

# **PUBLIC ACCOUNTS COMMITTEE**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 2ND MAY, 2018**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 2ND MAY, 2018 AT 9.25 A.M.**

**Interviewee/Submittee: Ministry of Lands and Mineral Resources**

**In Attendance**

- |    |                   |   |                          |
|----|-------------------|---|--------------------------|
| 1. | Mr. Malakai Finau | - | Permanent Secretary      |
| 2. | Mr. Jale Kunawalu | - | Director Corporate Servi |
| 3. | Mr. Marika Qalo   | - | Senior Accounts Officer  |
| 4. | Mr. Vono Mafoa    | - | Senior Accounts Officer  |

**Office of the Auditor-General**

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|----|---------------------|---|-------------------|
| 1. | Mr. Abele Saunivalu | - | Director of Audit |
| 2. | Mr. Mohammed Feroz  | - | Audit Manager     |

**Ministry of Economy**

- |    |                      |   |    |
|----|----------------------|---|----|
| 1. | Ms. Lanieta Senibulu | - | PA |
| 2. | Ms. Ana Waqanisau    | - | PA |
| 3. | Mr. Lorima           | - | AO |

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DEPUTY CHAIRPERSON.- I welcome everyone to the Public Accounts Committee (PAC) dated 2nd May, 2018. Today, I would like to welcome the Permanent Secretary for Ministry of Lands and Mineral Resources, together with his team.

I welcome you, Sir, to our meeting and our submission. On this note, let me just very briefly introduce you to my team.

(Introduction of Committee Members by Deputy Chairperson)

Apologies have been sent from our Honourable Chairman, he is very busy with the other Committee, the Standing Committee on Justice Law and Human Rights. They are looking at a few Bills so he is very much heavily engaged in that and also one of our Government Members, Honourable O' Connor, since he is the Assistant Minister for Health and he is out on his Ministerial responsibilities.

Without further ado, PS and your team, I believe you have provided us with the written responses for which we are going to have the submission on this morning. We are here to discuss the Audit Report on the Economic and Infrastructure Sector of 2016, in particular the Ministry of Lands and Mineral Resources.

There were some audit issues sent to the Ministry, I believe, 10 audit issues and we would like to hear what the submissions are all about from what you have provided to us in written form. Now, I would like to give you the opportunity, Sir, to introduce your team and very briefly introduce us about the Ministry's roles and responsibilities, and then take us through the written submission that you have provided. Thank you.

MR. M. FINAU.- Thank you, Deputy Chairperson and Honourable Members of the Committee. We thank you for giving us the opportunity to come and present our response to the PAC. By way of introduction, to my far right is the Director Corporate Services, Mr. Jale Kunawalu; on my right is our Senior Accounts Officer and to my left is the Senior Accounts Officer as well. Our Manager Finance will not be here today with us because he is away overseas.

Just some opening remarks regarding the Ministry for Lands and Mineral Resources, I would like to make a comparison as compared to last year's 2015 Audit Report. For 2016, I think the Ministry has made a lot of improvements so I would like to probably mention three issues by way of comparison to the 2015 Audit Report.

I think for the 2015 Report, we had about 20 issues, we had a lot of issues and in 2016 as you mentioned. In 2015, we had a qualified report but for 2016, the report is unqualified. In 2015 we had misappropriation of funds of about \$130,000 that is under the Statement of Losses but for the 2016 Audit Report, there was no loss for the Ministry for Lands and Mineral Resources. So in summary, I think we have improved tremendously from 2015.

DEPUTY CHAIRPERSON.- I thank you, PS, for your introductory remarks. Yes, we do note that the Audit Report is unqualified, which gives us the insight that the financial measures have greatly improved to achieve this and then the reduction of the audit issues. Just before I give you the opportunity to take us through the written submission, we would like to know some of the measures that were undertaken by the Ministry in order to improve your general financial position.

MR. M. FINAU.- I think it emanated from the session we had here last year in 2015. I think we took on board the recommendations that was given to us, especially on the Statement of Losses for us to monitor the operations of our Accounts Office. I think we got a grilling by the Honourable Members who were present last year on the Statement of Losses.

