delivery

On 12<sup>th</sup> February, the Cabinet noted the positive outcome and overall achievement of the Deloitte based Reform Agenda 2011-2012. The implementation of the Sugar Cane Industry Strategic Action Plan 2013- 2017 was endorsed. The Cabinet also agreed to the disbanding of the Sugar Task Force and that the Ministry of Sugar Industry oversee the implementation and monitoring of the Sugar Cane Industry Strategic Action Plan 2013- 2017.

## PREPARATION FOR THE HOSTING OF THE 13<sup>TH</sup> ACP MINISTERIAL CONFERENCE ON SUGAR, 14-17 OCTOBER 2013 IN FIJI

The Ministry sought Cabinet approval for the hosting of the 13th ACP Ministerial Conference on Sugar held from the 14 - 17 October; at the Shangri-La Fijian Resort, Coral Coast, Fiji.

In response the Cabinet:

- Approved the hosting of the 13<sup>th</sup> ACP Ministerial Conference on Sugar from the 14-17 October;
- Approved the formation of a Coordinating and Planning Committee comprising relevant departments and private sector representatives to take the lead role in the preparatory work for October 2013 ACP Ministerial Conference on Sugar;
- Noted that the total budget for the execution of the ACP Ministerial Conference at the best level possible is \$346,000.00;
- Approved funding of \$300,000.00 to assist in the execution of the ACP Ministerial Conference from the Cane Replanting Programme, in line with advice of the Ministry of Finance
- Noted that the balance of the total costs required for the Conference is to be met from sponsorship to be facilitated by the Ministry of Sugar Industry; and
- Approved that the Ministry of Sugar Industry acquire the assistance of the Ministry of Tourism in the coordination of the Conference by using the private sector to inter-alia minimise costs.

## 2.3 BUDGETARY SUPPORT

### 2.3.1 SUGAR INDUSTRY TRIBUNAL

Government allocated \$500,000.00 in grant to the Sugar Industry Tribunal being its annual operating budget.

### 2.3.2 SOUTH PACIFIC FERTILIZER LIMITED

\$5,000,000.00 was given to the South Pacific Fertilizer Limited to subsidize the price of fertilizer to sugarcane farmers. SPFL blends A, B, C fertilizer and sells to farmer at \$45.59 a bag, in which \$31.50 is paid by farmers and Government pays \$14.09.

**Table 4: Subsidized Fertilizer Supplied to Farmers**

Type of Fertilizer	Tonnes Supplied	Cost
Sulphate of Ammonia (SOA)	8,800	\$4,000,000.00
Di-ammonium Phosphate (DAP)	1,000	\$1,000,000.00
Total	9,800	\$5,000,000.00

(Source: South Pacific Fertilizer Limited, 2013)

### 2.3.3 SUGAR RESEARCH INSTITUTE OF FIJI

A grant of \$900,000.00 was allocated to SRIF for their operational cost.

### 2.3.4 FIJI SUGAR CORPORATION LIMITED

#### CANE QUALITY PAYMENT PROGRAMME

The Ministry expended \$4.4million for the purchase and installation of Near Infra-Red (NIR) equipment at the Lautoka, Rarawai, Labasa and Penang Sugar Mills administered by the Fiji Sugar Corporation to facilitate cane sampling tracking system, cane analysis system and laboratory in preparation for the establishment of the cane quality payment system which the industry was planning to implement.

## 2.4 CAPITAL PROJECTS

The Ministry administered a number of capital programmes to ensure sustainable sugar industry and enhance sugar cane grower's performance.

