



MINISTRY OF SUGAR INDUSTRY



2016-2017

ANNUAL REPORT

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ACRONYMS

ACP	Annual Corporate Plan
ADB	Asian Development Bank
CAR	Cane Access Road
CPG	Cane Planting Grant
EU	European Union
FSC	Fiji Sugar Corporation
GIS	Geographical Information System
GWE	Government Wage Earner
I-TLTB	I-Taukei Land Trust Board
MoSI	Ministry of Sugar Industry
SAP	Strategic Action Plan
SCGC	Sugarcane Growers Council
SCGF	Sugarcane Growers Fund
SIT	Sugar Industry Tribunal
SPFL	South Pacific Fertilizer Ltd.
SRIF	Sugar Research Institute of Fiji

LETTER OF TRANSMITTAL

The Honorable Prime Minister

Dear Sir

I present to you the Annual Report of the Ministry of Sugar Industry for the year ended 31st July, 2017.

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

The report consists of the Ministry annual performance statement in accordance with the Ministry Annual Corporate Plan; 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 purpose and strategic objectives.

Yours sincerely



Yogesh J. Karan
Permanent Secretary for the Sugar Industry

ABOUT THE REPORT

Welcome to the Ministry of Sugar Industry's Annual Report for the 2016-2017 financial year.

The report relates to the Ministry's performance against the measures outlined in its Annual Corporate Plan, Annual Budget and the Strategic Plan.

This Annual Report provides:

1. The profile of the Management and their duties;
2. A summary of the Ministry's major achievements in respect of the outputs set out in its 2016 Annual Corporate Plan; and
3. The Ministry's audited Financial Statements.



PERMANENT SECRETARY SUMMARY STATEMENT

I am pleased to present the Ministry of Sugar Industry 2016-2017 Annual Report in accordance with the General Order 1108(a).

The year saw many challenges to the industry and the Ministry. In February, Category 5 Tropical Cyclone Winston hit Fiji causing many unparalleled damages where lives were lost, properties, homes, farms and infrastructure were damaged. Another momentous change was the new financial year. This change was to concede for income generated during the financial year be collected and reflected for that particular financial year instead of carrying it forward and capturing it in the next financial year.

For the 2016-2017 financial year, a total of \$27.5 million was allocated to the industry by Government. The Ministry with the assistance of the industry institution implemented the following capital projects; Cane Planting (CPG) Grants - FSC, Fertilizer Subsidy Grants -SPFL, Mechanical Harvesters and Cane Access Road (CAR) Program – FSC.

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

During the year, under the CPG program, total of 4298ha of cane was planted; fallow land 3366ha and replanting of 932ha. 452,983 bags of Fertilizer were supplied to farmers and a total of 3,323 kilometers of cane access roads were upgraded.

Furthermore, in 2016-2017 season a total of 1.39 million tonnes of cane were harvested.

A handwritten signature in blue ink, appearing to read 'Yogesh J. Karan', written over a light blue circular watermark.

Yogesh J. Karan
Permanent Secretary for the Sugar Industry

OVERVIEW OF THE MINISTRY

I. MINISTRY CORPORATE PROFILE

MISSION

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

VISION

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

VALUES

- *Good Governance, Commitment, Integrity*
- *Honesty, Impartiality, Professionalism*
- *Team work, Courtesy, Partnership*
- *Equity, Responsiveness, Responsibility*
- *Innovation*

II. STAKEHOLDERS

We take pride in serving our customers by implementing our ‘customer service charter’ which sets out our commitment to providing high quality standards of services that is beyond customer expectations. Our customers include:

INTERNAL STAKEHOLDERS STAKEHOLDERS

Ministry of Sugar Industry

Fiji Sugar Corporation Ltd

Sugar Cane Growers Council

Sugar Industry Tribunal

Sugar Cane Growers Fund

Sugar Research Institute of Fiji

South Pacific Fertilizers Ltd

EXTERNAL

Cabinet

Ministry of Civil Service (MCS)

Ministry of Economy

Sugarcane Growers

iTaukei Land Trust Board

Ministry of Lands & Mineral
Resources

Potential Investors

Consultants

European Union Coordination Unit

III. MINISTRY OF SUGAR INDUSTRY PORTFOLIO

The Ministry is responsible for coordinating activities and functions of the various institutions that make up the sugarcane industry with the sole objective of ensuring that Government's commitment to reviving the industry is achieved through Government's reform.

The Ministry ensures that the right environment is created and maintained whereby these institutions work closely together with a spirit of cooperation to achieve their respective institutions roles and functions to achieve 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 ensures that these funds are disbursed in a timely manner such that those institutions programs are effectively implemented without due delay.

The Ministry also undertakes Research and Policy Analysis to ensure that best practices for sugar production and cane farming are implemented, as well as ensuring that effective and timely client services are delivered. 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.

IV. MINISTRY MANAGEMENT



Yogesh J. Karan
Permanent Secretary

Mr. Yogesh Jitendra Karan was appointed as the Permanent Secretary for Sugar Industry in June 2016. He took over from Mr. Jitendra Singh who was initially appointed as the Permanent Secretary of Sugar Industry.

