**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**THURSDAY, 3OTH MARCH, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON THURSDAY, 30TH MARCH, 2017 AT 9.23 A.M.**

**Submittee: Ministry of Youth & Sports**

In Attendance:

1. Ms. Alison Burchell - Permanent Secretary (PS)
2. Mr. Iveri Naba - Senior Accounts Officer
3. Mr. Abdul Rasheed - Accounts Officer

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DEPUTY CHAIRPERSON.- Good morning, everyone.

On behalf of the Public Accounts Committee (PAC), I wish to convey my appreciation to the Officials from the Ministry of Youth & Sports, in particular, Madam PS. I welcome you to our Committee and for the information of everyone present here, especially the Ministry of Youth & Sports, I would like to very briefly introduce Honourable Members.

(Introduction of Honourable Members and secretariat)

We also have representatives from the Ministry of Economy, the two gentlemen and the lady seated on the right, and we have two representatives from the Office of the Auditor-General (OAG).

Honourable Members, let me just also very briefly introduce our invited guests.

(Introduction of Ministry of Youth & Sports Officials)

Without further ado, Madam PS, I would like to give this opportunity for you to briefly introduce your Ministry to us and perhaps afterwards, you can just take us through your financial presentation.

MS. A. BURCHELL.- Thank you, Deputy Chairperson, and good morning to everyone. This is my debut in front of you so I am looking forward to the discussion.

Deputy Chairperson and Honourable Members, thank you again. Just to give you a very brief overview of the work of the Ministry, our mandate is to look at predominantly non-formal education in the context of providing skills to young people between the ages of 15 and 35. We do that through providing training courses through five Youth Training Centres: one is in Valelevu down the road from here; one in Kadavu; two in the North - Macuata and Savusavu; and one in the West in Sigatoka. It is a mixture of courses that we offer but they are mainly focussed on agriculture and carpentry, with other bits and pieces added on as well so may be some small boat engine repairs, for example, that will be done.

The Valelevu Training Centre is centred on music, so that is where the National Youth Band is developed and continues to develop, and their pathway is generally into hotels, as well as into the RFMF and the Police Band. So those are the kinds of static training facilities but we also do mobile training, so we get trainers and our staff to go out into villages and provide training which could be done on the basis of a needs assessment from the young people in the villages in particular, and to say what kind of training do you want. So we are very gender-stereotyped, but that will be changing slowly. So

For women, we will do the traditional massage, beauty therapy, baking, cookery, sewing, flower arrangements, et cetera, and I am glad to report that last year and this year, we actually got some women doing carpentry courses which is a nice change, so slowly things will develop on that front. For the men, we do the small boat engine repairs, we do some basic agriculture, animal husbandry, fibreglass boat repairs and those types of things as well.

What we are trying to do is to expand the offer so that we become responsive to the needs of the economy. So in discussion with the tourism industry, they are saying that they want generalist tradespeople so they do not want to employ in a hotel a specialist carpenter and a specialist electrician, but they want someone who can do all of that. Obviously, it is economies of scale, so we are looking at how we can develop that.

Secondly, we are also looking at opening up the offer. What traditionally happened was that, we would go into the villages and say, “There is an opportunity for young people to go to the training centres” and the village headman would say, “You, you and you are going to Sigatoka.” So we are trying to open it up so that people will have a real interest to go to the training centres so that we do not get someone who really wants to be fixing refrigerators, going to learn how to do agriculture so that it becomes a real return on investment kind of an approach.

We are also looking increasingly at training which would be more in line with addressing some of the social issues that are facing the young people in Fiji. Suicide prevention would be one issue that is coming up on our agenda. Another one would be looking at teenage pregnancies. The other one would be looking at sexual reproductive health and rights because I think the Ministry of Health, at the moment, does a very good job in terms of sexual reproductive health but it does not look at the rights component as much as we want to, and looking at the issues relating to the Constitution, understanding the Constitution and the rights that emanate from it as well as the obligations that emanate from it as well. So we are looking more at producing a well-rounded citizen, who would be able to serve Fiji as Fiji continues to move forward.

On the sports side, within the Ministry, we focussed on rural facility development and that would be upgrading school facilities, community facilities, as well as doing some slightly bigger projects which are more of a complex facility which would be a clubhouse, as well as the inevitable rugby ground, so we are doing some of those.

We also do distribution of sports equipment to facilitate young people and old people in this context or older people to do physical activity on an increasing basis and obviously, we all know the reasons for that.

We also have a policy orientation. We also signed a Memorandum of Understanding with other countries so that we can have an exchange of skills and develop the skills base in Fiji.

We also have the Sports Council and the Sports Commission and I understand that you may have had some discussions with them about their Annual Reports, separately from our discussions.

Broadly, Deputy Chairperson, that is what we are about so I am going to ask my colleague, Mr. Naba, to take us through the presentation. I am dealing with the 2014 first and, Deputy Chairperson, I do not know if you want to deal with 2014, answer questions and clear them or go straight on to 2015 and deal with them both together?

DEPUTY CHAIRPERSON.- Yes, you can have the presentation of both the years and once you are done, we can just ask a few supplementary questions if we have any, but that will eventually happen after your presentation. So you are going to do your presentation now.

MR. I. NABA.- Thank you, Deputy Chairperson and Honourable Members of the Public Accounts Committee, we have the presentation on the 2014 clarification on the audit of the Ministry of Youth and Sports.

Our response to the audit opinion on Part A: Financial Statement, 28.1, the audit noted the variances in the Operating Trust Account and Revolving Fund Account and the Expenditure Ledgers not maintained. This resulted in the issue that was highlighted. Both the copies of the Reconciliation Statements were already submitted and the Expenditure Ledger was created with reconciliations carried out on a monthly basis.

Additionally and compared to the 2015 audit opinion, on the signed audited statement, the Auditor-General stated that financial statements were presented fairly in accordance with the Government accounting policies. It also gives the information required by the Finance Management Act 2012 in the manner so required.

Our response to 28.2 - Statement of Receipts and Expenditure, on revenue, our revenue generated was increased by 27 percent or $21,574 compared to 2013 due to increase in salary deductions for insurance premiums, thus the increase in commission. Secondly, the increase in pig and poultry sales at our National Youth Training Centre in Sigatoka and thirdly, a high demand in the hire of National Youth Dance Band and Brass Band in 2014.

Our Statement of Receipts and Expenditure was increased by 67.1 percent compared to 2013. It was due to the promotion of five officers and the payment of leave compensation after the expiry of contracts.

Overtime payments for drivers in 2014 who were heavily engaged in the Honourable Minister’s rural visits in the same year, an increase of $575,810; the budget estimate earmarked for sports grants, an increase in $386,815; the budget estimate towards the upgrading of training centres under the Capital Grant, and we have also noted an overall increase of $875,810 in the budget estimate for the implementation of youth development programmes.

Our response to 28.3 – Appropriation Statement, a savings of $1.3 million ($1,347,049) or 13 percent was recorded in 2014 due to the control measures put in place to ensure funds were utilised only for the purpose it was intended for, as per financial and procurement deadlines.

28.4 - Statement of Losses, no money was accounted for the year 2014. We noted that $27,819.95 was requested to be written-off, following the Board of Survey that was conducted during the year. Secondly, the write-off approval was obtained from the Ministry of Finance. We have a memorandum referenced 21.6.47 dated 13th March, 2015 for the items to be disposed of as recommended by the Board of Survey team.

