**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**TUESDAY, 4TH APRIL, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON TUESDAY, 4TH APRIL 2017 AT 9.40 A.M.**

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

**(Department of Housing)**

In Attendance:

1. Ms. Julia Korovou - Deputy Secretary (DS)
2. Aminiasi Qareqare - PEO
3. Kolinio Bola - Director, Housing
4. Vula Shaw - Principal Admin. Officer (Housing)

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MR. CHAIRMAN.- Honourable Members, members of the Secretariat, media and the public; I welcome you all to today’s session of the Public Accounts Committee (PAC) Meeting and we are in the middle of scrutinising the public expenditure as mandated to us by Parliament and the Government.

I am grateful that the Ministry of Local Government, Department of Housing, Urban Development and Environment has accepted our invitation and appeared before this Committee, to help us in the important work we are doing on behalf of the people of Fiji, in scrutinising expenditure and where possible, in fact, all attempts are being made to stop the leakages and any discrepancies that we find along the way.

To assist us today, let me introduce my team.

(Introduction of Committee Members, Secretariat, and Office of the Auditor-General and Ministry of Economy Officials)

Honourable Members, for your information, today we have the Department of Housing and the Ministry of Local Government, Urban Development and Environment headed by the Deputy Secretary, Ms. Julia Korovou; PEO, Aminiasi; and Director, Housing and Vula Shaw, also from the Housing Department to assist us with this work.

Without taking further time, I will now request the Ministry to make their submission before we resort to questions. We have two issues. The Ministry of Local Government and Department of Housing, so you may wish to address us separately, please.

MS. J. KOROVOU.- Mr. Chairman and Honourable Members of the PAC Committee, I would like to thank the Honourable Members in inviting us this morning to provide our responses to the Audit issues being raised in your letter of 29th March, 2017. Also on that note, I would like to convey the apologies of our Permanent Secretary, who had to be called to attend to an unforeseen commitment abroad and he is absent this morning, so I am here in his place with a team of Senior Officials from the Ministry to assist in providing responses to your Committee. Thank you, Sir.

Section 25 - Department of Housing. 2014 Auditor-General’s Report: The Audit of the 2014 accounts of the Department of Housing.

Part A – Financial Statement: 25.1 - Audit Opinion; the audit of the 2014 accounts of the Department of Housing resulted in the issue of an unqualified audit report.

25.2 - Statement of Receipts and Expenditure; the Department to clarify with the Office of the Auditor-General (OAG) on the revenues reported for 2013 to 2014, given that the Department is a non-revenue collecting agency. However, noted that total expenditure decreased by $3,986,146 or 25.8 percent in 2014, compared to 2013.

The decrease was due to the decrease in travel and communication costs in maintenance and operation costs, purchase of goods and services related costs, decrease in operating grants and transfer costs and decrease in capital grants and transfer costs.

25.3 - Appropriation Statement; the Department of Housing agrees with the OAG Report that the Department incurred expenditures totalling $11,483,824 in 2014 against a revised budget of $35,695,393.

MR. CHAIRMAN.- Any questions so far, Honourable Members on 25.1, 25.2, 25.3?

HON. A.M. RADRODRO.- Mr. Chairman, on 25.2, the receipt that has been highlighted there, I note that the response coming from the Department is that, we need to verify with the OAG on that $22,867. Can we get an insight from the OAG on how this receipt came about?

AUDIT REP.- Mr. Chairman, that is a record of their receipts. They have audited Miscellaneous Revenue recorded in their General Ledger and in their Financial Statement.

MR. CHAIRMAN.- Is that agreeable? Is that alright with the OAG?

AUDIT REP.- That is Miscellaneous Revenue.

MR. CHAIRMAN.- There were some verifications that was to be done.

AUDIT REP.- Because these are various other small revenue, like commissions from other agencies, like LICI, BSP.

MR. CHAIRMAN.- Why would LICI pay commission to Ministry of Housing?

MS. J. KOROVOU.- Mr. Chairman, probably there were some misposting. We do not have any dealings with BSP or LICI in that regard.

MR. CHAIRMAN.- So what is that amount of $22,867? Where is the revenue from?

MS. J. KOROVOU.- Mr. Chairman, we wish to reiterate that the Department of Housing is a non-revenue collecting agency.

MR. CHAIRMAN.- So that amount is not a revenue?

MS. J. KOROVOU.- No, Sir.

MR. CHAIRMAN.- What is it? It says Agency Revenue and Miscellaneous Revenue. It is noted in table 25.1. In 2013 again, it was $170,000, so if Housing is not making revenue, then what is that? Can we note that as an inquiry so that they can revert to us?

AUDIT REP.- Part of it is clearing of stale cheques, cheques that were not presented to the bank and returned so that is part of the recoveries from there.

MR. CHAIRMAN.- If the cheque is not cleared, that means that money comes back to the Department and that is why it is recorded as revenue. Does that satisfy our question? There are some cheques that are paid out.

(Inaudible)

MOE REP.- We record stale cheque as a revenue because you cannot put that into expenditure, you have to put it under revenue. Another thing is commissions. Sometimes like deductions, when we collect money on behalf of LICI, then, of course, we get a commission so that commission may be part of that.

MR. CHAIRMAN.- Alright, but they do not deal with LICI or BSP. Generally, that is where the commission comes from. The commission that is collected, what is it used for? Where is it reflected in there, the Revenue Ledger, in a general case, not on this one?

MOE REP.- Mr. Chairman, that 2 percent that MOE collects is the responsibility of the Salaries Section to do a monthly reconciliation and it is reflected in the MOE Revenue Accounts.

MR. CHAIRMAN.- It is not in the Department’s Revenue but it is in the Ministry of Economy?

MOE REP.- Yes, because the whole of Government’s salaries are being facilitated by the MOE, so it is reflected in the MOE’s Revenue Accounts.

MR. CHAIRMAN.- Even if it shows here in this Department’s Revenue, ultimately, it will be shown as the MOE’s revenue?

MOE REP.- Sir, my apologies, but I suppose that we are getting this wrong because the issue here is about the stale cheques and if it is for commission, then commission will never be reflected in the individual Ministry’s FS.

MR. CHAIRMAN.- So OAG, you take note of that. It cannot be commission, not for this Department. But generally, if any Department has a commission revenue, it will not reflect in the revenue here, is that right?

MOE REP.- Sir, this commission that the Fijian Government collects is for the insurance that we have, so that is facilitated by the MOE.

MR. CHAIRMAN.- Exactly, that can never be reflected in the Department’s Account.

MOE REP.- It should not, Sir.

MR. CHAIRMAN.- Thank you. Let us move on.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, is it true to say that the stale cheques amount in 2013 was $170,283 as stated?

MR. CHAIRMAN.- On Table 25.1, for 2013 it was $170,283; 2014, it reduced to $22,867.

AUDIT REP.- In addition to the stale cheques, we also have some overpayments that were done in previous years that were recouped.

MR. CHAIRMAN.- What are some of the examples for the stale cheques? What sort of payments does the Department of Housing makes that people do not cash on, is it the Housing Assistance?

MS. J. KOROVOU.- Yes, Sir, Housing Grant Assistance. Also, we do capital payments to contractors with regards to Housing Authority projects, PRB, as well as HART and upgrading of squatter settlements.

MR. CHAIRMAN.- So you make their payments or some contractors are generous enough not to cash it.

Let us get back to the question: 2013, 2014?

HON. A.M. RADRODRO.- Sir, just in addition to that, for a cheque to become stale, how long does it take?

MR. CHAIRMAN.- Six months.

HON. A.M. RADRODRO.- So for six months, the Ministry cannot follow up and cancel the cheque rather than wait for six months to make it a stale cheque? Is that the case in this particular instance or what is the duration of the dating of the cheques, is it six months or less than six months?

MR. CHAIRMAN.- I could not get the question, are you saying that the follow up is between four to six months?

HON. A.M. RADRODRO.- Follow up regularly before the cheques become stale. Probably, that is for the Ministry to answer, to ensure that there is no continuous stale cheques in the future.

MR. CHAIRMAN.- In practice, the Ministry will not chase people to go and cash their money. If they do not want to cash it, then they will not cash it.

HON. A.M. RADRODRO.- What I am saying is that, these cheques may be dated at the end of the year and that is why it is taking long to cash it, whether it is the end of the year payment?

MS. J. KOROVOU.- Mr. Chairman, if I may, the cheques are not paid to individuals but to the lending institutions and also to the Housing Authority.

MR. CHAIRMAN.- Prepaid or post-dated?

MOE REP.- Post-dated.

MR. CHAIRMAN.- It has to be a future date, pre-date would be an earlier date. I think post-dated, but Government does not do that, post-dated is very rare.

(Inaudible)

MR. CHAIRMAN.- When the Ministry of Finance gave a stop-payment directive, they did the post-dated cheque.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, if the cheques are paid to the Housing Authority, what is the other entity that you normally pay cheques to?

MS. J. KOROVOU.- BSP Bank, ANZ, Westpac.

HON. RATU S.V. NANOVO.- That is the case, normally all those institutions will try to clear all those cheques before come the end of the month, so it should not be stale.

MR. CHAIRMAN.- No, even the bank.

HON. RATU S.V. NANOVO.- (Inaudible)

MR. CHAIRMAN.- Yes, because if they issue a cheque, whatever bank it is, if the person holding the cheque does not turn up to the bank for payment….

HON. RATU S.V. NANOVO.- (Inaudible)

MR. CHAIRMAN.- Yes. I do not think the bank follows that up.

AUDIT REP.- Mr. Chairman, there are two components to this Miscellaneous Revenue; one is clearance of stale cheques, the other are for overpayment recoveries.

MR. CHAIRMAN.- Someone has overpaid and they refund that money?

AUDIT REP.- Yes, Sir.

MR. CHAIRMAN.- So that cannot go back in the Expense. You cannot minus the Expense and show it in the Revenue.

AUDIT REP.- It is mostly for the previous period so record it in current year’s revenue.

MR. CHAIRMAN.- Is that sufficient? Please, provide us some details on that so that we can be satisfied. If that is all for the questions for this Part, let us move on to 25.4.

MS. J. KOROVOU.- Thank you, Mr. Chairman.

25.4 – Trust Fund Account Statement of Receipts and Payments; the City Wide Main Trust Fund had a credit balance of $7,269 for the year 2014, compared to a credit balance of $7,269 in the Year 2013.

MR. CHAIRMAN.- It is the same amount, $7,269?

MS. J. KOROVOU.- Yes.

MR. CHAIRMAN.- But interesting coincidence, $7,269. What is City Wide Main Trust Fund?

MS. J. KOROVOU.- May I ask the Director Housing for a response on that?

MR. K. BOLA.- Mr. Chairman, the City Wide Trust Fund is the Trust Fund set aside through the approval of the Ministry of Finance for the funds that was given by the Asian Coalition of Housing Rights whereby the Government, the Ministry, the Councils and the People’s Community Network (PCN) will undertake incremental upgrading for the 15 Municipal Councils throughout Fiji.

MR. CHAIRMAN.- Upgrading of the Municipal Councils?

MR. K. BOLA.- Yes, incremental upgrading of settlements within the Municipal Councils.

MR. CHAIRMAN.- Is that amount right, $7,269? The Trust Fund of $7,269 to upgrade 14 Municipal Councils?

MR. K. BOLA.- Basically, Sir, the total grant that was given in 2013 was $500,000. This is the remaining balance in the Trust Fund.

MR. CHAIRMAN.- I apologise, I see that now it says a balance, so that balance was carried forward from 2013 to 2014?

MR. K. BOLA.- Yes, Sir.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, again, why was reconciliation not done on this account in 2014? That is why the balances that appeared in the Bank Statement and the General Ledger are different.

MS. J. KOROVOU.- Thank you, Mr. Chairman. The reconciliation was done, that $7,269 is an amount that was paid to the PCN. It was actually effected without the consent of the Ministry and the Ministry has taken appropriate action. We have written to the PCN to repay and remit to Government that amount.

MR. CHAIRMAN.- Who paid or authorised the payment?

MR. K. BOLA.- Mr. Chairman, PCN withdrew the money from the BSP Account without the knowledge of the Ministry.

MR. CHAIRMAN.- So the Trust Fund was operated by PCN as well?

MR. K. BOLA.- PCN with the Ministry as the trustees.

MR. CHAIRMAN.- PCN is also the Jittu Estate?

MR. K. BOLA.- Yes, that is right.

MR. CHAIRMAN.- So they took that extra $7,269 to do something?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- Have you written to them for refund?

MR. K. BOLA.- Yes, we have written to them for refund and to be repaid by 30th April, 2017 this year.

MR. CHAIRMAN.- But it is highly irregular if two people are operating the account and they withdrew without informing them.

MR. K. BOLA.- Yes, Sir, normally the trustees are the PS, Father Barr as the National Director, Semiti Qalowasa and the Director Housing. However, in this instance, without the knowledge of the Ministry, they went ahead and withdrew the funds from the BSP Bank.