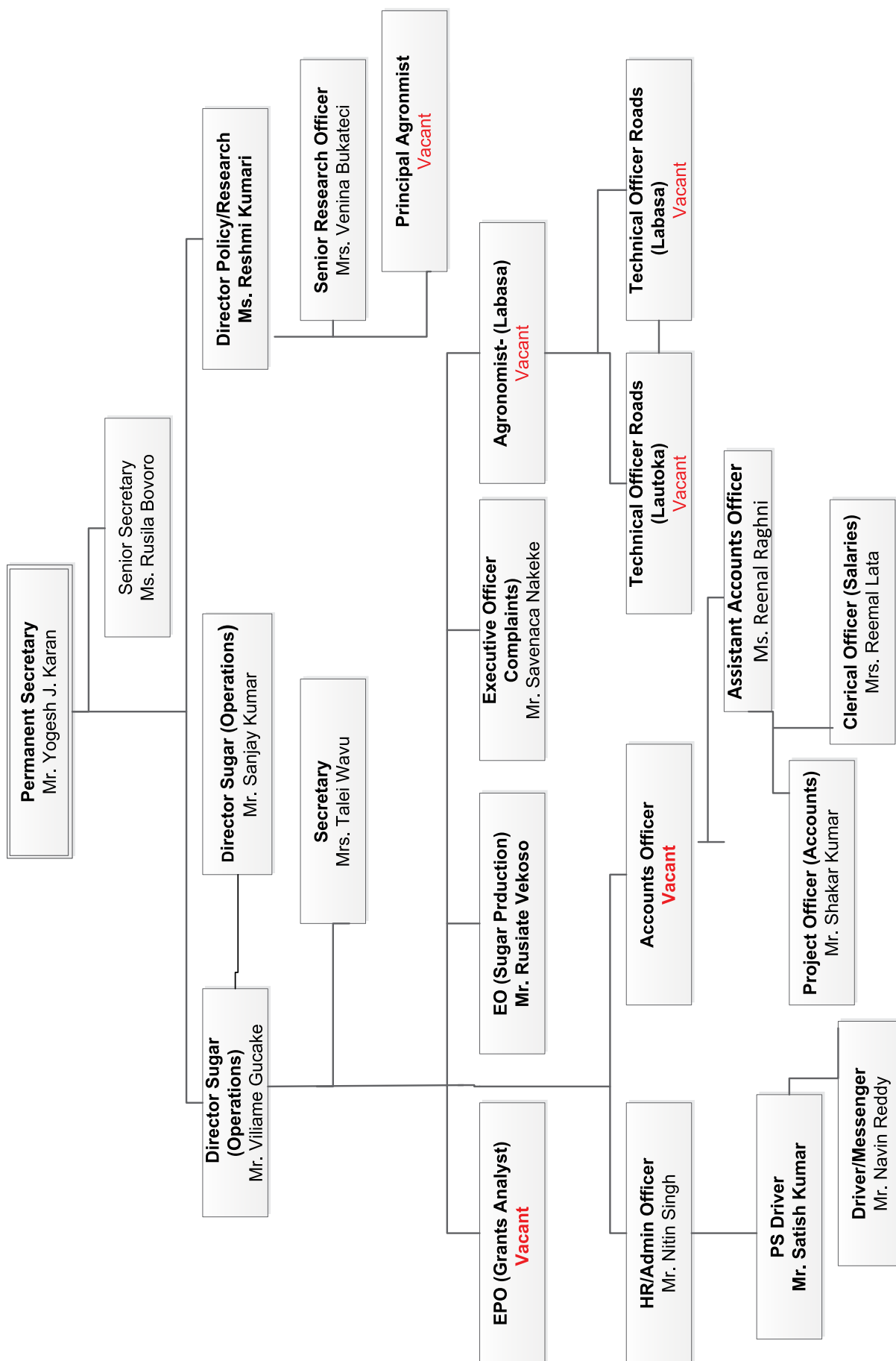


Viliame Gucake
Director Sugar Industry

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

He continued in this position after the creation of a Ministry for Sugar Industry in June 2011 at the Sugar House, Lautoka.

Figure 1: Ministry Organization Structure



V. LEGISLATIVE FRAMEWORK

The Ministry is guided by the following legislations and regulations:

- Sugar Industry Act 1984 (Cap 206)
- Constitution of the Republic of Fiji 2013
- Fiji National Provident Fund Decree 2011
- Ministry of Sugar Industry Finance Manual 2013
- Ministry of Sugar Industry Resource Manual
- Fiji Procurement Act 2010
- Financial Instructions 2010
- Financial Instructions 2010
- Financial Management Act 2004
- Fiji Budget Estimates 2014
- Occupational Health and Safety at Work Act 1996

VI. STRATEGIC PRIORITIES

Table 1: Government Strategic Priorities for the Ministry

PILLAR (PCCPP)	OUTCOME (GOAL/POLICY OBJECTIVE-RDSED)	OUTCOME PERFORMANCE INDICATORS (KEY PERFORMANCE INDICATORS- RDSED)	MINISTRY OF SUGAR INDUSTRY'S OUTPUT
Pillar 5: Achieving higher economic growth while ensuring sustainability	<u>Agriculture/Livestock</u> A revitalized sugar industry & community livelihood through competitive exports and food security	Implementation of Sugar Industry Reforms including 'National Adaptation Strategy'	Output 1: Monitoring & Evaluation of Sugar Industry reforms
	<u>Macro-Economic Performance</u> Maintaining macro- economic stability to facilitate social and economic development.	Provision of Accounting Service	Output 7: Compliance to Ministry of Economy Financial Requirements
Pillar 4: Enhancing Public Sector Efficiency, Performance Effectiveness and Service Delivery	<u>Leadership</u> Effective, Enlightened and Accountable Leadership	Provision of Ministerial advice and portfolio leadership	Output 2: Portfolio Leadership, Policy Advice & Secretariat Support Sub Output 2.1: Policy Advice Sub Output 2.2: Operating & Capital Grants
	<u>Public Sector Reform:</u> Improve public sector efficiency and effectiveness and improve service delivery	Implementation Progress and Monitoring of Ministry Service Charter	Output 3: Improve Ministry's Systems & Processes in customer service Output 3.1: Ministry's Standard Operating Procedures Output 3.2: Innovation and best practice in public service delivery

