**PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 17TH MAY, 2017**

**VERBATIM NOTES OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 17TH MAY, 2017 AT 10.19 A.M.**

**Submittee: Ministry of Defence and National Security**

In Attendance:

1. Mr. Osea Cawaru - Permanent Secretary
2. Ms. Marica Rinakama - A/Manager Corporate Services
3. Mr. Panapasa Tabaka - Senior Admin. Officer
4. Ms. Arieta Rokobera - Accounts Officer

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DEPUTY CHAIRPERSON.- Honourable Members and Officials from the Ministry of Defence and National Security, I welcome you all to the meeting of the Public Accounts Committee (PAC) dated as of today, Meeting No. 99. We are here to discuss issues in relation to some of the Audit findings that we have deduced from the 2015 Auditor-General’s Report.

I believe this is not the first time that we are having this. PS, I am sure that you and your team are very much familiar with the work that we are doing. My apologies that we started a bit late. There was a bit of communication problem and I do apologies on behalf of my Committee for that. Nonetheless, the submission and the show must go on.

On this note, I would like to request you, Sir, if you could just very briefly introduce your team to us and then afterwards, you can take us through the written submission that you have already provided. Thank you.

MR. O. CAWARU- Thank you, Deputy Chairperson and all the Honourable Members of the Standing Committee on Public Accounts, a very good morning to you all. Thank you for the invite to have the privilege in sharing a cup of tea with you this morning. Before we begin, maybe I will introduce my team.

(Introduction of Team by PS)

Deputy Chairperson, we acknowledge your letter on 9th May, 2017 to appear in front of the Honourable Members of the Standing Committee on Public Accounts to clarify an Audit query that was raised in 2014. From your letter, Deputy Chairperson, we were supposed to team up with the Department of Immigration but I think they will appear separately as they are no longer part of our Ministry.

Part B: Audit Findings; 6.5 – Expenditure Not Budgeted For; I think the Auditors’ recommendation was, and I quote: “The Ministry should ensure that funds allocated are utilised for the intended purpose only and any transfer of funds by virement is approved by the Ministry of Finance.” We admit that, Deputy Chairperson and Honourable Members, that was purely an oversight by the team.

On the responses that we had submitted, Deputy Chairperson, that basically outlines all the processes that we did and if you could allow me, Deputy Chairperson, to briefly run through the responses that we have. Actually, the Ministry had requested the RFMF Engineers on 3rd September but prior to that, Deputy Chairperson and Honourable Members, the allocation that was given to us in 2014 was for capital project - $672,000.

Details of all the activities in regards to the utilisation of the $672,000 are outlined in those activities and the query in front of us this morning is on the last one, that is, the National War Museum - $150,000. We obtained a waiver of tender from the Ministry of Finance, that is, for the RFMF Engineers, to undertake this particular activity. The initial plan was to have this National War Museum up at the old Parliament Complex. This is located as you enter the old Parliament, the building on the left which used to be the Speaker’s residence. To convert that to a National War Museum and then have the memorial site next to it. The plan is, when you have cruise ships, when you have visitors and as part of their visit to Suva the plan is to have this memorial site and also have all the museum where you have the First World War similar to the ones they have in overseas and that was one of the plans of the Ministry.

We obtained the waiver from MOE for the RFMR Engineers to conduct this particular activity and that was approved. We had this agreement signed with RFMF and little did we realised that RFMF already had some major projects committed by them. If you can see here the figure that we obtained from them, they already had $6.608 million worth in capital projects that were already committed by them, so ours was $150,000. I may be wrong but what I suspected was, ours is just one of the small projects so it was not in their priority list.

In September we were just following up with them until late, they then gave this particular project to one A. Naidu Building Works so they sub-contracted that. Under the Procurement Regulations, A. Naidu is also one of their recognised sub-contractor so this was a sub-contractor to them.

HON. RATU S.V. NANOVO.- Can I ask a question, Deputy Chairperson? I do thank the team for the presentation so far, but up to that point where we are at the moment when the RFMF finally realised that they cannot carry-out this task and they have appointed A. Naidu to do the work, why was not that referred back to the MOE because A. Naidu is not the RFMF and for a re-tender to be called? It is a sub-contractor but again, it is an outsider. We only give waiver of tender to the RFMF, that is my understanding. If it can be corrected over there, if I am wrong, but once you reach that process RFMF cannot proceed with that. Why was the work not put back to the MOE for retendering?

MR. O. CAWARU.- Thank you. Do we have a MOE rep here?

Alright, from my understanding like I had explained earlier, A. Naidu is one of their recognised sub-contractor for the Military. The question that you have raised why was the waiver activity given to A. Naidu when the waiver was given to RFMF? I request if my colleague from the MOE could answer that.

HON. RATU S.V. NANOVO.- What is the normal procedure in instances like that?

MOE REP.- Thank you, Honourable Member. Just for the information of the Committee, please note that suppose we are rephrasing the ideology behind that, that something was wrong because under the Procurement Regulation, A. Naidu is not part of it. As stated in the response, A. Naidu was part of the panel of contractors for RFMF. That is why RFMF opted to award this construction work to A. Naidu.

Sir, the second part of your question as to why was that information was not disseminated to MOE, Sir, I suppose in the MOE’s Appendix 1, memo dated 24/03, it has already provided the approval for waiver of tender. The issue that Audit raised on why only $9,000 that was not budgeted for was being paid from that allocation, Sir, as already mentioned, that was based on the submission here that money was being requested for rollover to the next financial year. Thank you.

HON. RATU S.V. NANOVO.- Deputy Chairperson, I am not talking about the money now, I am just talking about the process that was followed. Why was A. Naidu given the job without being re-tendered? For example, if that keeps on continuing, RFMF can keep on doing that because they were given the waiver from tendering. By being given the job with that kind of outstanding work with them, they can just give it to any of their friends on the side which can lead to corruption, abuse and everything.

MR. O. CAWARU.- The issue that I am raising….

HON. RATU S.V. NANOVO.- Do not worry about the money! The process that was followed in here, which I am questioning.

MOE REP.- Thank you, Honourable Member.

When I was in Procurement Office, we were doing procurement return and we had raised this issue so many times. I suppose this issue that you have mentioned, Sir, has been rectified now by means that all the tenders had to be awarded by GTB it was facilitated through because now in the Government system, we do not have a panel of contractors back in 2014 and 2015 we have a panel of contractors. So now, there is no panel of contractors, Sir, that is why RFMF was always engaged.

HON. RATU S.V. NANOVO.- If RFMF cannot take on the job, they should inform you people again. Then you call for tender, before being given to A. Naidu, that is what I am asking. Why that was not done, in order to be fair to all the other contractors?

DEPUTY CHAIRPERSON.- I agree with the Honourable Ratu Sela Nanovo. In the first response, it says here that they got waiver for tender. The question here is, since they got waiver for tender, are they then allowed to sub-contract it?

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

DEPUTY CHAIRPERSON.-Because I think waiver for tender is given on exceptional circumstances. From what I believe, the primary responsibility should be of the institution or the Department that is seeking that but still they are sub-contracted, so that is where the issue lies.

MOE REP.- Sir, you are right in that. As Deputy Chairperson asked, since the waiver approval was given to RFMF, they should not have sub-contract it.

HON. RATU S.V. NANOVO.- It leads to so many problems later on - corruption, nepotism, fraud….

DEPUTY CHAIRPERSON.- So what is the policy now in regards to situations like this?

MOE REP.- As, Honourable Ratu Nanovo, had mentioned this issue has been encountered by Audit in nearly all the bigger Ministries. So now in the recent past, what happened is that, there is no longer of panel of contractors because if you will also see here, the value is $49,000 and that is a few dollars less than what GTB should provide approval for.

Now in order to rectify that problem, any Ministry does not have a panel of contractors or if it is a construction work below $50,000, the quotations have to be delivered in a sealed quotation box and that has to be opened in front of the Committee consisting officials from Ministries and Departments.