### 2.4.1 CANE ACCESS ROAD PROGRAMME

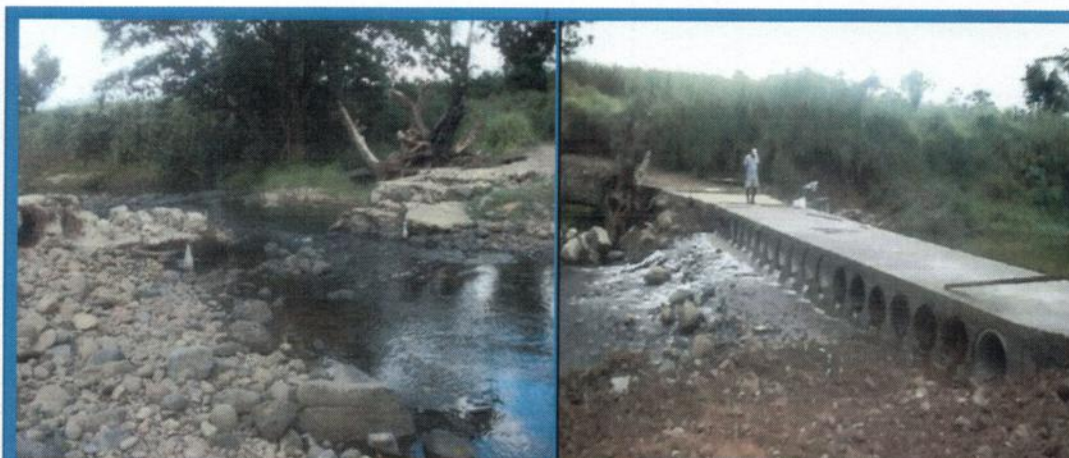
The Ministry expended a sum of \$2,000,000.00 for this programme. Of this amount, \$1,732,000.00 was used for the upgrading of cane access roads while \$268,000.00 for the construction of culverts, crossings and other cane related infrastructure to facilitate transportation of cane to the mills. The table summarises the programme activities and the cost.

**Table 5: Cane Access Program Grant Utilisation**

Mill Area	No of Roads	Tonnage	Amount	Length
Lautoka	777	256,134	\$530,000.51	1,388
Rarawai	508	161,880	\$486,782.29	807
Labasa	554	209,671	\$595,234.41	792.70
Penang	175	27,415	\$119,982.79	159
Total	2014	655,099	\$1,732,000.00	3146.75

(Source: Fiji Sugar Corporation, 2013)

CAR Programme- Qalitu Crossing in Lautoka.



*Figure 1: Qalitu cane access crossing after the damage.*

*Figure 2: Qalitu cane access crossing (Irish crossing) after CAR programme.*

Above is the implementation of the Cane Access Programme grant assistance to cane farmers in getting their cane across from their farm to the sugar mills.

#### **2.4.2 KAVANAGASAU BRIDGE AND CROSSINGS**

The Ministry utilized \$600,000.00 for the Kavanagasau bridge upgrade inclusive of construction, upgrading and repairing of a total of 10 crossings in Nadrala, Kavanagasau and Nadroga. These projects have been completed. Nine sugarcane farmers benefit from these projects.

##### **Kavanagasau Crossings**



*Figure 3: Ramesh 1 Crossing - \$52,532.00*

*Figure 4: Ramesh 2 Crossing- \$32,890.00*



*Figure 5: Ramesh 3 Culvert & Head wall-  
\$12,075.00*



*Figure 6: Ramesh 3 Culvert & Head wall-  
\$12,075.00*



*Figure 7: Ramesh 4- \$22,425.00*



*Figure 8: Ramesh 4- \$22,425.00*

#### **2.4.3 CULTIVATOR SET PROJECT**

The Ministry purchased three tractors and farming implements worth \$441,300.00 to assist cane farmers in the preparation and cultivation of their land within the cane belt areas of Lautoka, Labasa and Penang. The cultivator set is inclusive of tractors, disc plough, disc harrow, furrow makers, cultivating equipment and sub-soiler.

#### **2.4.4 CANE PLANTING PROGRAMME**

Of the \$500,000.00 initially allocated for this project, \$300,000.00 had to be redeployed for the hosting of the 13<sup>th</sup> Asia Caribbean Pacific (ACP) Sugar Ministerial Conference held at the Shangri- La, Fijian Resort, Coral Coast and \$200,000.00 for Cyclone Evan housing rehabilitation programme.



Figure 9: Permanent Secretary for Sugar, Mr Manasa Vaniqi receiving the Tractor and farming implements from Asco Motors representative with Director Sugar, Mr Viliame Gucake.



