**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**THURSDAY, 18TH MAY, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON THURSDAY, 18TH MAY, 2017 AT 9.46 A.M.**

**Submittee: Ministry of Agriculture**

In Attendance:

1. Mr. U. Waibuta - Deputy Secretary, Agriculture Development
2. Ms. Mereseini Bou - Director Human Resources
3. Dr. Apaitia Macanawai - Acting Director, Research
4. Mr. Mahendra Kumar - Principal Agriculture Officer – LWRM
5. Mr. Vatimi Rayalu - Acting Chief Economist
6. Mr. Sikeli Baleisuva - Acting Principal Accountant

DEPUTY CHAIRPERSON.- Honourable Members, members from various Ministries and institutions, members of the media; on behalf of the Public Accounts Committee (PAC), I welcome you all to our Meeting. Honourable Members, today we have the Officials from the Ministry of Agriculture and as per our discussion yesterday, the PS gave his apologies, he was supposed to come but I think he got engaged in his Ministry’s responsibilities. Nonetheless, he has sent his good and dedicated Officials so on behalf of his Ministry, I welcome you all Sirs and Madam to this Meeting.

We are here to discuss the issues raised in the 2015 Auditor-General’s Report and whilst we appreciate various extensive responses that had been given in written form, nonetheless, we would like anyone from your good Ministry who is designated to lead us through this submission to do so and without further ado, I now give the opportunity to the Officials from the Ministry of Agriculture to take us through.

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members of this very important Committee. First of all, let me acknowledge the invitation and the directive to be here to answer to certain issues in regards to the 2015 Report. I also wish to relay the apologies, as alluded to earlier by Deputy Chairperson, from the Permanent Secretary for not being present here this morning since he is on an overseas trip.

But again, Deputy Chairperson and Honourable Members, despite all the anomalies that had identified in the previous Audit Reports, the Ministry of Agriculture definitely continues to try and improve in some of the areas identified, and also continues with the implementation. We fully understand there are some of the challenges that we do face in regards to process and systems but that is definitely taken on board and we try to improve as we progress in the implementation of the different programmes we have within the Ministry.

Deputy Chairperson and Honourable Members, we are ready to answer certain issues and clarifications on the findings of the 2015 Report, and to answer on certain queries as stated in the Report. Thank you so much.

DEPUTY CHAIRPERSON.- Thank you, Sir. I am looking at the submission, I was just having a glance, you have designed your submission in two different responses? One, for the 2014 issues.

MR. U. WAIBUTA.- (Inaudible)

DEPUTY CHAIRPERSON.- So it is just 2015 today?

MR. U. WAIBUTA.- (Inaudible)

DEPUTY CHAIRPERSON.- Alright. So you can just take us through the submission. I think that starts from 30.6, if I am correct, as per your submission. I believe we had already completed 2014, which starts from 29.6 so we are on 30.6. So I am just requesting the designated Officials to take us through from there.

MR. S. BALEISUV.- Thank you, Deputy Chairperson and Honourable Members of the Committee. As for the issues of 30.6 - Anomalies noted in the Trading and Manufacturing Account; the Ministry is now updating its records in providing....

HON. A.M. RADRODRO.- Deputy Chairperson, I think it should start from 30.1 for 2015, like we always do for the other Ministries.

DEPUTY CHAIRPERSON.- Yes, Sir, if we can begin from 30.1 – Financial Statement as it appears in the Audited Report. Honourable Members has a desire to ask some general questions before we move on to the anomalies so if you can take us from 30.1.

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members of the Committee.

Part A – Financial Statement. 30.1 - Audit Opinion; the amount that is mentioned - $22,113 is the VAT component that was charged by the Ministry for the Trading and Manufacturing Account (TMA). TMA has been exempted from VAT, unfortunately due to the misposting that was done in the 2014 and the 2015 figures, the VAT was mistakenly charged by our officers. We are now working in consultation with the MOE Assets Management Unit (AMU) in trying to clear off this account. As of now, all the documents that substantiated that amount has been given to the MOE AMU.

In the second bulletpoint on the issue of TMA closing stock of finished goods, the Ministry managed to request the MOE to be an independent member of the annual stocktake that was done in 2015 and for the 2016 financial year as requested by the Auditor-General that they should also be an independent member. We had invited them as an independent member in the 2016 financial year.

As for the third bulletpoint, the variance of the balance between the General Ledger (GL) cash balance and the statement balance as stated in the Audit Opinion, as directed by our Acting Permanent Secretary in late 2015 we were directed to reconcile this account and make sure that the GL and the bank balance reconcile. We managed to do that in the reconciliation and we can assure the Committee that this account is now balanced.

On the issue of Trust Fund Account that is noted by the Committee, it was the variance in the bank balance in the Trust Fund Account balance and we have reconciled this account too. As we stated last week, there were some inter-funding that was done in the previous years but we managed to reconcile this account and as of the 2016 financial year in consultation with MOE. We managed to reconcile this account and also managed to bring the GL balance to be the same.

As for the Statement of Loss and the Board of Survey (BOS) for 2015, Deputy Chairperson and Honourable Members, we do agree that we did not conduct any BOSBOS in 2015 as our BOS was conducted around January and February and continuously during year 2016. The reason why we did not do our BOS for 2015 was because of the difficulties the Ministry faced for the appointment of a member as required by the MOE.

We need to appoint a member who is from outside our Ministry. Sometimes, it is hard to get someone from another Ministry to be present in our BOS and that is one of the technical issues that is really affecting our trying to have our BOS in 2015.

DEPUTY CHAIRPERSON.- Now, has the Ministry been able to get someone to do the BOS?

MS. M. BOU.- Deputy Chairperson and Honourable Members of the Public Accounts Committee, we have here the results of the BOS that was done during that time, the latest BOS that was done with the responses from the MOE.

HON. RATU S.V. NANOVO.- Just a question on that Deputy Chairperson; was it towards the end of the year as required by the BOS?

MS. M. BOU.- This BOS, Honourable Member, was done in 2016.

HON. RATU S.V. NANOVO.- Towards the end of the year or in the middle of the year?

MS. M. BOU.- At the beginning of 2016, because there was none done in 2015 so we decided that….

HON. RATU S.V. NANOVO.- MOE, can you take that as acceptable, done at the beginning of 2016 as opposed to the end of 2015?

MOE REP.- Thank you very much ,Honourable Member. For the information of the Committee, the issue here we can accept them, as mentioned previously to this Committee that it is done once a year, however please note that section 49 of the Finance Instructions does mention that for bigger Ministries there is an option for them. They can have a cyclic BOS and that can be every three years.

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

MOE REP.- Yes, because it says once a year.

HON. RATU S.V. NANOVO.- Saying that that is beyond 2015, can you take that as acceptable to account for the 2015 Audit, OAG?

AUDIT REP.- Thank you, Honourable Member. As auditors, we will have to assess whether we can accept it or not. The issue here is the cut off, 2015 and 2016. So for the loss of assets relating to 2015, if the 2016 Report is showing that there are a lot of assets that were lost or there is no major change, then it is acceptable, but that will be a systematic assessment before we can say it is acceptable or not.

DEPUTY CHAIRPERSON. - According to MOE, the Finance Instructions gives this leeway, depending on the size of the Ministry, if I am correct on that.

MOE REP.- – Yes, Deputy Chairperson, that is clearly stipulated in section 49 of the Finance Instructions.

DEPUTY CHAIRPERSON.- So how do you classify the Ministries, do you classify them as bigger Ministries according to the budget or according to their line of operations?

MOE REP.- Rightfully said, Sir. There is no benchmark for the public sector, however, we can only benchmark through the amount of budget allocation to respective Ministries, the location of these centres, like the Ministry of Agriculture.

We were also discussing these issues in the MOE, I suppose, the second part of the Finance Instructions, section 49. That was the response given to us, that the Ministry of Agriculture can have a cyclic BOS.

DEPUTY CHAIRPERSON.- The reason why I asked that question is because the OAG keeps on identifying this as a problem with some Ministries, that the BOS should be done at a particular time as required by the policies. However, it is good to note that we have been informed in regards to that.

HON. RATU S.V. NANOVO.- On that, Deputy Chairperson, to my understanding I think that should tie up with the finances of the year. I think it should be carried out before the end of that particular year. At least, you will know that all the losses that happened within that year is taken into account in that year’s financial statement. You cannot keep on changing, you should be firm with what you are saying. How can you determine which one is a big Ministry? What is the total budget, where you can say $30 million or $20 million? What is a big or small Ministry?

