

**VERBATIM NOTES OF MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS, HELD IN THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY 30TH NOVEMBER, 2017 AT 9:46 A.M.**

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**Submittee : Department of Energy**

**In Attendance**

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| 1) Mr. Mikaele Belena | - | Acting Director         |
| 2) Mr. Navin Chandra  | - | Senior Accounts Officer |
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MR. CHAIRMAN.- Thank you, Honourable Members and good morning to everyone. A special welcome to the team from Department of Energy headed by Mr. Belena and SAO, Mr. Chandra media, staff, secretariat and the team from the Auditor General's Office inclusive of Mr. Amit Pal and Inia, Senior Auditors who are here to assist the Committee in the work that we are doing on behalf of the Government and Parliament and that is scrutinising all government projects and finances and agencies. Today we are looking at the Performance Audit Volume 1, which is the Audit of Management of Rural Electrification Programme.

We have certain areas of concern that is noted here by the Office of the Attorney General. We will let you commence your presentation and when the questions arise we will interrupt you for clarification. We note that the Permanent Secretary is new to this position, the Deputy Secretary Infrastructure had just taken up this position and he was not too familiar with the concepts, he will not be here today but the responsibility now is on Mr. Mikaele and Mr. Chandra to take us through.

MR. M. BELENA.- Thank you very much, Mr. Chair, Honourable Members of Public Accounts Committee, the representatives from the Office of the Auditor General. Firstly, an apology from the Permanent Secretary or acting Permanent Secretary who is not with us today. He took up the office in the last two weeks, at the moment he is still trying to familiarise himself with the work that we are doing. Also apologies from our Deputy Secretaries, one is away overseas and the other one in the Northern Division. We are here to present on the responses we had forwarded to the Committee with regards to the 2014 Audit Report. We will go through the issues that were raised with the Rural Electrification Programme. There were some issues that were raised in regards to different areas that the OAG team have covered, as far as the performance of the unit is concerned.

The Rural Electrification Programme is under the Department of Energy governed by the Rural Electrification Policy 1993. We got our Standard Operating Procedures which highlighted the processes and procedures that we need to follow as far as the implementations of the programme is concerned.

There are number of programmes under the rural electrification. We have the solar homes systems that we install for remote and outer islands, those that are not connected to the grid. We have the diesel hub generators systems and we also assist those communities that required assistance to be connected to the FEA grid lines. This is on our agreed extension projects. At the moment we have a new project that we are going to install on hybrid system. This is a combination of two power supplies, can be a diesel generator or a solar or can be both renewable energy sources. This is to address the needs of the communities in terms of reliable and sustainable power supply. It also addresses issues that we are facing with the emissions of carbon dioxide from the running of generators.

MR. CHAIRMAN.- Where this programme is concerned Rural Electrification Programme, you provide the grid to the settlement, you extend the grid to a particular area but the actual connection to the post the black wire which we call it, that is the responsibility of the consumer?

MR. M. BELENA.- In terms of Grid Extension Projects, there are two areas that we look at:

- i) Major grid extension where we pay FEA for the pulling of the grid and also with the low voltage line; and
- ii) The other area is on minor house wiring. The grid is already there so we just do the house wiring and also the connection of the black wire.

MR. CHAIRMAN.- You do both?

MR. M. BELENA.- We do both, the internal wiring and also the connection to the main line.

MR. CHAIRMAN.- Is there any criteria for people who want internal wiring, people of a particular income range?

MR. M. BELENA.- In the policy we only cover areas that are outside town and city boundaries. That is covered under the Rural Electrification Policy. There are no requirements on the level of income. If they are located outside town boundaries, we can assist them.

MR. CHAIRMAN.- The internal house wiring includes the installation of lights and switches, you do that too?

MR. M. BELENA.- Yes, Sir. That is what we do. We do the wiring, switches, meter box and the connection to the main FEA line.

MR. CHAIRMAN.- Where is the application made, to your Department or FEA?

MR. M. BELENA.- They have to come and apply at the Department for house wiring and grid extension. We will go to FEA to fill the group application form, once FEA conducts their survey, they will submit the quotation to the Department. We will facilitate that payment.

MR CHAIRMAN.- The second question is the contribution from public. I think two years ago under the budget the contribution was removed and everyone who paid was refunded?