Figure 10: Tractor with a Disc plough attached



Figure 11. Furrow maker



Figure 12: Cultivator



Figure 13: Disc Harrow



Figure 14: Farm Subsoiler

## 2.5 INDUSTRY CONSULTATIONS

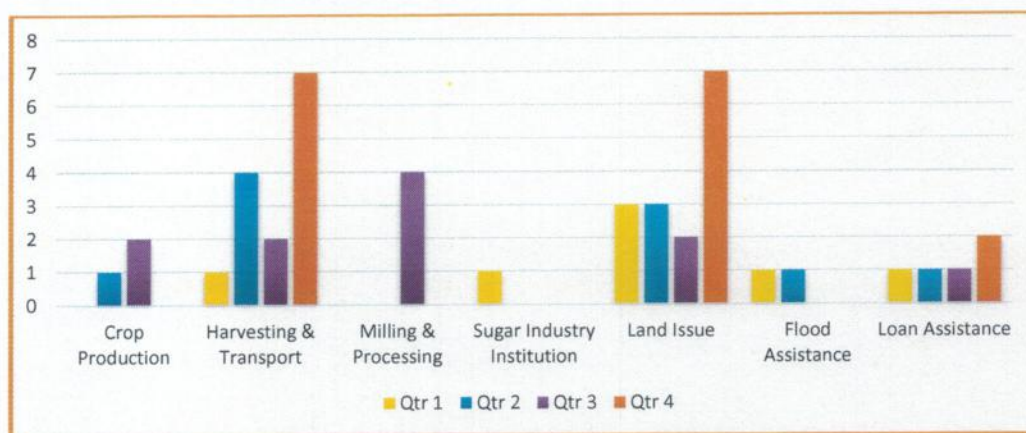
The Ministry undertook the following industrial consultations:

- Brazil Scoping Mission Meeting with Ministry of Foreign Affairs at the GCC Complex in Nasova on the 18<sup>th</sup> of July.
- 11<sup>th</sup> EDF Consultation with EU delegation at the MOFAIC office in Suva on the 15<sup>th</sup> of October.
- Political Dialogue with the EU delegation at the MOFAIC office in Suva on the 16<sup>th</sup> of October.
- Meeting with the Czanikow Group, AB Sugar and Azucarera at the Ministry's boardroom on the 7<sup>th</sup> of November.
- Meeting with Mr. Simon Gibbons, a senior Vice President International Operations of Tate and Lyle Sugars of the ASR Group on the 10<sup>th</sup> of December.
- Meeting with Mr. Peter Durand, Business Development Manager for Netfirm Australia/New Zealand with Industry stakeholders, held at the Ministry's Boardroom on the 17<sup>th</sup> December.
- Meeting with the Chinese Delegation arranged by the Shanghai Liaison office on the 30<sup>th</sup> of December.

## 2.6 SUGAR INDUSTRY COMPLAINTS

The Ministry received 44 complaints from industry stakeholders during the year. The complaints were grouped into 7 headings as shown below in Graph 1.

**Graph 1: Sugar Industry Complaints**



[Source: Ministry of Sugar Industry, 2013]

## 2.7 WORLD SUGAR EVENTS

**THE 43<sup>RD</sup> INTERNATIONAL SUGAR COUNCIL WAS HELD AT THE SOFTEL RESORT AND SPA FROM THE 4<sup>TH</sup> TO THE 6<sup>TH</sup> OF JUNE.**

The Honourable Prime Minister and Minister for Sugar Industry, Mr. Voreqe Bainimarama opened the 43<sup>rd</sup> ISC meeting in his capacity as the Chair of the International Sugar Council.

“Developing Countries - Options for Growth in Sugarcane” was the theme of the meeting which was attended by its 86 member countries and more than 100 delegates.

\$250,000.00 was utilized to host the meeting.



*Figure 15: Prime Minister and the Fiji Secretariat and some Fiji delegates' moments after the closing of the conference.*

**THE 13<sup>TH</sup> ACP SUGAR MINISTERIAL CONFERENCE WAS HELD AT THE SHANGRI-LA'S FIJIAN RESORT FROM THE 14<sup>TH</sup> TO THE 17<sup>TH</sup> OCTOBER.**

The conference was opened by the Honourable Prime Minister and Minister for Sugar Industry, Mr. Voreqe Bainimarama and was chaired by the Honourable, Mr Satya Veyas Faugoo, the Mauritian Minister for Agriculture.

The theme for this year was “The Evolving Policy Environment for the ACP Cane Industry” and was attended by 27 ACP member countries.



