

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE BIG COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON 13TH JUNE, 2018 AT 10.00 A.M.

Submittee/ Interviewee: Fiji Higher Education Commission (FHEC)

In Attendance:

1. Mr. Milan Raniga - Senior Accountant
 2. Mr. Epi Rawalai - Senior Communications Officer
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DEPUTY CHAIRPERSON.- I welcome and resource personnel from the Fiji Higher Education Commission. Welcome to the meeting of Public Accounts Committee dated 13th June, 2018. We are here to discuss the clarification of issues that were highlighted in the 2015 Audit Report on State-Owned Entities and Statutory Authorities in this particular case, the Fiji Higher Education Commission who is represented by Mr. Raniga and Mr. Rawalai. Mr. Raniga is the Senior Accountant and Mr. Rawalai is the Senior Communications Officer. I welcome you gentlemen to the meeting and just very briefly introducing our team here.

On my left is Honourable Lalabalavu and Honourable Radrodro who representing the Opposition. The Honourable Chair of the Committee is in Brussels for a Convention and the Honourable Assistant Minister for Health who is also part of the Committee is out on ministerial duties. On my far left is the representative from the Office of the Auditor-General and the Parliament Secretariat staff.

We believe a written submission has been provided by the Commission in particular to Issues 6.2 and 6.1.15 so without further do, I would like to request the designated speaker of the Commission to lead us through the submission.

MR. E. RAWALAI.- Thank you, Deputy Chairperson. Firstly, please accept our apologies for the delay.

Going straight to Issue 6.2 in regards to a comprehensive survey. We note that that was an issue highlighted by OAG. However the Commission has put in measures like a Monitoring and Evaluation Framework has been put in place to ensure that all institutions when they apply for registration or recognition, they must submit with their application the application fees and also the M&E Framework that ensures that there is not a repeat of the 2015 issues.

DEPUTY CHAIRPERSON.- We will be taking some supplementary questions. Honourable Radrodro.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. First of all this Monitoring and Evaluation Framework, can you just enlighten the Committee what all is contained in the Monitoring and Evaluation Framework that you are highlighting and how will it address the audit issues that has been highlighted by the auditors. Because what the auditors have noted is that the Commission does not have a number. There is no way it can

know the number of institutions out there. So how does this Monitoring and Evaluation Framework work to address this limitation of knowing the numbers of institutions out there?

MR. M. RANIGA.- Thank you, Sir. As part of the framework there is a component where our Quality Assurance team does a site visit around the country and does spot checks. Obviously part of the framework is, we are putting up a register of institutions that have now been registered with us and any institution that is new or has basically started operating, that is when our Compliance Team goes and does a compliance check with regards to if they are registered or not. If they are not registered, then the team facilitates them, works with them to ensure that they submit their application so that they get on board.

HON. A.M. RADRODRO.- So, not all institutions can be registered with the Fiji Higher Education Commission. Is that right? What criteria do they have to meet to allow them to be registered under the Fiji Higher Education Commission? Can you just enlighten us on that?

MR. E. RAWALAI.- Thank you, Sir. For the Fiji Higher Education Commission all institutions that are post-Secondary and they deliver a qualification, starting from Certificate and go on then that should be registered with the Fiji Higher Education Commission.

HON. A.M. RADRODRO.- And for those that do not register?

MR. E. RAWALAI.- Right now from our knowledge, we have all the institutions in the country being registered. They go through the recognition process and then the registration status. We also tell the public through our advocacy and awareness that if there are any institutions that are not registered, they should inform us as well.

HON. RATU N.T. LALABALAVU.- Thank you. A supplementary question, through you, Deputy Chairperson. Sir, thank you for the statement but again the crux of the matter is you knowing offhand the number of registered institutions that are with the Commission. Have you taken stock of that? Having the framework is another part of it. Have you conducted a survey to take stock of what is at hand?

MR. E. RAWALAI.- We have a list of all the institutions in the country that are registered.

HON. RATU N.T. LALABALAVU.- Having a list is one thing, but have you re-checked, done your survey as to ensure that, "okay, I have 122 and I confirm 122 here."