In general, we took account of those recommendations and I think the Internal Audit is also making an improvement because we now have internal audits before we have the other audit. I think those were the major improvements and recommendations that we took on board in order to improve. Thank you.

DEPUTY CHAIRPERSON.- Thank you, Sir, Honourable Members any questions on the general introductory remarks?

(There were no questions)

We will move on to the written submission. I would like to give the opportunity now to you, PS, or his designated official to lead us through the written submission. Thank you.

MR. M. FINAU.- Part A: Financial Statements. 33.1 - Audit Opinion; of the 26 accounts that the Ministry of Lands and Mineral Resources had resulted in an issuance of the unqualified audit opinion. Our response is that, it is through the good accounting practice and adhering to all financial regulations that had led to the unqualified statement.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

HON. A.M. RADRODRO.- Deputy Chairperson, through you, thank you very much, PS, for the explanations given regarding the 2016 Audit.

33.2 - Statement of Receipts and Expenditures; some of the revenue lines at are showing there - licenses, mining fees, because there is a decrease in terms of revenue generation. We understand it is a seven months financial year but that cannot take away the revenue lines that are there; some increases in the mining fees and also the licences. Can you just inform the Committee what are the licences and mining fees recorded in this revenue items that also include the Gravel Extraction licences, et cetera?

MR. M. FINAU.- Yes, that is correct. The licences are the ones that we issue, like Gravel Extraction Licences for the Lands Department, Special Prospecting Licences for minerals and those are the examples of licences that we issue. However, the shortfall in revenue, as you mentioned, was also attributed to the seven months audit period, as you correctly pointed out.

HON. A.M. RADRODRO.- Especially for Gravel Extraction Licences, is it possible for you to give us an indication on how many Extraction Licences were given during this financial year?

MR. M. FINAU.- We can then furnish the 2016 financial year on the number of Gravel and Sand Extraction Licences that we issue and the revenue that was collected.

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

MR. M. FINAU.- Yes, the royalty is shared to the Ministry of iTaukei Affairs because they know the rightful *qoliqoli* owners, especially in rivers and streams where the gravel are extracted from. The Ministry of iTaukei Affairs then forwards it to individual landowners.

HON. A.M. RADRODRO.- Is it still the same, 50 cents?

MR. M. FINAU.- Yes, that is correct. Honourable Member, for gravel 50 cents goes to the Ministry of iTaukei Affairs, it is \$2.50 at the moment.

DEPUTYCHAIRPERSON.- The remaining \$2 is maintained in the Ministry?

MR. M. FINAU.- \$1.50 for Government and I think the rest is for VAT.

DEPUTY CHAIRPERSON.- \$1.50 to the Government and the other \$1 to the Ministry of iTaukei Affairs?

HON. A.M. RADRODRO.- \$1.50 to the owners?

MR. M. FINAU.- We issue in rivers because we administer so the State is the owners of the gravel under the rivers and streams. The 50 cents is like the royalty, so that is given to the Ministry of iTaukei Affairs for onward transmission to the *qoliqoli* owners.

DEPUTY CHAIRPERSON.- Thank you, Honourable Members. We will move on to the next issue.

MR. M. FINAU.- 33.3 - Appropriation Statement; the query was that the Ministry incurred expenditure totalling \$15.4 million in 2016, against a revised budget of \$31 million, resulting in a savings. I think the question was the savings. Our response is that, the large savings was due to the budget being for the whole of 2016 while the expenditure was only for the seven months leading up to 31st July, 2016.

DEPUTY CHAIRPERSON.- Thank you. You said the reason for the large amount of savings which is almost half of the initial budget was because of the change in the financial year, so that is quite well justified.

Sir, just a question in regards to the revenue collection of lease money; most of the lease income is generated on the first half of the financial year or in the second half? Is it by the year end or the year beginning or mid of the year?

MR. M. FINAU.- Mostly at the beginning of the year. But I think it is also related to production on the holders of the land and, for example, for agricultural leases mostly sugar, it depends on when the payment is done by the FSC. We usually see a spike in the lease rental collection.