AUDIT REP.- Thank you, Honourable Member. The point is noted and I would allude also that the Financial Management Act does allow for cyclical BOS. It needs to be a policy decision from the Ministry responsible and the MOE. They need to set out a policy on BOS and what will be the benchmark to classify as large or small Ministries.

DEPUTY CHAIRPERSON.- MOE, we will request if you could give us a list of the Ministries that follow this practice, that they do their BOS in a cyclical manner.

HON. A.M. RADRODRO.- Deputy Chairperson, I know we are talking about the process according to the Finance Regulations. What we need to know from the Ministry is, do they have the resources to conduct this BOS on an annual basis? If you do not have it, then this audit issue might keep coming back. If you do not have it, you need to highlight that because of the limitation in resources, knowing that the Ministry of Agriculture is very sporadically widespread around Fiji and whether you have the capacity to conduct BOS on an annual basis in a timely manner.

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member. Definitely, the point is taken and those are some of the challenges we continue to face.

Apart from the difficulties in trying to get members from other line Ministries, even getting technical people within the Ministry itself to be a member of the BOS team is quite difficult because they also have their own activities they need to undertake, but the point is well taken on the how we can improve on the process of carrying out this important exercise.

HON. A.M. RADRODRO.- This issue can be part of our recommendation of the Committee for this Ministry.

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- They not only need additional resources, but proper resources to conduct this BOS. Is that right?

DEPUTY CHAIRPERSON.- Because we do acknowledge the nature of the work of the Ministry of Agriculture that it is very extensive.

Sir, if I may, in 2015 if you could make reference to Statement of Receipts and Expenditures, I can infer that the Ministry of Agriculture Inspection Fees decreased quite a substantial amount. Can we be explained exactly what these fees are, exactly what they are for? Why there has been a decrease?

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members of the Committee. For the increase in the Meat Inspection revenue, meat inspection is part of revenue for our meat inspectors, who go around and inspect butcheries and make sure that they are in compliance with the requirement of running a butcher. We have tightened up our collection in this area so that is why there is an increase in the revenue that we collected.

DEPUTY CHAIRPERSON.- Agriculture produce and inspection fees and there is a separate one there - Meat Inspection but I am referring to the first one. The Committee is wondering whether this responsibility was given to some other Ministry, was that the reason?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson. If I may intervene on this, the substantive decrease was because in the previous years, some of the fees and charges were coming to us but since Biosecurity Authority of Fiji (BAF) was a major component of the Ministry of Agriculture, some of those fees went directly to them and it is not showing as stated.

DEPUTY CHAIRPERSON.- So some of these fees had now gone to BAF?

MR. U. WAIBUTA.- Yes.

DEPUTY CHAIRPERSON.- Honourable Radrodro, you have a question?

HON. A.M. RADRODRO.- Registration Revenue and Licence Revenue, all those are decreasing.

MR. U. WAIBUTA.- Despite, Deputy Chairperson, the movement of some activities within the Ministry of Agriculture, we continue to have some regulatory activities within the Ministry. We are governed by about the 28 Acts and we charge certain fees to certain activities that we undertake, especially for Animal Health and Production, like registration of dogs and some other activities within the Ministry. Again, sometimes the response from communities and their ability to pay is something that is beyond our control.

For water charges, I think this was in some of our institutional quarters that we have and some of the staff who occupy do not pay their bills but we are going through the process of recovery from salaries and that is together with water charges and some of the rentals that are highlighted in the Report, Deputy Chairperson.

Deputy Chairperson, we have two resthouses; one in Dreketi and one in Taveuni (Coconut Centre), so the revenue generated is as stated.

MR. S. BALEISUVA.- Deputy Chairperson and Honourable Members, on the highlighted issue, we have started to provide electricity to some of our rural stations in order to improve their welfare in providing this service. That was where the revenue was coming.

DEPUTY CHAIRPERSON.- Sir, you can continue with the submission.

MR. S. BALEISUVA.- On the expenditure, Deputy Chairperson, the total expenditure for 2015 was $4.9 million or 8 percent in 2015, compared to the previous years. The major decrease was for Wage Earners which was $296,000 which is about 5 percent, compared to the 2014 financial year. The decrease was a direct result of the Management tightening up its control on overtime for our staff and other related composition relating to the Wage Earners.

In terms of our Operating Grants and Transfers expenditure, there was a decrease of $1.8 million. The reduction in the budget for SEG 6 was basically due to the removal of BAF Grant as BAF became a statutory body of Government.

The decrease in the Capital Construction in 2015 which is still a major challenge for the Ministry as we tried to provide our services to the rural areas and sometimes we found it hard to provide reputable quotations from reputable companies as required by the Finance Instructions. Sometimes our officers from the rural stations have to come right to town areas and cities in trying to look for quotations and it takes time to generate this and take it back to the Division.

The biggest challenge that we faced in the Ministry in terms of our utilisation is the geographical location of our stations. Most of our stations are located in rural areas and accessible to better services, our officers have to come back to the towns and cities to be able to get those items and deliver them to the station. That is basically one of the areas that is still a challenge for the Ministry.

In terms of Capital Grants, there was a decrease of $300,000, compared to 2014. It was mainly attributed to the delay in implementation of the Land Clearing Project and the Beef Multiplication Project. These two Projects did not go well because of the requirements that were there, especially for land clearing where we tried to get tenders processed and most of those works had to be done in rural areas. We tried to get tenders from companies that can move their machine to the rural areas and sometimes, companies do not want to move their machines because of the costs involved in moving the machines.

HON. A.M. RADRODRO.- Just a question on these explanations regarding expenditure, in terms of provision of services of the Ministry of Agriculture, does it affect your prudent management in regard to overtime and related compensation? Does it affect the delivery of services of the Ministry, especially for those outside of the Suva area, for example, in Lomaivuna and Vunidawa?

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, yes, it had an implication during the initially implementation but now, we have developed processes and systems on how we can address the issue.

HON. RATU S.V. NANOVO.- Deputy Chairperson, when moving around Kadavu during Christmas and New Year last year, we noted that all the Ministry of Agriculture quarters in the various *Tikina*  in Kadavu are empty right now. Is there a plan in place that they will be occupied again or what is the way forward from there?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member, yes, that is definitely true. At one point in time, the decision for the Ministry was to centralise most of the activities and operate from centralised location. But we have come to realise the problem around that particular decision so now, we are going back into the decentralisation plan.

Again, we identify people to go back to the stations and occupy those quarters. Some of those quarters, despite the lease still on are being taken up by the landowners again because it has been empty for quite some time so they moved in and occupied that. For us to go back in and get them out is another challenging area, especially in the rural areas. Some do not really want to move but some have agreed to move. Yes, for us to go back and occupy, it is a priority of the Ministry at this point in time, Honourable Member.

DEPUTY CHAIRPERSON.- So perhaps you can seek the help of Tui Kadavu.

(Laughter)

Ministry of Economy, does this Government quarters come under your Ministry?

MOE REP.- Sir, yes, under the Construction Implementation Unit (CIU).

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

MOE REP.- Sir, institutional quarters will be the responsibility of the respective ministries.

HON. RATU S.V. NANOVO.- In fact, that is the question.

HON. A. NABULIVOU.- I just ask a question in with regard to that and this applies to the Nabukaluka Station which has been paid by the Government but it is under your authority. Also the decentralised headquarters in Naitasiri has not started which will be based at Wainua which is a new station. Where is the decentralised station now, in Lomaivuna or Nausori?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member, the headquarters for Naitasiri, the Senior Agriculture Officer Naitasiri is based in Lomaivuna. However, the Principal Agriculture Officer is based in Nausori but some of the staff who are responsible for localities around close to the Nausori areas are based in Nausori. Otherwise, the Senior Agriculture Officer is based in Lomaivuna and as rightly said, yes, one of the quarters in Nabukaluka is the one occupied by landowners, despite lease is still valid.

HON. A.M. RADRODRO.- Deputy Chairperson, just an additional question, for those quarters outside of the main centres, one of the difficulties they face is the logistical accessibility of those people who are there in the stations. How does the Ministry provide for the resources to ensure that they do their work properly without hindrance, for example, no transportation? For those in Lomaivuna they have a very huge area to cover and most of the time they have limited accessibility because of no transportation and that has been highlighted previously. So, are there any plans for the Ministry to provide transportation to the stations in the Naitasiri region to allow for better accessibility?

