



STANDING COMMITTEE ON ECONOMIC AFFAIRS

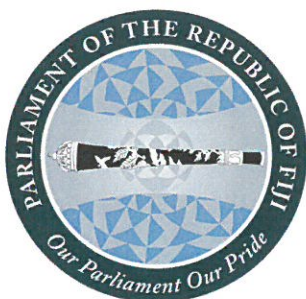
CONSOLIDATED REPORT ON THE MINISTRY OF FINANCE'S 2013 ANNUAL REPORT AND INDEPENDENT AUDIT REPORT OF THE WHOLE OF GOVERNMENT FINANCIAL STATEMENTS AND APPROPRIATION STATEMENT OF THE REPUBLIC OF THE FIJI ISLANDS – ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013



PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 84 of 2016

September 2016

Published and Printed by the Department of Legislature, Parliament House, SUVA



Review of the Ministry of Finance's 2013 Annual Report

Review of the Ministry of Finance's Independent Audit Report of the Whole of Government Financial Statements and Appropriation Statement of the Republic of the Fiji Islands - Annual Financial Statement for the year ended 31 December 2013

Report of the Standing Committee on Economic Affairs

Contents

Recommendations	1
Gender Analysis	2
Appendices	3

RECOMMENDATIONS:

1. The Economic Affairs Standing Committee has conducted a review of the Ministry of Finance's 2013 Annual Report, and has no matters to bring to the attention of the House. The committee recommends that the House take note of its report.
2. The Economic Affairs Standing Committee has conducted a review of the Ministry of Finance's Independent Audit Report of the Whole of Government Financial Statements and Appropriation Statement of the Republic of the Fiji Islands - Annual Financial Statement for the Year Ended 31 December 2013, and has no matters to bring to the attention of the House. The committee recommends that the House take note of its report.

GENDER ANALYSIS

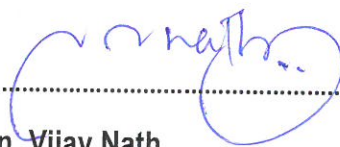
Gender is a critical dimension to parliamentary scrutiny. Standing Order 110 (1) requires committees to consider gender equality and ensure that the impact on both men and women is explored in all matters.

The Committee noted that the Annual Report mentioned cross cutting outcomes in terms of gender equality but there was no breakdown of gender within the Ministry.

We, the Members of the Standing Committee on Economic Affairs agree with the contents of this report:



Hon. Lorna Eden
(Chairperson)



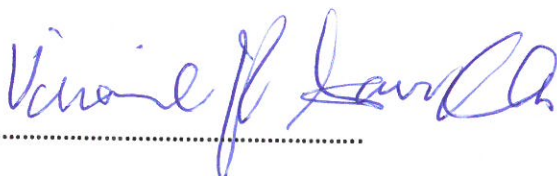
Hon. Vijay Nath
(Deputy Chairperson)



Hon. Dr. Brij Lal
(Member)



Hon. Prem Singh
(Member)



Hon. Viliame Gavoka
(Member)

Date: 26/9/2016

APPENDICES

1.0 Committee procedure

We met on the 19th of September to conduct a review of the Ministry of Finance's 2013 Annual Report as well as the Independent Audit Report of the Whole of Government Financial Statements and Appropriation Statement of the Republic of the Fiji Islands for the year ended 31 December 2013. We heard evidence from the Ministry of Economy which was represented by the following officials:

- Ms Makereta Konrote – Permanent Secretary
- Ms Akosita Drova – Deputy Secretary (Financial Asset Management Unit)
- Ms Elina Volavola – Director Corporate Services
- Mr Mohammed Jabid – Principal Economic Planning Officer - BPMA
- Mr Tuimasi Ulu – PETO
- Mr Isikeli Voceduaadua – Director (Debt and Cash Flow)
- Mr Kenneth Brown – Principal Accountant (Treasury Unit)

1.1 Committee members

The substantive members of the Standing Committee on Economic Affairs are:

- Hon. Lorna Eden (Chairperson)
- Hon. Vijay Nath (Deputy Chairperson)
- Hon. Dr. Brij Lal (Member)
- Hon. Prem Singh (Member)
- Hon. Viliame Gavoka (Member)

During the Standing Committee's meetings, the following alternate membership arose pursuant to Standing Order 115(5):

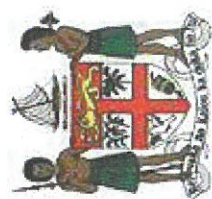
- Hon. Jilila Kumar (Alternate Member for Hon. Lorna Eden)

1.2 Evidence and advice received

Information brief on Ministry of Finance's 2013 Annual Report, prepared by research staff, dated 19th September 2016.