DEPUTY CHAIRPERSON.- In regards to the monitoring of the amount of money that goes to the Department which is through the gravel extraction, as the companies extract the gravel, they pay the Ministry on a monthly basis and who does all those recordings and tallying?

MR. M. FINAU.- It is done at the Divisional Offices. We have three Divisional Offices – one in the West, one in the North and the Central/ Eastern. The acquittals of the gravel that is extracted is submitted to the Divisional Offices and the payment is done there, based on the volume.

There is a form that they usually fill based on the volume of gravel extracted and that is how it is calculated whereas before, we used to rely only on the company information. We recently recruited six Natural Resources Officers who are also technically or commonly known as Tallyman, so that we can also have a better control and better management of the amount that is reported by the company and the amount that we verify, in order to get the right amount and the right revenue to Government and also the correct or increased revenue to the resource owners, because there has been some understatement of the volume of natural resources extracted in the past. So those are the measures that we have taken.

There is also proposal within the Ministry to review the current rate of the royalty payment and also the revenue to Government in this regard because it is a bit outdated. We charge \$2.18 to companies for gravel extraction and that is a bit outdated. It goes back many years, so we need to review and take into consideration other costs, so that we can give it up to some more and better return for all the stakeholders involved.

DEPUTY CHAIRPERSON.- When you mentioned review in regards to the current rates, the review is suggesting to increase the rates or decrease the rates?

MR. M. FINAU.- Increase, actually.

DEPUTY CHAIRPERSON.- And from that more money or more proportion of whatever the rate is being paid, the idea is to give more back to the landowners?

MR. M. FINAU.- Yes, a fair share, because the Constitution states in Section 30 that we must give a fair share for the minerals, but for the common rocks, such as gravel and sand which are not configured minerals, we would like to apply that so that they can also have a fair share.

I think in the past, it started from \$1.00 when the share used to be 50-50. Then it moved to \$2.18 and then the 50 cents is still there for the landowners which we think was not incorporated

when we increased it to \$2.18. But as I said, it is all proposals within the Ministry to do something about it, so that is the proposal I am discussing at the moment.

DEPUTY CHAIRPERSON.- I believe the landowners are actually the licence holders.

MR. M. FINAU.- No, the companies are the licence holders not the landowners but some landowners are trying at the moment to be given a licence so that they could have a share of the benefits.

DEPUTY CHAIRPERSON.- Yes.

MR. M. FINAU.- It is also to increase their participation rather than just receiving royalties.

DEPUTY CHAIRPERSON.- So if the landowners are licence holders through a company that they form, this should also mean that more will be cut from their revenue?

MR. M. FINAU.- If our proposal goes through. It is just at the proposal stages at the moment.

DEPUTY CHAIRPERSON.- Yes.

MR. M. FINAU.- We have our Research and Policy Unit which we review certain things that we think needs to be addressed or perhaps, corrected.

DEPUTY CHAIRPERSON.- Because I have heard issues from landowners who are actually licence holders and they hold licences through gravel companies. They said that they find it a bit unfair that it is their resources and they are reviewing to increase the rates which will obviously be cut off from their income. Whatever they generate and what they will get back is basically their money. Those are some of issues that have been raised by the resource owners and we do hope that the review will look into special conditions like that.

Of course, this is a policy matter which the Ministry can decide but just some of the issues that they are raising that they, being the resource owners and also the licence holders, through the consultations they have had, they have found that more will be taken out from their share and they are saying that basically it will come back to them. Just a suggestion, if some special consideration could be given to the landowners who are actually into this gravel extraction business.

Thank you for that. Honourable Members, do you have any question?

(There were no questions)

So we will move on to the next one issue.

MR. M. FINAU.- 33.4 – Statement of Losses; the Ministry recorded no loss for the seven months period. It is being noted that the Annual Board of Survey resulted in the write-off of various assets totalling \$190,003.

The Ministry's response is that in line with the agency Financial Manual it confirms that we have over the years conducted the Board of Survey, Reports were provided to the MOE, together with the Statement of Losses. As for 2016 there was no loss recorded for the seven months but the Ministry's Annual Board of Survey was prepared and forwarded to the MOE on the write off of assets.