MR. CHAIRMAN.- How many signatures are needed on that withdrawal slip?

MR. K. BOLA.- Two signatories, Sir.

MR. CHAIRMAN.- Both were from either side?

MR. K. BOLA.- Yes, any two.

MR. CHAIRMAN.- The rules should have said, “One from this end and one from that end.”

Any further questions on that?

HON. A.M. RADRODRO.- Sir, just on this Trust Fund Account City Wide, do you make reports to the donor of this funding?

MR. K. BOLA.- We are supposed to make reports, financial acquittals to the donor, the Asian Coalition Housing Right.

HON. A.M. RADRODRO.- Have you made a report or are you about to make a report?

MR. K. BOLA.- We will make a report.

HON. A.M. RADRODRO.- And when will that be?

MR. K. BOLA.- May be this year, Sir. Once our senior accountant is appointed, because the Trust Funds Accounts are kept with the Accounts Section within the Ministry.

HON. A.M. RADRODRO.- What will happen to the balance of this funding, will you remit?

MR. K. BOLA.- We will have to repay by the end of this month, to remit it back to the Trust Fund.

MR. CHAIRMAN.- When it comes to the Trust Fund, what happens to that money?

MR. K. BOLA.- It will remain there, Sir.

MR. CHAIRMAN.- Might as well be used for something, that is what PCN is doing, may be build another house for someone, otherwise the money will go straight into the Trust Fund. I do not know, I am just asking, probably that is the response that you are waiting from them. Just ask them what they are going to do with that money. It is better be in the Government’s account than in some private hands.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, what sort of disciplinary action has been taken against the PCN signatories, especially when they did request for a countercheck to be used in this case when withdrawing this amount?

MR. K. BOLA.- Sir, on that question, we will have to fall back on the Memorandum of Understanding where there clauses are in the MOU between the Ministry and PCN. Only then we will have to effect the penalty clause or whatever.

HON. MEMBER.- But the question was, was there any disciplinary action?

MR. K. BOLA.- No.

HON. RATU S.V. NANOVO.- Was this a case of abuse of trust?

MR. A. QAREQARE.- We will have to fall back on the clauses of the MOU.

MR. CHAIRMAN.- It is more of a partnership issue. There are two people in a partnership, they are supposed to work together and someone went behind the curtains. Probably, for good purpose too but we have to find out so they will come back to us on that.

We can finally move to the next point.

MS. J. KOROVOU.- We move on to Part B: Audit Findings.

25.6 - Revolving Fund Account; the Department had investigated and rectified the credit balance of $46,035.98 in the following year of January 2015.

HON. A.M. RADRODRO.- Sir, just a question on this particular account, for the MOE, have you done your internal audit checking in the Department of Housing and when was the last time you did it?

MOE REP.- Thank you, Mr. Chairman. Honourable Member, we last conducted an internal audit of the Ministry of Local Government and Department of Housing in the second quarter of the 2016-2017 financial year, the report for which has yet to be dispatched to the Ministry.

MR. CHAIRMAN.- You did report for which years?

MOE REP.- The second quarter of the 2016-2017 financial year.

MR. CHAIRMAN.- That is alright.

(Inaudible)

MOE REP.- We have checked but because we have yet to dispatch the report to the Ministry, I am unable to comment on that because we have yet to view the response.

MR. CHAIRMAN.- She cannot say why they are not responding because she has not sent the Report yet, because it is just one year - 2016 to 2017. This is the first quarter of 2017.

Please, you can go ahead.

MS. J. KOROVOU.- Mr. Chairman, 25.7 - Anomalies in Contract for Cuvu Squatter Upgrading Project; the Department of Housing noted the audit issue and recommendations. The Ministry had written to the Office of the Solicitor-General on 16th July, 2015 for confirmation of amendment of Clauses 1.2, 1.4 and 1.8 of the contract regarding civil work. The contract thus complied with the SG’s Office’s advice thereafter.

MR. CHAIRMAN.- Is that looking at Anomalies in the Contract to do with Squatter?

MS. J. KOROVOU.- The Civil Work Contract, yes, Sir.

MR. CHAIRMAN.- The amount of $55,000, what is that?

It says there, and I quote:

“The Department did not provide the correspondence from the Solicitor-General’s Office for the temporary works and the inclusion of the $55,000 for the cost of the site office.”

Are we on the same paragraph?

MS. J. KOROVOU.- Yes, Sir, we are.

MR. CHAIRMAN.- Which site office was this for?

MS. J. KOROVOU.- The office site to be used by the Contractor, Sir, the ergonomics. Pursuant to the contract, at the completion of the project, the site and all the ergonomics will be returned to the principal, in this case, the Ministry, Sir.

MR. CHAIRMAN.- It must be noted that the contract did not have the breakdowns and there are other anomalies in the contract which resulted in that amount, so you wrote to the Solicitor-General’s Office?

MS. J. KOROVOU.- Yes, Sir, we did write to the Solicitor-General’s Office on 16th of July, 2015 for the confirmation of amendment to the contract.

MR. CHAIRMAN.- Is this contract still going on or has it finished?

MR. K. BOLA.- Yes, Sir, still going on, almost completed now.

(Inaudible)

MR. K. BOLA.- In Sanasana.

MR. CHAIRMAN.- Cuvu Squatter is very close to the beach, is it?

MR. K. BOLA.- Yes, opposite Shangri-La.

MR. CHAIRMAN.- The work is still going on and you are now asking the Solicitor-General’s Office to amend a few clauses of your contract?.

MR. K. BOLA.- Sir, that was done during the initial preparation and before the signing of the civil works contract between the Ministry and the Construction Equipment Hire Lautoka Fiji Limited.

MR. CHAIRMAN.- What I am saying is that, in 25.7, the OAG notes and I quote:

“

* The schedule of prices under Item 1.2 of the contract agreement included temporary works costing $25,000. The contract agreement did not state the detailed breakdown of temporary works which were to be carried out by the Contractor. Hence the audit could not substantiate how the $25,000 for the temporary works was determined in the schedule of prices to the contract;
* The Solicitor-General’s Office when vetting the contract stated that the site office is part of the Contractor’s responsibility and the cost of the site office to be borne by the contractor.

However, $55,000 for the site office was still included in the schedule of prices under item 1.8 of the contract agreement. The Department did not provide the correspondence from the Solicitor-General’s Office for the temporary works and the inclusion of the $55,000...”

What they are saying is that, as for the contract, that amount was supposed to be borne by the contractor but it appeared in the schedule of the contract as a separate item. That means that the Department is out of pocket of $55,000 for that. Where is the fault, who is responsible?

(Inaudible)

MR. CHAIRMAN.- The OAG notes here again, I quote:

“The findings indicate the laxity of Director for Housing in protecting the government’s interest. As a result funds allocated by the Department for temporary work and for the site office were not justified.”

The temporary work and the site office, these two, were not part of the contract. The contract was apparently vetted by the Solicitor-General’s Office?”

MR. K. BOLA.- Yes, Sir, prior to the signing.

HON. RATU S.V. NANOVO.- Was it part of the contract or not?

MR. K. BOLA.- It was part of the contract and we did clarify clause 1.8 in terms of the site office, what does it mean to the Auditor-General’s Office in our response. We also later met with the legal officers from the Solicitor-General’s Office and they have clarified and confirmed that the $55,000 that was allocated for the site office, at the end of the civil works construction, will be given to the Ministry which is the principal?

MR. CHAIRMAN.- So what are you going to do with that the site office?

MR. K. BOLA.- This is the 24-foot container, a refrigerator, a laptop and a printer.

MR. CHAIRMAN.- But what are you going to do with that?

MR. K. BOLA.- We will just place it behind our office and use it for the Ministry’s officials, like the drivers.

MR. CHAIRMAN.- That is something that is not needed but just because it is now an overpayment, you will be obtaining that container. What was supposed to happen was that, while vetting the contract, the SG’s Office should have put this temporary site office and these temporary works should have been part of that amount the contractor was paid but because it was shown as a separate entry, the Government will now pay $55,000 extra. For that, just to cover that up, will get that container, the laptop and whatever it is and put it at your premises and it is not really needed there, right?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- So the contract vetting was the issue here?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- So I understand that, please, get the response of the Solicitor-General’s Office to see if some legal officers could be surcharged for that. Why should the Government be out of pocket of $55,000?

MR. K. BOLA.- Sir, we have got the letter from the Solicitor-General, confirming that the $55,000 will still remain the property of the Government which is the principal. The $55,000 that was used for that, becomes the property of the Government.

HON. RATU S.V. NANOVO.- Yet to be received by your Department?

MR. A. QAREQARE.- Yes, upon the completion of the civil works.

MR. CHAIRMAN.- Really an after-thought by the SG’s Office because no one needs that container, I do not think they needed that container.

HON. A.M. RADRODRO.- Who is the contractor here?

MR. A. QAREQARE.- Construction Equipment Hire Lautoka Fiji Limited.

MR. CHAIRMAN.- So we will just obtain a copy of that letter too, to do our own inquiries on that as well. Please, go ahead, Madam, on the other one.

MS. J. KOROVOU.- On 25.8.1 - Re-Engagement of Phase 1.3 Contractor for Phase 2; we would like to make reference to the Cabinet Decision No. 263 that was made in the Cabinet meeting of 24th September, 2013 and approved through the redeployment process the allocation of funding grant of $2,013,140 for 2013 and for the Commencement of Fees, 1.3.

MR. CHAIRMAN.- Which part are we at, 25.8?

MS. J. KOROVOU.- 25.8 – Anomalies in the Lagilagi Housing Development Project: 25.8.1 - Re-engagement of Phase 1.3 Contractor for Phase 2.

MR. CHAIRMAN.- That is Lagilagi Housing Development?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- This Lagilagi Housing Project, Jittu Estate is the same one that Father Kevin Barr is on?

MS. J. KOROVOU.- Yes, Sir.

HON. RATU S.V. NANOVO.- Mr. Chairman, it comes back again to the monitoring by the Ministry, the lack of monitoring that has taken place, that is why that $691,000 has come about. What sort of disciplinary action has been taken against the officer who was responsible for this?

MR. CHAIRMAN.- Where does it say that monitoring was an issue, Honourable Member? They are referring to the Cabinet Paper. It says there, and I quote:

“The Cabinet, in its 12th meeting on 24/9/13 approved to allow the completion of Phase 1.3 of the Lagilagi Housing Project at Jittu Estate, Raiwaqa only by the existing Contractor.

The Department paid a total of $3,131,346.52 to the NGO during 2014 to be paid to the Contractor for Phase 1.3 and Phase 2…”

MR. K. BOLA.- Can I clarify that one, the amount that was given there, the $691,332 means the Civil Works Construction for Phase 2. That was in the Cabinet Decision, Sir.

MR. CHAIRMAN.- What amount are you referring to, at the bottom there?

(Inaudible)

MR. K. BOLA.- On that one, Sir, just for clarification, when we did the tender evaluation for the whole project (Lagilagi Housing Development Project), it was just one. The development is just one, but the reason why it has been phased is because it is in line with the Cabinet Decision.

MR. CHAIRMAN.- Yes, we understood that part but what it says is that, the Audit noted that $691,322.44 was paid, despite the Cabinet’s approval for the Contractor to work on Phase 2. So who was responsible from the Ministry of Housing to pay for Phase 2 when the Cabinet did not approve that amount? That is what the question, is it not?

$691,322.44 was paid out without the Cabinet Decision. If it was a Cabinet Decision, fine, it is a policy issue, we cannot touch it but that is an Audit issue now.

(Inaudible)

MR. CHAIRMAN.- Who makes this payment? If it is the Principal Accounts Officer, then someone must have approved this payment?

There is a finding in the second line, I quote:

“The finding indicates that the Department did not adhere to the Cabinet decision. The payment made was not properly authorised.”

It is a large amount, it is more than half a million dollars, can anyone advise us on that?

MR. K. BOLA.- Sir, can I go back to Cabinet Decision 263 of 2, it says:

“Approve the continued allocation of funding grant arrangement for 2014 and 2016, amounting $6,913,224.38 with a grant of $2 million to be allocated in the 2014 Budget for the commencement of Phase 2, Civil Works and Building Works, and for the balance to spread over to 2015 and 2016.”

That was in the Cabinet decision, Sir.

MR. CHAIRMAN.- OAG, you have noted very clearly there that $691,322.44 was paid without the Cabinet Decision but the Ministry is showing a Cabinet decision there.

MR. K BOLA.- To spread over for the period of three years, from 2013 to 2016.

MR. CHAIRMAN.- Please, advise us on that? That amount of $691,322.44 is part of that Phase 2?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- So Cabinet approved the total of $6 million?

MR. K. BOLA.- $6 million for Phase 2.

MR. CHAIRMAN.- Of those $6 million, $691,322.44 was also part of that spread over?

MR. K. BOLA.- Yes, that was for the commencement of the civil works for Phase 2 and the necessary approval was obtained by the PS then, in terms of the compliance with the Financial Management Act.