DEPUTY CHAIRPERSON.- I think that is a good question because this kind of problems leads to these problems whereby the Ministry has to bear the cost of paying water bills, et cetera.

MR. U. WAIBUTA.- Thank you Deputy Chairperson and Honourable Members. Yes, the service delivery is always a priority for the Ministry. We ensure that we empower and also provide the resources to those officers who are out there in the rural stations but again, there are few challenges that we have, even within officers who are already in stations.

For vehicle we do not have any problem, we have quite a number of vehicles that we can allocate to stations but when we want to allocate vehicles to stations, those officers in stations do not have a driving licence to drive vehicles. So, this is another challenge that we have and we cannot afford to be appointing drivers to be irresponsible in respective stations. We want technical people to drive themselves and again, we have the problem of technical people having driving licence.

That is in one area on the allocation of resources. We have equip them with all the necessary equipment like laptops, even internet facilities. In some, we have to construct certain towers in order for officials to connect to the internet. It is an ongoing issue that requires outside intervention in order for effective service delivery in our rural areas.

HON. RATU S.V. NANOVO.- In regards to driving, Deputy Chairperson, when I joined the Fiji Development Bank (FDB), if you do not have a driving licence the Bank will assist you in getting a driving licence in order for the work to be carried out. Can that be also targeted for in your Ministry?

MR. U. WAIBUTA.- Thank you, Mr. Deputy Chairperson, that has been done now. For any new recruitment one of the requirement is for you to have a driving licence, so through the process of recruitment you have to acquire your driving licence first before you can be recruited as a technical officer within the Ministry of Agriculture.

DEPUTY CHAIRPERSON.- But then it is understandable that the Ministry also needs some very technical staff as well.

MR. U. WAIBUTA.- Yes, Sir.

HON. A.M. RADRODRO.- Deputy Chairperson, on the third one, BAF. Can the Ministry advise whether they are directly involved in the operations as a line Ministry for BAF?

MR. U. WAIBUTA.- Thank you, Honourable Member and Deputy Chairperson. Yes, we are closely working with BAF. They have certain roles and activities and this is something that the Honourable Minister for Agriculture is trying to clarify, the responsible Ministers and Ministries. Sometimes, it is with the Ministry of Agriculture and also with the Ministry of Public Enterprises. It is an ongoing discussion to try and clarify this issue but otherwise, the collaborative work at the technical level has really improved and we are progressing well around these areas.

HON. A.M. RADRODRO.- Deputy Chairperson, I just note that the grant is still coming from the Ministry of Agriculture on its Operating Grants and Transfers. Maybe, PS, you can highlight to us why did the CEO or Chairman of the BAF resigned?

MR. U. WAIBUTA.- I really cannot answer that, Honourable Member.

DEPUTY CHAIRPERSON.- Yes, Sir, you can continue with the submission.

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members.

30.3 - Appropriation Statement; the Ministry incurred expenditure of $52.8 million.

HON. RATU S.V. NANOVO.- Deputy Chairperson, can we intervene? Can we be addressed on bulletpoint 4 on page 3. “Capital Grants and Transfers Decreased…”.

HON. A.M. RADRODRO.- In here, they highlighted the reasons for the delay in these particular projects – Land Clearing Project and Beef Multiplication Programme.

MR. U. WAIBUTA.- Thank you Deputy Chairperson and Honourable Member, this particular programme is a new Programme for the Ministry in 2015. When the Programme was approved, there were certain criteria that were set that we needed to follow but again, after taking it through the process we came to realise some of the difficulties and challenges that we faced in the implementation.

However, we have managed to carry out the activity at the later end of the year but we really could not use most of the funds but we have improved on the process on the criteria. Instead of going through the initial criteria that was set, now we have amended the criteria making it easier for the technical officers in the field to fill certain forms, get in the number of farmers that are required and qualified for the Land Clearing Project and started with the implementation.

On the second bulletpoint - Beef Multiplication Programme, this is so because we really wanted to move into the revival of identified beef areas that exist but again, the response from those beef areas was not really positive for us. We wanted to work closely with FDB in trying to get them back for the revival process but again, we came to realise that some of the leases had expired so we had to go through iTLTB which was the process that caused the delay. We have improved on that and we will continue to work in trying to revive the current beef industry in Fiji.

HON. A.M. RADRODRO.- Can the PS advise us which particular area has been identified for the revival of this Beef Multiplication Programme?

MR. U. WAIBUTA.- Yalavou is the major challenging one because most of the landowners are in the scattered villages around the project area; Tilivalevu Beef Scheme in Sigatoka but now we are working on Yalavou; also the Verata Beef Scheme and the Naitutu Beef Scheme in Tailevu; as well as a few of the small farms around the Central and Western Divisions.

HON. A.M. RADRODRO.- What about in Ra and Waidawara?

MR. U. WAIBUTA.- Uluisaivou in Ra is one but again, we have realised that the land issue is the problem. It is quite a lengthy process so we have leave it that iTLTB to sort it out before we can intervene. Like I said for Naitasiri Beef Farms, because they are being classified as individual small holder farms so that is also taken into our normal work programme.

HON. A.M. RADRODRO.- PS, on the Land Clearing Project, how does one get to access this assistance on this Project and specifically, is it for non-sugar agriculture only?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members. Yes, it is for non-sugar farmers but not only interested farmers, it is our locality staff who closely work in these areas we think and the focus areas identified. So once an area had been identified, then the farmers need to fill in a form that is with us. Those forms are collated, taken through the process and get approved. It is a matter of the farmer, interested groups or clusters, working closely with the Senior Agriculture Officer in Provinces or in Divisions, then the project is approved.

HON. A.M. RADRODRO.- Just in addition to this, there was a drive by the Ministry to register all farmers. Can you just highlight what is the progress of this registration? Does it link to this Land Clearing Project?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member. Yes, the registration process not only linked to these specific programmes but to all the line programmes that we have in the Ministry. The current registration process for the Fiji Crop and Livestock Council is playing a lead role in the registration drive and also the establishment of commodity associations. So this is the particular role that is being played by the Fiji Crop and Livestock Council, working closely with the Ministry.

They have progressed in this particular area and also in the registration drive and also in the formation of certain commodity associations. The Dalo Farmers Association is being established, Yaqona Farmers Association, Ginger Farmers Association, all these have been formed and once those have been established, then we work through these clusters of 67 Programmes that we have in the Ministry. Thank you, Deputy Chairperson.

MR. S. BALEISUVA.- 30.3 – Appropriation Statement; the Ministry incurred expenditure to $52.8 million against the budget of $64.97 million, resulting in savings of $12.39 million. The saving for the operating component of the budget is about $2.2 million and bulk of the savings is actually the vacant positions that the Ministry is trying to fill and the diversity of the area that we serve, we tend to find it hard to get people to apply for positions that are available in the rural areas. That is also one of the challenges. The Ministry is trying very hard to fill all vacancies in in SEGs 1 and 2.

As for the capital component, we had mentioned some of the difficulties that we faced in trying to implement capital projects, basically in trying to meet the requirements of the Finance Instructions and Regulations in getting reputable companies in the rural areas to provide planting materials and materials needed by the farmers. Sometimes when we need planting materials, we actually have to go back to the farmers but the Finance Instructions require us to get these farmers a bank account, they need to have a tax number and they also have to get some kind of registration in running business. But understanding the farmers in Fiji, most of them do not have these criteria so it takes time for us to actually establish this. And we try and spend these funds, especially in the capital projects so that is why there is a big savings in the capital projects of about $8.8 million, Deputy Chairperson.

30.4 - Trading and Manufacturing Account; in 2015, the Trading and Manufacturing Account (TMA) for the Ministrymade a gross loss of about $108,000 and a net loss of $404,000. The total net assets for the TMA for the end of 2015 financial year, is about $1.25 million.

Just a note on the TMA, Sir, the Ministry is still reviewing the operations of the TMA Account. It has been noted by the Committee that TMA is one of the issues that has been highlighted by the Auditors in the Ministry of Agriculture’s Report. So on that, we are reviewing the operations of the TMA and also looking at the reconciliation of the accounts to make sure that everything is managed in accordance with the Finance Regulation of the Government.

