

**Submissions to the Standing Committee on Public Accounts on the Audits  
of Government Commercial Companies and Commercial Statutory  
Authorities 2009-2013 (Volume Two of Three)**

*Parliamentary Paper No. 9 of 2017*

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- Appendix 2: Coconut Industry Development Authority
- Appendix 3: Fiji Independent Commission against Corruption (FICAC)
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- Appendix 27: Sugar Industry Tribunal
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- Appendix 29: Ministry of iTaukei Affairs

## FEA'S RESPONSES

### 1) Background information:

- Role and functions of the Authority

The Powers, functions and duties of the Authority under the Electricity Act are for the basis purpose of providing and maintaining power supply that is financially viable, economically sound and consistent with the required standards of safety. The Fiji Electricity Authority (FEA) supplies electricity through its grid systems on three islands, Viti Levu, Vanua Levu and Ovalau.

### 2) One of the functions of FEA is to provide energy through renewable resources – what is FEA's progress/status in terms of meeting the provisions of renewable energy in Fiji?

| Year     | 1983           | 2004                  | 2006              | 2007             | 2008   | 2012                     | 2013   | 2015   | 2016           |
|----------|----------------|-----------------------|-------------------|------------------|--|--------------------------|--|--|----------------|
| Project  | Monasavu Hydro | Wainikasou Mini Hydro | Nagado Mini Hydro | Butoni Wind Farm | Tropik Woods Industries Limited-Bio Mass Plant | Nadarivatu Hydro Project | Fiji Sugar Cooperation (Labasa)-Bio Mass Plant | Wainisavu levu Weir Raising Project              | Somosomo Hydro |
| Cost     | Est. \$300M    | \$9.5M                | \$8.8M            | \$34M            | Independent Power Producer                     | \$320M                   | Independent Power Producer                     | \$40M  | Est. \$15M     |
| Capacity | 80MW           | 6MW                   | 2MW               | 10MW             | 9.3MW  | 40MW                     | 8MW  | Increased generation from Wainikasou & Wailoa PS | 750Kw          |



**Generation Mix:**

|                  | 2007 | 2008 | 2009 | 2010 |
|------------------|------|------|------|------|
| Renewable energy | 67%  | 65%  | 60%  | 51%  |
| Diesel           | 33%  | 35%  | 40%  | 49%  |

FEA's Generation mix favours renewable energy accepts in a dry or El Nino Weather period such as 2010. Please note that any marginal increase in demand of electricity will be supplied via expensive diesel as the supply from renewable energy generation is fixed.

- 3) Has FEA revised its electricity tariff during any of its audit periods from 2008 to 2011 and what is the current tariff levied to FEA customers?

Yes, as tabulated below:

|                                  | 2008                       | 2009  | 2010  | 2011   |
|----------------------------------|----------------------------|---|---|--|
| % of Tariff increase             | Nil                        | 15% implemented from 1 <sup>st</sup> Sep 2009.  | Two increases: 1. implemented from 10 <sup>th</sup> June 2010 and 2. implemented from 7 <sup>th</sup> November 2010   | One increase effective from 1 <sup>st</sup> April 2011 |
| Average Electricity Tariff (VEP) | 22.17 c/u                  | 25 c/u  | 33.00 c/u   | 39.4 c/u   |
|                                  | Fuel Surcharge implemented | <ul style="list-style-type: none"> <li>• Ceased Fuel Surcharge.</li> <li>• Residential customers, street light and institutions consuming less than 250kWh per month were exempted from the increase</li> </ul> | June tariff increase reduced the lifeline tariff from 250KWh per monthly to 130KWh per month. The November Tariff increase removed the lifeline tariff completely; however, the Government introduced a subsidy for those Customers who use less than 75KWh per month. For these customers the Government pays 17.64 c/u and the customer pays 17.2 c/u. Similarly, the first 200 units of electricity consumed month by Schools (Primary & Secondary) are also subsidised by Government. |  |

The tariff increase was approved by Cabinet and the Fiji Commerce Commission. The Average Electricity Tariff rate of 39.4 c/u (VEP) was reduced by 5% (percent) to an Average Electricity Tariff of 37.43 c/u (VEP) in the 2012 national budget and was implemented by FEA effective from 1 January 2013. This average electricity tariff rate of 37.43 c/u (VEP) is the current tariff levied to customer.

- 4) What is the progress of FEA's Taveuni Hydro Project?

Government has transferred the Taveuni Hydro project at Somosomo to FEA except for the land at the Somosomo Hydro and the land on which the Diesel Power Station at Waiyevo is sitting. FEA is working with the Ministry of Transport and Infrastructure on the transfers. Further, Government has approved a grant of \$6.8M for the establishment of the power reticulation system in Taveuni. The Taveuni Hydro is a run off the river mini hydro with a capacity of 750KW and is not adequate to meet the energy demand of

the existing customers. As a result, FEA has purchased two (2) by 1 Mega Watt (MW) diesel generator sets which will be installed at the Waiyevo Power Station to assist the hydro plant especially in the event of nil rainfall to meet the electricity demand of the customers in Taveuni throughout the year. FEA is currently remedying defects to the Hydro Plant and the transmission lines constructed by the Chinese which was further delayed due to TC Winston. The construction of the Diesel Depot at Waiyevo is in progress. The plant is expected to be fully commissioned by the end of this year.

Please provide an updated status on the Control Issues raised by OAG (6.4 to 6.15) as there was no response from management. Audit for the year ended 31 December 2008

## **6.4 Inventory Subsidiary Systems and Controls**

6.4.1 The Committee noted that the Authority does not maintain an inventory aging report.

6.4.2 The Committee also noted that all the Authority's stock are useable and those that were obsolete and damaged were written off in its books, therefore, no additional provisions were required as at balance date.

### **Question 8**

What is the status of implementing the Auditor General's recommendation?

6.4.1 This was a shortcoming with the old Mosaic Accounting System. FEA has implemented a new accounting system in 2009 (known as Navision) and this system has special modules for inventory ageing report.

6.4.2 The Auditors recommendation is correct. Once FEA identifies stock that are obsolete or damaged and cannot be used it is written off from the books as obsolete stock by obtaining Board approval. Therefore, no additional provisions for obsolete/damaged stock is taken up in the book as this is not needed now otherwise this can result in accounting for obsolete stock twice. i.e obsolete stock written off to the P&L and same obsolete stock that is provided for.

## **6.15 Land Titles**

### **Question 18**

What actions has the Authority taken in relation to the Auditor General's two Recommendations? Provide evidence.

- Refer **Appendix 1** with evidence as the new Navision Financial Management System has field for land title.
- Yes, the Authority vigilantly follows up on the transfer of title as this is reported to the Board on monthly basis for update. In terms, of the Kinoya Land, FEA cannot dictate the Court to expedite the settlement of this case but can only wait for the legal system to decide on a "without prejudice" basis. FEA has finally acquired the title in March 2011. The title was legally transferred to FEA in January 2012.
- With regards to the Monasavu Hydro FEA is continuing with the survey of the land catchment. Because of the large land terrain covering the Monasavu catchment it is very difficult to carry out

the land survey in one year. The land survey was completed in 2013 and the Monasavu Water catchment lease was registered on 31 July 2013.

## 9.2 Abridged Income Statement

### Cyclone Mick - Restoration costs

- What was the work done by FEA to incur the restoration costs?  
Majority of the works are the repairs to the damaged transmission lines and fallen power poles.
- How long did it take FEA to complete the restoration work for Cyclone Mick?  
Within a month.
- What was the total costs involved where FEA engaged independent companies to carry out this exercise?  
The total cost of repairs for power restoration was \$2.1M. This also includes cost of hiring independent companies or electrical contractors that assisted FEA to expedite the power restoration work.
- How much does it cost to install a new grid for the supply of electricity?  
Is it the grid damaged by Cyclone Mick? If so then the total cost is \$2.1M as stated above.

### Fuel Costs –

Can FEA brief the Committee on what lead to the reduction in fuel costs from \$89.2m in 2008 to \$77.2m in 2009?

This is due to the lower fuel price recorded in 2009 as compared to 2008. The averaged fuel price for 2009 was \$1,163/MT as compared to 2008 which was \$1,681/MT despite the total quantities of fuel used in 2009 was 7,201 tonnes more than 2008. The fuel burn for 2009 was 66,409 tonnes as compared to 59,208 tonnes for 2008.

## 4.2 Abridged Statement of Comprehensive Income

- What was the cause of the decrease in other operating income from \$10,556,000 in 2009 to \$4,654,000 in 2010?  
The reduction in other operating income by around \$6M is due to the removal of the fuel surcharge from 11th March 2009 as instructed by the Fiji Commerce Commission and reduction in the realised exchange gain in 2010 as compared to 2009.
- What caused the increase in fuel costs from \$77,270,000 in 2009 to \$126,756,000 in 2010? Why has there been considerable increases over the years?  
The increase in fuel cost was due to increase in fuel quantities used from 66,409 tonnes in 2009 to 87,596 tonnes in 2010 combined with an increase in the average fuel price from \$1,163/MT recorded in 2009 to \$1,447/MT in 2010. Please note that any marginal increase in demand of electricity will be supplied via expensive diesel as the supply from renewable energy generation is fixed.
- Electricity purchases – what were these purchases for and who from? What is the quantity of electricity purchased?

| Independent Power Producer (IPP) | Source of Energy                 | Quantities od Energy (Units) purchased in 2010 |
|----------------------------------|----------------------------------|--|
| Tropik Woods Industries          | Bio Mass Plant-FEA import energy | 5,400,000                                      |
| FSC Lautoka                      | Bio Mass Plant-FEA import energy | 10,810,000                                     |
| FSC Labasa                       | Bio Mass Plant-FEA import energy | 3,980,000                                      |

#### 4.3 Abridged Statement of Financial Position

What was the reason for the increase in trade and other payables from \$23,638,000 in 2009 to \$59,063,000 in 2010?

The increase is due to the outstanding creditor's invoices as at 31<sup>st</sup> December 2010 and mainly fuel and overseas invoices. These invoices were later settled in the month of January 2011 since these accounts are on a 30 days credit term with FEA.

Interest bearing borrowings decreased from \$116,435,000 in 2009 to \$71,628,000 in 2010 – please provide details

There were two \$20M short term (2 years) bridging loans borrowed from ANZ Bank in 2008 and was expiring in 2010. The two loans were renewed for another 2 years till 2014. As a result, the two \$20M loans which was reported as a current liability in 2009 was relocated to non-current liability in 2010 as they are no longer current resulting in the decrease to the interest bearing borrowings from 2009 to 2010. The reduction in the current interest bearing borrowing in the balance sheet was also due to a loan and bonds repayments of \$18.57M done in 2010.

## Appendix 1: Land Title

LHL000044

Fiji Electricity Authority - Microsoft Dynamics NAV - [LHL000044 Land-Nadanivatu FEA Mini Hydro - Fixed Asset Card]

File Edit View Tools Window Help

Financial Management

- General Ledger
- Cash Management
- Cost Accounting
- Liquidity
- Receivables
- Payables
- Fixed Assets
  - Fixed Assets
  - Insurance
  - FA G/L Journals
  - FA Journals
  - FA Reclass Journals
  - Insurance Journals
  - Reports
  - History

General Posting Maintenance

No. LHL000044 Search Description LAND-NADANIVATU...

Description Land-Nadanivatu FEA Mini Hydro Responsible Employee

Description 2 NADANIVATU HYDRO PROJECT Inactive

Serial No. TLTB 412126 Blocked

Main Asset/Component Last Date Modified 14-07-10

Component of Main As... Cost centre Code 4078

Job No. Locations Code 3024

Mosaic No. C13199001

| Depreciable    | FA Postn. | Depreciation M. | Depreciation Sta.   | Depreciat... | No. of Depreciat... | Disposed Of Book Value | Accumulated ... | Acquisitions |
|----------------|-----------|-----------------|---------------------|--------------|---------------------|------------------------|-----------------|--------------|
| ACCOUNTING LHL |           | Straight-Line   | 01-12-05 30-11-2105 | 99.00        |                     | 527,522.95             | -58,741.04      | 586,264.00   |
| INSURANCE LHL  |           | Straight-Line   | 01-12-06 30-11-2105 | 99.00        |                     | 0.00                   | 0.00            | 0.00         |
| TAX LHL        |           | Straight-Line   | 01-12-06 30-11-2105 | 99.00        |                     | 0.00                   | 0.00            | 0.00         |

LHL000089

Fiji Electricity Authority - Microsoft Dynamics NAV - [LHL000089 Kalabo Tax Free Zone - Fixed Asset Card]

File Edit View Tools Window Help

Financial Management

- General Ledger
- Cash Management
- Cost Accounting
- Liquidity
- Receivables
- Payables
- Fixed Assets
  - Fixed Assets
  - Insurance
  - FA G/L Journals
  - FA Journals
  - FA Reclass Journals
  - Insurance Journals
  - Reports
  - History

General Posting Maintenance

No. LHL000089 Search Description KALABO TAX FREE...

Description Kalabo Tax Free Zone Responsible Employee

Description 2 DP 8172 Lot 9 Inactive

Serial No. CL762805 Blocked

Main Asset/Component Last Date Modified 31-10-12

Component of Main As... Cost centre Code 4078

Job No. Locations Code 1002

Mosaic No. JH4P0003

| Depreciable    | FA Postn. | Depreciation M. | Depreciation Sta.   | Depreciat... | No. of Depreciat... | Disposed Of Book Value | Accumulated ... | Acquisitions |
|----------------|-----------|-----------------|---------------------|--------------|---------------------|------------------------|-----------------|--------------|
| ACCOUNTING LHL |           | Straight-Line   | 01-10-12 30-09-2111 | 99.00        |                     | 323,805.02             | -11,837.15      | 337,642.17   |
| INSURANCE LHL  |           | Straight-Line   | 01-10-12 30-09-2111 | 99.00        |                     | 0.00                   | 0.00            | 0.00         |
| TAX LHL        |           | Straight-Line   | 01-10-12 30-09-2111 | 99.00        |                     | 0.00                   | 0.00            | 0.00         |

FHL000020

Fiji Electricity Authority - Microsoft Dynamics NAV - [FHL000020 LOT 1 DP10301 - Fixed Asset Card]

File Edit View Tools Window Help

Financial Management

- General Ledger
- Cash Management
- Cost Accounting
- Liquidity
- Receivables
- Payables
- Fixed Assets
  - Fixed Assets
  - Insurance
  - FA G/L Journals
  - FA Journals
  - FA Reclass Journals
  - Insurance Journals
  - Reports
  - History

General Posting Maintenance

No. FHL000020 Search Description LOT 1 NATIVOCO...

Description LOT 1 DP10301 Responsible Employee

Description 2 CT 40776 Inactive

Serial No. KINVOYA DEPOT Blocked

Main Asset/Component Last Date Modified 17-10-16

Component of Main As... Cost centre Code 4078

Job No. Locations Code 1004

Mosaic No. 1001000013

| Depreciable    | FA Postn. | Depreciation M. | Depreciation Sta. | Depreciat... | No. of Depreciat... | Disposed Of Book Value | Accumulated ... | Acquisitions |
|----------------|-----------|-----------------|-------------------|--------------|---------------------|------------------------|-----------------|--------------|
| ACCOUNTING FHL |           | Straight-Line   | 01-01-92          | 0.00         |                     | 648,000.00             | 0.00            | 648,000.00   |
| INSURANCE FHL  |           | Straight-Line   | 01-01-92          | 0.00         |                     | 0.00                   | 0.00            | 0.00         |
| TAX FHL        |           | Straight-Line   | 01-01-92          | 0.00         |                     | 0.00                   | 0.00            | 0.00         |

FHL000043

Fiji Electricity Authority - Microsoft Dynamics NAV - [FHL000043 Lot 1 DP4456 - Fixed Asset Card]

File Edit View Tools Window Help

Financial Management

- General Ledger
- Cash Management
- Cost Accounting
- Liquidity
- Receivables
- Payables
- Fixed Assets
  - Fixed Assets
  - Insurance
  - FA G/L Journals
  - FA Journals
  - FA Reclass Journals
  - Insurance Journals
  - Reports
  - History

General Posting Maintenance

No. FHL000043 Search Description LOT 1 DP4456

Description Lot 1 DP4456 Responsible Employee

Description 2 CT41535 Inactive

Serial No. Deuba Blocked

Main Asset/Component Last Date Modified 17-10-16

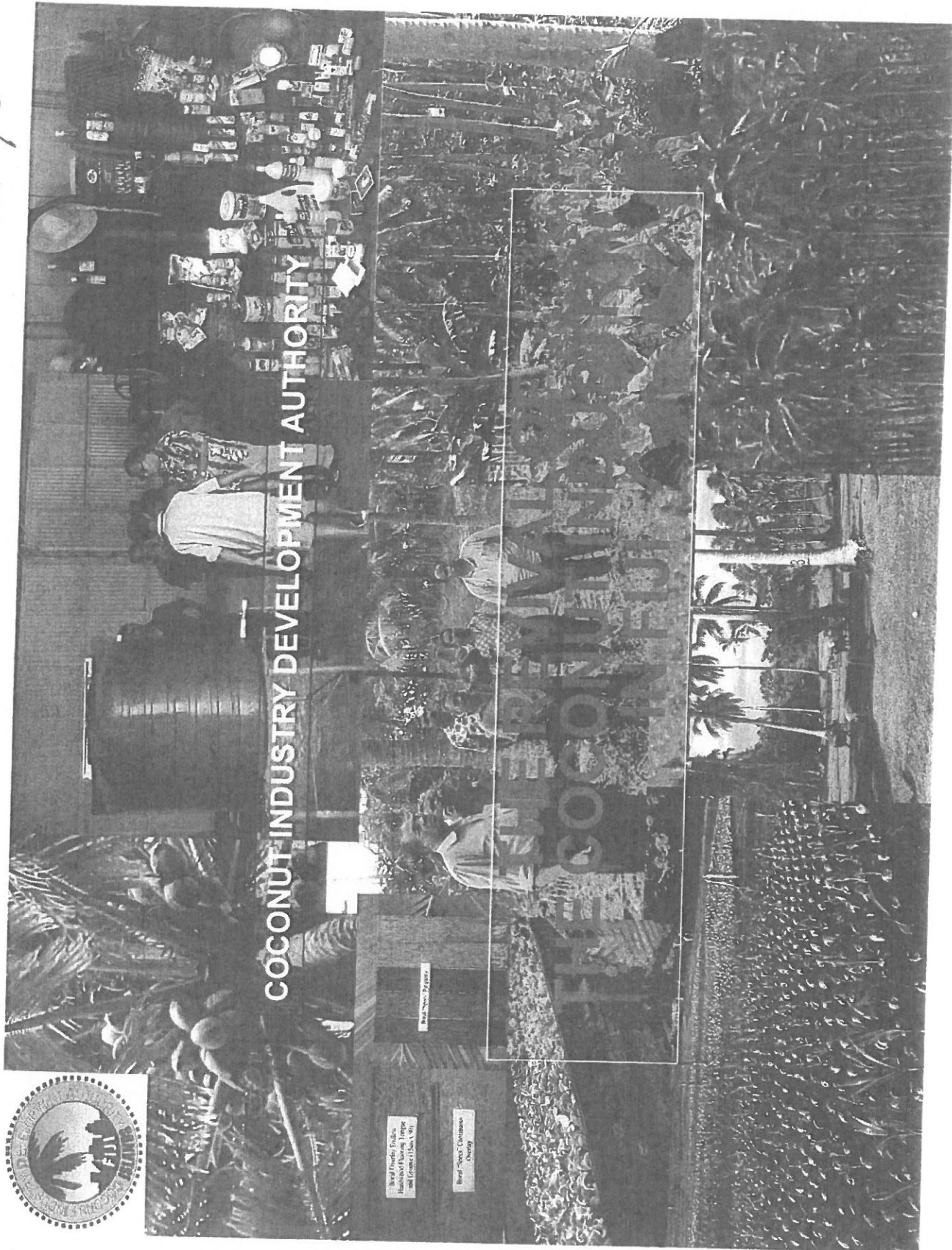
Component of Main As... Cost centre Code 4078

Job No. Locations Code 1011

Mosaic No. JH4P0005

| Depreciable    | FA Postn. | Depreciation M. | Depreciation Sta. | Depreciat... | No. of Depreciat... | Disposed Of Book Value | Accumulated ... | Acquisitions |
|----------------|-----------|-----------------|-------------------|--------------|---------------------|------------------------|-----------------|--------------|
| ACCOUNTING FHL |           | Straight-Line   | 01-10-14          | 0.00         |                     | 333,776.42             | 0.00            | 333,776.42   |
| INSURANCE FHL  |           | Straight-Line   | 01-10-14          | 0.00         |                     | 0.00                   | 0.00            | 0.00         |
| TAX FHL        |           | Straight-Line   | 01-10-14          | 0.00         |                     | 0.00                   | 0.00            | 0.00         |

CIDA 17/10



# COCONUT INDUSTRY DEVELOPMENT AUTHORITY

THE COCONUT INDUSTRY IN FIJI

Breadfruit, Pandanus, Hibiscus, Passion Fruit, Mango and Citrus (Lemon, Lime, etc.)