Written submission on the Ministry of Finance 2013 Annual Report, prepared by Ministry of Economy, dated 19th September 2016.

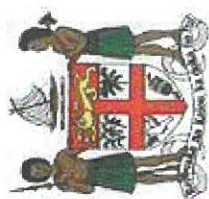
WRITTEN SUBMISSION BY MINISTRY OF ECONOMY



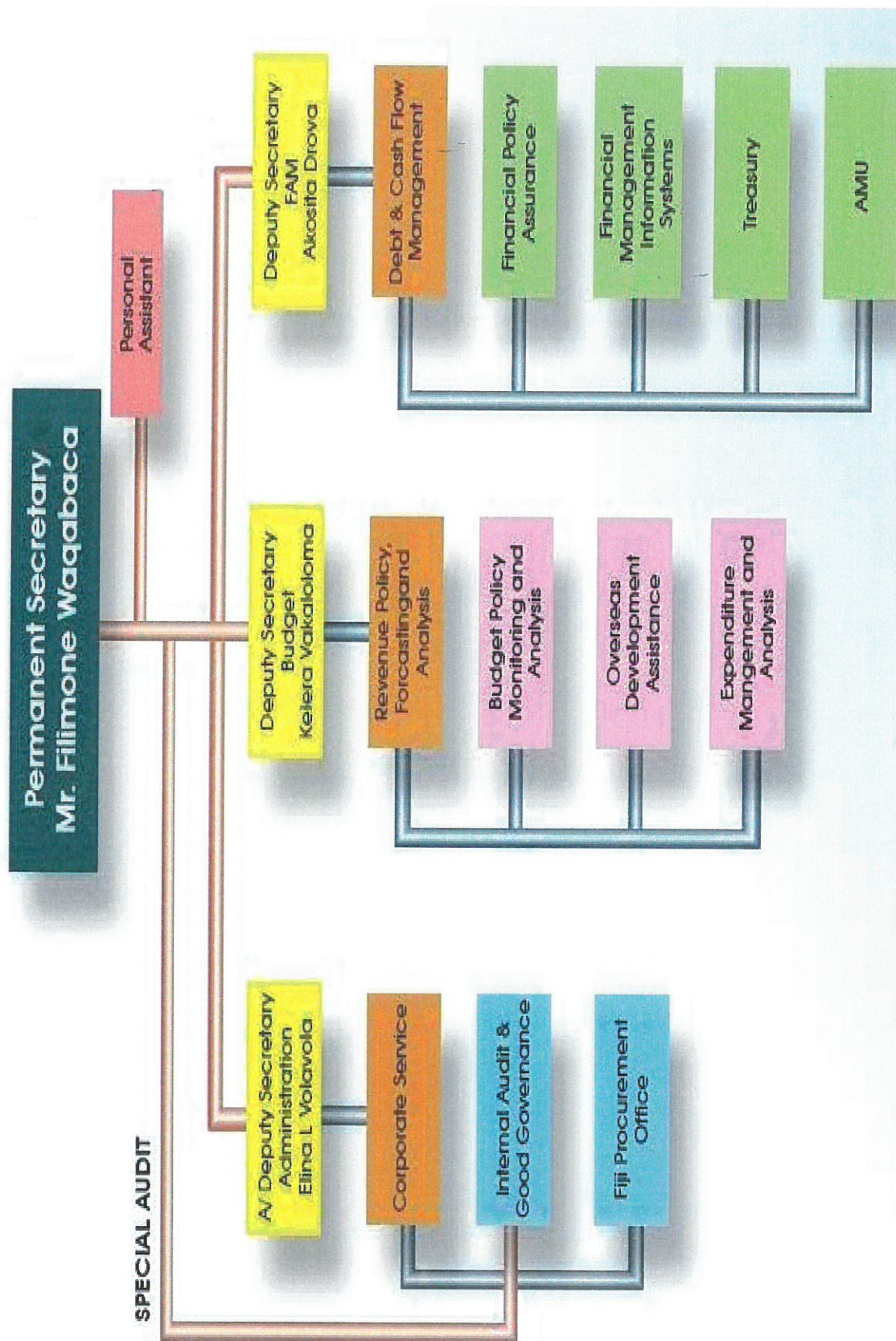
Presentation to Parliament Standing Committee on Economic Affairs