MR. M. BELENA.- Yes, Sir. In 2016 Government made that announcement that they will meet the contribution of the communities. We refunded those communities that paid their contribution but were waiting for the project to be implemented.

HON. M.M.A. DEAN.- How do you choose outside electrical contractors who carry out the installation? They are chosen by FEA or the Department of Energy? People have been asking us this issue.

MR. M. BELENA.- We followed the Government process in terms of recruiting companies. We follow the tender process. They are recruited through a competitive tender process before we actually award the work to the successful bidder.

HON. A.M. RADRODRO.- Mr. Chair just a general question in terms of the Rural Electrification Project. In this Performance Audit 2014, the target is to have almost 100 percent Rural and Electrification Project completed. What is the current status on the Rural Electrification?

MR. M. BELENA.- In terms of the coverage, Sir, I think we can come back to that Mr. Chairman to provide details on the coverage.

MR. CHAIRMAN.- Any questions on stats, you can give it to us in writing.

MR. M. BELENA.- All right, Sir.

MR. CHAIRMAN.- Is there any priority, like people who paid their deposits first, even though they are refunded? Are they given priority in terms of connections and then the most remote areas, are they on the priority list?

MR. M. BELENA.- When we conducted that refund in 2016, we looked at those communities who paid their contribution in full, those are the ones that we prioritise. Then there are some who made partial payments, those are the ones that comes under the list. Firstly, the Management Framework of the Rural Electrical Programme. The issues that were raised by the Auditor General's team that the need to revise the Rural Electrification Policy 1993 and also the standard operating procedures.

For instance in 2008, there was a decision to reduce the community contribution from 10 to 5 percent. In 2016 there were decisions made by the Government on the waiver of the community contribution and also the assistance that we provide to the communities, before it was a one off basis. If you get assistance from the Government and you cannot be getting any other assistance especially with projects that we provided. Government have removed that as well and also the validity of our Rural Electrification Scheme quotations. Now our quotations are valid for one year. It also includes the handover of the solar home systems to the communities.

Those are some of the amendments that have been done to the policy with all that Government have been doing. Our Policy and Planning Unit are currently doing a holistic review of the Policy. The Policy will take into consideration the resources and also the processes that we are undertaking. The policy will also strengthen the structure of the Department's Rural Electrification Programme. We are currently reviewing the policy and we will incorporate all these changes.

MR. CHAIRMAN.- OAG, you have noted in the key findings that the framework exists, the standard operating guideline existed since 1993. These however need to be reviewed to incorporate current practices, roles and responsibilities. Mr. Mikaele said they have made some changes including the consumer contribution withdrawn, now it is totally free. There is a comprehensive review of the Policy, this removal of finance assistance et cetera. What sort of review were you talking about here when you said that it needs to be reviewed? Isn't the review undertaken by the Ministry sufficient?

AUDIT REP.- We have noted the reviews that have been made. In this particular issue like they need to incorporate this holistically into the actual Policy.

MR. CHAIRMAN.- What sort of review? There is one specifically he is talking about is the reduction of consumer contribution. When you say the current practice to be reviewed, is it the implementation, is it management or what is to be reviewed?

AUDIT REP.- Actually the changes, it is just a one off. They need to incorporate all these into the Policy to make it a whole standalone Policy.

MR. CHAIRMAN.- That is what he is talking about he is saying there is a holistic review going on that will be implemented.

AUDIT REP.- Yes. We can look into that when we do a follow up audit for this.

MR. CHAIRMAN.- When is your follow up audit due?

AUDIT REP.- We looking at doing this next year.

MR. CHAIRMAN.- Next year?

AUDIT REP.- Yes.

MR. CHAIRMAN.- Yes, Mr. Mikaele, you can continue.

HON. A.M. RADRODRO.- Just the supplementary question on this review of Policy, the removal of contributions since you have decided to reimburse the contributions. Is there any indication of what was the amount involved in terms of the reimbursement that was made to the communities? How many communities were involved in terms of total reimbursement?

MR. M. BELENA.- We do not have the figures with us at the moment. We can also come back to the Chairman on that.

HON. A.M. RADRODRO.- ....prioritise your next Electrification Programme? When you remove the deposits, how do you plan or decide which one comes first?