Breadfruit, Pandanus

Breadfruit, Pandanus, Hibiscus, Passion Fruit, Mango and Citrus (Lemon, Lime, etc.)



#### **4, THE COCONUT INDUSTRY DEVELOPMENT AUTHORITY**

- Established in 1998 to revive and expand the industry.
- Unable to perform its role due to financial constraints.
- Only in 2005, Authority was provided with limited grant and all coconut related activities and assets are yet to be fully handed over to Authority.
- Corporate Plan (2005-2008) prepared.



## **5. CORPORATE PHILOSOPHY**



### **CIDA VISION**

TO LEAD THE COCONUT INDUSTRY TO A POSITION  
OF DOMINANCE IN FIJI'S ECONOMY

### **CIDA MISSION**

TO REVITALISE THE COCONUT INDUSTRY  
AND PROVIDE  
SOUND RESEARCH AND EXTENSION SERVICES

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## 6. ORGANISATIONAL STRUCTURE

### Board of Directors

9 member Board appointed by the Minister:

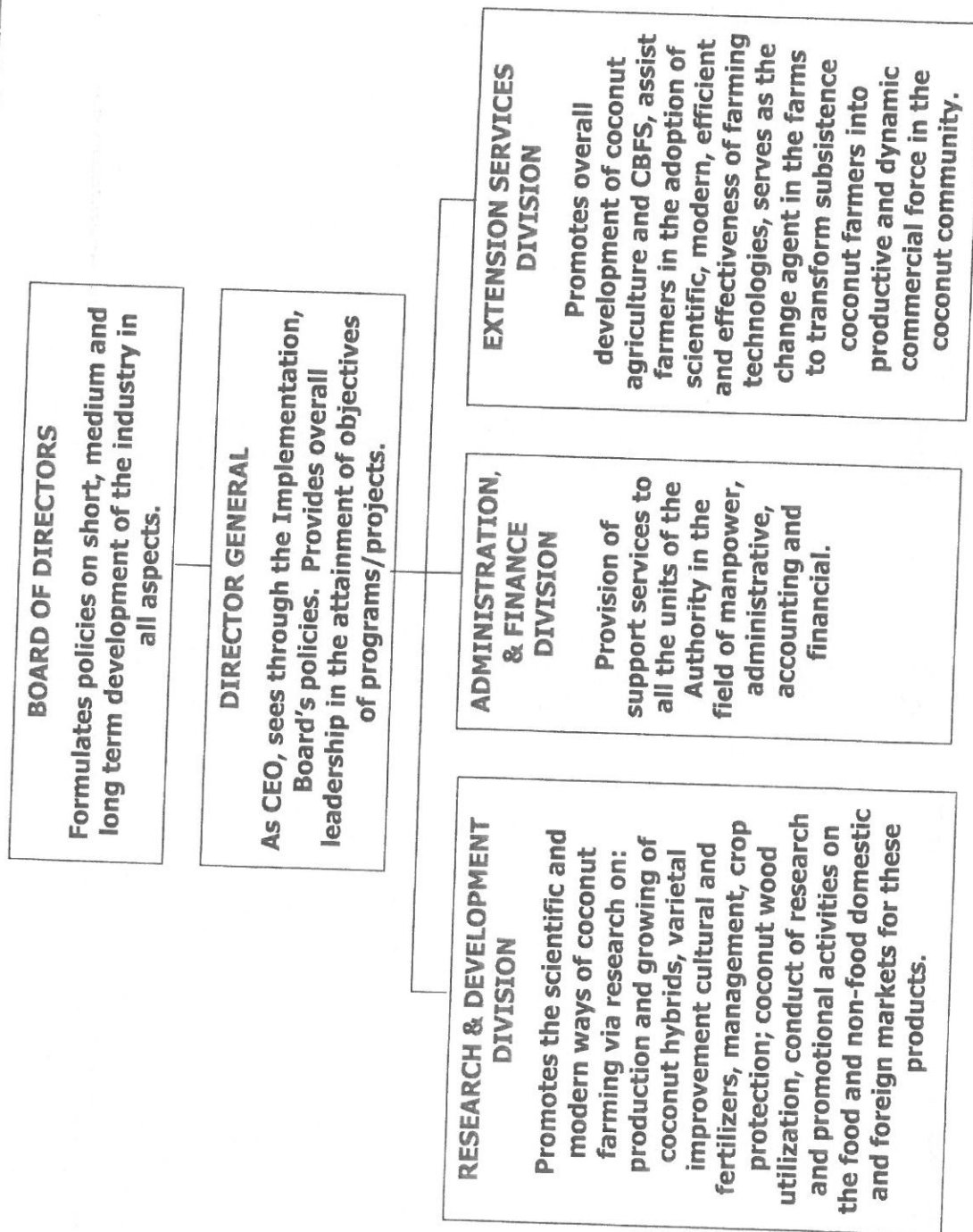
- 5 members representing growers
- 2 members representing processors;
- 1 member representing shipping industry; and
- 1 member, from among stakeholders appointed at discretion of Minister.

### Management

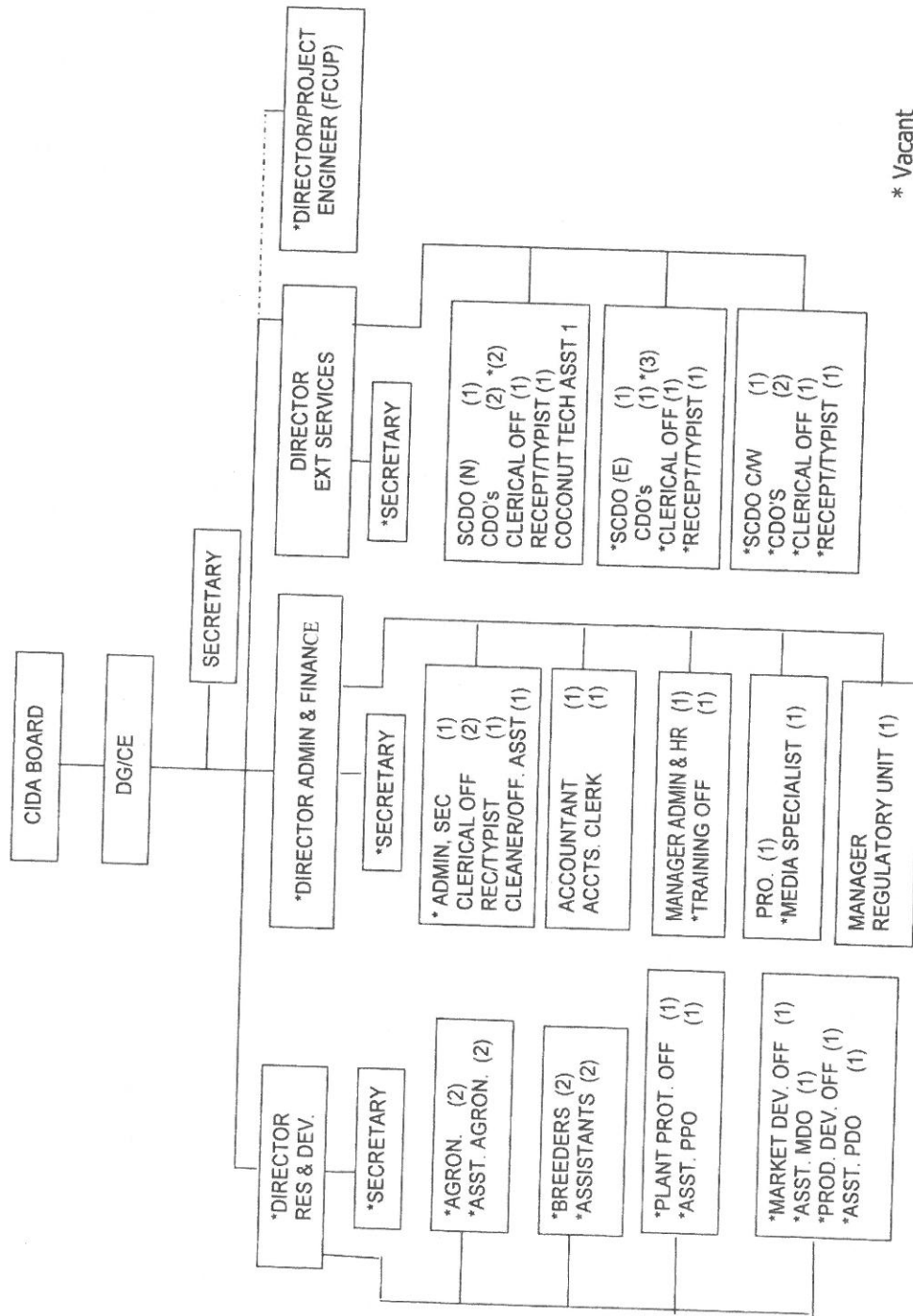
The Director General/CEO is executive head for the implementation of policies and plans as well as the smooth running of the Authority on daily basis; and

The Authority originally planned to have 60 staff excluding Research staff that were to be transferred from MAFF. CIDA now has 20 (5 vacancies) staff and further recruitment will be subject to availability of funds.

## 6(a). ORGANISATIONAL STRUCTURE



## 6(b). ORGANISATIONAL CHART



\* Vacant

## 7. COCONUT PLANTERS & PROCESSORS' ASSOCIATIONS (CPPA)

Planned establishment schedule of CPPAs throughout Fiji:

|                          |            | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>TOTAL</u> |
|--------------------------|------------|-------------|-------------|-------------|-------------|--------------|
| <u>Northern Division</u> |            |             |             |             |             |              |
| Cakaudrove, Macuata      | : Main     | 1           | 2           | 0           | 0           | 3            |
| & Bua                    | : Branches | 0           | 8           | 1           | 0           | 9            |
| <u>Eastern Division</u>  |            |             |             |             |             |              |
| Rotuma                   | : Main     |             | 1           | 0           | 0           | 1            |
| Lau                      | : Main     |             | 6           | 0           | 0           | 6            |
| Lomaiviti                | : Main     |             | 3           | 0           | 0           | 3            |
| Kadavu                   | : Main     |             | 1           |             |             | 1            |
| <u>Central/Western</u>   |            |             |             |             |             |              |
| Central                  | : Main     |             |             | 1           | 1           | 2            |
| Western                  | : Main     |             |             | 1           | 1           | 2            |
| <u>Notes</u>             |            |             |             |             |             |              |

Northern Division: Main CPPAs - one each at Cakaudrove, Bua and Macuata. Branches - Cakaudrove West/ Central, Cakaudrove North, Cakaudrove East, Cakaudrove-i-wai; Bua North, Bua South; Macuata East/Central/West.

Eastern Division: Main CPPAs - Rotuma 1. Lau 6 (Vanuabalavu, Cicia, Lakeba, Totoya, Matuku and Moala).  
Lomaiviti: Main CPPAs - 3 (Ovalau, Koro, Gau, Batiki, and Nairai). Kadavu: 1 Main. Central and Western Divisions:  
 Main CPPAs - 4 (Central 2, Western 2) Total: Main - 18 Branches - 9

## **8. CIDA'S MAJOR THRUSTS**

### **1. RESEARCH & DEVELOPMENT**

#### **A. Varietal Improvement**

1. Production of hybrid seednuts from the existing 4 seed gardens at Taveuni Coconut Center (TCC) is currently shelved for financial reasons.
2. Development of new hybrids (using pollens from palms at TCC) through production tie-ups/contracts with big well-managed coconut plantations with high yielding tall varieties.
3. Conduct investment analysis on the selected planting material. The conversion of other parts of the fruit (husk, shell and water) into various products; and the sequential coconut toddy/coconut (for copra) production have been accounted for in the plan.



## **B. Cultural and Fertilizer Management**

1. Use of common salt or sea water for coconut growing.
  2. Application of foliar diagnosis technique in the formulation of fertilizer recommendations on coconut and intercrops.
  3. Development of coconut production suitability and nutrient deficiency maps for planting, research and extension purposes.
  4. Production of toddy (coconut sap) and nut from the spathe.
  5. Application of organic and inorganic fertilization to increase nut production.
-



### **C. Crop Protection**

1. Identification of bio-control agents which are now used in Integrated Pest Management programs in coconuts.
2. Research the role of nutrients in the inhibition of leaf diseases in coconut.

### **D. Research and Service Facilities**

Upgrade agricultural research facilities or acquire and make operational the following:

- a. Leaf Analysis Laboratory (available at KRS)
- b. Foliar Diagnosis and Fertilization Advisory (available at KRS)
- c. Entomological Laboratory (available at KRS)
- d. Pathological Laboratory (KRS upgrade)
- e. Breeding and Genetics Laboratory (Upgrading needed at TCC).



## **E. Product & Market Development**

1. Publication and dissemination of the various products derived from coconuts, their uses and existing/potential markets.
2. Monitoring of recent trends/developments in the processing/ packaging of coconut products in leading coconut producing/ exporting countries and their consequent dissemination to domestic processors.
3. Vigorous and sustained campaign for the utilization of health food and environment friendly products from coconut.
4. Promotion of quality consciousness in coconut products and by-products among the various sectors of the industry, in particular, and the consuming public in general.
5. Promotion of excellence, innovation and creativeness in all aspects of coconut processing, packaging and marketing.





## **2. EXTENSION SERVICES**

### **A. Coconut Farming**

- 1. Dissemination of information on lands suited to coconuts.**
  - 2. Sustained campaign on how to:**
    - a. maximize use of coconut land**
    - b. increase farm productivity and production**
    - c. control pests and diseases**
-

## **B. Planting/Replanting through CPPAs**

1. Identification of priority areas for harvesting of unproductive palms followed by replanting, and planting in new areas.
2. Conduct vigorous campaign in these areas highlighting the socio-economic benefits of planting and replanting.
3. Identification of farmers needing seedlings.
4. Distribution of planting/replanting materials.
5. Monitoring of farmers' compliance with their obligations under the planting/replanting cooperative arrangements.

## **C. Coconut Harvesting through CPPAs**

1. Promotion of the regular harvesting and prompt processing of coconuts into various products using the latest but economical technologies.
2. Promotion of collective production of coconuts for economies of scale and high quality standards.



#### **D. Marketing of Product**

1. Promoting the formation of CPPAs for group marketing of products.
2. Strengthening regular direct market linkage for farmers and processors.

#### **E. Other Development Services**

1. Dissemination of farmers' success stories in coconut producing areas – coconut farmer of the year award.
2. Development of coconut farming communities' regular linkage with suppliers of equipment and other farm inputs, buyers of other farm produce, shipping companies, etc.
3. Training for farmers on farm management and cultural practices, processing of coconuts into marketable products, business management, etc.

## **9. PLANNED STRATEGIES**

Review copra pricing formula;

Continue with Copra Price Stabilization Fund;

Prepare 25 year Coconut Industry Development Master Plan (CIDMP);

Adopt long term policy for:

- New planting/replanting based on CBFS.
- Product diversification and value adding.
- Market promotion.

Formulate incentive schemes; and

Complete negotiation with MOA&PI on handing over of certain assets and staff.

## **10. ACTION PLAN**

### **A. Phase 1 (2005 – 2008)**

- Complete takeover of extension and research services from MOA&PI;
- Register growers and their lands and establish CPPAs;
- Identify mother palms and nursery sites, land suitable for planting/replanting and mixed farming;
- Prepare a 25-yr Coconut Industry Development Master Plan (CIDMP);
- Establish and operate coconut timber mill in Savusavu;
- Establish and operate biodiesel plant utilising vegetable oil (coconut oil initially and in the longer term Jatropha Oil and Palm Oil) feedstock;



## Phase 1 (2005 – 2008) con't

- Set up wholenut integrated processing center concept to demonstrate its financial benefits to prospective investors and coconut growers;
- Exploit Fiji Rugby Union's (FRU) Network to promote the local and international marketing of coconut products (eg. Tender nut as sportsmen's drink; VCO as health and energy provider for sportsmen);
- Establish regulations governing the minimum standards of coconut products required by both domestic and international markets; and
- Explore the development of Jatropha and Oil Palm on large scale (in both coconut and non coconut areas) as feedstock for biodiesel production and as additional income source for farmers.

## **10. ACTION PLAN (cont)**

### **B. Phase 2 (2008 – 2011)**

#### **Implement CIDMP;**

Monitor, review performance and make adjustments where necessary;  
Organize and hold industry science and technology shows;  
Continue with FRU Network to promote coconut products for food security,  
import substitution and foreign exchange earnings; and  
Consolidate privatization of seednuts and seedlings production through CPPAs.

### **C. Phase 3 (2011 – 2031)**

#### **Continue with implementation of CIDMP;**

Consolidate activities relating to downstream processing of various coconut products (e.g. fatty acids from coconut oil; geotextile from coconut fibre; activated charcoal from coconut shell and log; alcohol, sugar, syrup from toddy; wine from coconut water, etc.); and

Establish other projects that may emerge during reviews of the CIDMP.

## 11. EXPECTED OUTCOMES OF ACTION PLAN 2005-2008

- ✓ All Extension and Research Services under CIDA's control;
- ✓ Growers/processors and coconut lands registration and formation of CPPAs continuing;
- ✓ Seednut supply sources and private nurseries for Fiji tall, *niu leka* (Fiji dwarf) & Rotuma tall being established for the purpose of replanting 600,000 seedlings each year;
- ✓ Coconut timber mill in Savusavu producing sawntimber for the local market initially and later to produce decorative round beams, T&G Flooring materials and other cocowood test products for local and international markets;
- ✓ Biofuel plant to convert coconut oil to biodiesel installed and operational as a commercial entity with envisaged support (policy/legislative) from Government;
- ✓ 25-year CIDMP prepared; and
- ✓ FRU's Network for promoting coconut products and byproducts firmly established;



## **12. EXPECTED OUTCOMES FROM CIDMP**

### **A. Industry restructured**

- ✓ 20,000 growers and their lands registered;
- ✓ CPPAs fully established and operational;
- ✓ Product diversification and value adding achieved;
- ✓ Intercropping / mixed farming practices adopted;
- ✓ Wholenut Integrated Processing Centers (WIPC) established throughout coconut growing areas; and
- ✓ Small-holder farms strengthened and estate plantations revived through product diversification and value adding business activities (WIPC).



## **B. Supply of Raw Material Strengthened**

- 6 million new palms planted;
- 0.5 million dwarf palms for young tender nut fruit juice planted;
- 2 million palms rehabilitated;
- 50,000 mt copra equivalent produced annually;
- 24,000 mt CNO produced annually for food and non - food markets;
- 30 million tender nuts produced annually for local/export market: and
- 30,000 ha of Jatropha and Oil Palm established to produce 100,000 tonnes of crude oil for biofuel production.