DEPUTY CHAIRPERSON.- MOE, what is the current update on that, has that been written off?

MOE REP.- Yes, Sir, we can confirm that that has been approved by the Permanent Secretary.

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

### 33.5 - Statement of Trust Receipts and Payments.

MR. M. FINAU.- The Department of Lands had a Trust Account balance of \$4,230,897 as at 31st July, 2016. The Department recorded total receipts of \$2,096,622 and incurred total payments of \$3,431,296 in the Trust Account during the year.

The Mineral Resources Department had a trust account of \$4,482,035 as at 31st July, 2016. The Department recorded totally receipts of \$716, 567,000 and incurred total payments of \$354,220 in the trust account.

Our response is that the Ministry operates two Trust Accounts:

1. The Department of Lands and it contains revenue, such as Compensation (money put into trust), Fisheries Impact, Lease Offer, Priority Plan, Royalty, Sand and Gravel and other Revenue.
2. For Mineral Resources Department, it includes the Mining Bond, Special Prospecting Licence (SPL), Renewal Fees, Mining Tender Fees, Mining Surrender Fees, Geotechnical Survey Fees and Borehole Construction Fees.

DEPUTY CHAIRPERSON.- Thank you. Just a question, PS, these payments in the Trust Fund Account, what are some of these payments?

MR. M. FINAU.- Those are, for example, the Department of Lands Compensation. I think this compensation is related to the Fisheries Impact Compensation. So when it is done it is put into trust and we do a Trust Account for the time that it is actually paid to the fishing rights owners or the *qoliqoli* owners, so that is an example.

Sometimes when we make a lease offer, we need a payment into the Trust Account so that is why it is done. Those are just some of the examples. The priority planning of if you want your survey plan to be done quickly, we have developed a system (because this takes months), you pay a certain fees and then they will do a Prioritise Plan Assessment so that you can get your survey plan. Those are some of the examples.

For the Mineral Resources Department, the Mining Bond, this is the money that the company has to put up in lieu of their performance, and if they did not perform they can always go for the bond - the penalty. They say they are going to mine and extract something but over period of time they have not done it, so as part of our performance assessment they have not performed. Then we can always go to that funds. So those are the examples.

The Mining Tender Fees when we tender an area for exploration or mining, the fees that they pay upfront for the tender, that is an example.

DEPUTY CHAIRPERSON.- Honourable Members, any question?

HON. A.M. RADRODRO.- For Department of Lands the compensation revenue receipts in the payout, there seems to be a big difference in terms of what is receipted and what is paid out. Is it a carry forward balance? It is \$254,000 but the payout is \$2.9 million.

MR. M. FINAU.- I think it is from the previous balances as well.

HON. A.M. RADRODRO.- All right.

DEPUTY CHAIRPERSON.- Thank you, we will move on to Part B: Audit Findings.

MR. M. FINAU.- 33.6 – Administrative Issues; 33.6.1 – Governance Issues; on the issue of Gift Register, yes, the Audit noted that we do not have a Gift Register. We do not encourage receiving gifts, probably that is the reason.

The only gift that I have ever received were some plaque, I can recall. Some foreigners coming in with the plaque of their Ministry and it is all over the PS's Office but I am not aware of any other kind of gifts as is mentioned, so it is probably the reason why we do not have a Gift Register but we are maintaining a Gift Register. I do not know what kind of gifts are mentioned here but the Office of the Permanent Secretary is filled with all sorts of souvenirs from foreign visitors, foreign companies, be there plaques or ornaments. That is our response to the issue of gifting.

DEPUTY CHAIRPERSON.- OAG, how does this issue of gifts arise and how is monetary value attached to that, that it becomes an audit finding?

AUDIT REP.- Thank you, Honourable Deputy Chairperson. The issue that we are raising is for the Ministry to have in place those policies, this is to...

DEPUTY CHAIRPERSON.- So when you did the audit, did you actually see the gifts, that is why you raise this?

AUDIT REP.- Honourable Deputy Chairperson, this is required under the Ministry's Finance Manual, so this is a compliance issue which is a good issue because it will protect the Ministry and its Officials when conflict arises. We will turn a gift register over to have in place those policies. That is the issue that we are raising.

