



MINISTRY OF SUGAR INDUSTRY

2017-2018

ANNUAL REPORT

Parliamentary Paper No. 59 Of 2019

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ACRONYMS

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

LETTER OF TRANSMITTAL

The Honorable Prime Minister
Minister of Sugar Industry

Dear Sir

I am pleased to present the Annual Report of the Ministry of Sugar Industry for the year ended 31st July, 2018.

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

The report consists of the Ministry of Sugar Industry Annual Corporate Plan performance and the Office Audited Financial statements.

I hereby certify that I am satisfied with the report provided for the Ministry's performance from 01st August 2017 to 31st July 2018.

Yours sincerely,



Yogesh J. Karan
Permanent Secretary for the Sugar Industry

ABOUT THE REPORT

Bula and Welcome to the Ministry of Sugar Industry's Annual report for 2017/2018 financial period.

The report highlights the Ministry's performance according to the Annual Corporate Plan (ACP) and Annual Budget for the year. The report entails details of performance measures from 01st August 2017 to 31st July 2018.

The report will be reporting on:

1. Overview of the Ministry
2. Annual Performance Result
3. Human Resource Administration; and
4. Ministry's Annual Financial Statement.



PERMANENT SECRETARY STATEMENT

I am much honored to present the Ministry of Sugar Industry Annual Report for 2017/ 2018. The year saw many challenges to the industry and the Ministry. A total of \$60 million was allocated to the industry by Government for the year. The Ministry together with the assistance of the industry institutions implemented the following capital projects; Sugarcane Development (SDP) and Farmers Assistance, Cane Cartage (Penang to Rarawai), Special Payment, Weedicide Subsidy – FSC, Cane Access Roads, New Farmers Assistance, Fertilizer Subsidy, Sugarcane Farm Mechanization and Sugarcane Rehabilitation Small Grant Scheme. 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.

The Ministry continues to support the Fiji Sugar Corporation (FSC) as it is guided by its new five years Strategic Action Plan (SAP). The SAP focuses on infrastructure development at the farm level and interventions that control production costs for farmers so that sugarcane production is increased by assisting farmers in reducing their costs of production and improves productivity. This is coupled with the increase in Government Guarantee to FSC, totaling \$202 million. FSC will use Government Guarantee to raise finance to make strategic investments that modernize the industry and improve the services and infrastructure to support sugarcane farmers.

During the year, under the SDP, a total of 5259ha of cane planted; fallow land 4053ha, replanting of 1206ha, ratoon management of 63ha, bulldozer works of 493ha and supplies of Aglime for 1592ha were achieved. 504,195 bags of Fertilizer, 202,955 litres of Amine, 85,275 kilograms of Diuron, 143,365 litres of Glyphosate and 21,999 kilograms of Valpar were supplied to farmers. A total of 3,546 kilometers of cane access roads were upgraded.

In 2017-2018 season a total of 1.63million tonnes of cane were harvested compared to 1.39 million tonnes in the previous year. This was directly resulting from the increase in support to the cane farmers.

Yogesh J. Karan
Permanent Secretary for the Sugar Industry

ABOUT THE MINISTRY

I. WHO WE ARE

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.



II. 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*

III. OUR CUSTOMERS

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:

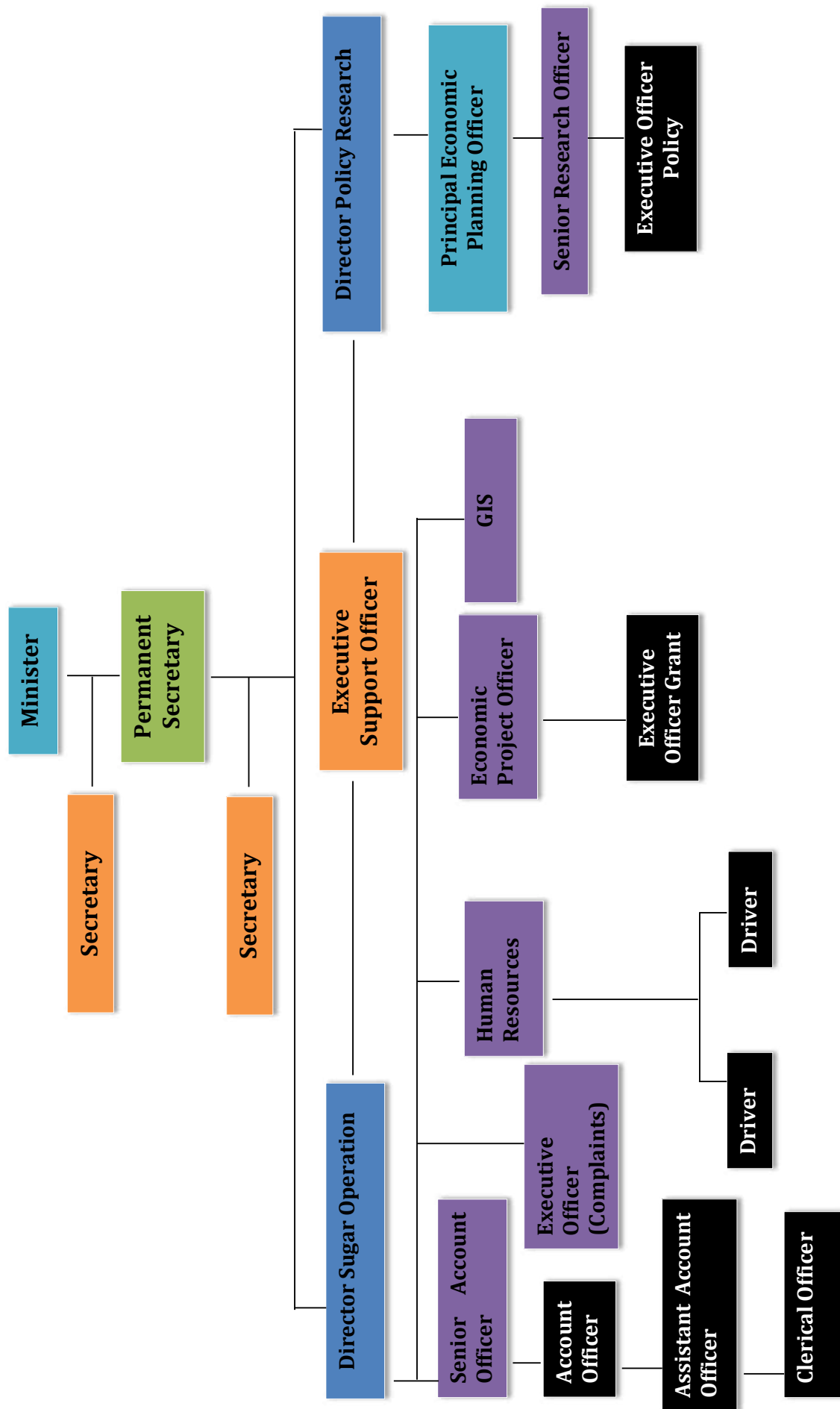


IV. OUR BUSINESS

The Ministry has two units; Sugar Operations and Policy and Research Units. Both Units are devoted to achieving the yearly objectives of the Ministry.

The Ministry implements key policies and plans consistent with Government programs to achieve higher economic growth whilst ensuring tangible sustainability of Fiji's sugar industry. The Ministry provides an enabling environment for direct efficient delivery of services to the stakeholders throughout Fiji. The adoption of a 'professional' service delivery by the Ministry 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 that there is efficiency in mill operation that could lead to an increase in canes and sugar productions thus achieving higher profits for millers and farmers.

Figure 1: Organization Structure



V. LEGISLATIVE FRAMEWORK

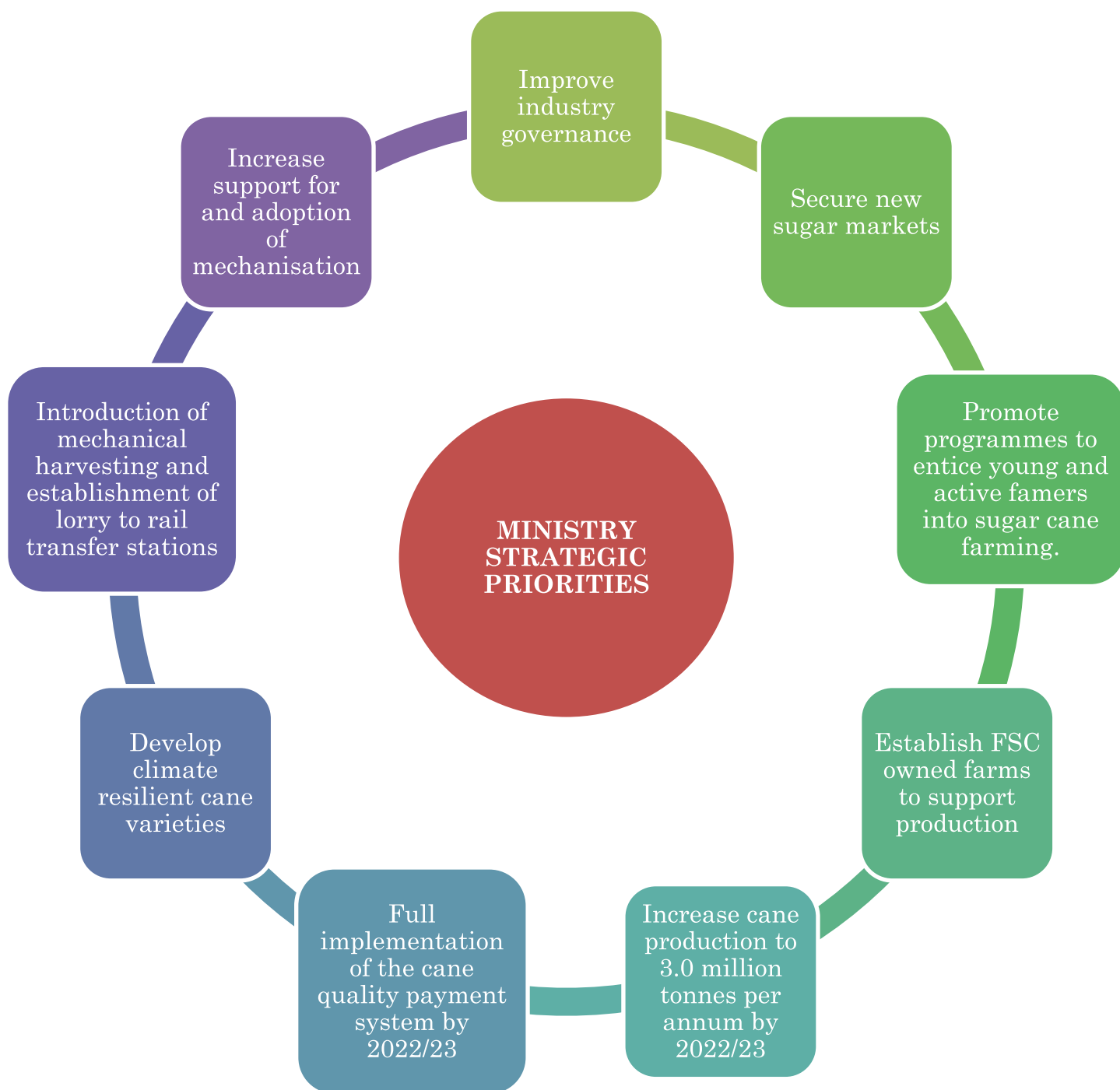
The Ministry is guided by the following legislations and regulations:

- 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. MINISTRY STRATEGIC PRIORITIES

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

Figure 2: Ministry Strategic Priorities



PART 1.0: ADMINISTRATION AND HUMAN RESOURCE

1. STAFF ESTABLISHMENT

The Ministry employed a total of 23 staffs of which 19 (83%) positions were filled while two (8.5%) positions were vacant as recruitment is on hold. These include 11 established staff, two (2) General Wage Earners and one (1) Project officer. The staff gender ratio is 53% males and 47% females.