MR. CHAIRMAN.- OAG, does that satisfy your query?

AUDIT REP.- Can we come back to verify that?

MR. CHAIRMAN.- Yes, please, verify that one because that is a clear notification here that it was not adhered to but they seem to have the backup, the Cabinet Decision.

MR. CHAIRMAN.- Just two questions; one, your clarification; next is the one that we had asked earlier, $55,000 one?

HON. A.M. RADRODRO.- Sir, just for the information of the Committee, what is the total contribution of Government to this project as a whole?

MR. K. BOLA.- Sir, I think it is around $12.9 million.

MR. CHAIRMAN.- It is the Government’s contribution and the NGO also contributed something?

MR. K. BOLA.- Government’s contribution.

MR. CHAIRMAN.- What does the NGO do?

MR. K. BOLA.- We will have to go back and get our figures on that.

MR. CHAIRMAN.- No not to worry that is not an audit issue, just for background.

MR. K .BOLA.- The ratio is around 99:1.

MR CHAIRMAN.- We have got two reports to go through at this time, maybe we move on to the next topic, next paragraph. When we have finished the housing aspects, we will take a break and then move to the local government aspect.

MS. J. KOROVOU.- On 25.8.2 - Fund Given to the NGO not Used for the Intended Purpose; the Department of Housing had noted that the PCN utilised $125,491.26 for payment of its operational and staff costs and also expended $68,666 for the Lomaivuna Farmers Project, respectively on 31/12/13.

MR. CHAIRMAN.- Did they use the money for the intended purpose?

MS. J. KOROVOU.- Yes, Sir, the Lomaivuna Farmers Project, the amount of $68,000 was actually a Ministerial undertaking with the PCN upon which the Government has to reimburse PCN that amount after paying the Lomaivuna Farmers Project and the $125,000 is part of the Cabinet Decision, Sir.

MR. CHAIRMAN.- It says that the NGO in total used Government funds to pay for its staff’s salaries, operational costs and the Lomaivuna Farmers Project. Hence, Government funds are not used for that purpose, so the NGO will refund to the Government. Is that what they were supposed to do?

MS. J. KOROVOU.- No, Sir, the $60,000 cost component that was remitted to the Lomaivuna Farmers Project will be reimbursed to the PCN by the Ministry or the Government due to an undertaking.

MR. CHAIRMAN.- What is noted here on paper is that, the NGO incorrectly used Government funds, in the last sentence of 25.8.2. So, should they not be rightfully refunded to the Government? What is the Government refunding therefore?

HON. A.M. RADRODRO.- Mr. Chairman, I think the Audit issue is that, the NGO used the funds to pay its staff.

MR. CHAIRMAN.- Yes, that is what I was saying.

HON. A.M. RADRODRO.- Operational costs and Lomaivuna Farmers Project.

MR. CHAIRMAN.- And the recommendation says, and I quote:

“The Department should recover the amount used by the NGO to pay for its operational and staff costs…”

They are supposed to pay the Government back. Can you please, explain that one?

MR. K. BOLA.- The amount that was mentioned for NGO used $125,491.26 was basically to pay for the consultancy fees for the Lagilagi Housing Project, but in terms of the Government reimbursing PCN with $68,666.70 was that, in the initial inception of the Lomaivuna Squatter Relocation Project, they had used their community members’ savings equivalent to that amount, with the understanding that the Government will reimburse.

MR. CHAIRMAN.- So the NGO used some of the members’ savings.

MR. K. BOLA.- Yes, for the inception of the project.

MR. CHAIRMAN.- Yes, that is fine, for that the Government will reimburse that. But the issue here was that, they also used some of the Government funds. Did that event actually happened, did they use some of the Government funds for their staff salaries?

MR. K. BOLA.- Yes, Sir.

MR. CHAIRMAN.- Are they going to refund that?

MR. K. BOLA.- For that one, Sir, that was part of the consultancy for costs that was factored into the Cabinet Decision of 263 of 2013.

MR. CHAIRMAN.- If you look at 25.8.2, starting from paragraph 2 to paragraph 3, it reads and I quote:

“The Department paid the sum of $701,500 as first instalment payment to NGO as per the agreement between the Department and the NGO during the year 2013.

The audit noted that the NGO used $125,491.26 or 17.89% of the $701,500 for payment of its operational and staff costs. The audit also noted that the agreement between the Department and the NGO dated 24/1/14 did not include any provision for the NGO to use government funds to pay for its operational and staff costs.”

You are saying that it was part of the agreement but they are saying that it is not part of the agreement. OAG, have you reviewed the contract and seen if that is really the case?

MR. K. BOLA.- Sir, in the Agreement, the consultancy fees is part of the contract.

MR. CHAIRMAN.- OAG, is that part of the agreement? The Ministry is saying that it is part of the Agreement and OAF is saying that it is not part of the agreement, so which one is the correct version?

MR. K. BOLA.- We can provide the grant agreement to verify that.

MR. CHAIRMAN.- Can you please, verify that with the OAG?

MR. K. BOLA.- Yes, Sir.

AUDIT REP.- On the next page, they have the additional comments there.

MR. CHAIRMAN.- It says, I quote: “The Ministry has written to the NGO on 16/7/15 to repay $194,157.96 within 3 days.

In the paragraph before that, it says: “The Department of Housing will recover $194,157.96 that was utilised amount used by the NGO for its operational and staff cost…,” so it is there.

There are two separate issues. What Government is supposed to pay the NGO is one issue, but the Department has a comment there, that they are going to recover that money that the NGO used for staff salary payment. Has that happened, three days from then?

MR. K. BOLA..- No, Sir, not yet.

MR. CHAIRMAN.- There are supposed to be two payments; one, the Government will pay the NGO for the money that they used from their Staff Trust Fund. The second is, the NGO has to pay the Government whatever money they used. Has that happened, or it could be a case of set-off, which means that you minus that and give them back? Can you follow that up, please?

MS. J. KOROVOU.- We note that, Sir.

MR. CHAIRMAN.- That is your Ministry’s comment. The OAG has already pointed that out because that is what they have said, so we need to find out whether that money has been paid. It is a large amount of money.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, what sort of recovery action will you impose on these people in order to pay that amount because in here, they were given within three days to pay from 16/7/15 and it is now 2017. What action are you taking against them?

MS. J. KOROVOU.- Sir, we have written to them, there are few issues that we need to clarify with PCN with regards to the breakdown of that $125,000, and we are currently working on that. Once we are able to agree, both, the PCN and the Ministry, then we will go ahead with that, taking note of that “set off” approach mentioned by you, Mr. Chairman. Thank you.

MR. CHAIRMAN.- Is PCN still working with the Government?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- On the same project, Jittu Estate?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Please, follow that up and give us some response in that regard. OAG was right in pointing that out, there are two amounts here.

HON. A.M. RADRODRO.- Mr. Chairman, on this particular project, I have a few concerns here; one is, why did the Department engage this NGO to conduct this exercise? What was the underlying reason and why can the Ministry not just carry out this exercise on its own? Is the NGO like a project manager for this particular exercise and why did they engage the Ministry? How did they engage the NGO as a project manager for this exercise?

The intended purpose, I think is the main crux of this Audit issue, whether the intended purpose in which this NGO was engaged for was achieved and how does the Ministry monitor the progress of the purpose of this project? It is a very big concern when they started using those funds for their own operational staff and operational use. So if you say that they used members’ contribution, what is the contribution of this NGO? What amount did they spend? Can you clarify all those issues? How did they contribute to this whole project or they just used the people’s money to initiate this project?

MR. CHAIRMAN.- To assist in that, the first part of the question; why this NGO was engaged is not an audit query so it is upon you to answer. The second part is, when they were engaged, how they managed their affairs, that is the problem here so you can answer that part.

MR. K. BOLA.- Can I answer the question, Sir?

MR. CHAIRMAN.- Yes.

MR. K. BOLA.- In terms of the intent of the project, this is the Prime Minister’s initiative, way back in 2008 when he visited the Jittu Estate and walked through the settlements. He then advised his Office to do a quick research on the community needs of the settlements. So out of the survey, there were three basic issues; one is the security of tenure; proper education of the children living in the settlements and lastly, improvement of housing conditions. So on that one, the Ministry prepared the Cabinet Paper which was endorsed where funding is to be provided by Government to a tune of $12 million for the construction of 152 housing units, basically for squatters in the Lagilagi Housing Project at Jittu Estate.

(Inaudible)

MR. K. BOLA.- No, the Lagilagi Housing Project.

(Inaudible)

MR. CHAIRMAN.- 25.8.2 is Lagilagi Housing Project, not Lomaivuna.

MR. A. QAREQARE.- But part of the funds was used for reimbursing the members’ savings that were used for the establishment of the Lomaivuna Project.

MR. CHAIRMAN.- Yes, they used the funds allocated for Lagilagi and part of that amount was used for Lomaivuna. So the first part of the question you answered that it was PM’s initiative to upgrade the life of the squatters, part of it is for education and housing, that is done.

Going to the second part, did the contract agreement include that the NGO, PCN will be the project manager?

MR. K. BOLA.- The project manager isAPI Design and there is a group of consultants who managed the project itself namely, William and Associates, the Quantity Surveyor; CJ Singh is the Civil Engineering Consultant; and there are other fewer consultants who worked with the project manager for the housing project. They do submit monthly financial acquittals and physical development reports of the projects.

MR. CHAIRMAN.- We are coming to the pertinent point, there is a separate project manager, then how can this thing happen, like funds allocated for Lagilagi to be used for Lomaivuna, staff salaries, et cetera, are being used to pay for the project. As Honourable Radrodro pointed out, there is one percent contribution by the NGO itself in this thing, why is the NGO not using that one percent capital input, if I may call it that in that? Why are they not using that but they are using staff salary and moving money around? Is the project manager not monitoring that?

MR. K. BOLA.- On that one, Sir, we will have to come back to the Honourable Committee on that one.

HON. A.M. RADRODRO.- In addition to that, Sir, on the ground in Lagilagi at the moment, there are concerns raised, maybe you can address that too when you come back. Concerns raised by people where they mentioned that they have paid whatever requirements, deposits, but todate, they are still waiting.

MR. CHAIRMAN.- That is the general comment.

HON. A.M. RADRODRO.- That is the general feedback, that is the reason why I asked the about intended purpose, who is monitoring the overall purpose of this project for Lagilagi and for Lomaivuna because there are people who have been there and who have also contributed but they are on the side still waiting to be housed at Lagilagi? And Lomaivuna is also a concern, we have yet to be clarified on that.

MR. CHAIRMAN.- They will come back to us on that. Let us move on to 25.9 - Delay in Completion of Construction Works.

MS. J. KOROVOU.- 25.9 - Delay in Completion of Construction Works; the works reported “incomplete” had been completed in August 2015, following the joint meeting between the Ministry and the Nadi Town Council in 2014. The Council was advised to submit additional requests for additional funding of $8,430 for the completion of the sanitary and overhead walkway, linking the church and the Disaster Evacuation Centre. This was done in 2015, Sir.

Moving on, the Department of Housing has been directed to complete the sanitary and overhead walkway, linking the church by 31st July, 2017.

To facilitate the completion of the Disaster Evacuation Centre, the Department of Housing raised a Minute for the Permanent Secretary’s approval for additional funding of $8,430 for the completion of the remaining works of the project by 31st July this year, Sir.

MR. CHAIRMAN.- So the delay in the work was noted in the 2014 Report but for 2017, work is still going on?

MS. J. KOROVOU.- Yes, Sir, due to supplies.

MR. CHAIRMAN.- What is that project for?

MS. J. KOROVOU.- Disaster Rehabilitation Centre, Sir.

MR. CHAIRMAN.- Between then and now, there has been another disaster but the settlement is not ready yet?

MS. J. KOROVOU.- No, Sir, unfortunately, because of the natural catastrophes that was faced by the nation at the beginning of last year and also towards the end, we were actually being crippled in terms of the supplies for this particular project, et cetera.

MR. CHAIRMAN.- The Audit noted, I quote: The findings indicate poor project management by the Department. As a result the project was not completed on time.” Is that so, poor project management? As per the contract, how long was it supposed to take to build that?

MR. K. BOLA.- It is a one-year project, Sir.

MR. CHAIRMAN.- The completion date for the project was supposed to be 31st December, 2014, that was well before *TC Winston*, so why was the delay? The project should have been completed on 31st December, 2014, is that so? They have noted, “poor project management by the Department”, was that what caused it?

MR. K. BOLA.- Sir, on that one, the Nadi Town Council was approached to provide the revised quotations for the remaining works, so they did submit that early February this year, that is why we are asking for it.

(Inaudible)

MR. K. BOLA.- In Korociri, Navu, the backroad. It is one of the flood-prone areas.

