

PUBLIC ACCOUNTS COMMITTEE

[Verbatim Report of Meeting]

HELD IN THE

COMMITTEE ROOM (EAST WING)

ON

THURSDAY, 29TH MARCH, 2018

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 29TH MARCH, 2018 AT 9.27 A.M.

Interviewee/ Submittee:

Ministry of Agriculture

In Attendance:

- | | | | |
|----|-----------------------|---|--------------------------------------|
| 1. | Mr. David Kolitagane | - | Permanent Secretary |
| 2. | Mr. Sikeli Baleisuva | - | Principal Accountant |
| 3. | Mr. Vatimi Rayalu | - | Chief Economist |
| 4. | Mr. Jone Sovalawa | - | Director Extension |
| 5. | Dr. Apaitia Macanawai | - | Director Research |
| 6. | Dr. Avinesh Dayal | - | Director Animal, Health & Production |

Office of the Auditor-General

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| 1. | Mr. Moshin Ali | - | Director of Audit |
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Ministry of Economy – Internal Auditors

- | | | | |
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| 1. | Ms Lanieta Senibulu | - | Internal Auditor |
| 2. | Ms Ana Waqanisau | - | Principal Accounts Officer |
| 3. | Ms. Asinate Taukenikoro | - | Director, FMIS |

DEPUTY CHAIRPERSON.- Honourable Members, members of the media, Representatives from Ministry of Economy (MOE) and the Office of the Auditor-General (OAG) and in particular, I would like to welcome the Resource Personnel and Officials from Ministry of Agriculture led by their Permanent Secretary. I welcome you, Sir, and your team.

We are here to discuss issues on the Auditor-General's Report on Economic and Infrastructure Sector - Volume 4 for the year ended 31st July, 2016. I believe there were certain questions sent in regards to the issues that were identified in the Audit Report.

Without further do, I would like to give the opportunity and the honour to the PS, if you could just brief us about your team, who are accompanying you and then from there take us through the written responses that you have provided before the Committee.

Thank you.

MR. D. KOLITAGANE.- Thank you Honourable Chairman. If you may allow me to first introduce our team.

(Introduction of MOA Officials by PS)

Deputy Chairperson, if you can allow me, I can give a brief statement overview of the issues that we will be covering.

DEPUTY CHAIRPERSON.- Yes, I am very apologetic for few minutes delay. I think there is something wrong with the sound.

MR. D. KOLITAGANE.- Thank you, Deputy Chairperson. I must thank the Committee for this opportunity for the Ministry of Agriculture to come and brief the Committee on issues raised in the 2016 Audit Report. The Ministry has noted the issues raised by the Auditor-General in 2016 and as I mentioned, with your approval, we will start off with the general statement overview of the key pertinent issues that are raised in the Report and what we have done so far.

Deputy Chairperson, we have also prepared a detailed answer on the questions that the Committee has raised and we have circulated to the Honourable Members this morning.

Deputy Chairperson, the Ministry has exerted much effort into resolving all the issues - current and recurring issues, that were raised in the Audit Report, that led particularly in the qualification of our accounts. This is very important for the Ministry and we will tackle it.

With the commitment from the Honourable Minister, as you are aware, he mentioned in the last Parliament Sitting and I am reassuring the Committee that we are working towards having an unqualified clean report in the next audit cycle 2017-2018 financial year. In fact, the audit cycle has already started and we are doing our coordination and work with the Auditor-General as well as the MOE.

The Ministry's commitment to this has actually shown that we have reduced the trend of qualification issues in the Audited Financial Statements (AFS) from 2014 to 2016. For example in 2014, there were five qualification issues raised. In 2015, there were four and in 2016, there were only two.

We are already addressing the reconciliation issues that were raised. We have already put in place proper processes and, in fact, Deputy Chairperson, I have written to the PS Economy so that they can work with our Internal Auditors that are based in the Ministry, to really pinpoint work and address the issues that are raised in the Audit Report, particularly on the qualification issue.

We understand it is going back to the basics of reconciliation and booking. The Ministry of Agriculture will continue to engage with the MOE and the OAG in trying to improve its compliance to the Financial Regulations and in fine tuning systems and processes to improve effectiveness and efficiency in the delivery of our core services.

In fact, Deputy Chairperson, the Ministry has recently established a Procurement Team headed by our Principal Accountant, to handle large capital transactions; overseas purchases, indents and major tender approvals. What we are trying to do is to establish a one point of contact for our tender processes to and from MOE and the Ministry.

There is one point of clarification for our Tender Team that is working with MOE basically to clarify on the spot rather than our Desk Officers in MOE going to each and individual technical officers who are normally outside in the field. This team is based in Headquarters now.

The Team was also set up to relieve the burden of financials and administrative documentations that are normally placed on our Technical Officers so that our Technical Officers can concentrate on their core activities, delivering crop and livestock husbandry advisory services to our farmers, basically to diversify and increase production.

Deputy Chairperson, the Ministry has also worked in building knowledge and capacity for all our officers involved in the procurement process, as a way to better understand the subject matter and in understanding the processes and steps that are involved.

The Ministry has conducted several procurement trainings, especially at the divisional level for our Field Officers, in coordination with our Procurement Office. We are improving coordination and planning with our technical arm, together with our Accounts Team in HQ, so as to prepare documents well in advance and to avoid any last minute activity.

Deputy Chairperson, we are also strengthening our processes in managing our assets. It is a critical issue that was raised in the Report. We have updated our Fixed Assets Register. We also build maintenance planning and upgrade schedules so as to ensure that we properly document our assets and we have managed our assets throughout the year in terms of upgrade in any major maintenance.

In terms of tracking projects, Deputy Chairperson, we are also working closely with the Food and Agriculture Organisation (FAO). In fact, we have given them space in our office and it is a UN body. They are putting in place proper monitoring and evaluation. It is a computer based online system which we are trying to establish. We are developing with them to help the Management Team in tracking spending and to match physical progress on the ground in almost real time basis.

Due to our cropping season and the change in our budget calendar in 2016, the Ministry has also improved its planning programme to ensure that we release funds, and the payments that are done are aligned to our planting season. For example, land preparation that used to be done during July and August are now starting a month early. So, we will find in the issues at that time that we spent money is between July and August when the accounting period lapsed to a turnover into a new financial year. That is an issue that we have addressed and we hope that the procedures and the process, the planning that we have put in place will address the slippages in the payments and the release of funds.

Lastly, Deputy Chairperson, on gender issue, we are pleased to report to the Committee that the Ministry is also gender sensitive. We have done improvements and we have seen improvements in the ratio of female officers in the Ministry, increasing from 23 percent of total head count in 2009 to 33 percent in 2017. Our programmes that are implemented in the Ministry has also seen the increased involvement of women and youth, both in crop and livestock area.

That is all that I can say at the moment, Deputy Chairperson, and Honourable Members of the Committee. My team and I will be happy to clarify any issue that is raised by the Committee.

MR. DEPUTY CHAIRPERSON.- I thank you, PS, for your introductory remarks and enlightening the Committee on the various measures that the Ministry is undertaking to improve all these financial issues within the Ministry. We have taken note of certain important points and definitely, we will be using those pointers in the compilation of our report. Nonetheless, if we can move on to more specific and precise issues and I believe certain questions were sent to the Ministry.

The two reason that were given for the Ministry having a qualified audit report, the two anomalies detected were:

1. Trading and Manufacturing Account where there were some balances which are in dispute that is mentioned there in the Audit Opinion; and

2. Trust Fund Account.

So, if the Committee can get explanation on that as to what the Ministry has to respond to those issues.