Figure 3: Staff Ratio per Establishment

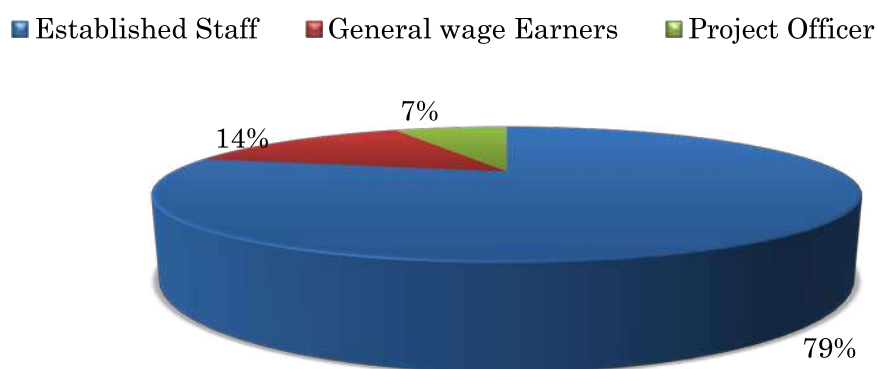
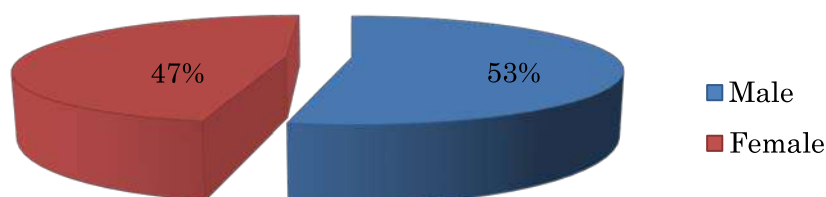


Figure 4: Gender Ratio at the Ministry



2. RECRUITMENT AND SELECTION

2.1 Vacant Positions

There were four (4) vacant positions that were filled last year; Accounts Officer, Clerical Officer, Principal Economic Planning Officer and Senior Research Officer. These are another four positions namely Agronomist, Technical Officer Infrastructure Lautoka, Technical Officer Infrastructure Labasa and Senior Secretary were not filled.

2.2 Staff Training

The Ministry is committed to professionally developing its human resource. The Ministry commits and encourages and supports in the investment of capabilities of its staff. The following trainings/ courses were attended by staff in the year;

Table 1: Courses attended by staffs during the year

Name of Courses	Name of Trainers	No of staff trained
Financial Reporting Workshop	Ministry of Economy	1
Project Quality Management	FNU	1
Effective Stocktaking Skills	FNU	1
Open Merit Recruitment and Selection	Ministry of Civil Service	1
Developing Training Needs Analysis	USP	1
MS Excel Master Class	USP	1
Executive Coaching and Leadership	USP	2
Knowledge Management	USP	3
China leadership Academy Pudong (CELAP)	People's Republic of China	1
Data Information and Knowledge Management	USP	1
Leadership and development Training	Ministry of Civil Service	1
Critical Thinking	USP	2

2.3 Staff turnover

There was no staff turnovers recorded for the year.

2.4 Discipline

There were no disciplinary cases recorded in the year

3. FINANCE MANAGEMENT

The activities undertaken by the Ministry were categorized under the Outputs of the Unit in the ACP.

PART 2.0: ANNUAL PERFORMANCE ANALYSIS

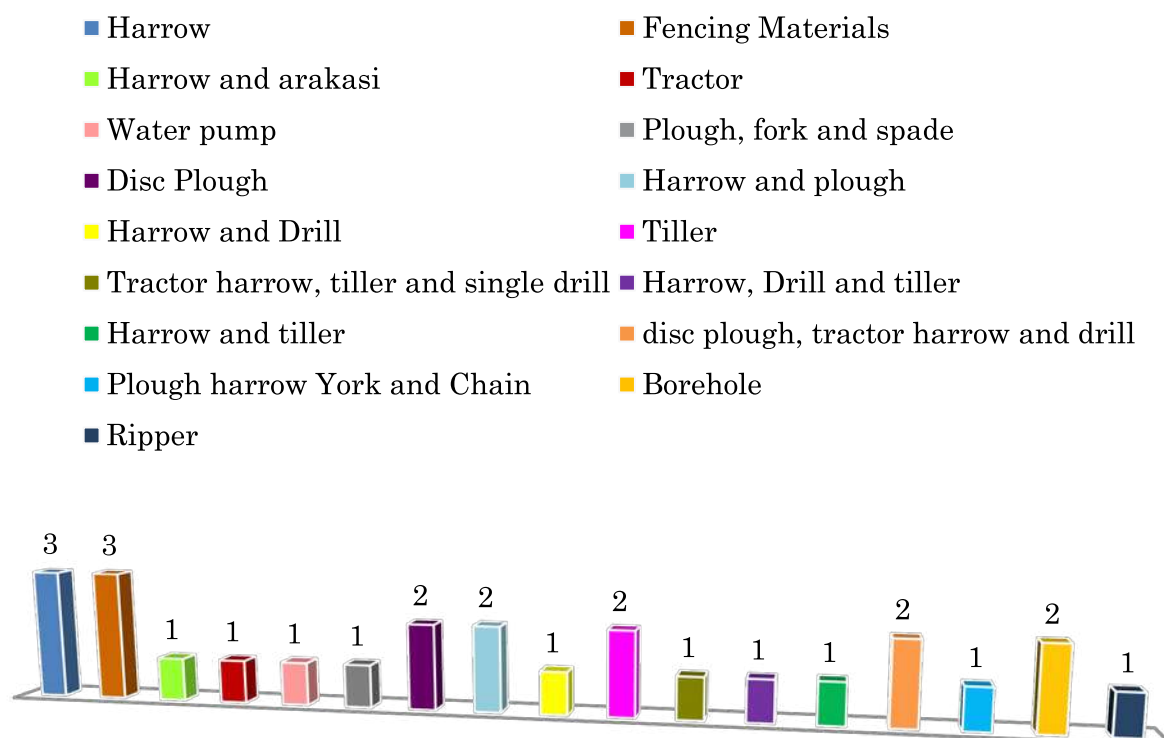
The Ministry contributes to the achievement of four (4) Key Outcomes of the Government through its financial management reform and budgetary system.