HON. RATU S.V. NANOVO.- If you look at this report here, the total project cost that was offered to A. Naidu was $130,000 which a tender is required. What I am saying, I hope you will understand that if RFMF cannot take it, it should refer it back to you, so you can call for a tender and give everyone a fair chance to apply because it is a $130,000 job on hand. What have you done there?

DEPUTY CHAIRPERSON.- I think he mentioned they have removed the panel of contractors.

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

DEPUTY CHAIRPERSON.- Yes.

(Inaudible)

MOE REP.- We have to obtain three quotes and as per the internal control mechanism, it has to be delivered in a sealed quotation box, Sir.

MR. O. CAWARU.- Deputy Chairperson, a valid point has been raised by Honourable Ratu Sela Nanovo but I think moving forward, this is something that the MOE can raise again with their superiors in terms of the waiving of tender. I think the point raised was that, the waiver was given to RFMF, then why did RFMF give it to the sub-contractor? I think that is something they need to discuss internally in terms of waiver of tender and how to deal with those particular questions that had been raised.

DEPUTY CHAIRPERSON.- Sir, PS, on the same issue, in the last paragraph says, I quote: “Suddenly the project had to be stopped as per directive by the Honourable Prime Minister. However, the contractor had already procured materials and started with general painting and initial alteration works.” So was the contractor compensated for the lost they incurred?

HON. RATU S.V. NANOVO.- It is in the report.

DEPUTY CHAIRPERSON.- How much specifically?

MR. O. CAWARU.- $9,615.

DEPUTY CHAIRPERSON.- Alright. So what is the update on this project now?

MR. O. CAWARU.- Thank you, Deputy Chairperson. Towards the end, we paid A. Naidu in 2015. Unfortunately, there was no allocation given to us on capital projects so that we can pay A. Naidu from the capital project funds. What we did was, we just pay that from our other vote, that is why we had been audited as to why we used operating to pay capital. Simply because there was no more capital money given to us in that particular year. But we admit here, Sir, that that was an oversight as well on our part. We pay capital projects only from capital project funds but we admit that we paid that from our Operating.

In terms of the project to be located at the old Parliament Complex, the quarters on your left soon as you enter Parliament, that is on hold. Now, we are moving the museum down to the one in Thurston Garden to be an annex and then to our War Memorial in that particular site. That is part of our new submission for the construction of that museum. So for now, we are using that as our second office from here in terms of some of our storage and some of the activities we need, like meetings and we are keeping that as our second office. We use that mostly during the Remembrance Day celebration where we do all our preparation, our catering and all our other activities at that old Speaker’s residence.

DEPUTY CHAIRPERSON.- So if the Committee is to take it as the loss to the Ministry in regards to this project, it has to be $9,615 only?

MR. O. CAWARU.- Correct, Sir. The total cost submitted by A. Naidu was $104,000, almost $105,000, to do the renovation work but they only started for two weeks and then the stoppage was given, so they incurred some purchase and labour so we have to pay them. That is the $9,615 that we have paid.

DEPUTY CHAIRPERSON.- Actually this is something that we have come across as a new issue because honestly, this is the first time I have come across. I have heard that there used to be a panel of contractors. So my question to MOE; apart from a scenario like this, what other reasons as to why this whole panel was removed? Does similar issues used to come from other Ministries?

MOE REP.- Thank you, Deputy Chairperson. Yes, you have rightfully said that, Sir, there used to be a panel of contractors. Literally speaking, this panel of contractors was in place when we had the Public Service Commission Office of Accommodation. So now that entire responsibility has been transferred to MOE through its Construction Implementation Unit.

DEPUTY CHAIRPERSON.- So this panel of contractors are specifically the construction companies only?

MOE REP.- Yes, Sir.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question to the PS; I note all those appendices and responses that you have given. Just a clarification, is the RFMF reporting part of the Ministry structure?

MR. O. CAWARU.- Thank you, Honourable Member. In terms of the reporting line, yes, they do. They report to the Minister for Defence in terms of their funds and in terms of policies but on their day to day activities and reporting, those are normally handled by them.

HON. A.M. RADRODRO.- My question is basically leading to their line of reporting, do they come under the PS or do they go straight to the Minister?

MR. O. CAWARU.- They report directly to the Minister and not to the PS.

HON. A.M. RADRODRO.- This correspondence that you have attached from the RFMF Engineers is addressed to the PS and not to the Minister.

MR. O. CAWARU.- Correct, that is one of the RFMF staff writing on behalf of the Commander and is written to myself.

HON. A.M. RADRODRO.- Addressed to the PS. If it is not reporting to the PS, why is it directing the correspondence and addressing it to the PS?

MR. O. CAWARU.- That is on the reporting of the quotation, Honourable Member. Just the reporting of the quotation. I think, Deputy Chairperson, it is just an administrative process.

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

MR. O. CAWARU.- Not necessarily.

MR. P. TABAKA.- In relation to the tender that had been awarded to RFMF on that particular work for renovation, initially that was the correspondence from them.

HON. A.M. RADRODRO.- To the PS?

MR. P. TABAKA.- Because the PS is in-charge of the funds for Ministry of Defence and because it is from their Budget vote and the control is with the PS.

DEPUTY CHAIRPERSON.- So this address is in regards to this project? This is what you call the letter that has been attached in the Appendix and is addressing the issue of the project, right?

MR. O. CAWARU.- Correct, Deputy Chairperson.

DEPUTY CHAIRPERSON.- So in cases like that…

MR. O. CAWARU.- Like I had alluded to, Deputy Chairperson, this is just an admin issue where one of the staff of the Commander wrote to the Permanent Secretary, but in terms of other important policies, for example, a Cabinet paper, the Commander will actually write and he would write directly to the Honourable Minister. Sir, I understand the question that is being posed.

We have to incur because the capital project …

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

MR. O. CAWARU.- No, it is budgeted for in our Ministry. The money is given to the Ministry but we gave the contract to RFMF. In terms of payment, the Ministry pays because it is our allocation, so $170,000 was given as part of the capital project for the Ministry. What we did as a Ministry, we gave the contract to the RFMF Engineers.

HON. RATU S.V. NANOVO.- Are we still on that National War Museum, the whole project allocation for that was $150,000 as stipulated in here?

MR. O. CAWARU.- For this particular activity, correct, Honourable Member.

HON. RATU S.V. NANOVO.- Out of which you paid that $9,000 from?

MR. O. CAWARU.- That is right.

HON. A.M. RADRODRO.- In addition to the ….

HON. RATU S.V. NANOVO.- No, within this $150,000.

HON. A.M. RADRODRO.- On this, the MOE Memorandum was based on information and justification. I am just trying to identify the justification; why the waiver of tender? The justification that was given as it says here, the justification is the information provided. Can you just….

MR. O. CAWARU.- Normally, Honourable Member, one of the main reasons why we applied for waiver was to avoid delay.

HON. A.M. RADRODRO.- The tender process waiver for this particular project, that is what we are talking about?

DEPUTY CHAIRPERSON.- I think also on that note, probably it would be right to also ask, was there an urgency in carrying out this project that the Ministry sought permission to waive the tender?

MR. O. CAWARU.- Yes. There is an urgency because when you look at all those activities, those are concurrent activities that will go simultaneously so that we achieve what we have planned to do and also to utilise the funds that were given. Correct, there is an urgency that we applied for waiver.

HON. A.M. RADRODRO.- Urgency of meeting the timeline or urgency of completing the work?

MR. O. CAWARU.- Both, Honourable Member. Now, that has been put on hold and we will have to continue from the existing Museum.

DEPUTY CHAIRPERSON.- Yes, I think it says here that the policy decision was made by the Honourable Prime Minister so I do not think that the PS is in a position to answer that. That is why the Honourable Prime Minister decided that.

Nonetheless, MOE in terms of urgency in seeking waiver for the tenders, what does the regulation say now about requests done by Ministries for projects to be carried out urgently and they request for tender on that? What is the actual process now, do you still follow it or not?

