



MINISTRY OF COMMUNICATIONS

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7th November, 2017

By Hand Delivery

Hon. Ashneel Sudhakar
Chairman
Public Accounts Committee
Parliament of Fiji
Suva

Dear Chairman

Re: Clarification of issues – Office of the Auditor-General on the General Administration Sector (volume 2) 2015

We acknowledge your correspondence dated 11th July 2017 in relation to the above matter. Our responses to the issues raised are as follows-

Report of the Auditor General

Part A: Financial Statement – General Comments

16.1 Audit Opinion

- a. Department had received a qualified audit opinion. Receipt were not issued for Trust Fund revenues as carrier details were not provided by the Fiji Commerce Commission in 2015. Total Trust Receipts of \$15,186,286 was inclusive of \$7,083,992 was which were accumulated figures bought forward from 2012 - 2014. These were verified and adjusted to the general ledger (FMIS) in 2015 together with 2015 revenues.

Department has addressed the highlighted issues and complied with recommendations.

16.2 Statement of Receipts and Payment

- a. Total Revenue decreased by 89% in 2015 due to decline in Telecom and TV licence and no miscellaneous revenue recorded in 2015 compared to miscellaneous revenue of \$20,021 which was for Pacific Media Conference (PMC) in 2014.
- b. Total Operating Expenditures decreased by 8% (\$317,286). Details of expenditures include -
 - Established Staff costs decreased by \$236,889 or 17% in 2015 due to unfilled vacancies and re-classification of Permanent Secretary's salary.
 - Expenditures for Unestablished Staff decreased by \$690 or 0.5% in 2015 due to staff turnover.

- Travel & Communication, Maintenance & Operation and Purchase of Goods & Services declined approximately by 15% as a result of transfer of National Archives of Fiji.
- Operating Grant & Subscription expenditures increased by \$323,061 as a result of increase in grant paid to Telecommunications Authority of Fiji.
- Special Expenditure decreased by \$173,134 as a result of unutilised budgets for Spectrum Analysis, Database and National Frequency Table (justification refer to 16.3 part f). In addition to this, there was no budget appropriation for Media Monitor Project.

16.3 Appropriation statement

Department had a saving of \$3,843,580 (52%) in 2015. Details of savings include –

- a. Established Staff and Unestablished staff had savings of \$415,706 and \$32,257 respectively majorly due to existing vacancies and high staff turnover.
- b. Travel & Communication savings of \$99,562 as a result of reduction in Travel and Perdiem expenses due to less request received from Prime Minister Office for coverage of events abroad. Additional funds wired for Telecommunication expenses were not fully utilised.
- c. Maintenance & Operation savings of \$87,441. Department had received new lease vehicles and there was very little service and maintenance cost involved during the year. Department had also implemented cost cutting measures on some of its operational cost (postage and fuel). Department of Communication was sharing office space with Attorney Generals' office, therefore electricity expenses was reduced.
- d. Purchase of Goods and Services had savings of \$294,354:
 - Major state event such as Fiji Day was funded by Ministry of Defence
 - 2015 Fiji Government Calendar was printed and funded by Government Printing
 - Consultation were carried out for Telecommunication industries, however these were funded by either by the industries or Telecommunication Authority of Fiji, therefore Industry consultation budget was not utilised.
 - Overseas Trainings were fully sponsored therefore some budgetary provisions were not utilised
 - All Civil service vacancies were advertised in the by- monthly Fiji Focus, so adverting budget was not fully utilised
- e. Operating Grant & Subscription had savings of \$169,551. Grant paid to Telecommunications Authority of Fiji (based on the utilisation) was less than budgeted for.
- f. Special Expenditure had savings of \$2,322,341. Funds were not fully utilised for:
 - Regional ICT Meeting - The ICT Meeting held in 2015 was not a senior level meeting as such associated costs were less than what we budgeted for. Department did not have to pay for travel of the secretariat or pay for the accommodation or travel of experts that came in through the ITU to carry out the capacity building.
 - Spectrum Analysis - In 2015, the Department did not receive a lot of complaints regarding spectrum interference issues, and as such this cost was minimized. This provision is to cater for the event of conducting investigations should there be instances of breaches.
 - National Frequency Table - As the spectrum audit was being conducted at the time, there were not much changes incorporated into the frequency table in 2015. This normally occurs when we make changes to account for new services and new spectrum allocation.
 - Spectrum Database - Department in consultation with TAF is overseeing the spectrum database. The reason for low utilization is again we benefited from free training that was conducted by ITU and PIRRC for the database software and as such we did not have to use our budget as much.
 - Analogue to Digital Roadmap - The rollout of Digital TV had not started at that time hence no purchases of the Set Top Boxes were done, therefore this allocation was not utilised.

