**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 12TH APRIL, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 12TH APRIL 2017 AT 9.25 A.M.**

**Submittee: Ministry of Public Enterprises and Tourism**

In Attendance:

* + 1. Mr. David Kolitagane - Permanent Secretary
       1. Mr. Sakiusa Navunilawa - Government Printer
       2. Mr. Salesh Naidu - Accountant
       3. Ms. Rusila Bainimoli - Accountant, Government Printing
       4. Ms. Laisa Bolalevu - Director Monitoring

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DEPUTY CHAIRPERSON.- I would like to welcome everyone and a very good morning to you all as well. Welcome to the meeting of the Public Accounts Committee (PAC) dated 12th April, 2017.

For the information of all those Officials who present today, especially the PS and his team from the Ministry of Public Enterprises and Tourism, I will introduce the members of the Committee.

(Introduction of Committee Members)

I have been informed that there is a presentation so I will not take much of your +time. I would just like to request, PS, if you could introduce your team and then take us from there with the presentation that you have before us. Thank you.

MR. D. KOLITAGANE.- Thank you, Deputy Chairperson and Honourable Members of the Committee.

(Introduction of officials)

Deputy Chairperson, thank you for inviting us this morning, our apologies for not sending a written draft to you this morning but certainly we will give you our written submission when we print out from our office.

At the outset, Honourable Members, I just want to set up some background on the Ministry. We are looking at 2014 and 2015 accounts. In 2014 the Ministry of Tourism was with the Ministry, it came under Head 36 under Ministry of Tourism and Trade. In 2015, it was again separated from the Ministry of Public Enterprises but the Government Printing Department came under our Ministry through the normal budget process, so that is normal. I mean, when Ministries and Departments are realigned during a budget year, they show the movement. In some of the questions which was raised by the Auditors, I will elaborate, but that is basically the background to our general statements.

Overall as you can see Deputy Chairperson, our books are unqualified, otherwise some attention is drawn for the Committee, which we had rectified back then.

Deputy Chairperson, with respect to the queries in the PGA Tournament, given the background statement that I had stated, we request that this be referred to the appropriate Ministry which is the Ministry for Industry, Trade and Tourism, who is handling tourism.

DEPUTY CHAIRPERSON.- We will take note of that and we can request this particular issue to be rectified by the Ministry responsible now. You can proceed.

MR. D. KOLITAGANE.- Deputy Chairperson, in your 2014 Report: 34.2 - Statement of Receipts and Expenditure; as alluded to in the Audit Report, the revenue received was from the State-Owned Entities (SOEs) Board of Directors who attended the Australian Institute of Directors Training and it was organised by the Ministry. So we acknowledge the Report and the audit and we clarify, as I mentioned.

Part B: Audit Findings. 34.4 – Capital Expenditure – Other Matter; literally this is with regard to the PGA so we suggest that this be referred the Ministry of Industry, Trade and Tourism, but we will also note the comments from the Auditor-General.

34.5 - Unexplained Account Balances; I can confirm that this has now been resolved. There are no more balances carried forward in our 2016 financials and the exercise we are doing with the Auditor-General, that has been cleared. It has been done through the adjustments with the Ministry of Economy (MOE), the normal adjustments especially with the dormant accounts that had occurred over the years, so we confirm that that is clear.

DEPUTY CHAIRPERSON.- Can we get that confirmation from OAG’s Office.

AUDIT REP.- Deputy Chairperson, we have just completed the 2016 audit for the seven months up to July. These issues are no longer an issue in the current audit.

HON. RATU S.V. NANOVO.- Still on that, can I ask the PS, did that resulted in a write-off of $181,994 or any write-off been involved in here?

MR. D. KOLITAGANE.- Those were the adjustments.

HON. RATU S.V. NANOVO.- Adjustments and no write-off?

MR. D. KOLITAGANE.- It may include write-offs.

HON. RATU S.V. NANOVO.- Can we be confirmed, how much?

MR. D. KOLITAGANE.- Can we come back to the Committee on that?

DEPUTY CHAIRPERSON.- You are requesting for the amount?

HON. RATU S.V. NANOVO.- Yes.

DEPUTY CHAIRPERSON.- Alright.

MR. D. KOLITAGANE.- Deputy Chairperson, can we now move on to the 2015 Audit Report?

DEPUTY CHAIRPERSONL.- Yes.

MR. D. KOLITAGANE.- Part A: Financial Statements. 36.1 - Audit Opinion; it is unqualified given by the Auditor-General.

36.2 – Statement of Receipts and Expenditure; the Ministry’s expenditure by around $5.6 million for 2014 was mainly due to the inclusion of the Biosecurity Authority of Fiji (BAF) under the Ministry’s budget. So their Capital Grant from $4.2 million and $2 million was included as part of the Ministry’s budget and was part of the Ministry’s monitoring as well for BAF.

36.3 – Appropriation Statement; we take note of the savings that occurred in SEGs 1 and 2 for both, the Ministry and Government Printing Department. As of date, we are recruiting as part of the Government drive and Government reform, so this matter has also been resolved, Deputy Chairperson.

HON. RATU S.V. NANOVO.- Still on that Deputy Chairperson, can I just ask the Ministry; with that saving that you had recorded in that year, were all the requirements of the Ministry regarding vacancies been fulfilled?