MR. D. KOLITAGANE.- Deputy Chairperson, as I mentioned, this issue has been resolved. Reconciliation was done and we had cleared this issue with the OAG. Also, it was the first time it was raised, it was not a recurring issue, so basically we had addressed that.

DEPUTY CHAIREPRSON.- OAG, do you conform with what the PS has stated, it has been resolved completely now?

AUDIT REP.- Thank you, Deputy Chairperson. The audit for the 2017 account is currently in progress and I think once the audit is completed, then we will be able to get a clear picture of how this was resolved. We also have to check with the FMIS General Ledger on how these balances were taken care of.

DEPUTY CHAIRPERSON.- Are there any comments from MOE in regards to this issue which the Ministry is saying that they have rectified?

MOE REP.- Thank you very much, Deputy Chairperson. The issues have been rectified and accounts have been adjusted accordingly.

DEPUTY CHAIRPERSON.- Honourable Members, any questions?

I believe we can move on to the next issue.

HON. A.M. RADRODRO.- Just one clarification, Trading and Manufacturing Account (TMA). PS, can you just enlighten the Committee on the working of this TMA? I know it is a new issue. Who operates it, where it is operated from and whether all staff who are involved in this TMA accounts are fully aware of their responsibilities, knowing that the Ministry is covering a wide geographical location, whether this TMA is also being held in their respective centres or main divisions, or with respective SAOs and how well it will improve going forward?

MR. D. KOLITAGANE.- Thank you, Honourable Member. We can start on answering the initial comments and I will ask the Principal Accountant to come in with the details.

TMA is like a semi-commercial arm of the Ministry. So, we are doing our purchase and selling through this and it is all around Government, the TMAs. But its general oversight is monitored closely by the MOE, in fact, by the Assets Division. What is this Account? It gives us a balance of fund every year. We receipt money through this account, taking revenue and we pay out from this TMA.

The financial performance has been improving, as we see the more stock we are going for, and we have TMAs for our livestock and also for the crop side for all the Divisions in the Ministry. It enables us to reach out to farmers in real time. We receipt and we also document all monies that are coming in and also expense that are going out. At the end of the year we have a ceiling that we retain in the Ministry and the balance over and above that ceiling which is like a profit, we return it to the MOE every year.

HON. A.M. RADRODRO.- I take it that the Divisions and their respective officers are also involved in this?

MR. D. KOLITAGANE.- Correct.

HON. A.M. RADRODRO.- What about the connectivity? Is it real time connectivity or are they still doing cash recording because that is where the difference lies in terms of connectivity? Whatever is sold is recorded on time or is it recorded manually by the respective officers wherever as they are?

MR. D. KOLIGATAGANE.- As you can understand, Honourable Member, we are still working at manual level on the field. If it is receipted on the field it is done manually but the reconciliations must be done on time. I think that is what I raised in my early statement, it must be done either on the fortnightly basis or at the month end, but it must be done.

When reconciliation is not done properly and some documents are misplaced, that is when the misbalances are coming up. But as I have mentioned we have established processes and systems within, it is basically the discipline of making sure documentations are properly maintained and reconciliations are done on time.

HON. A.M. RADRODRO.- Thank you, PS. One of the difficulties and challenges that is faced in this current scenario is especially outer stations. The Agriculture Officers are also being expected to do the accounting responsibilities. Has that improved or is still the same scenario?

MR. D. KOLITAGANE.- Deputy Chairperson, it has been improved. At the moment, starting from 2015 we have decentralised some services back to the Divisions for both, accounting and HR functions. Now, we are managing it and especially, most of the operational functions have been moved back to the Divisions.

The Ministry is working closely now, even trying to strengthen those functions may be add more, Sir, given the number of budgets that have gone over the years. Ministry of Agriculture's budget has really substantially increased but we see that resourcing can be improved both, at the HQ level and operational level.

DEPUTY CHAIRPERSON.- Yes, we also take note of that. I think that was indicated in your introductory remarks as well, how you have actually structured the work so that the officers can concentrate on what they are supposed to do.

HON. A.M. RADRODRO.- Deputy Chairperson, just a question to the Ministry of Economy; in terms of conducting internal audit at the Ministry of Agriculture, when was the last time you did an internal audit exercise?

MOE REP.- Thank you, Honourable Member. The last audit at the Ministry of Agriculture was done in the 1st Quarter of 2017-2018 financial year. As PS has mentioned, we are trying to help Ministry of Agriculture in trying to solve the recurring issues that had been highlighted by the OAG so that we can go to the root cause and solve these issues once and for all. Thank you.

DEPUTY CHAIRPERSON.- Thank you, Sir. We will move on to the Audit Findings and we will make reference from 30.6.

I believe there were 19 Questions altogether sent to the Ministry and most of those are recurring Audit issues. I would like to give the opportunity now to the PS or his designate, whoever will be responsible to answer the Audit issues. We will start from the first issue one.

Part B: Audit Findings; 30.6 - Non-Submission of Annual Accounts for Audit - Agriculture Marketing Authority (AMA). Before that, if we can have some background information on AMA.

MR. D. KOLITAGANE.- Deputy Chairperson, AMA was set up by Government to boost the sale or the proceeds for those crops that were produced, especially in the isolated areas. So what AMA does, they go and buy directly from the farmers. They have to pay for the transportation, they buy and they sell at the AMA outlets. Basically, that is their function so it is fully funded by Government and any proceeds gained, I think they are like operating fund where they maintain some and they return the balance to Government.

DEPUTY CHAIRPERSON.- Do they export as well?

MR. D. KOLITAGANE.- They also export. Some kind of processing is done so if you visit their Nausori setup, it is well established and I am happy to report that they have improved substantially in terms of financial performance. In fact, they have started their work on audit because I think the comment in the Report was that the documents were with FICAC.

DEPUTY CHAIRPERSON.- Yes.

MR. D. KOLITAGANE.- There was some investigations done.

DEPUTY CHAIRPERSON.- Exactly.

MR. D. KOLITAGANE.- Now FICAC has released those documents and the audit has started.

DEPUTY CHAIRPERSON.- AMA, do they fall under the Ministry of Public Enterprises or Ministry of Agriculture?

MR. D. KOLITAGANE.- This is where it is dual, Sir. In terms of the commercial operation and the business side of things, they report to the Ministry of Public Enterprises, in improving their commercial business. In terms of development policy and strategies to develop their agriculture sector, they come through the Ministry of Agriculture. Their budget is allocated under our Head - Ministry of Agriculture.

DEPUTY CHAIRPERSON.- So if you can further explain this issue of non-submission of annual accounts, why they were not able to do so or whatever is there as written there?

MR. D. KOLITAGANE.- The reason given, Sir, there was some investigations done due to the previous mismanagement of the Board and Management. FICAC took the records with them so there was no way we can do audits without the documents. So once FICAC released those documents, then the audit process can start.

DEPUTY CHAIRPERSON.- So it says here as per the comments that the records from FICAC has now been obtained by AMA and a Draft Financial Report for 2010 Financial Year has been prepared. In terms of the finalisation of the Financial Reports, so far the update is only until 2010.

MR. D. KOLITAGANE.- I understand, Sir.

DEPUTY CHAIRPERSON.- So that means there are still gaps that exist for another seven to eight years of them completing their Financial Reports.

MR.D. KOLITAGANE.- As long as they have the reports, they can do multi-reports but the base, they need to do 2010 first before they can do 2011 and 2012.

DEPUTY CHAIRPERSON.- So just a question out of interest, I believe there must have been major changes in terms of the management of this enterprise. Has the Board and CEO and all these important people who were there, been changed now?

MR. D. KOLITAGANE.- Yes, correct, Deputy Chairperson.