MR. M. BELENA.- We first prioritise those who have paid their contribution in full and then we look at those who made the partial contribution. That is how we have prioritise our programme from 2006 until now.

HON. A.M. RADRODRO.- In full that means the one third contribution or the 100 percent contribution?

MR. M. BELENA.- Yes, the five percent contribution. When Government made that decision in 2016, there were communities that have paid their five percent contribution in full but were yet to be assisted. Those were the ones we assisted first.

HON. A.M. RADRODRO.- The FEA grid?

MR. M. BELENA.- The FEA grid and also our house wiring assistance. House wiring they also pay a contribution to us. It is \$132.00 so those are the ones that we also prioritise in our list.

HON. A.M. RADRODRO.- What happens to the diesel electrification and solar, how do they prioritise into that programme?

MR. M. BELANA.- For solar they pay around \$50 deposit. That was for each family but it is a community based project, so they come in communities. We also prioritise that on the list. Those that have paid the contribution in full, we put them first in our priority list. One of the areas that have also been highlighted is on the structure of the department especially with our Rural Electrification Programme as highlighted by Auditor General has been in existence for the last 20 years. At the moment we have about 13 technical officers, 2 supervisors and 1 principal technical officer who are looking after the Rural Electrification Programme.

We are looking at the strengthening of the Rural Electrification Unit to accommodate the needs of the communities.

This year the Ministry has mobilised some of our officers to the divisions because of the need and the high demand from our rural communities. We had decentralised some of our officers to be based in the Northern and Western Division.

MR. CHAIRMAN.- How many divisional officers do you have?

MR. M. BELENA.- In the Northern Division we have 3 staff. In the Western Division we also have 3 staff.

MR. CHAIRMAN.- The main is in the Central Division.

MR. M. BELENA.- Most are based here in the Central Division.

MR. CHAIRMAN.- So, where are these officers situated?

MR. M. BELENA.- They are based in our Divisional Engineers office, both in the Northern Division, the Divisional Engineer Works Northern and also with the Divisional Engineer Works Western.

MR. CHAIRMAN.- This is in the DO's office?

MR. M. BELENA.- No in the Divisional Engineers office.

MR. CHAIRMAN.- In the West, where exactly is this?

MR. M. BELENA.- It is located close to the wharf.

MR. CHAIRMAN.- To the wharf all right

MR. M. BELENA.- In Labasa they are located in Vatunibale.

MR. CHAIRMAN.- So it comes under Department of Energy

MR. M. BELENA.- Yes we have got a office there.

MR. CHAIRMAN.- I get a lot of calls from people enquiring where to go.

MR. M. BELENA.- Sir, in response to the comment from the Auditor General on the need to recruit more staff and the provision of adequate training for employment skills enhancement and development. At the moment there is an urgent need for us to recruit more staff for our Rural Electrification Unit. Now when the Government have removed that contribution, we are receiving an influx of application.

MR. CHAIRMAN.- What is the total number of staff you have in all the three divisions?

MR. M. BELENA.- Sir, for the Rural Electrification Unit?

MR. CHAIRMAN.- Yes

MR. M. BELENA.- We have 16 staff altogether. 3 are based in the Northern Division, 3 based in the Western Division and the rest are with us here in the Department.

MR. CHAIRMAN.- How many staff do you need?

MR. M. BELENA.- Sir we can come back to the Committee in regards to the additional staff that we will require, because at the moment we are currently looking at the structure.

MR. CHAIRMAN.- The staff that you have, they consist of what type of expertise. Engineers? Electricians et cetera?

MR. M. BELENA.- Yes Sir, we have electricians, engineers and also mechanical fitters and technicians who look after our solar programmes.

MR. CHAIRMAN.- There is an agreement that there is a need for more staff because now it is free. A lot of people are applying because it is actually good then you will reach your target faster. The more the applications, more staff and more jobs done per day.

Any idea how long it takes for a particular person for a person to lodge his application until his house is connected to the grid? Is there any estimated time?

MR. M. BELENA.- From the Department we are trying to implement the project with the least turnaround time. The processes that we have to go through. Firstly, with our tender process which takes us about a month just to go through the tender and have it advertised and evaluation and then come back to GTB.