Ministry of Finance 2013 Annual Report

**Makereta Konrote
Permanent Secretary for Economy
19 September 2016**



ORGANISATION STRUCTURE





HIGHLIGHTS

- Successful implementation of 2013 Budget
- Increased spending for capital expenditure for roads, jetties and new essential facilities
- Implementation of Budget within fiscal target – actual net deficit of 0.5% of GDP
- Debt level of 49% of GDP – within target of below 50% of GDP



HIGHLIGHTS

- Formulation of 2014 Budget
- Budget Documents - Estimates, Address and Supplement
- Major Policies
 - Introduction of TELS
 - Free Education for Primary and Secondary Schools
 - Increased SME tax exemption threshold from \$300,000 to \$500,000
 - Reduced duty to 0% on all agricultural items



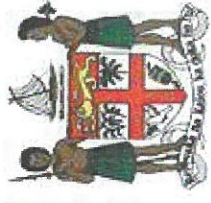
HIGHLIGHTS

- Ministry organised Donor Forum in August 2013 to update development partners on Fiji's development agenda
- 11th EDF Programme Meeting undertaken between delegation of EU and Government on 11th EDF programming guidelines and Government's priority sectors that EU could assist



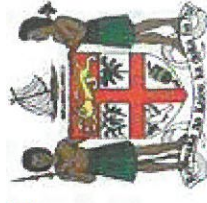
HIGHLIGHTS

- Establishment of Revenue Arrears Taskforce Committee to expedite and recover revenues due to Government
- Streamlined debt servicing process in consultation with RBF
 - efficient and less time consuming
- Successful implementation of EFT to 20 Ministries and Department in 2013 – marked improvement noted with 60% of payments facilitated through EFT in 2013
- Increase uptake of Viti Bonds from \$2.8 million in 2012 to \$6.8 million in 2013



HIGHLIGHTS

- Successful divestment of shares and assets as announced in 2013 Budget
 - FINTEL
 - KTFZ – 7 factories and 1 shopping complex
 - Pacific Forum Line
- Assisted with setup of National Fixed Asset Register for Ministry of Health, Fiji Police, Office of Auditor General, Justice Department and RFMF



HIGHLIGHTS

- Scholarship - facilitated a total of 26 officers from various Ministries and Departments to undertake a first degree in Accounting from USP and FNU
- Early Childhood Education monthly payroll go-live achieved in October 2013



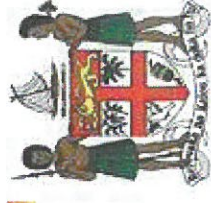
HIGHLIGHTS

- 2013 Service Excellence Award Achievement - attained Prize Award
- 174 applications for duty concession approved in 2013, an increase of 30% from 2012 indicating uptake of Government policies – majority approvals were for agriculture, fisheries and forestry sector
- Ease of Doing Business in Fiji report by World Bank was launched in 2013



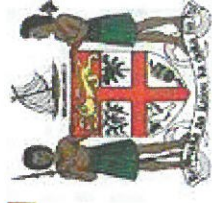
HIGHLIGHTS

- Improvement in Financial Reporting through gradual adoption of IPSAS Cash Basis
- 198 GTB papers processed and approved in 2013



