Committee on Public Enterprises

Ceylon Fisheries Corporation

25.11.2022

(Progress as at 31.12.2023)

Second Report of the Committee on Public Enterprises of the Fourth Session of the Ninth Parliament of the Democratic Socialist Republic of Sri Lanka

Committee on Public Enterprises - Ceylon Fisheries Corporation 25.11.2022

Serial number	Matters Subjected to Discussion	Recommendations of the Committee	Progress as at 30.01.2023	Reporting the current status and the progress (as at 31.12.2023)
02.	Re structuralization of the institution	i. Informing the Cabinet about the current situation regarding the implementation of the above-mentioned decisions of the Cabinet of Ministers dated 23.08.2016. ii.Taking steps within two weeks to reaffirm the cabinet decision taken in 2016 by the current cabinet. iii.Reporting to the Committee within two months the progress regarding the invitation of Expression of Interest (EOI) and briefing the Cabinet.	Under Public Private Partnership (PPP), the Fisheries Corporation expects to submit a cabinet paper to the Cabinet regarding the upcoming development and restructuring activities. Under Public Private Partnership (PPP), the Fishery Corporation is expected to submit a cabinet list to the Cabinet regarding the upcoming development and restructuring activities.	In this regard, the Honorable Minister of Fisheries has been informed, and steps are being taken to take actions based on the relevant instructions. Furthermore this corporation has also been included in the list of state-owned public enterprise restructuring issued by the Ministry of Finance, Economic Stabilization and National Policies.
03.	Corporate Plan and Action Plan	i. Preparing expeditiously the new Corporate plan and report to the committee on the progress within three months. The draft has also been submitted.	Necessary measures are being taken in this regard.	Due to the weaknesses and impracticalities in the corporate plan presented by the Ceylon Fisheries Corporation in relation to the said matter discussed by the COPE Committee, the corporate plan has been removed and a new corporate plan has already been drafted for the 03 years 2024/25 and 2026. The drafted corporate plan was discussed in the last 02 Board meetings. It is expected to amend the report including the matters that have been revised and adding the opinions and

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				suggestions of the general manager, deputy general manager and department heads and district managers who have already been recruited for the higher management positions of the institution in recent past. The amended corporate plan is expected to be expeditiously submitted to the first or second Board meeting in 2024 for its approval and it is to be submitted with its approval. The action plan of the institution has been presented in relation to the year 2024 and it has been included some of the issues could not be achieved in the year 2023.(Annexure-01- Action plan 2024)
04.	Board meetings			During the last year, arrangements have been made to conduct one board meeting per month. Arrangements are made to conduct special board meetings on special occasions.
05.	Introducing a substitute for Sailfish	i. Submitting a report to the committee within two weeks, consisting of opinions and strategies of experts in the field of medicine, on the possibility of providing local fish instead of sail fish for the food of inpatients in government hospitals.	The chairman has discussed this with the Ministry of Health and based on the recommendations, it is expected to provide locally available replacements.	Ceylon Fisheries Corporation supplies fish for food for inpatients to general hospitals administered by the central government and provincial council's located island wide. Most of the hospitals tend to order sail fish. The amount of sail fish obtained from local fish production is not sufficient for local fish consumption and a very large amount of sail fish and marlins are imported annually. The Ceylon Fisheries Corporation is also unable to get an amount of sail fish locally for its hospital fish order and has to get the imported fish from private suppliers.

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				Regarding the supply of substitutes, discussions have been held with the Ministry of Health and letter dated 20.10.2022 by the Ministry of Health has mentioned the types of substitute fish that can be supplied to hospitals. As substitutes are not accepted for some hospitals, this problem is solved by the direct import of fish by the Ceylon Fisheries Corporation in 2023 and by the amount of sail fish containers expected to be imported through the corporation's action plan in2024.(Annexure 02-the letter dated 20.10.2022 from Ministry of Health) Nevertheless, it is expected to discuss this matter with the Ministry of Health once again.
06.	Staff of the corporation	i. With the approval of the Department of Management Services, taking necessary steps to carry out relevant recruitments and reporting the progress to the committee within two months.	Regarding the recruitment of key positions, recommendations of the Board of Directors has sent through the line ministry to the Department of Public Enterprises and the Department of Management Services on 04.11.2022 for approval and it is expected to complete these recruitments in the first quarter of	Suitable officers have been recruited for 04 senior level vacancies. Also an employee has been recruited on permanent basis on 02.08.2023 for the post of General manager. In the Board meeting bearing no.1063 held on 06.12.2023, instructions have been given for recruitment to secondary level posts and the work is being carried on accordingly.