With that we have to go to SG's office for the vetting of contracts which will take us about another two to three weeks before we actually award the works to the companies.

MR. CHAIRMAN.- There are areas where the grid already exist so it is a shorter distance to cover. In some areas where the grid had to be installed first. So the time differs.

HON. M.M. A. DEAN.- I have been working with one of the villages in this programme. I just want to share my experience with Department of Energy. As long as all

the requirements are fulfilled, they are efficient. The approval is done, they instruct FEA to do the survey and all necessities.

The only delay is when there is something missing from the requirements. From my experience, the Department give a lot of priority to this scheme. As long as everything is in order, they will attend to it

MR. CHAIRMAN.- The way it is managed is efficient.

MR. M. BELENA.- The next part is on the administration and implementation of rural electrification programme. The applications are not always supported by the required documentations. This is one of the areas that we are trying to address. We always scrutinise the applications before we go implement the project. This is to ensure that all the requirements are attached before we process for implementation.

The second part is on the diesel generators. The comments raised by the Auditor General that once a generator is installed they are not always exploited by the beneficiaries. We understand the challenges that our communities are facing with the use of generators, given the high fuel cost and also the maintenance and operational costs.

From the Government side we continue to train the village operators and the committee on how to operate and run the generators in a more efficient and economical manner. Looking at the overall management of the project, the Government continues to provide that assistance to the communities.

MR. CHAIRMAN.- I understand that usually when you have that title or lease to the land, it is much easier to get your rural electrification project approved. What about when you have got other people that are residing on land that do not belong to them, we need them to provide consent from the landowner whether it is from the individual or from Government. We need them to provide us all those documentation. For those who are in the squatter settlement or without title, they approach your Ministry, is there is any special allowance made for them? Lands Department usually gives them a letter temporarily approval for connection, if they get a lease it is fine, if they are evicted then that temporary connection goes. What is the position with your Department in that, do you have temporary connections too?

MR. M. BELENA.- According to the Rural Electrification Policy we do not provide assistance for temporary power connection, we only provide permanent power solution.. We have been receiving similar cases but we have advised the applicants that we can assist once they build. We can provide the wiring and connection to the main electricity Fiji Electricity Authority (FEA) line.

HON. M.M.A. DEAN.- What is your definition of rural?? How about a village just beside the main road that is without power supply and is away from the main town centre? Would that be classified as rural area according to the Department or you look at the interiors only?

MR. M. BELENA.- As per the definition in our policy, rural area is an area which is outside town boundaries.

HON. A.M. RADRODRO.- In addition to that question, when you say that definition but is your Ministry not involved in electrification for squatter settlements like in Veiraisi and Sasawira, are you part of that electrification program?

MR. M. BELENA.- We can come back to the Committee to provide a response on that.

HON. A.M. RADRODRO.- Who is responsible for that? Is it the Department of Energy or FEA?

MR. M. BELENA.- We do not provide assistance to those settlements.. And for Sasawira, if it is outside town boundary then we can come in for assistance. But if it is within, we do not provide for any rural electrification program.

For the third part on Part B, there is no approval for variations and in parts installed for solar systems in requirement as per the policy, recoveries of monthly fees under the Renewable Energy Service Company (RESCO) are not evident. What the Government or the Department is doing, we are putting in place Fijian transparent monitoring process to ensure that the materials and equipment supplied or installed at the site complied with our standards as per the agreement contract. What the Auditor General might be referring to is the list that were provided in the policy, if I am correct, but something that we would like to highlight to the Honourable Members this morning that no technology have changed. So from 93, if you look at whatever has been highlighted in the policy, those are very basic components for solar home systems. With the advancement of technologies we are also designing our systems to incorporate the changes in terms of the technology changes and also to meet the needs of our communities. We are trying to incorporate those in this review of the policy. We are also looking at the different components of our Solar Home System design. In terms of monthly fees, we continue to engage the post offices for the collection of monthly rentals for solar home systems, but there are community members who come to the Department to pay their monthly rentals.

MR. CHAIRMAN.- While connection is free, people still need to pay their monthly rentals for their solar connection?

MR. M. BELENA.- Yes Sir, it is on rentals because Government continues to provide that service and maintenance. The fees is used for the maintenance of the system. Our solar home system is operating under a model where Government continue to provide service and communities will pay that rental component to Government.