## C. Benefits achieved

- ✓ Cocowood expanded to earn valuable foreign exchange annually from exports of palmwood products;
- ✓ Estimated \$320m earned annually from exports of various coconut products and by-products;
- ✓ Fiji's copra pricing formula no longer needed, industry financially independent;
- ✓ Valuable foreign exchange saved by substitution of 10% (\$45m) of imported diesel with bio diesel made from Jatropa Oil, Palm Oil and CNO;
- ✓ 100,000 rural people benefited, their lifestyles improved;
- ✓ Employment opportunities increased vastly through cottage industry investments;
- ✓ Copra Meal sales at \$79 to \$26m annually; and
- ✓ Women empowered, rural poverty and urban drift reduced, education of children in coconut areas improved at sustainable levels.

**Honorable Mr Ashneel Sudhakar**  
Chairman  
Public Accounts Committee  
PO Box 2353 Government Buildings  
Suva


Dear Sir

**CLARIFICATION OF ISSUES**

1. Reference is made to your 11 October 2016 letter seeking clarification a few anomalies highlighted by the Office of the Auditor General during its audit of the Fiji Independent Commission Against Corruption (FICAC) accounts from 2009 - 2014.
2. Please find enclosed the Commission's response to these anomalies.

Thank you.

Yours sincerely

  
**George Langman**  
Deputy Commissioner

17 October 2016

**Enclosure:** The Commission's response to the Public Accounts Committee

All correspondence must be addressed to the Deputy Commissioner and sent to the FICAC Headquarters

Website: [www.ficac.org.fj](http://www.ficac.org.fj)

Email: [info@ficac.org.fj](mailto:info@ficac.org.fj)

## FIJI INDEPENDENT COMMISSION AGAINST CORRUPTION (FICAC)

| Parliamentary Paper No. | Question   | FICAC response  |
|-------------------------|--|---|
| General questions       | <p>Background information:</p> <ul style="list-style-type: none"> <li>• Role and function of the authority</li> <li>• Organisation structure - total number of staff</li> <li>• Board membership and fees</li> <li>• Salaries for executive members</li> </ul> | <ul style="list-style-type: none"> <li>• Pursuant to Section 12 of the FICAC Promulgation 2007 and Section 115(4) of the Constitution 2013, FICAC may             <ol style="list-style-type: none"> <li>1. <u>Investigation and prosecution</u> <ul style="list-style-type: none"> <li>➤ Receive complaints alleging corrupt practices</li> <li>➤ investigate, institute and conduct criminal proceedings</li> <li>➤ take over investigations and criminal proceedings that fall under its responsibility and functions as prescribed by law and which may have been initiated by another person or authority</li> <li>➤ discontinue, at any stage before judgment is delivered, criminal proceedings instituted or conducted by it;</li> </ul> </li> <li>2. <u>Corruption prevention and education</u> <ul style="list-style-type: none"> <li>➤ examine the practices and procedures of Government departments and public bodies, in order to facilitate the discovery of corrupt practices and to secure the revision of methods of work or procedures which may be conducive to corrupt practices;</li> <li>➤ instruct, advise and assist any person, on the latter's request, on ways in which corrupt practices may be eliminated by such person;</li> <li>➤ advise heads of Government departments or of public bodies of changes in practices or procedures compatible with the effective discharge of the duties of such departments or public bodies to reduce the likelihood of the occurrence of corrupt practices;</li> <li>➤ educate the public against the evils of corruption;</li> <li>➤ enlist and foster public support in combating corruption.</li> </ul> </li> </ol> </li> <li>• Total number of staff as of 17 October 2016 is 152.</li> </ul> |

| Parliamentary Paper No.  | Question   | FICAC response  |
|--|--|---|
|  |  | <p>Organization structure is attached.</p> <ul style="list-style-type: none"> <li>In accordance with Section 5.1 of the FICAC Commission Standing Orders, Officers of FICAC do not engage in any business or occupation part-time or otherwise, other than as a full time employee of FICAC.</li> </ul> <p>As a result, FICAC nor its Officers are members of any Board.</p> <ul style="list-style-type: none"> <li>The Deputy Commissioner is the only Executive member of FICAC and his salary is determined by His Excellency the President in accordance with Section 115(12) of the Constitution 2013</li> </ul>   |
| <p>Report of the Auditor General on the Audits of Statutory Authorities - June 2010 (Parliamentary Paper No. 33 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2008</li> </ul> | <p><b>13.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>Please explain the fluctuation in Legal Fees from \$470,315 in 2008, \$185,899 in 2009, \$2,250 in 2010 and finally \$82,066 in 2011. How were the legal officers appointed?</li> <li>Travelling Local and Expatriate - please explain the increase from \$118,745 in 2008 to \$329,249 in 2009</li> </ul> <p><b>13.5 Overpayment of salaries</b></p> <ul style="list-style-type: none"> <li>Have the overpayment of salaries been recovered in full from staff identified, especially from Ms SS who owed \$4,000.38</li> </ul> | <p><b>13.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>Legal Consultants specializing in corruption and bribery were hired from Overseas to handle FICAC cases. In 2008 and 2009 FICAC did not have any expatriate lawyers on a fulltime basis and relatively a number of expatriate consultants were hired on a short term basis and paid fees of approximately \$1000 - \$2500 per day. From 2010 onwards FICAC recruited expatriate lawyers to handle FICAC cases and legal consultants were only hired to handle major cases. Hence the decrease in legal fees.</li> <li>In 2008, major component of travelling locals &amp; expatriates included travel and accommodation costs for legal consultants engaged. In 2009, various FICAC Officers travelled overseas to attend meetings and conferences with the anti-corruption agencies. FICAC was also in the process of becoming a signatory to the UNCAC which required the Deputy Commissioner to travel on a regular basis to attend meetings and or workshops at various overseas venues.</li> </ul> |

| Parliamentary Paper No.  | Question  | FICAC response   |
|--|---|--|
|  |   | <p><b>13.5 Overpayment of salaries</b></p> <ul style="list-style-type: none"> <li>Ms Sofia Shah was paid her entitlement of 3 weeks pay as her entitlement in the contract after immediate termination on 19/09/2008. Ms Shah held a crucial position (Senior Legal Officer) in FICAC and given her immediate termination, it was at FICAC's interest that she be paid her entitlement and her termination notice period of 3 weeks.</li> </ul>  |
| <p>Report of the Auditor General on the Audits of Statutory Authorities - June 2011 (Parliamentary Paper No. 37 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2009</li> </ul> | <p><b>Control Issues</b></p> <p>Please provide an update on the following issues that were raised by the OAG:</p> <p>5.4 - Limitation on scope of audits<br/> 5.5 - Loss of previous years' records - MYOB<br/> 5.6 - Accumulated fund<br/> 5.7 - Value Added Tax<br/> 5.8 - Variance in opening cash balance<br/> 5.9 - Fixed assets register<br/> 5.10 - Accounting of revenue<br/> 5.11 - Management of petty cash</p> | <p><b>5.4 Limitation on scope of audit</b></p> <ul style="list-style-type: none"> <li>As highlighted to the OAG in 2009, FICAC does acknowledge and appreciate the comments made by the OAG. However, prior to the commencement of the 2009 audit, FICAC received various legal interpretation and opinion on Section 16 of the FICAC Promulgation which statements:</li> </ul> <p>16(1) <i>The Auditor General shall at anytime be entitled to have access to all accounts maintained under section 15(1) and he may require such information and explanation thereon as he thinks fit</i></p> <p>16(2) <i>The Auditor General shall audit the statement of accounts prepared under section 15(2) and report thereon to the President.</i></p> <p>The various legal opinion received contradicted the interpretation of the State Service Decree and Audit Act in which the Auditor General should be auditing only the finances of the organization and not staff personnel files as stipulated under Sections 15 &amp; 16 of the FICAC Promulgation.</p> <p>For ease of doubt, legal opinion and clarification was sought from the Solicitor General on the matter. It was during this period that the Solicitor General has agreed to hold off on the release of FICAC Officers' personal files until a legal opinion is received from his office.</p> |

| Parliamentary Paper No. | Question | FICAC response  |
|-------------------------|----------|---|
|                         |          | <p>Although the legal opinion provided by the Solicitor General concurs with the OAG, it was unfortunate that the opinion was received after the audit was conducted.</p> <p>Nonetheless, FICAC acted on the legal advice of the SG and made its officers' personnel files available to OAG henceforth.</p> <p><b>5.5 - Loss of previous years' records - MYOB</b></p> <ul style="list-style-type: none"> <li>FICAC has maintained all its financial records via payment vouchers, cash book and bank statements since 2008. All these transactions were also recorded in MYOB for preparation of financial report though the MYOB had limitations.</li> </ul> <p>We purchased MYOB which is a monopoly user. MYOB did not meet our growing requirements by 2009 and there was a need to implement a more suitable system. We did not renew the license as it was not usable. Due to technical issues of that particular package, we could not retrieve data but there was no loss as we managed to extract the financial records manually.</p> <p><b>5.6 - Accumulated fund</b></p> <ul style="list-style-type: none"> <li>As previously mentioned to OAG, FICAC was unable to use the audited figure for 2008 (\$149,168) as opening balance of 2009 as there were no documents and data to justify the figures.</li> </ul> <p>The 2008 manual records were reconciled and the exact balances were obtained to prepare the 2009 financial statements. This adjustment was necessary to maintain clean and clear records for future reporting.</p> |



| Parliamentary Paper No. | Question | FICAC response   |
|-------------------------|----------|--|
|                         |          | <p><b>5.7 - Value Added Tax</b></p> <ul style="list-style-type: none"> <li>FICAC did not pay VAT in 2008 and 2009 due to clarification on whether FICAC Grant was VIP or VEP. In early 2010, special clarification was sought from Ministry of Finance and it was declared that FICAC Grants are VIP and eligible to pay VAT.</li> </ul> <p>To avoid future discrepancies, FICAC paid a lump sum of VAT to FRCA based on their assessment. FICAC noted that there was no previous reconciliation done. However, FICAC was able to reconcile the manual records and filed the objection and lodged its amended tax returns. There were several adjustments done by FRCA and FICAC in which FICAC received VAT refunds thereafter.</p> <p><b>5.8 - Variance in opening cash balance</b></p> <ul style="list-style-type: none"> <li>Refer to our response in 5.6 [Accumulated fund]. This issue has been reconciled through manual records and bank statements for 2008 and 2009.</li> </ul> <p><b>5.9 - Fixed assets register</b></p> <ul style="list-style-type: none"> <li>Since the transfer of FICAC accounts from the Office of the Attorney General on 1 April 2008, FICAC has had a difficult task in trying to obtain copies of documents from our previous Accountants for the purchase of existing items.</li> </ul> <p>As an alternative, FICAC priced its existing items according to the current cost of similar items in 2008. FICAC also purchased an inventory software to properly record and properly manage its assets.</p> <p><b>5.10 - Accounting of revenue</b></p> <ul style="list-style-type: none"> <li>In 2008 and 2009 there were no accounts created by</li> </ul> |

| Parliamentary Paper No.  | Question  | FICAC response   |
|--|---|--|
|  |   | <p>FICAC to record any revenue transactions as the organization was a new establishment. The un-utilized allowances were misinterpreted as revenue.</p> <p>There were no adjustments made to the expense account but FICAC noted the comments of the OAG and adjusted the particular account to avoid future discrepancies.</p> <p><b>5.11 - Management of petty cash</b></p> <ul style="list-style-type: none"> <li>FICAC was established in 2007 and at that time, operations were not in large scale and petty cash required was limited (\$500 per month).</li> </ul> <p>Although operations increased, petty cash remained, thus causing the usage of cash above the limit. This has been addressed as FICAC has increased petty cash limit to suit is current requirements.</p>  |
| <p>Report of the Auditor General on the Audits of Statutory Authorities - December 2012 (Parliamentary Paper No. 40 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2011</li> </ul> | <p><b>5.2 Abridged Statement of Finance Performance</b></p> <ul style="list-style-type: none"> <li>Can there be an explanation of why there was a huge increase of Other Operating Expense from \$399,448 in 2009 to 1.079 million in 2010</li> </ul> <p><b>5.3 Abridged Statement of Financial Position</b></p> <ul style="list-style-type: none"> <li>Why was there a huge decrease in receivables from \$82,310 in 2008 to \$2,784 in 2009?</li> <li>Salaries and wages - why are there huge increases from \$1.2 million in 2008 to \$2.1 million in 2009 and then \$2.96 million in 2010 to \$3.15 million in 2011?</li> </ul> <p><b>Control Issues</b></p> <p>5.4 Recruitment procedures not followed</p> | <p><b>5.2 Abridged Statement of Finance Performance</b></p> <ul style="list-style-type: none"> <li>OAG to clarify on the figures provided. However, as a general response to the question, FICAC's operating expenses continued to increase from 2010 due to operational activities [2010] such as: <ul style="list-style-type: none"> <li>18 - Court Trials;</li> <li>112 - Education &amp; Awareness sessions conducted to Communities &amp; Public Sectors;</li> <li>72 - cases investigated;</li> <li>Employment of additional local staff - 14;</li> <li>Engagement of Sri Lankan Prosecutors - 5;</li> <li>In-house training by the Malaysian Anti-Corruption Commission</li> </ul> </li> </ul> <p><b>5.3 Abridged Statement of Financial Position</b></p> <ul style="list-style-type: none"> <li>The receivables included \$69,270 VAT refunds for 2008.</li> </ul> |

| Parliamentary Paper No.  | Question   | FICAC response   |
|--|--|--|
|  | <ul style="list-style-type: none"> <li>How has FICAC ensure that there is no repetition of this audit issue?</li> </ul>  | <ul style="list-style-type: none"> <li>There were huge increase in salaries and wages due to increase in number of new recruits resulting from increase in FICAC operations: <ul style="list-style-type: none"> <li>Increasing number of complaints received</li> <li>Establishment of new departments/offices</li> <li>Increasing number of cases handled by FICAC</li> </ul> </li> </ul> <p><b>Control Issues</b></p> <ul style="list-style-type: none"> <li>As a control measure to the issue highlighted by the OAG, FICAC continuously reviewed and revised his policy as follows: <ul style="list-style-type: none"> <li>first Standing Order issued on 20 June 2007</li> <li>second (amended) version on 31 December 2008</li> <li>third (amended) version on 5 February 2012</li> <li>fourth (amended) &amp; current version is being reviewed and intended for release on 1 January 2017.</li> </ul> </li> </ul> <p>Each revised Commission Standing Order is an improvement from the previous document. The amended version ensures that issues highlighted in the previous CSO is addressed accordingly and complies with current local Legislations.</p> |
| <p>Report of the Auditor General on the Audits of Statutory Authorities - June 2012 (Parliamentary Paper No. 41 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2010</li> </ul> | <p><b>Control Issues</b></p> <p>4.4 Salary overpayment</p> <ul style="list-style-type: none"> <li>Has this been collected in full?</li> </ul> <p>4.5 Case Management System</p> <ul style="list-style-type: none"> <li>Is it working as per its intention and has it addressed the audit issues highlighted by the auditors. What was the total cost of the software?</li> </ul> | <p><b>4.4 Salary overpayment</b></p> <ul style="list-style-type: none"> <li>Mr Sanaila Seru's salary overpayment occurred in RFMF. There was an overpayment of leave compensation to the said officer by RFMF and FICAC was directed to commence recovery for the same and pay to RFMF. FICAC was able to recover \$705.60 till his duration of employment with FICAC. The Officer resigned in 2010 and was beyond FICAC's jurisdiction to recover the balance. However, FICAC obtained confirmation at that time from Airports Fiji Limited, Mr Seru's current employer that the recovery deduction was</li> </ul>  |

| Parliamentary Paper No. | Question   | FICAC response  |
|-------------------------|--|---|
|                         | <ul style="list-style-type: none"> <li>Are there any additional charges for the use of the services and what the amount is and which company provided this?</li> </ul> | <p>instigated when he commenced work at AFL. Financial Accountant (Ms Sanjana) of AFL confirmed that after 6 fortnightly deductions, the recovery was ceased by Mr Seru due to RFMF not providing the correct account that is to be credited. The matter was addressed with Mr Seru and he had confirmed that that he would verify this with RFMF Accounts Section in order to have the recovery reactivated.</p> <p><b>4.5 Case Management System</b></p> <ul style="list-style-type: none"> <li>The system is operational and currently serves its purpose i.e. for complaints and investigation of cases. The system was developed to FICAC specification and currently in use by Complaints, Investigation, Legal and Registry. The total cost of the software is \$878,973.85</li> <li>The additional charge is the standard Annual Maintenance /License which is a requirement in order to keep the software operational with hands-on support. The software was developed by Pacific Technologies &amp; its partner company Yalamanchili which currently runs the Government ITC unit.</li> <li>Please note, the case management system is operational with over 10,000 complaints registered on the system. The system is designed for all FICAC Departments (Complaints, Legal &amp; Investigations) and used at all FICAC locations (Suva, Lautoka and Labasa).</li> <li>Pacific Technologies and its parent company Yalamanchili are still providing backup assistance to FICAC.</li> <li>The case management system is not an off the shelf software but is a software designed and customized specifically to FICAC's operational requirements.</li> </ul> |

| Parliamentary Paper No.  | Question  | FICAC response   |
|--------------------------|---|--|
| <p>General questions</p> | <p>Does FICAC have the financial resources to perform its functions, given the added responsibilities under the Proceeds of Crime Act</p> <p>Was your financial performance also part of the peer review by the UN which was undertaken in 2011?</p> <p>When is the next peer review and will your financial performance be part of that peer review?</p> | <ul style="list-style-type: none"> <li>• In accordance with Section 14 of the FICAC Promulgation and Section 115(14) of the Constitution, Parliament/Government has ensured that FICAC has adequate funding and resources to perform its functions.</li> </ul> <p>The review undertaken in 2011 by UN focused on 2 chapters of the UNCAC Articles:</p> <ul style="list-style-type: none"> <li>➤ Chapter 3 - Criminalization &amp; law enforcement</li> <li>➤ Chapter 4 - International Cooperation</li> </ul> <p>This exercise required State participation and involved several Government Ministries &amp; entities [DPP, FIU, FICAC, Police and Judiciary etc].</p> <p>Furthermore, the UNCAC chapters reviewed in 2011 did not cover financial performance.</p> <ul style="list-style-type: none"> <li>• We cannot comment on the next peer review by UNCAC as the programme is set by the UN and Fiji (through Government) will only respond if we are selected for the review by UNCAC.</li> </ul> |



ISO 9001 :2008 Certified

# Civil Aviation Authority of Fiji

Private Mail Bag, NAP 0354, Nadi Airport, Fiji, Phone: (679) 6721555, Fax: (679) 672 1500, [www.caaf.org.fj](http://www.caaf.org.fj)  
Promoting effective aviation safety in Fiji and the region

CA 23/2/1

14<sup>th</sup> October 2016

**The Deputy Chairman**  
Public Accounts Committee  
Small Committee Room  
Parliament Complex  
Veiuoto  
**SUVA**

Dear Sir

**RE: RESPONSES TO QUESTIONS RAISED BY STANDING COMMITTEE ON PUBLIC  
ACCOUNTS ON OAG REPORT FROM 2008-2012**

We acknowledge receipt of your letter dated 11<sup>th</sup> October, 2016.

We have noted your questions and have submitted formal responses on them.

We are available to further clarify on any other matters the committee would like to raise.

Thanking you Sir for giving CAAF the opportunity to respond to the OAG Report.

Yours faithfully

**Netava Waqa**  
**CHIEF EXECUTIVE**

Encl.

## **RESPONSE TO OAG REPORT FROM 2008-2012**

### **ROLE & FUNCTIONS OF THE AUTHORITY**

The Civil Aviation Authority of Fiji (CAAF) is an Aviation Regulatory Authority and is responsible to discharge its functions on behalf of the Fiji Government under its responsibility to the Chicago Convention on International Civil Aviation Organisation (ICAO).

It regulates the activities of:

- a.) aerodrome operators.
- b.) air navigation service providers (CNS, ATM, SAR, AIS, MET).
- c.) airline operators.
- d.) aviation training institutions.
- e.) pilots, air traffic controllers, flight service officers, aircraft maintenance engineers, technicians and cabin crew.
- f.) airline contracting organisations.
- g.) aircraft maintenance organisations.
- h.) International air cargo operators, regulated agents, aircraft catering service providers, ground handling service providers, aviation security service organisation and certification of screeners.
- i.) recreational and sporting aviation activities.
- j.) aviation training devices.