*Figure 16: Attendees of the 13<sup>th</sup> ACP Sugar Ministerial Conference at Shangri-La Fijian Resort*

## 2.8 MINISTRY ACHIEVEMENTS

**Table 6: Achievements**

Ministry Achievements	Benefits
<b>International Sugar Council Meeting</b>	Fiji has been a member of this World Sugar body since 1992; and has been attending every year so that it is informed of crucial decisions taken at these forums so that the Fiji Sugar Industry could then strategize accordingly.
<b>Cane Access Roads</b>	\$1.73 million utilised to repair 3146.75 km of cane access roads allowing 655,099 tonnes of cane to be transported to the mills. Completed Qalitu Crossing Completed Kavanagasau crossings- \$600,000.00
<b>Purchase of 3 sets of tractors and farming implements for FSC (Lautoka, Labasa and Penang Mill)</b>	The tractors and farm equipment were purchased for use by cane farmers at affordable cost to assist them in land preparation. The tractor and equipment were purchased for \$441,300.00
<b>Cane Quality Payment- Near infra-Red Project implementation</b>	Part of Government's and Industry's joint initiative to convince farmers that payment of cane should be on sugar content in cane rather than by cane weight which has been the case since 1968.
<b>South Pacific Fertilizers Limited (Fertilizer Subsidy)</b>	A grant of \$5 million was paid to SPFL being fertilizer subsidy to sugarcane farmers
<b>Sugar Industry Tribunal</b>	Government provides a grant of \$500,000.00 to the Sugar Industry Tribunal being for its annual operating budget
<b>Sugar Research institute of Fiji</b>	A grant of \$900,000.00 was given to SRIF being Government's contribution to SRIF's operating budget of \$2.7 million. The balance is met by FSC and Cane Growers Council

*Source: Ministry of Sugar Industry, 2013*

## **PART 3.0 FINANCIAL REPORT**

**MINISTRY OF SUGAR INDUSTRY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**MINISTRY OF SUGAR INDUSTRY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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INDEPENDENT AUDITOR'S REPORT

MINISTRY OF SUGAR

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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Scope

I have audited the special purpose financial statements which have been prepared under the cash basis of accounting and notes thereon of the Ministry of Sugar for the year ended 31 December 2013, as set out on pages 6 to 12. The financial statements comprise the following:

- (i) Statement of Receipts and Expenditure;
- (ii) Appropriation Statement; and
- (iii) Statement of Losses.

The management of the Ministry of Sugar is responsible for the preparation and presentation of the special purpose financial statements and the information contained therein.

My responsibility is to express an opinion on these special purpose financial statements based on my audit.

My audit was conducted in accordance with the International Standards on Auditing to provide reasonable assurance as to whether the special purpose financial statements are free of material misstatements. My audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the special purpose financial statements and evaluation of accounting policies. These procedures have been undertaken to form an opinion as to whether, in all material respects, the special purpose financial statements are fairly stated and in accordance with government policies in Note 2 and the Financial Management Act 2004, so as to present a view which is consistent with my understanding of the financial performance of the Ministry of Sugar for the year ended 31 December 2013.

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

Audit Opinion

In my opinion,

- (a) the special purpose financial statements present fairly, in accordance with the accounting policies stated in Note 2, the financial performance of the Ministry of Sugar for the year ended 31 December 2013; and
- (b) the special purpose financial statements give the information required by the Financial Management Act 2004 in the manner so required.

Without qualifying the accounts, attention is drawn to the following matters:

- The Ministry did not provide the 2013 Board of Survey report to substantiate the Statement of Losses.
- Section 15 of the Finance Instructions 2010 requires all payments to be recorded in the FMIS and an Expenditure Ledger. The Ministry prepared its special purpose financial statements from the FMIS general ledger without reconciling to an Expenditure Ledger as there was none maintained by the Ministry.



Tevita Bolanavanua  
AUDITOR GENERAL

14 July 2014  
Suva, Fiji



## MINISTRY OF SUGAR INDUSTRY

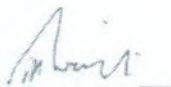
### MANAGEMENT CERTIFICATE

For the year ended 31 December 2013

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We certify that these financial statements:

- (a) fairly reflect the financial operations and performance of the Ministry of Sugar and its financial position for the year ended 31 December 2013; and
- (b) have been prepared in accordance with the requirements of the Financial Management Act 2004 and the Finance Instructions 2010.