MR. D. KOLITAGANE.- We are looking at that this year Deputy Chairperson. At that time I understand when the Permanent Secretary was there, I think she was trying to restructure the Ministry, so it really depends on the senior management team, otherwise given the programmes as the Permanent Secretary for the Ministry and the load we have for the current year and our plans for next year, I certainly think that the current structure and the budget is adequate for our programmes, so we are going on a recruitment drive as with other departments going on a recruitment drive now.

36.4 – Manufacturing Account – Trading and Manufacturing Activity.

36.7 – Balance Sheet – Trading and Manufacturing Activity; we have no further comments but to note that the TMA balance sheet includes cash only, accounts receivables and the raw materials work in progress and no major assets.

36.8 – Anomalies – Trading and Manufacturing Account for 2015; this is an item that was highlighted by the auditors. What happened here, Honourable Members, is that when payments are done to Government Printing Department after the supply of goods and services to the customers, the payments are done through Electronic Fund Transfer (EFT). Unfortunately, in some instances the customers do not remit the details back to the Department. However, I can confirm that the Department has put in place corrective measures to address the concerns raised by the auditors. These are money receipted but cannot be accounted for in detail, based on the EFTs. We have gone back to the practises done with other departments and private sector agencies where we basically follow up on what is required by the clerks and the accountants to reconcile what is coming in and paid by who, so we have corrected that, Honourable Members.

HON. RATU S.V. NANOVO.- On that, Deputy Chairperson, when payment are done do they fully clear the whole amount in one payment or they pay in instalments?

MR. D. KOLITAGANE.- They fully pay.

HON. RATU S.V. NANOVO.- If they fully pay, do you check your invoice again of what you supply, have they done that just to check who this amount should be paid to by this guy in relation to the orders that is on hand at the moment?

MR. D. KOLITAGANE.- Some payments too are done in instalments, especially for big orders and sometimes it is paid three to four months late. The key point that we have found out is the need to do follow ups, so the accounts clerk needs to be doing follow-ups and reconciling on a daily basis basically. Now, there is latest technology where they can pick up a phone and follow up, so we have done a very clear instruction. I think once they take note that there is no follow-up from the customer’s side, they will forget about the remittance slips being sent to the department. With each of the officers having access to emails, they should be able to address this and it is part of their KPIs as well.

HON. RATU S.V. NANOVO.- Still on that, what about the supervisors within the printing company, do they do their normal follow-ups on weekly basis, monthly or how do they monitor these kinds of payments?

MR. D. KOLITAGANE.- Deputy Chairperson, we have given this round of discussions that we are having with my departments, I have really pushed them hard to really come up, not only for the KPIs but also SOPs for their reporting. It is basically from the staff that are facing the customers, it is up to them as well, so it has a direct link from the operations to them but certainly it is in place, Honourable Member.

Deputy Chairperson, I guess those are the key issues that were raised for us to clarify. I do confirm that our 2016 accounts the adjustments, the reconciliations and even the corrections that are recommended, we are fully implementing it and then the policies are in place to address those key issues.

DEPUTY CHAIRPERSON.- Thank you, PS, for your presentation. I would like to give this opportunity to the Honourable Members to ask questions, if you have any. Please, do ensure that our line of questions are only subject to the Audit issues. So Honourable Members, you have the floor.

HON. RATU S.V. NANOVO.- Just a question to the MOE, was there any audit checks carried out in the Ministry, what was your latest audit checks?

MOE REP.- Honourable Member, currently we are conducting an internal audit of the Ministry of Public Enterprises. We rounded off our audit conducted two weeks ago and we are now conducting audit of the Government Printing Department, so we should be finalising our report at the end of this month.

MR. D. KOLITAGANE.- Honourable Members, that is basically on the processes and procedures. It has been done for a while now but we welcome that exercise and it is in place.

MOE REP.- And if I can just add that the compliance levels are generally up to standard that we would require.

DEPUTY CHAIRPERSON.- PS, just a last comment from your Ministry in regards to 36.8, the last bullet point I am referring to, this is as per the audit report. It says here, “FRCA variances - Comments noted. We will try and substantiate the difference between the two.” That is the comment that came from the Ministry. I would like to get a feedback on that.

MR. D. KOLITAGANE.- This is in regards to the overall reconciliation that were supposed to be done. It includes payments to the debtors, tax payments and basically it is referring to the processes that we apply and as we alluded to earlier, it has been resolved. But as new issues come up, I think the key issue is to help the Department implement processes and standardise the processes. Otherwise, a new officer comes in, he forgets about doing item A and goes straight into item B, so without doing A, it is picked up in our end of the year accounts. So at the moment, we are trying to standardise, put SOPs for the officers who are actually doing the exercise to follow.

DEPUTY CHAIRPERSON.- I believe the Ministry of Public Enterprises does not have a lot of issues.

Thank you, PS, for your presentation. As mentioned, there were not many issues which is a very good reflection of your Ministry and Departments as well. The fewer the issues, the more the indication that the Ministry and Departments is operating at a very good level. So I thank you and your team for such a reflection that has come about in the Audit Report, very few findings, in fact, only one or two findings.

We will be seeking submissions regarding the PGA issue with the Ministry of Industry, Trade and Tourism when they come here for their submission and before we conclude the session, if we can have some final words from you.