3. OUTCOME: SUSTAINABLE ECONOMIC DEVELOPMENT

3.1 OUTPUT: INCLUSIVE SOCIO ECONOMIC DEVELOPMENT

The Ministry provides assistance for women in development by supporting the empowerment of women sugar sector through the Sugarcane Rehabilitation and Small Grants Program as highlighted in the graph below. A total of \$112,119.86 was utilized to assist 26 women growers.

Figure 5: Number of Farmers Assisted



3.2 OUTPUT: IMPROVED AND MODERNIZED TRANSPORTATION

This output was aimed at promoting efficiency in cane delivery by reducing Stand over Cane. The strategies used to accomplish this output were Cane Access Road Program and Cane Cartage (Penang-Rarawai) program.

3.2.1 Cane Access Road Program

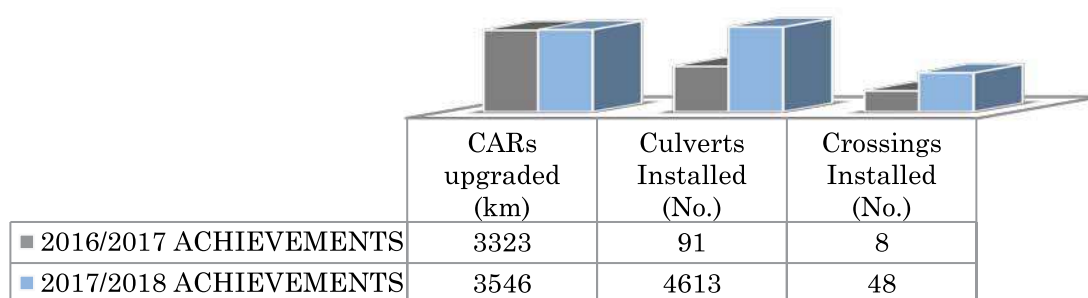
Cane Access Road Program (CAR) is provided to farmers to assist in the transportation of their cane from their field to the mill. The scope of work involves grading and gravelling of CARs, culvert works and installation of small to medium sized crossings. The program objective is to ensure cane access roads are upgraded to motorable condition and no stand-over cane at the end of season due to poor cane access roads. The budget for this program in 2017/2018 was \$6 million. The table below highlights the achievement of the program in the year.



Table 2: Utilization of CAR Program in 2017/2018

CAR Details	Target	Achieved
Km of road upgraded	3870	3546
No of culverts installed	504	4613
No of crossings installed	40	48

Figure 6: Comparisons of 2016/17 & 2017/18 Cane Access Road Achievements



In figure 6, it depicts that most work was accomplished in year 2017-2018 compared to 2016-2017 financial year. There was a great gap of completion of work between 2016-2017 and 2017-2018 in culverts and crossing installed. As noted in year 2017-18, 4613 culverts were installed whereas in 2016-2017 only 85 culverts were installed. For year 2017-18, 48 crossings were installed compared to 2016-2017 where only 3 were installed.

As illustrated in figure 6, there was a gap of work completion in year 2016-2017 due to:

- i) Cyclone Winston. Where most place was affected by it causing most work to delay as most project phases were focused carrying-out rehabilitation work.
- ii) In 2016-2017, budget for this period was \$3million compared to 2017-18 where the Government allocated a \$6million for Cane Access Road Program.

3.2.2 Cane Cartage (Penang- Rarawai) Program

The Fiji Sugar Corporation's Penang Mill was severely devastated by Tropical Cyclone Winston in February 2016 which resulted in the closure of the Mill since 2016 season. The Ministry hence provided reimbursements through the Cane Cartage program to farmers for cost carting sugar cane to Rarawai Mill.

The allocation for this program was \$5,120,733 for 2017/2018. A total of 2,183 sugar cane farmers were assisted (1,163 from Penang and 1,020 from Rarawai district) with this program. A total of 139,939 tons of sugar cane were carted.

3.3 OUTPUT: DEVELOPING RESOURCE BASED SECTOR SUSTAINABILITY OF SUGAR INDUSTRY

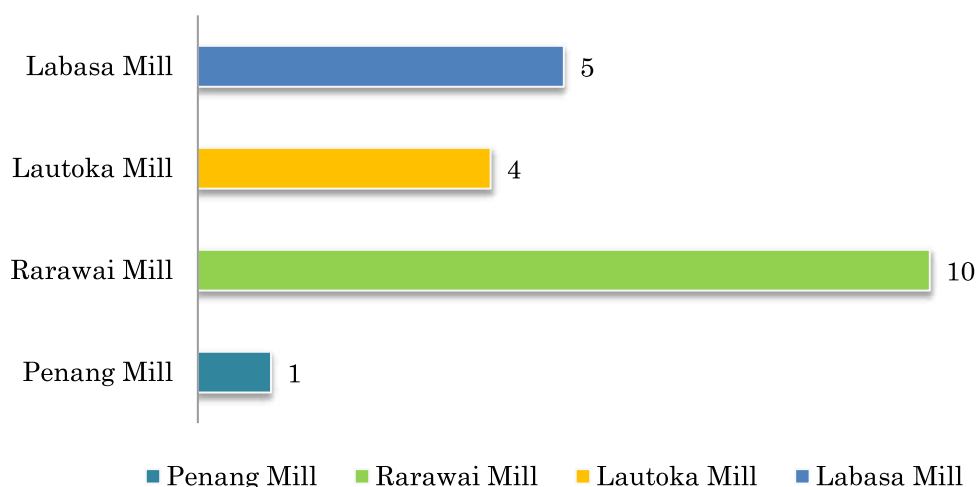
3.3.1 Promote Adoption of New Farming Technologies to Mechanize Farms (Planting, Fertilizer Application, Spraying and Harvesting)

3.3.1.1 Farm Mechanization Program

To encourage the above output, the Ministry provided a grant of \$1,890,000 for the procurement of mechanical harvester. Twenty (20) Cooperatives were given grants of \$90,000.00 each by the Ministry for purchasing of mechanical harvesters.