HON. A.M. RADRODRO.- From 2010, 2011, 2012, 2013, 2014 and 2015 and whether Internal Audit have highlighted this failure to submit on time?

MR. D. KOLITAGANE.- Deputy Chairperson, the record that are here with us is the 2010 and the Management is working on it. In terms of the detail, we can always come back to the Committee whether it is 2010 to 2016.

HON. A.M. RADRODRO.- ...(inaudible)...given to FICAC because FICAC established later years than 2010. So, 2010 should be free for auditing and 2011 should be free for auditing?

MR. D. KOLITAGANE.- Deputy Chairperson, I understand it is based on the incident. If they want to go back to 2009, they will take 2009 Reports and I think that is the basis of why they took the documents.

HON. A.M. RADRODRO.- Internal Audit, has this been part of your findings on the Executive Management of the Ministry at that time?

MOE REP.- No, Sir. Since the issues are from 2010, the MOE's Internal Audit was just mostly focusing on the Ministry of Agriculture in terms of Crop Extension and Animal Health and Production (AH&P). We have not done any audit of AMA, we had just done one process auditing in year 2016.

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

MOE REP.- No, in terms of AMA, Sir.

(Inaudible)

AUDIT REP.- Thank you, Deputy Chairperson. The last account which has been audited and signed by the OAG was 2009, and I guess the 2010 records were taken by FICAC. We have been constantly liaising with AMA in terms of provision of accounts.

I also would like to highlight that we have written numerous times to AMA in terms of follow up, where they are in terms of their financial statement but to say that we do not get any response from them. We have been trying our best to assist them in terms of seeing where they are and how best we can assist them to get these years finalised but it is like, we keep on writing but there is no response from them. That is one issue.

The other issue was that, only the 2010 records were taken by FICAC. As the PS has said, I think it was just an investigation of the previous Management, so if they cannot get the 2010 records

they will not be able to proceed. So they need to get the 2010 financials done and submit it to us for audit which is yet to be done, so that we can proceed further.

The other issue is that, we also attend to annual stocktakes, I think that is the key. We have been attending stocktakes organised by them and as when we see issues arising we just highlight to the Management for them to be taken care of, but in terms of a formal audit it is yet to be done, Deputy Chairperson.

DEPUTY CHAIRPERSON.- We will take note of that, that they were not responsive to the requests made by the OAG.

I have a question for the MOE, this is a case of an entity which has got dual management system; one is they fall under the Ministry of Public Enterprises and the other is under the Ministry of Agriculture. So in terms of internal audit, who has the main responsibility there - doing the internal audit in cases as such where entities are falling under the banner of two major Ministries?

MOE REP.- Thank you, Deputy Chairperson, as far as internal audit is concern, in this case since it is a TMA operation, the MOE's Asset Management Unit looks after this.

AUDIT REP.- I would like to correct the statement made by MOE, I think it is not a TMA operation with AMA, it is a fully-fledged financial statement, they have got their own Accounts team and they get annual grant from the Ministry of Agriculture and ideally, AMA is supposed to submit acquittals back to Ministry of Agriculture. So I think since there is a lapse in the financial audit, I think MOE's Internal Audit can audit through Ministry of Agriculture because acquittals are there with them. They should be able to audit that, Deputy Chairperson.

DEPUTY CHAIRPERSON.- What is the update on the audit records of AMA so far, have they actually provided?

AUDIT REP.- As I have said, the last audit was done for 2009 financial year.

DEPUTY CHAIRPERSON. - 2009?

AUDIT REP.- Yes, and subsequent to that they have not submitted any draft financial statement for audit to begin. As and when they submit a financial statement for audit, then we should be able to commence with the audit for 2010 and onwards.

MR. D. KOLITAGANE.- Deputy Chairperson, I want to assure the Committee that with the new Management that is now in AMA, they have established a proper accounting team onsite, in fact, they have establish the business now and stabilised it back to profitability and proper operations in terms of returning to Government.

At the moment, all the Commissioners are Board members and it is chaired by one of the Commissioners. But the oversight role, as I mentioned, is still done at the Ministry level in conjunction with the MOE. It does not mean that dual reporting happens and there is conflict in how the reporting is done, financial is very clear, it is coming through the audit process as is with other commercial body in Government.

They have to do their audit, they are established through their own Act. In fact, they can do internal audit or establish internal audits within AMA without relying on the Ministry. But as I have

mentioned, with the positive progress on the ground and the discipline that the new Board and new Management are putting in place, I am sure they will pick up the pending audits that are not done and obviously, I will talk to the Chairman of the Board to fast-track the audit process.

DEPUTY CHAIRPERSON.- Thank you.

We can move on to the next issue and that is, Overseas Purchase of Livestock.

MR. D. KOLITAGANE.- 30.7 – Overseas Purchase of Livestock; Deputy Chairperson, our additional comments are provided in our written response. As it reads that the funds were allocated for the importation of cattle, it was diverted due to the outbreak of the disease *Theileria* in New Zealand.

Instead the funds was used for breed improvement for Livestock Rehabilitation Programme for sheep and goat. This is basically to supplement the demand in the meat sector.

The purpose of the importation was to improve the current bloodline and traits, for example, the Fiji Fantastic for sheep and Anglo-Nubian breed for goat, for the Government Research Stations and some private farms around Fiji.

A consultant was involved. In all the arrangements, he was recruited by the Ministry to purchase until it was completed. Due to the limited timing, the limited window we have to do this, our AH&P Division was not able to acquire competitive quotes from other sources since we were buying from overseas in this instance. The only option was to carry out window purchasing from the farms that were around that are well-known to our consultants and to the Ministry.

We did a market survey. We went through a proper market survey due to the urgency and the fact that there was disease spotted in New Zealand. We did go for this option. Rather than buying an animal infested with disease from New Zealand which may have been a bigger threat, if it had arrived into Fiji. Those are the additional comments, Deputy Chairperson.

HON. A.M. RADRODRO.- Sir, a comment on the purchasing of overseas stock. We note the need at that time. What is the Ministry doing now in terms of making sure that we breed our own local processes so we do not go through this overseas purchase? Secondly whether this purchase has achieved the intended purpose that it was made for?

MR. D. KOLITAGANE.- Deputy Chairperson, maybe I can ask the technical team to speak on that.

MR. A. DAYAL.- Deputy Chairperson, the progress that we have made in the beef and cattle industry is that from last year, we are doing embryo transfer technology which is, instead of getting the live animals, we are getting the embryos of the cattle from Australia and inserting into our female animals here in Fiji. We gain two things from that; one is we are getting pure genetics to improve the local genetics in Fiji, and secondly, we are avoiding getting diseases into the country because getting embryo is a much safer way of getting clean genetics into Fiji. So that is the progress we have made in the cattle and beef industry.

We are continuing to do artificial insemination also into our dairy and beef herds. Most of our semen is coming from New Zealand. Also artificial insemination is a safe way of getting good quality genetics into the country.

As far as sheep and goat are concerned, we have started getting new breeds of sheep. According to the 2016 report, we have brought in some new breeds which included *Dorper* sheep. As you know, *Dorper* sheep is a meat breed and our *Fiji Fantastic* is also a meat breed, but just because we have one breed here in Fiji, we could not keep up with the genetics so just to improve the genetics, we brought in these *Dorper* sheep, which has got a better quality and has a double muscling characteristics to improve the *Fiji Fantastic* here in Fiji.

Also, the *Anglo-Nubian* goats as mentioned in the report, we are trying to improve that particular breed. As a result, we have brought in *Boer* goat breed into Fiji which has also got double muscling capability so that we get better genetics and as a result, the productivity is high from these particular breed.