MR. D. KOLITAGANE.- Thank you for the invitation, Deputy Chairperson and Honourable Members. We acknowledge the work of the OAG and the MOE in trying to put in place proper procedures and checks and balances within the Government processes. Thank you very much.

DEPUTY CHAIRPERSON.- Just one final comment, the submission which you made, you have a written copy of that?

MR. D. KOLITAGANE.- Yes, certainly, Deputy Chairperson. As I had mentioned, we will go back to the office and we will submit our formal reply to the Committee because most of my comments are just written notes and discussions.

DEPUTY CHAIRPERSON.- But the Committee will be requiring something written on this submission so perhaps, secretariat staff will liaise with you and you can always provide them to us on a later date.

Thank you, PS, for your presence.

The Committee adjourned at 9.47 a.m.

The Committee resumed at 11.03 a.m.

**Submittee: Ministry of Local Government, Urban Development, Housing and**

**Environment**

In Attendance

1. Mr. Joshua Wycliffe - Permanent Secretary
2. Ms. Julia Korovou - Deputy Permanent Secretary
3. Mr. Aminiasi Qareqare - Principal Environment Officer
4. Ms. Sandeep Singh - Director of Environment
5. Mr. Kolinio Bola - Director of Housing
6. Ms. Losana Talei - Director Town and Country Planning

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DEPUTY CHAIRPERSON.- A very good morning to you all. In particular, I would like to welcome and convey my hearty appreciation to the team that we have from the Ministry of Local Government, Urban Development and Environment.

I welcome you, PS, to the meeting on Public Accounts Committee today dated 12th April, 2017. For your information and for the information of everyone, let me very briefly introduce you to my team and then from then onwards, I will give the opportunity for you to take us through your submission and whilst the submission is going on, should Honourable Members have issues, we will be asking questions after you finish your submission.

(Introduction of Committee Members by Deputy Chairperson)

We also have on the far left Officials from the Office of the Auditor-General (OAG) and we have our secretariat staff.

PS, I believe this is the second round of submission. The submissions on the 2014 Audited Report has been completed as per the information provided to me in my capacity as Deputy Chairperson. So this submission will be about the 2015 OAG Report. You can just introduce very briefly to us your team and take us through your written submission.

MR. J. WYCLIFFE.- Thank you, Deputy Chairperson. A very warm good morning to the Honourable Members of Parliament, the secretariat and my colleagues from the Ministry of Economy (MOE) and the OAG. I will introduce my team today and then in terms of the submission, our Deputy Secretary will walk us through the various comments from the Ministry and the submission we are making, and I will support her through as and when required. If there is any question from the Honourable Members, we will be happy to take those questions and respond to them, bearing in mind that we always look at it and we will continue to look at it in the framework of improving and making things different, and also improving our standard operating procedures going forward, so my team and the Ministry is committed in doing that.

(Introduction of Ministry Officials by the PS)

We have our submission here in front of us so we will go through the numbers today from Item 37.1 and if you want us to stop halfway through, please feel free to do that and we will talk about that particular issue.

DEPUTY CHAIRPERSON.- We will give you the opportunity to finish your presentation and then our questions will be most probably issue by issue.

MR. J. WYCLIFFE.- Alright.

DEPUTY CHAIRPERSON.- So, you can just go through.

MS. J. KOROVOU.- Thank you, Deputy Chairperson and Honourable Members.

Part A – Financial Statement. 31.7 - Audit Opinion; the audit of the 2015 accounts of the Ministry of Local Government, Urban Development and Environment resulted in the issue of a qualified audit report and the anomalies have been identified by the OAG relating to the Environment Trust Fund Account Statement of Receipts and Payments. As alluded to in our last meeting, the balance actually resulted from inherited losses from the Environment Trust Fund Account that was actually operated/undertaken by the Ministry of Lands before we took over in 2010. So the Ministry is actually working closely with the FMIS and the Treasury Department of the MOE to try and reconcile these anomalies that were inherited from the Ministry of Lands.

37.2 - Statement of Receipts and Expenditure; the Ministry collected revenue amounting to $504,231 and incurred expenditure totalling $24,585,109 in 2015. So the total expenditure increased by $5,566,469 or 29 percent compared to 2014. This was mainly attributed to the increase in Capital Grants and Transfers resulting from new projects undertaken, including new town development, Nasinu Market in Laqere and Albert Park development.

37.3 - Appropriation Statement; the Ministry incurred expenditure totalling $24,585,109 against the revised budget of $32,682,569, resulting in savings of $8,097,560 or 24.7 percent.

37.4 - Statement of Losses; there was no loss reported for the Ministry in 2015. However, we wish to confirm, Sir, that there was a board of survey undertaken for the year 2015 in January 2016. The Annual Report was duly submitted to the MOE in March 2016 and to OAG in September 2016.

37.5 - Trust Fund Account Statement of Receipts and Payments; the Ministry concurs with the findings of the OAG.

Part B - Audit Findings. 37.6 – Unreconciled Balances for the Main Trust Fund Account; as mentioned before this is an inherited issue, the unreconciled balances within the Trust Fund Account, especially relating to the Environment Trust Fund account which we inherited from the Ministry for Lands.