MOE REP.- Thank you, Deputy Chairperson. I suppose there is still mention in the Procurement Regulation on the waiver of tender. Just for the information of the Committee, there are three basic reasons as to why waiver is sought:

1. when there is one sole supplier;
2. when the project has been executed and is donor funded so if it is a request from the donor that we have specific suppliers then the request of the waiver is made; and
3. in cases of natural disaster so for the urgency of the project too, if it is a necessary procurement then definitely it has to go for waiver made to the Honourable Minister for Economy.

DEPUTY CHAIRPERSON.- There are three conditions in regards to that, if there is a sole supplier.

MOE REP.- If a project is funded by or is donor funded.

DEPUTY CHAIRPERSON.- Donor and in times of natural disaster.

MOE REP.- The donor is requesting a particular supplier to execute the work, then definitely it has to go through the waiver process.

DEPUTY CHAIRPERSON.- So this kind of scenarios are no longer applicable?

MOE REP.- Still applicable, Sir.

DEPUTY CHAIRPERSON.- I mean the reasons behind this was waived as per the responses.

HON. RATU S.V. NANOVO.- It also includes the RFMF in this process or you waive tender for the RFMF?

MOE REP.- As per the regulation, we have to follow the normal process. However, if it is urgent then definitely we have to request for the waiver of tender. RFMF has to follow the tender process.

HON. RATU S.V. NANOVO.- I think when this Office came here for their submission, they advised the Committee because of the urgency of the work they want to carry out and if RFMF applies, they waiver the tender process.

MOE REP.- Sir, you are also correct on that because we have to refer to case by case because a notable example is that, suppose the ground that is to be built in Vunisea, Kadavu, no other contractors is willing to go down there, so that is why the tender was waived. That is a notable example and there are other scenario where we cannot find any reputable supplier who can execute the job so the only option available is to go to the RFMF Engineers. Then we have to go for a waiver of tender. Thank you, Sir.

HON. RATU S.V. NANOVO.- The ground in Kadavu is still incomplete and that is why…

(Laughter)

MOE REP.- Still underway, still to be constructed.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question again to the Auditor-General; by noting your first paragraph, and I quote:

“Section 2.1.2 of the Ministry of Defence Finance Manual 2011 provides that no officer may incur expenditure, which results in the agency’s appropriation being exceeded without the authorisation of the Ministry of Finance, pending approval by Cabinet.”

Is the regularisation process that has been done by the Ministry good enough to respond to this 2.12? You have mentioned that approval has been given, but after.

OAG REP.- Thank you, Deputy Chairperson and Honourable Members of the Committee. If you look at the Statement of Receipts and Expenditure on the following page, the capital construction, capital expenditure vote is still nil. So there is no regularisation on that one and virement is still reflected in the operating expenditure.

HON. A.M. RADRODRO.- Your recommendation, is that the best recommendation that you can give regarding the Finance Manual section that you have stated?

OAG REP.- Thank you. The recommendation is linked to the criteria that is referring to Section 1.2 of the Manual. Instead, the request should be made to the MOE to vire funds in order to incur the expenditure. Maybe in the 2016 Audit, but in 2015 it was not …

DEPUTY CHAIRPERSON.- Thank you, Honourable Members. I think it is time for the next Ministry to come in for their submission. So are there any more questions?

HON. RATU S.V. NANOVO.- Have we completed the submission?

DEPUTY CHAIRPERSON.- Yes.

Thank you Sir, PS and your team. The Committee also acknowledges the measures and the acceptance taken by your good Ministry that the problem prevailed and the Ministry is now very stringent in these types of problems that do not reoccur.

I also thank the explanation given by the MOE as to dealing with such kind of problems with alternating some policies, especially I take note of that point where they said that now they have removed the panel of contractors because there were more chances of corruption, et cetera, and to be more transparent, they had to take the decision and that is noted.

Once again, I thank you for your responses. We have the Ministry of Employment, Productivity and Industrial Relation who going to do their submission at 11 o’clock. So I would like to request you, PS, if you have some final words for the Committee before we end and conclude our session.

MR. O. CAWARU.- Thank you, Deputy Chairperson. I have no other comments to make but to thank your good self and all the Honourable Members and wish you a blessed and remainder of the day. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you, Sir.

The Committee Interview adjourned at 10.57 a.m.

The Committee resumed at 11.14 a.m.

**Interviewee/Submittee: Ministry of Employment, Productivity and Industrial**

**Relations**

In Attendance:

1. Mr. Vilimone Baledrokadroka - Deputy Secretary
2. Ms. Louise Shackley – Acting Manager Corporate Service
3. Mr. Viliame Nauludugua – Senior Accounts Officer
4. Ms. Shabana Khan – Senior Labour Officer (Workmen’s Compensation)

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DEPUTY CHAIRPERSON.- Honourable Members and Officials, particularly from the Ministry of Employment, Productivity and Industrial Relations, I welcome you all to the Standing Committee on Public Accounts Committee Meeting today. We are led by the Deputy Secretary and his team from the Ministry and my apologies for the delay.

We just had one submission from the Ministry of Defence and I think we started off a bit late so that is why your good Officials had to wait for a while. Anyway, let me very briefly introduce the Honourable Members of the Committee.

(Introduction of Members of the Committee by Deputy Chairperson)

Most of the questions will be coming from the Opposition. I am the Deputy Chairperson of the Committee assisting the Committee are also Officials from the Ministry of Economy (MOE) on my far right and the Office of the Auditor-General (OAG) are on my far left.

Without further ado, Sir, Deputy Secretary, I ask you to introduce us to your team. I believe there is a written responses that you had submitted to us which I have with me, a more detailed one has already been addressed to the Honourable Chairperson of the Committee. Perhaps, after the brief introduction you or one of your designated Officials can just take us through the written submission. Thank you.

MR. V. BALEDROKADROKA.- Thank you Deputy Chairperson, Honourable Dean and Members of the Standing Committee on Public Accounts. Thank you indeed for the opportunity this morning.

(Introduction of members of team)

We will be assisting each other in responding to the respective questions that may come from the Honourable Members this morning. I now ask our Senior Accountant to go through the written submissions that we have sent, if that is alright, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, I believe we are going to start from 7.3 as per your written submission. Please, go ahead.

HON. RATU S.V. NANOVO.- Deputy Chairperson, I request if we can start from 7.1,like we have been doing to all the Ministries.

DEPUTY CHAIRPERSON.- I think the Ministry have very precisely made submissions but nonetheless, if you could take us through, starting from 7.1 as per the Audit report of 2015. Honourable Members would like to ask some general questions.

MR. V. BALEDROKADROKA.- Thank you.

Part A: Financial Statement, 7.1 - Audit Opinion; it says, I quote:

“The audit of the 2015 accounts of the Ministry of Employment, Productivity and Industrial Relations resulted in the issue of a qualified audit report. Refer to the qualifications below.”

**Statement of Receipts and Expenditures**

“There were unauthorized credit entries totalling t$685,735 in the Established Staff expenditure (SEG 1) where funds were transferred from VAT (SEG 13). In addition, the Ministry did not refund unutilized trust fund monies credited into SEG 1 totalling $96,432. Hence, the Established Staff expenditure is understated by $782,167 and the VAT expenditure is overstated by $685,735 for the year ended 31 December 2015. Similarly, various trust funds accounts have been understated by $96,432 as at 31 December 2015.”

**National Occupational Health and Safety**….”

HON. RATU S.V. NANOVO.- Can we ask questions on that portion, Deputy Chairperson; just on that statement of receipts and expenditure, why was that fund of $685,735 taken out from the VAT Allocation in SEG 13?

MR. V. NAULUDUGUA.- Thank you, Deputy Chairperson. In fact, the Ministry had an over expenditure which is also explained in Part B - Audit Findings, 7.5 – Understated Established Staff Expenditure. We found out that there was money in VAT so it was then transferred to SEG 1, but we have made our submissions in 7.5. The Permanent Secretary has counselled the Senior Accountant and our way forward is we will ensure that this problem will not happen again in future.

HON. RATU S.V. NANOVO.- Still on that, Deputy Chairperson, why was this increase in expenditure not properly planned for before your budget was formulated? Before you move on to another year, you have already planned your budget, you are thinking of increasing your staff, why was no allocation provided for that accordingly right from the beginning rather than doing this?

