



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Consolidated Review Report of the Sugar Industry Tribunal 2016, 2017, 2018, 2019 and 2020 Annual Reports



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List of Acronyms

CSR	-	Colonial Sugar Refining Company
FSC	-	Fiji Sugar Corporation
KPIs	-	Key Performance Indicators
SDGs	-	Sustainable Development Goals
SIT	-	Sugar Industry Tribunal
SO	-	Standing Order

Chairperson's Foreword

The Standing Committee on Economic Affairs hereby submits to Parliament the Consolidated Review Report of the Sugar Industry Tribunal 2016, 2017, 2018, 2019 and 2020 Annual Reports.

The Sugar Industry Tribunal was established under the Sugar Industry Act Cap 206 in 1984. The functions of the Tribunal and its Accountant and Industrial Commissioner are described in Section 21, 22 and 26 of the Act. The Sugar Industry Tribunal serves several crucial purposes within the Fijian sugar industry. These include:

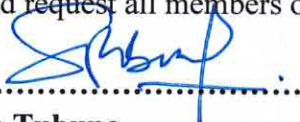
1. **Dispute Resolution:** The Tribunal mediates and resolves disputes between the Fiji Sugar Corporation (FSC) and cane farmers. It ensures fair treatment and adherence to contractual obligations.
2. **Setting Standards:** The Tribunal establishes standards for mutual rights and obligations between the FSC and farmers. This helps maintain transparency and consistency.
3. **Efficiency Promotion:** By advising the Minister for Sugar on industry objectives, the Tribunal contributes to improving overall industry efficiency.
4. **Conciliation:** It encourages conciliation between parties, aiming to prevent prolonged conflicts.

Some of the pertinent findings emanating from the scrutiny of the SIT 2016-2020 Annual Reports are as follows:

- failure to submit the Annual Report on time;
- the Master Award is outdated and no longer fit for purpose;
- absence of a centralized database accessible to all institutions within the sugar sector is creating confusion. Currently, each institution is maintaining its own database. Establishing a single database would streamline data management, enhance collaboration and improve overall sector performance;
- noncompliance with accounting standards has led to the issuance of qualified opinion by the Auditor-General, highlighting issues with financial reporting; and
- SIT is a remnant of the colonial era, established before other institutions were in place, appointment of the Tribunal can be carried out by the Ministry of Sugar so that Tribunal can remain an effective body for arbitration.

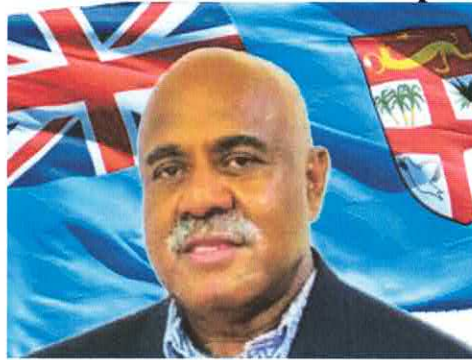
At this juncture, I would like to thank our Committee Members who were part of the team that produced this report: - Deputy Chairperson Hon. Sashi Kiran, Hon. Premila Kumar, Hon. Tomasi Tunabuna and Hon. Semi Koroilavesau. I also thank the secretariat for their invaluable support.

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



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Hon. Sakiusa Tubuna
Chairperson

Committee Membership



Hon. Sakiusa Tubuna
Chairperson



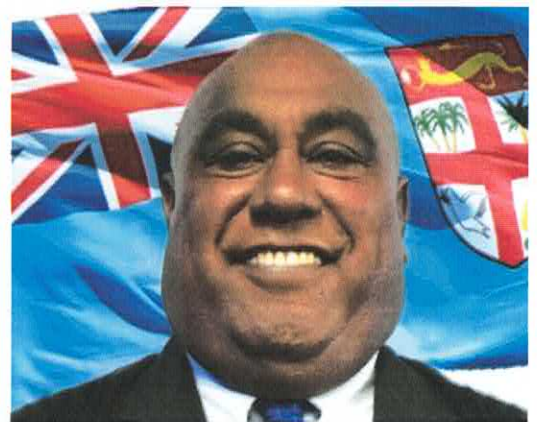
Hon. Sashi Kiran
Deputy Chairperson



Hon. Premila Kumar
Member



Hon. Tomasi Tunabuna
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Hon. Semi Koroilavesau
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1.0 Introduction

The Standing Committee on Economic Affairs was referred the Sugar Industry Tribunal 2016 to 2020 Annual Reports in accordance with the Standing Order (SO) 38(2) of the Standing Orders of the Parliament of the Republic of Fiji. The Committee was required to review the Annual Reports and table its findings back to Parliament.