Figure 7: Mechanical Harvester Co-operative by Mill Area



As depicted in figure 7, most owners of Mechanical Harvester machines assisted by Government are located in Rarawai Mill area followed by Labasa, Lautoka and Penang Mill area respectively.

3.3.2 Increase cane production to ensure sustainability of the Sugar Sector

3.3.2.1 Sugarcane Development and Farmer Assistance Program

The Sugarcane Development and Farmer Assistance (SDP) program commonly referred to as Cane Planting Grant (CPG) was allocated \$15.4 million in its 2017/2018 year previously commonly referred to as Cane Planting Grant (CPG). This program aims at bringing into sugarcane farming all fallow land, rehabilitate existing low production cane farms, and improve productivity by addressing soil acidity and encouraging better husbandry practices. Sugarcane farmers are assisted through fallow land planting, cane replanting, bulldozer works and ratoon rehabilitation inputs under this program. The program is implemented by FSC. At the end of the year, the following were achieved under the program:

Table 3: Utilization of SDP Program in 2017/2018

SDP Details	Achieved
Fallow plant	4,053 ha
Replanting	1,206 ha
Bulldozer works	493 ha
Ratoon managed	63 ha
Supplied Aglime	1592 ha

3.3.2.2 Weedicide Subsidy Program

One of the major reasons that farmers are unable to apply recommended quantity of weedicides to the cane is the increased cost of inputs. This year, the Government for the first time allocated \$6.3 million to subsidize the cost of weedicides. These subsidized weedicides include Diuron, Amine, Glyphosate and Valpar. This program is implemented by South Pacific Fertilizers Limited (SPFL). The program utilization is highlighted in the graph below.



Figure 8: 2017/2018 Achievements

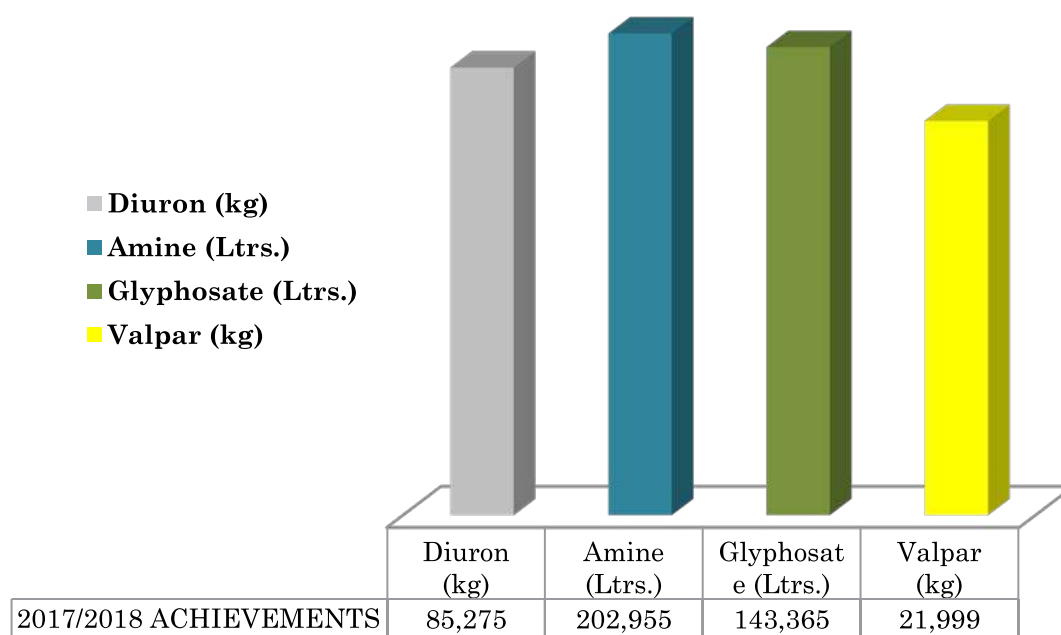


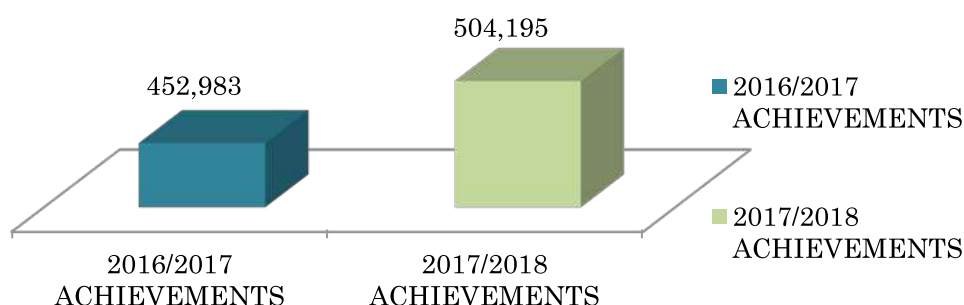
Figure 8 depicts that Amine was the most preferred choice and is widely used in ratoons, which accounts for more than 90% of the area under cane. Amine is a selective systemic trans-located herbicide, used mainly in post emergence application for control of broadleaf weeds and vines in sugarcane.