Part B: Audit Findings; 28.5 - Refurbishment of Valelevu Youth Training Centre, the Ministry gradually improved its project management and supervision process to address inadequate management and supervision of its capital construction projects.

Effective from 1st December, 2015, the Ministry appointed a Project Officer (Capital) with adequate experience and technical skills in project management supervision to ensure completion of projects on time with reporting of projects and project meetings.

Thirdly, the Project Officer (Capital) was being further trained on project management at USP. The Project Management team now meets on a monthly basis with the Permanent Secretary for project implementation, updates and ensure site visits and meetings with contractors during progress phase of construction projects.

The refurbishment work was not completed on the due date. The Ministry of Infrastructure officials were responsible for the project. We had sent a memorandum on 25th May, 2015 to confirm that they had completed the refurbishment of the Youth Training Centre at Valelevu. We now ensure that future agreements have a retention clause, and that a retention sum be deducted from the payment sum should the agreement be not honoured, except for the RFMF. We will also ensure that we strengthen our monitoring activities, particularly at the completion of each phase as stipulated in the Scope of Works.

28.6 – Tender Not Called for Contracts Exceeding $50,000, the Ministry ensured that the tender procedures are followed for all purchases of goods, services of works exceeding $50,000 in compliance with the Finance Manual, Procurement Guidelines and Regulations. The Ministry also calls for an Expression of Interest to identify suitable economical contractor prior to engaging vendors for works significantly below $50,000. All construction works now adequately scoped and verified with relevant stakeholders such as MIT, Rural Development, Ministry of Health and Local Government.

The Ministry has taken note of the recommendations highlighted however due to a limited timeframe and the fact that expenditure utilisation of 60 percent was targeted by June 2014, our Northern Division Office has managed to obtain three quotations from contractors within Labasa for each project. Due to its geographical location and with a 25-kilometre distance from Labasa Town, most companies were not willing to provide quotations. Besides, accessibility to the Centre at that time during heavy rain was almost impossible as we had to cross a four-foot deep creek in order to get to the Centre. Both the contractors were recommended by the other Ministries through consultations.

Submissions were made to the Ministry of Finance seeking de-requisitioning of funds with and the endorsement of the Permanent Secretary as the cost of this project was less than $50,000, with an agreement signed, detailing the scope of work to be carried out.

That, Deputy Chairperson, is what we have in response to the 2014 Auditor-General’s Report.

Now, our clarifications to the Committee on the 2015 Auditor-General’s Report, again on Part A: Financial Statement, 24.1 - Audit Opinion, the issue of an unqualified report was due to the 2015 Board of Survey on items recommended for write-off, but yet to receive a response from the Ministry of Economy. The Report had stated that the loss totalling $3,224 was disclosed in the statement.

25.2 - Statements of Receipts and Expenditure, on revenue, sale of farm produce was increased by $16,860 or 22 percent compared to 2014 due to increase in pig and poultry sales. Secondly, the increase in the hire of National Youth Band and Brass Band by 6 percent in 2015.

On expenditure, it was increased by $7,060,735 or 78.5 percent compared to 2014 due to an increase in the addition of our three new posts in our current payroll establishment, that is, the Honourable Minister, the Honourable Assistant Minister and Secretary.

Secondly, the Operating Grants and Transfers was increased by $1,834,430 or 48 percent in 2015 compared to 2014 due to increase in Overseas Sports Allocation to cater for World Cup events in 2015.

Still on expenditure, the Capital Grants and Transfers increased by $4.3 million in 2015 compared to 2014 due to the increase in the following allocations:

* $130,000 towards the National Youth Band upgrading;
* $47,000 for the National Youth Training Centre upgrading in Sigatoka;
* $35,000 to Yavitu Training Centre in Kadavu;
* $1.6 million, that is for the upgrade of the Rural Sports Complex in Gau and Vunisea in Kadavu; and
* $3 million for the upgrade or maintenance of Government-owned facilities.

25.3 - Appropriation Statement, a savings of $633,320 or 3.8 percent was recorded in 2015 due also to control measures put in place to ensure funds were utilised only for the purposes it was intended for as per the Finance and Procurement Guidelines.

Part B - Audit Findings, 25.4 - Reimbursement of Tuition Fees without Prior Approval, the recommendation is noted. The Permanent Secretary had endorsed 50 percent reimbursement of fees for all officers and is available, filed for verification.

Secondly, however, our Administration Unit has been reminded to take note of the recommendations and ensure that prior approval is obtained from the Permanent Secretary before commencement of part-time studies. No reimbursement is made to those who undertook full-time studies with full pay and that no retrospective approval for reimbursement of tuition fees allowed in the future. And finally, that only one course per semester is allowed per officer.

Deputy Chairperson and Honourable Members of the Public Accounts Committee, that is the presentation on our responses to the audit findings. Thank you.

DEPUTY CHAIRPERSON.- I thank you, PS, and the team. That was a very precise, very simple and to the point presentation and nonetheless very informative as well. I thank your Ministry in particular, since we gave a very short notice to present the 2015 Report as well but I see that you all came very prepared for that, and thank you once again.

Honourable Members, do we have any questions?

HON. A.M. RADRODRO.- Deputy Chairperson, just a clarification to PS and her team: the audit opinion that you have highlighted there is subject to qualification but what we have here in the audit report is unqualified. Can we get clarification from the Auditor-General on this difference in the audit opinion that you have highlighted, and what is in the audit report?

AUDIT REP.- Thank you, Deputy Chairperson, it is an unqualified opinion for both years, 2014 and 2015. They are not in the Report, Sir.

DEPUTY CHAIRPERSON.- Any other questions?

HON. A.M. RADRODRO.- Just to the PS on the roles that are currently being undertaken on the non-formal education side of things that you have highlighted, it will be interesting to note how your monitoring of the outcome of these education programmes because this might probably have been a recurring issue prior to your appointment? How do you intend to address that where people, after they have been trained in their respective centres, get formally adopted into the workforce or they get to contribute effectively into the economy, instead of going back to the status quo before they got engaged?

MS. A. BURCHELL.- Thank you, Deputy Chairperson and Honourable Member, traditionally, I think the Civil Service is operated on an output approach, so we have been very much “tickbox” mentality. We have done “x” number of courses and we have trained “y” number of people, but we do go back now to monitor what has been the impact. So where there has been a grant given, we go back and monitor that it has been used properly. If it is for *dalo* tops that had been planted, there is a bank account and there is money in the bank account and it is changing month by month. If it is people who have been trained in carpentry, we follow up with them to see if they have been either into the mainstream economy or whether they are working within their village context or the next door village in making some money out of the process, so we are monitoring. In addition, through the kind assistance of the Australian volunteer ….

HON. A.M. RADRODRO.- I will just interrupt, on the monitoring side, that is what my gist of the question is; when you say “monitoring”, how do you enforce on that monitoring part, or what monitoring tools do you use?

MS. A. BURCHELL.- Thank you for the clarification. The approach at the moment is that, we send officials out to go and do the monitoring physically sighted and it is quite a human intensive and capital or an expenditure and intensive way of doing it but unfortunately, that is the only way that we can do it in reality. However, it also gives us time to follow up with people in terms of what other needs they may have, to talk to the village council and see what their approach is and that type of stuff as well. So it is a physical monitoring that we try and do.