### **BACKGROUND**

As a result of Government policies of reforming public enterprises, CAAF was declared a Commercial Statutory Authority on 3<sup>rd</sup> April 1997 and subsequently declared a Re-organised Enterprise on 23<sup>rd</sup> May 1997.

A Re-organisation Charter identified that the principal objective of the CAAF restructure was to increase the efficiency and rate of return on CAAF assets, while at the same time to provide an efficient regulatory function that met international civil aviation standards.

This objective was facilitated by the Civil Aviation Reform Act 1999 by:

- a.) modifying the CAAF Act and its regulations;
- b.) separating the regulatory role from commercial operation;

- c.) establishing a Government Commercial Company – Airports Fiji Ltd (AFL), incorporated under the Companies Act, operating along commercial lines with clearly defined profitability targets and staff employment terms that would be comparable with commercial organisations;
- d.) Transferring those responsibilities and assets from CAAF to AFL that was necessary to conduct commercial business.

Apart from being declared a pure regulator the Authority reverted to its original status as Government Statutory Authority with effect from 1<sup>st</sup> January 2007.

Further the Authority was given independent and sustainable source of income through \$10 share of Departure Tax payable by each departing international passenger from 1<sup>st</sup> May 2007. The resolution of the funding issue finally closed the finding/recommendation by ICAO in its three successive audits during 2001, 2003 and 2006 and this amongst other things, enabled the Authority to enhance its future capacity building.

The divestiture of non-core activities of the Authority, as approved by Cabinet (Cabinet Paper Number IGCP (08) 378) on 16<sup>th</sup> October 2008 was implemented as follows:

- a.) Reassignment of ATS shares to the Ministry of Finance.
- b.) CAAF write-off AFL land rental debt in its books.
- c.) Accrued land rental of \$10,450,272 owed by AFL to CAAF converted into equity in AFL books.
- d.) Transfer of Head Lease CL3469 in respect of Nadi Airport Land previously held by CAAF to AFL.
- e.) Transfer of CAAF Housing Estate and related staff to AFL.
- f.) CAAF to sublease its land requirements from AFL.

All of the above transition issues were accomplished by 31<sup>st</sup> May 2010.

## **NATURE & SCOPE OF ACTIVITIES**

The Authority's functions, as provided under the Civil Aviation Authority Act 1979, (as amended) include:

1. Regulating civil aviation operations in Fiji by, among other things:
  - a.) Issuing certificates, licenses, approvals, registrations and permits after appropriate inspection, audit and examination;
  - b.) Developing and promoting appropriate, clear and concise aviation safety standards;
  - c.) Developing effective enforcement strategies to secure compliance with aviation legislation and safety standards;



- d.) Assessing decisions taken by industry for their impact on aviation safety;
  - e.) Conducting regular reviews of civil aviation systems in order to monitor the safety performance of the aviation industry, to identify safety related trends and risk factors and to promote the development and improvement of the system;
  - f.) Conducting regular and timely assessment of international aviation safety developments; and
  - g.) Conducting regular reviews of aviation security programs and activities.
2. a.) Any function conferred on it by or under the Civil Aviation Reform Act 1999 or the Civil Aviation Act 174A; and
- b.) Carrying out such obligations of the State arising from its State's membership of the International Civil Aviation Organisation as directed by the Minister.
3. Safety-related functions :-
- a.) Encouraging a greater acceptance by the aviation industry of the industry's obligation to maintain high standards of aviation safety through:
    - i.) Comprehensive safety education and training programmes;
    - ii.) Accurate and timely aviation safety advice; and
    - iii.) Fostering an awareness in industry management and within the community generally, of the importance of aviation safety and compliance with relevant legislation;
  - b.) Promoting full and effective consultation and communication with all interested parties on aviation safety issues.
4. Aviation Security : -

The oversight of the aviation security is additional regulatory function delegated to the Authority under Regulation 3A (3) (4) (5) and 3C of the Civil Aviation (Security) (Amendment) Regulations 2006. Under the said Regulation the Authority is designated as the "appropriate authority" for aviation security in respect of all matters pertaining to ICAO Annex 17 on Security.

## ORGANISATION STRUCTURE – TOTAL NUMBER OF STAFF

Refer attached **APPENDIX A**.

|                   |   |           |
|-------------------|---|-----------|
| Staff in Position | - | 50        |
| Vacancies         | - | 7         |
| <b>Total</b>      | - | <b>57</b> |

**BOARD MEMBERSHIP & FEES**

| NAME              | POSITION    | AMOUNT PER ANNUM |
|-------------------|-------------|------------------|
| Lainun Khan (Mrs) | Chairperson | \$12,000.00      |
| Craig W Strong    | Member      | \$8,500.00       |
| Satish N Patel    | Member      | \$8,500.00       |
| Pravish Patel     | Member      | \$8,500.00       |
| Dr. Joseph Veramu | Member      | \$8,500.00       |

**SALARIES FOR EXECUTIVE MEMBERS**

| POSITION                     | TOTAL ANNUAL REMUNERATION |
|------------------------------|---------------------------|
| Chief Executive              | \$142,808.00              |
| Manager Corporate Services   | \$90,911.00               |
| Controller Air Safety        | \$105,799.60              |
| Controller Ground Safety     | \$95,782.25               |
| Controller Aviation Security | \$83,718.70               |

## AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2008

*Please provide an update on the audit issues raised by the OAG especially in terms of the Departure Tax revenue and the accounting software?*

### DEPARTURE TAX

The issue related to reconciliation of revenue from departure tax to ascertain that receipts reconciled with passenger numbers.

This was a recurring issue raised first by the Authority and later commented on by the Auditor General of Fiji.

Although CAAF received the smallest amount of the allocation which is \$5.00 per passenger, it is the only government entity, based on our knowledge, which has been continuously requesting for reconciliation.

The position has also been reflected in various correspondences with the Ministry of Finance including Management responses to the Auditor General of Fiji.

Departure tax is now included in the passenger ticket and administered by FRCA.

The following table shows the distribution of departure tax revenue;

| RECIPIENT    | 2007 &<br>2008 | 2009<br>&<br>2010 | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | SECURITY<br>& DEV<br>FEE FROM<br>2013 | TOTAL<br>FUNDING |
|--------------|----------------|-------------------|------------|------------|------------|------------|------------|------------|---------------------------------------|------------------|
|              | \$             | \$                | \$         | \$         | \$         | \$         | \$         | \$         | \$                                    | \$               |
| AFL          | 5              | 5                 | 10         | 10         | 10         | 10         | 10         | 10         | 18.60                                 | 28.60            |
| CAAF         | 10             | 10                | 0          | 0          | 0          | 5          | 5          | 5          | 0                                     | 5                |
| Government   | 25             | 60                | 90         | 130        | 130        | 185        | 185        | 185*       | 0                                     | 185              |
| <b>Total</b> | <b>40</b>      | <b>75</b>         | <b>100</b> | <b>140</b> | <b>140</b> | <b>200</b> | <b>200</b> | <b>200</b> | <b>10</b>                             | <b>200</b>       |

*\*Includes \$10.00 Environment levy*

The Authority ceased to receive its share of the departure tax from government from 1<sup>st</sup> January 2011 as a result of the government's policy decision in the 2011 budget.

The \$5 departure tax revenue was re-allocated and approved by the Government from 2014 from which date CAAF has started receiving it again.

## **ACCOUNTING SOFTWARE**

The accounting software in 2008 was Image Accounting which facilitated the daily accounting functions of the Authority.

The Authority had initially assumed divestiture of its core activities to AFL after which it had planned to purchase software based on changed requirements, however, the divestiture did not take place until 2010 and the Authority continued to use Image Accounting software until then.

The new accounting software (which includes payroll) – 'JIWA' was acquired in 2011 for \$55,000.00. The Authority is using this software as of now.

## AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2009

### Abridged Statement of Comprehensive Income

*Can management please explain the decrease in Operating Revenue from \$8.2 million in 2008 to \$6.9 million in 2009?*

The revenue for 2008 included airport land lease revenue accrual from Airports Fiji Ltd of \$825,000.00. Furthermore, there was also a decrease in Departure Tax revenue of \$535,479.00 in 2009 which resulted in a significant decrease in income.

Land was transferred to AFL in 2010. Decrease in departure tax was a result of decrease in passenger departures.

### CONTROL ISSUES

**Departure Tax Revenue** – *Can CAAFI advise the committee on the history of the departure tax?*

Airport departure tax is collected under Departure Tax Act of 1986.

Departure Tax or passenger service charge was collected as a separate charge at the airport prior to passenger departure. This changed upon introduction of the new collection method mechanism by Airports Fiji Ltd to include this tax as part of the ticket.

It is now collected by FRCA and remitted to CAAF on monthly basis and to other recipients.

The following table shows the distribution of departure tax revenue:

| RECIPIENT    | 2007 & 2008 | 2009 & 2010 | 2011       | 2012       | 2013       | 2014       | 2015       | 2016       | SECURITY & DEV FEE FROM 2013 | TOTAL FUNDING  |
|--------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------------------------|----------------|
|              | \$          | \$          | \$         | \$         | \$         | \$         | \$         | \$         | \$                           | \$             |
| AFL          | 5           | 5           | 10         | 10         | 10         | 10         | 10         | 10         | 18.60                        | 28.60          |
| CAAF         | 10          | 10          | 0          | 0          | 0          | 5          | 5          | 5          | 0                            | 5              |
| Government   | 25          | 60          | 90         | 130        | 130        | 185        | 185        | 185*       | 0                            | 185            |
| <b>Total</b> | <b>40</b>   | <b>75</b>   | <b>100</b> | <b>140</b> | <b>140</b> | <b>200</b> | <b>200</b> | <b>200</b> | <del>18.60</del><br>10       | <del>200</del> |

\*Includes \$10.00 Environment levy

218.60  
↓  
Dep. tax - 200

**Accounting Software** – *Are you still using the Image Accounting Software or have you been able to purchase a new accounting software?*

The Authority has acquired new accounting software – 'JIWA' from 2011 which is being used to date. The service providers are Link Business Solutions from Suva who are on SLA with CAAF for service and maintenance of accounting and payroll software.

Unlike the previous software, JIWA provides an automatic roll-over of balances at predetermined intervals.

## **AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2010**

### **Abridged Income Statement**

*Can we be advised as to why there was a huge increase in Other Income from \$229,500 in 2009 to \$880,119 in 2010?*

This increase in 2010 relates to the following items:

1. Reversal of Staff Claims (\$427k) – accrued provisions (related to redundancy payment) were reversed in 2010 due to transfer of staff to Airports Fiji Ltd (AFL). The transfer did not require payment. *ie staff*
2. Reversal of Executives bonus payments (\$123k) - reversal of accrued amount for the executives in 2010. The amount paid was lower than estimated.
3. Unexpired Bond Received (\$76.5k) – bond accrued previously was recovered on resignation of staff.
4. Reversal of audit fees (\$9.6k) – accrued audit fees in previous years was reversed in 2010. The amount paid was lower than estimated.
5. Reversal of provision for doubtful debts (\$25.9k – accrued provisions in previous years was recovered.
6. Reversal of provision for other contingency (\$3.4k) - accrued provisions in previous years for legal matters was reversed in 2010.

**Administrative Expenses** – *Please explain the huge increase from \$2.9m in 2009 to \$19.9m in 2010?*

The increase was due to Revaluation loss arising from the transfer of airport land and buildings to Airports Fiji Ltd (AFL) for \$18.6m as per Cabinet Paper No. 08/377 dated 16<sup>th</sup> October 2008.

### **Control Issues**

*Please provide an update on the Departure Tax and other fees and Charges?*

### **DEPARTURE TAX**

The Authority last received departure tax from government up to 31<sup>st</sup> December 2010.

Thereafter, the Authority was not paid departure tax (between 2011 and 2013) but was required by government to use its own reserves to sustain its operations.

The departure tax was re-allocated and paid to CAAF from 2014 at the rate of \$5.00 per passenger to date.

## **OTHER FEES & CHARGES**

Other Fees & Charges are levied for Aircraft Airworthiness, Airport Licence, Air Operators Certificates, Personnel Licences, service provider's certifications etc.

The other Fees & Charges revenue is based on the Legal Notice No: 37 [Civil Aviation (Fees and Charges) Regulations 2007] which came into effect from 1<sup>st</sup> July 2007 and amended Legal Notice No: 5 dated 28<sup>th</sup> January 2011 to account for changes in the VAT rate. This has been further revised with amended VAT Act No: 22 of 23<sup>rd</sup> November 2015 to account for Vat rate at 9.0% with effect from 01<sup>st</sup> January 2016.



## AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2011

### Abridged Income Statement

*Can management please explain the decrease in Total Revenue from \$7.7m in 2010 to \$1.5m in 2011?*

The decrease is due to substantial loss of revenue from Departure Tax (Approx. \$6m) due to withdrawal of the Authority's share as per Governments budget announcement in 2011.

### Control Issues

Deferred Income Tax Asset – Has your entity been able to assess its financial status as recommended by the OAG?

The appropriate provisions for deferred income tax asset have been recorded in the books for future losses, hence the Authority is now utilising the losses since it is making profits.

 Non submission of supporting documents – Please provide us a copy of the existing FN103 Form and its revised version.

Refer attached **APPENDIX B & B1**.

The original FN103 Form required submission of receipts, invoices or cash dockets for all expenses incurred on overseas trips, however, since the Authority paid UNDP allowances, the above requirement was no longer valid.

The Form thus, has been revised to reflect the correct procedure.

## **AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012**

### **Abridged Income Statement**

*Personal expenses – how much was the executive management paid from 2008 to 2012?*

The details are as follows:

| <b>Year</b> | <b>Amount Paid Per Annum<br/>(Total Rem)</b> |
|-------------|--|
| 2008        | \$440,104.81                                 |
| 2009        | \$562,729.06                                 |
| 2010        | \$458,912.03                                 |
| 2011        | \$515,911.00                                 |
| 2012        | \$496,139.86                                 |

*Who is now the approving authority in the absence of Higher Salaries Commission?*

The Higher Commission (Revocation) Decree 2011 came into effect on 17<sup>th</sup> June 2011 which repealed the Higher Salaries Commission Act [Cap2A] and all other subsidiary legislation.

Subsequently, all approvals are made by the Minister responsible for Civil Aviation.

### **Control Issues**

*Please provide an update on the audit issues raised by the OAG.*

### **Findings**

#### **6.1 Upgrade of Server Room**

The Authority complies with tendering policy as per Section 12.30 of the Finance Manual which states that "Where the estimated value of goods and services exceeds \$7,000.00, an open tendering system will be used by advertising in the daily newspapers".

The award of tenders is approved by the Board.

#### **6.2 Creditors recorded at VEP Amount**

Payables and accruals are now recorded inclusive of VAT at year end.

### **6.3 Reconciliation of trade payables and accruals with ledger listing**

The creditors balance in the GL are verified and signed-off regularly by the Accountant.

### **6.4 Accumulated Leave**

Staff have been utilising their leave as per revised Leave Policy. This requires that a staff can no longer accumulate more than 15 days leave in a year.

### **6.5 Payment of Bonus**

All bonus payments are approved by the Board which are budgeted for.

### **6.6 No back-up of Key Personnel**

The critical positions highlighted in the finding have now been filled. A staff succession plan is in place and manpower structure is under review to mitigate the risks. It should, however, be noted that replacements for some scarce skilled positions are not readily available in which case, services are outsourced.

### **6.7 No Audit Trail**

The newly acquired JIWA accounting software has enabled comprehensive detailing of account headers and subsequent reconciliations.

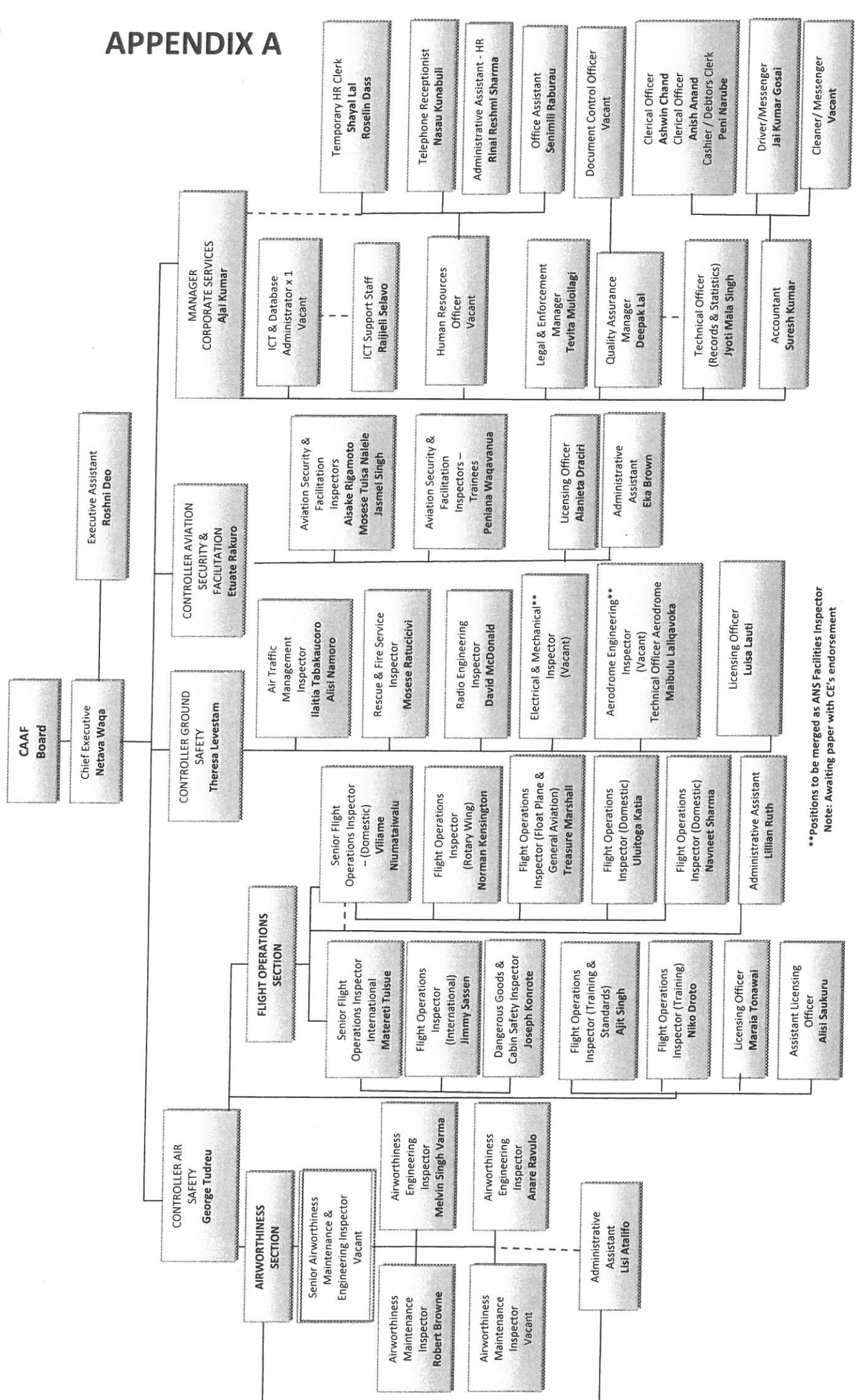
### **6.8 No ledger account for income tax & deferred tax asset**

Both income tax and deferred tax accounts have been created in the general ledger (chart of accounts).

### **6.9 Errors in the disclosure of depreciation and revaluation expenses in the financial statement**

The variance had occurred during the transition period in the new accounting software which has since been rectified.

# Civil Aviation Authority of Fiji Organisation Structure



\*\*Positions to be merged as ANS Facilities Inspector  
Note: Awaiting paper with CE's endorsement



## APPENDIX B

(FN 103 – 2011)

A. I hereby apply for an advance of \$ \_\_\_\_\_ against estimated (*show calculation on reverse of form*) travelling expenses.