MR. E. RAWALAI.- Sir, our Quality Assurance Team always goes out to check on them during the process of their registration and when it comes to reviewing the institutions, we also do our institutional review.

HON. RATU N.T. LALABALAVU.- So, you are meaning to say to help the Committee, you have not done the re-confirmation of the survey?

MR. M. RANIGA.- Sir, the survey, are you asking the confirmation of our list?

HON. RATU N.T. LALABALAVU.- Yes.

MR. M. RANIGA.- It is done on an annual basis, once we have registered on our register, 32 institutions we have at the moment. After they have registered there is an annual registration done every year whereby our Compliance Team does a check, does the site visit before they renew their registration on a yearly basis.

AUDIT REP.- Thank you, Honourable Member. I think the issue which we raised in 2015 was that the Commission was not in a position to determine all institutions operating in Fiji were registered and had paid their registration fees.

The argument put forward by the Honourable Member, in our view is valid. I think what the Honourable Member is trying to ascertain is, does the Commission only wait for the institutions to come to your door steps or do you go out and check if there is any institution which is in operation but is not under the radar of the Commission. If you look at from the financial point of view, it also has an implication for revenue.

So, in 2015, there was only \$48,850 collected. If you see the number of institutions around the country it could be more. We totally agree with the Honourable Member, his argument put forward and I think that there is something that we will also be ensuring that there are checks done in compliance to the legislation and that the Commission is playing its part in monitoring to make sure that all their institutions out there are registered.

MR. M. RANIGA- Yes, we agree that it was not done in 2015. At present as I had said earlier, our Quality Assurance Team is a subdivision call compliance who are responsible for these spot checks of institutions that are operating yearly. Part of the compliance would be to ensure that they are registered, and if they are not then the compliance team will guide them through to bring them on board in lodging their applications and getting them through the recognition and then registration status.

HON. MEMBER.- (Inaudible)

MR. M. RANIGA.- Yes, presently we have implemented those.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question. The Committee will be interested to have a glimpse at the number of registered institutions under the Commission currently?

MR. M. RANIGA.- - 32 institutions.

HON. A.M. RADRODRO.- On the corridors especially in the municipalities and towns, of those 32, do we have respective classifications of what are the respective areas of interest that these 32 cover. especially there are also institutions, a lot of IT companies coming up springing up along the Suva/Nausori corridor. So, those institutions especially namely APTECH whether that was also registered under the Commission? If it is, what does the Commission do when the students or the institution is new and not fully operational in terms of the fees that it collect from students? How does the Commission address those issues? Does it have the power to address those kinds of issues?

MR. E. RAWALAI.- Thank you, Sir. When our Senior Accountant talks about the 32 institutions we are referring to the fully registered ones but there is a total of another 64

institutions which are still being given provisional registration and are yet to complete a few criteria in order to get their fully registration status.

As with regards to those other institutions, we are thankful that we are continuing to get recognised by the public. We receive complaints now and then, such institutions as APTECH and we deal with those cases now and then. There are some institutions that have been closed because of complaints raised by the public.

DEPUTY CHAIRPERSON.- Thank you. I have a supplementary question and this is in regards to the recognition of these institutes.

I believe Fiji Higher Education Commission falls under Ministry of Education, Culture, Heritage and Arts. So, specifically in relation to the role and responsibilities of your line ministry and that is promoting culture and art aspects. For example, there can be an institution which teaches music, there can be an institution which actually teaches about the religious teaching as well which falls under the culture of what people follow. Do these institutions also get recognised by the Commission and they need to be registered under your entity?

MR. E. RAWALAI.- Yes, Sir, even institutions that come under other line ministries, for instance, the co-operative institution that comes under the Ministry of Industry and Trade they get registered. Any institutions that offers a qualification has to be registered.

DEPUTY CHAIRPERSON.- So we believe that the number of registered institutions out there as per your records is 32. The amount of fees that has been collected as of now does it match with the number of institutions out there? Have they fully paid their fees or does this problem still exist?

MR. M. RANIGA.- As of today the institutions that are due for fees, they are basically paying as and when they fall due.

DEPUTY CHAIRPERSON.- Thank you, we will move onto the next issue - 6.1.15.