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			2023 as soon as the recommendations are received.	
07.	Loan recovery	i. Developing a methodology for loan recovery process to facilitate accurate comprehension of debtors about the methodology of loan recovery. ii. Preparing a list of debtors and creditors and submitting it to the committee within three weeks.	Submitted as a paper for Board approval on 12.12.2022.	• Expanded focus has already been given to strengthen the corporate loan recovery mechanism and the Loan Recovery division functioning as a sub-unit under the finance division of the head office has been further strengthened by appointing one officer for loan recovery to cover all district offices and operational divisions of the head office. Arrangements have also been made to transfer the authority of direct supervision of those officers and delegation of tasks to the Loan Recovery Division. • In addition, drafts have already been prepared in relation to issuance of a new circular informing that the executives and operational departments should keep guarantee deposits when supplying fish to external entities on a credit basis, as well as informing to make written agreements when selling fish on credit basis. Furthermore drafts have been prepared to revise the circulars that prevailed in relation to the transference of the executives to the respective managers. (Annexure 03)

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				• Legal and disciplinary action has already been initiated against those trade assistants in respect of internal long-term debt balances and significant debt balances have been recovered. While employing the company's employees as sales assistants, obtaining a guarantee deposit from them for getting them engaged in carrying out the financial activities has been a difficult task in practice, and as per the recommendation of the Auditor-General, it is a problematic situation to present them as debtors of the company. But, it should be mentioned that in the case of issuing fish and collecting money, those sales assistants have to be maintained as debtors (internal) for accounting. At present, the monthly sales activities and money banking are updated properly and further strengthening of the old debt balance recovery mechanism is being done and recovered Rs.19 million with the intervention of the top management.

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				• Installation of a computerized operating system is expected to be achieved in the first quarter of 2024 as a remedy for proper updating of executive loan balances and timely collection of information. (Annexure-04- documents about debtors and creditors updated as at 31.12.2023)
08.	Non-submission of financial statements	Submission of a report to the Committee within two weeks on the submission of financial statements and annual reports.	Submitted as a paper for the approval of the Board of Directors on 12.12.2022.	The annual report 2017 has been drafted and submitted to the Ministry of Fisheries for tabling. The 2018 financial statements have already been given to the National Audit Office and its draft audit report and recommendations given to the corporation. Also, the financial statements related to the years 2019/20/21/22 has been drafted and they have been submitted to the Department of Public Enterprises. As discussed in the previous Ministry Audit Management Committee, a request was made to the Auditor General on 25.12.2023 to audit these past financial statements very quickly. The related plan is as follows.

<table>
<tr><th>Serial number</th><th>Matters Subjected to Discussion</th><th>Recommendations of the Committee</th><th>Progress as at 30.01.2023</th><th>Reporting the current status and the progress (as at 31.12.2023)</th></tr>
<tr><td></td><td></td><td></td><td></td><td><table>
<tr><th>Financial Report</th><th>Handing over the report to National Audit Office for auditing</th><th>Obtaining the audited report</th><th>Tabling</th></tr>
<tr><td>2017</td><td>2021.03.09</td><td>2022.10.10</td><td>2024.02.29</td></tr>
<tr><td>2018</td><td>2023.11.13</td><td>2024.01.26</td><td>2024.03.30</td></tr>
<tr><td>2019</td><td>2024.03.15</td><td>2024.04.30</td><td>2024.05.20</td></tr>
<tr><td>2020</td><td>2024.05.15</td><td>2024.06.30</td><td>2024.07.15</td></tr>
<tr><td>2021</td><td>2024.07.20</td><td>2024.08.30</td><td>2024.09.20</td></tr>
<tr><td>2022</td><td>2024.09.15</td><td>2024.10.15</td><td>2024.10.30</td></tr>
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<tr><td>09.</td><td>Arrears of contributions to Employees' Provident Fund and Employees' Trust Fund</td><td>i. Submitting a report to the Committee within two weeks on a feasible methodology for the settlement of arrears.</td><td>Settling the arrears by doing the relevant payments monthly by making the institute profitable, submitting a written request to the Honorable minister with regards to the arrears and obtaining money from the General treasury or obtaining a long-term loan on the Treasury guarantee through a cabinet paper to settle these arrears.</td><td>Ceylon Fisheries Corporation has been unprofitable for many years as many executives have been unprofitable and having to bear large central administrative expenses for maintaining head office. Due to the non-payment of these statutory payments as well as payments to traders and other suppliers, there are large outstanding balances and the Corporation has to settle a mobile liability amount of more than four times the amount of current assets owned by the Corporation. From the year 2016 to the year 2022, in part and in full, the Employee’s Provident Fund has to be paid and a small amount has to be paid to the Employee’s Trust Fund. At present, payments are being made for these outstanding</td></tr>
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				balances based on a court order, and from the end of 2022, monthly payments have been made for these contributions, while monthly payments have been made for the old balances as indicated earlier. In the year 2024, as expected by the institution, the arrears of rent to be charged to the corporation and the money expected to be obtained by open tendering of waste materials that cannot be used for several years are also expected to be used for these shortfall funds. Requests have already been submitted in writing to apply a concessional program and to make the necessary recommendations and guidance to obtain a long-term bank loan.

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