



STANDING COMMITTEE ON ECONOMIC AFFAIRS

Review Report of Assets Fiji Pte Limited Annual Report 2016-2019



PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 132 of 2024

September 2024

Published and Printed by the Department of Legislature, Parliament House, SUVA

Table of Contents

Chairperson's Foreword	4-5
Committee Membership	6-7
Committee Secretariat	8
1.0 Introduction	9
1.1 Background	9
1.2 Committee Remit and Composition	9
1.3 Procedure and Programme	10
2.0 Findings	11
3.0 Recommendations	12
4.0 Sustainable Development Goals	13
5.0 Conclusion	14
6.0 Committee Members' Signatures	15
7.0 Annexure	16

Acronyms

AFL	-	Assets Fiji Pte Limited
FPCL	-	Fiji Ports Corporation Limited
FSHIL	-	Fiji Ships and Heavy Industry Limited
GPSD	-	Government Printing and Stationery Department
NPAT	-	Net Profit After Taxes
SO	-	Standing Order

Chairperson's Foreword

The Standing Committee on Economic Affairs hereby submits to Parliament the Review Report of Assets Fiji Pte Limited Annual Report 2016-2019.

Assets Fiji Pte Limited ("AFL") is a Private Limited Liability Company, fully owned by the Fijian Government, established and incorporated under the *Companies Act 2015*. AFL manages all interests in assets previously owned by Fiji Ports Corporation Limited ("FPCL"), Fiji Ships and Heavy Industry Limited ("FSHIL") and Government Printery Stationery Department ("GPSD").

AFL key responsibilities include effective management, valuation, and accounting of non-financial assets that are being divested. It plays a crucial role in maintaining and optimizing the use of these assets to yield maximum return to the Government.

Pertinent issues identified by the Committee are as follows:

1. The Committee commends AFL for effective handling of its assets during the period under review. AFL recorded an accumulated Net Profit After Tax ("NPAT") of \$3.39 million for the years 2016 to 2019. The Company's strategic properties and assets were valued at approximately \$57.38 million. In addition, the Company had no external borrowings and maintained a liquidity ratio of 2.9 at the end of the financial year 2019.
2. The Committee expressed concern about the low rental yield generated from the asset portfolio valued at over \$57 million is disproportionately low, however, this is compensated by higher dividend given by FPCL except GPSD.
3. The Committee acknowledges the successful vesting of 35 land titles which is strategically located near Lautoka, Levuka, and Suva Port areas, and the independent valuation of assets underscores AFL's ability to manage its real estate portfolio.
4. The Committee noted that an independent external valuer conducted a valuation for all land vested into the Company on 10 February 2017. The valuation was based on market value and the land's highest and best use. However, land titles pending vesting were not included in the fair value assessment.
5. The Committee expressed concern that a total of nine pending land titles from FPCL and one from FSHIL are yet to be vested into AFL, which is necessary to establish a complete financial and equity position.
6. The Committee noted that Government grants were continuously issued to AFL from 2016 to 2019 to support AFL's operations.

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

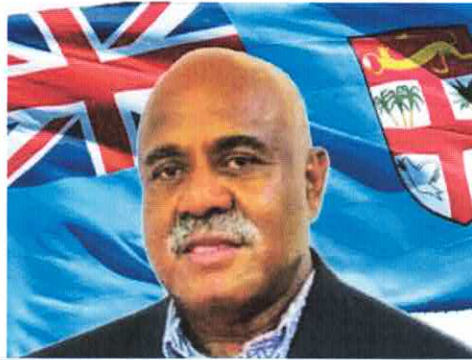
On behalf of the Standing Committee on Economic Affairs, I commend this Review Report to Parliament and request all members of this august House to take note of the report.



.....
Hon. Sakiusa Tubuna
Chairperson

Committee Membership

The substantive members of the Standing Committee on Economic Affairs are:



Hon. Sakiusa Tubuna
Chairperson



Hon. Sashi Kiran
Deputy Chairperson



Hon. Premila Kumar
Member



Hon. Tomasi Tunabuna
Member



Hon. Aliko Bia
Member

During the Standing Committee meetings, the following alternate member arose pursuant to Standing Order 115(5):



Hon. Penioni Ravunawa
Alternate Member

Committee Secretariat

Secretariat Staff

- Ms. Marica Tuisoso
- Ms. Awantika Raj

Committee contact details.

Address: Standing Committee on Economic Affairs Committee.
Parliament of the Republic of Fiji
Government Buildings
SUVA, FIJI

Phone: +679 322 5600/ +679 8925 223

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

1.0 Introduction

The Standing Committee on Economic Affairs was referred the Assets Fiji Pte Limited Annual Report 2016-2019, pursuant to Standing Order 38(2) of the Standing Orders of the Parliament of the Republic of Fiji. The Committee was mandated to review the Annual Reports and table its findings to Parliament.

Standing Order 110(1)(c) authorizes the Standing Committee to *scrutinize the government departments with responsibility within the committee subject area, including by investigating, inquiring into, and make recommendations related to any aspect of such department's administration, legislation or proposed legislative program, budget, rationalization, restructuring, functioning, organisation, structure and policy formulation.*

1.1 Background

Assets Fiji Pte Limited was established, incorporated, and constituted under the Companies Act 2015, commencing operations on 13 November 2015. It is a state-owned entity with 100% shareholding by the Fijian Government.