PILLAR (PCCPP)	OUTCOME (GOAL/POLICY OBJECTIVE- RDSSSED)	OUTCOME PERFORMANCE INDICATORS (KEY PERFORMANCE INDICATORS- RDSSSED)	MINISTRY OF SUGAR INDUSTRY'S OUTPUT
Pillar 8: Reducing Poverty to a Negligible Level	<u>Poverty Reduction:</u> Reducing poverty to a negligible level by 2022	Increasing consultation with cane growers on Industry reforms & provision of grant assistance	<u>Output 4:</u> Monitoring of Retention of existing cane growers in the industry
	<u>Rural and Outer islands Development:</u> Promoting equal opportunities and access to basic services, livelihoods and markets	Road construction, repairs, maintenance and upgrading of cane access roads and amenities (bridges, crossings, drainage, culverts, etc)	<u>Output 5:</u> Road Construction, repairs and maintenance – Cane Access Roads Sub Output 5.1 Efficient planning, implementation, monitoring & evaluation of cane access roads & Irish crossings
Pillar 1: Ensuring Sustainable Democracy and Good & Just Governance	<u>Gender Equality and Women in Development</u> Achievement of Gender Equality and Empowerment of Women	Promoting and engaging women in Economic Development through farming	<u>Output 6:</u> Monitoring of rural women engaged in sugar farming activities Sub Output 6.1: Achievement of gender equality & empowerment of women through the full participation of agriculture development
Pillar 10: Improving Health Service Delivery	<u>Health</u> Quality, affordable and efficient health services for all	Promoting a Healthier Fiji	<u>Output 8:</u> Promote & contribute to the overall goal of a Healthier Fiji

PART 1.0: HUMAN RESOURCES & ADMINISTRATION

1. STAFF ESTABLISHMENT

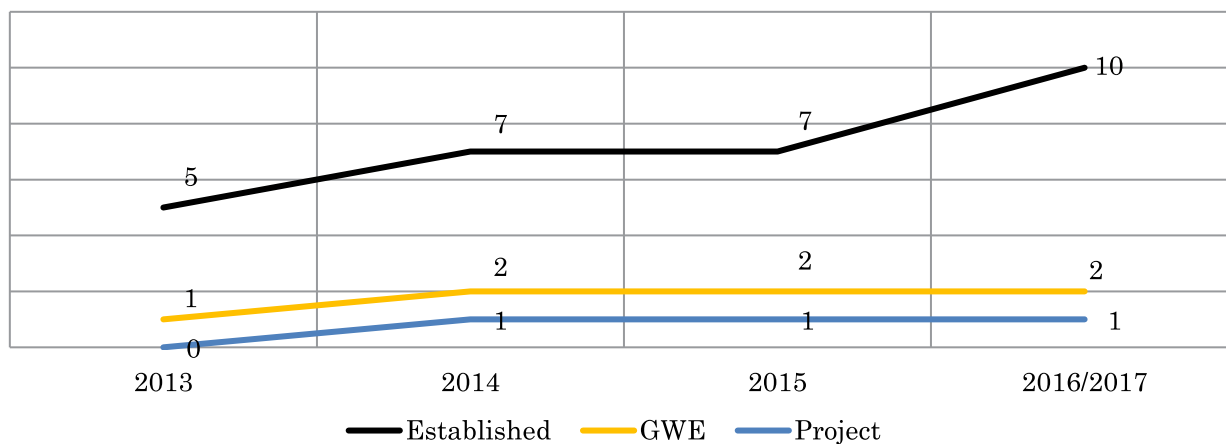
Table 2: Staff Establishment by Classification 2013-2016/2017

POSITION	2013	2014	2015	(August-2016-July 2017)
Director	1	1	1	1
Director Policy and Research	0	0	0	1
Senior Secretary	1	1	1	1
Secretary	1	1	1	1
Senior Research Officer	1	1	1	1
Human Resource & Administration Officer	0	0	0	1
Economic Planning Officer	1	1	1	1
Executive Officer- Complaints	0	0	0	1
Executive Officer- Sugar Production	0	0	0	1
Accounts Officer	0	1	1	1
Project Officer- Accounts	0	1	1	1
Clerical Officer- Accounts	1	1	1	1
PS Driver	0	1	1	1
Driver and Messenger	0	1	1	1

The overall staff establishment for the reporting period was 14 and an increase by one post from the period 2016. Two (2) variation notices were issued to highlight the following changes:

- i. Creation of one (1) Director Policy and Research post
- ii. 2 project officers were approved to take Executive Officer Complaints and Executive Officer Sugar Production position.

Figure 2: Ministry of Sugar industry Staff Establishment in the Last Four Years



The Ministry employed a total of 14 staff whom 11 (85%) were established officers and 2 (15%) were Government Wage Earners and 1 Project Officer.