37.7- Reconciliations not Prepared; the Ministry does take note of these findings. The management is currently put in place standard of operating procedures and internal control measures to ensure compliance to Finance Regulations and Instructions.

MR. J. WYCLIFFE.- Just a note on that, in addition, what the Ministry has done this year is, we are revising our standard operating procedures and also closely working closely with the MOE, the Treasury and OAG. We have committed to ensuring that these revised standard operating procedures are in place and we are happy to report back to the Committee in six months’ time when it is all put in place and how it is working after review will be done in six months’ time.

MS. J. KOROVOU.- 37.8 - Unreported Losses; the board of survey, we wish to again confirm that it was actually undertaken and the report was submitted to the MOE in March 2016.

37.9 - No Back-Up Records for Salaries and Wages Reconciliations; we would like to confirm that our salaries and wages reconciliations had been updated for the year 2015 and copies were duly submitted to FMIS in the MOE and we have hard copies retained in our files, as well as soft copies in our server.

37.10, Anomalies in Extension of Current Naboro Landfill Stage 2; ifI may, can I ask the Principal Environment Officer, Mr. Qareqare, to take us through.

MR. A. QAREQARE.- Deputy Chairperson, in regards to 37.10, this was to do with the withholding tax issue for foreign companies, given services to do in Fiji. We were only made aware after the tender was awarded and it was a change in policy from the relevant agencies that were asking foreign companies to come and do services in Fiji and this company was not prepared to pay withholding tax because there was no Double Tax Agreement (DTA) between Fiji and Australia. For the same service they would be taxed in Australia, they would also pay tax for their services in Fiji. So, they were not prepared and at the end of the day, the Government had to pay withholding tax of 15 percent.

MR. J. WYCLIFFE.- Honourable Members, if I can also add, the issue that has been found today and even in the past is, finding suitable construction skills as such all over the construction industry as we aware is an issue and secondly, landfill construction is even more specialised and finding groups that can come and construct landfill whether it is specification, has always been a challenge. Even today when we go out for tendering to construct landfill, we get only one person or one company to tender all the time. It is a major struggle all the time to find suitable construction people within the landfill business.

MS. J. KOROVOU.- On 37.11- Significant Outstanding Debtors for Naboro Landfill;we acknowledge the recommendations and the findings of the OAG and we wish to inform the Honourable Members that appropriate actions had been undertaken by the Department of Local Government in conjunction with the Town Councils in assisting the capacity to reduce their debt stock in terms of rubbish collection. So, we would like to inform that.

MR. J. WYCLIFFE.- A key example would be Nasinu Town Council which had debt of about $400,000 as of January. We sat with them and we worked out payment arrangement and now it has come down to $65,000 from $400,000.

What we are also doing is using our local government mandate as a Ministry, pushing in for payments and payments are coming in place. We have also established shared services model within the local government where they provide garbage collection support too. So, we have made efforts and we will continue to make efforts of reducing debts. But that is just one example of how a closer follow up in comparison to the past, has helped us reduce that cent. We pledge to this Committee that we will continue to do that and get in order.

DEPUTY CHAIRPERSON.- Since you mentioned that as an additional information I just want to ask, how will you be able to very successfully bring these debts down because if we look at the figure, that is a very significant reduction? What were some of the measures that you took? We would be interested to know that.

MR. J. WYCLIFFE.- Alright, Deputy Chairperson, thank you for that. I can only speak about the present, I do not know about how things had been in the past. At present when we see debts are mounting, we had concentrated efforts of internal negotiation using internal systems. Previously, it could have and I cannot confirm, happened to different departments operating from what we have done differently and most of us are new in the team now.

What we have done now is to work as a full Unit so the Department of Local Government uses its influence over individual councils to ensure moneys are being paid. As a Permanent Secretary, I brought them altogether and got them to talk on a day to day basis to pick on a debt collection module, so we put in a debt collection module.

How it came was from another source actually interestingly. We helped all our 13 Councils in collecting their debts and that was where the shared services module was born. So we put the shared services together where Councils can collect money from the ratepayers. We do not have control or, at least, inside information of how much money they have been able to collect, how much money their ratepayers owe. So, we have a closer follow up of their financial situations.

Then the second part of follow up is, the Ministry works with them and help collect their debts as well as collect our own debts for the Ministry. So, it was a joint effort and it was putting in a debt collection module in place by the leadership. That actually helped and we all work together as one team.

DEPUTY CHAIRPERSON.- That is good, you can just continue with that.

MS. J. KOROVOU.- Thank you, Sir, moving on to 37.12 - Anomalies in Operations of Naboro Landfill; the Ministry fully acknowledges the recommendations of the OAG and has taken on board the findings of the Audit Report, in particular to cost savings analysis for the purpose of engaging a most economical contract for the Naboro Landfill operations and this is being looked into by the management.

MR. J. WYCLIFFE.- We followed the GTB’s recommendation that the contractor, although was more expensive, had the skillsets and background, as I had said initially, and the expertise in comparison to the other person who was wanting to bid.

In terms of experience, we clearly identified that these people had grant best practice and at that stage where it was not just fancy, a little awe and fancy, we needed the right skillsets to control because waste management is very critical and anything from your layers in the bottom of the pit or stage, if it is not laid properly within a year or two, with the adverse weather conditions and the degradation of the waste that goes into those pits, will cause further hazardous issues. We will be dealing with hazardous health issues by not properly managing waste, so we do not want to take the risk for the people of Fiji, the greater Suva area, by coming in with someone who does not have any experience in this area of construction. So we went for these people and I mean obviously it was GDP, the tender board that recommended that we go ahead with them.