As for the Trust Fund Account which is our Retention Fund Account, the total receipts is $269,813, compared to 2014 which is about $656,000.

A decrease in the revenue coming in from the receipts for LWRM Trust is because LWRM Trust is not a revenue earning trust, it is just the money that we keep or retention money. The money coming into the account basically depends on the number of big capital projects that we allow to do in one year. The closing balance for the Trust Fund as at the end of 2015 is about $456,998.

Part B - Audit Findings. 30.6 - Anomalies Noted in the Trading and Manufacturing Account; as I had mentioned at the beginning of our session, Deputy Chairperson, the Ministry is trying an effort to review and relook at the operations of the TMA. One of the areas that we are trying to do is to tackle the issues of reconciliation of this account. We have been doing this reconciliation, together with the MOE Assets Management Unit and we have managed to reconcile part of the Account.

As for the amount that is mentioned in that Audit query of $22,113, as I mentioned earlier in my comment, we have managed to collect the supporting documents for this amount and we have submitted to the MOE’s Assets Management Unit for them to provide the necessary adjustments to this amount.

As for the errors in the TMA reconciliation as mentioned before, Deputy Chairperson and Honourable Members of the Committee, because of the inter-funding there was a difference in the variance in the bank and this had been reconciled by the Ministry, in consultation with the MOE’s Assets Management Unit t.

HON. A.M. RADRODRO.- On this particular Audit issue, does the Ministry equip themselves with adequate resources? Are you looking at needing more proper resources to ensure the proper maintenance of this TMA account?

MR. S. BALEISUVA.- Sir, as for the management of the TMA accounts in terms of resources, it will be great if we are provided with manpower to manage these resources. TMA accounts for the Ministry cover the rural areas. At the moment in terms of resources, for the TMA in the rural areas when it comes to revenue, our officer who is collecting Government revenue is also collecting the revenue for TMA, so TMA is not run separately on its own. The officers who are there are also running TMA and in terms of resources, to actually move to these TMA issues. While reviewing this, we might have to come up to that area where we might need someone to actually head the running of the TMA.

HON. A.M. RADRODRO.- Deputy Chairperson, my experience with the Ministry when I was auditing was that, there was always outer stations with agriculture officers in some stations been tasked to look after the receipting and administration process. Whether that has improved over the years and whether PS needs a top level, like Director Finance, to ensure the accountability process is trickled down and seen down to the operational level.

MR. U. WAIBUTA.- Thank you Deputy Chairperson and Honourable Members, definitely the point mentioned is that, some of the challenges that we actually face we do not really need additional resources but it is the mobilising of resources within. Sometimes our people in headquarters get bogged down with work at headquarters and the people in the outer stations are being neglected. However, after 2015 we came up with the decentralisation plan, like I have mentioned, we have strengthened people in the Divisions.

Before, there used to be clerical officers but now, we have lifted those positions up to Executive Officers and some even Administration Officers as a dual role to ensure the supervision at that level. So that is happening already as part of the plan which I had mentioned. Yes, the continuous supervision and monitoring from headquarters is something that we need to strengthen. Thank you Deputy Chairperson.

MR. S. BALEISUVA.- 30.9 - Statement of Losses; the Ministry has set up a unit as our Assets Management Unit to manage the Board of Survey (BOS).

DEPUTY CHAIRPERSON.- I think it is from 30.7, as per your response?.

MR. I. BALEISUVA.- 30.7 - Errors in TMA Bank Reconciliation; as I had already mentioned, there was a problem of inter-funding where postings were wrongly done but we have reconciled this account and in consultation with MOE’s Assets Management Unit. We have managed to reconcile this account in the 2015 and 2016 financial year.

The biggest challenge that we faced there was the inter-funding that happened in the previous years. The issues had been brought forward from the previous years but we, the Ministry of Agriculture, had managed to reconcile this variance and balance this account. Now, we have an Assistant Accounts Officer who was appointed to look after the finances of the TMA and one of his key duties is to actually make sure that reconciliation is done on a monthly basis and it is done in a proper manner.

30.8 - LWRM Trust Fund Account; this is the same issue with the TMA in terms of reconciliation because of the inter-funding. There were variations in cash balance and the bank statement balance. We have worked with the MOE FMIS Unit on this and as of the 2016 financial year, we managed to balance these two accounts.

30.9 - Statement of Losses; the major challenge that we have here, as we had discussed earlier was because of the BOS that had to be conducted and appointing members of the BOS. The way forward for the Ministry, as I already mentioned in 2015 we formed a Unit known as the Assets Management Unit and one of their key responsibilities is to make sure that the BOS is conducted on an annual basis.

DEPUTY CHAIRPERSON.- If I may interrupt, as per the audited report, it says and I quote:

* “The Ministry did not carry out a Board of Survey (BOS) for 2015.
* The Statement of Losses was submitted for audit for the year 2015. However, audit noted that the Statement of Losses only reflected the losses relating to sheep from Batiri Station only. For presentation purpose of the Ministry’s Statement of Losses, audit only managed to compile the losses for the months of July to December.”

So, these losses that had been identified in the Report for the period of six months, this is for one station only, Batiri?

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members of the Committee, as for the Statement of Losses in the loss of sheep that was mentioned, the challenge for the Ministry when doing a BOS is actually the coordination and correlating of information.

DEPUTY CHAIRPERSON.- Yes, we do acknowledge the challenge and we do understand that but this table is for Batiri only - the losses.

MR. S. BALEISUVA.- Sir, this loss report is from a few stations that had submitted their loss reports to us.

DEPUTY CHAIRPERSON.- Yes, OAG, if you can confirm that.

AUDIT REP.- Thank you, Deputy Chairperson and Honourable Members. The Statement of Loss should be a complete statement of all the stations, including assets that are at the Headquarters of the Ministry and assets that are between $200 to $2,000 that are classified as expendable items. So it has to be a holistic review of the Ministry’s assets entirely.

DEPUTY CHAIRPERSON.- So this Statement of Losses is for the Batiri Station only?

AUDIT REP.- Currently, yes , but it is not complete.

DEPUTY CHAIRPERSON.- What is the status now of the BOS of other stations?

AUDIT REP.- Thank you, Deputy Chairperson and Honourable Members. The current audit is in progress and we are finalising the report so it will be coming out in the next Audited Report. *Vinaka*.

DEPUTY CHAIRPERSON.- Yes, Sir, you can continue.

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members.

30.10 - Revolving Fund Account; the reconciliation for the Revolving Fund Account (RFA) is now an ongoing process. The Ministry in its way forward to making sure that reconciliations are done on a monthly basis has conducted in-house training for reconciliation. We are now submitting our reconciliation in a proper manner to MOE and in-house trainings are continuing for reconciliation.

HON. RATU S.V. NANOVO.- Deputy Chairperson, can we have a confirmation on that from the MOE?

MOE REP.- The reconciliations for Ministry of Agriculture are up-to-date and they had submitted all their reconciliations until March. Thank you.

MR. S. BALEISUVA.- 30.11 - Operating Trust Fund Account; as with the issue of RFA, reconciliation is an issue here. As I had mentioned, we started our reconciliation in 2015 and we did in-house training from 2015, teaching our staff the proper way of conducting reconciliations and also making sure that supporting documents of our reconciliation are being submitted on a monthly basis to MOE.

30.12 - Arrears of revenue; this has been a big challenge for the Ministry, especially on those arrears that had been highlighted in Table 30.13. As for the meat inspection arrears, these are some of the companies that had been registered, but we are liaising with the Registrar of Companies and to ensure whether these companies are still operational or not. Those arrears had been there for some time and we are now working with the MOE Assets Management Unit in trying to see a way forward in clearing those arrears of revenue.

As for Research Analysis Test, Deputy Chairperson and Honourable Members, our Research Team normally do tests for other Government Ministries and Departments. Sometimes some of those fees tests were not forthcoming after conducting the tests.

As for water rates, as already mentioned in the report, those are arrears of waters bills that some of our staff incurred when they vacate their quarters and they did not pay for their bills. So the Ministry took the initiative of creating an advance account for them and we tried and deduct it from their salary. So the deduction for water rates from our officers are ongoing but it is a big challenge that we face in this.