MR. M. RANIGA.- With regards to Section 6.1.15 the deficiencies in the procurement process. We note that there were deficiencies noted;, however this has been resolved presently because the Commission has approved its Financial Operations Policy last October 2017. Before that we did not have a manual or financial policy approved, it was a draft state. So now this particular policy guides the management to follow during the procurement process. Thank you.

HON. RATU N.T. LALABALAVU.- A supplementary question, Honourable Deputy Chairperson. Sir, thank you for the statement. You now got internal control mechanism and transparency is fully reflected of the Commission. Again, going back to the statement made by you, Sir, earlier on you have identified 60 as partly meeting the criteria of registration. When it comes to payment of fees for them to get clients on board so as to ensure that they have a group of people to look after, at the end of the day they provide them with a certificate. When you recognise them, is that not something that affects the overall image of the Commission? Because you are accepting them, some of them have been taking fees without certificates being given, one classical example is APTECH. Taxi drivers are complaining that they have paid fees, so far they have not received anything in return. Your

recognition of the 60 as part of the criteria that has been met, does that not affect your transparency that you are now saying that it is well covered?

MR. E. RAWALA.- Thank you, Sir. That is something that we are currently recognise at the moment that we could not do something much about it because of our Act. It defines the recognition and the registration process differently and we are currently reviewing that so that we can merge that into one process, Sir.

HON. MEMBER.- (Inaudible)

MR. D. PRASAD.- May I ask you if you can repeat your question.

DEPUTY CHAIRPERSON.- I think what the Honourable Member is trying to drive at whether you have in fact reviewed well this institution. He believes that when there were in operation they must have followed a criteria. It does mention in your response that for any application, there is either a recognition, registration or review and I believe, Sir, you said something about review that you need to align certain procedures to ensure that these institutions work in par with what the Higher Education Commission requires them to. Since you have mentioned review, when will this review be completed so that issues like these complaints which are coming up can be resolved? You did mention that there is a review but probably a timeline on when this review will be finished?

MR. M. RANIGA.- Thank you, Mr. Chairman. The review is planned for the new financial year.

DEPUTY CHAIRPERSON.- For the new financial year?

MR. M. RANIGA.- Yes.

DEPUTY CHAIRPERSON.- So once this review is done coming back to the question of the Honourable Member, do you think it will address adequately these complaints and other issues that are being raised by the public?

MR. E. RAWALAI.- Sir, let me just clarify when I was talking about review earlier.

DEPUTY CHAIRPERSON.- Yes.

MR. E. RAWALAI.- What I was referring to is when institutions get registered, after a period of 3 to 5 years depending on the type of institution, we conduct an institutional review to see if they still have that quality assurance or quality standard that they have been registered for and they have been able to maintain that. The other review is reviewing our legislation, including our Act with regard to these two processes of recognition and registration which are two separate things. That is what our Senior Accountant is talking about which is going to be held in the next financial year.

DEPUTY CHAIRPERSON.- Yes, Sir.

HON. RATU N.T. LALABALAVU.- Thank you, Honourable Deputy Chairperson through you. On the issue of these 60 partly recognised institutions that are now with the Commission, is there a process where like a lockstep process in place within the year, they

should be conforming to this criteria before full recognition is given, otherwise they will be receiving money left, right and centre without certificates being issued. Thank you.

MR. D. PRASAD.- Thank you, Deputy Chairperson. When an institution is approved, the provisional status, the Commission with that approval gives certain conditions that they need to meet in order for them to be fully registered with the timeline given. Yes, we do issue a timeline for an institution to comply with the conditions and get themselves fully registered with the Commission.

HON. MEMBER.- (Inaudible)

MR. D. PRASAD.- Yes, it can be submitted.

DEPUTY CHAIRPERSON.- Just on the policies on which the Higher Education works on. Does the Commission also look into issues of institutions raising the fees of a particular institution, like, a lot of students complain that this year the fees was this much and over the years it has increased to that much. The Commission has the regulatory powers to tell the institutions that they need to control the fees structure and all that? This is just out of interest.

MR. M. RANIGA.- Thank you. The overall function of our Commission is basically, if you look at, like a regulatory body of a higher education institutions, we only regulate the institutions. We do not interfere with their day to day affairs, and the fees would be part of their day to day affairs which will be their management's responsibility.