3.3.2.3 Fertilizer Subsidy Program

The Fertilizer Subsidy Program is an ongoing program from 2009 with an allocation of \$15.3 million for 2017/2018 year. The program implemented by SPFL assists growers by subsidizing the cost of fertilizer. In 2017/2018 farmers only paid \$20.00 per bag of 50kg fertilizer while the program catered for \$25.59 per bag of the total cost of \$45.59 per bag. This subsidy program made fertilizers more affordable for the growers and encouraged an increased rate of application in the farms. The graph below depicts the breakdown of blend fertilizers sales for year 2017-18.



Figure 9: Number of Bags of Fertilizers Distributed for Year 2017-18 & 2018-19



As illustrated in figure 9, despite an increase of bags of fertilizers supplied, there was a late commencement of crushing at Lautoka and Ba mills which had contributed to the low uptake of fertilizers. Moreover, there was cyclone Winston that affected the sales of fertilizers in 2016-2017 periods.

3.3.2.4 Special Cane Payment

The Government had provided financial payment during the 4th cane payment of 2016 as relief to the farmers in preparations for the 2017 sugar season in the aftermath of the devastation of Tropical Cyclone Winston. There were some farmers that did not benefit from this relief. As a result, a total of \$4 million was also allocated for the payments to cane farmers that did not receive benefits from the 4th cane payment of the 2016.

3.3.3 Strengthen Research and Transfer Technology to Cane Farmers

3.3.3.1 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 supply of 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.

4. OUTCOME: STRUCTURAL REFORMS

4.1 OUTPUT: IMPROVE MINISTRY SYSTEMS & PROCESSES

4.1.1 Innovation and Best Practice in Public Service Delivery

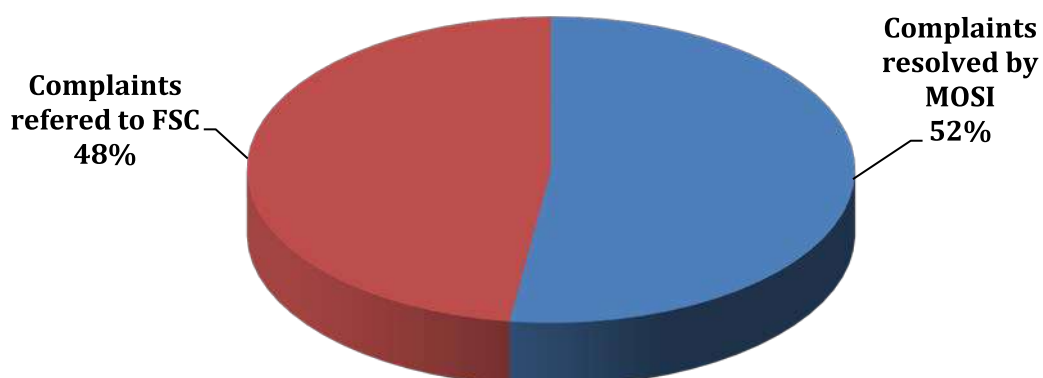
4.1.1.1 Provision of Quarterly Reports of Ministry's Deliverables

The Ministry prepared 4 Quarterly Grant progress reports. These reports highlighted the utilization of each program by the Ministry either implemented by outside agency or ourselves. The targets were monitored through this progress reports.

4.1.1.2 Complaints/ Issues Arising Out From Farmers

There was 25 sugar related complaints received during the PM's consultation. All of the complaints were successfully inspected and referred to FSC. An analysis report was also submitted to PM's office. A total of 73 complaints received by the Ministry were inspected; 24 complaints were resolved by the Ministry and 22 of the pending complaints regarding CAR were forwarded to FSC to implement and the rest of the stray animals complaints will be adopted through the Small Grants Scheme.

Figure 10: Growers Complaints received by the MINISTRY



4.2 OUTPUT: IMPLEMENTATION, MONITORING AND EVALUATION OF SUGAR INDUSTRY REFORMS

4.2.1 Policy Shift to Expand Development and Support of Transforming the Sugar Industry

4.2.1.1 National Sugar Industry Policy

The Ministry initiated the formulation the National Sugar Industry Policy. An Expression of Interest (EOI) was advertised and the tender process was followed. However, no consultants were engaged to compile the Policy after Tender Evaluation.

4.2.1.2 Cabinet Papers

The Ministry submitted 3 Cabinet papers in the year. These are as follows:

- i. Special Cane Payment
- ii. Cane Top-up Payment
- iii. National Sugar Industry Policy

4.2.1.3 International Sugar Industry Related Conference & Meetings

The Ministry attended 3 annual international meetings and a sugar related Visit.

- i. International Sugar Organization in El Salvador
- ii. International Sugar Organization in London
- iii. Visit to Vasantdada Research Institute in India

4.2.1.4 Participation in Parliament Session on Sugar Related Issues

The Ministry submitted 4 responses on Order papers to the Parliament in relation to sugar related issues in the year.

4.2.1.5 Promotion and Adoption of Policy

The Ministry had a target of twenty (20) RIE's for the year and achieved twenty nine (29) RIE's in the year. All the RIE's were approved and executed by the Accounts team.

4.2.1.6 Promotion of Cane Farming Through New Cane Farmer Assistance Program

The Ministry in its 2017/ 2018 budget introduced a new program to encourage new farmers to venture into sugarcane farming and utilize idle land suitable for cane farming. This program will pay for costs incurred in acquiring land leases. Ministry will pay costs stated in offer letters issued by the TLTB or Lands Department; and grant amount for input cost (fertilizer and weedicide) and cost for planting 2 hectares of cane to start sugarcane farming.

4.2.2 Strengthen Governance in Ministry & Implementing Partners

4.2.2.1 Improve Monitoring and Evaluation Systems

4.2.2.1.1 New Farmer Registrations

The Ministry observed and monitored the registration of 108 new growers in the year.