We have other officers from other Ministries that occupy some of our quarters in the rural areas and when they leave, they left behind some arrears and we are trying to find a way forward to tackle this.

Another biggest challenge that we have now is the centralisation of quarters since Government Accommodation is now with the MOE. Sometimes, we are the last persons to know that the quarters were being vacated by officers, especially officers from Ministry.

As for the electricity this is the same as the water rates. When some of our staff vacate the quarters, they had not paid for their electricity and these are being recovered from their salary.

For the sale of sheep there was a programme that was run by the Ministry some years back when we tried to introduce sheep farming into the country. We tried to provide sheep for interested farmers, for them to try and pay for those sheep but unfortunately, some of those farmers are no longer doing sheep farming.

For Cocoa Development, we had cocoa projects that were running some time back but the project did not run well. We had requested for write-off and this had been approved by Cabinet. The amount of write-off was $3.1 million and we are still trying to verify the balance of the arrears based on the write-off.

As for Batiri Pineapple, that is a project from Batiri that was run a few years back. Deputy Chairperson and Honourable Members, most of these arrears had been there for quite some time. The Ministry on its way forward now, is trying to find out the details of those projects and also trying to find a way forward to clear those arrears of revenue.

HON. RATU S.V. NANOVO.- Is it just salary deduction or have you used the Small Claims Tribunal? For the Cocoa Development, do they have the lease whereby you can mortgage that land? What sort of recovery action do you have in order to try and recover all those arrears that are shown there?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members. For activities within the Ministry that we perhaps, control is that the recovery process is always going back to names and recovery from salaries. That is quite easy to recover but for the recovery process for outside funding, as alluded to earlier, the Cocoa Development Programme was initiated in 1990. The process of recovery is already in place but the identification of these people, sometimes when we go back to the land where this particular project was initiated, new tenants are already in this existing land. These are the challenges that we faced because of the movement that has been happening within the Ministry from office to office.

The loss of records and also the passing of roles and responsibilities along that process, documents had been misplaced and they were lost. So these are really the difficulties that we faced, to try and identify the right people. We can go back to the cocoa development areas we know but specifically, this is something that is challenging at this point in time. Tenants have changed and even new people have moved in so we do not have proper records of people who were involved at that point in time in order to implement the recovery process that we have.

HON. RATU S.V. NANOVO.- I think, Deputy Chairperson, we have heard from them that they had gone ahead and tried to all those avenues that are available to them. If that is the case, the last option is just to request for write-off to clear your books because you have done all those necessary recovery measures and it is to no avail.

HON. A.M. RADRODRO.- Deputy Chairperson, I think the Ministry of Agriculture mentioned about $3.1 million write-off for Cocoa Development Project, is that right?

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, yes, the total Cocoa Development Project outstanding amount at that point in time was $3.1 million, plus $237,000. But when the approval for write-off came, it only approved $3.1 million and the balance remained with that amount of $237,000. So we are going through the process of trying to also get that written off. It was not written off in the initial request that we had submitted.

HON. RATU S.V. NANOVO.- Is there any reason why that was not included in order to clear off your books at that time rather than hanging on like this?

HON. A.M. RADRODRO.- When was this write-off undertaken, this exercise of $3.1 million?

MR. S. BALEISUVA.- Deputy Chairperson and Honourable Member, one of the targets for us now is trying to write off all those but to get that to be approved, we need to provide supporting documents for all those, and the write-off that was done for Cocoa was done in 2012. That was $3.1 million but for the rest, we are trying our best to get the write-off for the other….

HON. A.M. RADRODRO.- Deputy Chairperson, this is Cocoa Development revenue. Can you just inform the Committee how does this work, when it is a development project and then you are recording the revenue, are the farmers expected to pay some sort of levy to the Ministry because it is written as arrears of revenue for cocoa development?

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Member, when this particular Programme started then, part of the project plan was to give certain money to farmers as a form of a loan. Despite the development cost which has been taken care of, there is a small component for them to take it on as loan, so that particular component is what we are trying to recover. The repayment was not really coming out good and even to some of the nucleus projects, no one paid that particular component.

HON. A.M. RADRODRO.- What is the total amount of loan given to that small portion? How much was each farmer given as a loan?

MR. U. WAIBUTA.- I really cannot answer that, Honourable Member.

HON. A.M. RADRODRO.- Can you provide us with the details? Was this the loan given in the early days?

MR. U. WAIBUTA.- In 1981 when we started the Cocoa Nucleus Project which I can recall, it went through right up to 1990.

HON. RATU S.V. NANOVO.- What sort of security was required from them in order to secure those advances?

MR. U. WAIBUTA.- Actually, it was the difficulty then because no one had leases in order to take them in as part of mortgage, but we wanted to move the Cocoa project there soit was just the existing crop on the ground which was the form of security for them to plant cocoa there. Land was not really taken in as part of equity.

HON. A. NABULIVOU.- *Vakavanua* land.

HON. RATU S.V. NANOVO.- Retirement over the proceeds cocoa proceeds normally when they sell, if you take assignment over the proceeds you can recover your money.

MR. U. WAIBUTA.- I cannot really recall that, Honourable Member.

HON. A.M. RADRODRO.- Deputy Chairperson, whether the Ministry can inform us which particular area was this cocoa development undertaken. Also, there was a recent development in cocoa, especially when you go down to Tailevu there is a cocoa road, just past Bau Tikina Road. Is that development also linked to this project?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members, we have what we call the Cocoa Nucleus Project and we have other cocoa farmers who are out of the Cocoa Nucleus Project. This Project, if I can recall for Tailevu, we had two; one in Colata, Nayavu and the other one in Waimaro, Sawakasa. These were land leased by the Ministry of Agriculture and people were supposed to move in and develop those particular areas for Cocoa Development Programme.

Then we moved in with the infrastructure. We had it in Vanualevu - Vanuavou and Kedra, and one in Rabi. Those were the Cocoa Nucleus Projects but otherwise, we have other cocoa farmers who are outside of the Cocoa Nucleus Project. We continued to assist in the form of infrastructure, like roads which opened up most of the rural areas which are now used as public roads.

DEPUTY CHAIRPERSON.- MOE, any particular reason why $237,460 was not considered in the initial write-off proposal they made, what was the reason behind that?

MOE REP.- Deputy Chairperson, I think it was in 2012 they were saying the write off was done. Can we come back with the details because I do not have any details of their submission?

DEPUTY CHAIRPERSON.- According to the Ministry of Agriculture, this amount was also requested for write-off but the write-off only happened for the $3.1 million. Was it $3.1 million, plus this one?

HON. RATU S.V. NANOVO.- On that Deputy Chairperson, it will depend on the availability of funds within the Ministry at that time, whether they were able to spare funds, they could accommodate all those write-offs. If not, they can only accommodate a portion of that, the other portion can be accommodated in the coming year. That is what we normally do in the bank.

HON. A.M. RADRODRO.- I think it was never part of ….. and this is probably an additional total.

DEPUTY CHAIRPERSON.- So, this is after the write-off in 2012.

HON. A.M. RADRODRO.- That is for the write-off when you are able to identify this additional $230,000.

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, I would request if we come back with that clarification.

HON. A.M. RADRODRO.- Deputy Chairperson, just regarding the Cocoa Industry and Cocoa Development Fund, there is the Namau Cocoa Project, whether the Ministry is playing its part in this Project in terms of development and marketing?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members, yes, it is not only specifically in Namau. We have been covering majority of all the cocoa farmers who are interested to come back to cocoa development. Namau is one of them and even some of the other farmers - cocoa clusters in Vanualevu so as in other Tailevu areas and in Ra. These are some of the areas that we are focusing at this point in time.

The focus areas is on rehabilitation only, we are not really moving into new planting but to rehabilitate the existing plants.

DEPUTY CHAIRPERSON.- Sir, you can continue with the submission.

MS. M. BOU.- Thank you Deputy Chairperson and Honourable Members of the Public Accounts Committee.

Part C: Regularity Audit Findings. 30.13 – Implementation of a Succession Plan; this is for LWRM Division. There is a Succession Plan for this Division as submitted in our response and also the issue raised was the retention of our engineers. We had submitted in our comments that some of our officers had been sent overseas (engineers) for training and when they came back after they had served the Ministry for a short while, they opt to join other organisations. This is mainly due to the lucrative offer from outside the Government.