16.4 Trust Fund Account Statement of Receipts and Payments

- b. Total Trust Receipts increased by \$2,326,328 in 2015 owing to increase in utilisation by carriers. Therefore, higher ICT levies were charged and paid to department.
- c. Trust payments increased by \$6,295,514 as result of increase in activity for Digital TV in 2015.

Part B: Audit Findings – Updates

16.5 No coordination of receipts by receipting agency on behalf on Ministry

- Receipts were not issued for Communication Development Trust Fund Account in 2015 as accurate and full details were not available. Department had posted revenues to the general ledger (FMIS) with the assistance of the bank statements as source documents.
- Fiji Commerce Commission (FCC) had sent confirmation for 2015 Trust Fund deposits on 23/09/16 (APPENDIX I). This was verified with the bank statements and thereafter receipts were accordingly issued (APPENDIX II).
- ICT Levy is charged by Commerce Commission, hence all remittances by respective Telecommunication operators are made directly to them. Department does not reconcile the amount to be levied and actual deposits as this is the responsibility of the Commission.
- Department is regularly liaising with FCC on a monthly basis to issue receipts to carriers and ensures the revenues are adjusted to the general ledger (FMIS) in a timely manner. Copies of receipt, bank statements and confirmation from FCC are used as supporting documentation for revenue received and these are reconciled with GL ledger reports.
- Telecommunications Trust Fund Regulation Policy was finalised and gazetted on 27th May 2016 (APPENDIX III).



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Sharvada Sharma

Solicitor General and Acting Permanent Secretary for Information & Communication



23 September 2016

Mr. Shivnesh Roynendra Prasad
 Director Communications
 Ministry of Communications
 Floor 3, Suvavou House, Victoria Parade,
 Suva.

Dear Mr. Prasad

Re: ICT Levy for the year 2015

Greetings from the Fiji Commerce Commission!

The Fiji Commerce Commission ("Commission") is an independent statutory body established under Section 7 of the Commerce Commission Decree 2010 ("CCD2010") to ensure the integrated framework for the regulation of imperfect market structures, promote effective competition and informed markets, prevent restrictive trade practices, ensure consumer protection, and undertake pricing of public utilities and other price controlled items.

The Commerce (Control of Prices of Interconnection Services Rates) Order 2015 empowers the Commission to control the prices or rates for the supply of Interconnection Services in all quantities and qualities, grades or classes for three (3) years.

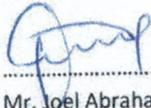
In reference to the request from Ministry of Communications on the ICT levy deposits, the Commission herewith provides the following summary to confirm the deposits that have been made to the Telecommunications Levy Trust Account pertaining to the year 2015.

Teleco Operator	Year 2015 (\$)
Digicel	137,115.25
Vodafone	4,054,501.50
Telecom Fiji Limited	1,068,958.82
FINTEL	8,350.00
VoiceNet IP	795,077.78
Total ICT	\$6,064,003.35

Enclosed please also find detailed breakdown of the total deposits as per the monthly contribution of each telecommunication companies.

Should there be any need for further clarification, please do not hesitate to contact the undersigned.