Table 4: New Farmers Scheme

PROGRAM	BUDGET	TARGETED OUTPUT	ACHIEVED
New Farmers Scheme	\$2.0 million	336 farmers	108 farmers
			81 male
			13 female
			14 partners

4.2.2.1.2 Talkback Shows

Talkback shows during the year give an opportunity for stakeholders and growers to raise issues and concerns over radio. The following shows were conducted by the Ministry to help the general public understand more about Government's work and awareness programs:

Table 5: Talkback Shows Record

Date	Topic
09.11.2017	Sugar harvesting and crushing updates
12.03.2018	Sugarcane farmers farming assistance
09.04.2018	Third cane payment to farmers
17.05.2018	Cane crushing

4.2.2.1.3 Grower Consultations

The Ministry conducted and attended numerous consultations in the year as highlighted in the table below;

Table 6: Growers Consultation Record

Date	Event	Location
10.08.2017	Talanoa Session with Natalecake & Vadravadra village	Natalecake Village
14.08.2017	SAP Steering Committee: Grants Discussion	Sugar House
15.08.2017	Meeting With TLTB - Lautoka- Ema Natadra on Cane Land Issues	TLTB Office- Lautoka
24.08.2018	National Steering Committee- New Work Program	Sugar House
30.08.2018	Opening of the New Nativi ECE Classroom- PM	Rakiraki
30.08.2018	Opening of the New Natawa ECE Classroom- PM	Tavua
12.10.2017	Meeting with FSC: Sugar Policy	FSC HQ
14.11.2017	Drasa Dam 2 Talanoa Session	Sugar House
26.01.2018	Tender Evaluation-SRIF-AAP2013, DCI-SUCRE/2014/352-308- Caged bins for Harvest & Transport Trials	SRIF- Drasa
15.01.2018	Sugar House Building Refurbishment Meeting	SIT
19.01.2018	Drasa Dam 2 Consultation & Talanoa	Dakua Road, Drasa
14.02.2018	PM's Consultation with Sugarcane Farmers- Sigatoka	Sai Hall- Sigatoka
14.02.2018	PM's Consultation with Sugarcane Farmers- Nadi	Civic Centre, Nadi
15.02.2018	PM's Consultation with Sugarcane Farmers- Ba	Civic Centre, Ba
15.02.2018	PM's Consultation with Sugarcane Farmers- Lautoka	SCGC Hall, Lautoka
16.02.2018	PM's Consultation with Sugarcane Farmers- Ba	Tavua Hall
16.02.2018	PM's Consultation with Sugarcane Farmers- Rakiraki	Rakiraki Hall
28.02.2018	Buabua Agricultural Cluster Farmer Meeting	Buabua- Lautoka
07.03.2018	Buabua Agricultural Cluster Farmer Meeting with SRIF & SCGC	Buabua- Lautoka
15.03.2018	Stray Animal Awareness Meeting with Lomolomo Village	Lomolomo
15.03.2018	Stray Animal Awareness Meeting with Dreketi settlement- Saweni	Saweni
16.03.2018	Stray Animal Awareness Meeting with Vakabuli Village	Vakabuli
19.04.2018	Stray Animal Awareness Meeting with Tagitagi Farmers	Tagitagi Sangam School

PART 3.0:

MINISTRY OF SUGAR INDUSTRY

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31ST JULY, 2018



**MINISTRY OF SUGAR INDUSTRY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

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OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements of Ministry of Sugar Industry

Unqualified Opinion

I have audited the financial statements of the Ministry of Sugar Industry which comprise the statement of receipts and expenditure, appropriation statement, statement of losses for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are presented fairly, in all material respects, in accordance with the cash basis of accounting followed by the Government of Fiji, Financial Management Act 2004 and the Finance Instructions 2010.

Basis for Opinion

I 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 of Sugar 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.

Responsibilities of the Management for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting followed by the Government of Fiji, Financial Management Act 2004 and the Finance Instructions 2010 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.

The management are responsible for overseeing 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, 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 the related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management 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
22 May, 2019

**MINISTRY OF SUGAR INDUSTRY
MANAGEMENT CERTIFICATE
FOR THE YEAR ENDED 31 JULY 2018**

We certify that these financial statements:

- (a) fairly reflect the financial operations and performance of The Ministry for the year ended 31 July 2018; 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 J. Karan
Permanent Secretary for Sugar Industry

Date: 15 May 2019



Sanjay S. Kumar
Director Sugar (Operations)

Date: 15 May 2019

MINISTRY OF SUGAR INDUSTRY
STATEMENT OF RECEIPTS AND EXPENDITURE
FOR THE YEAR ENDED 31 JULY 2018

	Notes	12 months 31 July 2018 (\$)	12 months 31 July 2017 (\$)
RECEIPTS			
State Revenue			
Board Member Fees		21	-
Agency Revenue			
Board Member Fees		4,082	16,123
Total Revenue		4,103	16,123
EXPENDITURE			
Established Staff		443,729	334,614
Government Wage Earners		49,375	57,838
Travel & Communications	3 (a)	142,558	116,745
Maintenance & Operations		90,512	107,499
Purchase Of Goods & Services		92,339	33,880
Operating Grants & Transfers		2,012,964	2,014,947
Special Expenditures	3 (b)	338,845	146,626
Total Operating Expenditure		3,170,321	2,822,148
Capital Expenditure			
Capital Construction	3 (c)	---	269,419
Capital Grants & Transfers		77,483,649	24,131,525
Total Capital Expenditure		77,483,649	24,400,944
Value Added Tax		24,116	67,362
TOTAL EXPENDITURE		80,678,086	27,290,454

MINISTRY OF SUGAR INDUSTRY
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 JULY 2018