Figure 3: Percentage Break Down Of Staffing Within the Ministry

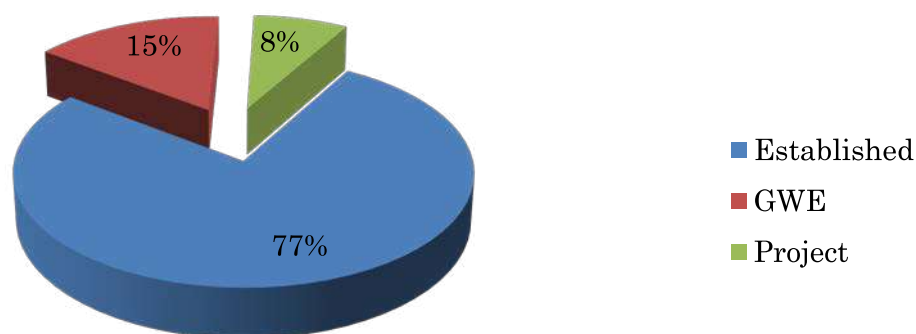
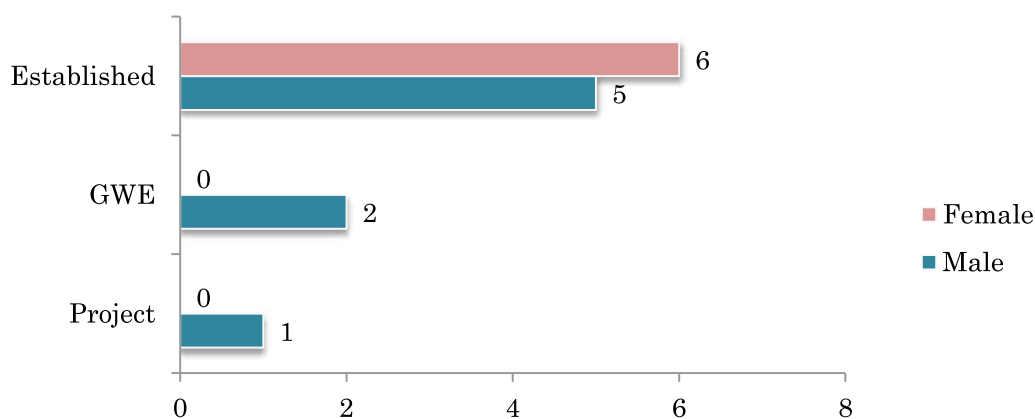


Figure 4: Staff Establishment Based On Gender



2. RECRUITMENT AND SELECTION

2.1 Recruitment

There was one vacant position advertised with 2 new appointments facilitated during the period.

2.2 Contract of Service

Contract of Service was done from 2013 -16, this was done to ensure that there is consistency in dealing with staff terms and conditions of employment. Total of six established staff, and two GWE's signed three year contract.

2.3 Staff Turnover

There was no staff turnover recorded for the ministry for the period.

2.4 Discipline

A breach of the Public Service Code of Conduct is a ground of disciplinary. Only one case of alleged breach was recorded during the period.

2.5 Staff Training

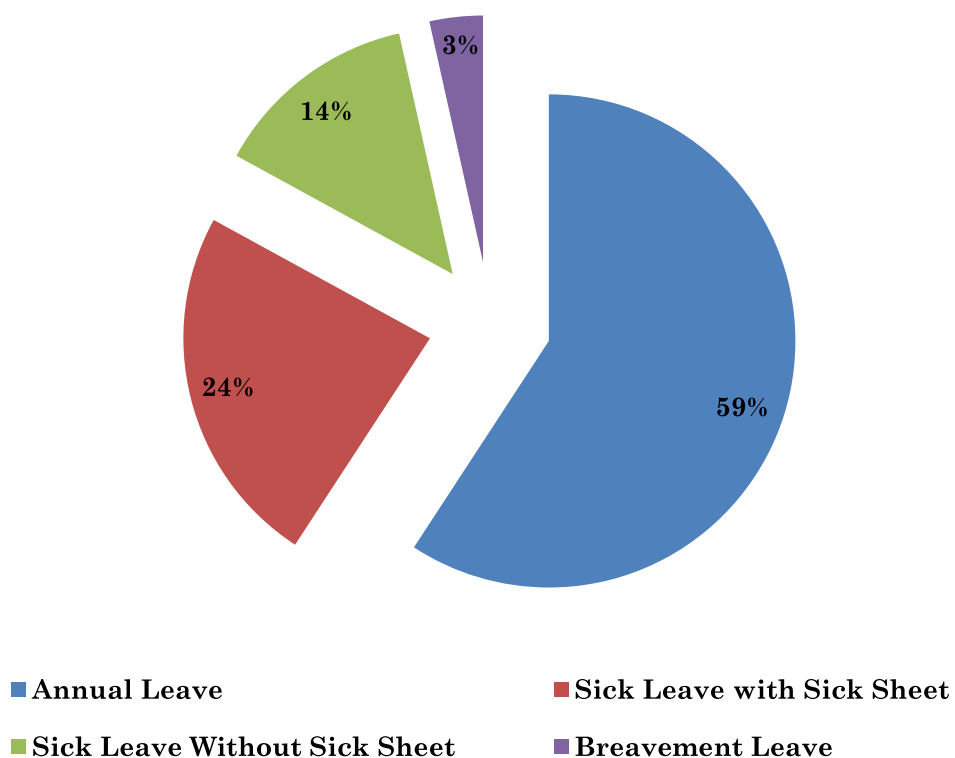
The Ministry is committed to foster a learning culture which encourages, supports and invests in the capabilities development of its human resources. Opportunity to attend the development programs was initiated by the unit in order to boost skills, knowledge and abilities. The officers received 285 hours of training during this period. These training were:

- a) Open Merit Recruitment System
- b) Investigation Training
- c) Accounting for value added tax
- d) Financial Reporting
- e) Project Quality Management
- f) Effective Stock Taking Skills
- g) Developing training needs analysis
- h) MS Excel Master Class
- i) Executive Coaching and Leadership
- j) Knowledge Management
- k) Data Information and Knowledge Management
- l) Critical Thinking
- m) Leadership and Development

3. LEAVE MANAGEMENT

A total of 289.25 days of leave was facilitated by the Human Resource Administration office. The figure below details the leave utilized by officers:

Figure 5: Leave Days Utilized by Officers



PART 2.0: ANNUAL PERFORMANCES RESULT

PILLAR 5: ACHIEVING HIGHER ECONOMIC GROWTH WHILE ENSURING SUSTAINABILITY

OUTPUT 1: MONITORING & EVALUATION OF SUGAR INDUSTRY REFORMS

1.1 Monitoring of the Sugar Industry Strategic Action Plan 2013-2022

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

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

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

1.2 Monitoring of Grant Utilization

The Ministry provided assistance to the cane growers through; Cane Planting (CPG), Fertilizer Subsidy Grants, Mechanical Harvesters and Cane Access Road (CAR) Program.