1.1 Background

The **Sugar Industry Tribunal** was established under the *Sugar Industry Act Cap. 206*. Its functions, as described in Sections 21, 22, and 26 of the Act, include advising the Minister for Sugar on industry objectives. These objectives encompass promoting industry efficiency, coordinating activities, setting standards for mutual rights and obligations, encouraging conciliation, and resolving disputes expediently. Additionally, the Tribunal regulates the contractual relationship between the Fiji Sugar Corporation and cane farmers through a Master Award¹. The Sugar Industry Tribunal was established by an Act of Parliament in 1984. Part III of the Act establishes the Sugar Industry Tribunal its functions and powers. The Sugar Industry Act was amended in 2015 by an Act of Parliament “Sugar Industry Amendment Act 10 of 2015”.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, three (3) of which are Government members and two Opposition members. Pursuant to SO 109(2)(a), the Standing Committee on Economic Affairs is mandated to look into matters related to economic development, finance, banking, and taxation.

1.3 Procedure and Program

The Committee began its review of the Annual Reports in May 2024. The review process adopted by the Committee was agreed upon through consensus by the Members to review the report and a summary of this is as follows.

The Committee read through the Annual Reports and discussed matters noted by individual Members. From these discussions, a variety of issues were identified, which the Committee resolved and sought clarifications.

The Committee received submission and briefings from the Sugar Industry Tribunal. At the end of the review, the Committee made recommendations based on the discussions with stakeholders and on the content of the Annual Reports. Furthermore, major findings of the Committee were identified.

¹ <https://www.parliament.gov.fj/wp-content/uploads/2023/11/105-Sugar-Industry-Tribunal-Annual-Report-2017.pdf>
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2.0 Findings

The annual reports were extensively considered and deliberated upon by the Committee with various findings stated below:

- 2.1 The Committee noted that KPIs do not exist for all sugar industry stakeholders including SIT.
- 2.2 The Committee was informed that the SIT requested additional funding to establish its own standalone database.
- 2.3 The Committee is deeply concerned that SIT has failed to meet its obligations to provide up-to-date Annual Reports. These reports would have highlighted the ongoing issues and would have identified the assistance needed to address them.
- 2.4 The Committee noted that the Master Award is outdated and no longer fit for purpose.
- 2.5 The Sugar Industry Tribunal 2016-2020 Annual Reports were all produced in 2023. Subsequently, the Auditor General's opinion was summarized in their effort to finalize the annual reports for the consecutive 5 years.
- 2.6 The Committee was informed that the SK Trust Fund is managed and authorized by only one person and the entire fund has been used for the renovation of their office building. Additionally, the Committee is greatly concerned that the Trust Fund cannot be audited by the Auditor-General.
- 2.7 The Committee noted that the Industrial Commissioner holds exclusive authority to appoint a legal officer for a term of 3 years. These responsibilities, inherited from the CSR during the colonial era, are no longer serving its purpose. The Committee have found that SIT is performing basic tasks and responsibilities that could be handled more effectively by the Ministry of Sugar.
- 2.8 The Committee noted that the Reports did not include SDGs.

3.0 Recommendations

The Committee recommends the following:

- 3.1 Sugar stakeholders should collaborate to develop new KPIs for new income streams that will enhance the economic viability of the sugar sector.
- 3.2 That the Ministry of Sugar develop and manage a centralized statistical database for all sugar entities to avoid duplication of works by all sugar entities.
- 3.3 That the Ministry of Sugar ensure the timely submission of the Annual Reports. This will prevent backdated reports and allow for the contents of the reports be scrutinized, and recommendations to be addressed promptly.
- 3.4 The outdated Master Award needs to be reviewed to align with the new sugar policy that is currently being developed.
- 3.5 The Ministry must urgently review the opinion of the Auditor-General regarding the financial statements. This review is essential to address all discrepancies thoroughly, ensure that financial statements are free from material of misstatements and maintain accountability and transparency at all times.
- 3.6 That FICAC to further investigate the use of the SK Trust Fund and other financial matters.
- 3.7 That the SIT to be disbanded and the Ministry of Sugar takes the responsibility to appoint the Tribunal. From the discussion the Committee had with the Ministry of Sugar, the Committee is confident that the Ministry has the capacity and the expertise to effectively manage Tribunal functions related to the sugar industry. This will optimize resource utilization, considering the industry is insolvent.
- 3.8 SIT must report on Sustainable Development Goals in their Annual Reports, especially on SDGs 5 on Gender Equality.

4.0 Sustainable Development Goals (SDGs)

The Committee noted that Sugar Industry Tribunal Annual Reports for the period under review does not capture any elements of SDGs so as the SDG 5 on Gender Equality on the staff composition and promotions.

5.0 Conclusion

The Committee noted the Annual Reports during the review period and has grave concern on numerous issues raised. We note that there are areas that can be improved through more enhanced coordination, commitment, and accountability of all stakeholders.

6.0 Committee Members' Signatures

 _____ Hon. Sakiusa Tubuna Chairperson	
 _____ Hon. Sashi Kiran Deputy Chairperson	 _____ Hon. Premila Kumar Member
 _____ Hon. Tomasi Tunabuna Member	 _____ Hon. Semi Koroilavesau Member

7.0 Annexure

Published evidence

Written evidence, transcripts and supporting documents can be viewed on the Parliament website at the following link:

<https://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/>