MR. CHAIRMAN.- The Department’s comment at the bottom, paragraph 25.9 is that, and I quote:

“The delay in the completion of the construction of Disaster Rehabilitation Centre is due to the shortage of certain building materials required for the project and also the shortage of labour within the community as most of the residences have found employment with other construction companies. To fast track the construction works, the Department of Housing has instructed the Council to complete the outstanding work namely the installation of louvre blades, plumbing works, installation of toilet facilities and exterior painting by 31st August, 2015.

The Department of Housing is to follow up with the Council on the submission of the physical work and the financial acquittals reports at the completion of that project.”

So from 31st August, 2015, it is one year and a few months just to install louvre blades, plumbing works, installation of toilet facilities and exterior painting. Why is it taking so long?

MR. K. BOLA.- This project was only budgeted for $100,000, incremental upgrading but because of the pending works, the sanitary and the walkway, with the increase in price over the last two years, that resulted in the increase.

(Inaudible)

MR. K. BOLA.- Yes, I agree with that, Sir.

MR. CHAIRMAN.- That is the reason why this kind of projects should be completed in time so that you can arrest the inflation of building materials during that time. If it is extended over three or four years, prices go up. If it is done within that year, a few years later, the prices go up.

MR. K. BOLA.- Basically, Sir, with the incremental upgrading projects, that is the sweat equity, the community do contribute to that.

MR. CHAIRMAN.- That is probably where the problem is, they could have contributed late, but please, if you can just give us some explanation on that when you are writing about the other stuff.

Madam, you can move to 25.10 - Vuci Road Drainage Works.

HON. A.M. RADRODRO.- Sir, just supplementary questions in this particular project; I note that your recent comment noted that the Department has been advised to take over this project. Just a question; is this amount that you set aside budgeted for?

MR. K. BOLA.- In this year’s budget, we have $400,000, Sir.

MS. J. KOROVOU.- City-Wide.

(Inaudible)

MR. K. BOLA.- Yes, Sir.

MS. J. KOROVOU.- 25.10 - Vuci Road Drainage Works; the overall length of drainage upgrading works is about 720 metres. Work was completed with the v-drain and rock lining, it is about 334 metres. Further the drain measuring 78 metres have already laid, by pending rock lining works to be done, Sir.

MR. CHAIRMAN.- Is that alright now, is that completed?

MS. J. KOROVOU.- The project has been re-advertised on 25th February, 2017 and the tender process is currently in progress.

MR. CHAIRMAN.- It has been re-advertised?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- But it says, and I quote:

“The project was to commence from January 2014 and conclude in December, 2014. The Department paid a total of $70,000 to the Council on 13/6/14 and the remainder of the $30,000 was to be paid on completion…”

So the money of $70,000 was paid without the work being completed or done and it was re-advertised?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- So the Council has made off with the $70,000 or is that refunded?

MR. K. BOLA.- That is a grant transfer to the Council, the Council administers the grant and it will be released on measure and values based on the progress of the project.

MR. CHAIRMAN.- It will be readvertised for a contractor to do that job?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- But the money is held by the Council?

MR. K. BOLA.- Yes, Sir, the remaining balance of the grant, to cover the remaining parts of the works, Sir.

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

MR. K. BOLA.- No, Sir, I will have to come back to you on that.

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

MR. CHAIRMAN.- The total budget was $100,000, you cannot go beyond that.

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

MR. CHAIRMAN.- Someone standing in the drain there digging something.

MR. K. BOLA.- Sir, if you go to the back of Cakobau Park, you will see the inward drains and the rock lining along the entire length of Cakobau Park

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

MR. K. BOLA.- Part of the work, yes. And also connection to Nausori Village and discharge into Waicoku Creek.

MR. CHAIRMAN.- Just under Table 25.7, it reads, and I quote:

“During the site visit of the project on 10/3/15 the audit noted that the contractor was not performing the works as per the agreed programme implementation work plan. As per the work plan the contractor should have installed the v-drains and begun the construction of rock-line work. However, at the time of site visit on 10/3/15 the audit noted that the contractor was in the process of clearing the existing drain and preparing the base for the installation of v-drains. The project work was delayed by 2 weeks. Refer to figures 25.1-25.4.”

So this project monitoring was Nausori Town Council’s prerogative?

MR. K. BOLA.- Yes, the Council also monitors and the Ministry does its monthly monitoring on the projects.

MR. CHAIRMAN.- This is the question for Nausori Town Council, poor project management. You can write to Nausori Town Council. Did they appear here before the Committee at one stage?

(Inaudible)

MR. CHAIRMAN.- Who?

(Inaudible)

MR. K. BOLA.- The Director.

MR. CHAIRMAN.- Yes, please, assist us on this one.

MOE REP.- Sir, for the Vuci Drainage, the place itself is such that it is equal to the water mark or water level (river water) and the project was initially supposed to be carried out as a partnership arrangement between the residents of the informal settlement, the Nausori Town Council and the Ministry of Local Government. However with great respect, the Sweat Equity Contribution was noted to be a challenge. Given that in mind, the project was advertised and the Ministry of Local Government, Housing and Environment advanced $70,000 to carry out the project on a piecemeal first stage, and then following the review, the second phase of $30,000 will be released.

The first phase was initiated in 2015, after which, at the end of the first stage, the contractor fell short of completing the required work and Nausori Town Council terminated the contract. This year, following the second tranche of funds advanced of $30,000, the contract has been re-advertised and there will be someone appointed to complete the subject work.

MR. CHAIRMAN.- Thank you for that. This will be done within that $100,000, nothing more?

MOE REP.- Mr. Chairman, the construction arrangement is such that Nausori Town Council has decided to bear some extra cost if there is some extra cost coming in, to ensure that it is completed and proper water flow itself is always evitable, from the water drainage structure because the construction is coming from the top end to the bottom and if it is not well-connected to Waicuku, there may be problem in the hydrologist structure altogether.

MR. CHAIRMAN.- Yes, because I noticed that behind Ratu Cakobau Park, the drain is there but it is not flowing, it is always full. This is probably why Ba does not win at Cakobau Park, I mean, that is a side comment. But you said that part of that drain was to be funded through contribution from informal settlers there. What amount would they have contributed?

MOE REP.- It would have been in the form of Sweat Equity.

MR. CHAIRMAN.- They would have helped in digging the drain.

MOE REP.- They would have been paid a subsistence amount which is a challenge. We note that the labour market is such that the trend in the Central Division, that to get people to currently work at the Sweat Equity structure is challenging.

MR. CHAIRMAN.- That was what I was going to ask, why enter into such an agreement because there is another case here where people got involved and engaged in some other place, where that housing project was to be done for Nadi? The Sweat Equity people will find job elsewhere at a higher rate, they will not want to dig their own community’s drain. Is the Ministry looking into that?

I know that the informal settlements will not contribute in cash and when it comes to Sweat Equity, they will migrate to more lucrative construction company. Is there anywhere else to resolve that because there are two places where we have seen this problem, Nausori and Nadi?

MR. K. BOLA.- We agree with your observation, Sir, and we will try to strengthen our partnership with the communities to ensure that they also partake in their own upgrading, Sir.

MR. CHAIRMAN.- The drain is for their benefit, is it not?

MR. K. BOLA.- Yes, Sir.

HON. A.M. RADRODRO.- Going forward, I think the Ministry should also consider the relevant technical colleges that are nearby, otherwise this will be a wastage of Government funding where those kind of arrangements do not work out, so you should also consider technical college students in Nadave, for example.

MR. CHAIRMAN.- That could be a huge OHS issue for us.

HON. A.M. RADRODRO.- That could work rather than making that arrangement which keeps on delaying the process.

MR. K. BOLA.- We will take note of your suggestions, Sir.

MR. CHAIRMAN.- Is the Central Division Drainage Board also responsible to some part of this scheme?

MR. K. BOLA.- Only if it is within the Drainage Scheme area, with this one, it is within the municipality.

MR. CHAIRMAN.- Alright, drainage schemes are outside the municipal areas.

The final comments says, and I quote:

“The Department agrees that more frequent inspection should be carried out to monitor the progress of drainage work at Vuci Settlement.

Department of Housing will ensure that the outstanding drainage and upgrading works is completed by the Town Council by 31st August, 2015. (I think that has not been done.)

The Department of Housing is to follow up with the Council on the submission of physical work and the financial acquittals reports at the completion of the project.

The Department has written to the Town Council to recover the $2,000 from the Contractor and to explain the tender process in engaging the Contractor.”

So the Council engaged a contractor and they have to explain the tender process. Have they explained that? Was the tender process followed?

(Inaudible)

MR. CHAIRMAN.- It was?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- And the $2,000 to be recovered from the contractor who ran off, have they paid back?

MR. K. BOLA.- (Inaudible)

MR. CHAIRMAN.- Recovered, alright, thank you. That is one of the rare cases of recovery from a contractor.

Can we now move to the Housing issues of 2015, then we will come to the Local Government part? Now we can see whether some of the issues are recurring or not.

Volume 3 of 2015: Section 23: Department of Housing: Madam Secretary, we can hear from you on that aspect now.

MS. J. KOROVOU.- Report of the Auditor-General of the Republic of Fiji Volume 3. Part A: Financial Statement.

23.1 - Audit Opinion; the audit of the 2015 Accounts of the Department of Housing resulted in the issue of a qualified audit report. That has been duly noted by the Department and the Ministry, including the basis of qualifications.

23.2 - Statement of Receipts and Expenditure; the Department collected revenue amounting to $18,090 and incurred expenditure totalling $17,448,683 in 2015.

MR. CHAIRMAN.- There is another revenue noted here. Again, it could be stale cheques or as you explained, you do not deal with commissions, so it has to be stale cheques predominantly.

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Currently, is this situation under control or still there are stale cheques being issued? It is not an issue but currently in the Department in 2016?

MOE REP.- Mr. Chairman, actually the current practice for Government is that, we are moving away from cheques and we are on Electronics Fund Transfer (EFT), so that should rectify that problem.

MR. CHAIRMAN.- So the cheque system is no longer applicable, it is EFT now.

MOE REP.- It is applicable in certain cases.

MR. CHAIRMAN.- Since which year?

HON. A.M. RADRODRO.- Current, what do you mean, which year?

MOE REP.- Sir, actually this practice has been there since 2016 and still, we are in the pilot stage because we also have to do a SWOT analysis for the risks associated with EFT and once that is done, then definitely there will be no issuance of cheques.

MR. CHAIRMAN.- Alright, thank you. You may continue now, Madam Secretary.

MS. J. KOROVOU.- The total expenditure increased by $5,964,859 or 52 percent in 2015, compared to 2014 due to increase in grant to Public Rental Board (PRB) continuation of Lagilagi Housing Development Phase 2 Project and Squatter Upgrade and Re-Settlement Projects; as well as increase in grants for First Home Buyers and PRB Savusavu Development Project.

23.3 - Appropriation Statement; the Department of Housing incurred expenditure totalling $17,448,683 in 2015, against a revised budget of $27,699,066, resulting in savings of $10,250,383 or 37 percent.

MR. CHAIRMAN.- You said, the Department of Housing incurred expenditure, is that the amount that is paid for newly married couples - $10,000 Housing Assistance, that comes from here?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- People have lost everything in the fire, that also comes from here?

MS. J. KOROVOU.- Yes, Sir, we have a programme for that as well.

MR. CHAIRMAN.- What other programmes come out from this amount in your expenditure? Operating Expenses also come out from here?

MS. J. KOROVOU.- Yes, operating expenses, personal emoluments, Sir.

MR. CHAIRMAN.- Operating Expenses, Personal Emoluments, Motor Vehicle, et cetera, capitals.

MS. J. KOROVOU.- Operating Expenditures.

MR. CHAIRMAN.- As far as the grants are concerned, the $10,000 grant for newly married couples, the $5,000 grant for the fire victims, what other type of grants are there that can come out from here?

MR. K. BOLA.- Of the $27 million budget:

* + $10 million is for the First Home Buyers Grant;
* $1 million is for the House Fire Victims;
* $1 million Operational Grant for PRB for those who are assisted, the rental housing customers who have an annual income of $200 per week;
  + $2 million for the Lagilagi Housing Project;
  + $0.5 million for the Housing Authority’s Social Housing Policy;
* Housing Assistance Relief Trust (HART) Grant for Renovation and Minor Maintenance ….

HON. A.M. RADRODRO.- Sir, can we just request the Ministry to give us a list?

MR. CHAIRMAN.- Yes, I think it is there. The Ministry can direct us to the actual statistics.

Please, move on Deputy Secretary.

MS. J. KOROVOU.- Thank you, Mr. Chairman.

23.4 - Statement of Losses; there was no loss reported for the Department in 2015.

MR. CHAIRMAN.- Impressive. Just a side-question, Director; when is this Lagilagi Project supposed to complete, any idea or any date on that?

MR. K. BOLA.- The project is expected to be completed by August this year, Sir.

MR. CHAIRMAN.- That means for the 2017 Audit, that will be the last that we will see about this project.

MR. K. BOLA.- Yes, Sir.