1.2.1 Cane Planting Grant Program

A budget of \$9 million was provided for assisting farmers to cultivate and plant sugarcane in fallow land as well as for replanting. This program was implemented by Fiji Sugar Corporation Ltd.

For the 2016/2017 period, the objective of this grant was to plant at least 2,000 hectares of sugarcane involving 2,100 growers. Overall, the goal was to produce a crop of at least 2.0 million tonnes of sugarcane from the 41,000 hectares with average yield of 50 tonnes per hectare in the 2017 season. The following was implemented during this 2016-2017 financial period:

Table 3: Grant Implementation and Achievements

Components	Target	Achieved	Achieved (%)
Sugarcane Production (tonnes)	2,500,000	2,047,880	82%
Area Under Cane (ha)	43,000	39,328	91%
Average Yield (tc/ha)	58	52	90%
PLANTING PER HECTARE			
Fallow Planting (ha)	2,614	3,366	129%
Replanting (ha)	940	932	99%
Total Planting (ha)	3554	4298	121%

1.2.2 Cane Access Road Program

The Ministry was allocated \$3million for the upgrading of the cane access road for growers to be able to deliver their cane from their cane fields to the mill for crushing. Under the Cane Access Program, a total of 2,897 roads (3,323 km) was maintained and repaired.

Table 4: Cane Access Road Program Achievements in 2016-2017

CAR Details	Achieved
Km of road upgraded	3323
No of culverts installed	91
No of crossings installed	3

Moreover, culverts were issued to farmers to allow them crossing their field drainage to the main road. For 2016-2017 periods, a total of 91 culverts were issued.

1.2.3 Fertilizer Subsidy Program

The Ministry was allocated \$9.7 million for the subsidizing of fertilizer. This program was implemented by South Pacific Fertilizer Limited (SPFL) as the facilitator of this grant.

Since 2009, the Government subsidized \$14.09 per 50kg of fertilizer costing \$45.59 per bag. A total of 22,649.15 tonnes of fertilizer was delivered to farmers.

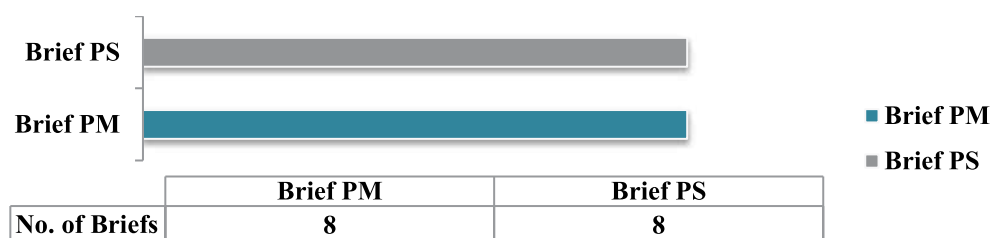
PILLAR 4: ENHANCING PUBLIC SECTOR EFFICIENCY, PERFORMANCE EFFECTIVENESS AND SERVICE DELIVERY

OUTPUT 2: PORTFOLIO LEADERSHIP, POLICY ADVICE & SECRETARIAT SUPPORT

2.1 Preparation of Papers Relating to Canes & Sugar Reform

A total of sixteen (16) briefs were prepared by the Ministry.

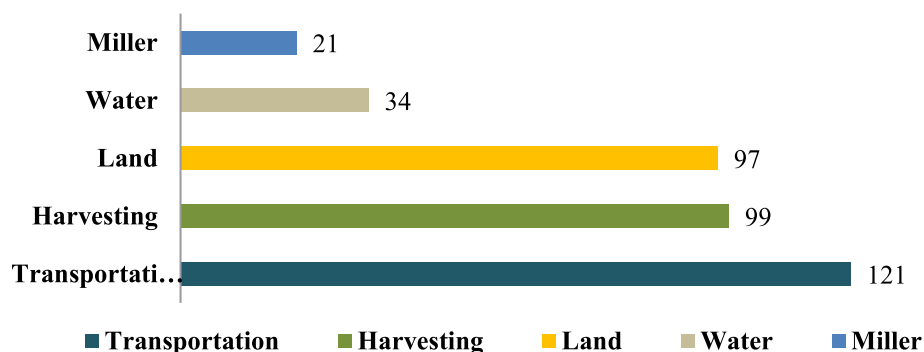
Figure 6: Number of Briefs Submitted for the Period



2.2 Policy Matters Arising out of Farmers Complaints/Issues

The Ministry takes complaints and issues raised from growers very seriously as an important component to its service delivery. A total of 372 complaints were received from the growers. Figure 7 proves the major complaints received.

Figure 7: Complains Received by the Ministry by Each Category



Land issue is one of the most reoccurring issues affecting the farmers as it is the core component for farming. The Ministry received 97 issues relating to lease renewal process which took longer than the required time. The request to shorten and quicken the process has led to the I-Taukei Land Trust Board (I-TLTB) to have a five year before expiry of lease term approach.

Harvesting is another major issue that is affecting the industry where farmers are finding hard to find laborers to harvest their sugarcane. The harvesting cost of laborers has also increased due to lack of labor provided in the sugar industry.