To give a bit of more, ever since after that we have noticed that there is another stage (second pit) that has to be done and this is an additional information and what is here on the submission. We found that it is the same person who comes again for tendering where we have an additional second person alternate coming. One of those things we will be very firmly putting in place if we go for the stage 2 for any tender that the tender board approves, is to make sure that in the contract there are Clauses where they train Fijians or locals and they work in a consortium model where locals will have gained that experience over the period of their contract and so we do not have to rely on foreign companies all the time. So this contract will establish local talents and local experience and expertise so going forward, this issue is avoided.

HON. A.D. O’CONNOR.- Mr. Chairperson, if I may through you, has the Ministry ever considered as you will appreciate the high rainfall in the Suva area and its effect on the landfill whereby you still put in mediation for absorbing all the leach that could be possible but the leach still continues? You know what I mean by leaching, because you got every bit of the industry that is going to the same dump - industrial waste, kitchen domestic waste and commercial wastes, there is no separation? Has the Ministry ever considered high-tech perforation? I think, PS, you might know what I am getting at. It is very high speed where everything, even up to sheet metal pieces or offcuts can go in there and they are all grounded, glasses will go in there and gets grounded to very, very fine product and at the end of the day, there is no issue on the environment, it can all go to the proper landfill.

MR. J. WYCLIFFE.- Thank you, Sir. My response to that is, I will start generically and then go down to the technology you are talking about. Generically speaking, the Ministry’s target and aim to go forward is to minimise the waste that goes into the landfill.

We followed international models. Personally speaking from my experience in the past, we did this in Singapore where they were running out of space and the target was to reduce it or for the waste to go into the landfill of 40 percent. So today by the model we put in place, including the technology that we are talking about, only five percent of Singapore waste goes into the landfill and 60 percent is incinerated.

The technology models that we are considering for this landfill and I am happy to be corrected, is to segregate because there is a lot of recycling. For instance, there is one company here in Fiji that dumps about 17 tonnes a week of chicken waste. There is organic waste and there is inorganic waste, like the metal that you are mentioning. So the aim is, over the next 18 months whoever is able to come in with the appropriate technology, will be able to segregate recyclable materials and recycle them, for an instance, all over Fiji we do not have a proper rubber recycling. Tyres get thrown all over the place, toxic materials get thrown all over the place, so the first issue to be addressed would be segregating materials that are recyclable and then the organic waste that goes into the leachy ponds.

Yes, the answer to your question, Sir, is that we will continue to have the leachy ponds and they will continue, we will need them. And the technology that is appropriate, it will take the metal pieces in and do away with it, post-recycling we will follow that as well. As of now, our overall technology prospects and the scope for technology is to segregate, recycle and so it will be a lot more environmental friendly and, of course, provide health benefits. But I am happy to meet with you to see if there is any other suitable technology that we can put in place that could take care of these issues.

DEPUTY CHAIRPERSON.- Just for your information, Honourable Minister is also an engineer by profession, so I believe on that ground he must have asked that question. You can continue with that.

MS. J. KOROVOU.- Thank you, Honourable Chairperson.

37.12.3 – Incorrect Estimation Used for Total Tonnes of Rubbish for the 5 Year Period; the Ministry fully acknowledges the recommendations of the OAG and has taken on board the findings for necessary improvements in future guiding our tender works. However, I would like to inform the Honourable Members that given the contract of the tender process, we had to award the tender to Contract A which is HG Leach, given that there are no local expertise in this area available so we have to engage the required and needed technical expertise of HG Leach, hence the decision, Sir.

37.13 – Delay in Finalising Draft Financial Statements for Audit; we fully acknowledge the report of the OAG and their findings. I would like to inform that proper measures have been taken in consultation with the Town Councils in relation to their financial performance management. The Ministry has undertaken a few trainings with the Town Councils in improving their accountability and performance aspects of work, and we have put in place a few regulations to align themselves to the international and approved domestic standards, for example, we have put in place the International Financial Regulation Standards (IFRS) which has now been adopted and implemented by Town Councils and Municipalities. Also, we have assisted in their corporate and business planning and performance management.

MR. J. WYCLIFFE.- Sir, if I can just add on to that, looking at these gaps that were there, especially provision of audited statements, what the Ministry has done is to introduce the IFRS for all Councils, helping them to form one single platform from which they can operate. So there is consistency across all the 13 Councils in the way they report and also provide their financial statements. Like I said earlier, we are also able now start exerting tighter controls, business controls and financial controls by providing the shared services platform and have better accountability across the 13 Councils as we go forward.

DEPUTY CHAIRPERSON.- I thank you for the submission and the information provided to us. Now I would like to just draw everyone’s attention to 37.2 of your submission. Honourable Members, you now have the floor to ask questions if you have any issue with regard to 37.2.

HON. A.M. RADRODRO.- Deputy Chairperson, probably an overall question in terms of receipts as Town and Country Planning fees. Before I ask the question, I note that zero audit issues has been highlighted by the OAG on the operations of Town and Country Planning Department. Can the OAG advise whether they conducted audit on that particular Department and what is the fees increase in Town and Country Planning?