DEPUTY CHAIRPERSON.- Yes, we did have the liberty of visiting one of the farms in Nawaicoba and it was quite encouraging to see the whole process of raising these livestock and we also note the certain scientific methods used to improve the livestock raised in Fiji.

Just a question out of interest. You have said that you have started all these methods for breeding, how successful this has been so far?

MR. A. DAYAL.- Thank you, Chairperson. As far as embryo transfer is concerned, this is the first time it has been introduced in the Pacific, in fact. The other developed countries have already done it. We inserted the embryos in October last year and we recently did the pregnancy diagnosis in February, it was good to see that the conception rate is around 50 percent. For a tropical country like us, the benchmark is 50 percent, so we have achieved that 50 percent pregnancy rate. Now, we hope that when these cattle will drop their calves probably in September, we will get that 50 percent of the calves, but remember these are the pure breeds, pure genetics.

DEPUTY CHAIRPERSON.- So that means the incentive has just started and the Ministry is looking forward to seeing the results of it, but so far so good.

MR. A. DAYAL.- Yes, so far so good.

DEPUTY CHAIRPERSON.- Thank you. Honourable Ratu Lalabalavu, you have a question?

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, through you, thank you for those comments regarding the embryo transfer technology and other aspects of your genetic development. The question that I would like to raise follows from what has been raised by Deputy Chairperson. How long have we been doing this? You have just stated that these embryos were fairly new, what about artificial insemination, et cetera?

Why I am asking how long because we are still not self-sufficient. Each Government that has come and gone, one of the things that they have been pushing for is self-sufficiency, against overseas supply, et cetera. How long are we going to continue....(inaudible)...

Another point that I also would like to raise here is, the sugar research station, it is really up to par with the international sugar growing countries. For us, we have Koronivia, it has been there for quite some time, yet we are still way, way behind. So that is a point of interest... (inaudible). Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you.

MR. A. DAYAL.- Thank you, Honourable Member. I think that is a valid point, but I would just like to add to your comments.

As you know, we were also hit by two very serious diseases in the dairy and beef industry and that was *brucellosis* in 2009 whereby we removed close to around 1,000 of our dairy cattle. Now we have got an outbreak of tuberculosis (TB) which is quite serious. Currently we are removing about most of our farms which are in the Central Division, these are dairy farms, we are trying to test and remove the infected cattle. Whilst we are trying to develop and bring in new technology, we also are constrained by diseases.

The new genetics we are trying to get, we are trying to get more resilient genetics, those genetics that will be resilient to diseases, not specifically TB and brucellosis but other diseases, like mastitis, problems due to heat stress and all those things. So we are trying to identify those kinds of genetics and trying to bring those but surely, our efforts are ongoing but like I said, there is always problems with the recurring diseases that we are having.

HON. RATU N.T. LALABALAVU.- Thank you. Further to that, Deputy Chairperson, through you, I thank you for your response but again, it kind of beats me all the time as to the explanations given by your Ministry, especially the Honourable Minister for Agriculture. Recently he said that all those kind of setbacks were a result of farmers not adhering to the advice of your BTEC Programme. So the enforcement of it. Have you taken a serious look into the enforcement aspect of it because we have it?

Once a disaster is declared, for example, natural disasters, et cetera, there are enforcement provisions there. We were told that the Ministry has it, but to come up with an excuse to say, and I apologise for this, that the farmers were not adhering to the BTEC advice or programme or something of that sort, I fail to equate that.

I just want to bring that up, Deputy Chairperson, because we are going on excuses now so to speak, the diseases and all that and we are trying to come up with a very superb animal so to speak, that is free from all diseases, et cetera. I think that will take donkey's years to achieve that. Thank you, Deputy Chairperson.

MR. D. KOLITAGANE.- Thank you, Deputy Chairperson. Maybe I can just add a few comments here. Honourable Member, we are not giving excuses. Maybe, it was misconstrued from your end. What we are trying to explain is the challenges that we face at operation level in trying to meet the domestic demands.

One of the key basics that the Director is trying to explain is to we have good genetics and the systems that are in place to detect diseases and to work with farmers as well, as you had rightly mentioned, in trying to resolve or quickly eradicate diseases on the ground. But I am sure our Honourable Minister in replying in Parliament as well, has also explained in terms of the farmers complaints. They now have been improved just because of awareness and the connectivity from the Ministry as well, working with other agencies like the Ministry of iTaukei Affairs, the *Rokos* and the Provincial Administrators in regional development.

We are working with them going into the villages. Some of the problems in the villages are from the *iTaukei* community who are really the ones resisting to take the TB test. We understand their resistance because once they know if it is tested positive, it will be removed from their land. But we

continue to create awareness and to tell them, “If you continue to hide those animals and you move them at night, it will affect other livestock that you have.” That is clearly coming out in the second and third round of tests that we do in the farms as well as communities. But it is improving, Deputy Chairperson, we are getting positive feedbacks from the farmers.

Some of our big farmers who used to resist test in our programme follow up are now coming on board, they are with us. Not only that, in fact, we are working with our Fiji Dairy Company, they are providing \$1 million grant to replace those stock that are taken out from farms. So we are moving towards, not only removing animals from farms but compensation and then to actually replace animals.

The second point, Honourable Member, is on meeting the local demand. We always say that it comes down with planning and the execution. We have the 2020 Agriculture plans in the Ministry, it really goes down to the quantities and the numbers and our strategies in trying to address food security and the demand that we see in the local markets. But it will come at the right time Honourable Member. We are investing more resources now in the Ministry of Agriculture, in fact, we have doubled our budget over the past seven years. And as we mentioned we are putting in resources, we are putting in scientific benchmarks and measures to try and address this properly. However, we will get there, I can guarantee that Honourable Members.

DEPUTY CHAIRPERSON.- Thank you. I believe we have taken more than enough supplementary questions on that.

HON. A.M. RADRODRO.- Another question regarding the removal of livestock that suffered from diseases. In the process of removal, how is that being done because we heard that some of them were taken to Nakasi Abattoir? On this occasion, what is the security in terms of safety and consumption purposes? What is the process of removal for those livestock that contracted TB?

MR. D. KOLITAGANE.- Honourable Member, once an animal is condemned, it will be removed from the farm and is taken to the abattoir to be executed or to be removed.

HON. A.M. RADRODRO.- Inaudible.

MR. D. KOLITAGANE.- To my understanding, no.

DEPUTY CHAIRPERSON.- We will move on to the next issue.

MR. D. KOLITAGANE.- 30.8 - Anomalies in Purchase of Rice Harvester Machine; Deputy Chairperson, as I had explained, this deal is with the rice harvester. I think the Ministry bought two, instead of one and it was bought at a discount but we understand that it was more cheaper, it was a good brand. I think the Ministry was trying to take advantage of it.

We argue, from the value for money side and it is in line with the principle of purchasing. Unfortunately, we did not go for three quotes but again, it was value for money, we took advantage of the discount as it states. But I assure the Committee that we will follow proper procedures moving forward, Honourable Deputy Chairperson.

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

MR. D. KOLITAGANE.- 30.9 - Additional Costs Incurred Due To Revised Travel List; Deputy Chairperson, as I had mentioned in our reply, the money was not used for travel, it was returned to the Ministry, so the case has been resolved.

DEPUTY CHAIRPERSON.- It was returned?

HON. A.M. RADRODRO.- Inaudible.

MR. D. KOLITAGANE.- I think during the audit, the money was not returned by then but I understand it was within the financial year.

DEPUTY CHAIRPERSON.- Within the financial year?

MR. D. KOLITAGANE.- Yes, it is just the timing issue.

HON. A.M. RADRODRO.- OAG, can you comment on that?