MR. V. BALEDROKADROKA.- Deputy Chairperson, if I could respond further; I would like to take us a little bit back by coming back to the 2015 Audit Report. Deputy Chairperson, you may be aware that in the Ministry of Employment formerly the Ministry of Labour, we have been modernising our Ministry, meaning overhauling all our labour and employment legislations within and restructuring the organisation inside for the last two decades. We still have not completed, we are left with the last component of our labour reforms which is our Workers Compensation Reform. All the other legislations, we have modernised and we have restructured the organisation accordingly to roll out these new labour legislation which includes the establishment of some new labour market institutions, for example, the latest one is the National Employment Centre (NEC).

Those were all part of the seven components of our labour reforms and we have also taken that further in the commitment we have within, not utilising any consultant, Deputy Chairperson, but it is our knowledge management strategy so that we nurture the knowledge inside of our people. In doing that, we have been requesting because as you know, Deputy Chairperson, since the Public Service Commission was freezing the growth of the Public Service, there was no new staff given. What the Ministry did, it was working within, with the staff that we have inside. While the new legislations came up and the requirement of the new legislations, PSC did not us any additional funding so that we can roll out the new legislations.

A good example, Deputy Chairperson, was when the NEC was established in 2010 whereby PSC did not give us any position, even though we were running the NEC through the Volunteer Services. Staff were volunteering to run NEC. There was no funding, no staff establishment from PSC until 2013 when they finally, they gave 16 positions to roll out the NEC.

So, what we were doing inside, Deputy Chairperson, was really trying to work within the allocated allocation, particularly IN SEG 1. At the same time, we got staff in because of the demand of the new legislation, the restructuring that we did internally. That led us to over-expend on SEG 1 in 2015 and thus, our approach to utilise the VAT allocation which we come to realise through consultation with FRCA and the MOE that we cannot do that. So we have actually learnt from that mistake and we are not repeating that anymore, Deputy Chairperson.

HON. RATU S.V. NANOVO.- Still on that, Deputy Chairperson, if you could foresee that all those will be happening within the year in the very next year and not to disturb all the allocations that had already been allocated, why can you not create a buffer amount within your budget to cater for the unforeseen expenses that are going to come up? Why was that not done in order not to disturb all the other allocations already in your budget?

MR. V. BALEDROKADROKA.- Thank you very much, Deputy Chairperson, you will note that in the Ministry as you would know the usual budget process, the tight situations that we have in the new legislations that we have established in the Ministry, we have created new trust funds. We have established three trust fund accounts in the Ministry under our reformed legislations. The intent really, Sir, so that we can access through the appropriate authorities, through the Honourable Minister and the tripartite boards as per the legislation.

We can also access those funds for the rolling out of the organisation, given the limited budget that we receive in a financial year. So, that was the strategic intent of this additional funding, so that we can utilise the source of generating revenue within so that we can utilise on the many needs of the institution.

HON. RATU S.V. NANOVO.- Still on that, was that funding sources that you have just highlighted available in 2015?

MR. V. BALEDROKADROKA.- Yes, Sir, it was available in 2015.

HON. RATU S.V. NANOVO.- Then why did not you use those avenues to fund these additional increases in salaries that was required in SEG 1?

MR. V. BALEDROKADROKA.- Deputy Chairperson, my SAO will clarify further on that. We have actually requested through the proper authorities, through the respective Boards, but we had a problem with the National Occupational Health and Safety Advisory Board on the release because the Board was just telling us; “No, you need to get money from the central pool from the Ministry of Finance for staffing purposes.” So, we were not given that approval through the Board to utilise the trust fund, thus that approach.

HON. A.M. RADRODRO.- Deputy Chairperson, just a clarification in terms of the amount which is quite a huge amount of $685,735; would that signify whether the Ministry engaged additional human resources or whether it maintained the human resources but increased the pay grade? How did the Ministry exceed its budgeted allocations?

MS. L. SHACKLEY.- Thank you, Sir. In relation to this amount, this was the recruitment that was done in 2014 for additional human resources, but then we realised that we were in a tight situation in 2015. In our records we did not do any other recruitment until 2017, trying to control our SEG 1 since we realised the plans that we had to fund this, but it did not come through.

Just like our DS had mentioned, these posts were created project posts and they were not established positions. We were supposed to fund them through those means, the trust funds or trainings and try and get in revenue to fund those positions so that we can carry out those services because the new legislations were already in place. For example, the new Employment Relations Act had come out in 2007 but our current establishment when it came out was only six Labour Inspectors to carry out this role which basically the public was expecting under the new legislation. So, we recruited 10 Labour Inspectors to enforce the Employment Relations Act. Those were done with the intention that they would be funded from this trust and we had set up training packages where we would charge employers. They have to come to us, FNU is not allowed to do any labour trainings but only our Ministry and they pay a package of $2,000 or $3,000, et cetera.

Those were a bit slow in coming in so when we realised that as we went into 2015, we stopped all recruitment. If you look at our records, we have not done any recruitment until 2017, but now as we speak we are only recruiting expiry contracts. We have not even filled or try to do any vacant positions because we are trying to control SEG 1 that we have got ourselves into from 2014 into 2015. These posts or human resources were engaged in 2014, actually. So, it did not show in 2014 because we had the budget. But when we went into 2015 and our budget submissions did not come through, then we had to rely on the inside trust and the inside trainings and they did not come through, then we found ourselves in this situation. Then our Senior Accountant may have transferred this VAT and I think we overspent, how do we account for it, it should not show and then we realised our mistake when it was pointed out by the Auditor-General and the MOE, after consultation and we have not done it ever since. Also, we have not done any recruitment again as such, maybe a plan that did not eventuate as we wanted when we first set out the plan in 2014.

The change in management as well where we had a change of Permanent Secretary in 2015, we actually did not get any Permanent Secretary until September 2015. So, from January to September we were stuck trying to find how we are going to roll out the money to come in to pay for the recruitment that we did in 2014. The recruitment was not done one-off, they were done as needed, like in April we realised the Employment Relations Act was out so we hired the 10 Labour Inspectors and as we went to the OHS, then we hired those. Then we realised that the NEC was coming in strong, the public wanted to know how they would get into the FORES, et cetera. So we hired another two or three with the hope that we would fund from within, if the budget did not come through during consultations. Thank you.

DEPUTY CHAIRPERSON.- Whilst we acknowledge the reasons for the transfer, the issue here is that the transfer was done by the Senior Accountant. The amount transferred was $685,735. My question is in terms of the limitations and the powers that are given, is he allowed to make such huge transfers, given the position that he is in, MOE?

MOE REP. - Thank you, Deputy Chairperson. The regulation says, you can via out but you cannot via in. So you can transfer payroll out if you have savings but you cannot transfer savings from other allocations into payroll. Thank you.

DEPUTY CHAIRPERSON.- Alright.

MOE REP.- Just confirming another part on it, we can via in if you get the approval from the Minister.

DEPUTY CHAIRPERSON.- Exactly, that is what I am saying, like what are the limitations in terms of the powers they have when they are making such transfers.

MOE REP.- They do not have the powers, it is with the Minister only.

DEPUTY CHAIRPERSON.- They have to seek the approval from the line Minister.

MOE REP.- The Minister for Economy because all budgets are from the MOE and the Act gives the power to the Minister.

DEPUTY CHAIRPERSON.- So, this measure was done by the Accountant without any consultation (if we are correct in saying that) with the Minister or anyone for that matter who was in power to give the authority so there was no approval from whoever was in charge of giving that.

MR. V. NAULUDUGUA.- Thank you, Deputy Chairperson. The virement was not done but we used a Journal Voucher (JV) to transfer that amount, a book entry.

HON. RATU S.V. NANOVO.- Even that one too should not be allowed. That was what I was saying.

MR. V. NAULUDUGUA.- The correct process, Sir, is that, if these kinds of things happen as mentioned by the MOE representative, it should go to the MOE for the Honourable Minister for Economy to give the approval for the transfer. Thank you.