DEPUTY CHAIRPERSON.- A lot of complaints come from students that education is becoming very expensive. Who actually looks into this problem, because here we have a case of where they need to go on the outset because they feel that the institution where they are studying is charging them more fees, and obviously they will complain, they will have their reasons, but complaints like that, who looks into them, the Commission or the Ministry of Education?

MR. E. RAWALAI.- Sir, we have our compliance system where we receive complaints from students and there are processes that we carry out in investigating students' complaints.

DEPUTY CHAIRPERSON.- Thank you. Suppose if a student calls me and tells me that I have been trying to tell the institution that they have overcharged me or something and they are not listening, they can take that complaint to the Higher Education Commission?

MR. E. RAWALAI.- Yes, Sir, we will look into that and we refer them to those authorities.

DEPUTY CHAIRPERSON.- Thank you. The reason why I asked because I have received a few complaints and it seems that internally within the institution there seems to be students who feel neglected that their issues has not been addressed, they tell them that this is what it is and they need to pay up. So I was just thinking of where to send the students to address their complaints and have it recognised?

HON. A.M. RADRODRO.- Supplementary question regarding two, it says to improve the financial policies, part of the Auditor-General's Control Issues is the late

preparation of financial statements from the Commission. Can you just inform the Committee on the status of this preparation of financial statements and maybe OAG can also comment on that?

MR. M. RANIGA.- Thank you, Sir. The financial statements of the Commission is currently with the OAG's Office for the current financial year which is July 2017 and we are expecting the reports soon.

OAG REP.- Honourable Members, we confirm that the Commission had submitted 2016 and 2017 accounts with us, it is currently in the process of being finalised. Another issue that we would want to draw attention is the quality of the financial statement. We had some issues and when we audited the 2015, there were three separate drafts submitted which had actually taken a lot of time for us to finalise the financial statement. So, we hope that with introduction of this financial operations policies there would be some improvements in terms of the quality the financial statement and the review process which needs to be enhanced. What we noted is that the preparer and the reviewer were not effective, they were not actually reviewing the process which resulted in three submissions of draft which kept on changing the financial statements for audit.

DEPUTY CHAIRPESON.- Honourable Members, any more questions? I believe that would be all and I thank you Mr. Raniga and Mr. Rawalai for the issues that you have addressed through your written response. I would also like to acknowledge the fact that you have addressed certain supplementary questions as well. On this note we wish you all the best and hope that the two issues that has been highlighted has been rectified and we look forward to improve the reporting on your entity when the next audit report is tabled.

MR. E. RAWALAI.- Thank you, Sir.

DEPUTY CHAIRPESON.- Thank you. Please do join us for morning tea.

The Committee adjourned at 10.31 a.m.

The Committee resumed at 11.00 a.m.

Submittee/ Interviewee: Sugar Industry Tribunal

In Attendance:

Mr. Timothy Brown - Registrar

DEPUTY CHAIRPERSON.- Honourable Members, members of the media, Parliamentary Secretariat staff, representative from the Office of the Auditor-General and on this particular note, I would like to welcome Mr. Brown, a very experienced person in the sugar industry. We are here to discuss the audit issues which were raised in the 2015 Audit Report on State-Owned Entities and Statutory Authorities. We make reference to two particular issues that were identified in the Audit Report.

The first one being 6.2 and the second is 6.4.14. I believe a written submission has been provided before the Committee so without further ado, I would like to give this opportunity to Mr. Brown to take us through his submission. Thank you.

MR. T. BROWN.- Thank you, Mr. Deputy Chairman and Members of the Committee. My apologies, I am on my own today. My Accountant resigned in December so we are just putting things together to get a new Accountant. I will try as best as possible to answer whatever I can and if need be, I can come back to the Committee.

Sir, on 6.2 as I said in my letter, we had two projects that were with the Sugar Industry Tribunal. One was the Geographic Information Systems (GIS) project and the other was the Near Infrared Project (NIR). Both these projects started with funding from Government. In 2013 and 2014, there was just one account for the Sugar Industry Tribunal's office, both for NIR and GIS.