B. Nature of duty \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. Places to be visited \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Period of absence \_\_\_\_\_ No. of days \_\_\_\_\_

D. **Authority to deduct from salaries, wages etc**

I authorize CAAFI to deduct the amount advanced, i.e \$ \_\_\_\_\_ from any monies due to me including salaries, if I do not clear it within 7/14 days of my return from the above trip. I understand that the advance given for is to be accounted for by receipts/invoices/cash payment dockets etc for all expenses. Where documentary evidence is not provided, payments may not be made.

Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Note: No advance will be given if a previous one has not been satisfactorily accounted for. (Also see note below).*

E. **Section Head's comments :** \_\_\_\_\_

Signature: \_\_\_\_\_ Designation: \_\_\_\_\_ Date: \_\_\_\_\_

F. Advance of \$ \_\_\_\_\_ Approved/Not approved.

Additional comments : \_\_\_\_\_  
\_\_\_\_\_

Signature : \_\_\_\_\_ MCS/Acct. Date: \_\_\_\_\_

*Note :* (a) This application should be submitted for approval and processing at least three working days before date of departure.  
(b) Advance should be based on estimated actual travelling and subsistence expenses. Inflated advances will be reduced before approval.



## Civil Aviation Authority of Fiji

## Application for Accountable Advance against Travelling Expenses

Form  
FN 103

- A. I hereby apply for an advance of \$xx against estimated (*show calculation on reverse of form*) travelling expenses.
- B. Nature of duty xx.
- C. Places to be visited xx  
Period of absence xx No. of days xx

D. **Authority to deduct from salaries, wages etc**

I authorize CAAF to deduct the amount advanced, i.e \$xx from any monies due to me including salaries, if I do not clear it within 14 days of my return from the above trip. I understand that the advance given for is to be accounted for by receipts/invoices/cash payment dockets etc for all expenses except where the advance is based on per diem allowance. Where documentary evidence is not provided, payments may not be made.

Name:

Designation:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Note: No advance will be given if a previous one has not been satisfactorily accounted for. (Also see note below).*

E. **Section Head's comments :** \_\_\_\_\_

Signature: \_\_\_\_\_ Designation: \_\_\_\_\_ Date: \_\_\_\_\_

## F. Advance of \$ \_\_\_\_\_ Approved/Not approved.

Additional comments : \_\_\_\_\_

Signature : \_\_\_\_\_ MCS/Acct. Date: \_\_\_\_\_

- Note :* (a) This application should be submitted for approval and processing at least three working days before date of departure.
- (b) Advance should be based on estimated actual travelling and subsistence expenses. Inflated advances will be reduced before approval.

|  |  |  |
|--|--|--|
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# Consumer Council of Fiji

www.consumersfiji.org



## HEAD OFFICE

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Phone - General Office: 3300792, 3310183  
Chief Executive Officer: 3305864  
Fax: 3300115 Email: [complaints@consumersfiji.org](mailto:complaints@consumersfiji.org)

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## LABASA/North

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12 October 2016

Hon. Mohammed Abe Dean  
Deputy Chairman  
Public Accounts Committee  
Parliament Complex  
Veiuto  
Suva

Dear Deputy Chairman

### **Re: Response to Public Accounts Committee**

*Greetings from the Consumer Council of Fiji*

I refer to your letter dated 11<sup>th</sup> October 2016 seeking clarification on issues arising out of the Council's Financial Statements Audits pertaining to the financial years ended 2008 to 2011 accounts.

Attached herewith is our detailed response to the list of queries raised by the Public Accounts Committee for your perusal.

With kind regards

Yours Sincerely

.....  
Premila Kumar  
Chief Executive Officer

CC:  
The Auditor General  
Permanent Secretary, Ministry of Finance



# RESPONSE TO PUBLIC ACCOUNTS COMMITTEE

## PART A

### 1.0 ABOUT THE CONSUMER COUNCIL

The Consumer Council of Fiji (CCF) is a statutory body established under the Consumer Council Act (Cap 235). The Council protects the rights and interests of consumers by promoting a fair and just delivery of goods and services. First and foremost, the Consumer Council is an advocacy organization, conducting rigorous research and policy analysis on key consumer issues. CCF's insight into consumer need is a powerful tool for influencing decision-makers to bring about change.

Apart from its Headquarters in Suva, the Council has a regional office in Lautoka and in Labasa with 3 staff in each office.

### 2.0 FUNCTIONS OF THE COUNCIL

Section 6 of the Consumer Council Act stipulates the functions of the Council. The Council is required *to do such acts and things it considers necessary or expedient to ensure that the interests of the consumers of goods and services are promoted and protected*. These functions include:

- Advising the Minister on such matters affecting the interests of the consumers;
- Making representations to the Government or to any other person/organizations on any issues affecting the interests of consumers;
- Collecting, collating and disseminating information in respect of matters affecting the interests of consumers;
- Supporting or maintaining legal proceedings initiated by a consumer, where such support is deemed necessary;
- Conducting research and investigations into matters affecting consumers;
- Advising and assisting consumers on matters affecting their interests;
- Co-operating with any person, association or organization outside Fiji having similar functions and becoming a member of or affiliate to any international organization concerned with consumer matters; and
- Soliciting and accepting for the purposes of the Council any money, land, or other property from the Government, any local authority, public body, organization, or person by way of grant, subsidy, donation, gift, or otherwise.

### 3.0 COUNCIL SERVICES

The Council's core functions are undertaken through the following Divisions:

- a) Campaigns, Information and Media;
- b) Alternative Dispute Resolution and Consumer Advisory;
- c) Debt Management and Consumer Credit Advisory Services;
- d) National Consumer Helpline; and
- e) Research and Policy Analysis Division.

## 4.0 BOARD MEMBERS

The Board of Directors are appointed by the Minister for Industry, Trade & Tourism. The Board appoints the Chief Executive Officer to lead and manage the Council affairs. From corporate governance perspective, a Board Charter is in place that sets the rules and procedures within which the Board functions.

### 4.1 EXAMPLES OF PAST & CURRENT BOARD MEMBERS AND THEIR ALLOWANCES

| Board Members 2009 to 2011 <sup>1</sup> |                           |                 | Board Members 2016   |                 |
|---|---------------------------|-----------------|----------------------|-----------------|
|   | Board Members             | Allowance/Annum |                      | Allowance/Annum |
| 1                                       | Narendra Padarath - Chair | \$2,540         | Raman Dahia – Chair  | \$3,073.00      |
| 2                                       | Raman Dahia               | \$1,270         | Vimal Kumar          | \$1,537.00      |
| 3                                       | Dr Salesi Savou           | \$1,270         | Mohammed Gani        | \$1,537.00      |
| 4                                       | Mrs Ilisapeci Bole        | \$1,270         | Rosaine Lagi         | \$1,537.00      |
| 5                                       |                           |                 | Elizabeth Jane Algar | \$1,537.00      |
| 6                                       |                           |                 | Deepa Lal            | \$1,537.00      |
| 7                                       |                           |                 | Arunesh A Chand      | \$1,537.00      |

## 5.0 STAFF & MANAGEMENT

Total number of staff employed by the Council in 2008-2011 was 21 and from 2012 till 2015 it was 22. In 2016, staff number increased to 26 because of Consumer Helpline. Management team was paid as follows:

|                         | Salary per annum 2008 <sup>2</sup> | Salary per annum 2009 | Salary per annum 2010 | Salary per annum 2011 | Salary per annum 2012 |
|-------------------------|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Chief Executive Officer | \$65,000                           | \$65,000              | \$69,121              | \$69,121              | \$69,121              |
| Project Manager & HR    | -                                  | -                     | \$48,224              | \$46,000              | \$46,000              |
| Manager - CIM           | \$24,000                           | \$24,000              | \$24,000              | \$25,000              | \$25,000              |
| Manager - ADR           | \$25,104                           | \$34,000              | \$21,524              | \$15,500              | \$17,000              |
| Manager - RPA           | \$24,000                           | \$27,000              | \$24,000              | \$24,720              | \$28,554              |

The current organization structure is attached at *Annex 1*.

## 6.0 GRANT & DONOR FUNDS

The Council has expanded its services and the breadth of its work in light of changes in the marketplace and emerging issues. Trade practices and consumer behavior have changed a lot since 1977 when the Council first started its operation. Today there has been a drastic shift in Fiji's market economy from a closed and protective economy based on government subsidies to a 'user-pay' profit-oriented market economy.

<sup>1</sup> Board allowance changed from \$1270 to \$1537 and \$2540 to \$3073 from 1 March 2011

<sup>2</sup> 5% Salary reduction restored in December 2008

With the government grant and donor funds, the Council has rolled out its debt management and consumer credit advisory services throughout Fiji. We now have an online presence through our website and via social media like Facebook.

The Council's annual grant from the Government did not increase over the years to operate three offices based in Suva, Lautoka and Labasa. This grant barely covered our operational cost. The operational costs also increased which was beyond the Council's control.

Our financial situation was very difficult because the Council is not an income generating organisation and it cannot seek assistance from traders and service providers to avoid conflict of interest. The only hope is the government to meet the operating costs and the donor agencies for specific activities.

In 2005, there were no other sources of income apart from the Government grant. However, from 2006, the Council pro-actively sought assistance from donors to supplement the grant received from the Government to deal with the liquidity issue.

From 2007 -2009, the Council received AusAID grant of \$30,000 for administrative purpose that assisted the Council to purchase furniture and equipment. From 2010, these expenses that were paid from donor grant was transferred to government grant.

The Council also received donor funds to undertake research & advocacy work.

The Government grant had not increased from past years and on the other hand, expenses increased due to increase in VAT, fuel surcharge, electricity tariff increase, rent increase, FNPF employer contribution increase, duties on other goods and services etc. See table below for Government Grants and Donor Funds.

**Government Grant & Donor Funds**

|                   | No of staff | Government Grant<br>VIP | Government Grant<br>(VEP) |
|-------------------|-------------|-------------------------|---------------------------|
| 2008              | 21          | \$585,880               | \$520,782                 |
| 2009 <sup>3</sup> | 21          | \$601,930               | \$535,049                 |
| 2010              | 21          | \$601,930               | \$535,049                 |
| 2011              | 21          | \$601,930               | \$523,417                 |
| 2012 <sup>4</sup> | 22          | \$700,000               | \$608,696                 |
| 2013              | 22          | \$700,000               | \$608,696                 |
| 2014              | 22          | \$700,000               | \$608,696                 |
| 2015              | 22          | \$813,117 <sup>5</sup>  | \$707,058                 |

As stated, the Council's visibility and effectiveness had increased substantially over the years while Government's grant to the Council had remained the **same** despite increase in our operating costs. After our discussion with the Minister in February 2015, we saw increase in our grant. (see *Annex 2*).

The compelling argument here is that the productivity or output of the Council in addressing consumer issues in its capacity as the consumer protection agency had well surpassed its budgetary allocation. While the Council had not limited its work envisaged, the Council has remained optimistic in providing only the best services to consumers with the hope of being recognized for its efforts by the government. In the current financial year, the Government increased the Council's budget to around 1.3 million dollars.

<sup>3</sup> Full 5 % salary restoration

<sup>4</sup> Salary realignment April 2012 by \$15,788 and to meet operational costs, particularly increase in VAT by 2.5%

<sup>5</sup> an additional \$113,117VIP to meet the increase in operational costs over the years; to transit the Council's account to IFRS; and to upgrade its IT infrastructure after Microsoft withdrew support for Windows XP.

The Council had to deal with high expectation from the public and high staff turnover because of poor pay. Every year, around 8 to 12 staff resigned. With low pay, the Council could not attract qualified, experienced, and competent staff. In some cases, I had to train fresh graduates to get the work done.

## **7.0 Council's Effectiveness over the Years**

- From 2009- July 2016 the Council recorded 15,179 complaints worth \$25.6 million dollars (\$25,637,294) and recovered \$14 million (\$14,064,465) by solving 10,977 complaints;
- One Hundred and Seven (117) written submissions were made from May 2006- Jul 2016 to policy makers, government regulators and business groups on matters affecting consumers;
- Produced regular Annual Reports from 2006, the last Annual Report before this was produced in 1993;
- Worked with and harnessed donor support for a number of projects worth F\$1.3 million from the Government of Australia, European Union and other donors despite the Council being a statutory organization and not an NGO. This was purely based on excellent performance of the Council;
- Through prudential financial management and by seeking donor funding, the Council office was refurbished, two new vehicles, computers, and other office equipment were purchased to better equip staff in the delivery of its services

### **Other key achievements were:**

- The Council initiated/assisted Ministry of Industry and Trade in the hosting of 34<sup>th</sup> ISO/COPOLCO for the first time in the Pacific region;
- The impact of the Council's unrelenting lobbying for price control was of great benefit to consumers when the Fiji Commerce Commission put LPG under its price control on 4th August 2012. The regulation of LPG prices is one success that had taken the Council a long time to achieve;
- Years of lobbying for a simple, efficient and affordable redress system resulted in Government's announcement on the setting up of the much awaited Consumer Complaints Compensation Tribunal.
- Setting up Debt Management and Consumer Credit Advisory Services as a new service to assist consumers struggling with indebtedness. See *Annex 3* for this.

# PART B

| CONSUMER COUNCIL OF FIJI                   |  |  |
|--|--|--|
| PARLIAMENTARY PAPER NO.                    | QUESTION   | COUNCIL'S RESPONSE   |
| Audit for the year ended 31 December, 2010 | <ul style="list-style-type: none"> <li>Why was the VAT component up to 2010 not paid whenever it was due resulting in current liabilities surpassing current assets in 2009 and 2010?</li> </ul>   | <ul style="list-style-type: none"> <li>These arrears resulted from the budget announcement made in 2008 by the Government that salaries and wages would be VAT exempted. Since Consumer Council of Fiji receives grant from the Government and pays salaries and wages to its staff, the Council did not file VAT return for salaries and wages component of its grant. FRCA then argued that the Council is a statutory body and therefore must pay VAT for salaries and wages in accordance with Section 3 subsection (6) of the VAT Decree. The Council however, is still part of the Government and had to forgo 5% salary cut in 2007 despite in some cases the salary was determined by the Higher Salaries Commission. The matter was eventually resolved when the Ministry of Industry and Trade paid VAT arrears and now our VAT matters with FRCA is up to date.</li> <li>This was the prime reason why the current liabilities had surpassed current assets for both financial years ended 31 December 2010 and 2009</li> </ul>   |
|  | <p><b>Control Issues</b><br/>Please provide an update of your comments on the issues raised by the OAG in respect of the following areas:</p> <ul style="list-style-type: none"> <li>2.4 Unreconciled Variance in Grants Payable</li> <li>Table 2.1 - Grants Received from International Organizations</li> <li>Table 2.2 Variances in Grants Payable</li> </ul> | <p><b>2.4 Unreconciled Variance</b><br/>Fundamental errors in MYOB was due to wrong data entry hence unreconciled variance in Grants Payable. To remedy the above, we had an expert from Australia in December 2010. The expert assisted the Council in reorganizing accounts in MYOB to make it more relevant. Furthermore, he provided staff training which was urgently required to upgrade staff skills and knowledge in using MYOB software. Please note Grant funds were efficiently utilized and monies were not missing however variance resulted due to improper data entry into MYOB.</p> <p>The grant received from the Government was not sufficient to cater for operational costs. Therefore, the Council secured F\$116,868.69 from four different international donors (Government of Australia, EU, Consumers Korea and Consumers International) to meet increased consumer expectations. In 2010, the Council received donor funds from:</p> <ul style="list-style-type: none"> <li><b>AusAID:</b> \$2990 - Final Payment</li> <li><b>EU:</b> \$109,541- Project on Strengthening Consumer Rights</li> <li><b>CI:</b> \$2373- Access to Knowledge</li> <li><b>Consumers Korea:</b> \$1964 - Cosmetic Labeling</li> </ul> <p>As explained above</p> |



|  |   |  |
|--|---|--|
| <p>Report of the Auditor General on the Audits of Statutory Authorities — December 2010 (Parliamentary Paper No. 40 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2011</li> </ul> | <p><b>4.2 Abridged Statement of Financial Performance</b><br/>Please provide an update on the following:</p> <ul style="list-style-type: none"> <li>Salaries, wages and related payments</li> <li>Other Grants — details of increase from \$60 in 2010 to \$107,852 in 2011</li> </ul> <p><b>4.3 Abridged Statement of Financial Position</b><br/>Please provide an update on the following:</p> <ul style="list-style-type: none"> <li>Grants payable — what are they for?</li> <li>Net Assets (\$113,624) in 2011 (VAT)</li> </ul>  | <p>Please note that in March 2007, the Public Service Commission had imposed 5% pay reduction for all government employees. But the Council restored the full salary in 2009. Status quo remained same till 2011. After 2009, the next increase in the Council budget was in 2012, where effort was made to realign the salary. A sum of \$15,788 was used for that.</p> <p><u>\$107,852 was paid by the Ministry directly to clear VAT arrears in 2011</u></p> <p><b>Unused donor fund balance was treated as grant payable and this was changed from 2013. The amount in 2011 was \$266,751. This was mainly Australian Aid.</b></p> <p>Net Asset is the difference of Total asset minus Total Liabilities.<br/>2011:<br/>Total Asset \$325,975<br/>Less Total Liabilities \$439,599<br/>Net Asset (\$113,624)</p> <p><u>Again its to do with Grant payable issue which was treated as liabilities</u></p>   |
| <p>General Questions</p>   | <p><b>Background Information:</b></p> <ul style="list-style-type: none"> <li>Role and functions of the Authority</li> <li>Organization structure – total number of staff</li> <li>Board membership and fees</li> <li>Salaries for executive members</li> </ul>  | <p>Given above as Introduction</p>   |
| <p>Report of the Auditor General on the Audits of Statutory Authorities – June 2010 (Parliamentary Paper No. 33 of 2016)</p> <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2008</li> </ul>     | <p><b>6.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>Please provide an update on the increase in salaries, wages and related payments.</li> </ul> <p><b>6.3 Abridged Statement of Financial Position</b></p> <ul style="list-style-type: none"> <li>Please explain why your Total Liabilities is more than your Net Assets</li> </ul> <p><b>Control Issues</b><br/>Please provide an updated status on the audit issues raised by the OAG in respect of the following:</p> <ul style="list-style-type: none"> <li>6.4 Resignation accepted without clearing outstanding debt</li> </ul> | <p>Please note that in March 2007, the Public Service Commission had imposed 5% pay reduction for all government employees. 1% restoration of salaries was made in December 2007, 2% in July 2008 and the rest in 2009. Hence, the increase in salaries and wages as opposed to financial year ended 31.12.07. (<i>See Annex 4</i>)</p> <p>Again, the unused or left over donor funds at the end of the year were treated as liabilities. We have been placing <u>donor end of the year balance under liabilities</u> that led to increase in liabilities. We have amended our account to show donor funds separately from 2013.</p> <p>Council accepts that these staff members failed to give adequate notice under the contract of service relevant at the time. It must be noted that the Council continued pursuing the matter with Nilesh Roy, Deo Kumari and Illisapeci Marama (letters were written and follow up was made). Nevertheless under the ERP the Council appears to be statute barred as it permits any claims to be filed only after 6 months of dispute</p> |