HON. A.M. RADRODRO.- While we are on that subject, Mr. Chairman, can you inform the Committee what is the current arrangement that the Department of Housing has with the Lagilagi Project stakeholders; who collects the rents, whether that collection is coming to the Ministry or how does that arrangement work?

MR. K. BOLA.- Mr. Chairman, the Rental Estate is managed by the PCN and under the Cabinet Decision of 263 of 2013, they were supposed to establish a body corporate that will look at the Property Management, Rules and Regulations in relation to its members.

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

MR. K. BOLA.- Its Legal Counsel is currently working on the establishment of the body corporate, in consultation with the Office of the Solicitor-General.

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

MR. K. BOLA.- On that one, Sir, that will be established once the framework is established, but we are working closely with them on the establishment.

MR. CHAIRMAN.- That was a side-question, but going back to Statement of Losses, as Madam had pointed out, there was no loss reported for the Department in 2015 but it is noted there that the Board of Survey for the year ending 31st December was not completed by the Department. That is probably why no losses were reported. Why was the Board of Survey not completed, just an issue that we have seen in other Departments as well?

MS. J. KOROVOU.- Sir, the Board of Survey was actually carried out and we had submitted a report to the MOE in March 2016, and also we re-submitted the same to the OAG in September last year. We have evidence with us, Sir.

HON. RATU S.V. NANOVO.- Mr. Chairman, I think the Board of Survey should be conducted before the year ends so that, at least, they know where they stand. What should be the case?

MS. J. KOROVOU.- Thank you, Sir. According to the policy, Ministries carry out the Board of Survey every January of the beginning of a new fiscal year. Now that we have changed our fiscal year, we will carry out the Board of Survey in the first month of the new fiscal year which is August, Sir.

MR. CHAIRMAN.- You are also following the Government’s financial year now?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Thank you. Let us move to the next one: Trust Fund Accounts Statement, “City-Wide” again appears here.

MS. J. KOROVOU.- 23.5 – Trust Fund Account Statement of Receipts and Payments; on the City-Wide Informal Settlement Upgrading Trust Fund Account, the Ministry noted a credit balance of $7,269 as at 31st December, 2015 which remained unchanged when compared to the balance as at 31st December, 2014.

MR. CHAIRMAN.- That amount still remains in the balance?

MS. J. KOROVOU.- Yes, Sir.

(Inaudible)

MS. J. KOROVOU.- As we had mentioned earlier, we have written to them.

(Inaudible)

HON. RATU S.V. NANOVO.- The timeframe given to them to pay up?

MS. J. KOROVOU.- Yes, by 30th of this month, Sir.

MR. CHAIRMAN.- If they do not pay up, you have to take some action, otherwise this amount will keep appearing. It is appearing in two reports now and this is the exercise we are doing, if we compare reports side by side, we can actually see the recurring issues.

MS. J. KOROVOU.- Thank you, Sir, comment is noted.

HON. A.M. RADRODRO.- Mr. Chairman, I am just curious that now you have come to present here and you put “end of this month”, so why not “end of last month”, that is basically a more reasonable step. But is there any other way that you can collect or deduct from the payment that is usually paid out to them, if they are not responding? What if they do not pay by this date, what will happen?

MR. K. BOLA.- Sir, that is another option that we can go through, just to deduct it from the Grant that is given to Lagilagi.

(Inaudible)

MR. K. BOLA.- No, Sir.

(Inaudible)

MR. K. BOLA.- We have taken heed of the advice.

MR. CHAIRMAN.- That was what I was wondering because if that amount is pending, any month could have been taken out; and then in 2015, it appears. For 2016 report it will also show that and 2017 report will also show that, unless it is paid by the end of this month. So please, if you can take some action on that.

MS. J. KOROVOU.- Sir, we will take note of that. If they fail to pay up by the end of this month, we will deduct from the Grants.

MR. CHAIRMAN.- Yes, necessarily. It is a small amount but then accumulating all these small amounts from all Ministries and Departments, it becomes someone’s house.

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

MR. K. BOLA.- Showing to them, Sir, addressed to the National Director.

MR. CHAIRMAN.- We will move on to the next one.

MS. J. KOROVOU.- Thank you, Sir.

Part B: Audit Findings. 23.6 – Unsubstantiated Variance in City Wide Trust Fund; it is under the same issue on the City-Wide Trust Fund of unsubstantiated variance. We have written duly to the PCN and as we have mentioned, we have demanded that they pay up that amount by end of this month.

HON. RATU S.V. NANOVO.- How many letters were sent out, just one?

MR. K. BOLA.- One and a number of e-mails just yesterday before coming here.

MR. CHAIRMAN.- Just yesterday because they knew that we will pick it up.

Let us go to the next one, I think previously they have explained pretty well.

MS. J. KOROVOU.- 23.7 - Accounts Receivable with Credit Balance; reconciliation has been done to rectify this issue by the Ministry’s Accounts’ Section. The generalisation was actually factored in January 2016, Sir.

MR. CHAIRMAN.- The credit balance may have resulted from incorrect journal entries to these accounts or through misposting. As, as a result the audit could not ascertain the accuracy of the RFA balance as at 31st December, 2015. Has there any steps been taken by the Ministry to arrest the situation of incorrect journal posting?

MS. J. KOROVOU.- Yes, Sir, we have actually put in place procedures and also, we have given instruction for the strict compliance of Finance Regulations and procedures put in place.

MR. CHAIRMAN.- We can move to Anomalies Noted in Underline Account.

HON. A.M. RADRODRO.- Supplementary to that, the Internal Audit for the MOE mentioned that you had a visit in 2016. How often do you do your visitation, for the Department of Housing and the Ministry as a whole?

MOE REP.- Mr. Chairman, the Internal Audit Unit currently has eight teams, four of which are stationed in the bigger ministries: Ministry of Education; Ministry of Health; Ministry of Agriculture and Ministry for Infrastructure and Transport. The remaining four teams, we have an annual audit plan wherein we do the risk assessment and based on that, we allocate the teams to the four other Ministries. So for each quarter, we will have four teams in the four big Ministries and four teams in the other four smaller Ministries.

MR. CHAIRMAN.- You mean, the problematic ones …?

MOE REP.- The high risk ones. As I mentioned earlier, we conducted an audit of the Ministry of Housing and Local Government in the second quarter of the 2016-2017 financial year.

MR. CHAIRMAN.- Please, go ahead.

MS. J. KOROVOU.- 23.8 - Anomalies noted in Underline Account; Sir, this issue has been rectified duly in January 2016.

MR. CHAIRMAN.- The issue of the Department’s failure to prepare and submit its monthly reconciliation for various deadlines, so that has now been done?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- OAG, that is all for the Ministry?

AUDIT REP.- This is one of the major issues that they have, it is a recurring issue for the Ministry. Also note that that AR individual amount is still outstanding from the past three years, $46,000.

(Inaudible)

MR. CHAIRMAN.- The thing was that, it is recurring.

AUDIT REP.- Over the years.

MR. CHAIRMAN.- But they are saying that now, this year it has been rectified?

MS. J. KOROVOU.- Yes, the monthly reconciliation.

MR. CHAIRMAN.- So you are submitting monthly now and to whom, MOE?

MS. J. KOROVOU.- MOE, Sir.

MR. CHAIRMAN.- Are you getting monthly reconciliations from them now?

MOE REP.- At the moment, no, we are not getting all the reconciliations.

MR. CHAIRMAN.- Name one Ministry that is actually giving you monthly reconciliations on time, as an example?

MOE REP.- The smaller Ministries are the ones, like PM’s Office, Ministry of Labour, Ministry of Youth and Sports.

MR. CHAIRMAN.- Alright, then probably the smaller ones.

MOE REP.- Yes, the smaller ones are really the ones who are prompt in their reconciliations.

MR. CHAIRMAN.- As Madam DS has explained, probably they are working on that.

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Please, let us know if it appears again in another report.

MS. J. KOROVOU.- Thank you, Sir.

23.9 - Unreported Losses; the Ministry’s Board of Survey was carried out which includes the Department of Housing, Sir, and it was conducted, completed where a report was submitted in March 2016 to the MOE, and again to the OAG in September 2016.

MR. CHAIRMAN.- They have again noted in 23.9 that the Board of Survey for the year ended 31st December, 2015 was not completed. A similar issue was raised in the earlier report. Is the Board of Survey now being done yearly?

MS. J. KOROVOU.- Sir, we did carry out the Board of Survey and that was submitted to the MOE in March 2016, and again to the OAG in September 2016.

MR. CHAIRMAN.- So it will appear in the future report.

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Let us move on.

MS. J. KOROVOU.- 23.10 - Non-Provision of Salaries and Wages Reconciliations; monthly salaries and wages were kept and sent to the MOE and the issue has been rectified with the Accounts Section through maintaining of hard copies, in respect it was for the 2016 and 2017. We have put in place internal control measures to enhance the compliance of the Accounts Team with the regulations and procedures by the MOE, Sir.

MR. CHAIRMAN.- OAG, are you satisfied with that now that the reconciliation has been settled?

AUDIT REP.- It is a recurring issue for the Ministry, Sir.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, can we just ask who is their Director of Finance in the Ministry?

MS. J. KOROVOU.- Thank you, Honourable Member and Mr. Chairman, we do not have a Director of Finance, the only senior position for the Accounts Section is the Senior Accounts Officer, which is currently vacant. To enlighten the Committee, Sir, there was an investigation carried out in December last year , so the Ministry is working towards rectifying these problems and trying to bring to normalcy our Accounts Section, with the recruitment of a Senior Accounts Officer and subsequent, the subordinate Accounts Officer, Sir.

HON. RATU S.V. NANOVO.- Any other officers seconded from the MOE to come and assist in the meantime?

MS. J. KOROVOU.- No, Sir, we actually sought the assistance of the MOE but due to their pressing issues and commitments, they were unable to assist us in that, but they were able to provide advices as and when required by the Ministry.

MR. CHAIRMAN.- The issue here was that the reconciliations were not done properly because of the lack of staff ….

(Inaudible)

MR. CHAIRMAN.- Yes, they have appointed some staff and they sought assistance from the MOE but they also have pressing issues, but are you confident that that is under control now?

MS. J. KOROVOU.- Yes, Sir, the Accounts Section currently is supervised by the Deputy Secretary, Sir.

MR. CHAIRMAN.- Thank you.

23.11, Lagilagi affairs again. There are three things that are appearing all over the place: Lagilagi, City-Wide. Please, can we go to Lagilagi.

MS. J. KOROVOU.- 23.11 - Anomalies in Lagilagi Housing Development Project; the Housing Project is one building contractual agreement awarded to Fortech Construction Limited when the project and the Committee agreed to award this contract to Fortech after due tender process.

MR. CHAIRMAN.- Fortech has appeared prominently in our other reports. Is it a local company?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Some other Ministry had that Fortech issue.

Please, go ahead.

MS. J. KOROVOU.- The Lagilagi Housing Development is divided into three building development phases.

HON. A.M. RADRODRO.- This Tender Evaluation Committee, is that made up of people inside the Ministry or what is the make-up of this Tender Evaluation Committee and their technical background, whether you have the capacity?

MR. K. BOLA.- Just to answer the question, when the tender evaluation for Phase 1 was undertaken way back in 2013, I represented the Ministry and the Project Manager is API Design, a qualified Architect, Mr. Peter Rankin; Mr. Don Hue, the Quantity Surveyor, William & Associates who was also there; and Mr. Shri Singh from Shri Singh & Associates.

HON. A.M. RADRODRO.- It does not go through the normal Government Major Tender Board.

MR. K. BOLA. - No, they have their own tender.

MR. CHAIRMAN.- It says here, and I quote:

“The Department provided $6,913,224.38 to the Project Manager for Phase 2 of the construction of Lagilagi Housing Project.

However, the Project Manager engaged a Contractor for the implementation of Phase 2 of the Lagilagi Project at a cost of $6,913,224.38 without calling for tenders.”

The same amount is very suspicious there. The mount that was allocated for the project, $6,913,224.38, is the exact amount that he was engaged for, that is very suspicious. If tenders had been called, no one would have quoted 38 cents there. Can there be some explanation why or is it in your domain to answer that? The project manager engaged a contractor, who was the project manager, is he from the PCN side?

MR. A. QAREQARE.- It is a API Design, Peter Ranking, the Project Manager, it is a consulting architectural firm and the tender was only done once for the whole projects, for Phases 1 and 2.

Basically, the award was given to Fortech to undertake the construction of the 77 housing units on Phase 1 and also for the additional 77 units on Phase 2.

MR. CHAIRMAN.- So the tender process was called only once for the whole project, Phase 1 to whatever it is, so Fortech was the one who got Phase 1, and that is where Phase 2 was just given without calling for the tender.

MR. K. BOLA.- Yes, Sir.

MR. CHAIRMAN.- OAG, there is an explanation by the Department. The Department’s comment is there at the back, and I quote:

“Whilst the Auditor-General team raised that the building contract for Lagilagi Housing Project Phase 2 was not tendered out openly, it should be noted that this housing project is one building contractual agreement awarded to Contractor and the Project tender evaluation committee agreed to award this contract to the concerned building contractor.