Yours sincerely,



Mr. Joel Abraham
Chief Executive Officer
Fiji Commerce Commission



Description/details of Deposit relating to the month of:	TOTAL Year													
	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	2015
Teleco Operator	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Digirel	11,115.37	10,529.67	14,065.35	14,938.33	13,567.08	11,882.95	10,441.76	8,116.68	11,449.78	10,468.88	10,892.60	9,646.80	\$ 137,115.25	
Vodafone	368,667.54	362,270.04	322,051.32	330,862.86	309,174.00	359,737.68	376,744.08	413,650.26	418,266.12	407,005.92	386,071.68		\$ 4,054,501.50	
TFL	132,825.94	104,423.86	95,175.02	83,282.22	109,775.56	92,567.90	68,598.38	60,290.49	71,062.28	68,960.65	103,152.76		\$ 1,068,958.82	
FINTEL	694.93	578.96	627.53	806.44	605.50	649.20	714.09	891.22	689.92	708.54	586.78	796.89	\$ 8,350.00	
VoiceNet IP	85,687.02	77,783.49	74,809.74	75,034.84	90,718.47	90,022.46	56,488.44	46,150.60	42,945.81	31,578.25	40,018.99		\$ 795,077.78	
	\$ 218,512.96	\$ 559,685.19	\$ 543,363.43	\$ 495,061.26	\$ 546,101.66	\$ 505,936.94	\$ 512,986.75	\$ 529,099.25	\$ 544,413.91	\$ 518,722.24	\$ 540,722.81	\$ 10,443.69	\$ 6,064,003.35	

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: Communication **107902 P**

RECEIVED from VOICEMAIL IP
the sum stated below, on account of—
LEVY PAYOUT FOR NOVEMBER 2014

Allocation	\$	¢
TRUST FUND 85,687-02	85,687	00
895041		
Total:	85,687	00

CASH CHECK/QUE
Signature of Receiving Officer: [Signature]

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: Communication **107904 P**

RECEIVED from VOICEMAIL
the sum stated below, on account of—
LEVY PAYOUT FOR DECEMBER 2014

Allocation	\$	¢
TRUST FUND 148,667-54	148,667	54
895041		
Total:	148,667	54

CASH CHECK/QUE
Signature of Receiving Officer: [Signature]

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: Communication **107901 P**

RECEIVED from TRKCOM FIJI
the sum stated below, on account of—
LEVY PAYOUT FOR NOVEMBER 2014

Allocation	\$	¢
TRUST FUND 152,825-74	152,825	74
895041		
Total:	152,825	74

CASH CHECK/QUE
Signature of Receiving Officer: [Signature]

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: Communication **107903 P**

RECEIVED from DICICEL
the sum stated below, on account of—
LEVY PAYOUT FOR DECEMBER 2014

Allocation	\$	¢
TRUST FUND 11,115-33	11,115	33
895041		
Total:	11,115	33

CASH CHECK/QUE
Signature of Receiving Officer: [Signature]

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: *Communication*

107907 P

23/09/2016

RECEIVED from *VOICENT 17*

the sum stated below, on account of—

LET PAYOUT FOR DECEMBER 2014

Allocation	\$	¢
<i>TRUST FUND 7783-19</i>		
<i>6950X1</i>		
Total:	<i>571,783-40</i>	

Y. K. Ambrose
Signature of Receiving Officer

CASH
CHECKQUE

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: *Communication*

107905 P

23/09/2016

RECEIVED from *TRAFICOM Fiji*

the sum stated below, on account of—

LET PAYOUT FOR DECEMBER 2014

Allocation	\$	¢
<i>TRUST FUND 101423-32</i>		
<i>6950X1</i>		
Total:	<i>541,423-28</i>	

Y. K. Ambrose
Signature of Receiving Officer

CASH
CHECKQUE

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: *Communication*

107908 P

23/09/2016

RECEIVED from *DIGICEL*

the sum stated below, on account of—

LET PAYOUT FOR JANUARY 2015

Allocation	\$	¢
<i>TRUST FUND 10527-07</i>		
<i>6950X1</i>		
Total:	<i>519,527-67</i>	