Due to the increase in harvesting issue, the Minister of Sugar Industry promised to provide mechanical harvester to farmers to harvest their cane whereas prisoners harvested canes on the hilly terrain fields where the harvester cannot operate.

Transportation tops the complaints chart whereby it is the major issue faced by farmers during harvesting season. The major issue is that many farmers have converted from rail to cane trucks hence an increase in the demand for cane delivery trucks resulting an increase in the transportation rate.

2.3 Industry Consultation with International Investors

The Ministry had eleven (11) industry consultations with international investors during the period.

Some notable visitors were:

1. Mr. Baskar Thambiran, Senior Manager of CNH Industrial (India) Pvt. Limited. Meeting on Mechanical Harvester in Fiji
2. Deputy Prime Minister of Belgium, Honorable Didier Reynders. Meeting on the Co- funding with the Fiji Government on GIS.
3. Mr. John Magnifico, Managing Director Solved Group for Agriculture Irrigation. Meeting on the need for Irrigation in the Sugar Industry.

2.4 International Conferences & Meeting

A delegation was led by the Prime Minister and Minister of Sugar Industry to the 25th International Seminar and 50th International Sugar Organization Council Meeting in 28 November to 2nd December.



OUTPUT 3: PUBLIC SECTOR REFORM**3.1 Improvement of Ministry Systems & Processes****3.1.1 Sugar Institution Coordination to Support Sugar Industry Reform**

The Strategic Action Plan (SAP) team met to review and update on the activities on the SAP.

Some of their meeting discussions and outcome:

- i. Tropical Cyclone Winston Post Recovery Plan for the sugar industry to the government- \$163.6 million.
- ii. Industry restructuring and legislation- two draft Bills that are before the Standing Committee on Economic Affairs of Parliament.
- iii. Harvesting and Transporting- Investment in mechanized harvesters, locomotives and rolling stock and rail system; training and capacity building of technical staff and farmers.
- iv. Milling and Processing- improve sugar recovery, increase factory time efficiency and Reduce operational cost.

3.1.2 New Executive Management for Fiji Sugar Corporation Limited

A new executive management team has been recruited to oversee and steer the Fiji Sugar Corporation Limited into new heights in line with the Government's reform in the Sugar industry.

3.1.3 Continuation of Support to the Sugar Institutions

The Government continues to support the sugar institutions through various grants to assist and boost their different roles in the sugar industry. The different institutions with their supporting grants are tabulated as:

Table 5: Institution Support from Ministry

No.	Sugar Institution	Support
1	Fiji Sugar Corporation Limited (FSC)	CAR Grant- \$3 million CPG Grant- \$9 million
2	Sugar Industry Tribunal (SIT)	Grant of \$479,947.00
3	Sugar Cane Growers Council (SGCC)	Sugar Levy of \$600,000.00
4	Sugar Research Institute of Fiji (SRIF)	Grant of \$900,000.00
5	South Pacific Fertilizer Limited (SPFL)	Subsidy of \$9.7 million

3.2 Ensure Timely Release of Funds

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

Table 6: Grant Disbursements

Grant	Amount (\$)	Date
Sugar Industrial Tribunal	\$239,973.50 \$239,973.50	November 2016 April 2017
Cane Development Grant	\$4,000,000.00 \$1,890,000.00 \$500,000.00 \$2,500,000.00 \$2,000,000.00	April 2017 May 2017 June 2017 June 2017 June 2017
GIS Cadastral Development Grant under Sugar Industry Tribunal	\$ 146,625.82	May 2017
Sugar Research Institute of Fiji	\$900,000.00	April 2017
Subsidy to South Pacific Fertilizer Ltd.	\$9722,100.00	April 2017
Sugar Industry Tribunal	\$2,968,424.73 \$451,000.00	May 2017 July 2017
Sugar Cane Growers Council payment of Government Sugar Levy	\$600,000.00	April 2017

PILLAR 1: ENSURING SUSTAINABLE DEMOCRACY AND GOOD & JUST GOVERNANCE

OUTPUT 6: MONITORING OF RURAL WOMEN ENGAGED IN SUGAR FARMING ACTIVITIES

The Ministry supports women to be involved in the sugar farming activities. For this year 2016-2017 financial year, 297 farmers were registered for new sugarcane farm contract where the Ministry observed that 19 (6%) women farmers were registered from 14 sectors in 6 sugarcane districts.