As much as the Ministry would like to retain these officers, it is the Public Service Commission’s training policy at that time that could not allow us to stop these officers from joining other organisations.

The policy states that when an officer comes back from training he can serve the bond within the Government of Fiji. That is why some of our officers have opted to join other organisations. That is the reason why we retained some of the expatriate Engineers with us for long and re-engagement of these Engineers, meaning that they have gone past 55 years and also their contract ends at certain dates. We have asked the Office of the Prime Minister for approval and we have got the approval with us here. Deputy Chairperson and Honourable Members of the Standing Committee on Public Accounts that is the explanation for LWRM’s implementation of succession plan.

HON. A. NABULIVOU.- Deputy Chairperson, let me ask; how many Engineers are now at LWRM Division?

DEPUTY CHAIRPERSON.- We are referring to the Permanent Establishment?

MS. M. BOU.- Yes, Deputy Chairperson.

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, we have two Engineers.

HON. A. NABULIVOU.- How many requests were made by the general public, especially from the communities out there in rural areas for Engineers? Do you cope with those requests from all the rural areas?

MR. U. WAIBUTA.- The total posts that exist within the LWRM Division is seven and we are going through the process of re-engagement - getting back locals or re-engaging people from outside Fiji, and that is in the process at this point in time.

HON. A. NABULIVOU.- Deputy Chairperson, can you highlight more information on the LWRM scoping of the areas of the diversion and bank protection? I just want to highlight this because there are a lot of reports already made by LWRM and I have got two. What is then the next procedure to move from there because we are looking for some assistance or emergency request from the public, especially the communities?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member. Within a year, we submit a budget provision and the approved amount is being allocated for certain projects to be implemented. In those projects, our Engineers will do the scoping and also may fund or co-fund some of those projects according to the partners identified. But again for other projects that are out of the allocated budget, our Engineers are mostly willing and they are there to assist in the scoping component.

However, in the funding component, that is something that those interested groups or stakeholders or other parties need to look for if they want that to be implemented. Also we are bogged down with these activities because we have our planned activities of the work that we need to, which our Engineers have to do at that particular time. Now the demand for our Engineers keeps increasing and for works that are required out of the scope that we have, we try and re-adjust to absorb some of the work, even coming from the Office of the Prime Minister, from the Regional Office, the Divisional Office of the Commissioners and out of the private sector.

In terms of funding we only do the scoping but we will not fund and we will only fund approved programmes in our budget provision.

HON. A. NABULIBOU.- The reason why I asked that question is in line with the MOE because they have the fund, LWRM or the Ministry of Agriculture can have an agreement or whatever in conjunction with their emergency request. The problem out there, no one knows what could happen tomorrow, and that was why I was requesting. I have been looking for funds now outside of Government because there is a problem out there, people are crying.

Relocation costs a lot of money, it just need some diversion of river to safeguard that area. The $1.3 billion is too much, it can be $100,000 or $150,000 or $200,000 or whatever fund left for emergency to safeguard that area for the service of roads in these communities.

MR. U. WAIBUTA.- Are you talking about a specific area, Honourable Member?

HON. A. NABULIVOU.- Three specific areas in Naitasiri; Serea, Lutu and Wainawaqa. They were already surveyed but two areas need to be resurveyed. I had the reports from LWRM and it is very, very bad. Thank you.

DEPUTY CHAIRPERSON.- We have a representative from LWRM, I believe. Perhaps, you can also enlighten us with the recruitment process because as, Sir, has alluded there are only two permanent established positions at the moment and five are vacant. What is the update now?

MR. M. KUMAR.- Thank you, Deputy Chairperson. Currently, we have two expatriate Engineers and there are about five vacant positions. We have managed to fill one Senior Engineer and that officer was sent to Japan to complete his Masters and he is a local staff. So we have managed to fill one Senior Engineer position.

Recently, the Ministry was able to send three of our local staff to FNU to complete their degree in Civil Engineering. Also, one of the areas we had found difficulty in was that the local university was only offering Diploma and Advance Diploma but currently, they have upgraded their qualifications so the Bachelor in Civil Engineering is offered in Fiji. We were able to send three of our local staff and they have successfully completed their Bachelor in Civil Engineering and very soon they will be absorbed into our staff establishment. Currently one staff is also completing his Degree so hopefully, he will also complete by end of this year.

DEPUTY CHAIRPERSON.- Drainage Board falls under LWRM?

MR. M. KUMAR.- Yes, the Drainage Board falls under our line Ministry.

DEPUTY CHAIRPERSON.- What is that thin line of differentiation in terms of roles and responsibilities with Drainage Board and LWRM?

MR. M. KUMAR.- Drainage Boards are given annual drainage subsidy grant .

DEPUTY CHAIRPERSON.- They only look after the drains?

MR. M. KUMAR.- Yes.

DEPUTY CHAIRPERSON.- Of Agriculture areas?

MR. M. KUMAR.- Drainage Boards have their established drainage schemes so within their jurisdiction, they carry out regular maintenance of the drainage schemes.

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

MR. M. KUMAR.- Yes.

HON. A.M. RADRODRO.- Sugarcane farms drainage. The Central?

MR. M. KUMAR.- The Central Division also have 40 drainage schemes that were established. In the Central Division, we call it a non-sugar drainage scheme, under Western and Northern Divisions, they are Sugar Drainage Schemes.

HON. MEMBER.- (Inaudible)

LWRM. REP.- We have a set of drainage schemes that we have planned which clearly shows the location of the drains and the location of seawalls and ….annually we carryout regular maintenance …

HON. A.M. RADRODRO.- Whereabouts? Which area? Location.

MR. M. KUMAR.- We have some schemes in Navua area, some in Nausori area, we have a number of schemes, like Rewa Delta and all those areas, like in Lakena.

HON. A.M. RADRODRO.- Deputy Chairperson, just a question to the PS; I think LWRM is a very critical section of the Ministry, considering what has been mentioned. Also, the position taken by the Presidency of COP 23, how does the LWRM sees itself in working or whether planning to work with this COP23 Presidency to address this in terms of climate mitigation adaptation?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Member. Yes, definitely as part of the submission of the budget that we are making for 2018, climate change is an issue that has been well highlighted and also the refocus of some of the activities within LWRM into the needy areas where we will have to closely coordinate with regional development and other climate organisations that are taking in climate change as their major activity.

We are closely working with FAO on some of the funding component and the identification of certain focused areas in Fiji. Rightly said, yes, Sir, the refocus is on climate change.

HON. A.M. RADRODRO.- The work of the LWRM Division, most of the dredging is only done at the lower part of the Rewa River. Are there any plans of taking the dredging exercise up the Rewa River and up the Wainimala and Wainibuka Rivers?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson and Honourable Members. Yes, the dredging machines that we have at this point in time is too big to move upstream, it is only meant to dredge in the mouths of these big rivers. But as part of the budget submission that we are making, we are requesting for the procurement of a smaller dredger which is to be operated by LWRM in order to carry out dredging upstream. We have one small dredger which does that work but it frequently breaks down and that is why we are not doing that particular activity now. However, we hope to procure that in the next financial year in order to carry out specifically what is being mentioned.

DEPUTY CHAIRPERSON.- Madam, you can continue with 30.14.

MR. S. BALEISUVA.- Thank you, Deputy Chairperson and Honourable Members of the Committee.

30.14 - Rice Revitalisation Programme; the issue here was the splitting of the purchase orders, that was issue in one of our programmes. The Ministry has been conducting training for our technical officers. The challenge that we face is that, some of the procurement processes had to be done by our technical officers in the rural areas and we had been conducting training with our officers in terms of procurement regulations and for them to ensure that these are being followed.

Apart from that training, the Ministry has also issued an internal memorandum, reminding them of splitting of purchase orders and for them to ensure that they understand the issue of splitting of purchase orders that had been highlighted. Thank you.

HON. A.M. RADRODRO.- A question to the OAG, your recommendation regarding the splitting of orders, there is no mention of disciplinary action. You do not see this as disciplinary in nature?

AUDIT REP.- Thank you Deputy Chairperson and Honourable Member, this is rice agro input and we have not mentioned disciplinary action. While auditing the Ministry of Agriculture, we also note there are challenges on input, seedlings, and that is why we have not mentioned disciplinary action at the moment but should the issue re-occur, then we may consider that.

HON. A.M. RADRODRO.- This is a scenario of splitting the order, is it not disciplinary in nature?