The Lagilagi Housing Development was divided in 3 building development phases that is Phase 1.1 & 1.2 (30 units); Phase 1.3 (26 units) and Phase 2 (56 units) because phased budget allocation as per 2013 Cabinet Decision. The Contractor was awarded the Building Contract by Project Manager through successful bidding of Tender.”

So that explains that, he was the successful bidder for the first phase so he just carried on.

Is that normal OAG, is that the way it should be done? I think it is a unique project. This is the first-of- its-kind project in Fiji, PCN’s involvement. MOE, any comments on that, is that how it is supposed to be?

AUDIT REP.- Sir, actually based on the Fiji Procurement Office Guidelines and Regulations, it is the prerogative of the respective Ministry and Department, as the Director of Housing has mentioned because Fortech was awarded the first tender so literally they have the basic expertise in that field. So I suppose that is the reason that they were awarded the second phase.

MR. CHAIRMAN.- Also there is a need for uniformity. If two different contractors build, probably they will all look funny.

AUDIT REP.- Yes.

MR. CHAIRMAN.- The explanation is there, whether it is the policy thing, whether it is right or wrong, we do not know so we can move on to the next one.

MS. J. KOROVOU.- 23.12 - Delay in Tender Evaluation Process; Sir, the Department of Housing in 2016 to 2017, evaluated tender on one tender for evaluation exercise in strict compliance with the MOE, Tender Protocol, Procedure and Process.

MR. CHAIRMAN.- It says, and I quote:

“The delay was attributed to difficulties faced by the Department in getting members from different ministries/departments together to convene the tender evaluation meeting and the time taken by the consultants to submit additional information.

Hence, the Department was unable to utilise the sum of 2,943,136.61 allocated for the settlement upgrade in the 2015 Budget Estimates. The findings indicate the lack of coordination and communication between the relevant stakeholders…”

The issue here is that, it is not only your Department but all the other Departments could not get together, and the delay in the submission of interest caused that $2.943 million not utilised or under-utilised, which means a lot of other houses could have been built with that amount, service intended for the people, in reaching them.

MOE, what should be done? It is not this Department’s problem but the note here is that, “different Departments and Ministries do not come together to convene the tender evaluation meeting.” Any comments on that, if it is in your domain to comment on that?

MOE REP.- Sir, actually, under the new tender board, under the new Committee, it is mandatory that all the tenders be evaluated and awarded within three months. So all the issues, as mentioned in this 23.12, I suppose it should not be recurring in the next, that is, 2016 audit details.

MR. CHAIRMAN.- There should be some action taken in this regard?

MOE REP.- Because that is the directive from the current Chair of the Government Tender Board that these sort of issues should not be brought up to the Board.

MR. CHAIRMAN.- Thank you. There is some explanation on that, so it is not your Department’s fault alone, and that is noted.

Can we move on to the next one?

MS. J. KOROVOU.- 23.13 – Delay in Processing First Home Buyers Applications; the Ministry had carried out extensive roadshow in the West, North and Central Divisions for its outreach programme in the first quarter of 2015 whereby 95 percent of the people showed their interest for the First Home Buyers Grant Scheme. We have also attended monthly talkback shows in three vernacular languages with the FBC during the two years.

MR. CHAIRMAN.- How does the First Home Buyers Grant work? If someone wants to buy, say a couple’s salary has to be below $50,000, do they apply directly to the Ministry or they go to the Bank?

MR. K. BOLA.- Mr. Chairman, they have to apply through the bank, any of the commercial banks, including Housing Authority.

MR. CHAIRMAN.- If they do not intend to take a mortgage, they want to supplement the rest from their own savings, then what do they do? They do not go to a bank. They only go to the bank if they need a mortgage and the $10,000 will be given by the Department. But if someone does not go to the bank, they do not want to take a mortgage, then what happens?

MR. K. BOLA.- Then basically the home buyers will not qualify because the criteria requires them to access the Grant through a bank loan.

MR. CHAIRMAN.- Alright.

MR. K. BOLA.- Because it will create a multiplier effect to the financial institutions, construction industries, carpenters and even the Government.

MR. CHAIRMAN.- Alright. The liquidity factor is to be considered here.

HON. A.M. RADRODRO.- They will have to start the process by going to the bank and fill in the form of a loan application for home buyers, that is the process. Once it is approved from there?

MR. K. BOLA.- The bank will send the application to the Ministry.

HON. A.M. RADRODRO.- As the first-home buyer?

MR. K. BOLA.- Yes.

MR. CHAIRMAN.- Madam, the Audit issue was, and I quote:

“There were significant delays in processing the grant applications after it was received from the banks on behalf of the grant applicants. From the sample of application reviewed, the Department took an average of 113 days to provide final approval for the grant to the applicants.”

Why was this delay? The banks usually need an answer within 30 days. If you do not send the offer letter, they will refuse the loan.

MR. K. BOLA.- Mr. Chairman, the delay was because once we receive the applications from the commercial banks, we do our verification, then thereafter, we refer it to the Solicitor-General’s Office for another vetting, so that was the bottleneck now. Since August last year, we have changed the process. Once we verify, then the Committee will meet within the Ministry, then it will approve that.

MR. CHAIRMAN.- So on average, how long was it taking for the Ministry on your side to process it, it is 113 days in total, you plus the Solicitor-General, or was it just you? But the Department took an average of 113 days, leaving the Solicitor-General’s aside. So, you will streamline that now?

MR. K. BOLA.- Yes, Sir.

MR. CHAIRMAN.- How many days does it take now? It is not an audit issue, I am just asking out of interest.

MR. K. BOLA.- One to two months.

MR. CHAIRMAN.- Two months is what, sixty days?

MR. K. BOLA.- Yes, a month, four weeks turnaround time.

MR. CHAIRMAN.- So what sort of documents do you see for this home loan?

MR. K. BOLA.- Their income salary slip, birth certificates for the couple applying as joint applicant, their marriage certificate, their TIN letters and the bank’s statement.

MR. CHAIRMAN.- Do you also interview them before processing?

MR. K. BOLA.- Only in some cases when the application is not fully complied with. We liaise through the banks, Sir.

MR. CHAIRMAN.- Do you also do some investigations to find out if it is a marriage of convenience, et cetera, just to get the loan? Do you do some spy work?

MR. K. BOLA.- Yes, we normally do some spy work in terms of their background. For example, if they have previous properties somewhere else and if they have married before and are divorced, we have to get their dissolution of marriage.

MR. CHAIRMAN.- This is for the first home buyers, you must not own a property before that. If someone owns a property elsewhere, and if they want to apply for this grant, you have to do a background check on that?

MR. K. BOLA.- Yes, the banks will do the title search and we will re-verify it.

MR. CHAIRMAN.- Then you might have to also check with the Stamp Duties Registrar, they might have the records.

MR. K. BOLA.- Yes, Sir.

HON. RATU S.V. NANOVO.- Still on that, Mr. Chairman, I think most of the work that they are doing again is part of the bank’s work.

MR. CHAIRMAN.- The banks really will not go and do the detail search, they want their money, they want their interest. Usually, it is the Government’s interest to see that this is reaching the intended population. The bank will give it to anyone. Actually, the banks on Saturdays, the come with advertisements, they will give you interest, unsecured loans at booths in some location. So I think it is the Department’s investigation in those areas that was taking this time but the more thorough you are, the better it is.

Please, move on.

MS. J. KOROVOU.- Mr. Chairman, we just want to inform the Committee that subsequent to the streamlining of the process, we have seen an increase on the processing of the applications. So as of 1st March, 2017, the credibility, the utilisation of the First Time Home Buyers Grant, a total of $7,140,000, benefitting a total of 1,015 applicants, encompassing 442 applicants for $5,000. This concerns applicants who are applying for a property, a house already built on site, and 570 applicants for the $10,000 grant.

MR. CHAIRMAN.- So the options are either you buy a house or you build a house?

MS. J. KOROVOU.- Yes.

MR. CHAIRMAN.- If you are just buying the land, you do not qualify, you have to build a house on that?

MS. J. KOROVOU.- No, Sir, you qualify for $10,000 but if you are buying a house on the land, it is only for $5,000 which is only for those who are applying for an already built property.

MR. CHAIRMAN.- If you want to buy and build, that is when you get $10,000?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- That was on Department of Housing. Any final questions on that before we take a short break and then we go to Local Government.

HON. RATU S.V. NANOVO.- What is the maximum housing loan for a couple?

MR. K. BOLA.- Some as high as $100,000, $200,000 or $300,000, depending on the eligibility.

MR. CHAIRMAN.- Is the total budget of $6.9 million been exhausted or still there are some money remaining in that?

MR. K. BOLA.- We have spent up to $7.9 million.

MR. CHAIRMAN.- The budget here was $6.99 million.

MR. K. BOLA.- Yes, over the years, we have accumulated $7.9 million but the yearly budget is $10 million.

MR. CHAIRMAN.- Of the $10 million, you have used up the $7 million?

MR. K. BOLA.- For this year, we have utilised $2 million.

HON. RATU S.V. NANOVO.- The approval of the grant, Mr. Chairman, was it given by the Minister?

MR. K. BOLA.- That is correct, Sir.

HON. RATU S.V. NANOVO.- Is it the Minister responsible for Housing?

MR. K. BOLA.- Yes, Sir.

MR. CHAIRMAN.- In the column there, approval date for grants from the Department is all “Minister/PS approves”, so probably after the vetting by the bank, it goes to the Minister and then he sends the final document before allocating. Just a question arising from that?

If someone lies to the Department, giving incorrect information, false information to obtained his grant, is there any recourse that you have?

HON. RATU S.V. NANOVO.- There should be.

MR. CHAIRMAN.- Is there any sort of penalties, sanction that you apply? Has there been any case like that?

MR. K. BOLA.- Come again, Sir?

MR. CHAIRMAN.- My question is, if someone gives false information to your Department to obtain this grant, is there any recourse that you have, any sort of sanction that you can apply on the person?

MR. K. BOLA.- Yes, it is covered in their declaration, Sir. They have to sign a declaration form, witnessed by a solicitor.

MR. CHAIRMAN.- Is there any particular case that arose like this, someone giving false information?

MR. K. BOLA.- Not so far, Sir.

HON. A.M. RADRODRO.- Just a supplementary question on the numbers that you process, can you provide for this Committee the applicants approved by Division and also by date order?

MR. CHAIRMAN.- No, that is not necessarily an audit query.

HON. A.M. RADRODRO.- If they can provide by year order.

MR. CHAIRMAN.- You can give statistics for national alone, but for provinces, sectors, I do not think that is necessary.

HON. A.M. RADRODRO.- By Division, you have the Commissioner Central, Commissioner Western?

MR. CHAIRMAN.- Alright, yes, Commissioner Western and Commissioner Central.

HON. A.M. RADRODRO.-Yes, by Division and by date order, how many were processed last year, this year and the year after and before.

MR. CHAIRMAN.- We will take 10-minute break, tea is served at the back of the room. We will come back after 10 minutes when we will resume with the Ministry of Local Government. Thank you very much.

The Committee adjourned at 11.35 a.m.

The Committee resumed at 11.54 a.m.

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

In Attendance:

1. Ms. Julia Korovou - Deputy Secretary (DS)

2. Aminiasi Qareqare - PEO

3. Kolinio Bola - Director, Housing

4. Vula Shaw - Principal Admin. Officer (Housing)

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MR. CHAIRMAN.- We will now look at Volume 3 – Audit Report on the Social Services Sector, Parliamentary Paper No. 65 of 2015: Section 26 - Ministry of Local Government, Urban Development and Environment, to start off with and then we will move to Volume 3 of 2015 Report. May I now ask, Madam Deputy Secretary, to please, take us through your submission.

MS. J. KOROVOU.- Thank you, Mr. Chairman.

Part A: Financial Statement; 26.1 - Audit Opinion; the audit of the 2014 accounts of the Ministry of Local Government, Urban Development and Environment resulted in the issue of a qualified Audit Report and we have noted the qualification which is the unreconciled variance of $593,140 in the Department of Environment Main Trust Fund Account.

26.2 - Statement of Receipts and Expenditure; the Ministry collected revenue amounting to $249,450 and incurred expenditure totalling, $19,018,640 in 2014. The Ministry’s revenue increased by $63,496 or 34.1 percent in 2014, compared to 2013 due to increase in Town and Country Planning fees collected, increase in commission revenue and increase in miscellaneous revenue.

MR. CHAIRMAN.- What is that commission for?

MS. J. KOROVOU.- May I ask the OAG to enlighten us on this.

AUDIT REP.- The 2014 State revenue increased by $649,107. The increase was due to future paying registration fees for three years’ term instead of one year.

MR. CHAIRMAN.- The question is the commission in Table 26.1. Receipts, State Revenue, Town and Country Planning Fees and just underneath that, commission in 2013 - $4,679 and 2014 - $5,413. What is that commission for? Why would the Ministry receive commission?