HON. RATU S.V. NANOVO.- Still on that, Deputy Chairperson, maybe the exercise is quite expensive but again, it will assist you to reorganise your training programmes for the next time around because gaps that you may identify from those initial training will enable you to strengthen the next programme when that comes into place.

MS. A. BURCHELL.- One hundred percent, Honourable Member, and I think that the other thing that we are introducing is the database so that we can make sure we do not train the same people over and over again so that we are not doing training for training sake and that we ultimately get to all parts of Fiji because I think in many instances, for convenience reasons, we would probably go to the easy places and our challenge is really to go to the difficult places. So we are slowly expanding in that line as well to make sure that all Fijians are able to access our services.

HON. A.D. O’CONNOR.- On the statement of losses, you say that there was no loss of fixed assets, however, will you be able to just, sort of, clarify what items were written off?

MR. I. NABA.- Thank you, Honourable Member, these are inventory items that are normally kept in our Ministry’s office throughout the Divisions, like stapling machines, punching machines which are small inventory items that we normally have in the asset inventory register kept at each Division.

HON. A.M. RADRODRO.- A supplementary question for the informal training; I note all the areas that you have highlighted but I am just wondering whether you are also including traditional handicraft courses, whether you do undertake them also, especially if you are taking the tourism industry?

MS. A. BURCHELL.- Thank you, Deputy Chairperson and Honourable Member, we are looking at that because I think particularly, working with the youth and in terms of continuity of tradition, it is going to be important to do that. But at the same time, we also recognise that we need to work in consort with the Ministry of Women, Children and Poverty Alleviation because they do a lot of that work as well.

I have had a couple of preliminary meetings with the PS to talk about co-operations so we need to take it to the next level of actually implementing that co-operation in a far more systematic way.

DEPUTY CHAIRPERSON.- One trend that we have noticed as per your financial presentation was the increase in poultry and pig sales so this is an indication that it is a successful venture. Do you have any future plans to further expand these ventures?

MS. A. BURCHELL.- Thank you, Deputy Chairperson, I am not sure if any Honourable Members have had the opportunity to go and visit our training centres but most of them, let us say, three out of the five have spare land around them. The main one is in Sigatoka and we are working there with OISCA from Japan on organic farming. So we encouraged the trainees to take a plot of land on the training centre facilities and to grow their own products. Those products are sold and that is how we continue to increase and also we have a piggery there.

We are continuing to expand that as an operation because part of it is that, it can also augment the diet of the trainees. So we just recently had clearance from the Ministry of Health for a slaughterhouse to be established there so that we can start doing the full supply chain process, but we are thinking about creating a youth club made up of the trainees so that they operate while they are studying with us. They get the income, we link it into the financial inclusion process, they establish a bank account, learn how to operate a Committee and learn how to manage the expenditure and income. If they are very good, which we hope they are, at the end of the period there might be a surplus in that account after we have made sure that some of our costs are covered, and then they can take that money and buy farm tools or buy some seedlings or buy some carpentry tools and then they take those home.

What we are also finding is that, while we do training we also need to ensure that they have the tools when they go back because unless a carpenter has his tool and a hammer, he, in this instance sometimes a she, will not be able to do anything because we are dealing with people who are unemployed or for whatever reason dropped out of school, we need to be able to go back a little bit further and make sure they have the tools when they go back to their villages or into an employment context.

HON. D.A. O’CONNOR.- Sir, just a comment. I will be very much interested in your small engine repairs because as you would appreciate, the Ministry of Health has a good number of out boats, particularly the maritime, and we do have boats registered under our Ministry?

DEPUTY CHAIRPERSON.- For information, the Honourable Assistant Health Minister is also an engineer by profession. Yes, I did ask that because looking at the trend, it looks like a successful venture. Is this scheme located in Sigatoka where Pacific Green is?

MS. A. BURCHELL.- You go along the river and it is up there.

DEPUTY CHAIRPERSON.- So altogether there are five centres in the five different regions around Fiji.

MS. A. BURCHELL.- We have got two in the North, one in the West, one in the East and one in the Central Division. We are hoping that we may be able to get some funding for an additional one in the North to reinforce the “Look North Policy”. Given the complexity of the Eastern Division, at some point, we would have to have a look at that to see how we can beef up our support there as well.

We will eventually look at that but I think we need to look at what is appropriate to offer in the Central Division because it is not always going to be agriculture and carpentry in the Central Division, it may be computer courses. So we want to make maximum use of the service providers that exist now to provide what is needed in the context of a more urban population than a rural population. So at some point, I am sure my colleagues will come back and say, “Yes, we want something in the Central Division”, but finding land in the Central Division is getting a bit more difficult.

HON. RATU S.V. NANOVO.- Deputy Chairperson, under their Capital Grant Projects, we notice that in 2015, $1.6 million was directed for the upgrade of the Rural Sports Complex in Gau and Vunisea in Kadavu. What is the status of these two projects at the moment and when are you thinking of completing the two playgrounds?

DEPUTY CHAIRPERSON.- He is from Kadavu.

MR. A. RASHEED.- Thank you, Honourable Member, for Kadavu, we have completed the first phase of it in terms of completing the site preparatory works and now we are moving on. This project has been done by RFMF engineers and due to *TC Winston*, that is where little bit delays happened and the weather patterns because it is directly in the bay from the seaside.

At the moment, we are just about to complete the first phase of site preparation. The ground has been done, it is just the drainage work that needs to be a little bit sorted out because of the level that it is in, it is a little bit higher than sea level but from the Vunisea Secondary School, that is where the water is coming. What we have found is that, there is a source of water that the engineers identified, and that probably is from the school or some drainage problem but later on it was identified, it is an underground water that is dripping in. That may be a risk but now the engineers from the RFMF have sorted that out so it should probably be 100 percent complete by the end of next month. Then we will move on to the next phase in terms of the embankment part of it.

HON. RATU S.V. NANOVO.- … (inaudible) you foresee before completing this Project?

MR. A. RASHEED.- It was in three phases, Sir. We have eventually about to complete the first phase and then the second phase will be the embankment. The third phase is actually the construction of the Multi-Purpose Court and the fieldwork.

HON. RATU S.V. NANOVO.- The allocation given here, is it suitable to cover the whole three phases or you are going to ask for additional funds?

MR. A. RASHEED.- We are funding for the second phase this year and we have already applied through our PSIP submission for 2017 and 2018 for the last and final phase.

HON. RATU S.V. NANOVO.- And for Gau?

MR. A. RASHEED.- Sir, for Gau (that is in Sawaieke), our team has finally concluded with the documentation just recently. We have now mobilised RFMF just two weeks ago. They are working on the Gau site preparations so that is the first stage of the site preparation works and we are projecting to have that completed even in the next financial year which we have applied for funding, to complete the land works which will be around 60 days. That is what the forecast being given from the RFMF engineers, with other works that need to be completed within a total of 180 days to have the compaction of the ground and everything sorted out, so that will be the first phase. The second phase will definitely be complete the ground.

MS. A. BURCHELL.- Can I just add, Deputy Chairperson, I think to be honest, we have been very slow on those complexes so we are trying to speed up on delivery of them. We are just waiting for permission from the Ministry of Economy to continue with the second phase in Kadavu. Also working with the RFMF is great because they get the job done. There are some risks to it so if there is a disaster of some sort or if there are not sufficient building materials there, then the Commanding Officer may decide to move the officers somewhere else and that is the risk that we need to manage.