MOE REP.- Just to confirm on that, in normal cases we are not supposed to move the actuals (expenditure) but what they have done, they had raised a JV. JV is raised to correct a mis-posting and move the expenditure. In this case they were supposed to do a virement. There are two things, Sir, one is a journal and the other is a virement.

When we have like, over expenditures we are supposed to do virements so that we are able to cover the over expenditures. That is why it became an audit issue because instead of doing a virement, they did a JV.

HON. RATU S.V. NANOVO.- Deputy Chairperson, when raising that particular JV, who approved that particular JV within your system?

MR. V. NAULUDUGUA.- Deputy Chairperson, the JV was just approved by the Senior Accountant.

HON. RATU S.V. NANOVO.- Was he disciplined because of that? Any disciplinary action taken against him, knowing very well that that should not be done within?

MR. V. NAULUDUGUA.- He was called to the Permanent Secretary’s Office and was counselled not to repeat this mistake in future.

HON. RATU S.V. NANOVO.- Thinking the number of ministries that we have heard so far, the kind of disciplinary actions that they have been given is just counselling. Counselling can just come from this ear going out through this ear. I think it will only be effective when we cut the salary or demote officers, that would teach them a lesson.

DEPUTY CHAIRPERSON.- Considering the fact the amount is quite substantial.

HON. RATU S.V. NANOVO.- The amount is quite massive.

DEPUTY CHAIRPERSON.- That is why I alluded to in my earlier question that a senior accountant is allowed to have so much powers to make transactions like that.

HON. A.M. RADRODRO.- Deputy Chairperson, just a question to DS, what is the highest accounting position in the Ministry?

MR. V. BALEDROKADROKA.- Senior Accountant, Honourable Member.

HON. A.M. RADRODRO.- That position has been there for quite some time. As part of your reform, did the Ministry ever consider to have a high level position in terms of looking after the finance?

MR. V. BALEDROKADROKA.- Thank you very much, Honourable Member. In our new structure based on the new legislations, we were supposed to have a Director but we still could not get that through, even a Principal Accountant with our Manager Corporate Services. We still could not get the new structure in place, Deputy Chairperson. It is just because in the normal budget process, we still could not get our new structures through.

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

MR. V. BALEDROKADROKA.-Yes, through the budget consultation.

HON. A.M. RADRODRO.- But is it not part of the Constitution that the line minister can decide on its own the structure?

MOE REP.- Normally, the budgeting comes from the MOE. I think they have the structure but what they are saying is the funding.

MR. V. BALEDROKADROKA.- We have to utilise whatever is given from the Budget.

MS. L. SHACKLEY.- The minister can decide how he wants to set but with the allocated budget and right now we have filled our positions quite well, we only have 20 vacant positions that he can play around with and they are all core positions, like inspectorate positions, enforcement officers so they really cannot sacrifice those positions to create a principal position. Those are enforcement positions so we can only go through budget consultations to increase our budget.

HON. A.M. RADRODRO.- Deputy Chairperson, we do take note of the comments and I think the Ministry is now expanding its arm in terms of its overall operations and whether in your corporate plan or strategic plan, you have all those activities like the 2007 ERP. Those are new reforms and there are lots of requirements in there that the Ministry is going to adhere or monitor or implement. I think maybe, Deputy Chairperson and Honourable Members of the Committee, we have to consider making proper recommendations too in terms of human resource requirements of the Ministry.

To the MOE, you mentioned about these processes. When did you last audit the Ministry of Labour?

MOE REP.- Thank you ,Deputy Chairperson, we did conduct an audit in 2016 and we also came across some trust fund anomalies similar to what had been identified by the Auditor General.

HON. MEMBER.- (Inaudible)

MOE REP.- Yes, trust funds, they used the trust funds to pay their officers, so we recommended for the officers to be disciplined. Yes, they have been notified, the report was issued to their Permanent Secretary.

DEPUTY CHAIRPERSON.- I am sorry, the trust fund to pay the employees?

MOE REP.- Yes, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Employees from the Ministry?

MOE REP.- Employees from the Ministry of Employment.

MR. DEPUTY CHAIRMAN.- That is a bit concerning.

MR. V. NAULUDUGUA.- Sir, let me just elaborate more on this trust fund. The trust fund that she is saying is a different trust fund and it is not the trust fund where people bring in their money and to be paid to them, it is not really a trust fund, it is the fund account where the Ministry uses, for example, OHS does inspection and this has fees and so our legislation has been modernised and we have set up a fund account where all these fees are deposited into that account and that account is used to promote and expand the Ministry. It is not the trust account that ….

DEPUTY CHAIRPERSON.- For the information of the Committee what is the actual name of that account?

MR. V. NAULUDUGUA.- Sir, it is in 7.3. All our fund accounts and trust account are listed in 7.3.

HON. RATU S.V. NANOVO.- For that, Deputy Chairperson, I think we should recommend in there for them to look into their capacity right now, to increase the positions, for example, to Director level so that the additional discretionary powers should also be given in order to avoid this kind of problems being detected by the officers from OAG and MOE. Once that is done, I think that can save some of the recurring issues that they are currently facing.

DEPUTY CHAIRPERSON.- I think the Officials from the Ministry acknowledges that and they have alluded that they made certain proposals and to look into those matters and solve them. I think the, DS, has also very eloquently informed us of the limitations that were there before, that was why those problems arose.

Honourable Members, with your permission can we move on to 7.3?

HON. A.M. RADRODRO.- Still on 7.1 can the DS advise us on the workings of NEC?

MR. V. BALEDROKADROKA.- Thank you very much, Deputy Chairperson and thank you Honourable Member for that question.

The NEC was established under the National Employment Centre Act of 2010 and todate, three of the main services of NEC has been launched. These include the Fiji Volunteer Services (FVS) which is now sending our retirees, particularly teachers to the Region, the Foreign Employment Services (FORES) that are now sending our people. To date Deputy Chairperson, under the FVS, we have sent somewhere around 60 retired teachers in the Region and the feedback from the Region has been very positive on how those people have freely added value to the education. They have given us feedbacks that the marks of the students in the schools that they go to teach in has really improved, the standard of the school has really gone up.

A particular school which does not normally get scholarships from the Government in Vanuatu, for example, because of the impact of those volunteer teachers, they have raised the standard and now that school is receiving scholarship from government. So, those are the kinds of feedbacks that we are getting which is really great on our volunteer teachers, adding value to the education system of our neighbours in the Region.

The Foreign Employment Services (FORES) in the three years of our engagement with Australia and New Zealand in sending seasonal workers, we have todate sent around 500 workers both, to Australia and New Zealand since it started in 2015 so this is our third year of operation. Our Pacific Island neighbours have been sending workers for the last 10 years, a good comparison is a country like Vanuatu. Todate, Vanuatu sends 5,000 annually to Australia and New Zealand. We have only now reached 500, it is just our third year of sending workers to Australia and New Zealand. We anticipate a growth in the Australian market pretty soon. We expect our numbers to rise further, meaning the number of our seasonal workers. Sir, we are touching the really isolated rural communities where we are selecting people from to go and work in the farms in Australia and New Zealand.

The third main arm of the NEC is the Formal Employment Services where our people after coming through the services of the Centre, the targeted training that we provide, they are placed on six months’ work attachment, the employer pays $30 a week and the Centre through the allowance of the volunteers (work attachee) we pay them $30 a week for six months only and through that process, we have todate managed to absorb about one-third of the people who have come to register with the Centre into permanent employment locally.

In addition, given our Operational Management Reform within Deputy Chairperson, the Centre is one of the four services that in 2016 has been ISO 9001 certified on quality management system and these are all done within. When we talk about the reform, as I said earlier, it is part of our knowledge management to build the capacity of the people internally. This year, our Corporate Services are going for ISO certification so it is really the commitment from within to really lift the standards, from modernising all our legislations and then on our Operational Management System, we are going for ISO certification. Today, Deputy Chairperson, four of the Strategic Business Units of the organisation which includes the NEC, has been certified to ISO 90001. *Vinaka.*

HON. RATU S.V. NANOVO.- Still on that, I just wanted to know the number of people now being employed under the Formal Employment Services? You just quoted that it is one-third, what is that one-third equivalent to?