AUDIT REP.- My apology, I was not reading from the correct section.

Mr. Chairman, can we come back to you on that? Thank you.

MR. CHAIRMAN.- Just before we continue, that unreconciled variance of $593,940 in 26.1, are you going to explain that later on or …?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Please go ahead.

MS. J. KOROVOU.- Thank you.

26.3 - Appropriation Statement; the Ministry incurred expenditure totalling $19,018,640 in 2014 against the revised budget of $22,749,604, resulting in savings of $3,730,964 or 16.4 percent.

26.4 - Statement of Losses; there was no loss report for the Ministry in 2014. A Board of Survey for the ending 31st December, 2014 was conducted by the Ministry.

MR. CHAIRMAN.- There was a Board of Survey done but still no loss was reported, that means everything was in order?

MS. J. KOROVOU.- That is right, Sir.

MR. CHAIRMAN.- Alright, thank you.

MS. J. KOROVOU.- 26.5 - Trust Fund Account Statement of Receipts and Payments; the Environment Main Trust Fund Account had $2,872,275 credit balance for the year 2014, compared to a credit balance of $2,094,231 in 2013.

Moving on, Part B: Audit Findings; 26.6 - Main Trust Fund Account - Unreconciled Balances; the variance of $593,940.51 was inherited by the Ministry from the Ministry of Lands, following change in ministerial portfolio in 2010, resulting in the transfer of the Trust Account to the Ministry.

MR. CHAIRMAN.- Can you explain that a bit more? There was a change in the ministerial assignment, so the Ministry of Local Government was handled by some other Minister?

MS. J. KOROVOU.- The Department of Environment, Sir.

MR. CHAIRMAN.- Where was it before?

MS. J. KOROVOU.- It was with the Ministry of Lands.

MR. CHAIRMAN.- So it was a carry forward balance?

MS. J. KOROVOU.- Yes, Sir.

MR. CHAIRMAN.- Was it a credit balance or a debit balance?

MS. J. KOROVOU.- Credit balance, Sir.

MR. CHAIRMAN.- So you got more money?

MS. J. KOROVOU.- No, actually there was an irregularity. It was supposed to reconcile to zero but that did not happen and we have inherited that. The Ministry has been doing some reconciliation work and jounalisation and in the process, it has noted some mis-postings in consultation with the FMIS. So that has resulted in the variance being reduced from $593,940 to $330,085 in 2015, compared to 2014.

MR. CHAIRMAN.- So that issue of unreconciled variance, that amount has reduced but were there any steps taken to reduce it further? Has it been finally reconciled? I hope it is not written off at some stage.

MS. J. KOROVOU.- Sir, the Ministry had actually approached Ministry of Economy but the amount is too substantial to be considered as a write-off .

MR. CHAIRMAN.- Exactly, it will be a huge worry if that amount is written off. Ministry of Economy, they are saying that they are able to verify some to bring it down from $593,940 to $330,085, are you able to assist them in their reconciliation?

HON. RATU S.V. NANOVO.- Mr. Chairman, still on the variance, we do thank the Ministry for not taking the advice from the Ministry of Economy for writing off. Almost all the Ministries in 2014did do the write-offs.

MR. CHAIRMAN.- Yes, we will here from Ministry of Economy on how they are able to assist and then we will come to that question.

MOE REP.- Thank you, Mr. Chairman. We will go back and assist them, of course, we do not want to write off. I think everyone is just having an issue of write-off. It was not an easy way out, as I mentioned in the beginning. The write-off was needed so that we can balance the book or else what was happening was, this issue was carried forward, as was earlier informed, there was movement of staff, some have retired, so there were some unreconciled figures.

To kick start, we went for write-off so that, at least, we can go on from there but write-off is not always an option. We are not going for write-off or any amount we find that cannot be reconciled, the easy way is to write off but we will work with them and as mentioned, each year there is movement in the budget, normally reshuffle from one ministry and moves to the other ministry or a department moves to another department in the budget estimates. So we have to also transfer the balances from one to the other.

MR. CHAIRMAN.- After the implementation of the FMIS, is this issue of reconciliation to a minimal now after 2016 or is it still recurring? We had discussed the issue of reconciliation in the morning and the problem was that when they changed from the old system to the new system, a lot of documents were not there to verify so that remained as an unreconciled balance. It is now being centrally monitored by FMIS. Has the issue of reconciliation (not for this Ministry) gone down?

MOE REP.- Overall, it is much better now because the write-off has really helped. So whatever the balances are there, now they are able to reconcile. So we will see in future, like 2016 and 2017 this reconciliation issue is much lesser.

MR. CHAIRMAN.- Yes, Madam Deputy Secretary, I hope that you are able to verify more of that and bring it further down. I mean, 2015 shows $330,085 so in future, it probably might go down further.

HON. RATU S.V. NANOVO.- I just want to thank the Ministry of Economy for not encouraging this Ministry to also do some write-off and I hope we will not drive them to write-off.

MS. J. KOROVOU.- Thank you, Sir, for the information of the Committee, the Ministry is committed to rectify the inherited anomaly in accordance with the regulations and procedures in place.

26.7 - Variance in FNPF Figures; the Ministry had clarified this with OAG that these variance occurred due to the payments of the 2014 December FNPF payments which was done in January the following year (2015). This has been rectified and the Ministry ensures it will strictly follow finance regulations and procedures in place pertaining to FNPF monthly reconciliation of salaries and wages.

MR. CHAIRMAN.- That was FNPF, there was just another table 26.4, variance in Environment Trust Fund which has a finding. It says there, and I quote:

“The finding show laxity of the officers responsible for not performing their duties. As a result audit was not able to ascertain that all receipts and payments had been accurately accounted for in the main Trust Fund account.”

What is the reason behind some officers being lax and not performing their job?

Part B: Audit Findings - 26.6 and there is a table there 26.4, right underneath that table there is a finding. The finding shows laxity.

MS. J. KOROVOU.- I think that still relates to the inherited variance from the Ministry of Lands which the Ministry is trying its best to rectify.

MR. CHAIRMAN.- When they say `staff’, is it the Ministry of Lands staff or your staff?

MS. J. KOROVOU.- Ministry of Lands staff. The anomaly was actually inherited from Ministry of Lands during the transition of the ministerial portfolio in 2010.

MR. CHAIRMAN.- Please, go ahead.

MS. J. KOROVOU.- 26.8 - VAT Reconciliation; the Ministry noted the audit issue and recommendations of the OAG. Necessary actions were effected in 2015 to rectify this anomaly and the Ministry ensures that it will strictly follow the finance regulations and procedures in place pertaining to VAT payments and preparation of VAT returns.

MR. CHAIRMAN.- Any questions so far, Honourable Members?

HON. A.M. RADRODRO.- Could the DS confirm to the Committee that those necessary actions highlighted in the comments are basically working on the reconciliation exercise and not write-offs?

MS. J. KOROVOU.- Those are reconciliation or write-offs.

26.9 - Construction of Naboro Landfill Stage 2; the Ministry noted the audit issue and recommendations by the OAG on the capital projects to be properly planned and managed so that funds allocated are effectively used within a fiscal year.

Sir, the Ministry had executed proper planning for the design and construction of the Naboro Landfill Stage 2. However due to unforeseen circumstances, with regards to the 15 percent Withholding Tax Policy, the contract design work was not finalised in 2014.

MR. CHAIRMAN.- You mentioned the 15 percent withholding tax issue and the contractor was not ready to pay that. Usually with the withholding tax, you hold 15 percent and then pay directly to FRCA, so was he not agreeing to that?

MS. J. KOROVOU.- Mr Chairman, may I ask the Principal Environment Officer to enlighten the Committee on that.

MR. A. QAREQARE.- Thank you, Mr. Chairman, and Honourable Members.

When the Department of Environment went to tender to design works for Stage 2, the policy for the Revenue Department was that they had not included withholding tax as part of the policy, but that changed after the awarding of tender. And when this contract was verified by the Solicitor-General’s Office, they showed that the withholding tax issue was missing in the contract but the tender had already been awarded. Moreover, when the tender documents was given out, the withholding tax issue was not reflected in the tender documents, so that was where the disagreements were and caused the delay in the construction.

MR. CHAIRMAN.- What was the final outcome, was it put in the tender document after all?

MR. A. QAREQARE.- Mr. Chairman, the Ministry had to pay $44,000 as withholding tax to FRCA.

MR. CHAIRMAN.- So the Ministry incurred the loss because that was not put in the tender document?

MR. A. QAREQARE.- Correct, Sir.

MR. CHAIRMAN.- Who was vetting this contract document for you?

MR. A. QAREQARE.- We went to Solicitor-General’s Officer to write the contract. They identified it but it was not identified in the tender document when the Fiji Procurement Office put out the tender. And it was also a change in policy, so between the time it was tendered and the time it was offered, there was a change in the process.

MR. CHAIRMAN.- Alright. That means that had it been properly monitored, probably that $44,000 would have been saved.

MOE, that 15 percent withholding tax has always been the position, is it not? We heard from one of the entities that that was not there, it is only for overseas contractors, not for local.

MR. A. QAREQARE.- What we noted, Mr Chairman, is that, the 15 percent withholding tax is only for overseas companies that are bidding into local contracts.

MR. CHAIRMAN.- This was a local company or overseas?

MR. A. QAREQARE.- It was an overseas company, Coffey International.

MR. CHAIRMAN.- So that was a clear cut, the draftsperson missed that. Any questions on that?

HON. A.M. RADRODRO.- Mr. Chairman, on the audit findings, there are a few issues that had been highlighted by the auditors. The first one was that, the contractor signed the contract document nine months from the date of tender.

The second one, the Ministry of Finance redeployed $1.2 million allocation for the construction of the second phase of the Landfill as the Department of Environment failed to utilise the fund.

The third one was, the Audit noted that the current operations manager of the Landfill raised this concern in its March 2015 report, that the current Landfill will reach its maximum capacity by November 2015.

The last one, the Ministry failed to carry out proper planning for the construction of the second phase of the Landfill and the Ministry may not be able to complete the second phase of the Landfill before the current space gets filled by November 2015. Can we just get an update on these particular audit issues mentioned?

MR. A. QAREQARE.- Mr. Chairman, through you, I thank the Honourable Member. Yes, the findings from the OAG are noted, however, the reason for the delay of nine months was basically our going back and forth with the consultant who was awarded the tender on the clarification as to who will pay the withholding tax, and it took us that long.

Secondly, the construction was completed a month ahead of schedule, the cell that was done in Naboro. At the moment, rubbish that are collected in the Central Division are currently using this cell now in Naboro to dump their waste.

MS. J. KOROVOU.- 26.10 - Waste Transfer Station; the Ministry noted the audit issue and the recommendations of the OAG. Whilst the Ministry admits that the work under this capital project was not properly managed, this was mainly due to staff workload as the only officer available was also responsible in delivering other capital projects.

In terms of the way forward, the Department has assigned a desk officer this year, who is solely responsible for ensuring that works are carried out as per the capital project work plan.

MR. CHAIRMAN.- The Audit finding says, and I quote:

“The finding indicates the Ministry’s lax attitude in its service delivery which resulted in the tender process to be carried out towards the fourth quarter of 2014. The project was delayed which may result in poor service delivery to the community.”

Why does that happen?

Twice, the Auditor-General has noted that lax attitude, that means no hands on approach. Please, Director, if you can explain?

MR. A. QAREQARE.- Thank you Mr. Chairman. The project had undertaken the preliminary processes required of such development at Naboro, for example, undertaking of the Environment Impact Assessment (EIA) study, et cetera. However, there were constraints encountered when we consulted the communities who live at the peripheries of the development site.

The Waste Transfer Station used to be located at Laqere, the old Government quarry site. We received advice from the Department of Town and Country Planning about the rezoning eligibility and those kind of developments were eligible. It is a Crown land but when we undertook the due process of doing an EIA and consulted the people around the community, some objected to the waste transfer station. So the idea of waste was altogether combined with having another dump there. So those misconceptions also affected how the project was to be but we are revisiting that area, Mr. Chairman, and for the noting of the Honourable Members of the Public Accounts Committee, we are revisiting Laqere and going back to the communities to communicate may be a more better way of how the waste transfer station will be done. It is an inclusive facility and not an open area, so we are going back to the community.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question to this, now we hear that the transfer station will be a bit delayed, how will the Ministry tackle this initial process where you will need to have a waste transfer, so it is no longer going to be a reality until it is operational? What will happen to the costs of the transfer of waste from here to Naboro?

MR. A. QAREQARE.- Thank you, Honourable Member. At the moment, operations will be as usual, there will be no collection of waste at the central area. Councils will be taking their waste to Naboro until the transfer station is established, but it will also be a big ask on the Councils to take their waste to Naboro. For example, the Nausori Town Council does about 42 kilometres one way to Naboro, so it is a big ask on them. That was the reason we tried to establish a transfer station and we are pursuing it.