Figure 8: Women Farmers in Sugarcane District

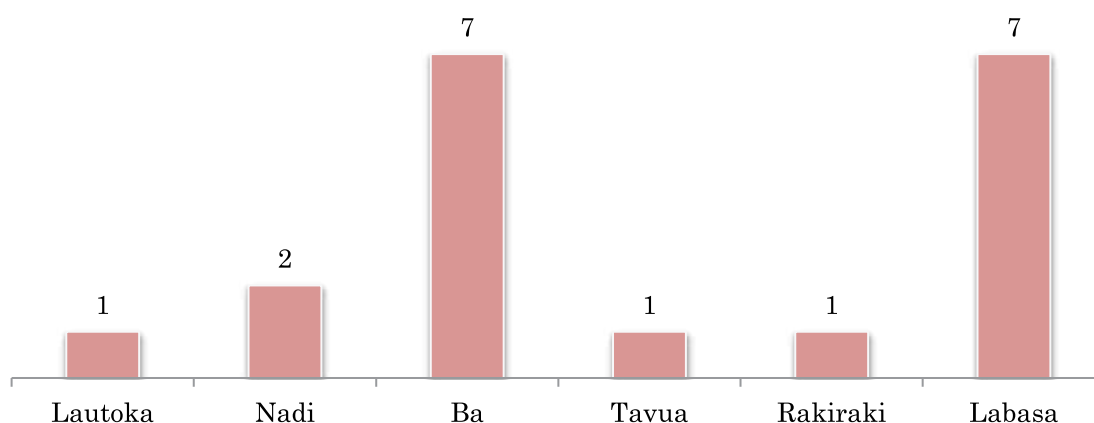
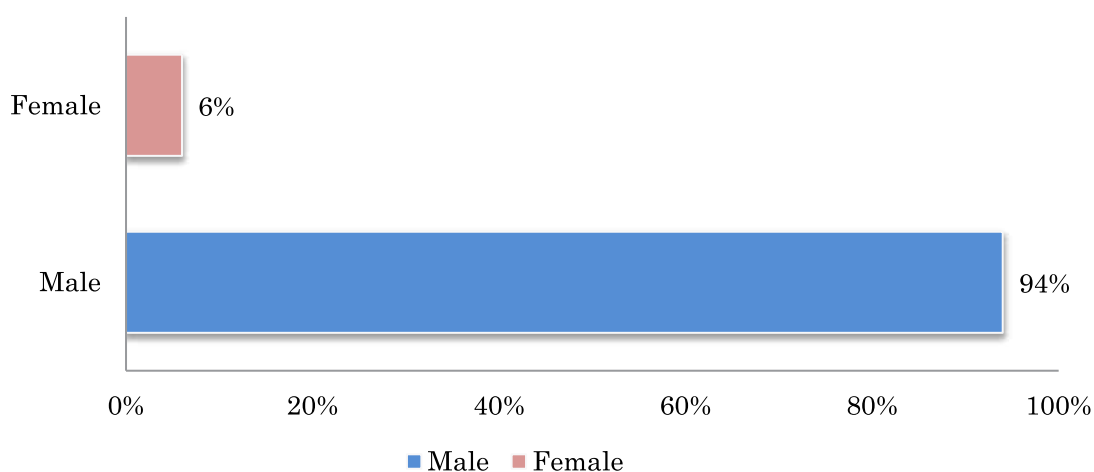


Figure 9: New Farmers by Gender



PART 3.0:

MINISTRY OF SUGAR INDUSTRY

FINANCIAL STATEMENTS FOR THE YEAR

ENDED 31ST JULY 2017



**MINISTRY OF SUGAR INDUSTRY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

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OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

MINISTRY OF SUGAR INDUSTRY

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 2017, and the notes to the financial statements including a summary of significant accounting policies.

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

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

Auditor's Responsibilities

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)**Auditor's Responsibilities (Continued)**

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

I communicate with the Ministry of Sugar Industry 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
14 March 2018

**MINISTRY OF SUGAR INDUSTRY
MANAGEMENT CERTIFICATE
FOR THE YEAR ENDED 31 JULY 2017**

We certify that these financial statements:

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


Yogesh J. Karan
Permanent Secretary
Date: 4/5/18


Sanjay Kumar
Director of Sugar Industry
Date: 4/5/18

**MINISTRY OF SUGAR INDUSTRY
STATEMENT OF RECEIPTS AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2017**

	Notes	12 months 31-Jul-17	7 months 31-Jul-16
RECEIPTS			
Agency Revenue			
Board Member Fee		16,123	
Total Revenue		16,123	
EXPENDITURE			
Established Staff		344,614	16,318
Government Wager Earners		57,838	22,857
Travel & Communication	3(a)	116,745	37,701
Maintenance & Operations		107,499	51,085
Purchase of Goods & Services		33,880	13,131
Operating Grants & Transfers		2,014,947	2,009,347
Special Expenditures	3(b)	146,625	221,305
Total Operating Expenditure		2,822,148	2,521,744
Capital Construction	3(c)	269,419	2,745,866
Capital Grants & Transfers		24,131,525	14,322,100
Total Capital Expenditure		24,400,944	17,067,966
Value Added Tax		67,362	255,194
TOTAL EXPENDITURE		27,290,454	19,841,904

**MINISTRY OF SUGAR INDUSTRY
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 JULY 2017**

SEG	Item	Budget Estimate (\$)	Changes (Note 4) (\$)	Revised Estimate (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
1	Established Staff	502,567	(60,665)	441,902	344,614	97,288
2	Government Wage Earners	68,731	9,468	78,199	57,838	20,361
3	Travel & Communication	88,000	44,124	132,124	116,745	15,379
4	Maintenance & Operations	99,000	30,584	129,584	107,499	22,085
5	Purchase of Goods & Services	23,000	16,001	39,001	33,880	5,121
6	Operating Grants and Transfers	2,014,947	-	2,014,947	2,014,947	-
7	Special Operating Cost	645,000	(490,512)	154,488	146,625	7,863
	Total Operating Costs	3,441,245	(451,000)	2,990,245	2,822,148	168,097
	Capital Expenditure					
8	Capital Construction	3,000,000	(2,723,325)	276,675	269,419	7,256
9	Capital Purchase	-	-	-	-	-
10	Capital Grants & Transfers	20,722,100	3,419,424	24,141,524	24,131,525	9,999
	Total Capital Expenditure	23,722,100	696,099	24,418,199	24,400,944	17,255
13	Value Added Tax	347,000	(245,099)	101,901	67,362	34,539
	Total Expenditure	27,510,345	-	27,510,345	27,290,454	219,891

**MINISTRY OF SUGAR INDUSTRY
STATEMENT OF LOSSES
FOR THE YEAR ENDED 31 JULY 2017**

Loss of Money

There was no loss of money recorded for the financial year ended 31 July 2017.