|  |   |   |
|--|---|---|
|  | <ul style="list-style-type: none"> <li>• What has been done about amounts owed by staff?</li> <li>• Are there policies in place now- please provide evidence of your current status</li> </ul>  | <p>ss(170)(6) which Council was not aware at that time. The Council is not a member of the Data Bureau.</p> <p>Unfortunately we could not recover the dues from Deo Kumari and Illisapeci Marama.</p> <p>Yes, there are policies in place now.</p>  |
| <p>Report of the Auditor General on the Audits of Statutory Authorities – December 2010 (Parliamentary Paper No. 32 of 2016)</p> <ul style="list-style-type: none"> <li>• Audit for the year ended 31 December 2009</li> </ul> | <p><b>4.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>• Why do the salaries, wages and related payments constitute more than 50% of the total budget?</li> <li>• There is an increase in “Other Income” from \$30,767 in 2008 to \$83,620 in 2009 – please provide details of this income</li> <li>• Sundry Expenses – please provide more details on this</li> </ul> <p><b>General Questions</b></p> <ul style="list-style-type: none"> <li>• How many staff do you have?</li> <li>• How often do you visit supermarkets, etc. to carry out surveys?</li> </ul> | <p>We receive grant from the government and this fund is then used for Council’s operational costs, <u>payment of salaries and wages being principle expense</u>. However, the Government Grant alone is not sufficient enough to cater for these expenditures. Hence, the Council had to put in proposals for donor funding.</p> <p><b>Reason for Increase in Other Income</b><br/>There was a major increase in Sundry Income in the financial year ended 31.12.2009.</p> <p>Sundry Income reflected in the Statement of Income and Expenditure as per the Annual report published in 2010 was \$57,905. Reiterating the fact that the council lacked experienced staff to perform proper accounting functions which resulted in fundamental errors in MYOB. The entries were wrongly journalized to sundry income.</p> <p>Due to lack of funding from the government the council was not in a position to recruit highly qualified staff to manage the council’s financial operations and book keeping.</p> <p><b>Details for Sundry Expense</b><br/>We do not have proper details at hand therefore we are unable to provide requested information. The council back then as mentioned above did not have qualified staff with proper accounting knowledge to aptly perform book keeping duties.</p> <p>Generally from 21 the staff number increased to 26 now.</p> <p>The following surveys are conducted:</p> <ul style="list-style-type: none"> <li>• Price Surveys of food and vegetables in supermarkets (from every month to every two months);</li> <li>• Service station survey (every month);</li> <li>• Price survey of duty reduced items; and</li> <li>• Market surveillance based on complaints and this involves wide range of goods and services.</li> </ul> |

|   |   |  |
|---|---|--|
|   | <p><b>4.3 Abridged Statement of Financial Position</b></p> <ul style="list-style-type: none"> <li>• Grant – AusAID project – please provide details of the increase in grant from \$106,634 in 2008 to \$213,967</li> <li>• Please explain why your Total Liabilities is more than your Net Assets</li> </ul> | <p>In 2008 we received AusAID grant of \$106,634 to conduct research on effectiveness of SCT; prepare essential services brochures and consumer advocacy work. In 2009, the Council received grant from European Union for a project called” <i>strengthening consumer rights and eliminating unfair trade</i>”</p> <p><b>Total liabilities more than Net Assets</b><br/>Again, unused donor funds at the end of the year was placed under grant payable that increased the liabilities.</p> |
| Report of the Auditor General on the Audits of the Statutory Authorities - December 2011 (Parliamentary Paper No. 36 of 2016) | <p><b>2.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>• Can we be advised as to why the entity funds a huge deficit of \$31,961 in 2010 as opposed to a surplus of \$6,707 in 2009?</li> </ul>   | <p>Surplus in 2009 was due to rolling fund given by AusAID to meet operational costs. However, in 2010, three year rolling fund ended and a deficit was seen in 2010 accounts, which was due to increase in operational costs and no support from the donor agency.</p>  |





1

# PUBLIC ACCOUNTS COMMITTEE

## FRCA RESPONSE

18<sup>TH</sup> OCTOBER 2016

JUNE 2010

DECEMBER 2011

DECEMBER 2010

JUNE 2012

## Summary of PAC Queries

2

| # | Title                    | General Questions | No. of Control Issues |
|---|--------------------------|-------------------|-----------------------|
| 1 | FRCA Wide Questions      | 4                 | -                     |
| 2 | OAG June 2010 Report     | -                 | 49                    |
| 3 | OAG December 2010 Report | 2                 | 36                    |
| 4 | OAG December 2011 Report | 3                 | 6                     |
| 5 | OAG June 2012 Report     | -                 | 2                     |
|   | Total                    | 9                 | 93                    |

## Presentation Outline

3

- ▶ FRCA Background Information
- ▶ Finance Related Questions
- ▶ Common Control Issues across the 4 OAG Reports
- ▶ Specific Control Issues per OAG Report (in Sequential Order)

## FRCA Background Information

4

| Question                         | FRCA Response  |
|----------------------------------|--|
| Role & Function of the Authority | Role and Function of the Authority to act as the agent of the state in the provision of taxation and customs services. |
| Total Number of Staff            | 808 staffs as at 13 <sup>th</sup> October 2016   |
| Board Membership & Fees          | \$31,625 paid for 2015<br>Board Chair does not get any fee's.  |
| Salaries for Executive Members   | \$1,535,311 for 2015 FY  |

## Finance Related Questions

| #                               | Issue  | FRCA Response  | 5 |
|---------------------------------|--|--|---|
| <b>OAG June 2010 Report</b>     |  |  |   |
| 8.6                             | Non-inclusion of Customs Liabilities and Arrears of Revenue  | The customs liabilities and arrears of revenue are now included in the financials since 2010.  |   |
| <b>OAG December 2010 Report</b> |  |  |   |
| 7.2                             | <p>Abridged Statement of Financial Performance</p> <p><i>Fees and charges received by FRCA of \$3.9m for 2009 and Other Income of \$1.9m; 1) Why were these not paid to Government? 2) What is FRCA using these revenue for?</i></p> | <p>Section 34 (g) of the FRCA Act 1998 states that the funds of the Authority shall consist of " (g) fees or other charges imposed by the Authority under this Act or authorized under any of the laws specified in the First Schedule and payable to the Commissioner of Inland Revenue or Comptroller of Customs and Excise; " Hence, all these funds or income received by the Authority is part of FRCA's income and was not remitted to Government.</p> <p>These funds are used for the following purposes:</p> <ul style="list-style-type: none"> <li>- User Pay overtime for Customs Officers;</li> <li>- Medical Allowances for Staff;</li> <li>- 30% Allowance for Nadi Customs Officers;</li> <li>- Improvement/Enhancement made to ASYCUDA system; and</li> <li>- Any other payment which may be approved by the Board or the Chief Executive Officer to be paid out from fees and charges fund.</li> </ul> |   |

## Finance Related Questions

| #                               | Issue   | FRCA Response   | 6 |
|---------------------------------|---|---|---|
| <b>OAG December 2010 Report</b> |   |   |   |
| 7.4                             | Revaluation of Motor Vehicle  | There has been no revaluation done on FRCA assets since 2009, however for any future revaluations, an independent consultant will be hired and will ensure compliance with <u>IFRS and FAS 16</u> .   |   |
| 7.5                             | Variance between the Authority Revenue Collection Report and MOF General Ledger | Monthly revenue reconciliations are being done with the Ministry of Economy. From the \$20.1m variance highlighted in 2009 by OAG, the variance has significantly dropped to \$15,487.78 as at December 2015, with the variance clearly accounted for as unidentified deposits and dishonored cheques which are cleared on monthly basis. |   |
| 7.6                             | Bonus payments  | With the view of the encouraging productivity and performance the Authority, through the Board has adopted the Balanced Scorecard (BSC) as a tool to assess, monitor and reward performance. This has been in effect from 2012.   |   |

## Finance Related Questions

7

| #                               | Issue   | FRCA Response   |
|---------------------------------|---|---|
| <b>OAG December 2011 Report</b> |   |   |
|                                 | Abridged Statement of Financial Performance   |   |
| 4.2                             | Can we be advised as to why the grant from Government payable to the entity has decreased to \$25.2m in 2010, resulting in a deficit of \$1.07m in the same year? | The grant income from government is controlled by Ministry of Economy and the Authority has no control over it. |

## Finance Related Questions

8

| #                               | Issue  | FRCA Response  |
|---------------------------------|--|--|
| <b>OAG December 2011 Report</b> |  |  |
|                                 | Abridged Statement of Financial Position   |  |
| 4.3                             | Can we be advised as to how the decline in Total Assets by 7%, Current Assets by 36% and PPE by 16% has come about?                                  | <ul style="list-style-type: none"> <li>The decrease in total assets or current assets is due the realization investment (term deposit) which was used to cater for the expenses as the grant income was not sufficient to cover authority's expenses.</li> <li>Please note the decrease in Fixed assets is due to the reclassification of Property Plant &amp; Equipment to investment property (Note 8 of FS).</li> </ul> |
|                                 | Can we also be advised totaling 50% that the entity disengaged itself from resulting in the entity losing out on those Assets and Plant & Equipment? | <ul style="list-style-type: none"> <li>Investments are mostly from the fees &amp; charges funds and the capital grants which are not being fully utilized in that particular year. As some projects take more than a year to complete, hence the authority investments these funds to earn interest income instead of keeping these funds idle.</li> </ul>   |



## Common Control Issues

9

| #                             | Year  | Issue                                     | FRCA Response  |
|-------------------------------|-------|---|--|
| 8.7.1.1<br>8.8.3.1<br>8.9.5.2 | 06/10 | Post Audit Backlog                        | The backlog is currently 2 months behind and in light of limited resources, the Customs Compliance team are adopting a risk based approach to identify their post audit scope.   |
| 8.7.1.2<br>8.8.3.2<br>8.9.5.1 | 06/10 | Outstanding Short Payments Advices (SPAs) | Since the period of audit;<br>1. The Authority has centralized and automated its debt recovery for both its Tax and Customs arm.<br>2. FRCA has revised its legislation to strengthen its recovery mechanism.<br>3. FRCA is now working closely with its stakeholders to ensure debts are recovered on a timely basis. |
| 7.13                          | 12/10 |   | Current outstanding SPA's to date stands at <b>\$242,094.11</b> .  |

## Common Control Issues

10

| #                             | Year  | Issue  | FRCA Response  |
|-------------------------------|-------|--|--|
| 8.7.2.1<br>8.8.1.1            | 06/10 | Analytical Review of Fuel Concessions to Bus Companies       | Database is being created to capture monthly consumption rate and refund payable for individual bus company.<br><br>Road service license is verified to compare daily consumption rate for each bus. Monitoring is being done in terms of usage of fuel and refund allowed by bus companies<br><br>Proper verification is conducted against historical consumption rate before approval of claims.<br><br>Distorted analytical findings are properly investigated before processing of claims. |
| 8.7.2.2<br>8.8.1.2<br>8.9.1.1 | 06/10 | Outstanding Refunds to Bus Companies and Diplomatic Missions | Refund are processed in timely manner and only held back in cases of errors and rejected accordingly.<br><br>Regular reviews and verification will be done to confirm refund however, revenue rebates depends entirely on the Government.  |

## Common Control Issues

| #                         | Year           | Issue   | FRCA Response   | 11 |
|---------------------------|----------------|---|---|----|
| 8.7.2.3<br>7.8            | 06/10<br>12/10 | Ships Account - Manifest Anomalies            | These process are simultaneously done at the Wharf through electronic jerquing via the new ASYCUDA World system. As such, movement of manifest files from wharf to Ships Account is no longer required.   |    |
| 8.7.3.1<br>8.8.4.1        | 06/10          | Pre-release of goods                          | Pre-release is a process of facilitating trade. The pre-release process is now automated in the new Customs AW system. This has ensured timely follow ups. Late payments fines is applicable.   |    |
| 8.7.4.1<br>8.9.2.2        | 06/10          | Uncleared Cargo                               | An officer has been assigned to send reminders for the due dates of removal of overdue cargo. The officer is made aware through SOP of their duty for clearing the overdue cargo. All goods are transferred to the Customs warehouse on the expiry of the clearance time. Regular briefing and de-briefing of our officers to ensure timely clearance of cargos.                |    |
| 8.7.5.1<br>8.9.3.2<br>6.8 | 06/10<br>06/12 | Physical Records not matching with Stock-take | Reconciliation has been done and goods are properly accounted for. Stock take are undertaken according to the plan with surprise stock take. Officers are also running reports on weekly basis to monitor expiry of goods. Further, with the introduction of Customs new AW system, stock takes and reconciliations are done before data are transferred from A++ to AW system. |    |

## Common Control Issues

| #                  | Year  | Issue                                       | FRCA Response  | 12 |
|--------------------|-------|---|--|----|
| 8.7.5.2<br>8.8.5.5 | 06/10 | Deteriorating Items in the Warehouse        | During the time of Audit by OAG, the time period for detaining motor vehicle in the warehouse is 5 years.  |    |
| 8.7.5.3<br>8.8.5.3 | 06/10 | Missing Vehicle Parts                       | Currently, all motor vehicle subject to 1 year warehouse period.   |    |
| 8.8.5.2            | 06/10 | Expired Warehousing Period                  | Ad hoc stock takes are taken to ensure compliance from bond owners. Warehouse stock take plan will ensure that all bonded warehouse are inspected on a quarterly basis.              |    |
| 8.7.5.4<br>8.8.5.4 | 06/10 | Damaged Vehicle                             | The product code provisions have phased out after implementation of AW. Instead the products in the Warehouse are identified by its (SAD) IM 7 Reference number and the line number. |    |
| 8.9.3.1            | 06/10 | Product Code Identification for Warehousing | Warehouse owners and warehouse keepers formally warned on their responsibilities.  |    |
| 4.7.1              | 12/11 | Lack of Inspection of Bonded Warehouse      |  |    |

## Common Control Issues

| #                  | Year           | Issue                        | FRCA Response  | 13 |
|--------------------|----------------|------------------------------|--|----|
| 8.9.4.1<br>4.5.1.1 | 06/10<br>12/11 | Hanging Entries              | <p>Section 47(4) of Customs Act has been amended. From the date of assessment only 4 days is given for payment of duty, failure to do so will result in \$100 penalty each SAD entry. System enhancement on AW have significantly reduced hanging entries.</p> <p>Debt recovery section is now been centralized to effectively control and collect all unpaid revenue.</p> |    |
| 8.8.1.3<br>8.9.1.2 | 06/10          | Outstanding Drawback Refunds | <p>Claims are processed as soon as it is received. Only rejected claims will take more time as the owner has to amend the claim. Turnaround time is 3 days for processing if there is no rejection. Rejected claims are formally dispatch back to importers under covering letters.</p> <p>No drawbacks are outstanding at the moment.</p>                                 |    |

## Common Control Issues

| #                  | Year  | Issue                               | FRCA Response  | 14 |
|--------------------|-------|-------------------------------------|--|----|
| 7.7<br>7.9<br>7.12 | 12/10 | Overtime Claims                     | <p>Overtime is required by our customers as part of the business needs and our role as facilitators of trade.</p> <p>Shift work is currently being trialed at the Nadi Airport due to the 24 hour nature of operation. FRCA is currently undertaking a study to assess whether 24-hour shift is necessary for the other ports taking into account the nature of operations and level of readiness by other Border Control Agencies.</p> <p>The overtime claims for all officers are scrutinized in accordance to the Overtime requirements before payments are made. Further this is also part of the due diligence done for the 24 hour shift-work for all ports.</p> |    |
| 7.10<br>7.11       | 12/10 | Motor Vehicle under Duty Concession | <ol style="list-style-type: none"> <li>1. A concession monitoring unit is now established</li> <li>2. A follow up method is now designed of running the reports every fortnightly and submitting to LTA for registration details. This can be enabled as part of our MOU between the two organizations (FRCA/LTA)</li> <li>3. Before disposal, it should be mandatory for LTA to request the applicant to provide a clearance letter from Customs FRCA that there is no further duty liability applicable and that the vehicle can be disposed.</li> </ol>   |    |



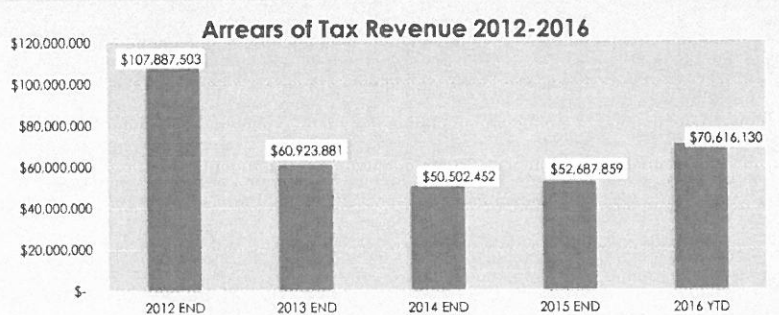
## Common Control Issues

15

| #     | Year  | Issue  | FRCA Response   |
|-------|-------|--|---|
| 7.17  | 12/10 | Revocation of Departure Prohibition Order    | Revocation of DPO has been reviewed whereby, DPO is revoked upon full payment of debt and appropriate approvals obtained from CEO's Office. DPO issued upon assessment of flight risk of taxpayer.  |
| 7.25  | 12/10 | Failure to issue Departure Prohibition Order | DPO is a tool used sparingly and is only issued when the need arises i.e. flight risk. DPO is only issued when a debt is generated and taxpayer is a flight risk - dealt on a case by case basis.<br><br>All DPO's and revocation of the same are approved by the Board and co-signed off on by Board Chairman. |
| 4.9.1 | 12/11 | Abscondment of Taxpayer                      | Further as a debt recovery tool, property and vehicle charges are simultaneously placed for material tax assessments.   |

## Common Control Issues

16

| #    | Year  | Issue                        | FRCA Response   |
|------|-------|------------------------------|---|
| 7.18 | 12/10 | Long Outstanding Collections | <p>DMU now have teams based on aged of debtors (1-30 Days, 1 month - 5 years &amp; Over 5 years). This is to ensure that debt lapsed into the other categories are managed.</p> <p>Trend on Arrears of Tax Revenue 2012-2016 is as follows:</p>  <p>Net collectible tax arrears currently stands at \$70.6m (16/08) and is driven by new assessments and audit assessments raised in the 1<sup>st</sup> 6 months of the year yet to be collected.</p> |

## Common Control Issues

| #     | Year  | Issue  | FRCA Response  | 17 |
|-------|-------|--|--|----|
| 7.19  | 12/10 | Revenue Collected and Debt Outstanding           | DMU now have teams based on aged of debtors (1-30 Days, 1 month - 5 years & Over 5 years). This is to ensure that debt lapsed into the other categories are managed.   |    |
| 7.21  | 12/10 | Write-off of Debt                                |  |    |
| 7.22  | 12/10 | Continuing Debt Recovery Cycle                   |  |    |
| 4.4.1 | 12/11 | Failure to Instigate Recovery Actions            | Current debt to be collected as soon as possible. The initiative has been implemented as a result of the TADAT study.  |    |
| 4.4.2 | 12/11 | Long Outstanding Collections for Legal Referrals | Record Of Action (ROA) now record cases referred to Legal. Proper handing over of files from DMU to Legal Section is being done appropriately and files are trimmed in the TRIMS and FITS system where constant follow ups are done by responsible DMU officers. |    |

## Common Control Issues

| #      | Issue  | FRCA Response  | 18 |
|--------|--|--|----|
| 7.20.1 | Cases likely for Write-off Whereabouts of taxpayers are unknown due to change in Address | DMU now have teams based on aged of debtors (1-30 Days, 1mnth - 5 years & Over 5 years) to ensure that debt drift into the other categories, especially the current debt. Current debt to be collected as soon as possible. Implemented as a result of the TADAT.  |    |
| 7.20.2 | Non-availability of Taxpayer files with Legal Section                                    |  |    |
| 7.20.3 | Death of Taxpayer  | In cases where taxes are unable to be recovered, it goes through a stringent process whereby it is being reviewed by the Debt Team, Legal Team, IA, CEO's Office, Board and recommended for Minister's Approval. Proper handing over of files from DMU to the respective section's is being done appropriately and files are trimmed in the TRIMS system.    |    |
| 7.20.4 | Non-existence of businesses owing debt   | MOU's with other Government Agencies to enhance debt recovery process.   |    |
| 7.20.5 | Abscondment of the taxpayer  | Debt is only reinstating for write-off by the Debt Team if:<br>1. Uneconomical to pursue the debt for further recovery, as recovery costs would exceed debt;<br>2. Abscondment of Taxpayer with no available assets;<br>3. Death of Taxpayer with no available assets;<br>4. Winding Up of companies with no available assets for both company and directors |    |