MR. CHAIRMAN.- Same applies for diesel generators?

MR. M. BELENA.- For generators, it is a bit different. We handover the generator system to the communities after the first three years of operation and they will continue to maintain and operate. Part Four is on recoveries of community contribution, we do not have any outstanding payment to be recovered by Government. In 2006, Government decided that we refund all contributions to the communities. On the fifth part on the Maintenance and Security of Record.

HON. A.M. RADRODRO.- Mr Chairman, just a question on this community contribution, Table 5.8 highlighted some of the excess paid by the villagers. Some as high as \$408,000 in Vunika Settlement, 178, so what happened to this excess contribution made by the communities, were they refunded to them or how does the department account for this excess contribution?



MR. M. BELENA.- Yes Sir, in terms of excess, we also refund that to the communities.

HON. A.M. RADRODRO.- Auditor General at the time of the audit these were not refunded?

MS. M. NAISARA.- This refund was done later, after the audit. We can only verify this after we go and conduct a follow up audit.

MR. CHAIRMAN.- Yes because this report was at a time before the Government made a policy of refunding so obviously it has to be after that, so you're right on that.

HON. A.M. RADRODRO.- Further questions to that, when these funds were yet to be refunded how was the Ministry accounting for it? Was it kept separately in a trust account or how did the Ministry keep this money?

MR. N. CHANDRA.- It was kept under the main trust, in a separate bank account.

HON. A.M. RADRODRO.- What about the interest?

MR. N. CHANDRA.- The interest is very minimal because it normally off sets with the bank charges. Trust account does not bear much interest anymore

HON. A.M. RADRODRO.- What is the Government policy in terms of making refunds for money that belong to the community and not to Government?

MR. N. CHANDRA.- In terms of the money not recovered, we are receiving money for solar rental bills. We are making avenues of collection through Provincial Administrators and our officers go to the sites for collection. For the two years the reduction has gone down to \$200,000 from the Auditor-Generals Report 2015 and the last was conducted in 2016 which now stands at about \$135,000. It has been reduced after the exercise carried out by the Department.

HON. A.M. RADRODRO.- What is the policy, do you have to refund within 30 days or within one year in terms of overpayment?

MR. N. CHANDRA.- For this overpayment, the money contributed by the communities were refunded.

HON. A.M. RADRODRO.- Can the Auditor-General confirm whether all these settlements listed here have been collected.

AUDIT REP.- Can we come back to you on that issue.

MR. CHAIRMAN.- Can we move on.

MR. M. BELENA.- In terms of the records of maintenance and security of records, we have a programme within the Department, the Fiji Renewable Energy Power programme. They looking at formulating energy information system for us where we can store all our records and information so that we can provide them as and when required. At the moment we have the old filing systems where they keep all the copies of the report and documentations in our registry. We trying to have a centralised and consolidated energy

information system where we can store all our records and documents for the projects that we look after.

For monitoring and inspection of projects, under the rural electrification programme, one of the issues that was raised was on the contradicting reports on inspections. The Department or the Ministry, we carry out inspection for all the projects that we do before we release payments to the companies and contractors. We have cases when companies are installed substandard materials, We ask the company to rectify those issues, change those materials or to replace with the brand recommended before we can release the payment. When we inspect, we hold some companies accountable, before the release of payments. If not rectified, we will hold back payments.

MR. CHAIRMAN.- On this issue, Mr. Mikaele, when the companies tender, they will provide the list of equipment they will be supplying. If that equipment is inadequate, do they need to retender or requote their supply or do they have to maintain what is within the given budget?

MR. M. BELENA.- When we prepare the terms of reference, we put on the details and the specification of the equipment and the materials that we want from the companies to provide. Once we do the valuation then we give a successful bidder who meets all the requirements. In between all the stages we also carry out our inspection to ensure that whatever company have bid or whatever that we have recommended to the company to provide us is met. They have to provide the equipment or the materials. That goes together with our payment schedule. For instance if the companies are required to install a solar panel, so they have been picked, they will mention that they will supply the brands and the specifications that is setup in the TOR. Once the companies purchase, either purchase from abroad and arrives into the country we will be doing the inspection. In every stages, we will come in to do the inspection to ensure that they meet the standards, the terms and conditions.