MR. V. BALEDROKADROKA.- Thank you, Deputy Chairperson, we can send the exact figures but that is the number that we have been informed but we certainly can send the exact figures on the people who are actually being absorbed locally.

HON. RATU S.V. NANOVO.- To add on to that, Deputy Chairperson, from the NEC, can you also send us a detail of how many have registered so far, how many have gone through this, how many are still unemployed? You can also give us that data.

MR. V. BALEDROKADROKA.- We will do that, Deputy Chairperson.

(Inaudible)

MR. V. BALEDROKADROKA.- Foreign Employment Service. We are yet to launch the Self-Employment Services. We have only launched four of the services within the NEC todate, the:

1. Foreign Employment Service (FORES);
2. Fiji Volunteer Services (FVS); and
3. Formal Employment Service (FES).

HON. A.M. RADRODRO.- DS, just a question regarding the interesting noting about the improvements been done by our volunteers to our neighbouring countries, while at the same time we are depriving our students of that same teaching quality and knowledge. Have you also considered that as part of reorganising that department?

The other issue in terms of volunteer services, why are we not adopting the same principles as the Volunteer Eco Students Abroad (VESA), the Peace Corps volunteer where new students are coming out rather adopting the retirees?

DEPUTY CHAIRPERSON.- That is not an audit issue but you are most welcome to answer.

MR. V. BALEDROKADROKA.- Thank you, Deputy Chairperson, and thank you Honourable Member for raising that. It is really one of the strategic intent of the FVS to do exactly that, Honourable Member. But at the moment given the budgetary allocation that we have towards the establishment of the Centre, we researched globally on those who have been doing this - the Peace Corps Volunteers, the volunteers from India, South Korea and Japan (JICA), so we have researched globally and then we established the Centre through the FVS.

The point raised is certainly a very valid one and we fully believe in that, to utilise our graduates in particular, people who come out as graduates to go out and volunteer for six months, for example. It is something that we are talking with the Ministry of Youth currently, so that we can utilise the youth where youth groups can make a difference in their communities through volunteer projects. They can come up with projects and then through the FVS, we assist them in terms of their allowance but they themselves make a difference in their various communities.

DEPUTY CHAIRPERSON.- Can we proceed to 7.3?

HON. A.M. RADRODRO.- On the FORES mentioning Australia and New Zealand….

DEPUTY CHAIRPERSON.- Are you still on 7.2?

HON. A.M. RADRODRO.- Yes. Any plans for USA, UK, and possibly Hong Kong?

DEPUTY CHAIRPERSON.- Singapore?

MR. V. BALEDROKADROKA.- Thank you very much, Honourable Member, yes. The intent really is to market our people globally but at the same time, we understand the restrictions that we have locally and also our need domestically, the need by our own employers. So we have had a number of discussions with our High Commissions and Embassies on this. Our Ambassadors were in the country last month where we presented to them, telling them the services available here through the NEC that they can assist us in marketing that further.

We visited the Filipino Foreign Employment Service last year, they are really up on the top end of sending workers globally. Filipinos, for your information, Deputy Chairperson, in 2015 they sent 1.8 million Filipinos globally and these workers rake in US$29 billion in terms of remittances that they bring in.

HON. RATU S.V. NANOVO.- What sector, Sir?

MR. V. BALEDROKADROKA.- All right across the key services.

(Inaudible)

MR. V. BALEDROKADROKA.- Yes and seamen, exactly. Thank you, Deputy Chairperson.

HON. A.M. RADRODRO.- The FES, this $30 week, is the employer engaging the person from NEC also paying $30 and whether FNPF is also paid, apart from the $30 or excluding $30?

MR. V. BALEDROKADROKA.- Thank you Deputy Chairperson. Yes, part of the commitment under the Memorandum of Understanding (MOU) that each employer signs with us is that they will be paying the $30 while the Centre pays $30 and the employer has to deduct the FNPF contribution, only the contribution from the employer not the $30 from the Ministry.

HON. MEMBER.- Why?

MR. V. BALEDROKADROKA.- It is the employer’s contribution.

DEPUTY CHAIRPERSON.- 10 percent.

MR. V. BALEDROKADROKA.- Yes.

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

DEPUTY CHAIRPERSON.- No, I think the amount is very ….

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

MR. V. BALEDROKADROKA.- Deputy Chairperson, the clarification from FNPF last month as well we did a public consultation, including FRCA and Fiji National Provident Fund. So in their law they have specifically stated that only the employer (and not NEC) has to pay the contribution to the client because it is just for the six months.

(Inaudible)

MR. V. BALEDROKADROKA.- Yes.

(Inaudible)

DEPUTY CHAIRPERSON.- The maximum is six months.

(Inaudible)

DEPUTY CHAIRPERSON.- Only for NEC.

(Inaudible)

DEPUTY CHAIRPERSON.- If it is more than six months they cannot employ, just $30 that is considered unfair.

MR. V. BALEDROKADROKA.- If it is going to be more than six months, then it is going to be a totally different contract altogether.

DEPUTY CHAIRPERSON.- Exactly.

HON. RATU S.V. NANOVO.- Deputy Chairperson, because we have come across cases whereby they have complained that they have worked in certain companies like that, it is beyond six months but they are still paying the same rate. Have you come across that?

MR. V. BALEDROKADROKA.- Thank you, Deputy Chairperson, yes, we sometimes have come across this but we notice that in most of the cases, the company does not have an MOU with the Centre because that is the process inside. Whichever company that hires our people must have an MOU that is signed on with us, to ensure that the employer meets the obligation. In those cases, we found out that those employers actually do not sign MOUs with us.

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

MR. V. BALEDROKADROKA.- Yes, now through our discussions with FRCA and FNPF ,we really are finding ways on how we can really tag on these so-called unscrupulous employers. Thank you.

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

HON. A.M. RADRODRO.- Deputy Chairperson, on the FORES, there is also Fiji citizens who are engaged in security services, et cetera, whether they are part of this FORES? Are there any plans to also include them in your scheme?

Also in FORES, there were some negativity on the arrangement that was done initially, workers being exploited. What is the current arrangement now and how has that improved?

MR. V. BALEDROKADROKA.- Thank you, Deputy Chairperson, with your indulgence, sending our people across and to include the other sectors, I will just give the latest one which is sports, our sporting nations. The Ministry of Youth finally came to us requesting our assistance because as you will know, Deputy Chairperson, there is no principal sports legislation in this country todate. So, the Ministry of Youth came to us requesting for assistance, if we can assist on the sending of sports people across.

After getting the response from the Solicitor-General’s Office, we now can accommodate sporting people as part of our services under the Employment Relations Act 2007. Before any sportsperson leaves our shores by a foreign sporting agency or a local agency, the same vetting that we do to any other worker who goes overseas, particularly on their contracts, we are also doing that to sports people. That is across the board now on all sectors. Any worker before he or she departs our shores under the legislation, we must vet their contracts just to ensure that they are not paid below the minimum standards as in the law. So, that is the latest arrangement that we have now on any foreign worker before they go, including sports people. That also includes the security people. Before any private employment agency or recruiter comes in and recruits, they must first apply to the Ministry to get certification before they can send our people across, that is for all private agencies.

DEPUTY CHAIRPERSON.- I think we have taken enough general questions on 7.2. If we can go into the actual Audit issues which starts from 7.3 and should we have time after the submission, then we can continue with the supplementary questions, if general in nature. So, we can be taken through 7.3 as per your written submission.

MR. V. NAULUDUGUA.- Thank you Deputy Chairperson.

7.3 - Trust Statement of Receipts and Expenditure; on National Occupational Health & Safety Education and Prevention Fund, this is the Fund that I was talking about, it is not really a trust account, it is a fund account. As at 30th April (last month), the balance is $5.9 million and this is how the Fund is applied and used. It is applied by the Minister on the advice of the Board for the purpose of health and safety education or training or research, ensuring or promoting the health and safety of persons at workplaces.