You would have seen that we also said that we effectively paid the full amount upfront to the RFMF because that is the system, it includes rations and those types of things in the amount. It is not fair not to do that so those are the issues with the RFMF. So generally, we have to make sure that we plan properly so that we can push them to complete in time.

We are also finding that we have to go for a waiver to the Ministry of Economy for not going out to tender on these types of projects because the private sector is not keen to go out into the maritime and rural areas, interior even, to do this type of work so we are becoming quite reliant on the RFMF Engineers Corp and we greatly appreciate the work that they do.

HON. A.M. RADRODRO.- Before I ask my question, just a clarification; your engagement with RFMF, do you sign MOUs and are MOUs vetted by the Solicitor-General’s Office so that all these things are taken care of in the MOU?

MR. A. RASHEED.- We follow all those procedures.

HON. A.M. RADRODRO.- My question is probably related to earlier questions regarding rural sports complex. My question is regarding the Vunidawa Sports Complex which was supposed to be initiated in 2014 but I do not see it in your updated report. Is the Vunidawa Sports Complex that was supposed to be in 2014, the initiation work is still in the pipeline or is it not?

MS. A. BURCHELL.- Deputy Chairperson, this is a long running saga, so I will try and keep it short. Yes, indeed, there was a commitment to Vunidawa to build a multi-sports complex there and the commitment involved the Aid-in-Kind from the Chinese Government. I think two sites were identified, maybe even three in Vunidawa. The Chinese sent their geotechnical team there and found that none of those sites was acceptable because it is very close to the river and is prone to being water-logged.

The second aspect, as you know, as Vunidawa has a few small hills, it was probably going to cost in the region of $27 million to build a facility there and most of that was going to be moving soil to make it flat. So we had a meeting, I think at the end of November/December with the Provincial Administrator there and a colleague to say, “You help us by finding a site that you think is going to be workable and we will then work with the Ministry of Lands to do our own GeoTech survey” because it does not make sense to waste money bringing the Chinese backward and forward. If the Ministry of Lands says it is feasible, then we would bring the Chinese in and see what is possible. So we are looking at perhaps, having a rugby field there (endless rugby fields in Fiji), and to look at whether we can have something that will be possible for the community as a whole to use. There is a school there and maybe it would be upgrading the school facility that can be used for the community as a whole or finding an appropriate, not underwater site, for us to do something there as well.

The Chinese have come back and said appropriately that it would be a waste of time and money to try and do something when there is going to be flooding all of the time or a significant amount of time.

HON. A.M. RADRODRO.- This work is up to the identification of the land?

MS. A. BURCHELL.- Yes.

DEPUTY CHAIRPERSON.- Honourable Members, I believe we have had our fair share of questions and most importantly in the presentation, not almost all the issues were very precisely highlighted. I thank you, Madam PS, and your team for all the effort you have put on in providing information to this Committee. We are almost to the conclusion of our session and before we conclude, we would love to hear some final comments from you.

MS. A. BURCHELL.- Deputy Chairperson, thank you. I also wish to thank our staff from the Ministry of Economy. They were lucky to be quiet on the sidelines for a change and thank you to the OAG as well.

I think as we move forward, the partnership that we have with the OAG and the Ministry of Economy is incredibly important. It is important for us as people who are responsible for taxpayers’ money to make sure that there is appropriate amount of transparency and accountability, and that is something that we are truly committed to.

DEPUTY CHAIRPERSON.- Thank you, Honourable Members, that bring us to the end of the session.

The Committee adjourned at 10.05 a.m.

The Committee resumed at 10.31 a.m.

Submittee: Ministry of Rural and Maritime Development and National Disaster

Management

In Attendance:

1. Mr. Meleti Bainimarama - Permanent Secretary (PS)
2. Ms. Mele Lacarua - Manager, Finance
3. Ms. Amele Vukeiono - Senior Accounts Officer

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DEPUTY CHAIRPERSON.- Good morning everyone.

I wish to convey my appreciation and hearty welcome to the Officials and representatives from the Ministry of Rural and Maritime Development and National Disaster Management.

For the information of Honourable Members, we have before us Mr. Meleti Bainimarama. Sir, I believe you are the Permanent Secretary for Rural and Maritime Development and National Disaster Management Ministry. We have Madam Lacarua, the Finance Manager, and we have Madam Vukeiono, Senior Accounts Officer. I welcome you all to the meeting of the Public Accounts Committee.

(Introduction of Honourable Members of the Committee)

We have our Secretariat staff in front, and we also have Mr. Robert Oakeshott, the UNDP Representative assisting the Committee. On our far right at the end, we have officials from the Ministry of Economy and on the far left, we have Officials from the Office of the Auditor-General (OA), who are also assisting us while we deliberate on our submissions.

Without further ado, Sir, PS, I would like to give you this opportunity to introduce to us your Ministry and perhaps afterwards, you can take us through your financial presentation. Thank you.

MR. M. BAINIMARAMA.- *Vinaka*, Deputy Chairperson. I thank you for the opportunity to be able to come here this morning and deliver on the questions set by the Public Accounts Committee (PAC).

We have already been introduced. We have a set of printed answers to the questions that were asked by the PAC, Part A and Part B. I think we have printed papers and they are already with Honourable Members.

DEPUTY CHAIRPERSON.- Yes, we have.

MR. M. BAINIMARAMA.- Just before we go into detail on the answers to the questions, as you know the Ministry for Rural and Maritime Development and National Disaster Management Office looks after development in the rural areas and, of course, the maritime islands also.

Fiji is divided into the four main administrative Divisions: Northern, Eastern, Western and Central and run by Divisional Commissioners. These Commissioners also have Provincial Administrators and District Officers under their leadership role in the Divisions.

The Ministry runs certain rural programmes, one of them being Self-Help which comes up in the queries; Non-Cane Access Roads; Cane Access Roads being transferred to the Sugarcane Growers Council a few years back; we look after two schemes in Rural Housing, and I will go into detail on that.

I want to highlight this morning the extreme locations by some of the District Offices. We have remote District Offices in Tukavesi which is in the Northern part of Vanua Levu, we have remote District Offices in Saqani; Keiyasi, in the interior of Navosa; and one in Nadarivatu. These are remote locations and that will hope to explain why some of these audit queries are coming up.

Also with the processes that we have in place, the tender processes and the purchasing processes, hopefully at the end of the session we will be able to clarify to you, Deputy Chairperson and the Honourable Members of the Committee, on some of the queries that are coming up. Thank you.

DEPUTY CHAIRPERSON.- You can take us through your presentation on the audit findings. At the completion of your presentation, we will be asking necessary supplementary questions, if there are any.

MS. M. LACARUA.- Deputy Chairperson and Honourable Members, Part A - Financial Statements, on 19.1 - Audit Opinion, it was highlighted that we had a variance of $3.6 million in our Trust Fund Account. That had been cleared off in 2015. Our bank reconciliation and the Trust Fund Accounts had been updated after this write-off had been approved.

The Ministry is also working on the Board of Survey. Currently, we are working with our four Divisions as highlighted. The Procurement Team is currently working with the Divisional officers to ensure that the Board of Survey is carried out on an annual basis and the Statement of Losses other than money is thus derived from this Board of Surveys. We are currently working on that, Sir.