AUDIT REP.- We wanted to give the Ministry the opportunity to improve on this.

HON. RATU S.V. NANOVO.- Still on that, Deputy Chairperson, in some instances whereby you have recommended disciplinary action and yet the Ministry does not take any disciplinary action, what do you say to that?

AUDIT REP.- Thank you Deputy Chairperson and Honourable Member, once the Auditor General’s Report goes to Parliament, the activation of disciplinary action rests with the MOE’s Surcharge Unit.

DEPUTY CHAIRPERSON.- The OAG can only recommend?

AUDIT REP.- Yes.

DEPUTY CHAIRPERSON.- But the implementation is upon the line Ministry and MOE?

AUDIT REP.- Yes.

HON. A.M. RADRODRO.- Mr. Chairman, what I was trying to get out of the recommendation, they do not see this as disciplinary in nature. What about the MOE, do you have a standard template to classify which ones are disciplinary in nature and which ones needs to be addressed by respective Ministries in terms of discrepancies noted?

MOE REP.- Thank you, Deputy Chairperson and Honourable Members. I suppose as rightfully said because uptil now all the regulations that we have says that in any breach, officers are liable for disciplinary action. However, as per your questions like, what is disciplinary action, it is not clearly stipulated anywhere. It is the prerogative of the respective Section Head.

HON. RATU S.V. NANOVO.- On disciplinary action, Deputy Chairperson, I think that maybe it is best that we hear from the Ministry of Agriculture on how they would discipline their staff? At what level will they deduct the pay? What level will they demote the officer? What level will they totally terminate?

MS. M. BOU.- Thank you, Honourable Member. When a disciplinary case comes to the Ministry, there will be an investigation team conducted and upon their recommendation of the investigation team, then we will take action on that.

30.15 - Absence of Tender Boards Approval; this issue is in relation to repairs of quarters where the Ministry had collaborated with the Office Accommodation Unit at the Public Service Commission and also the Solicitor-General’s Office in vetting the contract document.

The Ministry at this point in time, saw the individual repairs for each quarters as one project and not had them all in one, so that they can go to FPO for approval because of the cost of the repairs of all these quarters will be over $50,000. And this process followed the FPO Clause 4 where three quotations were to be obtained from each company. So the Ministry recommended for the company that had offered the lowest quote and this was processed and all those quarters were repaired.

However, in accordance with the Auditor-General’s issue that there was no Government Tender Board approval, we were with it that some of the quarters that were repaired were from one company where the value of those repairs was over $50,000. So, Deputy Chairperson and Honourable Members, those are the weaknesses on our part and we will improve on this.

DEPUTY CHAIRPERSON.- Yes, we appreciate the comment from the Ministry. I was looking at the Audit Report myself, the Ministry did carryout a very extensive measure in terms of those approvals so we take note of that. Honourable Members, is there any other question?

HON. A.M. RADRODRO.- Deputy Chairperson, probably the Auditors can also advise on the quality of work that was undertaken on these particular projects whether they were up to the standard that the Ministry had intended it to be or were the projects, even though done, were not fully performed as to the expectations. Probably, the Ministry too can advise us on this, that even though the process was not followed, the projects were undertaken whether the works were completed according to what was expected of them.

MS. M. BOU.- Thank you, Honourable Member. There is a team that visits the quarters when they were repaired. The repair process is in four phases, according to the contract that had been vetted by SG’s Office. The Team consists of our Technical Officer from LWRM, an employee from PWD and our Assets Team. After the first phase, the scope of works in their workplan, they always go and visit the site and if they are satisfied with the work that had been carried out according to the workplan, then they will sign a completion form. This form will go to Accounts Section for payment of the first phase of the work done.

DEPUTY CHAIRPERSON.- Are they required to take photos? Is it compulsory?

MS. M. BOU.- There are photos.

DEPUTY CHAIRPERSON.- MOE, are there any more questions?

MOE REP.- Sir, as you have asked, are they allowed to take photos?

DEPUTY CHAIRPERSON.- No, no, it should be compulsory to take photos. We are asking, does the rules and regulations make it compulsory to take photos as well?

MOE REP.- Sir, your question, I suppose, is underpinned in the line of construction management and project management…

DEPUTY CHAIRPERSON.- Yes.

MOE REP.- …as Madam Director has mentioned. It is mandatory for record purposes and verification purposes the quality of the work because most of the submissions that come to MOE, one of the benchmarks that the Ministry gives is the quality of the work that that particular company has rendered. So based on that if you take photos, it is a good benchmark to convey that this company has executed the job properly. So I suppose although it is not mentioned anywhere in the regulation, nonetheless it is not a problem to take photos.

DEPUTY CHAIRPERSON.- So it is not in the regulation because we have had issues whereby there were reports given that sometimes the maintenance work are as per standards and the payments were released and when the photos were released and taken, that is when you can see in actuality the standard. I think in the case of the Ministry of Forests when the OAG actually went and took the photos, that was when they realised that the standard was not there, but the payment was eventually made because the document was reflecting that everything…

MOE REP.- Thank you, Sir. There are two parts of the issue:

1. Awarding of tenders; and
2. Project monitoring.

Based on the locations here, Lomaivuna and one in Kedra, I suppose if the Auditors will actually have the physical site visit, they will then take photos and if they find any anomaly, then it will be depicted, at least, in the report.

DEPUTY CHAIRPERSON.- So it is not mandatory but it is encouraged, nonetheless.

AUDIT REP.- Thank you, Deputy Chairperson and Honourable Member. I have been updated by my colleague that our audit was undertaken after *TC Winston* for this one, but let me come back to the Committee and confirm whether we did visit the site or not.

HON. A.M. RADRODRO.- No, *TC Winston* did not reach the place.

AUDIT REP.- Thank you.

HON. A.M. RADRODRO.- A question for the Ministry, in terms of renovation and maintenance of these quarters, are the quarters now up to standard in terms of cyclone resistance?

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, as was said, majority of this were maintenance work. It is not really construction, it is just maintaining the existing structure but maybe the new the standard from the old standard it has withstood in some of the cyclones. But, yes, it is only maintaining, but if it needs further strapping through the maintenance process that is being carried out.

HON. A. NABULIVOU.- Deputy Chairperson, just one more question about the quarters out there in the field under your authority, particularly the maintenance work under Ministry of Agriculture. Is it possible for you to go and look after that too, just the house not being used but is still leased under Government. What about the maintenance work is it still taken care of that or not?

MS. M. BOU.- Honourable Member, what we are focusing on now is quarters that are occupied and need repairs.

HON. A. NABULIVOU.- The land has been leased by the Ministry of Agriculture or Government or whatever, but the quarters are still there still taken care of property, the house.

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, even with the allocated funds that we had received, we cannot even maintain all the quarters that are occupied, forget about the vacant quarters. So once we complete with the occupied quarters, then maybe we can relook…

HON. A. NABULIVOU.- I am talking about Kadavu because the house is still there …

DEPUTY CHAIRPERSON.- Yes, I do agree with your comments, Sir, and as a matter of fact, the Ministry of Forests also highlighted the same issue because I think PWD has it standards and the funds that are allocated for those repairs and maintenance is not enough to actually cater for that standard that they want, so nonetheless, it then becomes an Audit issue.

Honourable Members, are there any other questions?

HON. A.M. RADRODRO.- Deputy Chairperson, regarding quarters, the Koronivia quarters come under FNU, is it still maintained by the Ministry or part of FNU transfer?

MR. U. WAIBUTA.- Deputy Chairperson and Honourable Members, we had demarcated only certain areas for the transfer of certain assets to FNU and not all. It is only those quarters where the lecturers were occupying at that time and it still had been moved. But otherwise, all the other assets still remains with the Ministry of Agriculture but quarters has been moved and the Commissioner Central is responsible for the allocation of the quarters now. It is no longer within the Ministry of Agriculture, it has moved to the Commissioner Central’s Office.

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

MS. M. BOU.- Honourable Member, for quarters in the Central Division the Commissioner Central is responsible for all the quarters and the same applies in the Northern and all the Divisions around Fiji, all Commissioners are responsible for all those quarters in their respective Division.

HON. A.M. RADRODRO.- Administration and the maintenance?

MS. M. BOU.- The maintenance, Honourable Member, for institutional quarters we maintain but for the quarters, like prefab quarters that we build, we repair those quarters. Also, some of the Government quarters, we are now repairing since some of our officers are occupying those pool quarters.