HON. A.M. RADRODRO.- Is there any timeline when this station will become a reality?

MR. A. QAREQARE.- The designs and all preparatory works are being done. As I have said, we are going back to the community to get their collective agreement on the project. We are hoping that end of 2017 we will be able to dig some holes to start the initial construction into the transfer station at Laqere.

(Inaudible)

MR. A. QAREQARE.- Yes, Sir.

(Inaudible)

MS. J. KOROVOU.- Firstly, it is a State land and rezoning for that particular land allows such development to take place. Also considering the rubbish collection issue, given that the Nasinu/Nausori corridor is heavily populated by squatters, the intention of Government is actually to help the Nasinu and Nausori Town Councils collect rubbish from those squatter settlements, as well as areas that are not covered or included within the town boundaries and city boundaries, such as Tacirua areas, et cetera. Thank you Sir.

MR. CHAIRMAN.- Let us move to the operation of Naboro Landfill, there are numerous issues there.

MS. J. KOROVOU.- 26.11 - Operation of Naboro Landfill; the Ministry had requested for the recruitment of a qualified engineer through the 2015 Budget submission but this was unsuccessful, so we are now trying through the 2017-2018 Budget.

MR. CHAIRMAN.- The agreement said that the engineer is the Permanent Secretary or their nominee but the Ministry failed to appoint an engineering supervisor operations Naboro Landfill. Is it still being run unsupervised?

MR. A. QAREQARE.- At the moment, the Ministry has sought the services of an engineer that is based at the Department of Housing and we had also sought the services of a senior JICA volunteer, who was based at the Nausori Town Council to assist the Department in the verification of the payments and the construction works.

MR. CHAIRMAN.- Yes, because it is also noted that the Environment Officer who is overseeing this project does not have the required expertise for the operational management of an active landfill phase and the outline of the landfill. The internals of existing Landfills assets, include weighbridge, Landfill access road and building. What does that mean, the environment officer was not qualified to take the position?

MR. A. QAREQARE.- Mr. Chairman, that is correct, environment officers have environmental studies and environmental science background, we need a person with an engineering background to verify this.

MR. CHAIRMAN.- Yes, exactly. It was noted also that, and I quote:

“In the absence of a qualified Engineer supervising the operations of the Landfill, there is a high risk that the Ministry may not be able to detect malpractices by the contractor.”

First, the contractor on one side and a not so qualified person on the other side, it is very hard to monitor. So you are saying that the steps have been taken to appoint someone suitable for the position?

MS. J. KOROVOU.- That is correct, Sir.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question to this Audit issue; Table 26.9 - Total Subsidies paid to Naboro Landfill Operations, can you just inform the Committee on the operations of this subsidy and who is paying for these?

MR. A. QAREQARE.- Honourable Member, we receive gate fees at Naboro that is paid in by all who are dumping waste at Naboro. That money is put in our trust fund. Any shortfall in the amount of money received is assisted through the Naboro Landfill subsidy that is provided by Government on an annual basis of about $1.9 million.

HON. A.M. RADRODRO.- So this $1.9 million in revenue is paid by all the Town Councils, what about this subsidy of $1.1 million?

MR. A. QAREQARE.- Correct, Honourable Member, the money is not only given by the Councils, it is also given by all other waste collecting operators, like Carpenters, Waste Management, Waste Clear. Whoever enters into Naboro pays a gate fee and if there is a shortfall under the contract, then that is where the subsidy does come in. That allocation is with the Ministry provided by the Ministry of Economy. We top up that money when the shortfall in revenue is not met to pay the operator of Naboro Landfill.

HON. A.M. RADRODRO.- What is the standard requirement before the Ministry tops up as per subsidy here? What is the expected maximum or minimum output that a council needs to provide to the Naboro Landfill?

MR. A. QAREQARE.- There are certain timelines that whoever comes into Naboro has to pay their debt. Anything past 90 days which is three months, that is when gates should really be closing on those who come to Naboro but yet, we are still are accommodating that because we do not want to see the waste.

However, going back to your question, Sir, when we see the revenue collected and fees paid are not sufficient, then that is the only time we go to the subsidy to top up that money. So it depends, if in a month the revenue collected is sufficient to pay the operator, then we do not go to the subsidy but if there is not enough money then we go to the subsidy just to top up.

MR. CHAIRMAN.- 26.12 has all of the answers there, Naboro Landfill debtors.

(Inaudible)

MR. A. QAREQARE.- Thank you, Honourable Member. There is no specific criteria. The criteria that we use is when the amount of money is not enough in the Trust Fund that is paid by people who enter Naboro and pay their waste. There are two accounts, one is when you come in as a waste collector and dump your waste in Naboro, you pay money to the operator and if that money is not sufficient to pay for the operator of the Landfill, then Government comes in. There is no specific criteria.

HON. A.M. RADRODRO.- No separation of industrial waste and household waste?

MR. A. QAREQARE.- Correct, Sir.

HON. A.M. RADRODRO.- And why is that?

MR. A. QAREQARE.- The transfer stations were supposed to do that as well. At the moment, general waste is one and we have industrial special waste is another waste that is collected. At the moment, there is no separation, everything is being dumped together.

HON. A.M. RADRODRO.- The household wastage subsidising is also for the industrial waste, we could say it from that sense?

MR. A. QAREQARE.- Honourable Member, what is happening is Government was subsidising for everyone since 23rd June, 2015. Since that date, the gate fees has now increased to be the same level as operator of the Landfill which is about $37.68, before it was $21.58, and it is for everyone. However, Government is now subsidising only for the Municipal Councils but not for the private sector.

MR. CHAIRMAN.- 26.12?

MS. J. KOROVOU.- 26.12 - Naboro Landfill Debtors; the Ministry noted the Audit issue and the recommendations of the OAG, that the Permanent Secretary ensures that the contractor complies with all aspects of the contract agreement and effectively manages the Naboro Landfill debtors, as well as consider assisting the contractor in collecting the debts from the Municipal Councils as 82.3 percent of the debts are owed by the Councils.

To that effect, Sir, briefly on the background, the contractor has to pass all revenue from the operations of the Naboro Landfill to the principle and assumes responsibility for recovering all debts that are incurred for customers allowed on credit basis. Specifications state that the contractor must ensure that there are sufficient funds in the nominated Trust Fund, to ensure payment to the contractor for the previous months. This, in itself, acts as a control measure for requiring the contractor to recover minimum of $230,000 to $250,000 from its creditors.

Sir, majority of the debtors are Municipal Councils, and the Ministry is also responsible for the affairs of Local Governments, therefore, appreciates the variable and volatile cashflows experienced by the Councils mentioned.

We have actually put in place control measures and for this year alone, comparing the total January debtors to February 2017, we have noted a substantial decrease in the debts owed by the Councils to the operator. For example, Lami Town Council owed $17,000 to Naboro and this was reduced to $6,000 in February 2017, so within a month-span the Ministry, in consultation with the contractor, we were able to improve in our collection.

MR. CHAIRMAN.- I have a question on that one. Before this Naboro Landfill came into existence, where were the respective Town Councils dumping their rubbish? Were they paying any charges for that?

MINISTRY REP.- Mr. Chairman, the difference between the Suva Dump Site that was managed by the Suva City Council at Naboro, firstly, was that the gate fees was nominal and the other thing is the distance being travelled. For instance, Nausori had to travel at that time and return, it would be 30 kilometres but now return is 80 kilometres, and that is a challenge. We are working closely as a Department with the Department of Environment to work out measures to reduce waste at source and also to see how we can work with Councils to reduce and bring in efficiency in carrying waste from the respective Councils to Naboro.

MR. CHAIRMAN.- Because you just mentioned that you are looking at options of reducing waste at source but the population of that area is growing and the waste will increase. So the distance travelled from Nausori to Naboro and return is 80 kilometres, that is going to stay there, is there any way to curb the problem?

MR. K. BOLA.- Mr. Chairman, to reduce at source, a study for Lautoka and Nadi has shown by scope in 2002 that 60 percent of the total waste generated are kitchen waste and kitchen waste is something that can be used for compost purposes. The other area will be pet bottles and we are trying to educate the Nasinu-Nausori corridor on this. We have been able to now get assistance from Japan through JICA, volunteers are in trying to get into community programmes and also Clean School programmes are now being introduced in the Central corridor to teach and get people educated on the 3Rs Programme.

MR. CHAIRMAN.- Just a point of interest, in Europe, I have noticed that they have three rubbish bins all over the place, one is recyclable stuff, like cans and bottles; one is paper and the other is all other wastes. So those two go for recycling, so any options to be considered here?

MINISTRY REP.- Mr. Chairman, we have proposed in our Budget 2017-2018 a grant request, to introduce these bins in public areas where population is high, in particular the Central Business District areas so that we are able to very much bring this concept at the local level.

MR. CHAIRMAN.- So that should reduce the waste at source and then curb our gate problem here.

(Inaudible)

MINISTRY REP.- Yes, we are currently working 3Rs and as earlier said, JICA is assisting us in this corridor - Suva, Nasinu, Lami and Nausori areas.

HON. RATU S.V. NANOVO.- We also noted that when the account of the Landfill is not enough, Government normally pays subsidy in that in order to keep it going. Will the Council at the end of the day, repay that money back to Government?

MINISTRY REP.- Honourable Member, the Municipal Councils have a general understanding on the nominal gate fee they are supposed to pay, and that is the amount that we pay. The variation in cost to meet and the breakeven, et cetera, is worked upon by the Department of Environment since they manage Naboro Landfill.

HON. RATU S.V. NANOVO.- This charge to each individual Council is based on the ability to pay?

MINISTRY REP.- It is based on the tonnage.

HON. RATU S.V. NANOVO.- I mean, your ability to pay is also based on the income?

MINISTRY REP.- It is a flat fee, a subsidised flat fee of $25 per tonne.

HON. A.M. RADRODRO.- The operations of the Naboro Landfill, its revenue and arrears, who is operating this Naboro Landfill, is it the contractor or the Ministry?

MR. A. QAREQARE.- It is a New Zealand company but registered in Fiji as well, HG Leach. They collect on behalf of Government and they put it into our fund. Everything is audited.

MR. CHAIRMAN.- This was noted on the second paragraph, and I quote: “The Contractor allowed rubbish to be disposed at Naboro Landfill on credit.” So they are the ones who are allowing the rubbish to be disposed on credit.

Yes we can move on to the next segment, 26.13.

MS. J. KOROVOU.- Thank you Mr. Chairman.

26.13 - Naboro Landfill Design and Construction of Phase 2; the Ministry noted the Audit issue and the recommendation that the Permanent Secretary should ensure that a qualified engineer is appointed to monitor, supervise and review progress claims or the construction of such projects in future.

Sir, the Ministry had requested for the recruitment of a qualified engineer through the 2015 Budget submission but was unsuccessful, so it is going to make a submission through the 2017-2018 Budget submission.

HON. A.M. RADRODRO.- A supplementary question to my earlier question, the operation is done by the contractor there, what is the term of the engagement that you have and whether public tenders are processed after the end of the term?

MS. J. KOROVOU.- Mr. Chairman and Honourable Member, the contract will end in July 2017. This was after the extension, it actually expired last year (December 2016) so the Government actually renewed its contract extended to July 2017.

MR. CHAIRMAN.- Let us move to Volume 4.

What I suggest is that, there are a number of issues here, and it might not be suitable or sufficient to finish in 20 minutes. Should we take this submission on another day?

What we are suggesting, DS, is that there are a number of issues here, it is a qualified report as well. I think it will take more time for us to review and probably, give you some time to prepare as well. So what we will do, Madam DS, is that our Secretariat will liaise with you in the following week, next week some time, they will allocate a time that is suitable to all of you. Will that be alright?

MS. J. KOROVOU.- That is noted, Mr. Chairman.

MR. CHAIRMAN.- Honourable Members, what we will do, I know it is a bit of a laborious work for Ministry to answer on two years’ audit report, we are trying to streamline processes to save some money for the Government too and for that consideration, we will defer this submission to another day and the Secretariat will liaise with the DS to get a suitable time.

With that, I would like to once again thank you, Honourable Members, and also thank the team from Ministry of Local Government, Housing and Environment Thank you very much for your appearance this morning and afternoon, and we shall take the remaining submission on another day.

MS. J. KOROVOU.- Mr. Chairman and Honourable Members, we would like to thank you for the opportunity provided to respond to the Audit queries. Also, we would like to enlighten the Committee that the Ministry is currently working on the Accounts Section due to under staffing as we are understaffed. Given the $53 million budget that we are managing, the only senior officer in the Accounts Department is our Senior Accounts Officer, so we are looking at upgrading our human resource capacity through the 2017-2018 Budget submissions. Thank you, Sir.

MR. CHAIRMAN.- Thank you. That will be good if that can happen. The questions and queries that were remaining, OAG will have some clarifications for you in writing and then you can send it to us.

With that, thank you very much.

The Committee adjourned at 12.40 p.m.