In 2015 at the audit session, the auditors requested that the accounts be separated, so we did that. The NIR project was co-funded by Government with an initial \$4 million for purchase of assets and the industry was to pay for operational expenses. In 2013 and 2014, the industry did pay for operational expenses. However, come 2015, 2016 and 2017, in view of the financial situation that the industry was in, in particular the Fiji Sugar Corporation, they could not reimburse us on time. We had some 17 staff employed in this project and we could not just cut them off because we did not have the money.

At that time, we actually sought the Permanent Secretary's approval but we did not get any response. Since then Sir, up until today, we have recovered everything from the industry that is owed to the accounts of the Tribunal. So there is no balance left. We have recovered everything up until today.

DEPUTY CHAIRPERSON.- Sir, what was this NIR project about?

MR. T. BROWN.- We called it the NIR project but basically it is a cane quality payment project system where the industry had embarked on trying to look at a new way of

paying growers for the cane they produced and to pay them on sugar content rather than on cane weight. Basically the whole project was to assess each grower's cane individually and find out what was the content of sugar and work out with the millers, the growers and the council, a formula on how to pay those growers. When the industry could not fund this project, we sought assistance from the Government through the Permanent Secretary. The PS wrote back and said that the Government will not assist in any way so the project had to be put on ice. We had to put all the 17 staff off and paid redundancy package. So that is the end of the project but basically just to find a new way of trying to pay growers for the work they do on the farm and particularly for the sugar they have created on the farm.

In some cases you can have a 10-tonne of cane produce 1 tonne of sugar and in another case you can have a 10 tonne of cane producing half a tonne of sugar, but in the way we pay now, both growers will get the same amount. If we revert it to a cane payment system based on sugar content then one grower will get more and another grower will get less.

DEPUTY CHAIRPERSON.- I take note of the fact that this whole project was to identify the quality of the sugarcane that was being grown and based on that a payment formula will be derived as to how they will be paid in terms of quality. I see this project as a very essential measure to actually achieve this but nonetheless we do have payments based on the sugarcane quality if I am correct. Is it true that we still have the system where the payment is based on the quality of the sugarcane?

MR. T. BROWN.- No, Sir. The farmer is paid on the weight.

DEPUTY CHAIRPERSON.- They are still paid on the weight?

MR. T. BROWN.- Yes.

DEPUTY CHAIRPERSON.- All right.

MR. T. BROWN.- And this system was to introduce a new cane quality payment system. Paying a grower on content of sugar. In view of the industry's financial situation we could not continue to fund the project.

DEPUTY CHAIRPERSON.- As of now, the payment for sugarcane is based on the weight?

MR. T. BROWN.- Yes.

DEPUTY CHAIRPERSON.- Irrespective how much sugar is produced. So this project as I see was very important because

MR. T. BROWN.- Yes, Sir.

DEPUTY CHAIRPERSON.- We do not need the content we need to move on to the quality now.

MR. T. BROWN.- Yes, Sir.

DEPUTY CHAIRPERSON.- Are there any plans to re-implement this? I believe Sugar Industry Tribunal has a very close link with Ministry of Sugar and FSC as well. Is there any plan to have this payment system based on quality or it will remain as it is?

MR. T. BROWN.- At this point in time, say will just ice it. Actually this is the third time we are putting it as on ice, we have been trying to bring this forward for a number of years way back in 1997 and every time we get to a point, either the growers do not agree or the formula is not right so it is put on ice. We are most probably one of the very few in the world that pay by weight, throughout the world, sugar industries pay growers on the content of the sugar in their cane.

DEPUTY CHAIRPERSON.- You mentioned since 1997 and three times this particular project was iced. When it comes to deriving the formula, what was the problem? Why was there not any agreeable agreement?

MR. T. BROWN.- Today we have an agreement on the formula, agreed formula that we worked through and that has been worked through for quite some time. But at that time the growers and the millers were still arguing about because then the Master Award just arrived in 1989, the millers and the growers were still squabbling about the 70/30 and we tried to look at a better a way to pay growers but at that time the 70/30 issue was still a contentious issue between growers and millers. As we started this project, with the assistance of Government, actually the Government started the project with a funding of \$4 million and we actually got experts in from Australia who assisted both growers and millers to understand what the formula was. We agreed on a formula and we were using that to then take out cane pay statements to growers using this new formula saying that if you were paid on weight, you would get this much, if you were paid on sugar, you would get this much more. And in another case, the grower would be told, "you would get less if you were paid on sugar because your cane is not mature enough or not sweet enough or you had burnt your cane and it is six days old. So, those are the issues that we were bringing through to growers.