## Specific Control Issues – June 2010

| #       | Issue                             | FRCA Response   | 19 |
|---------|-----------------------------------|---|----|
| 8.4     | Legal Title to Land and Buildings | <p>Upon the merger through the FRCA Act, the Authority has legal title to the Properties.</p> <p>We are into the process of formalizing the legal ownership to the Property.</p>                                    |    |
| 8.7.6.1 | Suva Customs - Duration of Cases  | The turnaround of investigations shall depend on the complexity of cases. However, since the period of audit, FRCA has developed its SOP and Officers have their individual case plan and with timeline benchmarks. |    |

## Specific Control Issues – June 2010

| #               | Issue                               | FRCA Response   | 20   |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |
|-----------------|-------------------------------------|---|------|--------------------|----------------|------|---------------|-----|-----------------|---------------|-------|--------|---------------|-------|--------------|-------------------|--------------|
| 8.5             | Increase in Outstanding VAT Refunds | <p>There is continued emphasis to reduce Outstanding VAT Refunds. A total of \$307.7m was refunded in 2015 compared to \$303.8m in 2014. Authority continues to work on clearing out outstanding VAT Refunds.</p> <p>Outstanding VAT Refunds as at September 2016 amounted to \$61.155m of which breakdown is as follows:</p> <table><tr><th>Type</th><th>As at Sept 16 (\$)</th><th>No. of Returns</th></tr><tr><td>Held</td><td>14,446,413.99</td><td>811</td></tr><tr><td>Missing Returns</td><td>19,986,525.73</td><td>2,134</td></tr><tr><td>Normal</td><td>26,722,448.41</td><td>1,931</td></tr><tr><td><b>Total</b></td><td><b>61,155,388</b></td><td><b>4,876</b></td></tr></table> <p><u>Held</u> cases refer to those <u>under audit</u>, <u>insufficient documentation</u>, and <u>outstanding tax matters</u>. Also include TP who wish to transfer their refunds to the next period. <u>Missing returns</u> includes those who have <u>outstanding VAT/Tax returns</u>, consistently between two period.</p> | Type | As at Sept 16 (\$) | No. of Returns | Held | 14,446,413.99 | 811 | Missing Returns | 19,986,525.73 | 2,134 | Normal | 26,722,448.41 | 1,931 | <b>Total</b> | <b>61,155,388</b> | <b>4,876</b> |
| Type            | As at Sept 16 (\$)                  | No. of Returns  |      |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |
| Held            | 14,446,413.99                       | 811   |      |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |
| Missing Returns | 19,986,525.73                       | 2,134   |      |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |
| Normal          | 26,722,448.41                       | 1,931   |      |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |
| <b>Total</b>    | <b>61,155,388</b>                   | <b>4,876</b>  |      |                    |                |      |               |     |                 |               |       |        |               |       |              |                   |              |



## Specific Control Issues – June 2010

21

| #       | Issue   | FRCA Response   |
|---------|---|---|
| 8.7.6.2 | Suva Customs - Lack of resources at Investigation Section     | The section is now fully staff. Proposal have been forwarded to management for purchase of surveillance equipment. Currently, the team has been equipped with cameras and binoculars for surveillance work. |
| 8.7.6.3 | Suva Customs - Substantial Write off of Customs Duty          | Since the period of audit, our Act has been implemented to capture the proper write off of debts and recovery has been centralized with DMU. Due diligence are done before write-offs are considered.       |
| 8.7.7.1 | ESU - Un-authenticated Investigation (FIRCA v ESU/FICS/01/08) | Continuous awareness and training on investigation processes and procedures are being carried out within the Authority.   |

## Specific Control Issues – June 2010

22

| #       | Issue  | FRCA Response   |
|---------|--|---|
| 8.7.7.2 | ESU - Superfluous Investigation (ESU/IRS/03/08 v FIRCA)            | <p>Suspension will only be considered if the staff is RISK to direct or indirect evidence in his/her work environment AND if he/she is senior/managerial or executive staff and is a risk to other subordinates.</p> <p>Risk is identified during preliminary investigation and executives advised accordingly for decision as per the Code of Conduct (COC) promulgation.</p>  |
| 8.7.7.3 | ESU - Unproductive Salary payouts due to Reinstatement of Officers | <p>Following the COC promulgation allowing for full representation by the staff to answer to any allegation. This is in accordance with the COC after which the decision against the staff is made.</p> <p>This prevents the RISK of a backlash by staff as decision taken after full disclosure of the evidence and an opportunity for staff to question evidence.</p> <p>The absence or partial following of process in the name of cost cutting may result in the organisation paying more for unproductive time in reinstating.</p> |

## Specific Control Issues – June 2010

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| #       | Issue  | FRCA Response   |
|---------|--|---|
| 8.8.2.1 | Lautoka Customs - Intelligence<br>Lautoka Section                      | - Steps has been taken to negotiate with property to provide unmarked vehicles when required. Company mobiles and also laptops are being provided to assist in field work.  |
| 8.8.2.2 | Lautoka Customs - Boat for<br>Lautoka Office                           | - A collaborated border management approach is adopted with relevant border agencies. This is to ensure sharing of resources. Further we are working on a single window concept with other border agencies and this will enhance monitoring at our borders.   |
| 8.8.3.3 | Lautoka Customs - Short<br>Payment Advice (SPA)<br>Issued after a Year | The Act has been amended to accommodate the timeline from 1 year to 5 year under Section 114B and Section 101A of the Customs Act. The procedure is also documented in the SOP.   |
| 8.8.5.1 | Lautoka Customs -<br>Hanging Oils Returns                              | - Ltka management has raised a paper with submission on this issue of hanging entries in 2015. The Executive management will make their decision and proposal to the Board once all due diligence process is complete.<br><br>Further, stock-take and reconciliations are done on all bonded oil tanks before data is transferred from A++ to AW. |

## Specific Control Issues – June 2010

24

| #       | Issue  | FRCA Response  |
|---------|--|--|
| 8.9.2.1 | Nadi Customs -<br>Detention<br>requiring<br>Permits          | FRCA advises the relevant Authority issuing the permit. Till their clearance, we detain the consignment.   |
|         |  | The DSS Scheme has phased out and all imported raw materials are zero rated.   |
|         |  | Revenue risks are minimum with options for audit control still exist which is carried out by the Risk & Compliance section.  |
| 8.9.4.2 | Nadi Customs -<br>Local Disposal<br>by Tax Free<br>Factories | Application of Risk Management techniques practiced by all business units with Intel based audit is more effective means of controls.<br><br>FRCA to conduct awareness on compliance requirements and educate the key stakeholders on PCA requirements.<br><br>Encourage voluntary compliance and, strengthen customs to business partnership approach |

## Specific Control Issues – June 2010

| #       | Issue                                     | FRCA Response  | 25 |
|---------|---|--|----|
| 8.9.4.3 | Nadi Customs Duty Suspension Scheme (DSS) | <p>There was an MOU between FRCA and the Fiji Exporters Council in the administration of DSS. The Fiji Exporters Council calculate and monitors the credit limit.</p> <p>As confirmed with Fiji Exporters Council a software was enquired and trialed but not working according to expectation and the council switched back to manual calculation.</p> <p>DSS incentive has been repealed as per the 2015 budget.</p>   |    |
| 8.9.6.1 | Nadi Customs Duty Free Shop Bond          | <p>Our border officers based at the passenger clearance office to conduct audit on weekly basis. The customs officers to use the paper trails (Customs SAD'S, Internal Inventories ,stock card , sales requisitions, stock transfer requisitions for audits purposes.</p> <p>Conduct regular meetings and create awareness / educate key stakeholders on the importance of customs compliance requirements, working in partnership and encourage "Voluntary Compliance "are some of the ways to bring about improved compliance and best practice.</p> |    |

## Specific Control Issues – June 2010

26

| #       | Issue  | FRCA Response  |
|---------|--|--|
| 8.9.7.1 | Customs Labasa - Surveillance                      | Profiling and risk management is now being done. The team is conducting its awareness across the community for surveillance purposes.  |
| 8.9.8.1 | Savusavu - Border Control                          | A collaborated border management approach is adopted with relevant border agencies. This is to ensure sharing of resources. Further we are working on a single window concept with other border agencies and this will enhance monitoring at our borders.            |
| 8.9.8.2 | Savusavu - No SPA issued after Detention of Goods. | We have acknowledged the finding and an SOP is in place now to ensure that Short Payment is used for detention of goods of that nature. Development of SOP- Regular brief and debrief to Officers. Continuity of ensuring compliance - Regular update from Officers. |



## Specific Control Issues – Dec 2010

27

| #    | Issue  | FRCA Response   |
|------|--|---|
| 7.14 | Auction Sales – Warehouse                                  | The Authority continues to put out the auction dates in the local newspapers but cannot comment on the level of public response. However the Authority through its PR team will aim to improve marketing of the goods available for auction via use of social media and the FRCA Website. |
| 7.15 | Recruitment of Temporary Relieving Clerical Officer (TRCO) | The recruitment of Temporary Relieving Clerical Officers ended on 31/12/2012 and effective from 01st January 2013, FRCA has been advertising all Vacancies both internally and externally.  |
| 7.16 | Housing Entitlements                                       | The staff has since been terminated and the letting contract has been rescinded. The FRCA Transfer and Housing Policy is now in place and caters for staff transfers and housing entitlements. Housing allowances are included in staff's fortnightly pay.                                |
| 7.23 | Non-recoverability of Debt through Surety                  | TIN # given by OAG as an example is an invalid TIN # in our system.<br><br>TAD allows FRCA to recover debts from the surety. Surety form is available for sign-off and outlines responsibility of the surety and his/her obligations.   |

## Specific Control Issues – Dec 2010

28

| #    | Issue  | FRCA Response  |
|------|--|--|
| 7.24 | Time-to-Pay Arrangement (TTPA)                 | FITS has a TTPA Module which maintains all TTPA's for each Taxpayer and can be generated at any time showing the status of each TTPA per taxpayer.   |
| 7.26 | Non Payment of PAYE                            | TIN # given by OAG as an example is an invalid TIN # in our system.<br><br>Proper handing over of files from DMU to Legal Section is being done appropriately and files are trimmed in the TRIMS system. Process improvements include sign-off upon receipt and handing over.  |
| 7.27 | Anomalies for the Assessment of Company Return | FRCA's concerns is having a complete set of Accounts, including comparative years. Register for audit referrals maintained. Desk audit process for Company Returns Processing – with new NTIS system having inbuilt risk profiling features. Returns are accepted on basis that they are signed. Ongoing awareness for returns filing. |

## Specific Control Issues – Dec 2010

29

| #    | Issue  | FRCA Response  |
|------|--|--|
| 7.28 | Amendments to Form S                                       | Any amendments to returns are now independently handled by the Objection Review Team (ORT) formerly ACCU). Form S is now processed via Employer Monthly Summaries (EMS) Process. Access to Amendments is closely monitored by IT with appropriate personnel given appropriate access levels.                                   |
| 7.29 | Assessment Anomaly   | Checker role is now given to Senior officers who does the checking to ensure accuracy of assessment of returns. Structure put in place to ensure errors/ anomalies are minimized. Customers who have queries on FRCA Affairs have access to Customer Service Centre or Call Centre for resolving of queries or clarifications. |
| 7.30 | Vat Input Schedules  | VAT Self Assessment process now in place in which Taxpayer files VAT returns and pay's VAT. No VAT input schedule is required. VAT Desk Audit team upon post-review, will demand VAT input schedule from profiled taxpayers for verification. VAT Review Team also does checks/audit.  |
| 7.31 | Chief Assessor of Risk and Compliance in Training Division | The issue has been resolved  |

## Specific Control Issues – Dec 2010

30

| #    | Issue  | FRCA Response   |
|------|--|---|
| 7.32 | Case selection for Source Deduction Audit.       | Inspection Team has commenced with PAYE inspections, with the aim of improving compliance by taxpayers. Audit referrals register is maintained in which inspection team fill in for taxpayers identified for audit and follow-ups done on progress of audit.  |
| 7.33 | Assistant Auditors on Supervisory Positions      | Supervisors are now all senior officers and have the appropriate experience to carry out his or her duties.   |
| 7.34 | Returns on Hold                                  | Incomplete and unsigned returns are those put on hold. Taxpayer requested to submit additional information or sign-off before the returns are processed. Ongoing follow-up done with Taxpayers for on-hold cases. Risk to process returns which are unsigned or insufficient information provided as case can be overturned in future by Tax Courts due claims by taxpayer. |
| 7.35 | Overpayment of Hotel Turnover Tax (HTT, now STT) | STT teams now doing reconciliation between amounts paid and the amount as per the return. Ongoing awareness with taxpayers to comply with STT legislation and ensure appropriate amount of tax is paid.   |



## Specific Control Issues – Dec 2010

31

| #    | Issue                                     | FRCA Response   |
|------|---|---|
| 7.36 | Reconciliation of Annual Summaries        | Reconciliation ongoing by FRCA PAYE Officers to ensure tax deducted by the respective companies match the amount remitted. PAYE now going through Employment Monthly Summary (EMS). PAYE team working closely with the taxpayers to reconcile EMS summaries on a timely basis.  |
| 7.37 | Unpaid Audit Cases                        | Audit & Compliance works with the Case Manager (DMU) at the discussion stage with taxpayer so as to ensure ease of recovery of debt, including sharing of documents (bank statements, titles). Audit targets are now set as cash collection with auditors expected to liaise with the Taxpayers to collect the cash from their assessments. |
| 7.38 | Short Payment of Hotel Turnover Tax (HTT) | STT teams now doing reconciliation between amounts paid and the amount as per the return. Ongoing awareness with taxpayers to comply with STT legislation and ensure correct amount of tax is paid.<br><i>long - issue</i>  |

## Specific Control Issues – Dec 2010

32

| #    | Issue                          | FRCA Response   |
|------|--------------------------------|---|
| 7.39 | Tax Agents Outstanding Returns | With the Introduction of the Tax Compliance Certificate a few years ago, FRCA has now made it compulsory that all New Applications and Annual Renewal of Licenses for Tax Agents must have the Tax Compliance certificate as a compulsory requirement thus their lodgments and payments must meet the compliance requirements.  |
| 7.40 | Lottery Permit                 | <p>Lottery being done by NGO's and Sporting Bodies' to raise funds and the person making the application is the person held responsible (secretary/treasurer).</p> <p>Provisional assessments are set for Gambling Turnover Tax (GTT) based on expected profit from lottery. Extension is normally required by the permit holders for collection of expected funds.</p> <p>Follow-ups done to ensure timely payment. As per TAD, system generated penalties kick in for non-remission of GTT return for the respective permit holder as per expected date, unless extension is given.</p> |

## Specific Control Issues – Dec 2011

33

| #       | Issue                                 | FRCA Response  |
|---------|---------------------------------------|--|
| 4.4.3   | Cash Collection Targets - DMU Labasa  | At the time of audit report, targets were evenly distributed to officers irrespective of the district that they are in, now target collections are distributed according to district's debt level which is more realistic & achievable   |
| 4.5.1.2 | Lautoka Cashier - Dishonoured Cheques | All the dishonored cheques from 2008 - 2009 has been recovered. Two of the agent's license was revoked. <i>non-issd</i><br>Cashiers are now guided strictly by the company bank guarantee amount in place.   |
| 4.6     | Valuation                             | Officers have been trained to use the GATT valuation while valuing goods.<br>Manager Risk and Compliance has already started of with one training for Lautoka officers from all sections including Revenue and Border. SOP will be continuously reviewed and be aligned to WCO best international practices. |
| 4.8.1   | Aircraft Accounts                     | Duty has been paid.  |

## Specific Control Issues – June 2012

34

| #    | Issue  | FRCA Response   |
|------|--|---|
| 6.10 | Certificate of Exports versus ASYCUDA Direct Export (EX1) Reconciliation | Exports verification for the purposes of Income Tax deductions is no longer carried out by Tariff & Trade since The issuing of Export Certificate has now ceased from the year 2013.<br><br>Tax officials having ASYCUDA access to directly view export documents. Only EX1 will qualify for export income deduction incentive. |

VINAKA VAKALEVU & THANK YOU!

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## PUBLIC COMMITTEE RESPONSE 2009/2011

### GENERAL QUESTIONS

#### 1. Background Information

##### a. Role and Function of the Bank

*Fiji Development Bank was established under the provisions of the Fiji Development Bank Act opened for business on 1st July 1967 taking over the operations of the former Agricultural and Industrial Loans Board. The Government of Fiji owns the total share capital of the Bank.*

*As per FDB act chap 214, section 5, the functions of the Bank includes facilitate and stimulate the promotion and development of natural resources, transportation and other industries and enterprises in Fiji, and in the discharge of these functions, the Bank shall give special consideration and priority to the economic development of rural and agricultural sectors of the economy of Fiji.*

##### b. Organisation Structure- Total Number of staff

*The Bank currently has a total staff complement of 211 staff. Attached is the Banks organisational structure.*

##### c. Board Membership and fees

*The Board meets every two months and are paid Directors fees in addition to a Sitting Allowance for every sub-committee meeting attended. The fees and sitting allowance is approved by the Ministry of Finance which is currently as follows:*

| Directors                            | Full Board      | Per Annum   |
|--------------------------------------|-----------------|-------------|
| Mr Robert Lyon                       | Chairman        | \$16,878.00 |
| Mr. Vadivelu Pillay aka Wella Pillay | Deputy Chairman | \$10,973.00 |
| Mr. Inia Naiyaga                     | Member          | \$ 8,439.00 |
| Ms. Olivia Mavoa                     | Member          | \$ 8,439.00 |
| Mr. Rajesh Patel                     | Member          | \$ 8,439.00 |

*Sub Committee Allowance:*

|          |   |               |
|----------|---|---------------|
| Chairman | : | \$200.00/hour |
| Member   | : | \$150.00/hour |

| Sub-Committee | Audit            | Human Resource   | Credit Risk                          |
|---------------|------------------|------------------|--------------------------------------|
| Chairman      | Mr. Rajesh Patel | Ms. Olivia Mavoa | Mr Robert Lyon                       |
| Member        | Mr. Inia Naiyaga | Mr. Rajesh Patel | Mr. Inia Naiyaga                     |
| Member        | Mr Robert Lyon   | Mr Robert Lyon   | Mr. Vadivelu Pillay aka Wella Pillay |

e. **Salaries for Executive Members**

|  | <u>Base Salary</u> |
|--|--------------------|
| Chief Executive Officer                    | : \$177,523.00     |
| General Manager Business Risk              | : \$103,115.00     |
| General Manager Finance and Administration | : \$100,296.00     |
| General Manager Relationship & Sales       | : \$97,129.00      |

f. **What is difference between the consolidated account and the Bank account?**

*Bank account is entirely on Banks operational activity whereas consolidated account is amalgamation of banks operational profitability together with its subsidiary FDB Nominees.*

g. **Provide a brief update of the Sectors assisted for example agriculture -which areas, transportation – which areas?**

*FDB concentrates on its developmental role in keeping with the provisions of the Act and plays a more active role in the development of resource-based sectors and all other economic sectors that contribute to employment creation, exports, import substitution that assist in the economic development of the nation. In keeping with its lending mandate and Government strategic objectives, the Bank will continue its focus on the following sectors:*

| Sector/RBF Major                        | Portfolio as at 30/06/2016 |               |
|---|----------------------------|---------------|
|   | Value                      | %             |
| <b>Focus</b>                            | <b>158,706,194</b>         | <b>42.26%</b> |
| Agriculture                             | 72,744,282                 | 19.37%        |
| Electricity, Gas & Water                | 19,759,032                 | 5.26%         |
| Manufacturing                           | 20,935,888                 | 5.58%         |
| Mining and Quarrying                    | 557,715                    | 0.15%         |
| Professional & Business Services        | 2,275,335                  | 0.61%         |
| Transport, Communication & Storage      | 31,897,898                 | 8.49%         |
| Wholesale, Retail, Hotel & Restaurants  | 10,536,044                 | 2.81%         |
| <b>Non-Focus</b>                        | <b>216,806,495</b>         | <b>57.74%</b> |
| Building & Construction                 | 54,809,429                 | 14.60%        |
| Non- Bank Financial Institutions        | 2,047,527                  | 0.55%         |
| Others                                  | 5,027,950                  | 1.34%         |
| Private Individuals                     | 20,912,321                 | 5.57%         |
| Professional & Business Services        | 0                          | 0.00%         |
| Public Enterprises                      | 16,680,611                 | 4.44%         |
| Real Estate                             | 70,397,894                 | 18.75%        |
| Wholesale, Retail, Hotels & Restaurants | 46,930,763                 | 12.50%        |
| <b>TOTAL</b>                            | <b>375,512,690</b>         |               |