Loss of Revenue

The Ministry recorded a loss of \$3,827 for the financial year ended 31 July 2017. This consist of outstanding unretired Accountable Advances which is money owed by a former employee of the Ministry. The matter has been reported to FICCAC for further investigation.

Loss (other than money)

Board of Survey for Ministry of Sugar Industry was carried out in the month of June 2017, covering the period for August 2016 to July 2017. There is loss of assets valued at \$2,926 for the year ended July 2017 as follows:

Asset	Amount (\$)
Office Equipment	2,926
Total	2,926

These assets were issued to the former Accounts Officer, who has failed to return the items to the Ministry upon the termination of her contract. The case is under investigation by FICAC.

**MINISTRY OF SUGAR INDUSTRY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2017**

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. On-going partnership with the relevant industry stakeholders does provide a strong platform to encourage increased cane production, adequate labor and committed sugar workforce.

The establishment of a dedicated Ministry of Sugar Industry provides at 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 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 and GIS mapping of cane farm.

Furthermore, Government sourced funding within its budget to provide assistance to cooperative to procure mechanical harvesters.

Government is fully committed to the revival and future viability of Fiji's sugarcane 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 JULY 2017

(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 to the suppliers and sub-contractors for expenses incurred.

The VAT payments 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.

For the purpose of comparison of results for the twelve (12) months period covering from August 2016 to July 2017, the corresponding result for the previous financial period (fiscal 2016) can be prorated by dividing the respective figure by twelve (12) and multiplying by seven (7).

NOTE 3: SIGNIFICANT VARIATIONS

- (a) The increase in Travel and Communications by \$79,044 or 210% was attributed to the increase in local and international travel for the year ended 31 July 2017.
- (b) The decrease in Special Expenditures by \$74,680 or 34% was due to the reduction in funds given to Sugar Industry Tribunal for the operation costs relating to the GIS Cadastre Development.
- (c) The decrease in Capital Construction by \$2,476,447 or 90% was due to the transfer of funds from SEG 8 to SEG 10 for the Fiji Sugar Corporation to upgrade Cane Access Roads. This role was previously carried out by the Ministry.

MINISTRY OF SUGAR INDUSTRY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 JULY 2017

NOTE 4: APPROPRIATION MOVEMENTS

There was no redeployment of funds, however there was virement approved by Permanent Secretary for Sugar Industry and the Permanent Secretary for Economy during the period. The appropriation movement for the financial year ended 31 July 2017 is detailed below:

Virement No.	From Expenditure Group	Amount (\$)	Virement No.	To Expenditure Group	Amount (\$)	Approved By
V35002/16-17	SEG 1	9,467.93	V350027/16-17	SEG 2	9,467.93	PS - Economy
DV 3502/16-17	SEG 1	30,584.11	DV3502/16-17	SEG 4	30,584.11	PS - Sugar Industry
DV 3508/16-17	SEG 1	10,000.00	DV 3508/16-17	SEG 5	10,000.00	PS - Sugar Industry
DV 3508/16-17	SEG 1	5,613.20	DV 3508/16-17	SEG 3	5,613.20	PS - Sugar Industry
DV 3504/16-17	SEG 1	5,000.00	DV 3504/16-17	SEG 3	5,000.00	PS - Sugar Industry
DV 3505/16-17	SEG 7	33,511.83	DV 3505/16-17	SEG 3	33,511.83	PS - Sugar Industry
DV 3501/16-17	SEG 7	6,001.46	DV 3501/16-17	SEG 5	6,001.46	PS - Sugar Industry
DV 3507/16-17	SEG 7	451,000.00	DV 3507/16-17	SEG 10	451,000.00	PS - Sugar Industry
DV 35003/16-17	SEG 10	100,000.00	DV 35003/16-17	SEG 10	100,000.00	PS - Economy
V35001/16-17	SEG 8	2,723,325.44	V35001/16-17	SEG 10	2,723,325.44	PS - Economy
V35001/16-17	SEG 13	245,099.29	V35001/16-17	SEG 10	245,099.29	PS - Economy
TOTAL		3,619,603.26			3,619,603.26	

A total virement of \$44,124 was made for SEG 3 to cater for the Permanent Secretary's local and overseas for meetings. The virement was for future planned expenditure since the Ministry had utilized the allocated budgeted amount of \$88,000. The Ministry did not fully utilize these funds.

Virement into SEG 4 was to facilitate payment for hire of vehicles from Ministry of Works for the engagement of Fiji Corrections Service for cane cutting exercises in Rakiraki.

Virement into SEG 5 was made for the purchase beds and television for the Fiji Correction Services inmates for the cane cutting exercise and for Prime Minister's consultation. The Prime Minister's consultation was cancelled due to bad weather resulting unutilized funds.

The decrease in SEG 8 by 2,723,325 was due to the transfer of funds from SEG 8 to SEG 10 for the Fiji Sugar Corporation to Upgrade Cane Access Roads. This role was previously carried out by the Ministry.

Virement of \$3,419,424 into SEG 10 was to transfer funds to Fiji Sugar Corporation in the form of Capital Grants to administer the upgrading of Cane Access Roads. This role was previously undertaken by the Ministry.

MINISTRY OF SUGAR INDUSTRY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *(continued)*
FOR THE YEAR ENDED 31 JULY 2017

NOTE 5: REVOLVING FUND ACCOUNT- MISCELLANEOUS

As at 31 July 2017, the Ministry had a balance of \$3,827 in the Revolving Fund Account (RFA) Miscellaneous account made up of Accountable Advance.

NOTE 6: DRAWINGS ACCOUNT

At balance date, there was fund amounting to \$25,497 under Drawings Account. These monies relate cheque written by the Ministry that remained un- presented to the bank as at 31st July 2017.



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