AUDIT REP.- Thank you, Honourable Member. Yes, I was looking at Annexure 4, I think the Government receipt has been provided for reference and according to the document submitted, I think it was received as rightfully highlighted by the Permanent Secretary, it was subsequent to the audit finding. But I confirm that it has been received.

HON. A.M. RADRODRO.- Inaudible.

AUDIT REP.- Yes.

DEPUTY CHAIRPERSON.- Thank you. I think that has been resolved, we will move on to the next issue.

MR. D. KOLITAGANE.- 30.10 - Anomalies in Local Purchase Orders; Deputy Chairperson, as I had mentioned, this is part of our process improvement. It basically comes down to the processes that we follow.

I think the LPO was raised before the purchase order, it is just the sequence of events that had geared up but as I had mentioned, we have given strict instructions for the officers while involved in purchasing to comply with the processes and the procedures in place.

DEPUTY CHAIRPERSON.- Honourable Members, I believe we have reached half way to our submissions, so we will take a small tea break and then afterwards, continue from 30.11.

The Committee adjourned at 10.23 a.m.

The Committee resumed at 10.53 a.m.

DEPUTY CHAIRPERSON.- Honourable Members, my apologies for the delay, I was on a call. We will move on to the next issue - 30.11, if you can take us through that.

MR. D. KOLITAGANE.- Sir, maybe Director Extension will cover this issue.

DEPUTY CHAIRPERSON.- Director, please.

MR. J. SOVALAWA.- Thank you, Deputy Chairperson.

30.11 - No Contract Agreement Signed with Supplier; this deals with Red Pontiac potato seeds. This is normally a live specimen that we have to order to Australia for the supplier to grow the Pontiac seeds before we actually ship it over. I think the Ministry's comments are highlighted but the additional comments that we have is that, we have a draft contract template which is now being circulated amongst the key Divisions that are involved, in order to draw up contract documents.

This has been submitted to the Solicitor-General's Office for final vetting and the Ministry will ensure that in future, we will follow the proper guidelines to ensure that contracts are signed prior to us shipping over the live Red Pontiac materials. Thank you, Sir.

DEPUTY CHAIRPERSON.- Thank you. The next is diversion of farms.

MR. V. RAYALU.- Thank you, Deputy Chairperson.

30.12 - Diversion of Funds; you will note from our comments that the Ministry will be working closely with the MOE for any future diversion of funds. The Ministry is also cracking down on those officers who have breached and once they are identified, they will be issued with warning letters so as to curb the diversion of funds on capital expenditure to other purposes.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

So we take note that there has been measures in place now to look into those anomalies. We will move on to the next issue.

MR. D. KOLITAGANE.- 30.13 - Unbudgeted Expenses; Deputy Chairperson, we confirm in our statement that these are basic procedural matters that were not followed. There is a provision in the Finance Manual, in our internal processes that for any budgeted item it goes through our normal virement proper process. In case this was not followed, but we assure the Committee that as per our commitment, we will try and fix up all those gaps in our processes.

DEPUTY CHAIRPERSON.- Unbudgeted Expenses, OAG, what is the actual process since these expenses are not part of the budget, so if a Ministry incurs that, what is the process like?

AUDIT REP.- Thank you, Deputy Chairperson. When there is a need for the Ministry to pay for certain services or certain expenditure which are not being budgeted, they should go through the normal process of having it approved by the MOE.

DEPUTY CHAIRPERSON.- It has to be approved by MOE?

AUDIT REP.- Yes.

DEPUTY CHAIRPERSON.- Thank you. And from there normal acquittals and documentation processes follows. So any unbudgeted expense has to go in line; seeking permission from the MOE.

Thank you. 30.14?

MR. V. RAYALU.- 30.14 – Fixed Assets Register Not Updated; the Ministry is in the process of updating its Fixed Assets Register. As a way forward, a comprehensive SOP has been drawn up which will include reporting timelines with complementary quarterly stocktaking.

Also, we are in the process of developing a matrix for all assets that are in the Ministry. As you know, the Ministry has so many assets in terms of machines, quarters and chattels. We really need to be tracking the status of these assets so that we can also make decisions on the mobilisation of those assets to meet the needs of the sector.

In the case of machines like excavators and tractors, we will need to know the status of whether they are in running order or whether it is under repair, how long it has been and all those will come in the matrix that we are developing, just to help us fix this issue of the Assets Register.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

Payments not made, yet recorded in the general ledger?

MR. J. SOVALAWA.- 30.15 - Payments not Made Yet Recorded In General Ledger; this is related to the ginger crop. Out of all the many crops that we grow here in Fiji, ginger was one of the most effective in terms of the change in the financial year. We really need to plan well, because from land preparation to planting, to the maintenance of the crop, it simultaneously happens between June, July and August which is the overlapping period of the financial year.

The way forward is really for us to plan well. Instead of us preparing land in July, we are commencing in June and some are starting in May. Get the land more arable and be ready and start applying poultry manure and all those, before we can also engage those suppliers of planting material before the planting season starts.

Also, we went around to all the suppliers in terms of planting material to remind them of the change in the financial year so that they can work with us in ensuring that we are complying with the requirements of the MOE. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, so I believe there might have been a bit of hassle because the financial year changed and the planting season did not complement with the time. What is the situation now, are all in order?

MR. J. SOVALAWA.- Yes, the plans are in order, we now have the second RIE for this year, to ensure that we will prepare the land early and then prepare the RIE early for the next financial year.

DEPUTY CHAIRPERSON.- Thank you. Any question on that?

(There were no questions)

We move on to the next issue.

MR. D. KOLITAGANE.- 30.16 - Discrepancies in Recording of Rental Income on Government Quarters; Deputy Chairperson, as we had indicated, we are working with the MOE in trying to clear this balanced amount. It is basically the challenge of getting proper records from our field offices to HQ and trying to reconcile these figures, but we are working on that, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Just a question out of interest in regards to the Government Quarters, I believe I had asked this question earlier to the MOE, the responsibility of all these Government Quarters which now comes under the CIU. What is the different responsibilities in terms of the line Ministry where these quarters are located and the CIU? For example, there are quarters for the Ministry of Agriculture, what is the responsibility in terms of your Ministry and the MOA? I think there is a bit of confusion.

MOE REP.- Thank you, Deputy Chairperson. This year, we are responsibility for Government Quarters located in urban areas where the rental fees is determined by the market. But for the Ministry of Agriculture and other Ministries that have quarters located in remote areas, it is their responsibility to manage and maintain all those quarters.

DEPUTY CHAIRPERSON.- So, the rental income goes to who?

MOE REP.- It goes to the line Ministry, the MOE.

DEPUTY CHAIRPERSON.- So, if the rental income goes to the MOE, why does maintenance come under their responsibility?

MOE REP.- Because they are responsible for occupying the Government Quarters for the purpose of delivering their output.

DEPUTY CHAIRPERSON.- Yes, Sir.

MR. D. KOLITAGANE.- Deputy Chairperson, to complement the comments from MOE we have what he is referring to as institutional quarters. Whatever is under the Ministry of Agriculture in remote rural areas, those are classified as institution quarters. I think it is managed by the Ministry of Agriculture Headquarters in Raiwaqa.

However, other quarters in urban areas, those are not under our jurisdiction, it is now under CIU. In terms of rental we, the staff, pay the rental that are charged to the quarters so for our Ministry of Agriculture staff they pay their rent which is deducted from their salaries and the rates are determined by MOE.

DEPUTY CHAIRPERSON.- So, the rental income goes to MOE?

MR. D. KOLITAGANE.- The rental income goes to the Consolidate Fund Account (CFA) and we have a separate budget allocated to the Ministry for the maintenance of those quarters. But I agree with your statement, Deputy Chairperson, we need to manage that maintenance budget and see if we need more funds, we can apply through the normal budgetary process.