On 19.2 - Statement of Receipts and Expenditure; retail licences specifically for the Western Division had been renewed on a three-year basis rather than annually, resulting in the decrease in revenue. Most, if not all, licences from the Western Division would be renewed in 2015, most of them had ended in 2014, Sir.

MR. M. BAINIMARAMA.- Deputy Chairperson, if I may come in on this issue - Statements of Receipts and Expenditure, you will notice that the Western Division had requested that business licence applicants renew or pay their licence for a three-year period instead of the one year and the reason being that some of the licence applicants in Ra, for example, when I worked in Ra, most of the applicants lived in the interior, in Nalawa which is closer to Naitasiri than it is to Ra. So if they paid one year, sometimes they would default for the next two years. That was the reason, the Commissioner Western came up with this. They paid for the three years so that once they had paid their business licence for a store or retail shop in the interior of Ra, they would be able to come back after three years and renew that licence.

DEPUTY CHAIRPERSON.- Thank you for that.

MS. M. LACARUA.- Sir, moving on to 19.3 - Appropriation Statement; the Ministry’s budget for 2014 was $39,717,237. As identified, bulk of the savings resulted from the under-utilisation of funds for the purchase of a landing craft. The approved provision for the landing craft was $7 million and the actual expenditure against this was $2.8 million. You may note that this project was transferred to the Ministry of Infrastructure and the release of funds under R (under Requisition) was based on the Ministry of Infrastructure’s request.

Moving on to Part B – Audit Findings. On 19.4 - Unsubstantiated Loss Statement Due to Incomplete Board of Survey; the Ministry, as alluded to in 19.1, is improving on the Annual Board of Survey to enable us to produce the Statement of Losses, other than money.

On 19.5 - Significant Variance between Trust Fund Cash and Liability Account Balance; as alluded to in 19.1, the variance had been identified and was written off in 2015.

On 19.6 - Anomalies for the Trust Fund Cash Account; reconciliations have been corrected and completed after the write-off exercise that was carried out in 2015.

Moving on to 19.7 - Incorrect Preparation of Bank Reconciliation; the Ministry has now rectified this anomaly and the reconciliations are now prepared on a monthly basis and submitted to the Ministry of Economy.

On 19.8 - Arrears of Revenue; the Ministry has been working closely with the Tikina Council during their meetings to try and identify the licencees, who have ceased the operation of their businesses.

The Ministry has also worked on writing-off some of the arrears but this has again, escalated due to the requirements which state that applicants must have a retail licence, for example, one of the conditions by the Fiji Development Bank was that all applicants for the $1,000 grant that they were giving, and needed to have a retail licence. All applicants obtained this licence from us and when they were not approved the grant, they failed to advise our office and this resulted in the increase of the arrears as they failed to renew their licences.

19.3 - Revenue Anomalies; the Ministry is now ensuring that all revenue collected are monitored at the Divisional level before it is submitted to the Ministry Headquarters. Provincial Administrators, District Officers and Assistant District Officers who collect revenue, also have made lodgements on a daily basis to the Divisional Accountant, who carries out all the necessary checks before they are forwarded to Headquarters for the second round of checks.

19.11 - Failure to Retire Accountable Advance; all advances that were outstanding in 2014 have been cleared.

19.12 - Anomalies noted for Public Sector Investment Projects (PSIP); for the Eastern Division, Sir, the Division has fully noted the comments and taken heed of the recommendations put forth in the Report as highlighted below.

For the Monitoring Report, we have now drawn up a monitoring template which will be submitted to the Provincial Administrators to follow and report on the progress of projects on a monthly basis.

On the Completion Certificates, we have ensured that the Provincial Administrators and District Officers with the Technical Officers comply with the filling of Completion Certificate for each project and is to be filled in the respective project files for records.

On non-endorsed project papers, we have now ensured that all papers are vetted by the Planning Unit, ensuring that the supporting documents are in order and then submitted to the Commissioner for endorsement before being forwarded to Accounts for funding. The process is now being followed to prevent this issue from recurring.

On our filing system; the Planning Cell of the Division is now working towards improving our filing system where all project documents are properly stored.

Furthermore, the Division has identified the gaps and weak areas in the monitoring and documentation of capital programmes of which, there will be a training conducted to minimise the loopholes highlighted in the Report. Also the Planning Cell is in the process of drafting an MOU for the self-help projects and the Rural Housing Assistance to be part of the project documentation as it is a requirement by the Ministry’s Finance Manual. This will then be forwarded to the SG’s Office for vetting before use.

On the Northern Division, the project Korosi/Balaga Road; the funding allocated every year was released to RFMF. However, the work was far delayed as per the scope of work. The SEPO (Senior Economic Planning Officer) has written to the Planning Office for the provision of additional funding to continue with the Project, however no funds were budgeted till now. The copy of the progress reports usually forwarded to the Planning Unit at Headquarters of the Ministry for the compilation and updates and all reports and correspondences have been filed at the registry.

Kilaka/Niudua Road and Vunilagi/Lea Road; these two roads were taken over by FRA in 2015. Funding and scoping of the work is handled by FRA. FRA was informed that they need to inform the Commissioner Northern’s Office on the status of implementation and issues encountered with the project. A copy of the project reports are usually forwarded to the Planning Unit at the Ministry Headquarters for compilation and updates. All reports and correspondences have been filed with the registry.

On Nakasa/Uluivalili Grid Extension; the capital funding is only for the grid extension. Each applicant will be required to pay the consumer’s deposit fees and connection fees before the electrical installation is connected to the supply grid. The MOU is yet to be vetted by the SG’s Office.

The additional funding of a $194,250 from the Department of Energy is not for the connection of individual households. This is to top-up the project allocation of $350,000 initially allocated for the project. There was no submission for individual household connections.

Moving on to 19.13 - Anomalies Noted for Self-Help Projects; for the Western Division on the Yako Koro Doko Water Project, this was allocated $15,195. The Completion Certificate was issued and MOU was not required for this project. The community contribution, including labour and gravel and the handover of materials were only made from the CWD to project owner.

Matalevu Water Project was allocated $16,329. The project papers are captured in the file. The materials were all purchased and delivered to the site, with the handover certificate and delivery docket attached in the file.

On the Namarai Youth Project; it was allocated $11,686. The project consists of an engine and fibreglass boat which does not require a Completion Certificate. The materials were handed over to the youth group in the village.

On the Namada Borehole Project, it was allocated $10,476. The financial acquittals are recorded and filed. Design and scope have been captured in the folder, including the project proposal.

On the Vatamai Borehole No. 1 Project Water Pump, the MOU has been signed and the handing over carried out and acknowledgement yet to receive from the Water Committee. Water test was carried out by WAF and confirmation received that the water is fit for their consumption.

For Eastern Division, the Division has fully noted the comments and taken heed of the recommendations put forth in the Report as highlighted below.

On the Monitoring Report, they have now drawn up a monitoring template which would be submitted to the Provincial Administrators to follow and report on the progress of projects on a monthly basis.

On Completion Certificates; we have ensured that the Provincial Administrators and District Officers with the Technical Officers comply with the filling of the Completion Certificates for each project and is to be filed in their respective project files for records.