MR. M. FINAU.- But we have a Gift Register.

(Inaudible)

MR. M. FINAU.- As I said, there are gifts that I had mentioned that are currently in the PS's Office - plaques, et cetera, but I am not aware of any other. Director Corporate Services?

MR. J. KUNAWALU.- Thank you. The gifts are classified like consumables, like for occasions that our PS and Minister are invited on, or any of the Ministry's representative are invited, when they are given a gift or just a thank you token of appreciation, it is brought back to the Ministry and then we record it. If it is consumable then the PS has to decide on a way to consume it or to dispose it in a way. We developed this policy under the Public Service Commission's old policy on the gifts that are to be received to be declared with the Ministry.



DEPUTY CHAIRPERSON.- Yes, I do take note that mostly there needs to be consumables but how about things like *tabua*, et cetera? OAG, what would you recommend in gift of this nature, because it is an expensive item as we speak of?

AUDIT REP.- Thank you, Honourable Deputy Chairperson. I believe for all cases of *tabua* and mats received by Government Officials in their capacity as whatever position, I believe Government already has that policy in place that it should be returned.

MOE REP.- Thank you, Honourable Members. According to the Finance Instruction and the General Orders, for a gift to be acknowledged by an office holder, it must be received by the officer in his capacity as a civil servant or an office holder in Government. That can then be categorised as an official gift and that should go in the Gift Register.

For the *tabua* and mats as mentioned by the OAG, that has to be returned to whoever had presented the *tabua* to the office holder, in his or her capacity as a representative of Government.

HON. A.M. RADRODRO.- A question to OAG, this is the first time that we came across this issue. Is this standard governance issue for all other Ministries and Departments? This is the first time you see this kind of register?

AUDIT REP.- Our Office is trying to bring up all these compliance issues that Ministries need to comply with. Yes, in the current audit we are covering all these compliance issues.

DEPUTY CHAIRPERSON.- Thank you. We will proceed to 33.7 - Department of Lands.

MR. M. FINAU.- Deputy Chairperson, if I can just comment on the issue of *tabua* and mats. I have not come across in our Ministry, people coming with *tabua* or mats for a land.

I must admit that sometimes the reconciliations are not prepared in a timely manner. I have always raised it with our staff but I think we are also improving on that.

HON. A.M. RADRODRO.- Just a question regarding the reconciliation, I note that you have a lot of savings in your SEGs 1 and 2. Do you have the necessary staffing required to conduct these reconciliations or do you need more in terms of addressing this issue?

MR. M. FINAU.- Thank you, Honourable Member. For the record, it is delayed but all have been updated at the moment, but we could always do with more staff.

HON. A.M. RADRODRO.- Through you, there has been talks and discussions about lack of qualified technical staff within the Ministry - surveyors and the likes. Can you please, advise us on the status of addressing technical staffing needs that were highlighted in the previous audit issues?

MR. M. FINAU.- For surveyors, we have a programme in place for staff of the Ministry to be registered as a surveyor. You need to do certain amount of surveying projects. For us earlier this year, we have managed to register two more, I am proudly talking about the Ministry but about Fiji as well because one was from the Ministry and one was from the Housing Authority. I just got one notice from the Surveyors Registration Board (SRB) that another member of the surveying profession is ready to be registered.

But for the Ministry that is correct, for long there has been a shortage of surveyors. The programme that we have put in place is that, we follow up closely on those Survey Assistants who have some projects. Most of them have got their Surveyor registration in various stages, if I put it into percentage it is 50 percent, 60 percent of the project they have to do. So we are following up on them closely and we also have a mentor, a Senior Surveyor within the Ministry who follows up on the projects, that is some of things and hopefully we are going to register more. We are looking at about three to be registered before the end of the year.

DEPUTY CHAIRPERSON.- I think other Government incentives as well, like Toppers Scheme, et cetera, encourages people to go into the field as such.

MR. M. FINAU.- Yes, that is from the academic point of view.

DEPUTY CHAIRPERSON.- Yes.