Y. K. Ambrose
Signature of Receiving Officer

CASH
CHECKQUE

F1043

ORIGINAL—OFFICIAL RECEIPT

FIJI REVENUE RECEIPT

Station: *Communication*

107906 P

23/09/2016

RECEIVED from *FATEL*

the sum stated below, on account of—

LET PAYOUT FOR DECEMBER 2014

Allocation	\$	¢
<i>TRUST FUND 69499</i>		
<i>6950X1</i>		
Total:	<i>5649-99</i>	

Y. K. Ambrose
Signature of Receiving Officer

CASH
CHECKQUE

F1043

GOVERNMENT OF FIJI GAZETTE SUPPLEMENT

No. 19

FRIDAY, 27th MAY

2016

[LEGAL NOTICE NO. 39]

TELECOMMUNICATIONS PROMULGATION 2008
(PROMULGATION NO. 1 OF 2008)

Telecommunications (Trust Fund) Regulations 2016

IN exercise of the powers conferred upon me under section 82 of the Telecommunications Promulgation 2008, I hereby make these Regulations—

Short title and commencement

1.—(1) These Regulations may be cited as the Telecommunications (Trust Fund) Regulations 2016.

(2) These Regulations are deemed to have come into force on the date the Telecommunications Promulgation 2008 came into force.

Interpretation

2. In these Regulations, words and phrases have the same meaning as under the Telecommunications Promulgation 2008 unless the context otherwise requires.

Levies

3.—(1) The Minister may impose a levy on interconnection to fund national developments in telecommunications and a carrier is liable to pay to the Ministry a levy at such rate as may be specified by order to be published in the Gazette; and different rates may be specified in respect of different types of interconnection.

(2) The amount of any levy payable under this regulation is recoverable as a civil debt due to the Ministry.

Telecommunications Development Trust Fund

4.—(1) This section establishes a trust fund called the Telecommunications Development Trust Fund, which the following money is to be paid into—

- (a) any money appropriated by Parliament for the purposes of the Telecommunications Development Trust Fund;
- (b) any grant, contribution or loan from any international organisation or donor;
- (c) any money paid to the Ministry in relation to a levy imposed under regulation 3;
- (d) such sums of money as accrue from interest and profits from money placed in the Telecommunications Development Trust Fund; and
- (e) such sums of money received for the purposes of the Telecommunications Development Trust Fund from any other source approved by the Minister.

(2) Money which has accumulated in the Telecommunications Development Trust Fund may be invested by the Ministry in such manner as may be determined by the Ministry.

(3) Money from the Telecommunications Development Trust Fund may be utilised for national development in relation to information, communication and technology projects as approved by the Minister.

(4) The permanent secretary of the Ministry must authorise all payments from the Telecommunications Development Trust Fund.

(5) The management and administration costs of the Telecommunications Development Trust Fund are to be paid from the Telecommunications Development Trust Fund, or if there are insufficient funds from the annual budget of the Ministry.

Made this 24th day of May 2016.

A. SAYED-KHAIYUM
Attorney-General and Minister for Communications

[LEGAL NOTICE NO. 40]

TELECOMMUNICATIONS (TRUST FUND) REGULATIONS 2016
(LEGAL NOTICE NO. 39 OF 2016)

Telecommunications (Interconnection Levy) Order 2016

IN exercise of the powers conferred upon me under regulation 3 of the Telecommunications (Trust Fund) Regulations 2016, I hereby make this Order—

Short title and commencement

1.—(1) This Order may be cited as the Telecommunications (Interconnection Levy) Order 2016.

(2) This Order is deemed to have come into force on 17 November 2010.

Interconnection Levy

2. For the purpose of regulation 3 of the Telecommunications (Trust Fund) Regulations 2016, a carrier is liable to pay to the Ministry the levy at the maximum rate specified by the Fiji Commerce Commission from time to time.

Made this 26th day of May 2016.

A. SAYED-KHAIYUM
Attorney-General and Minister for Communications