HON. A.M. RADRODRO.- This Audit has highlighted the power line generators, it has been given here the supply installation of solar system. For 1,693 homes it is worth \$5.4 million and in 2013 for 1,233 homes it is worth \$3.638 million. What is the lack of audit trail in that audit verification? Can the Auditor-General elaborate on this audit issue before we get comments from the Department of Energy.

AUDIT REP.- In this case, it was the lack of documentation in regards to the expenditure incurred.

MR. CHAIRMAN.- One of the things that was missing was the contract files did not provide audit verification and evaluation of the tenders. Audit was not able to ascertain the basis for decisions on the awarding of tenders to Power Light Generators Fiji Limited for the supply and installation of solar system in 2012 for 1,693 houses worth \$5.491 million and in 2013 for 1,233 houses worth \$3.638 million. Is it the same company?

If you do not have the answers, you can come back to us and let us know. Why there was a missing paper trail.

MR. M. BELENA.- In terms of the improvements issue raised by the Auditor-General on the improvements noted in the monitoring processes including revision to regulatory of contractual payments. We continued to do inspection and monitor the work done by the contractors before we released any payments to the companies that we engaged.

Third point is on monitoring activities are hindered by lack of resources. We do concur with the reports or the issues that were raised by the Auditor-General. We look after the whole of Fiji including those in the outer islands. In decentralising our operation to the division we will be closer to our customers and also ensure the successful monitoring of our projects. When we were all in the Central Division, it was a challenge for us to go out to rural areas or to the outer islands to attend to complaints or issues raised by our customers. In decentralising our officers to the division and later on beefing up that capacity to ensure that we will be able to accommodate the needs of our customers in rural areas in an efficient and timely manner.

The last point is on the Monitoring and Evaluation of Reports were not submitted for audit scrutiny. We had noted the comments from Auditor-General and tried our best to provide these reports and documentation to the Audit Team may be in future or as and when the need arises.

In conclusion, we concur with the recommendations of the Auditor-General's report on the need for us to do a holistic review on our Rural Electrification Policy 1993 together with our standard operating procedures. There is a need to strengthen the Unit to accommodate the high number of applications and also to address the needs of the communities especially those in the rural areas in a more efficient and timely manner.

MR. CHAIRMAN.- Thank you very much Mr. Belena for that comprehensive and detailed submission. This was one of the best submission we have received so far in the Committee, you were very forthright with your answers and you have explained in detail to the Committee.. So we have now one question from Honourable Ratu Lalabalavu.

HON. RATU N.T. LALABALAVU.- Just a general comment based on the Report of OAG on the valuation then policy since 1993. Your SOPs looking at where we are now in terms of COP23, how does your Department view this current position and valuation that was done by OAG regarding you brushing up on your SOP. Where we are now, Government has made some more commitment regarding the very core of your activity. How do you see that now?

MR. M. BELENA.- The Department have also formulated a National Energy Policy in 2014. We are also doing a review of the 2014 Policy and the review have also captured most of the commitments that Government have made in our National Development Plan and COP23.

If you look at our Rural Electrification Policy, we are doing a paradigm shift from generators to renewable energy. For those communities that are running purely on generators we are trying to convert that to hybrid system. It will be generators plus solar energy. We are trying to implement whatever has been highlighted by Government or the commitments made by Government so that will trickle down to our rural communities.

HON. RATU N.T. LALABALAVU.- This is 2014? Where are you in all these regarding the OAG's Findings on SOP's you need to be collated and reviewed?

MR. M. BELENA.- We are reviewing our Rural Electrification Policy. Most of the issues that were raised in this report will be incorporated into the policy. We review our SOPs annually and it will be aligned to the policy.

HON. A.M. RADRODRO.- In Question 2, when will this revise policy become effective and what is the policy you using now that revise the existing policies.?

MR. M. BELENA.- In terms of the finalisation of the policy, we can always come back to the Chair to give you a timeline on the works that we are currently doing and when we are expecting to finalise the Rural Electrification Policy.

HON. A.M. RADRODRO.- Maybe another way to coin the question when did you start reviewing?