MR. M. FINAU.- Yes, that is from the academic point of view, because surveying is a Degree not offered at USP, they offer Diploma at FNU but the Degree is done overseas. So that is probably where the Toppers and maybe more awareness needs to be done in schools about the need for more surveyors and valuers and other land-related professions.

DEPUTY CHAIRPERSON.- Sir, we have other Ministries who have this in-house encouragement for people who are into these specialised fields, for example, the Fiji School of Medicine for doctors. They send doctors to become specialists. Are some of the similar measures been taken place in your Ministry?

MR. M. FINAU.- Yes, definitely they are always open to pursue Postgraduate studies in various fields of expertise. Training opportunities from other countries usually come through the Ministry of Civil Service which we encourage our staff to apply for.

In term of surveyors and valuers, we give them time-off because some officers have asked for time-off to be able to do their reports. They cannot do it while at the same time do their normal service delivery to the public and for Fiji. We also give them some time off from work.

Some have got a lot of overtime hours so we give them time to utilise those hours which are not payable. Overtime is payable but we only limit the amount of overtime hours that we pay because we only have a certain amount of overtime budget that we can pay our officers. Those are some of the incentives we give towards the registration of more professionals, such as surveyors and valuers.

DEPUTY CHAIRPERSON.- Thank you. Honourable Members, any questions on that?

I do hope that you are all right with all these supplementary questions, PS. It is just to know the work of your Department better. Thank you, for your indulgence on that. We will move on to the next issue.

MR. M. FINAU.- The 33.7.1 - Failure to Deposit the Retention Sum in the Trust Fund Account; this is about the retention sum, like the deposit, when we issue a contract to a company. The practice is that, I think from the progress payment it is not deposited into the Trust Account. So what we have done, we just not receive but we just the minus the payment once we make the payment. It is just retained at the MOE so we do not keep the retention anymore. For example,

like the 10 percent or the 20 percent, we just minus from the payment from the funds that we request to pay.

DEPUTY CHAIRPERSON.- I think that is quite well explained. Are there any other supplementary questions to that?  
(There were no questions)

We will move on to the next one. 33.7.2 - Double Posting in General Ledger.

MR. M. FINAU.- Our response is that, the Ministry had always prepared reconciliation statements on a monthly basis as required by the Finance Instructions in the process of journalising vouchers. There was misposting of allocation through the FMIS system. The Ministry has ensured that a proper reconciliation is being done for the General Ledger to avoid misposting or double posting.

DEPUTY CHAIRPERSON.- Thank you. 33.9?

MR. M. FINAU.- Our response is that, the Ministry has improved on the submissions of monthly reconciliation and ensures that any discrepancies will be resolved and variance in the Trust Ledger records is identified and adjusted accordingly with supporting documents. The issues had been rectified and reconciliations for SEG 52 and SLG 89 is updated and prepared in a timely manner. The Trust Cash Book and Ledger is also updated.

DEPUTY CHAIRPERSON.- 34.0.

MR. M. FINAU.- Our response is that, the Ministry since preparing reconciliation statements on a monthly basis as required by the Finance Instructions, over the years, we have been consistent with our submissions of Drawings reconciliations to the MOE.

DEPUTY CHAIRPERSON.- MOE, is everything up-to-date with the Ministry of Lands and Mineral Resources now?

MOE REP.- Yes, Honourable Deputy Chairperson, we can confirm that all the reconciliations are up-to-date.

DEPUTY CHAIRPERSON.- Note that they have confirmed that. Thank you.

MR. M. FINAU.- 34.1 - Main Trust Fund Account Not Properly Maintained; the Department has improved on the submission of monthly reconciliations and ensures that any discrepancies will be resolved and variances in the Trust Ledger Record is identified and adjusted accordingly with supporting documents. For internal control purposes, the Department is in the process of reviewing its management control of the Trust Fund.

DEPUTY CHAIRPERSON.- Sir, if I can refer you to 33.9 which are the prior year issues that appears in the actual Audit Report, we did send a request when we sent the letter for the submission. So there are some issues that came to light and these were past years' issues. Some of it are issues like rental being charged on expired leases, arrears of revenue, anomalies in underline accounts reconciliation, salary and wages reconciliation not prepared on time, payments made after the discount period. Could you very briefly provide us the feedback on what is the scenario at the moment, has these issues been resolved and rectified?