OAG REP.- Thank you, Deputy Chairperson, we did conduct audit for the whole Ministry and the last issue is on Town and Country Planning.

HON. A.M. RADRODRO.- Can we just have an explanation from PS on the revenue collection as per stated on 37.2 regarding the movement in fees on the Town and Country Planning?

MS. J. KOROVOU.- Thank you, Honourable Member. We only have two Departments within the Ministry that actually are revenue collecting agencies - the Department of Environment and the Department of Town and Country Planning.

HON. A.M. RADRODRO.- So when there is an increase in fees like this, what does that mean? What does that reciprocate in terms of the fees collection by the Town and Country Planning Department?

MS. J. KOROVOU.- Deputy Chairperson, can I ask the Director Town and Country Planning to respond to that, please?

MS. L. TALEI.- Thank you, Deputy Chairperson and the Honourable Member. Your question is on the increase in fees?

HON. A.M. RADRODRO.- Yes.

MS. L. TALEI.- There has not been any increase in fees since 2005. The only increase came to be last year and that is through the VAT.

MR. J. WYCLIFFE.- And also the number of applications handled and the increase in revenue through the business generated, that has been another reason for the movement of increase in fees.

HON. A.M. RADRODRO.- So the fees that have been collected by the Town and Country are all relating to applications within the town boundaries or it can also be outside of the town boundaries?

MR. J. WYCLIFFE.- It can be outside of the town boundaries as well.

HON. A.M. RADRODRO.- Alright.

MS. L. TALEI.- The increase in fees in 2015 is simply a reflection of the increase in the number of applications itself straight after the election. In fact, prior to the election when the election date became known, we had a rush of the applications bills. So, we have a rush of renewal and there is renewal fees. So, it really is a reflection of the interest for investment in Fiji.

HON. A.M. RADRODRO.- Where there are developments, some land would have been converted from agriculture to commercial development. Would you be able to advise the Committee whether in those scenario they also have to come through your Department?

MS. L. TALEI.- Yes, through the rezoning process. In fact, it is not really just the rezoning from residential to commercial, it is from agriculture to commercial or agriculture to industrial and tourism purposes. So there is quite a jump from 2014 and we are still experiencing the increase.

HON. A.M. RADRODRO.- Deputy Chairperson, can we be given a list of all those applications that have converted from agriculture to commercial or housing that were processed and gone through your Ministry in 2014 and 2015?

MS. L. TALEI.- Yes, Sir, for just 2014 and 2015, we will provide that.

HON. RATU S.V. NANOVO.- Deputy Chairperson, in regards to the expenditure in 2015 that increase by 29 percent, can we be advised as to where are those developments located, the New Town Development as well as the new Nasinu Market Development?

MS. L. TALEI.- Honourable Member, with regards to New Town Development, it came to be for really our projected growth centres in Fiji. We are still in the process of getting Nabouwalu. New Town Development is a programme to set the platform for a place we have identified as a growth centre in becoming a town, so it is a three to four year phase.

For 2015, we have identified Nabouwalu, Seaqaqa, Keiyasi, Vunidawa and Vunisea.

HON. A.M. RADRODRO.- Deputy Chairperson, I would like to thank the Director for that clarification. I thought New Town Development was this New Town here in Nasinu.

My question to the Director is in terms of people coming in to pay their development fees or whatever you call it there, who monitors? Is it part of your responsibility to monitor the actual completion of the project becoming a reality or who does the monitoring part?

MS. L. TALEI.- It depends on which development. There are three different phases of development:

1. Land development that comes under the subdivision process so there are certifications issued by the agencies. So if it an issue of a road, there would be a Certificate or Satisfaction by FRA.
2. There is also an issue of health so the Local Authorities either the Council or the Rural Local Authority, would give a Certificate of Completion, so that is on land subdivision.
3. Building development, it is the Rural Local Authority or the Council that issues the Completion Certificate prior or occupancy.

DEPUTY CHAIRPERSON.- On 37.3, I am just interested to know, PS, what was the reason for those savings? The amount is quite good there and the percentage also, how were you able to ….

MR. J. WYCLIFFE.- Thank you, Deputy Chairperson. One of the reasons, there is a revised budget that actually helped that lower down from there. The figures that I can see in the Appropriation Statement is $32 million as against $24 million that had actually helped our provisional budget.

HON. RATU. S.V. NANOVO.- Deputy Chairperson, on the new home initiative now being implemented by Government and that dwellings that are built in villages had to be cyclone proof, does the Town and Country Planning Department play a role in that one?

MR. J. WYCLIFFE.- We do not but the Director could explain to you further on that.

MS. L. TALEI.- Honourable Member, the Town and Country Planning does not have any jurisdiction within our villages, but we do play an advisory role. Some do come to our office for advice, particularly if it is a community facility - community hall, a church or any institution, we advise them that it is appropriate for them to have the certification from the engineers.

DEPUTY CHAIRPERSON.- 37.4, there was no loses so that is not necessary.

37.5, Honourable Members?

HON. A.M. RADRODRO.- Deputy Chairperson, on this trust account on the ozone depreciation substances, can you just inform the Committee how does this trust account works and fines that are receipted in this account? Also, we see that there is a big movement from 2013, who gives this funding and what is it used for?