CHALLENGES & REMEDIES

Challenges	Remedies
Changes in the Financial Reporting Requirements	Government has adopted the International Public Sector Accounting Standard
Non-Compliance of FMA and Finance Instructions requirements	Review the FMA, FI and develop accounting policies that are flexible to accommodate current and future reporting requirements
Review of SOPs and Current Policies	Completion and MOF focus on Business Process Mapping
Monitoring of Whole of Government Vehicle Database	VMU had engaged ITC to design a system of recording Government vehicles, Government owned and Leased
FMIS System downtime	Review of the FMIS



CHALLENGES & REMEDIES

Challenges	Remedies
Compilation of the National Fixed Asset Register	Assistance by World Bank – Pacific Region Infrastructure Facility (PRIF) to develop a National Fixed Asset Management Framework. This framework will clearly spell out the roles of the MoE and that of the Ministries/Departments
The OAG issued a qualified audit opinion on the WOG accounts- Trade & Manufacturing Account, Head 50, Head 51, Drawings Head 4 and Revolving Fund Account	Address all audit issues raised by OAG. Most of these Qualification Issues have been resolved through a MOF Clean-Up Exercise in 2013



2013 FINANCIAL PERFORMANCE

Revised Budget	Expenditure	Savings	% Expenditure
74,303,041	69,395,220	4,907,822	93.4%

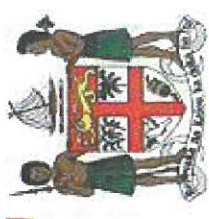
- Total Net Savings identified was around \$4.9 million mainly attributed to underspending in:
 - Special expenditures (\$1.6 million)
 - Established Staff Salaries (\$1.2 million)
 - Maintenance & Operations (\$0.7 million)
 - Purchases of Goods and Services (\$0.4 million)
 - Other SEGs (\$1 million)



FINANCIAL PERFORMANCE

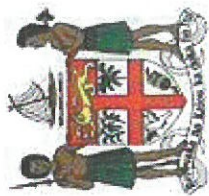
MINISTRY OF FINANCE												Page 7
												Schedule 5
APPROPRIATION STATEMENT AS AT 31 DECEMBER 2013												
SEG	Item	Budget Estimate	Appropriation Changes	Revised Budget	Actual Expenditure	Carry - Over	Lapsed Appropriation					
		\$	\$	\$	\$	\$	\$					
Operation Costs:												
01	Established Staff	10,551,781	(92,717)	10,459,064	9,252,677	---	1,206,387					
02	Government Wage Earners	581,317	25,393	606,710	573,628	---	33,082					
03	Travel & Communications	1,637,409	(676)	1,636,733	1,594,679	---	42,054					
04	Maintenance & Operations	3,341,104	32,834	3,373,938	2,675,850	---	698,088					
05	Purchase of Goods & Services	6,702,551	(846,624)	5,855,927	5,473,937	---	381,990					
06	Operating Grants & Transfers	46,381,640	-	46,381,640	46,381,640	---	0					
07	Special Expenditures	1,655,000	(11,000)	1,644,000	2,874	---	1,641,126					
Total Operation Costs		70,850,802	(892,790)	69,958,012	65,955,286	---	4,002,726					
Capital Expenditure:												
08	Capital Construction	350,000	---	350,000	258,616	---	91,385					
09	Capital Purchases	2,997,801	(2,062,220)	935,581	720,511	---	215,070					
10	Capital Grants & Transfers	1,000,000	-	1,000,000	1,000,000	---	0					
Total Capital Expenditure		4,347,801	(2,062,220)	2,285,581	1,979,127	---	306,455					
13	Value Added Tax	2,502,700	(443,252)	2,059,448	1,460,807	---	598,641					
TOTAL EXPENDITURE		77,701,303	(3,398,262)	74,303,041	69,395,220	---	4,907,822					
Appropriation Changes explained in Note 7.												

Appropriation Changes explained in Note 7:



CONCLUSION

- Goal of Ministry of Economy
 - Prudent management of Government's financial resources
- Implementation and monitoring of fiscal policies to promote investment and growth in the economy
 - Tax incentives
 - Priority sectors – infrastructure development, health, education, housing, etc
 - Social protection programmes
- Achieve macroeconomic targets – growth, investment, inflation, foreign reserves, deficit and debt
- Continuation of implementation of Financial Management Reform initiatives



THANK YOU