As part of the Government's divestment strategy in 2015, the Cabinet approved the privatization of two government entities: Fiji Ports Corporation Pte Limited and Fiji Ships and Heavy Industries Pte Limited, designating them as Re-Organization Enterprises through Legal Notice 94 of 2015.

This led to the formation of Assets Fiji Pte Ltd as a Re-Organization Enterprise, serving as the Fijian Government's asset holding company. Its purpose is to retain and manage the land assets of Public Enterprises that have been divested.

All interests in land previously owned and held by Fiji Ports Corporation Limited and Fiji Ships and Heavy Industries Limited were transferred to Assets Fiji Pte Ltd. These land assets, essential for the core port operations and ship repair/maintenance activities of FPCL and FSHIL, have been leased back to them.

AFL aims to effectively manage, invest, and realize the full potential of both current and future assets.

1.2 Committee Remit and Composition

The Committee is made up of five (5) Members of Parliament, including three (3) from the Government and two from the Opposition. In accordance with Section 109 (2)(a), the Standing Committee on Economic Affairs is tasked with overseeing matters related to economic development, finance, banking, and taxation.

1.3 Procedure and Programme

The Committee began its review of the Annual Report in August 2024. The review process agreed among Members by consensus, proceeded as follows:

The Committee carefully read through the Annual Report and identified pertinent questions to be directed to AFL for clarification. From this discussion, the Committee wrote to the Chairperson of AFL with the intention to hold a public hearing on Monday, 19 August 2024. However, this hearing did not eventuate as the Chairperson failed to acknowledge or respond to the Committee's email invitation.

Given the time constraint, the Committee decided to request a written response from AFL to assist the Committee in expediting the scrutiny process to enable the Committee to present its report to Parliament during the September 2024 Sitting.

2.0 Findings

The annual report was extensively reviewed and deliberated by the Committee with various findings highlighted below:

- 2.1 The Committee commends AFL for effective handling of its assets during the period under review. AFL recorded an accumulated Net Profit After Tax (NPAT) of \$3.39 million for the years 2016 to 2019. The Company's strategic properties and assets were valued at approximately \$57.38 million. In addition, the Company had no external borrowings and maintained a liquidity ratio of 2.9 at the end of the financial year 2019.
- 2.2 The Committee expressed concern about the low rental yield generated from the asset portfolio valued at over \$57 million is disproportionately low, however, this is compensated by higher dividend given by FPCL except GPSD.
- 2.3 The Committee acknowledges the successful vesting of 35 land titles which is strategically located near Lautoka, Levuka, and Suva Port areas, and the independent valuation of assets underscores AFL's ability to manage its real estate portfolio.
- 2.4 The Committee noted that an independent external valuer conducted a valuation for all land vested into the Company on 10 February 2017. The valuation was based on market value and the land's highest and best use.
- 2.5 The Committee expressed concern that a total of nine pending land titles from FPCL and one from FSHIL are yet to be vested into AFL, which is necessary to establish a complete financial and equity position.
- 2.6 The Committee noted that Government grants of around \$107,969.6 were continuously issued to AFL from 2016 to 2019 to support AFL's operations.

3.0 Recommendations

To further enhance AFL's operational efficiency and financial performance, the Committee recommends the following:

- 3.1 AFL should work closely with relevant authorities to expedite the vesting of 10 pending land titles from FPCL and FSHIL. Finalizing these transactions will enable AFL to fully integrate these assets into its portfolio to increase the company's overall value.
- 3.2 The rental income generated from AFL's real estate portfolio is currently below expectations. AFL should consider renegotiating existing rental agreements to ensure that the rental rates reflect fair market value.

4.0 Sustainable Development Goals




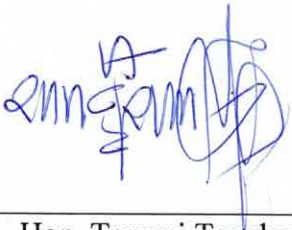

Gender is a critical dimension to Parliamentary scrutiny as stipulated under Standing Order 110(2) requires Committees to ensure full consideration be given to the principle of gender equality to ensure that impact benefit on both men and women equally.

The Committee noted that Assets Fiji Pte Limited Annual Report for the period under review does not capture any elements of SDGs. However, we noted that majority of the Board and the Management teams were male.

5.0 Conclusion

The Standing Committee on Economic Affairs has reviewed the AFL Annual Report and has identified several key areas to further improve its performance. The Committee acknowledged the current operational model used by AFL to run its business which is cost effective. In addition, this model could be replicated with other Government Statutory Bodies.

6.0 Committee Members' Signatures

 _____ Hon. Sakiusa Tubuna Chairperson	
 _____ Hon. Sashi Kiran Deputy Chairperson	 _____ Hon. Premila Kumar Member
 _____ Hon. Tomasi Turabuna Member	 _____ Hon. Aliko Bia 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/>