HON. A.M. RADRODRO.- Deputy Chairperson, just a clarity on this one; MOE is looking after all Government quarters?

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- What comes under the Commissioner Central?

MS. M. BOU.- The Ministry maintains the budget for the repairs of quarters and for allocation of officers occupancy, it is the Commissioner’s responsibility.

DEPUTY CHAIRPERSON.- Then where does MOE come in? I thought MOE is also monitoring.

MOE REP.- Sir, as rightfully said by Madam Director, because there was an issue, I suppose, when Strategic Planning came to present, then it was clarified in that forum that institutional quarters, for example, Military Quarters, Prison Quarters, et cetera, this is where Commissioners’ Offices come into play when it comes to who will occupy the quarters. Nonetheless, for institutional quarters, MOE is not getting any form of rent, it is only in the form of water and electricity bill.

DEPUTY CHAIRPERSON.- Who is going to occupy the quarters? I think there is a set of guidelines by MOE as well.

MOE REP.- Yes, Sir, definitely there is.

DEPUTY CHAIRPERSON.- We are confused. So MOE controls which ones?

MOE REP.- If I am getting it right, because your question is on the controlling authority. MOE looks after Government-owned quarters but who is going to occupy institutional quarters, it is the responsibility of the respective Commissioners. The quarters in Domain, anyone can apply to occupy and for rent purposes.

DEPUTY CHAIRPERSON.- So that goes through MOE?

MOE REP.- Yes, and MOE will decide whom to allocate the quarters to.

DEPUTY CHAIRPERSON.- So, when we mean institutionalised areas, are we referring to the areas which the Government does not own as land? Does the Government have ownership of the land or area where these different institutions are built?

MOE REP.- It should be like that.

DEPUTY CHAIRPERSON.- What I am asking in simple terms is, Koronivia Research Station is a government property so the quarters that are there become the Government property. Likewise, the area in Domain is also Government property, so the quarters there also become Government property. Then why are there different authorities controlling?

MOE REP.- Sir, a simple answer to that is, the quarters that the Government is getting rent from, such as the ones in Domain and all those, Government is getting the rent. The ones in Koronivia are occupied by respective staff and their rent is through salary deduction. The ones that go through salary deduction, their rent is deducted from their salary and it is a form of Government revenue. However, occupants of quarters in Domain have to go and pay their rent every month to the MOE.

DEPUTY CHAIRPERSON.- So it is the nature of paying the rent that differentiates the responsibilities. Thank you.

HON. RATU S.V. NANOVO.- One question to the Ministry; for those vacant institutional quarters that are in Kadavu at the moment, that will be determined by the Commissioner Eastern as to who is going to occupy, or is it the Ministry?

DEPUTY CHAIRPERSON.- I think this is why we are confused. MOE, I think you are able to understand what we are trying to do, we are confused in terms of the roles and responsibilities when it comes to control and ….

MOE REP.- Sir, although quarters might be owned by Ministry of Agriculture but given the example and I do not know the tikinas in Kadavu, suppose a nurse is being transferred to a particular tikina in Kadavu but there is no quarters owned by the Ministry of Health in that particular area, the Ministry of Health with liaise with MOE, then we will try to liaise with the Commissioner Eastern and although it was built from the Ministry of Agriculture’s fund, that particular nurse who is in that particular tikina of Kadavu can go and occupy the quarters which is under the Ministry of Agriculture.

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

MOE REP.- We do not…

HON. A.M. RADRODRO.- If the Commissioner Central decides the occupancy, who is making the collection of staff rent?

MOE REP.- Sir, if it is a civil servant it will be deducted through because the centralised Government salary deduction is done at the MOE.

HON. A.M. RADRODRO.- For who’s revenue?

MOE REP.- It is the Government’s revenue.

HON. A. NABULIVOU.- Economy revenue?

MOE REP.- Economy revenue. No, because at the end of the day it is all part of Government.

DEPUTY CHAIRPERSON.- Honourable Members, any more questions?

MOE REP(2).- I think, Deputy Chairperson, the best people to give clear explanation would be our CIU Department in the MOE because they administer the rental procedures of the quarters. Thank you.

DEPUTY CHAIRPERSON.- There is also a question of who will in actuality, take responsibility for the arrears as well, whether it will be Ministry of Agriculture or MOE?

MOE REP.- Of course, there was an in depth write-up presentation when we did this strategic planning presentation but when there is a salary deduction, I suppose there is no question of arrears because until that particular officer is being employed, definitely his/her salary deduction of 8 percent or 4 percent will be deducted from the salary.

HON. RATU S.V. NANOVO.- Arrears will arise once….

MOE REP.- Sir that depends on the dissemination of information and I suppose that if I am occupying a quarters in Kadavu and I am getting a fortnightly pay, and supposedly I move from Kadavu, I can still see the deduction from my pay. Definitely, I will then come back to the stakeholders and say, “Well, I am not occupying that quarters and see if there is still a deduction going on.”

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

DEPUTY CHAIRPERSON.- I think what the Committee is trying to drive at is the confusion that we are also experiencing at the moment in terms of who will take the roles and responsibilities. When a quarters is occupied, it is not only the rent that goes, it is also the bills that we are talking about and maybe they are also the damages that we are talking about. Suppose if there is an unpaid bill and the officer vacates the quarters, the Ministry of Agriculture can also that it is the responsibility of the MOE and MOE can always say that it is the responsibility of the Ministry of Agriculture.

MOE REP.- Thank you, Sir. If I may comment on behalf of the Acting Principal Accountant, in the Ministry of Agriculture recently we had a case whereby it was referred to the MOE. There is a quarters in Lakena and it was being occupied by a staff, however, the staff vacated the quarters and there was arrears in electricity bill. What happened was that, when the other officer came in and occupied, the deduction was made from the officer’s pay so they requested for transfer of fund through SLG84. At the end of the day, the money still stays in the Government coffers so literally speaking, it is a non-issue.

DEPUTY CHAIRPERSON.- No, no, I think it is not about money. From PAC’s point of view if it is reflected in the Audited Report and for our reporting, whom do we recommend is responsible for scenario like this, is it the MOE or the Ministry of Agriculture? We have to give a very independent view.

HON. A.M. RADRODRO.- Paying off arrears like that, is it on behalf of the Ministry’s coffers? Probably, the Auditors can look into that.

AUDIT REP.- Sir, the Ministry did pay because the Ministry requested for advance payment to Fiji Electricity Authority. However, the Ministry also mentioned that the recovery had already been made because the officer just vacated the quarters based in Nausori. However, that officer is still being employed by the Ministry of Agriculture so deductions were made from the officer’s account through salaries.

MOE REP.- Sir, we will provide you with a written response from CIU.

DEPUTY CHAIRPERSON.- I do hope you can understand what we are trying to drive at?

MOE REP.- Yes, Deputy Chairperson.

DEPUTY CHAIRPERSON.- From a very independent point of view of the Committee, when we write reports and recommendations as to where the improvements should happen, whether we recommend it to the Ministry or whether we recommend it to the MOE that is where the issue lies.

Are there any other questions?

Since there are no other questions, I would like to thank you, Sir, and your team for a thorough, precise and comprehensive submission. I do believe there are lots of additional information as well which is very good reflection of other necessary and important documents that you have provided in your written response, not only the response but a lot of important documents are also attached in the Appendix which are actually supporting the submission you have made. So on behalf of the Committee, I thank you once again.

HON. A.M. RADRODRO.- I was trying to get the statistics from the Ministry in terms of milk data. Where can we get the milk production annual basis information, the milk consumption and also the milk importation?

MR. U. WAIBUTA.- Thank you, Deputy Chairperson. We have those information.

DEPUTY CHAIRPERSON.- You are requesting, not the Committee. Sir, is there any concluding words before we end the session?

MR. U. WAIBUTA.- Thank you very much, Deputy Chairperson and Honourable Members, I do not have any additional comment but just to thank the Committee for the deliberation and the questions raised. Some of the issues that had been recommended during the discussions will definitely help us as part of the way forward in the implementation of the current programmes that we have. On that note, once again thank you so much, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Honourable Members, the session is over, we will have tea and please, you are most welcome to join us. Thank you.

The Committee Interview adjourned at 11.51 a.m.