SEGI	Item	Budget Estimate (\$)	Appropriation (Note 4) (\$)	Revised Budget (\$)	Actual Expenditure (\$)	Lapsed Appropriation (\$)
	Operation Costs					
1	Established Staff Government Wage	546,246	(90,000)	456,246	443,729	12,517
2	Earners Travel &	73,259	---	73,259	49,375	23,884
3	Communications Maintenance &	180,000	(10,000)	170,000	142,558	27,442
4	Operations Purchase of Goods and	133,000	(14,220)	118,780	90,512	28,268
5	Services Operating Grants and	32,380	72,328	104,708	92,339	12,369
6	Transfers	2,014,947	---	2,014,947	2,012,964	1,984
7	Special Expenditures	749,861	(342,356)	407,505	338,845	68,660
	Total Operating Costs	3,729,693	(384,248)	3,345,445	3,170,321	175,124
	Capital Expenditure					
8	Capital Construction	---	---	---	---	---
9	Capital Purchase Capital Grants &	---	---	---	---	---
10	Transfers	56,192,733	21,293,621	77,486,354	77,483,649	2,705
	Total Capital Expenditure	56,192,733	21,293,621	77,486,354	77,483,649	2,705
13	Value Added Tax	98,600	---	98,600	24,116	74,484
	Total Expenditure	60,021,026	20,909,373	80,930,399	80,678,086	252,313

MINISTRY OF SUGAR INDUSTRY
STATEMENT OF LOSSES
FOR THE YEAR ENDED 31 JULY 2018

Loss of Money

There was no loss of money recorded for the financial period ended 31 July 2018.

Loss of Revenue

The Ministry recorded a loss of \$3,827 for the financial year ended 31 July 2018. This consist of outstanding unretired Accountable Advance which is money owed by a former employee of the Ministry. The matter is with the Judicial Court.

Loss (other than money)

Board of Survey for Ministry of Sugar Industry was carried out in the month of June 2018, covering the period for August 2017 to July 2018. There is loss of assets valued at \$2,926.10 for the year ended 31 July 2018 as follows:

Asset	Amount (\$)
Office Equipment	2,926.10
Total	2,926.10

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 JULY 2018

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 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 operational efficiency which will 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 and weedicide 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 JULY 2018

(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 \$99,115 or 29% was attributed to the Civil Service Job Evaluation movement in salary step.
- (b) The increase in Purchase of Goods & Services by \$58,459 or 173% was due to the virement into SEG 5 for the cane cutting exercise and for the sugar industry consultation.
- (c) The increase in Special Expenditure by \$192,219 or 131%, there was two additional budget allocated for Sugar Sector Policy Development and Database and Information System.
- (d) Capital Grants and Transfers increased significantly by \$53,352,124 or 221% due to the increase in budget of sugar development and farmers assistance, increase in budget of fertilizer subsidy, increase in budget of cane access road and the introduction of weedicide subsidy, cane cartage, special payment, cane top-up payment, new farmers assistance, farm mechanization and small grant schemes.

MINISTRY OF SUGAR INDUSTRY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31 JULY 2018

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 2017-2018.

Redeployment No.	To Group	Expenditure Amount (\$)	Approved By
REDY01	SEG 10	4,000,000	PS - Economy
REDY01	SEG 10	6,631,729	PS - Economy
REDY04	SEG 10	10,277,644	PS - Economy
TOTAL		20,909,373	

Virement No.	From Expenditure (\$) Group	Amount (\$)	Virement No.	To Expenditure (\$) Group	Amount (\$)	Approved By
DV 3501/17-18	SEG 7	29,574	DV 3501/17-18	SEG 5	29,574	PS - Sugar Industry
DV 3502/17-18	SEG 7	15,000	DV 3502/17-18	SEG 10	15,000	PS - Economy
DV 3503/17-18	SEG 7	4,664	DV 3503/17-18	SEG 5	4,664	PS - Sugar Industry
DV 3504/17-18	SEG 7	100,000	DV 3504/17-18	SEG 10	100,000	PS - Economy
DV 3505/17-18	SEG 7	10,520	DV 3505/17-18	SEG 5	10,520	PS - Sugar Industry
DV 3506/17-18	SEG 7	154,248	DV 3506/17-18	SEG 10	154,248	PS - Economy
DV 3507/17-18	SEG 7	15,000	DV 3507/17-18	SEG 10	15,000	PS - Economy
DV3508/17-18	SEG 7	13,350	DV3508/17-18	SEG 5	13,350	PS - Sugar Industry
DV3509/17-18	SEG 4	11,190	DV3509/17-18	SEG 4	11,190	PS - Sugar Industry
DV3510/17-18	SEG 4	14,220	DV3510/17-18	SEG 4	14,220	PS - Sugar Industry
DV3511/17-18	SEG 3	10,000	DV3511/17-18	SEG 10	10,000	PS - Economy
DV3512/17-18	SEG 1	90,000	DV3512/17-18	SEG 10	90,000	PS - Economy
V35001/17-18	SEG 10	890,000	V35001/17-18	SEG 10	890,000	PS - Economy
V35002/17-18	SEG 10	1,000,000	V35002/17-18	SEG 10	1,000,000	PS - Economy
V35003/17-18	SEG 1	5,000	V35003/17-18	SEG 1	5,000	PS - Economy
V35004/17-18	SEG 2	1,140	V35004/17-18	SEG 2	1,140	PS - Economy
V35005/17-18	SEG 1	3,989	V35005/17-18	SEG 1	3,989	PS - Economy
V35006/17-18	SEG 1	6,289	V35006/17-18	SEG 1	6,289	PS - Economy
TOTAL		2,374,184			2,374,184	

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 2018 are detailed below:

MINISTRY OF SUGAR INDUSTRY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
(continued)
FOR THE YEAR ENDED 31 JULY 2018

NOTE 5: REVOLVING FUND ACCOUNT - MISCELLANEOUS

As at 31 July 2018, 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 funds amounting to \$2,579 under Drawings Account. These monies relate to cheques written by the Ministry that remained un-presented to the bank as at 31 July 2018.

NOTES

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