MR. M. FINAU.- Thank you, Deputy Chairperson. For the rental being charged on expired leases, the current action that the Ministry has taken is appropriate approach and stop charging rental on expired leases. The team responsible had separated the active and the inactive accounts. Now when the leases expire, the system does not allow charging of rental and batching of these expired leases.

For the arrears of revenue; the Revenue Management System for the Ministry has put in place a system that captures all other revenue, apart from land rent.

For the anomalies in the underline accounts reconciliation, the Ministry have always prepared reconciliation statements on a monthly basis as required by the Finance Instructions. As of to date, we have been submitting our reconciliation on Operating Trust and RFA on a monthly basis to FMIS.

We also noted that in the previous years, VAT paid to FRCS was less as they calculated the 9 percent on the total VAT, instead of paying the whole amount. All VAT revenue for the last few years have been remitted to FRCS.

For the salary and wages reconciliation that is not prepared on time, the Ministry had since updated all their reconciliation on a monthly basis. This report is submitted to the MOE as per the timeline.

The payments made after the discount period, the Ministry has tracked further on this and the team responsible have been making payments all these years with the discount period.

DEPUTY CHAIRPERSON.- Thank you. I believe the issues have been resolved by the Ministry and we will take note of that. Was there a written submission on that?

MR. M. FINAU.- We can also submit soft copies.

DEPUTY CHAIRPERSON.- Yes, we would love to have a copy of that. Honourable Members, any questions?

HON. A.M. RADRODRO.- Last issue regarding the Land Decree, does the Ministry have a record of all the land that are under this?

MR. M. FINAU.- Yes, deposited in the Land Bank. We have an inventory of all the land that are deposited into the Land Bank.

HON. A.M. RADRODRO.- When the Ministry came here for the interview, there was a time period given, what is it seven years when the land is not being utilised when it was deposited there and they are returned. So can you just brief us on the status of that?

MR. M. FINAU.- Can we give you a feedback or provide that information? Yes, I recall that I was grilled in this Committee because there was a special audit on the Land Bank in the Land Use Division. But we will be happy to provide that information of all the land that have been deposited into the Land Bank but had not been utilised. It needs to be reverted or returned to the landowners.

HON. A.M. RADRODRO.- Hopefully, there are also those land that were previously arranged through the Buy Back Scheme. There were some land that the landowners have paid but have yet to be reverted back to them. I think I have highlighted the situation in Ovalau.

MR. M. FINAU.-Yes, that is correct. The Buy Back Scheme is now handled under the Land Use Division. I think about four have paid, I think that is the Waidau case with the people in Bureta. I think there were meetings and I think there was delay in giving them the title. We can also provide an update on that.

DEPUTY CHAIRPERSON.- But on the outset let me be very clear, since those are not audit issues, you can provide that information to Honourable Radrodro on his capacity as a Member of Parliament. The Committee at this stage do not need information on that, so the onus will lie on you.

Sir, just a question on the recommendations, there are a list of legislations that are listed and regulated by the Department of Lands. These are:

1. Land Use Decree 2010;
2. Lands Transfer Act 1978;
3. Surveyors Act 1978;
4. Subdivision of Land Act 1978;
5. State Lands Act 1978;
6. ALTA1978;
7. Valuation Registration Act 1986;
8. State Acquisition of Lands Act 1978; and
9. Local Government Act 1985.

So most of those Acts seem a bit old but nonetheless, the Ministry has mentioned it. They are targeting to revise altogether three of those legislations and they are the:

1. Mining Act;
2. Surveyors Registration Act; and
3. Water Policy.

What is the current update on that since this is mentioned as an audit issue?

MR. M. FINAU.- Can you mention the Acts again, Mining Act of 1965?

DEPUTY CHAIRPERSON.- Mining Act, Surveyors Registration Act and Water Policy. Out of all the Acts, the Ministry said that they are targeting to revise those three. So what is the current update on that?

MR. M. FINAU.- And the Water Policy you mentioned?