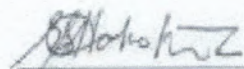


Manasa Vaniqi

Permanent Secretary

Date:

30/6/2014



Elizabeth H. Cokomata

Accounts Officer

Date:

30/6/14

# MINISTRY OF SUGAR INDUSTRY

## STATEMENT OF RECEIPTS AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes 2012	2013 \$	\$
<b>EXPENDITURE</b>			
<b>Operating Expenditure</b>			
Established Staff	3(a)	333,743	272,365
Government Wage Earners		23,513	14,450
Travel & Communication		56,064	49,225
Maintenance & Operations		40,137	40,542
Purchase of Goods & Services		12,944	14,858
Operating Grants & Transfers	3(b)	1,429,053	1,425,420
Special Expenditure	3(c)	<u>249,081</u>	<u>1,406</u>
<b>Total Operating Expenditure</b>		<b><u>2,144,535</u></b>	<b><u>1,818,266</u></b>
<b>Capital Expenditure</b>			
Capital Construction	3(d)	2,240,668	269,576
Capital Purchases	3(e)	383,740	--
Capital Grants & Transfers	3(f)	<u>9,695,526</u>	<u>5,000,000</u>
<b>Total Capital Expenditure</b>		<b><u>12,319,934</u></b>	<b><u>5,269,576</u></b>
Value Added Tax		131,718	1,578
<b>TOTAL EXPENDITURE</b>		<b><u>14,596,187</u></b>	<b><u>7,089,420</u></b>

# MINISTRY OF SUGAR INDUSTRY

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

SEG	Item	Budget Estimate	Appropriation Changes	Revised Estimate	Actual Expenditure	Carry- Over	Lapsed Appropriation
		\$	\$	\$	\$	\$	\$
			(Note 4)				
1	Established Staff	305,162	38,018	343,180	333,743	---	9,437
2	Government Wage Earners	26,055	(1,676)	24,379	23,513	---	866
3	Travel & Communication	49,000	9,500	58,500	56,064	---	2,436
4	Maintenance & Operations	51,000	(4,500)	46,500	40,137	---	6,363
5	Purchase of Goods & Services	15,500	---	15,500	12,944	---	2,556
6	Operating Grants & Transfers	1,429,400	---	1,429,400	1,429,053	---	347
7	Special Expenditure	250,000	---	250,000	249,081	---	919
	<b>Total Operating Costs</b>	<b>2,126,117</b>	<b>41,342</b>	<b>2,167,459</b>	<b>2,144,535</b>	<b>---</b>	<b>22,924</b>
	<b>Capital Expenditure</b>						
8	Construction	2,600,000	(330,176)	2,269,824	2,240,668	---	29,156
9	Purchases	600,000	(216,260)	383,740	383,740	---	---
10	Grants & Transfers	9,900,000	(200,000)	9,700,000	9,695,526	---	4,474
	<b>Total Capital Expenditure</b>	<b>13,100,000</b>	<b>(746,436)</b>	<b>12,353,564</b>	<b>12,319,934</b>	<b>---</b>	<b>33,630</b>
13	Value Added Tax	34,800	(75,764)	459,036	131,718	---	327,318
	<b>TOTAL EXPENDITURE</b>	<b>15,760,917</b>	<b>(780,858)</b>	<b>14,980,059</b>	<b>14,596,187</b>	<b>---</b>	<b>383,872</b>

## **MINISTRY OF SUGAR INDUSTRY**

### **STATEMENT OF LOSSES FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **Loss of Money**

There was no loss of money recorded for the year ended 31 December 2013.

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

There was no loss of assets owned by the Ministry for the year ended 31 December 2013.

## **MINISTRY OF SUGAR INDUSTRY**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **NOTE 1: REPORTING ENTITY**

The Ministry of Sugar Industry is responsible for implementing key policies and plans consistent with Government programs to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar industry. On-going partnership with the relevant industry stakeholders will enable more land available for productive and social purposes which encourages cane cultivation, adequate labour and committed sugar workforce.

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

The current sugar industry reform programs targeted at the FSC is closely monitored by the Sugar Taskforce in areas such as budget support, regulatory framework, prudent financial management, human resources management, production management, harvesting and transport, operational management and improved husbandry practices.