MR. J. WYCLIFFE.- Deputy Chairperson, thank you. The funding comes on a project basis from mostly United Nation Environment Programme (UNEP) and bulk of the funding goes towards the projects that we do and also collections through the fines on non-compliance, especially with gaseous substances, air conditioning and coolers. When there is non-compliance, then the inspectors go and fine them. So the receipts come from various sources, primarily it is project-based and as the projects proceed in my time and the last year, has been mostly exploratory research-based projects as well, working in partnership with the Australian Government.

DEPUTY CHAIRPERSON.- We will move on to the Audit findings. 37.6, any questions, Honourable Members?

(There were no questions on 37.6 and 37.7)

37.8, Honourable Nanovo?

HON. RATU S.V. NANOVO.- On 37.8, unreported losses, I think this story would be different if the Board of Survey (BOS) was carried out during that year. I think the requirement is that, the BOS should be conducted within the year and the report is known, rather than deferring towards the end of the year whereby the report is not completed when the year comes to an end. So it is important that, that must be done within the year so that the figure presented by the Ministry is reliable. You are saying here that there was no losses because of the outcome of that BOS was not known when the year ends. What explanation can you give? If that was carried out within the year, what would have happened?

MS. J. KOROVOU.- Thank you, Honourable Member. According to the Finance Procedures and Regulations, BOS are normally carried out in the next financial year normally in January before the end of the year and then this is submitted to the MOE and the OAG which we did, and that was submitted to the MOE in March 2016. You may be right, if there was a BOS already done and taken within that fiscal year, there could be some losses found but, of course, we are still waiting for the response from the two agencies- the MOE and the OAG on our BOS.

HON. RATU S.V. NANOVO.- Let us get a confirmation from the MOE, is that the case – you conduct a BOS this year that the outcome will be known next year?

MOE REP.- Thank you, Honourable Member and Deputy Chairperson. As per I Finance Instructions, it is mandatory that BOS be conducted annually. The Ministry of Local Government did conduct a BOS and they have submitted a report in March 2016.

DEPUTY CHAIRPERSON.- 37.9, of course, PS, the second comment that says, I quote: “Delays in compilation and submission have been due to staffing constraints in our Accounts Section for the last 2 years or so.” Has that matter been resolved?

MR. J. WYCLIFFE.- Thank you, Deputy Chairperson, yes. What we have now done as we have recruited or near completion doing our recruitment of responsible SAO and the staffing gaps are being finalised. The target is by the end of May, we should have a full-fledged team and should take care of it.

DEPUTY CHAIRPERSON.- We will move on to 37.10, Honourable Members, if you have any issues or questions to raise?

HON. A.M. RADRORO.- There is a lot of issues being highlighted here by the Auditor-General. The first one is that, the delay was due to the disagreements between the Ministry and the contractor. Regarding the payment of non-residential 15 percent tax, I have noted your comment but can you advise as to how or what the Ministry has done to ensure that:

1. there is no repeat of this disagreement; and
2. it looks like the contractor is holding an upper hand over the Ministry probably because of their technical expertise?

MR. J. WYCLIFFE.- Thank you, Deputy Chairperson. I will initiate the response and if Mr. Qareqare has more to add, he could. First and foremost, we are not dealing with ……, the ones who were the issue, the foreign Australian company with whom we were dealing at that stage and that has been rectified with the existing contractor, that is how much I have informed.

Secondly, you are very right, Honourable Member, in terms of the prospects of being controlled by a vendor who holds, it is a typical situation where there is an imbalance when you are working with someone who has/holds the expertise. So to balance it off what we are doing is, we are putting a clause in the contract that they will train a certain number of locals in a consortium model. That model will ensure that that imbalance is balanced off going forward.

However, what we also have is, we ensure through written agreements and contracts that the balance of expertise they have does not just mean that they will be able to steamroll what they want, it has to be carried out through various mechanisms and vehicles and through consultations and discussions.

They are also aware that we will be we will not hesitate to look for other options if we have to anywhere. Like I said earlier, they are also aware of us shopping for other technologies which is a big threat for them, which is actually not done with the intention of threatening anyone but done with an intention of advancing, progressing and providing better technologies. So, they are aware that there is a balance coming into place. It is no longer what it used to be like. We really rely as a nation on just one person but we are looking out constantly for other vendors too.

HON. A.M. RADRODRO.- My line of question in terms of the payment that has been made by the Ministry regarding the provisional tax. This is on behalf of that company, is that the case?

MR. A. QAREQARE.- Deputy Chairperson, yes, that is right Honourable Radrodro.

HON. A.M. RADRODRO.- I note it in your response that the Ministry has not commented whether it has recovered this payment made on behalf of the company, has that really pursued by the Ministry? The Ministry paid a total of $280,527 to Contractor A and then in paragraph (b), $25,502.50 is the cost of variation contingency sum. Recovery will be excessively made or is it just a payment that will be an expense by the Ministry?

MR. A. QAREQARE.- Thank you Deputy Chairperson, through you and Honourable Member, thank you for the clarification. First of all, I would like to just confirm that this work was completed ahead of schedule, despite the nine months delay that we faced because of the withholding tax.