DEPUTY CHAIRPERSON.- So, it has to go through MOE, the maintenance, et cetera?

MR. D. KOLITAGANE.- Yes, we have our funds to maintain our quarters at the Ministry of Agriculture but we also have a window to ask for additional funds. The reason for this is while we are collecting revenue, we need to properly manage it, return the funds to MOE and at the same time, if we see some requirements for maintenance we seek additional funds or we can source from within our capital budget.

HON. RATU N.T. LALABALAVU.- .- Thank you for all the comments. This question is also directed to the OAG and the MOE on this issue, Government Quarters. As you had indicated, institutional quarters are occupied by the MOA. So, you have some leeway there to look after it as well.

In Government stations in the rural areas used to be under the District Officers. They have an allocation there - payment of rents and maintenance of those quarters, for example, in Waiyevo, this is apart from your agricultural station that comes under you and you are trying to board all that. For stations as such, those are under whose responsibility now, under the ICU in the MOE?

MR. D. KOLITAGANE.- As mentioned by the Officer from the MOE, those institutional quarters are under the Ministry of Rural and Maritime Development, so it comes under PS Rural Development. He manages the quarters that are under the DO level. Those comes under each Ministry. It has a separate budget too for maintenance. It is managed in the same way so the staff pay rent, rent goes to MOE through consolidated and we manage the maintenance through our normal budget.

HON. A.M. RADRODRO.- A clarification on Table 30.9, rental income is only \$35,000, forecast was \$156,000. Can you just enlighten the Committee, why the big variances in terms of forecasting and collection?

MR. D. KOLITAGANE.- Deputy Chairperson, as I had mentioned, this is a process issue and deals with our Assets Unit. For example, in MOA, our Asset Unit maintains the assets and the payment side comes through our Salaries Division, the accounts team. It is just the coordination between these two Units that needs to be strengthened.

Staff members, especially when they are resigning from office or when they are exiting from the Service, sometimes they go out of the quarters, sometimes they overpay, they are still being charged in their salaries, so that needs to return to them.

At times when they are in the Service, for disciplinary action, for example, they need to be removed. That needs to be terminated on time. Again, we need to charge back to them the rental that are due, so that is the process that are happening in this case. The reconciliation and the timely processing of this will help us clear this balance.

DEPUTY CHAIRPERSON.- OAG, this variance of \$120,924, what are the details of these variances?

AUDIT REP.- Thank you, Deputy Chairperson. The details of the variance is just different between what was forecasted to be received in the seven months as per the second quarter return and the rental actually received. So, as PS as highlighted, this could merely be a reason of reconciliation between what was supposed to be received and what has been received, but there is no specific detail that will add up to this \$120,000. It just makes a difference between those two figures.

DEPUTY CHAIRPERSON.- Obviously when this forecast was made because rent, as we believe, is a fixed income and we know that this is the amount that will be coming in that particular financial year, a huge difference like this means that there were huge changes in terms of the staff who were occupying these quarters. Probably, some of them were terminated, maybe there was a side transfer, et cetera.

AUDIT REP.- That could be a reason of difference between what was forecasted and what was actually received. There could be an instance where the quarters could have been vacant for the first few months or couple of months. So, what we can do just to come to a conclusion on these variances, is to see what really was the situation on the ground, the number of quarters that were vacant that should be generating those rental income.

DEPUTY CHAIRPERSON.- 30.17?

MR. D. KOLITAGANE.- 30.17 - 30.17 Unauthorised Arrears of Revenue Write-off; Deputy Chairperson, as mentioned in our comments, it is the process for write off and we are dealing with it with the MOE. As mentioned, for any write-off it has to be approved through the MOE.

DEPUTY CHAIRPERSON.- MOE, what is the update on this write-off?

MOE REP.- Deputy Chairperson, can we come back to this by providing the Committee with the information?

DEPUTY CHAIRPERSON.- Because the amount is quite substantial and the Committee would be interested to know if that is the only way forward, just to write it off, so if we can have details on that. Honourable Members, any questions?

HON. A.M. RADRODRO.- A question in terms of write-off, regarding all those arrears of revenue, what happens to those who were involved in these revenue generation? The farms are Cocoa Development, Land Development and Batiri Pineapples. Does the Ministry continue to assist them? What sort of assistance is given to them while on the books you write-off the supposed arrears?

MR. D. KOLITAGANE.- Deputy Chairperson, I can confirm that the services to the farmers still continue. This is just the way to address an outstanding, if we go by age. We have exhausted all the processes before we even consider write-off, so we have to visit, we write letters, we execute all these avenues then we can only consider write-off but it is more or less a book entry thing as well. First, we make sure that the data process are done properly and the reconciliation process needs to be done between the Ministry and the MOE Officials.

DEPUTY CHAIRPERSON.- If I can make reference to Table 30.10 as per the Audit Report, I believe there is a revenue type and that is Cocoa Development. What is the update on the cocoa scheme as of now, is it still continuing?

MR. J. SOVALAWA.- Thank you, Deputy Chairperson. We call it the Cocoa Revitalisation Programme. It is very much alive, there is a lot of interest on Fiji Cocoa, we have exporters that are marketing it to the United States of America (USA) and to Europe. Our challenge is that, we need to consistently supply and with the volume that is needed, but Cocoa Revitalisation Programme is very much in play as we speak.

MR. D. KOLITAGANE.- In fact, Deputy Chairperson, there are two entrepreneurs now who are producing Fijian chocolates; one in Denarau and I think one in Ra, and they are already producing and supplying to resorts. For example, the one in Denarau is supplying to resorts in Denarau and potentially they will go into our flight - Fiji Airways.

MR. J. SOVALAWA.- In addition to that, Deputy Chairperson, we are having a Cocoa Day in Tailevu in May, and we will obviously put it out in the Dailies so that the public know about the current programme in Cocoa.

HON. RATU N.T. LALABALAVU.- Thank you, Deputy Chairperson. PS, what would be the way forward to address this instead of pinning it on the farmers, to pay all these money that had been provided for by Government which helps them stimulate the growth in the economy in these various uses today? What would be the way forward, a way of grant? We are trying to encourage farmers but at the same time, you are meeting out the cost of preparing themselves.

MR. D. KOLITAGANE.- Thank you, Honourable Member. What we are trying to introduce to the farmers, obviously, the huge support from Government to the farmers in terms of machinery, planting material and land preparation, even from their produce to the market. There are some small charges when they buy planting material, I think, they are buying it for \$1.50 and this is to cover the small operating expenses that we have, just to complement the budget. However, most of the Government support is provided free. In here we are talking about write-off of revenue from them so directly if we exhaust the farmers saying that they cannot pay, we will provide justification through the Ministry that they do not have the capability to repay and that is the reason for the write-off.

HON. A.M. RADRODRO.- Another supplementary question, now that you have done the write-off exercise, what happens going forward, whether some sort of assistance is given to them so that they do not fall into this category again?

MR. D. KOLITAGANE.- Thank you, Honourable Member. As I had mentioned, it is the documentation issue. If we are doing it on time, keeping our records and some of these farmers are busted and we cannot take this to the new owner of the farm, so we just provide documentation as we mentioned.

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

MR. D. KOLITAGANE.- Once we go through the write-off process, they are not required to pay.

(Inaudible)

MR. D. KOLITAGANE.- As I had mentioned, Honourable Member, mostly subsistence farmers are really getting free from Government. These, for example, are semi-commercial to commercial level farmers. For Government, we are providing free electricity because of their threshold income, there is road infrastructure, when our Research Division develops a new variety, it costs money, of course, it is coming from our budget, but we want to instil some level of discipline too for the farmers. They pay partial, they contribute where we used to have one-third, two-thirds. Banks do not give them free loan and we want to instil that discipline. So from their inception to before they graduate to become fully commercial, but of course we are mindful of the huge support that Government provides to our farmers. There is a huge potential support that Government continues to provide.