The Fund consists of fees, such as the statutory engineering fees, workplace, plants, chemicals, registration, OHS training, NDT Non-Destructive Testing (NDT) inspection, occupational hygiene consultancy and any other OHS consultancy. You can refer to Appendix 1 – Health and Safety at Work Act 1996 - Part 5.

For the NEC, as at 30th April, 2017, the balance is $217,672.25. The Fund is applied by the Minister on the advice of the Board for the purpose of defying expenses of NEC and the promotion and creation of employment and business opportunities in formal employment markets, self-employment, Fiji Volunteer Services or foreign employment market. Please refer to Appendix 2 for the NEC Decree 2009.

Employment Relations Fund Account as at 30th April, 2017 we have $488,164.25. The Fund is applied by the Permanent Secretary on the advice of the MOE for the purpose of promoting or ensuring good faith employment relations, productivity, education or training or research in employment productivity relations. The Fund consists of fees, fixed penalty notice payment, labour management consultation cooperation, employment relations training fees.

The Child Labour Fund as at 30th April, 2017 we have $2,327.70. This Trust Fund was set up in 2010 under the Child Labour ILO TACKLE Project to establish a Child Labour Unit and provide training and development for the Labour Inspectors, social welfare, education, police officers, together with our social partners and unions, employers and the NGOs in the area of child labour and Act enforcement, as the enforcement of the legislations is embedded within the provision of Part 10 of the ERP 2007. It is under Appendix 4, Sir.

The last one which is our trust account, the first one is the OHS Consultancy Services. This was set up to cater for payment of a user-pay service that was provided by OHS Officers, such as their accommodation, meals, travel and overtime for OHS Officers.

Workmen’s Compensation Services; this was set up to facilitate the payment of work-related injury from private sectors, work-related death to benefit of the deceased from private sectors, work-related death to benefit of the deceased from public sectors.

Wages Dispute Services; this was set up to facilitate payment for workers in respect of their unpaid annual leave, underpayment of wages rate, unpaid public holiday, unpaid maternity leave, unpaid sick leave, unpaid meal allowance and unpaid overtime.

So, as at 30th April, 2017, $8.4 million is the total of the Trust Accounts and the Fund Accounts of the Ministry of Employment. Thank you, Sir.

HON. A. O’CONNOR.- Through you, Deputy Chairperson, that amount that you have just mentioned, is that through budgetary allocation or is it raised within your Ministry?

MR. V. NAULUDUGUA.- The first one to the fourth is the fund that is raised within the Ministry and the fifth one, that is the trust account that comes out from companies, private employers coming to our trust account, then again paid to the beneficiaries.

HON. A. O’CONNOR.- The reason I asked is, I need money in my Ministry.

(Laughter)

DEPUTY CHAIRPERSON.- If we can be taken through 7.5?

MOE REP.- Sir, 7.5 is the one that we had already discussed.

DEPUTY CHAIRPERSON.- So we move to the next one.

(Inaudible)

DEPUTY CHAIRPERSON.- Alright. We move to 7.6 and then 7.7 - Pending Workers Compensation Cases. I think we have not discussed anything on this.

HON. MEMBER.- It is all before the court.

MR. V. NAULUDUGUA.- 7.7 – Pending Workers Compensation Cases; the Workers Compensation Unit has documented all its systems and processes and has been ISO 90001: 2008 certified in July 2015, where the timeframe for processing of cases are clearly reflected for officers to follow.

A fulltime medical assessor is now based with the Ministry to carry out a final medical assessment for injured workers and medical opinion for death cases. The Ministry till todate has trained 218 medical assessors on Impairment Assessment.

The Unit with the Training Accreditation Chemicals & Hygiene (TACH) is conducting workers compensation awareness sessions to both, the private and the public sector.

HON. RATU S.V. NANOVO.- Still on this, Deputy Chairperson, can we be advised or information on this can be sent to us later as to how many altogether has gone through this, how many had been paid out, what was the amount and how much, how many are still outstanding, say up to the end of last month or when?

DEPUTY CHAIRPERSON.- The arrangement that Ministry of Employment has with other Ministries in this case, I assume with the Ministry of Health, it is just arrangement in terms of assessment and trainings only?

It says here, and I quote:

“A full time medical assessor is now based with the Ministry to carry out final assessment for injured workers and providing medical opinions for death cases.”

The Ministry till to date has trained 218 medical assessors on Impaired Assessment. These medical assessors are from Ministry of Health?

MR. V. BALEDROKADROKA.- Yes, our doctors.

DEPUTY CHAIRPERSON.- So the only arrangement that the Ministry of Employment has is only in terms of training?

MR. V. BALEDROKADROKA.- Deputy Chairperson, can I ask our Officer, Ms. Shabana, to explain further.

MS. S. KHAN.- Thank you, Deputy Chairperson, first of all in terms of Workmen’s Compensation, I will just give a brief in terms of the Workmen’s Compensation Act. Basically this legislation deals with injuries that happen during or in the course of employment and death from any cause whatsoever which is required to be reported to PS Employment.

The Ministry of Employment carries out necessary investigations and the outcome for the cases, for example, for injuries cases, after the recovery period has finished, then the medical assessors will actually give a final medical report to actually determine the degree of disability being suffered. Based on that, the Ministry calculates the relevant compensation that is paid out. Likewise for death cases, provided if it is not a fatality, the Ministry in terms for natural courses, we do the necessary investigations and the medical opinion is given by the medical assessors. If the opinion is work-related, then we calculate whatever compensation is to be paid to the dependants.

In terms of the medical assistance, we have a full time medical assessor who is based with the Ministry. Hi job is actually to assess all injury cases and death cases that is with the Ministry. It does not involve just in the Central Division but he is required to actually move to the districts - Northern and Western Divisions to carry out assessments. For example, in terms of eye injury specialist cases, the medical officer that is with the Ministry is not an eye specialist so for specialised assessments, that is where we need to go to the Ministry of Health to obtain a medical report for specialised cases, Sir.

MR. DEPUTY CHAIRMAN.- So, we are to take that there is only one medical assessor in Fiji.

MS. S. KHAN.- One full time medical assessor with the Ministry of Employment, altogether they have trained 218…

DEPUTY CHAIRPERSON.- No. I am just talking about Ministry of Employment.

MS. S. KHAN.- Yes, Sir, only one full time medical assessor.

DEPUTY CHAIRPERSON.- Who has the responsibility of liaising with almost 218 medical assessors?

MS. S. KHAN.- Yes, Sir, in addition to that, he is also required to liaise with the Health Centres and the workers and the dependants to get more information.

DEPUTY CHAIRPERSON.- Exactly. So, that is a huge responsibility lying on the shoulders of one person only. Has there been any plans to include more people?

MR. V. BALEDROKADROKA.- Thank you, Deputy Chairperson. Yes, I mentioned earlier the reforms that we are undertaking and this has really been one of the areas too, that we are really short staffed inside the Ministry.

DEPUTY CHAIRPERSON.- Exactly.

MR. V. BALEDROKADROKA.- In fact, we have made budget submissions already to have, at least, two full time medical assessors because while we rely on our doctors, this is really not their core work, so that is why we have a lot of backlog of cases, particularly on the doctor’s opinion when accidents or deaths occur. Because it is not their core, our cases are normally left on the side and it adds to the delay but now with our clear systems and processes and the fact that we have trained more than 200 medical doctors to be part of our assessors, our intention is really only on the trained medical doctors to be assessors, not any medical doctor.

DEPUTY CHAIRPERSON.- Yes.

MR. V. BALEDROKADROKA.- Yes.

(Inaudible)

HON. A.M. RADRODRO.- So, have you considered that?

MS. S. KHAN.- Thank you, Sir. Yes, definitely, we do receive customer complaints from the workers or the dependants in cases where there is delay in getting the medical history or if it is a specialised case delay in getting medical reports. In terms of compensation, we cannot actually move to the next process unless and until we get the final report. Yes, Sir, we do receive complaints from customers in respect of delay of cases.

HON. A.M. RADRODRO.- Just a question to that, whether this Unit has ruled for an employer to pay but actually when the employer declines to pay, what happens to this situation? There was one case that was highlighted in the newspaper.