Secondly, with regards to that recovery question, what the Government has now done is significantly increase the gate fees in Naboro so that we are able to breakeven on the revenue collected.

HON. A.M. RADRODRO.- In terms of recovery, is it going to recover this amount paid on behalf of the ministry and how will it going to recover?

MR. A. QAREQARE.- Thank you, Honourable Member, through you Deputy Chairperson, I do not think we are going to do the recovery part of getting back that money that was paid of withholding tax but we have done is putting steps, like increasing the gate fee so that we are able to collect revenue and not rely on Government for subsidy.

MR. J. WYCLIFFE.- So, when I did nod my head, it was more recovering what was lost through the gate fees.

DEPUTY CHAIRPERSON.- 37.11, I think the debt collection model was very well explained in the earlier part whilst the submission on that was going on. I think sufficient information has been provided to the Committee on that particular finding.

We can move on to 37.12.1. Any issues to raise, Honourable Members? The tender process, we were given very essential information that there was only one company which had the expertise and the technical knowledge to do so. So I guess that was the reason why the tender was awarded to that company, so that was well explained.

37.12.2, perhaps we can get a confirmation from OAG in regards to this comment: “that necessary actions have been taken or not.”

OAG REP.- Deputy Chairperson, can we come back on this.

DEPUTY CHAIRPERSON.- Yes, alright. The Ministry acknowledges your recommendation. We would just like to know whether they have taken necessary action or not as per your update.

37.12.3?

HON. A.M. RADRODRO.- Deputy Chairperson, we note the comments by the Ministry. They have acknowledged the recommendations of the Auditor-General but in terms of the findings, the specifications, that is the issue that has been highlighted by the Auditor-General, the understatement in terms of tonnage. How has the Ministry addressed that because otherwise, the Ministry is either not doing its maths right and continues with this arrangement of gross understating of rubbish?

MR. J. WYCLIFFE.- Thank you, Sir. It is true that it went up, the tonnage. My information is that, in that year, unexpectedly there were four additional collections of garbage and that increased the tonnage. *TC Winston* was another example last year, so unexpected crisis like that when our office never expected *TC Winston* the way it went and the green waste and the other wastes that were generated.

What we have done, is during current PSIPS and how we calculated it, we worked around the trend model over the last few years how it has gone, how the tonnage has, for instance, the tonnage that goes into a landfill is about 80,000 tonnes per year into the landfill here in Suva. So, tonnage keeps increasing. As consumers increase, the tonnage increases so we have done a trend model and then the best way to go forward is add 15 percent VAT on top of it. So the ways and means of rectifying it is the trend model and then putting a model in place with substantial amount on top, so we put a budget for that. *TC Winston* taught a good lesson because *TC Winston* generated a lot of unexpected, but that is not this, this is for separate additional collections we had across the country.

HON. A.M. RADRODRO.- The current arrangements right now in terms of tonnage, here is 310,000?

MR. J. WYCLIFFE.- Yes.

HON. A.M. RADRODRO.- Is that still the required tonnage?

MR. J. WYCLIFFE.- I cannot give accurate figures as to this but I know it has gone up, at least, by 25 percent but I am happy to confirm the exact tonnes.

DEPUTY CHAIRPERSON.- 37.13, OAG any update before we ask the relevant Ministry? This was an issue of concern to us PAC whilst we were having submissions from individual public enterprise entities. What is the update so far in terms of submissions of audited reports of Towns and City Councils?

OAG REP.- Thank you, Sir. We have noted that Councils throughout the country are working towards providing their accounts for audit. So far an update to this table, 2012 accounts have all been submitted and most of 2013, except for two Councils. In 2014, about half have submitted. That is the status so far.

DEPUTY CHAIRPERSON.- Any comments on that, PS?

MR. J. WYCLIFFE.- Thank you Deputy Chairperson. All that had just been reported has happened in the last 12 months, so it has been a major task to pull back and get business controls and its work in progress. I anticipate in the next five to six months everything should be up to date. That is my expectation.

HON. A.M. RADRODRO.- Deputy Chairperson, just querying about Suva City Council. They continue to receive their budget but Suva City Council being one of the major city councils in Fiji is still lacking behind in terms of provision of annual reports. If that could be looked after by the Ministry to ensure it brings everything up to date. They continue to receive their 2013 and 2015 grants, likewise for National Fire Authority, getting their books up to date to 2013, still does not and that is the problem of delayed submissions. That could be an area that you need to probably take it as condition for the grants, that you provide this and you will get this.

DEPUTY CHAIRPERSON.- Honourable Members, I believe that bring us to the end of the Audit issues. They have adequately explained in their submission as well as responded to the added questions that we put forward to them. Any final comments from you Sir, PS, before we conclude the session?

MR. J. WYCLIFFE.- Thank you, Deputy Chairperson. Thank you so much, Honourable Members, for being here this morning. Thank you for the meaningful input we have had from both sides of the floor. We take your points on board. Thank you for working with us because this really means a lot for this team that we work with, the Parliamentarians in putting systems and processes in place. My hope and my target is, the next time we sit around here these issues do not come up again and we pledge to work together. *Vinaka*.

DEPUTY CHAIRPERSON.- Thank you, Sir, and on behalf of the Committee in advance Happy Easter to you all.

The Committee adjourned at 12.02 p.m.