On the Non-endorsed project papers; we have now ensured that all papers are vetted by the Planning Unit, ensuring that supporting documents are in order and then submitted to the Commissioner for endorsement before being forwarded to Accounts for funding. The process is now being followed to prevent this issue from recurring.

On the filing system, the Planning Cell for the Division is now working towards improving their filing system where all project documents are properly stored. Furthermore, the Division has identified the gaps and weak areas in the monitoring and documentation of capital programmes of which, there will be a training conducted to minimise the loopholes highlighted in the Report.

Also the Planning Cell are in the process of drafting an MOU for the Self-Help Projects and Rural Housing assistance to be part of the project documentation as it is a requirement by the Ministry’s Finance Manual. This will then be forwarded to SG’s Office for vetting before use.

Going on to 19.14- Inadequate Management of Project Materials/Items at Top Yard Store; the Commissioner Eastern Division is currently using the unutilised building materials at Top Yard for community projects. The Permanent Secretary for Rural Development and National Disaster Management is requested for the utilisation of the unused materials before they are supplied to the islands in the Eastern Division.

The Commissioner Eastern Division is working very closely with the Director, Corporate Services in the stock-take of items at Top Yard Storehouse and also assists in strengthening checks, management and monitoring of the building materials at Top Yard Store.

19.15 - Anomalies in the Tropical Cyclone Evans Rehabilitation; for for the Western Division, following are the names of the projects for *TC Evans:*

1) Nagado Village, Nadi;

2) Korovou Village, Tavua;

3) Korovou Settlement, Tavua;

4) Veisaru Settlement, Ba;

5) Vadravadra Village, Ba;

6) Balenakula Settlement, Sabeto, Lautoka;

7) Lot 30, Field 40, Lautoka;

8) Tore Subdivision, Lovu, Lautoka;

9) Delaiqaluwalu, Natabua, Lautoka;

10) Naisilisili Village, Yasawa;

11) Vuaki Village, Yasawa;

12) Natawa Village, Yasawa;

13) Bukama Village, Yasawa;

14) Daloma Village, Yasawa; and

15) Tamusua Village, Yasawa.

Quick resettlement was a highlight and ceremonial functions for the handing over organised during the completion of the houses and the handing over of the houses to the victims of the disaster.

Most of those rehabilitation works were carried out specifically by a separate team operating under the NDMO at each Division. The houses were opened collectively where they were issued with health occupancy slips that allows the owner to occupy the house. The priority of saving lives was an issue in which community members were living in make-shift tents and housing debris after *TC Evans*. All completely damaged houses for *TC Evans* have been replaced with a set of building material.

For the Northern Division, guttering for the recipients assisted during *TC Evans* rehabilitation had been fixed by the carpenters. In Taviya Village, there were two houses; one belonged to Ponipate Matawalu and the other to Tevita Maiwere. In Nakalou Village, three houses for Laisenia Rokoua, Eseta Vakacagicagi and Apisai Daveta.

On 19.16 - Anomalies in Rural Housing Scheme, three issues were highlighted. On 19.16.1 - Funding of Incomplete House Previously Assisted due to Short Delivery, the following recipients’ houses are now confirmed to be completed: Maciu Levi, Marika Likubuli and Visram.

19.16.2 - Short Delivery of Materials to Recipients, this was for one - Taniela Vusonilawa. The materials were supplied based on the material list supplied by the applicant.

19.16.3 -Delay in Construction; this was in Balata Settlement and Garampani Settlement in Tavua, the houses had been completed. For Balata Settlement, the owner is now extending the house and for Garampani, the house is complete.

19.17 - Non-Cane Access Road Works Anomalies; four issues were raised. On 19.17.1 - Incomplete Construction of Roads - Western Division; for the Komave Farm Road, three quotations were obtained to identify the contractor. The funds released for the farm road which is $18,500 could only cater for 1.3 kilometres, however, the road is three kilometres long. Due to heavy rain, some cost of construction for roads were utilised to repair the damaged road, that is the drainage and the waterways.

For the Tilivalevu Farm Road, three quotations were obtained to identify the contractor. The amount given was not sufficient to fund the total length of road according to the approved scope. However, the road was completed in the first quarter of 2015 but the road was not gravelled as the budget could only cater for clearing and drainage works for the 7.5 kilometre road.

On Vunarewa Farm Road, three quotations were obtained to identify their contractor in which $13,500 was paid to the contractor which could only cover 1.5 kilometres of the three-kilometre road. The rest of the funding was used to cover for the transportation of materials from the airport to the site. The road could not be completed due to obstacles by water pipelines along the proposed farm road. Part of the road has been put on hold pending the community’s decision to remove the water pipelines.

19.17.2 - Poor Maintenance and No Evidence of Agro-Farming for Cavaga Farm Road; the funds allocated were only sufficient to carry out works for the first phase of two kilometres, thus this did not reach the site where agricultural farming is done.

19.17.3 - Absence of Tender for Nasuva Crossing; there is no request for tender since the initial construction scope was less than $50,000. However, an additional $6,000 was later recommended by the Road Engineer for the construction of railings and the final touch humps.

19.17.4 - Construction of Korosomo Farm Road Not According to Scope; the initial scope was to upgrade 8 kilometres, however due to fund limitation, the project was only allocated with $50,000 which is only sufficient to carry out works for 3 kilometres, with compaction and some drainage works.

19.18 - Unsubstantiated Expenditure as Records not Produced for Audit - Northern Division; the office has received some records, paid vouchers that were not submitted to audit for verification.

Measures undertaken was that all paid vouchers are now filed and stored for the safekeeping of the project. Sir, the table below tabulates the documents that have been retrieved.

Thank you, Deputy Chairperson and Honourable Members.

DEPUTY CHAIRPERSON.- Thank you, Madam, for the presentation. I am sure Honourable Members have a number of questions so I would like to request them to proceed with the questions, should they have any.

Just before that, PS, just a question out of interest, you said in your introduction that the responsibility of cane access roads has gone to the Sugarcane Growers Council now. Why not FSC?

MR. M. BAINIMARAMA.- … (inaudible) Government.

DEPUTY CHAIRPERSON.- Government, alright. So all the maintenance and everything else is Sugarcane Growers’ Council’s responsibility now?

MR. M. BAINIMARAMA.- Yes.

DEPUTY CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- Deputy Chairperson, I thank the Ministry for the very comprehensive responses given for the audit issues and it looks like that it is operational in nature. A question to the Ministry of Economy, whether you had conducted internal audit exercises in the Ministry which might assist in the early identification of these audit issues?

MOE REP.- Deputy Chairperson, the Internal Audit Unit conducted an internal audit of the Commissioner Western in 2015. The second quarter of the 2016/2017 financial year, we conducted an internal audit of the Commissioner Central’s Office, so we had identified issues. Some of the issues that have been highlighted in the Auditor-General’s Report had since been resolved, however there are some issues relating to the projects with regards to the documentation of the projects.

For Commissioner Central, they have also had revenue issues which we are working with the Ministry to resolve. This relates to different centres like Lakena and the other centres around the Central Division, so they had some revenue issues that we had highlighted. They had identified ways in which they think that they can improve on this, including the appointment of revenue collectors in the centres.

HON. A.M. RADRODRO.- Did you actually go and visit the projects that had been highlighted or how did you conduct your verification regarding projects?

MOE REP.- Yes, we went out to Lakena. Three centres that we went to wereVunidawa, Lakena and Nakorovou Centres.