MR. M. BELENA.- We had reviewed this year because we were doing it concurrently with our National Energy Policy. We are also reviewing the National Energy Policy and the Rural Electrification Policy.

We still doing the review internally, we have a number of drafts that we have been circulating internally. We also hoping to call for a stakeholders consultation meeting. Most probably end of the year or early January next year we are going to present both drafts on the Rural Electrification Policy and also with our National Energy Policy.

HON. A.M. RADRODRO.- Chair, just a question to Department of Energy on the availability of information. This audit report has been highlighted by the Auditor-General on Page 30. They have highlighted that they were unable to get data for 2011 to 2013 on the schemes that they have done. Has that been resolved in terms of availability of data?

MR. CHAIRMAN.- Yes, the notation there is that you need however was unable to provide audit with data for the years 2011 to 2013 due to misplace records indicating a non-silent attitude towards record keeping and its significance. Thus audit was not able to establish in number of schemes implemented for years 2011 to 2013. That raises an issue about record keeping.

MR. M. BELENA.- In terms of our record keeping, this is one area that we try our best to improve. There has been a lot of movement of the Department in terms of our physical location. . In 2011 we were in Nasilivata, then we moved to Richard Road and then we moved down again to Walu Bay. During those shifting, there is always a chance that documents and files can be misplaced. That is not a good excuse. We are trying our best to improve our record keeping.

HON. A.M. RADRODRO.- Whether you have now identify those projects that could not be verified by the OAG in 2011 to 2013, that is two years. For example in 2010 there is about 117 FEA connected customers for one year and just imagine for the two to three years, the number of files that went missing. It is very important that the Department identify and find out the missing files. Otherwise your data and whatever you are trying to explain to us now becomes questionable because you do not have the data.

Secondly in terms of monitoring an evaluation of projects. You are involved in the connection but in situations of post connections? When there is a disaster most customers faced problems in the reconnection because they have to pay additional cost for the reconnection. They were told to find a contractor. For a simple villager it is very hard for them to do the logistical identification of a contractor and let alone the costs. Has the Ministry also considered that in terms of its review? Most the times the black wire is always the problem. When there is disaster the black wire gets cut off from the main connection. When they want to be reconnected they are told to pay for everything. Has the Department

considered that in terms of its review or how does the Department assist in those kind of situation?

MR. M. BELENA.- Like for *TC Winston* case we had a large number of household that were damaged and were disconnected from the gridline. Government had set aside separate budget allocation for those communities that were damaged by the cyclone. Government will come in to provide assistance to these communities to have them reconnected to the power lines. But in other cases, like for communities that experienced damage to their power line, we will come in to assess the situation and see the causes of the problem. If it is something that is beyond our control, we will not come in to assist. We will need to assess and identify the cause of the problem before we can make a decision.

Anything to do with the FEA gridline, all the complaints needed to go to FEA. If it is to do with our area of operation, the rural communities, they need to come to us.

HON. A.M. RADRODRO.- Those living in settlements find it hard to get a contractor. They do not have a list of contractor which they could easily go to and most times they are deprived because they do not know the contractor. How can the department or FEA assist these villages or rural settlers to make sure they have an early connection? Because the identification of contractors is not readily available unless they come to Department of Energy and sometimes the availability of the contractor is another issue.

MR. M. BELENA.- We always have our contacts there, communities or individuals can always call us for assistance and advice. We can liaise with the contractors. We can always facilitate that process. We will not be able to know their issues unless and until they come to us.

HON. A.M. RADRODRO. Some contractors charged reasonable amount. We need to also check on that to ensure that their customers are not victimised. The other audit issue that has been highlighted by the OAG on Page 31, is changing of the amount from \$21,000 to \$106,000 for Viria Village and a settlement in Tailevu. It was just crossed off and the amount changed. How is that practice been accepted by the Department?

MR. M. BELENA.- Sir, can we come back to the Chair and provide a response to this?

HON. A.M. RADRODRO.- Another issue is the status of projects that you have implemented. For FEA connected customers, solar schemes; how does the Department of Energy monitor that it is actually working. I think earlier on some cases of solar implementation in Kadavu was highlighted that after the implementation, the solar was not working for a long period of time. How does the Department ensure that post implementation, it is working and not as soon as the department leave, it is not working?