DEPUTY CHAIRPERSON.- Just a question on Government support, suppose there is a farmer who wants to get involved in manufacturing, like bottled juice, et cetera; does that support also come from the Ministry?

MR. D. KOLITAGANE.- Yes, Deputy Chairperson. We came back from the Sigatoka Valley on Tuesday. We saw some projects there where some of our exporters are providing the chilling facility which cost about \$200,000 this is big capital projects. They are not required to repay Government but we signed an agreement to make sure that they buy from the nearby farmers and they are supporting smallholder farmers, who collect their first produce.

DEPUTY CHAIRPERSON.- So I think a lot of farmers they to get into diversification because they know that the market is very seasonal too. When the season is there, then they will be able to sell their produce. So some of them they want to get into small time manufacturing.

MR. D. KOLITAGANE.- Correct.

DEPUTY CHAIRPERSON.- The assistance comes from the Ministry?

MR. D. KOLITAGANE.- Yes. As I had mentioned, the chocolate factory in Nadi was also supported through Government. At one time, we supported the processing plant. I think it was also the refrigeration type. At the same time it has the network of smallholder farmers who are in the Ba and Ra areas.

There is also support from Government to nurture these farmers. I think at one stage, they were only getting cocoa from the old cocoa trees that were grown years back. Now with the Government support, we are giving them the replanting programme, giving them seeds and the practice of pruning and managing their plantation properly so they can supply quality cocoa to their supplier which has been properly established.

DEPUTY CHAIRPERSON.- Thank you, yes.

HON. A.M. RADRODRO.- Thank you, PS, for those explanations. What about the assistance to *dalo*, ginger and *yaqona* farmers, is it the same level?

MR. D. KOLITAGANE.- Same thing applies.

DEPUTY CHAIRPERSON.- *Yaqona*, I think it is high time the price should come down. Are there any plans to bring down the price of *yaqona*, please, it is getting very expensive now?

MR. D. KOLITAGANE.- Deputy Chairperson, that is determined by the market. We will have to talk to Reserve Bank of Fiji (RBF) on that but I am sure it is coming down. It depends on the supply, so once the supply is retained and with higher demands also, we are all hoping for the price of *yaqona* to come down but this is one time that *yaqona* farmers are enjoying cash from *yaqona*.

DEPUTY CHAIRPERSON.- 30.19 - Delay in Preparation of Monthly Underline Account Reconciliations; I think that goes back to what you have earlier stated in terms of strengthening the financial structure way back in the Ministry. Perhaps, we can move on to the next one.

MR. D. KOLITAGANE.- 30.20 - Accountable Advance not Cleared on Time; Deputy Chairperson, again, I can confirm that we are managing this process within the Ministry. We do not

release money or funds to staff if accountable advance is still owing to them, but I think this has been cleared.

DEPUTY CHAIRPERSON.- Can we have confirmation from OAG, cleared or not?

AUDIT REP.- Deputy Chairperson, based on the explanation provided by the Permanent Secretary and his team, I think it should have been cleared.

Also, we acknowledge all the efforts placed by the Permanent Secretary in getting all these issues sorted out. I think it is a good way forward in terms of collaboration between the MOE, Internal Audit and the Ministry of Agriculture. I think this all goes back to the key of doing things on time, looking after the accountable advance on time and I am quite confident that going forward, I think we should not be seeing these issues recurring, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you.

30.21 - Bank Lodgement Clearance (BLC) Account.

MR. D. KOLITAGANE.- Deputy Chairperson, as mentioned in our answer in our reply to the Committee, this has been cleared and we have taken on board the comments from the OAG.

DEPUTY CHAIRPERSON.- The next one is a bit interesting issue, that is, the Land Water Resource Management Trust Fund Account. Sir, if we can have a bit of background information on what this Scheme is all about and the contents of the Trust Fund.

MR. D. KOLITAGANE.- 30.20- Anomalies in Main Trust Fund Account; Deputy Chairperson, the Waterways has been moved to the Prime Minister's Office, maybe I will ask the Principal Accountant just to explain the how the True Trust operates?

DEPUTY CHAIRPERSON.- Yes.

MR. S. BALEISUVA. - Thank you Honourable Deputy Chairperson and the Honourable Members of the Committee, the purpose of having the True Trust Account for Ministry of Agriculture was to retain the 10 percent deductions from construction works. Normally, when there is a construction work to be done it is awarded to a company, we normally deduct 10 percent from every payment made to them and it is retained by us, for us to pay to them when the work is being certified by the engineers that it is done according to the design.

For years the accounts was neglected by the Ministry of Agriculture and that we must admit, and the effort was taken by the Ministry starting with 2015 to reconcile the accounts. The concentration from 2015 onwards until 2016 was to try and balance the cash balance in the bank and the amount that is there in the General Ledger balance. The audit reports from previous years highlighted this issue as a recurring issue, and the Ministry worked towards rectifying this issue and that was rectified as the Report says of 2015 and that was cleared in 2016.

We have transferred the Trust Fund to Ministry of Waterways because the Trust Fund was basically for the works done by the Ministry of Waterways which was our Land and Water Resource Management (LWRM) Division before. We are now in the process of closing off the accounts that is with us from the Ministry. Thank you.

DEPUTY CHAIRPERSON.- LWRM as we speak, this is the entity that the Drainage Board comes under, so all these are now transferred to Waterways?

MR. D. KOLITAGANE.- Under a separate Ministry.

DEPUTY CHAIRPERSON.- But speaking on the responsibilities of such schemes, this is specifically for agriculture purpose?

MR. D. KOLITAGANE.- Correct, so for this year it was under Ministry of Agriculture. The audit issues that were raised when it was with us, we confirm that it has been corrected.

DEPUTY CHAIRPERSON.- Now, we believe that it is transferred to Ministry of Waterways but the areas where these schemes will be, this will still be agricultural areas?

MR. S. BALEISUVA.- No, it moves together with them. So they will manage the drainage, et cetera.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members any question?

MR. D. KOLITAGANE.- Thank you Deputy Chairperson.

30.23 - Statement of Losses - Unauthorised Losses and Omissions; as we have mentioned in our additional comments that we had provided today, our Assets Unit are redefining our SOPs and we are assigning officers to help address this issue.

DEPUTY CHAIRPERSON.- Losses of assets in terms of livestock, I believe that controlling livestock can be a very hard measure but what are some of the new measures in place to ensure that livestock are controlled?

MR. D. KOLITAGANE.- Sir, loss of livestock is when they die during our care, sometimes because of disease or accident, sometimes it is to do with the feed as well when they are not well looked after. Basically some old age, even some of them get old and they die a natural death, so we need to write them off. But the details can be provided by the Director.

DEPUTY CHAIRPERSON.- So it is not necessarily a case of stealing and all that?

MR. D. KOLITAGANE.- It is not mentioned here.

DEPUTY CHAIRPERSON.- Yes.

MR. A. DAYAL.- Sir, Honourable Deputy Chairperson, just adding to PS's comment, yes, the loss are due to stealing too. Some of the stations do have stealing, mostly in the Sigatoka Research Station and Nawaicoba Research Station where the sheep which is very attractive now and very expensive, we do have cases of stealing, so the losses are reported under that. But most of the losses are due to natural death or disease problems.