HON. A.M. RADRODRO.- (Inaudible)

MOE REP.- I apologise, I do not have the details with me but as I understand it, we visited three Centres.

DEPUTY CHAIRPERSON.- Honourable Members, are there any other questions? Honourable Nanovo?

HON. RATU S.V. NANOVO.- Thank you, Deputy Chairperson. First, I must thank the team this morning for the explanation so far.

As we are trying to go through the audit of the 2014, most of the anomalies that are detected in there, as we have been advised this morning, have been taken care of by the Ministry, for example, 19.4 - Unsubstantial Loss Statement Due to Incomplete Board of Survey. I think these are all issues that any Ministry should have taken care of in any one year. Those are the tasks that have to be ensured that they are carried out within the year.

Up to 2014, some of those issues were not addressed. Fortunately, this morning, we have heard that they have taken measures to ensure that those issues do not recur. That applies to 19.4, 19.5, 19.6, which are simple day-to-day work that should be supervised by the relevant supervisors, superiors within those areas but just oversight on their part, and that is why these issues have carried on over the years up to 2014. As I have said, fortunately, in this morning’s submission, they have taken care of all those up to 19.8, 19.9, 19.10 and 19.11.

Just on 19.12 – Anomalies noted for the Public Sector Investment Project (PSIP), we noted that there were a number of projects undertaken by the Ministry in 2014. When we went through that, the full amount has been paid up but the work that was supposed to be carried out is yet to be completed.

DEPUTY CHAIRPERSON.- You are referring to 19.12?

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

Table 19.7 - Detail of PSIP Project Anomalies in the OAG Report. For the Eastern Division and on this, I declare my interest also, the Construction of Vunisei to Daku/Soso/Dravuwalu Road and ; Upgrading of Namara to Muanisolo Road; in early 2015, I did follow up on these roads. For your information, the road from Muanisolo to Vunisei, we have to try and look for the road; “Where is the road in here?” When you reach Vunisei School and you want to go to Daku, it was all full grown. Even the Daku people were surprised when my vehicle reached Daku. So the work that was carried out there, I think I was explaining to my colleague, it is not really up to standard. I just request the Ministry to, please, look into that especially when the amount for constructing this road has already been paid for. When can those roads be completed?

If we look at the Northern Division, it says in the table; “Payment for the 14 km (four phase) of Korosi/Balaga Bay Road for a timeline of 4 year period of construction.” However, up to the end of 2014, only Phase 1 of the 4 kilometre road was completed and the physical implementation is 38 percent as at 31st December, 2014. Phase 2 to 4 of the 10 kilometre is yet to commence. That also applies to the payment for the 15 kilometre road for Kilaka/Niudua Road, only 10 kilometres had been completed. Those are all the unfinished work. We would like to request your Ministry, PS, if that can also be looked into, especially when money has already been paid for those projects.

DEPUTY CHAIRPERSON.- PS, I think that came out as a general request so if you have any comments on that, I know it is not related to audit issue but the general comments. He is asking for a specific reason but generally, it has been addressed so if you have any comments on that?

MR. M. BAINIMARAMA.- Thank you, Deputy Chairperson, first my apologies to Honourable Ratu Sela Nanovo, who is still looking for the road. But, of course, there really are serious operational matters in regards to roads.

We had a meeting with the FRA, the four Divisional Commissioners and myself, and these roads were highlighted by the Commissioner Eastern. The problem with the roading in Fiji, Deputy Chairperson, is the capacity for contractors to do construction of roads. There is very little capacity on the contractors selected to do the roads.

If you see the audit report in our Ministry, you will see that in some of the roads they say it is 3 kilometres but the road has already been constructed for 1.5 kilometres. That fault will come back to the District Officers. Most of them are not technical people, they do not know how to scope the road. The request comes from a farmer, “I want a farm road” or from a village or a settlement. The District Officer goes through that area with the contractor on the scoping because it is very technical, the District Officer is not well versed in that area. So what the Ministry has done, we have brought in four retired road engineers, given them project posts so that they can give technical advice to the Divisional Commissioners when the District Officers go and inspect projects. I would like to think that maybe next year or the year after, the road construction will be better.

As I had said, one of the biggest problems that we now have with road construction is the capacity for the contractors now, to build or construct roads. That being said, one of the biggest difficulties on the construction of roads in the maritime islands is the cost to get across the contractor to the island and, of course, how to source the materials that we need to construct the road, like gravel and sand. Those are contentious issues that we need to get the iTaukei Land Trust Board in because of the royalty payments and also the Ministry of Lands, so it is a long-drawn out process and in that long-drawn out process, the construction of the road is delayed.

DEPUTY CHAIRPERSON.- That is exactly what I was noticing through the explanations given. I think the initial feasibility study was not as up to par as to the whole cost of the operation should be which resulted in some of them being incomplete.

HON. A.M. RADRODRO.- Sir, just a supplementary question to that particular audit issue on 19.12, I think a lot of the audit anomalies have been identified, especially the incomplete projects. Payments were made, despite project delay, monthly project status, and we take note of the PS’s answers. My question to the PS is, now that you have engaged qualified road experts, what is the way forward in terms of continuous engagement of contractors, as you have highlighted that there is lack in capacity? Is the Ministry, as a way forward, going to conduct this exercise on its own, rather than contracting it out to a contractor or how does the Ministry wish to address these audit anomalies?

MR. M. BAINIMARAMA.- *Vinaka*, Deputy Chairperson. After the meeting with FRA last week, we sat the next day with the Divisional Commissioners to try and sort out these roading anomalies. We have come up with a list of capable road contractors. As the Deputy Chairperson has mentioned, we have tried to go back through the processes of starting from the feasibility study, whether everything in the process is already in place before we actually start the work because as Honourable Aseri Radrodro had mentioned that when we constructed roads before, we seem to be putting the cart before the horse. We did the roads and then the feasibility study comes in.

There is something new that we have now come up with and that is the MOA, to give an MOA so that through that process, we have timelines. There were no timelines before. We just told them, “In this quarter, we want this road”, and they could defer until the next quarter, so now we have come up with timelines.

We have come up with the perfection of that process which we hope to meet with FRA again in three weeks’ time for the next meeting, to perfect that and then we will start. When we start with the new road constructions now, the non-cane access roads, the farm roads and, of course, all these new rural roads, we hope to have that coming under these processes.

DEPUTY CHAIRPERSON.- OAG’s Office, 19.13 - Anomalies Noted for Self-Help Projects; the comment that came from the Office was that there was no MOU, no Acquittal Report and no Completion Certificate but if you look at the comments from the Ministry, they have indicated there that for some projects, those necessary documentations were needed and for some it was not. I just want to seek your opinion on the differences in the comments?

AUDIT REP.- Thank you, Deputy Chairperson. In our documentations, we always refer to the Ministry’s Standard Operating Procedures and if you will see on 19.13, we have our criteria strictly picked out from the Ministry’s SOP. So the documentation naming is always from the Ministries in whatever name they have. The issue of handover certificate or maybe name difference, that has been understood by the Division Heads and what is in the SOP, so for us we always pick whatever the name the Ministry uses.

In terms of your second question that certain documents were provided, I believe this is timing issue at times. When we are out in the fields, documents may not have been provided at that time but once the Auditor-General has given the Draft Audit Memorandum and the Ministry is usually asked, within 14 working days, to provide management comments and if they have documentation, we ask them to please, provide evidence so that the issue could be resolved. So just because of time difference, maybe there are MOAs with the Ministry but it has not been provided.