MR. M. BELENA.- We continue to provide assistance in terms of training and capacity building for users and for village technicians and the committees.

Due to the geographical locations of our communities, it is a challenge for us to know the status of the projects on the ground. That is why we continue to train them. We set up a committee in each of the communities. There were few of them that were nominated by the committees to be trained as solar technicians to carry out minor maintenance. We also engage contractors who go around and do periodical maintenance on these systems.

The contact details are with them. If there are situations of maintenance or works that require more technical expertise where we need Government or the Department to come in, they need to call us. We have decentralised our offices to the divisions so that they can attend to the needs of the communities in a timely manner. It will make it easier for them.

We all understand that it is costly. For instance, if one from Vanua Levu has to travel all the way just to report on a faulty system. We are trying to take our services to the community.

HON. A.M. RADRODRO.- This monitoring and evaluation of rural electrification project has been highlighted also in this Audit Report. Given your staffing capacity, 16 officers, 3 in the North

MR. M. BELENA.- 16 with our Rural Electrification Unit

HON. A.M. RADRODRO.- 3 in the North, 3 in the West and you did not mention any staffing capacity for the Eastern Division (Maritime).

MR. M. BELENA.- Our Central Division office looks after both the Central and Eastern Division of the department. We have got a staff from the REU that looks after the Central and Eastern Division.

HON. A.M. RADRODRO.- Is that enough to conduct that monitoring and evaluation or you need more staff?

MR. M. BELENA.- We need more staff.

HON. A.M. RADRODRO.- The other one is this RESCO model (Renewable Energy Service Company) as highlighted. Can you briefly highlight the Committee on this RESCO model that is currently adopted by the Department of Energy?

MR. M. BELENA.- The RESCO model is a user-pay system. This is where communities are required to pay certain fee. It is the renewable energy servicing companies model. Government will engage a company to look after the maintenance of the system. Whatever fees that has been paid by these communities will then be used again for the maintenance of the system.

HON. A.M. RADRODRO.- Is that decided by Department of Energy? The ones, that have been paid on a monthly basis?

MR. M. BELENA.- We have done an analysis on the fees and came up with a minimal fee based on the amount used on the purchase of fuel.

For instance, in a week they can more than \$18 worth of kerosene. At the moment we are charging them \$18 per month for the rental but it is quite less compared to how much they use for the purchase of fuel in a week. In a week alone they will be using more than \$20 to \$30 per household just for the purchase of kerosene for lighting and for other users.

MR. CHAIRMAN.- Any final questions or comments before we close the session.

HON. M.M.A. DEAN.- You mentioned in your introduction hybrid electricity provision. Can you explain that?

MR. M. BELENA.- The hybrid system has been used in other parts of the world, but for us it is still a new technology. We are trying to introduce that to our rural areas. The Government had funded two projects in Tukavesi and Solevu in Bua, which are solar and diesel hybrid system in 2016 and 2017.

HON. M.M.A. DEAN.- Is it a combination of both solar and diesel? Just like the hybrid cars.

MR. M. BELENA.- Yes the principle will be like the hybrid cars.

HON. A.M. RADRODRO.- Mr. Chairman, just another question on the bio-fuel projects on Page 22 where we have the list of villages installed with bio-fuel projects Koro, Rotuma, Cicia, Gau, Rabi, Vanuabalavu and Lakeba. The auditors have highlighted that they are not permitted to request for an upgrade. Can you inform the Committee the current status of these bio-fuel projects? Are they in full operations, partly operating or not operating at all?

MR. M. BELENA.- We do not have the information with us. Can we request to come back to the Chairman to provide details on the status of this bio-fuel?

MR. CHAIRMAN.- No he does not have it here with him, it might be in the office.

MR. M. BELENA.- I do not have it here. We will be coming back to the Committee to provide the status of all the mills.

MR. CHAIRMAN.- I would like to thank Mr. Mikaele Belena for your prompt responses and your submissions. It was very thorough. You were to the point and you gave us all the answers we needed. You have assisted the Committee greatly and supported by Mr. Navin Chandra.

All the other remaining issues, you can come back to us in writing. We will await your responses before we compile our report. Once again, thank you on behalf of the Committee and you can join us for morning tea. Thank you very much.

The Committee Interview adjourned at 11.04 a.m.