We have so many diseases in Fiji, bacterial and other diseases that we cannot avoid but the measures that we are putting in place, include getting some vaccination and also we are trying to improve our management practices by trying to capacitate our staff so that they can better manage some

of the diseases that we can control. But obviously, some of the diseases that are naturally there, we cannot control that so there will be deaths.

DEPUTY CHAIRPERSON.- Thank you because the last time we visited Nawaicoba, they addressed this issue of stealing so I just remembered that. Honourable Members, any questions on that?

HON. A.M. RADRODRO.- Appendix 30.6, just on Vunidawa. The Yamaha outboard engine of 25 horsepower. How was that loss incurred?

MR. D. KOLITAGANE.- Deputy Chairperson, we do not have the details at the moment. We can come back to the Committee with that.

DEPUTY CHAIRPERSON.- 30.24 – Prior Year Issues.

HON. A.M. RADRODRO.- The assets. These loss of items that are being reflected in the Table, what is the policy of the Ministry now? Are they insured or not, in terms of assets that are being reflected as losses?

MR. D. KOLITAGANE.- Deputy Chairperson, these are small items. Normally, they are not insurable, we self-insure. We just replace them when it is not working and then we bought them from our list following the proper process.

DEPUTY CHAIRPERSON.- Just speaking on insurance, I just remembered this new Government initiative, PS, whereby farmers can take insurance on their produce and farm items. Are there any sort of arrangements by the Ministry to have such insurance schemes in place since your Ministry also has lots of farms and livestock?

MR. D. KOLITAGANE.- Thank you, Deputy Chairperson. There is work currently undergoing with the RBF which is driving the financial inclusion programme for the whole of Government. There is a Committee that has been set up and they are looking at crop insurance.

In fact, there is a product now being used through Fiji Care Insurance Limited that is insuring farmers. I think they pay a dollar a week and they are insured to a maximum of \$10,000, I am not sure if it is for crops or household items. But they are targeting smallholder farmers, who normally find it hard to get insurance cover from the market, there are products being developed.

I understand it is a first in the region or maybe the world that Fiji has developed this new insurance product. We are working with the RBF to try and expand on it. I understand there is big demand coming from the farmers and there is a big take-up in these products. Again, it is starting small. We may go by crops, say for rice and other crops that are really susceptible to disasters.

DEPUTY CHAIRPERSON.- So if a farmer is to ask us about the insurance, one company is Fiji care Insurance Limited as of now. Is there any other company?

MR. D. KOLITAGANE.- We can get more details, Deputy Chairperson. Since it is still being developed, they are trying to roll out to Fiji Sugar Corporation, I understand, but it depends too on the farmer. They are trying to tailor-made the products that are for low cost farmers.

Of course, it is a high risk area but the farmers can only pay a small amount. So maybe that is why the Government is really developing these products. I think details will be released by the Governor of RBF and MOE.

DEPUTY CHAIRPERSON.- Yes, Honourable Ratu Lalabalavu.

HON. RATU N.T. LALABALAVU.- Just some point of interest and clarification as well, PS, and this is to do with your succession plans. The first issue here is prior year issues.

Quite recently the Honourable Minister for Agriculture had highlighted in the House, the dire need for more veterinary officers, highly qualified vet officers. So in terms of succession plan and the programme that you have locally, are they regarded as technical assistants or what? Will that still continue to fill in the gaps in the rural areas, especially for vets whilst we await these people coming out from universities abroad?

MR. D. KOLITAGANE.- Deputy Chairperson, thank you for the question, Honourable Member. In fact, we are getting graduates from universities now, mostly from abroad. Last month, the Ministry recruited two Vets. We are giving them a better rate as confirmed by the Honourable Minister.

Through the Open Merit Recruitment and Selection (OMRS) Reform, we are able to give them market rate. Obviously, that went through our normal recruitment process but we are doing more to expand or fill in the gaps for our vets and other technical positions within the Ministry. But it is good news, we are getting the market responding to the request from the Ministry. We are getting qualified vets and they are with us at the Ministry.

We are looking at another three. We are tracking progress as they do their studies abroad. I am sure it is a very positive sign. For us, it is a positive progress.

I think you are referring to the qualification issue. The technical courses that are available locally, there are some diploma level courses from the Fiji National University (FNU). Those who are going above diploma level, need to go overseas but it is a demand thing as well. We rely on University of the South Pacific (USP) and FNU to bring in new courses for candidates for vets. It is high demand, also a very expansive programme. I think that is why the learning institutions need to do their costs and then match the number of candidates who are coming from, not only Fiji but the Pacific. But I am happy to say that we have local veterinarians. Veterinarians who are joining the Ministry are local students.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. PS, whilst you are talking about succession plan, this is the question that the Committee is always asked by the relevant Ministries and Departments, and I see a great imbalance here in terms of gender. Is there any gender policy of the Ministry and if you can enlighten the Committee?

MR. D. KOLITAGANE.-Thank you Deputy Chairperson, as I had mentioned in my earlier statement, we have improved basically from 23 percent in 2009 on the ratio of female staff in the Ministry. Now it is 33 percent so it is a big progress. Not only that, our programme is that we are dealing with the farmers on the ground. The support programmes also consider the support to women and youth.

DEPUTY CHAIRPERSON.- Yes, I think there is a special response and heading in the written response in regards to gender involvement. Just one question coming from me, PS, last time we had lot

of issues in regards to the Coconut Industry Development Authority (CIDA). What is the update now, are they still in liaison with the Ministry?

MR. D. KOLITAGANE.- Thank you Deputy Chairperson. CIDA's role was taken over by the Ministry of Agriculture through the Extension Division. All the activities that they normally do are carried out by the Crop Extension Division through our Coconut Rehabilitation Programme. We repair dryers, we raise seedlings, give it for free to farmers and assist in all the activities that they are involved in. We supply and issue equipment and train them through our Training Centre that is based in Taveuni, and it covers both, women and men and also the youth.

DEPUTY CHAIRPERSON.- There is a Table in Appendix 30.3 and number 1 is about Potato Research and Development Programme, number 2 is about Coconut Development Programme. Is that in relation to CIDA?

MR. D. KOLITAGANE.- Deputy Chairperson, 30.3, Page 27?

DEPUTY CHAIRPERSON.- Yes.

MR. D. KOLITAGANE.- In 2015, this deals with some of the projects that normally deal with Coconut Development Programmes.

DEPUTY CHAIRPERSON.-Honourable Members any questions?

Since there are no questions, I thank you, PS, and your team for a rather extensive and well prepared response. There were lot of supplementary questions as well which were handled quite well by you, Sir, and your team. We have requested for some additional information namely, information from the MOE and if we could be provided with those as soon as possible.

Without further ado, I would like to thank you and your team once again for the consolidated efforts carried out in order to improve all these financial matters within the Ministry. On that note, I wish you all the best for the endeavours that you wish to undertake in your Ministry in the near future. Before I conclude the session, I just want to wish everyone a very happy Easter and a Good Friday and may your holidays be a blessed one.

PS, would you like to make some final comments before we conclude the session? Thank you.

MR. D. KOLITAGANE.- Thank you very much, Deputy Chairperson.

On behalf of my team, I would like to say that we are committed into improving whatever has been the progress of the Ministry of Agriculture. Ultimately, the farmers are our main customers, we target in all our programmes to serve our customers and serve them better. That is the commitment coming directly from our Minister and from the Government and we are committed to do this.

At the moment just for the information of the Committee, we are receiving about \$6 million grant from development partners for this financial year. That shows the level of comfort they have in our systems and our processes and with this grant, again, it is adding the impact and the services to our farmers. Ultimately, it is for all the Fijians and I think I also agree with you, Deputy Chairperson, we are happy in doing that.

The Committee adjourned at 11.51 a.m.