We always practice that before we release any report to Parliament. We go and verify so the onus is on the Ministry as well to co-operate with us and if it has been provided, we will verify again in our 2016 audit that we are currently doing and we will certainly take this up. Also, as part of our procedure we do follow up on the issues that have been raised previously from 2014, 2015. These follow-ups will come in our 2016 Report as well.

DEPUTY CHAIRPERSON.- Honourable Members, are there any more questions?

MR. M. BAINIMARAMA.- Deputy Chairperson, if I may, I certainly agree with the Auditor-General’s Report, on no Completion Certificates, project profiles not endorsed by the Commissioners, and these are processes that we have tried to perfect from last year. We want to strengthen our operation cell.

Within the Divisional Commissioner’s chain of command, there is a Divisional Planning Office. Within the Divisional Planning Office, there is a Divisional Planning Officer for the Division and also a Senior Economic Planning Officer which was part of the Integrated Rural Development Framework in 2009. Unfortunately, they were taken back by the Ministry for Central Planning but we advertised for those four posts again, to strengthen the planning cell because this is their work, the monitoring and seeing that all processes are followed. That is one of the things that we are doing in the Ministry, to better that report by the Auditor-General.

DEPUTY CHAIRPERSON.- I take it that in your Ministry, you also have Economic Planning Officers.

MR. M. BAINIMARAMA.- Senior Economic Planning Officers.

HON. A.M. RADRODRO.- Sir, just on 19.12, the table there shows that full payment has been made but the project is yet to be completed. Will the Ministry incur additional costs to compete those projects or what does it intend to do?

MR. M. BAINIMARAMA.- For which one, Honourable Radrodro?

HON. A.M. RADRODRO.- Identified in the Table 19.7 - Eastern Division and Northern Division. All those payments had been paid out to the contractors but the remarks of the Auditor-General says only part of the road has been completed. For example, payment for the 14-kilometre Korosi/Balaga Bay Road, 1.5 kilometres; only Phase 1 of 4 kilometres completed and physical implementation as at 31st December, 2014. What will happen to the remaining kilometres?

MR. M. BAINIMARAMA.- Sir, to answer Honourable Radrodro’s question, this had been brought up in the PSIP programme with the Ministry of Economy. Additional funding for this will be requested in the Budget but the funds will be held by the Ministry until all preparatory works are completed, especially for the Korosi/Balaga Road which has been outstanding since 2012, I think.

DEPUTY CHAIRPERSON.- Honourable Members, are there any more questions?

Since there are no other question, we now give the opportunity to PS for any final comments before we conclude our meeting with the Ministry. We are requesting you, PS, if you have any final comments for the Committee before we conclude the session proper.

MR. M. BAINIMARAMA.- *Vinaka*, Deputy Chairperson. I thank you again, Deputy Chairperson and Committee Members for this opportunity to come before PAC because for the Ministry, I think this is where we will get solutions to some of the operational procedures that we are facing difficulties with.

First, I want to touch on the revenue anomalies. On the statutory functions that we perform for other Ministries, the District Office performs statutory functions for the Ministry of Commerce in terms of collecting fees and business licences.

In the remote stations, we perform for the Registrar General, Births, Deaths and Marriages. All these incur funds. None of this is paid back to the Ministry in terms of human resource and the use of the Ministry’s resources in looking after these statutory functions.

One of the problems we faced with revenue is the additional revenue that is brought in by some programmes without proper consultation with the Ministry. Instead of consulting with the Ministry, the Ministry throws out a programme and then we are on the receiving end. It was highlighted by Mrs. Lacarua when she mentioned the case of the programme with FDB, the $1000 grant, part of the requirements of that $1,000 grant was for the applicant to have a business licence. A business licence costs about $46 now.

I remember when this programme started, I was still Commissioner Central and for the Tailevu Province alone, there were about 15,000 applicants for $46 but the grant was only given to a certain number of recipients. I think for Tailevu Province, they gave about 100. Let us say, they gave 100, so out of the 20,000 applicants that applied, only 100 received that $1000 and who will continue to pay their business licences. The rest did not bother to come back and pay. Those are the little things that bring up the revenue anomalies.

We know the completion certificates, the non-endorsement of project papers and as I had said, we have advertised now for the Senior Economic Planning Officers. We are trying to beef up that planning office so they can do monitoring as well, to monitor the projects. If you look at most of the projects that have not been signed off, it is mostly for the maritime islands. These are the fishing projects because when they give the vessel to the recipient, they assume that there is no completion to that project because he/she continuously goes fishing everyday but there needs to be a completion of acquittal papers with the Planning Cell, so that is what we are trying to perfect now.

The materials stored at the Top Yard Store, unfortunately, that store has grown to be something more than what it was envisaged for. The Rural Yard at Walu Bay was meant only for the Commissioner Eastern Division’s materials to go to the maritime islands. We have two housing schemes; Rural Housing Scheme 1 and 2. Scheme 1 is used by the rural population. You pay your deposit to the Ministry, they set up a Trust Fund and the Ministry supplies - buys all your materials for your house, purchases them from the suppliers, loads them on the vessel and sends them to wherever you are and they pay for the cost. The second scheme, Scheme 2, is where you pay one-third of about $6,000 and the Government supplements that and constructs a $18,000 dwelling. It is mostly the rural dwellers in the interior and the maritime. One of the problems faced with Scheme 2 where they pay that $6,000, part of the condition is that, they have to provide their own carpenter, so that is where the delay will come in. You supply the building materials to the village and because of the breakdown of the social structure, the person that that house belongs to, starts to construct the house by himself. That is where the delay comes in.

Also, the delay comes in because of the tender processes. The tender with the Ministry, there are selected suppliers that you can purchase from. If you see one of the queries coming out, houses without gutters but it has now been given. The gutters came in about six months, that was from the suppliers. They only supplied all the rest of the materials, there was no gutter. We had to wait for six months for the gutters to come in.

I am sorry to say this, but sometimes truck from big suppliers can come to Navua, for example, and I saw that in 2015. For this project, the truck comes in with 10 pieces of corrugated iron and two plastic bags of nails, but that is the reality, Deputy Chairperson. We really need to look at the process, whether we still need to get the materials from selected suppliers or can they go and ask for the three quotes from the little suppliers.

When we were out of corrugated iron last year, there was no corrugated iron from the suppliers. On a personal level, I was purchasing corrugated iron for some people in my village, from a little supplier that was in Vuci Road but the District Officers could not get their corrugated iron from there because they had to go to a nominated supplier.

I have a request with me from the Commissioner Eastern requesting me to go to the Fiji Procurement Office to ask for waiver of tender. His LPOs for housing materials have been sitting with suppliers for the last four months now. They have not been supplied but he can see the materials in other little outlets. Those are the realities that will contribute to the delay and also the non-adherence to procedures that lead to all these audit queries.

However, I thank you for the opportunity, Sir, and I also thank Honourable Members of the Committee for the opportunity for our Ministry to present and perhaps, give an enlightenment on how we have incurred these audit queries. *Vinaka vakalevu*, Sir.

(Vote of Thanks by Deputy Chairperson)

The Committee adjourned at 11.28 a.m.