DEPUTY CHAIRPERSON.- Yes and the Water Policy. What is Water Policy actually, Sir, this is the first time I have heard that?

MR. M. FINAU.- It is not an Act, it is a Policy.

DEPUTY CHAIRPERSON.- It is a Policy.

MR. M. FINAU.- It is the Water Resources and Sanitation Policy. Can I explain on that?

DEPUTY CHAIRPERSON.- Yes.

MR. M. FINAU.- As you know, we do not have a water resources policy, not even an act that governs the whole water resources of Fiji. So this policy was aimed at developing the policy and then probably, would lead to a legislation specifically on water. This is like an overarching policy that governs the management and administration of water resources as it flows from the ridge as it goes right into the river. Basically that is what the water policy is about.

The Department of Mineral Resources actually developed this policy, it is lying there somewhere but it is not being moved at the moment. I think it is because of the recent reforms in the water sector where you have the Water Authority of Fiji going out, we have the Ministry of Waterways but water is a crosscutting issue and it needs a policy.

DEPUTY CHAIRPERSON.- Yes.

MR. M. FINAU.- In fact, it was developed because of issues we had with competition for water; water for agriculture, water for communities, commercial use of water as in bottled water (I think) that arose at that time. That is why we saw the need to develop a policy but it did not come at the right time.

In fact, it is almost completed. It is a very restrictive Act, I think it is also in the stages of completion. The Mining Act of 1965, I think we have the 11th draft at the moment. We are trying to move it forward as well in various stages but progress, I must admit, has been slow.

As for the Mining Act, we are looking at the consultant to come in and complete the process. That is in response to the stages of these Acts and Policy that we have administered.

DEPUTY CHAIRPERSON.- So in regards to Water Policy this will fall under your Ministry or Ministry of Waterways now?

MR. M. FINAU.- That is a good question. The arrangement before, it was supposed to go to the old Department of Water Supply and Sewerage. They retained a Department of Water which is still with the Ministry of Infrastructure and Transport (MOIT). In fact, the arrangement was when we last met was that the Policy was supposed to be then transferred to the Department of Water which looks after our policy now. It is in the MOIT, to be the administrator and the regulator, ever since before the birth of the Ministry of Waterways.

DEPUTY CHAIRPERSON.- Just a question out of interest; like water that is being used for commercial purposes like bottled water, what we understand is that it is a mineral, so it should come under the Ministry of Lands. Will the Ministry of Waterways also be involved in terms of regulation in that kind of...

MR. M. FINAU.- That is a good question. We are looking for guidance from you, Deputy Chairperson, you know what I mean.

(Laughter)

DEPUTY CHAIRPERSON.- Yes, so we will make a recommendation that these were the issues that were raised and it looks unresolved. Then something can eventuate as soon as possible since we have the increase of these companies venturing into this business. Additionally at the same time, we now have a new Ministry so whatever decision needs to be made, we will recommend that it needs to be done as soon as possible by the Government of the day.

Honourable Members, are there any other questions? Honourable Ratu Lalabalavu, you never ask any questions?

HON. RATU N.T. LALABALAVU.- They have been answering the questions so well.

DEPUTY CHAIRPERSON.- Thank you.

I thank you, PS, for your indulgence and your time in answering the questions that were put forward to you, not only the Audit issues but a lot of supplementary questions as well. There are some information that are being requested by Honourable Member, if you could provide that to him.

I thank your Ministry. We understand that the challenges are increasing, a lot of developments are happening now and there are needs to be a clear demarcation of the roles and responsibilities of different Departments. We do hope that in regards to some of the things that are still pending, especially all those policy issues, they are eventuated as soon as possible.

On that note, I would like to thank you and your team for the good work that you have been doing, especially in regards to improving the financial position of the Ministry. We do hope that there is a continuation of those measures and that the Audit issues are further reduced. On that note, I would like to request if you have any concluding words before we break for morning tea.

MR. M. FINAU.- I would just like to thank you, Sir, and we would like to thank the Honourable Members and also acknowledge the former Honourable Minister for Lands and Mineral Resources. Thank you.

The Committee adjourned at 10.25 a.m.