MS. S. KHAN.- Thank you. Sir, the Workmen’s Compensation Act basically it is a 1965-based legislation, so there is actually been an amendment made in July 2015 which was effective from 17th July, 2015 and that was, to increase the quantum in terms of compensation payout. For the death cases, it is an increase from $24,000 to $50,000 and another amendment was done effective from 17th February, 2017. That is where the amendment says that doctors that are part of the Impairment Assessment Training are required to conduct assessments.

Coming to your question in terms of where the cases are disputed, basically in our cases, a lot of cases are disputed when we send the compensation claims to the employer and he/she basically blames the worker that it was due to the negligence of the worker that he or she had sustained injuries. So, the process that we follow is that because we have done our investigations and that actually includes taking the ….

(Inaudible)

MS. S. KHAN.- Yes, we have done our investigations, then we forward the file to the Office of the Solicitor-General, and then the case is filed in the Employment Relations Tribunal for determination of compensation.

DEPUTY CHAIRPERSON.- The Employment Relations Tribunal falls directly under the Ministry of Employment?

MS. S. KHAN.- No, Sir, it falls under the Judicial Department.

MR. V. BALEDROKADROKA.- Yes, Sir, in the initial establishment, it was under the Ministry of Employment but now just last year, it has been moved to the Judicial Department.

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

MR. V. BALEDROKADROKA.- It was established under the Employment Relations Act 2017.

HON. A. O’CONNOR.- Deputy Chairperson, I just have a question for the Ministry, there are two cases that are before your Ministry right now; the first one was a fatality in a diving for sea slugs or beche-de-mer of Yadua Island on the Bua Coast about eight years ago and the dependants or the parents of the deceased was advised to reapply for compensation after seven years. Is that correct?

The second one is whereby your Ministry has received the medical report and then it has gone back for a review of that same medical report. My question is, why? One case is that the parents have been advised to reapply after seven years. There was something, through the Police Department, saying they needed to confirm that the person is definitely dead. Can you elaborate on that, if possible? If not you may wish to get back to me, thank you.

MS. S. KHAN.- Sir, what information I have is general information, is normally where the cases are of missing at sea and where the death certificate says that the person has not been declared dead, then that is where I think there is a seven year timeframe given and that is when they can declare from the Police that the person is no more. That is when the employer would have been required or the Ministry would be able to take the necessary investigation process.

The second case, Sir, I do not have the information with me here, but I would be able to get back to you, Sir.

HON. O. CONNOR.- (Inaudible)

DEPUTY CHAIRPERSON.- I am very sorry but I have to ask DS’s permission, you are alright with all these general questions?

(Inaudible)

DEPUTY CHAIRPERSON.- Alright.

(Inaudible)

MS. S. KHAN.- Sir, normally with us, once the ruling has been done and if the employer refuses to pay compensation, then we go back to the Office of the Solicitor-General to actually ask on how can we actually recover the compensation.

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

MS. S. KHAN.- Sir, the ruling is subject to appeal.

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

MR. V. BALEDROKADROKA.- Deputy Chairperson, this is why we said earlier, this is the last component - the seventh component of our labour reform we have to undertake, the Worker’s Compensation. It is a colonial-based legislation, it has outlived its usefulness so this is really our last phase that we want to do. It is part of our strategic intent, to overhaul in its current legislation.

DEPUTY CHAIRPERSON.- In cases like that, people can always dispute that they have their rights as well to appeal, right uptil the Supreme Court.

HON. A.M. RADRODRO.- So, in terms of the application of Workmen’s Compensation, say a person involved in an accident, motor vehicle, bus, can they also be compensated through this Workmen’s Compensation? I mean, the passengers.

MS. S. KHAN.- Sir, the Workmen’s Compensation is only for workers who are employed, unfortunately it does not cover passengers’ insurance sake. The person has to be a worker employed at a workplace.

DEPUTY CHAIRPERSON.- So, in a case like that, let us say if something happens to a bus driver, then Workmen’s Compensation does not apply? Suppose something happens to the bus driver, he is driving the bus and suddenly gets hit by a car.

MS. S. KHAN.- Sir, it would apply to the bus driver because the bus driver is an employee of a particular bus company but not the passenger.

DEPUTY CHAIRPERSON.- Not the passenger?

MS. S. KHAN.- Yes, Sir. , bus checkers, yes employees

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

MS. S. KHAN.- Yes, Sir, bus checkers only because they are employees.

(Inaudible)

MS. S. KHAN.- Thank you, Sir. In respect of sports, the Ministry has actually paid out sports-related injuries, like rugby, these are for military personnel where it is clearly stated in the military legislation that sports is part of their official duties on Wednesdays and if they have been injured, then we are required to compensate them. But we have actually not paid out any sportsman who had actually gone to play overseas representing the country.

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

MS. S. KHAN.- No, Sir.

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

MR. V. BALEDROKADROKA.- This is really where the Ministry responsible should come in. We have the Ministry for Sports.

(Inaudible)

DEPUTY CHAIRPERSON.- Since we are discussing sports and recreational activities, there are certain activities that people working for the Public Service (I think), engage themselves in. There is a programme called Wellness Programme and it is normally encouraged that, at least, once a day per week you take early leave so that the members can go and socialise, play together and if they get injured, that is during working hours. Is that covered?

MS. S. KHAN.- Yes, Sir, because that Wellness Programme is an official release from the employer so there is coverage for those workers.

DEPUTY CHAIRPERSON.- If we can be taken very quickly to 7.9.

MR. V. NAULUDUGUA.- 7.9 - Payment of VAT from Workmen’s Compensation Claims; VAT was charged to Workmen’s Compensation payment since the Budget was provided by the MOE. In the 2015 Budget Estimates, the Ministry has sought clarification with the FRCA Officials and had been advised accordingly. The recommendation has been strictly followed and we are no longer charging VAT on the payment of Workers Compensation Unit. You can check on Appendix 8, that was the confirmation from FRCA.

DEPUTY CHAIRPERSON.- Yes, and I think when we started the submission you did allude earlier that when it comes to VAT compliance, the Ministry is very strictly following that. Honourable Members, any more questions.

HON. A.M. RADRODRO.- Just on the Workmen’s Compensation, does the employer has to pay a fee or levy for the Workmen’s Compensation in an annual basis? How does that mechanism work?

MS. S. KHAN.- Sir, on Workmen’s Compensation payment, one is for private sector cases and one is for the Government Ministry cases. The Government Ministry is through the RIE funding from the MOE and for the private cases, it is up to the employer. If the employer has got insurance coverage, then the employer would be required to pay the yearly premium or the monthly payment to the relevant insurance companies and then they would facilitate payment.

HON. A.M. RADRODRO.- For instances in 7.6, what are those? There is payment received from insurance companies in Table 7.6 - Trust Fund Statement.

MR. V. NAULUDUGUA.- Sir, this is the one that we receive from private sectors and paid out to the injured workers.

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

MR. V. NAULUDUGUA.- The Ministry and to the workers.

DEPUTY CHAIRPERSON.- Honourable Members, I believe there are no more questions.

On this note, I would like to thank the Officials from the Ministry of Employment, Productivity and Industrial Relations for their submission. We understand that there were some issues highlighted and we also take note of the measures taken by the Ministry to rectify them. We also acknowledge the fact that the Ministry is trying to work within and the people they already have in their Ministry, to achieve certain reforms that they had already gone through and they are also planning to do so.

On that note, I thank you, Sir, DS, for your submission and also to your team. Before we conclude the submission for the day, any final words from you?

MR. V. BALEDROKADROKA.- Deputy Chairperson, on behalf of our Honourable Minister, Mr. Jone Usamate, and our Permanent Secretary, who unfortunately is not here because she left yesterday to go overseas, we want to say `thank you sincerely’. Thank you indeed for this opportunity to come in and clarify some of the issues that this Honourable Committee has raised with us. We thank you sincerely again, Sir, and the Honourable Committee Members.

DEPUTY CHAIRPERSON.- Thank you, Sir.

The Committee adjourned at 12.35 p.m.