With clear guidelines in place to achieve specific targets, the Ministry is committed to adopting a 'professional' service status that promotes:

- Investment in cane management systems thus ensuring increased cane production.
- Investments in mill technology thus contributing to improved mill efficiency and sugar extraction.
- Exploring opportunities to value adding of milling by products as a source of additional revenue for the industry.

#### **NOTE 2: STATEMENT OF ACCOUNTING POLICIES**

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

## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 DECEMBER 2013

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#### NOTE 2: STATEMENT OF ACCOUNTING POLICIES *(continued)*

In accordance with Government accounting policies, the financial statements of the Ministry of Sugar Industry 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.

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

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

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

##### **(c) Comparative Figures**

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 DECEMBER 2013

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#### NOTE 3: SIGNIFICANT EXPENDITURES

- (a) Established Staff increased by \$61,378 or 23% in 2013 compared to 2012. It was mainly attributed to the payments of leave compensation and the increase in salary.
- (b) Operating Grants and Transfers funds was allocated to provide grants to the Sugar Tribunal (\$500,000), Sugar Research Institute of Fiji (\$900,000) and a payment to the International Sugar Council (\$29,053).
- (c) Special Expenditure increased by \$247,675 in 2013 compared to 2012. It was mainly attributed to the Ministry hosting the International Sugar Council meeting.
- (d) Capital Construction increased significantly by \$1,971,092 in 2013 mainly due to the Ministry undertaking new programs; upgrading of the cane access road and the infrastructure in the Western and Northern Division.
- (e) The Ministry procured three sets of tractors and the farming implements during the year. These were provided to the Fiji Sugar Corporation (Lautoka, Labasa and Penang Mills) to assist sugar cane farmers who do not have the necessary machinery to carry out sugarcane farming and harvesting.
- (f) Capital Grants and Transfers increased by \$4,695,525 or 94 % in 2013 compared to 2012. The increase was attributed to a new programme, the Cane Quality Payment - Near Infra-Red Project, undertaken in conjunction with Fiji Sugar Corporation and the hosting of the ACP-Sugar Ministerial Conference. In addition, a \$5,000,000 annual subsidy was provided to South Pacific Fertilisers Limited in fertilizer subsidy for the benefit of cane growers.

#### NOTE 4: APPROPRIATION MOVEMENTS

Following a Cabinet decision, the Ministry of Finance redeployed \$780,858 from the Ministry's 2013 budget to other Ministries and Departments. The funds were redeployed from the following SEG's:

## MINISTRY OF SUGAR INDUSTRY

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)* FOR THE YEAR ENDED 31 DECEMBER 2013

SEG	Allocation	Amount (\$)
SEG 8	Capital Construction	(288,834)
SEG 9	Capital Purchase	(216,260)
SEG 10	Capital Grants & Transfers	(200,000)
SEG 13	Value Added Tax	(75,764)
<b>TOTAL</b>		<b>(780,858)</b>

Other movements were made through Virement as follows:

SEG	Allocation	From	To	Net Change \$
1	Established Staff	(5,000)	43,018	38,018
2	Government Wage Earners	(1,676)	-	(1,676)
3	Travel and Communication	-	9,500	9,500
4	Maintenance and Operation	(4,500)	-	(4,500)
8	Capital Construction	(41,342)	-	(41,342)

#### NOTE 5: OPERATING TRUST FUND ACCOUNT

As at 31 December 2013, the Operating Trust Fund Account had a balance of \$3,867. This is mainly made up of Employees superannuation deductions to the FNPF.

#### NOTE 6: REVOLVING FUND ACCOUNT - MISCELLANEOUS

As at 31 December 2013, the Ministry had a balance of \$1,434 in the RFA miscellaneous account. The amount is mainly made up of Advances.

Apart from the above balance, \$6,450 is reflected under GLG 84 (Accounts Payable). This allocation comprised of funds relating to the withholding tax payable.

**MINISTRY OF SUGAR INDUSTRY**


**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**NOTE7:     DRAWINGS ACCOUNT**

At balance date, there were funds amounting to \$1,449,981 under Drawings Account. These monies relate to cheques written by the Ministry that remained un-presented to the bank as at balance date.

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