DEPUTY CHAIRPERSON.- Honourable Members, any question? We will move onto the next issue.

MR. T. BROWN.- Thank you Sir. In the next question, Sir, our apologies but we are now putting in place a team with a member from the Ministry of Sugar, Accounts Section and two members from our office to go through the Assets Register which we have here and to identify all those assets that have a zero value that we are still using. Some are quite old, small but we will certainly carry out what the Auditor General's Office have said.

DEPUTY CHAIRPERSON.- Honourable Members any question?

HON. A.M.RADRODRO.- A supplementary question, Mr. Brown. On the first audit issue, the discussion was centred on Near Infrared Project (NIR). I remember when we came to your office in Lautoka the GIS system that you were working on at that time, can you just update the Committee on the status of this GIS that you were working on?

MR. T. BROWN.- The GIS system is the Global Positioning System for Identifying cane farms. We actually initiated this in 2013 again where we would measure the boundaries of the cane farms and then we would measure the blocks and with FSC involved, we would

then number those blocks and as the cane arrived at the mill, the system would pick up what farm number it came from and what block number it came from.

At the end of their harvest of that block you would be able to tell exactly how much cane came from that block, the field staff would be able to advise the grower, “your block is producing very poor cane, you need to change it.” We actually shared that with, I think, the Committee that toured. Presently the system has been moved from the Tribunal’s Office to the Ministry of Sugar. So, that is where it sits at the moment.

DEPUTY CHAIRPERSON.- So, the Ministry of Sugar looks after the programme now?

MR. T. BROWN.- Yes, Sir.

DEPUTY CHAIRPERSON.- So, what happened to the staff who were involved?

MR. T. BROWN.- The staff have moved across to the Ministry of Sugar.

DEPUTY CHAIRPERSON.- What are some of the fully depreciated assets?

MR. T. BROWN.- Can you repeat that, Sir?

DEPUTY CHAIRPERSON.- What are some of the fully depreciated assets that the Tribunal has? You have mentioned that some assets are fully depreciated. What would these be?

MR. T. BROWN.- Like the Shacklock fridge, microwave oven, laminating machine, these are some them, but they are still in use, they are still in good condition. The fax machine, scanner, projector

DEPUTY CHAIRPERSON.- So, mostly it is within the office equipment

MR. T. BROWN.- Yes, Sir.

DEPUTY CHAIRPERSON.- Since they have depreciated, no plans to buy new ones?

MR. T. BROWN.- Basically they are still in good condition, that can be used, we can put a value on them. That is I think the important thing to put a value on them and bring them back into the Assets Register. Where the team feels that the asset will not last much longer than a year, we will recommend them to take it out and we will get a new one but like the fridge, laminating machine and the microwave oven, they are still in very good condition.

DEPUTY CHAIRPERSON.- Honourable Members, I believe there will be no more supplementary questions. On that note I thank you Mr. Brown for your time and your indulgence not only addressing the audit issues that you had submitted in terms of your written response but also some supplementary questions that the Committee asked. You have come a very long way and I wish you a safe journey back to Lautoka and without further ado if there are any final concluding words from you before we will end this session.

MR. T. BROWN.- Just to thank you Mr. Deputy Chairperson and the Honourable Members of the Committee for inviting us and we are happy to be here to explain the issues.

DEPUTY CHAIRPERSON.- Apologies, I just forgot this, so the Tribunal as of now does not have an Accountant?

MR. T. BROWN.- We have a new person who is not familiar with the system and we are just taking her through and then we will confirm her once we are happy with her performance.

DEPUTY CHAIRPERSON.- All right, so you have someone.

MR. T. BROWN.- We have someone as I have said we want to be sure we got the right person.

DEPUTY CHAIRPERSON.- Thank you.

MR. T. BROWN.- Thank you, Sir.

The Committee adjourned at 11.22 a.m.