- Review of loan account # 301713 for Nukurua Mahogany Trust Holdings Ltd revealed that the SVLR assessed during the appraisal process for the customer's loan application was 72% ratio of security over loan amount. Even though the SVLR was below required SVLR of 100%, the loan was still approved by the bank without any equity contribution by the customer towards the total project cost. No detail was filed on what was the mitigating factor;

#### **MANAGEMENT RESPONSE:**

*The loan of \$239,643.00 to Nukurua Mahogany Trust Holdings Limited was approved by Executive Committee (EXCO) at its meeting on 24/11/2010. As stated on the Audit query, SVLR ratio was at 72% during appraisal and was below the required 100% and yet loan was approved*

*Under the Lending Policy Guideline, EXCO has the Approval Discretion to approve applications up to \$500,000 for Partially Compliant applications. The loan was considered under Focused Sector and under this Facility, the minimum threshold for acceptance of Partially Compliant application is SVLR at 60%, and not 100%.*

*In the above case, the approval is within EXCO's discretion, hence, lending policies and procedures were not violated. EXCO, in making its decision to approve this facility, had also taken into account the fact that the directors are well known to the Bank through an established customer, Tailevu Provincial Holding Company Limited.*

- A loan officer recommended that loan account # 15978 to be declined as the SVLR was only 55.26%. The loan was approved by Branch manager with conditions that the customer makes an equity contribution of \$10,288 and a data bureau search was to be made before release of funds. We noted at year end, the loan account has been graded as G with real risk of credit loss;

#### **MANAGEMENT RESPONSE:**

*Based on our File records, the Loan Officer had recommended the loan, endorsed by Branch Manager and was approved by BRS (Business Risk Services) in Head Office. Data Bureau Search for both applicants was satisfactory.*

*The loan was done in BMS, application no. 2260, hence any loan which has SVLR below 100%, the BMS system itself suggest loan to be declined. The Auditors are interpreting the BMS system suggestion as of Loan Officer's recommendation.*

*Moreover, the account was performing generally well since loan inception from September 2010 with late payments on a few occasions.*

*However, in late July 2011 the Dental equipments sustained damages from burst water pipe from the top floor thus, affecting business operation. Insurance claim for loss is still being awaited and there is an Insurance Cover of \$97,000. The Assessor's final Report is still being awaited.*

- h. **Government Guarantee of loan for FDB's operation – what is the fee that government pays for this?**

*The Bank did not pay any fee during the 2009- 2011 period. However, a fee of 0.75% of its actual total borrowing is now applicable*

## **AUDIT FOR THE YEAR ENDED 30 JUNE 2011**

### **1. Abridged statement of Comprehensive Income**

- a. **Provide details on the increase in allowances for credit impairment from \$6.59million in 2010 to \$16.85 million in 2011.**

*The increase in allowance for credit impairment was due to creation of allowance for the following major customers:*

- *Vuksich & Borich Fiji Limited - \$6.945M;*
- *Tokatoka Nadrau Investment -\$1.974M;*
- *Apostles Gospel Fellowship Outreach International -\$1.071M*

### **2. Control Issues**

#### **a. 1.4. Loans and Advances**

- **The Bank waived fees of \$2,688 including application and establishment fees. These were waived after submissions made by the customer (a/c # 116479) that unnecessary fees might divert customers, mainly corporate clients to other competitors like commercial banks. The Corporate department performed an assessment of the financial effect of waving the fees and concluded to waive the fees since the bank will only lose \$2,689 but will earn interest of \$11,250 per annum on \$150,000. Furthermore an analysis noted was that the bank will lose \$43,100 per annum if the bank decides not to waive the fees and the customer opts for other refinancing options;**

#### **MANAGEMENT RESPONSE:**

*For Corporate loans, the Bank, on case by case basis, allows such concession as part of its customer retention initiatives. The Bank was on the verge of losing this customer and related entity (Supreme Fuel) to commercial Bank. However, client agreed to remain with FDB on the condition that the further loan of \$150,000 is approved without levying both approval and establishment fees. The Bank did not waive any interest.*

*The same was granted as a practical retention measure as the loss of fee income was much lower than loss of relationship and more importantly future prospects as well. Waiver is granted on a case by case basis and is not a general policy, and the Approving Officer, had decided to waive the fees under the Approved Discretionary Authorities. It makes commercial sense to retain a quality customer as compared to securing a totally new customer that has no credit record with the Bank.*

*To assist client, the Bank, in August had allowed them 3 months moratorium period from August to October 2011. The account has been restructured thus graded "G". The client is still doing business on small scale and they are heavily reliant on insurance claim to recoup its business and repay its debt with the Bank.*

*Follow up is maintained with Insurers, Sun Insurance, however, the inordinate delay is with Assessors.*

- **Review of loan account number for 31285 for Foods Processors Ltd revealed that the SVLR assessed during the appraisal process for the customer's loan application was 61% ratio of security over loan amount. Even though the SVLR was below 100%, the loan was still approved by the bank without any equity contribution by the customer towards the total project cost;**

**MANAGEMENT RESPONSE:**

**Equity Contribution:**

*The loan to Foods Processors Ltd was approved under the RBF's ISEFF (Import Substitution and Export Financing Facility) where the policy allows for NIL cash contribution; however, sweat equity would be flexible and could be considered as applicant's contribution towards the project cost.*

**Security Value to Loan Ratio (SVLR):**

*Under Lending Manual on ISEFF policy, security taken should be in the form of Mortgage, Debenture, Bill of Sale, Personal Guarantee, Notification, Crop Lien, and Assignments over export proceeds. The minimum SVLR threshold based on the Manual is 60% but the SVLR of this account during appraisal was 61%.*

*Security taken under the queried account was second Mortgage over CL 4995 valued at \$900,000.00, where \$318,778 was first charged to ANZ and the remaining \$462,014.00 is charged to FDB. The remaining related securities to the loan would be Personal Guarantee, Debenture, Bill of Sale and Assignment over Export Proceeds. Assignment over export proceeds cannot be organized since there was a lot of importers of the company's products in overseas markets therefore it was not practical to hold assignment over those export proceeds. The Directors do not have any personal interest in the company since they were appointed by Government therefore Personal Guarantee was not part of the security. Debenture and Bill of sale could not be enforced as well since ANZ Bank had prior financial interests.*



*In approving the loan, the Bank has also taken into account its role as financing vehicle for Government in propelling commercial and economic development and growth. The customer provides a ready market to local farmers with differing agricultural commodities. Through funding of the project, a good number of farmers and their households benefits immensely.*

- **We noted that some loan have land or buildings as securities but there is evidence of these securities being valued by a bank's authorized valuer recently. Discussion with the SME, Suva Agriculture and Corporate Division managers revealed that the bank policy was to accept or maintain a valuation report for securities on loans that have been performed for 2 years. However, for securities that have an estimated value of less than \$200,000, these are to be valued in house. The following loan accounts have valuation reports of securities that are more than 2 years old:**

| Account # | Account name                      | Division       | Loan balance (S) |
|-----------|-----------------------------------|----------------|------------------|
| 116454    | Mahesh Syndicate                  | Suva Corporate | 628,256          |
| 116482    | Narhari Electrical Co             | Suva Corporate | 214,305          |
| 116472    | Serua Provincial Investment Co-Op | Suva Corporate | 137124           |

#### **Account 116454 -Mahesh Syndicate**

*The Bank held mortgage over five properties of which three had valuations dated 20/09/2006. The three properties are located at Princess Road, Nailuva Road and Raojibhai Patel Street. Of these, the Nailuva and Princess Road properties were on the verge of sale. The SVLR was 118% which means that the loan is fully secured.*

*Client was not willing to get fresh valuations as the sale of Nailuva and Princess Road was confirmed with old valuations. The properties were eventually sold in 2011 and proceeds already receipted as special debt reductions.*

*We have also requested for fresh valuations for the Raojibhai property.*

#### **Account 116482- Narhari Electrical Co**

*The Bank holds mortgage over two properties of which one (CT 6277) had valuation date of 20/08/07 whilst the other property (CT7743) valuation was within the two year time at the time of appraisal.*

*The funding provided was for construction works and improvements on CT 6277 and as such valuation after completion of construction was deemed appropriate,*

rather than prior to construction. The above was also a sustaining condition of the loan.

The construction works have just been completed and team is following up of fresh valuations.

**Account 116472 - Serua Provincial Investment Cooperative Limited**

The company's loan is secured by four properties two of which, are vacant land where valuation dates were over 2 years at the time of appraisal. Given that no further improvements were made to the two vacant properties, the Bank did not insist on fresh valuations.

However the land on which buildings are located had valid valuation dates at the time of appraisal.

**b. Home Finance Company (HFC) Term Deposit**

The Bank had classified the term deposit with HFC under cash on its Balance sheet. However, the auditors required the Bank to classify the term deposit as "Investments Held to Maturity" as the term of the deposit was longer than 3 months (1 year term). The Bank is now complying with this requirement.

The reclassification does not have any impact on the overall profitability of the Bank. Overall there is nil impact on balance sheet as well (term deposit increases the investment amount **under assets** and decreases cash amount **also under assets**).

**c. Certificate of Exemption**

The Bank had notified all solicitors providing services to the Bank on the requirement to provide a valid COE. Those contractors who did not provide a valid Certificate of Exemption were charged provisional tax on the services provided as required under Legal notice 70 of the Income Tax of Fiji.

However, the new ITA does not require provisional tax to be deducted on services provided under letters of engagement. This includes solicitors and auditors; therefore provisional tax is not deducted for these contracted services under the new legislation.

**AUDIT FOR THE YEAR ENDED 30 JUNE 2010**

**1. Abridged Statement of Comprehensive Income**

**a. Can we be advised as to why the Operating profit before provisions decreased from \$19.6M in 2009 to \$8.9M in 2010?**

The Banks operating profit before provisions decreased to \$8.90M in 2010 due to the following reason:

- ✓ Decrease in net interest income from \$24.57M in 2009 to \$12.166M in 2010. This was a result of an increase in borrowing costs from \$14.669M to \$18.197M in 2010. Increase in borrowing cost was largely due to increasing interest rates in the domestic market further to the effects of the financial crisis.

- ✓ *The Banks gross interest income also decreased from \$39.24M in 2009 to \$30.36M in 2010 due to a decline in the Banks net loans and advances (from \$356.051M in 2009 to \$336.868M).*
- ✓ *There was also an increase in suspension of interest accrued (\$21.09M) on loan accounts as arrears levels increased. During this period there were very few write-offs approved by Board as such the interest suspension amount continued to increase causing a decrease in overall interest income. Loans of only \$2.25M were written off during the financial year.*

**b. Why was the Government not able to pay FDB its subsidies component worked out by FDB in 2010 which resulted in the loss of income gained, on the sale of property, plant and equipment and bad debt recovery?**

*The income owed by Government is already accrued as subsidy income for the Bank. The subsidy payments are received in arrears. Government paid outstanding subsidies towards the end of the calendar year; as such there were balances still outstanding as at 30<sup>th</sup> June. All dues relating to the 2010 period have been cleared by Government.*

*There was a decrease in gain on sale of property plant & equipment from \$64,151 in 2009 to \$27,000 in 2010 because the Bank did not sell many of its Property, Plant & Equipment during the year. This usually arises when the Bank sells its property or plant or trades-in any of its corporate motor vehicles due for replacement.*

*There was also a slight decrease of \$0.152M (from \$0.961M to \$0.808M) in bad debts recovered as there were no major collections done during the year.*

**d. Loans & Advances**

**i. How does FDB monitor big loans?**

*Irrespective of loan size, there is clear cut policy and procedure pertaining to each stage of the loan cycle. In terms of monitoring and supervision, the loan contract clearly articulates the covenants that relate and would assist the Bank in closely monitoring the loans. Loan grading also dictates the level of supervision and monitoring of accounts.*

**ii. Are there limits for bigger loans?**

*In keeping with prudential lending guidelines, the Bank's policy dictates lending up to 15 percent of its paid up capital to any single customer. However, in exceptional cases, RBF can allow up to 25% of paid up capital where the projects are seen to contribute tangibly to economic development and activities that supports Government economic strategies.*

## **AUDIT FOR YEAR ENDED 30 JUNE 2012**

### **1. Provide details of the Momi Bay Developments**

#### **a. Latest update on Momi Bay Development**

*Bank had financed \$23,642,154.00 to Vuksich & Borich on 15/11/2005 for construction of dual tar- sealed road ,water supply ,reservoir and pump station to the Marriott Hotel from main (SUVA- NADI) Highway.(this loan was to be fully settled by government upon completion of road works)*

*The project was completed and bank disbursed funds to V&B. however Govt failed to settle FDB loan.*

*The Marriott hotel project was not complete (major financier) FNPF Government later came up with the Momi Bay Development Decree (Decree no 28//2010 of 8th June 2010) which states that they cannot be sued to recover any funds related to Momi Bay development.*

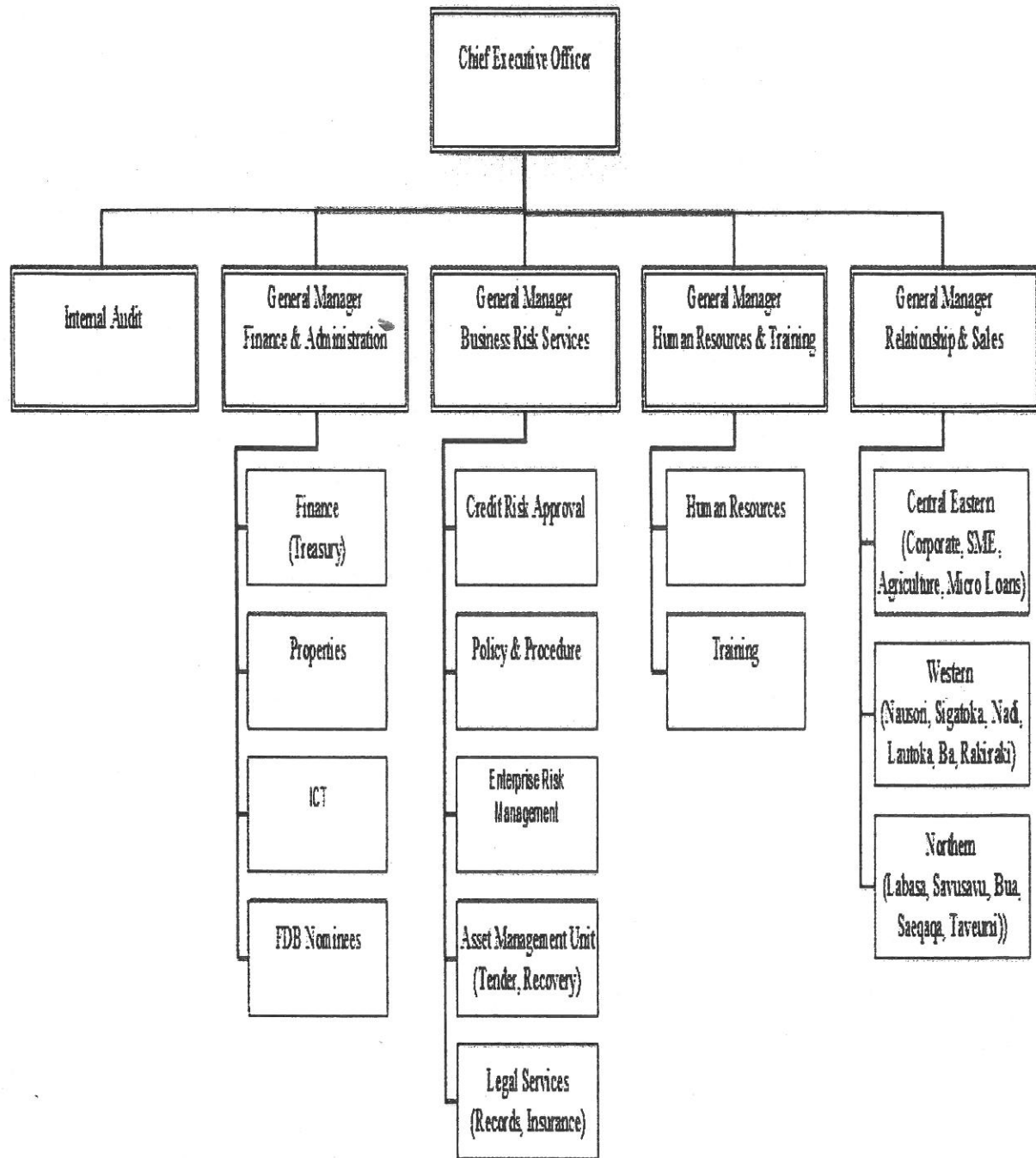
*Government is adamant that it will settle with FDB only once the Marriot Hotel is completed. This was not part of the initial arrangements.*

*The Marriot hotel project is underway and bank is optimistic that same will be completed by end of this year (2016) so that the Government settles FDB loan.*

#### **b. How much was paid out according to Momi bay decree?**

*Bank was not paid anything on advance for road works, water supply, and reservoir and pump station.*

## FDB Organisation Structure



## GENERAL QUESTIONS

### **Role and functions of the Company**

The principal activities of the company are loin processing on contract for Bumble Bee Foods for export, and canning of tuna products for the local market. The processing plant is based in Levuka, Ovalau. PAFCO signed a 7-year tuna loin processing agreement in 2002 with Bumble Bee Foods, following the successful completion of the initial loin processing agreement with Bumble Bee Foods from 1998. The agreement has since been extended twice, with the current extension valid until March 2017. PAFCO and Bumble Bee are now in the process of discussions to extend the processing agreement for a further 10 year period.

The cooked tuna loins are vacuum-packed, sealed, frozen and palletised. Fish-flakes and pieces are collected and further processed for local canning. The wastage from the processing operation (guts, skin, bones, heads, tails) are sent to the fish meal plant where fish oil is first extracted before the remains are dried and converted into fish meal.

PAFCO is a relatively large organization by Fijian standards. The production process is a relatively complicated and time consuming. Accordingly, a number of key skilled employees are required.

### **Organization structure – total number of staff**

The Company has 3 Directors including the Chairman. The CEO reports directly to the Board through the Chairman

There are 3 categories of employees – Management, Staff and Hourly Paid Employees which includes casual employees as well.

|                       |      |                        |
|-----------------------|------|------------------------|
| Management            | 8    |                        |
| Staff                 | 35   |                        |
| Hourly Paid Employees | 1100 | <i>Process workers</i> |

### **Board membership and annual fees**

|           |                  |          |
|-----------|------------------|----------|
| Chairman  | Ikbal Jannif     | \$11,000 |
| Directors | Ratu Etonia Seru | \$7000   |
|           | Bhupendra Kumar  | \$7000   |

### **Salaries for Management**

|                                   |          |
|-----------------------------------|----------|
| Chief Executive Officer           | \$90,000 |
| Financial Controller              | \$50,000 |
| Human Resource Manager            | \$44,000 |
| Production Manager                | \$48,500 |
| Asst Quality Assurance Manager    | \$28,500 |
| Automotive Manager                | \$28,000 |
| Maintenance manager               | \$60,000 |
| Raw Materials & Logistics Manager | \$40,000 |

**Shareholding status and value of shares for each shareholder as at 30<sup>th</sup> September 2016.**

|       | NAME  | REGISTERED ADDRESS   | SHARES           | AMOUNT            |              |
|-------|---|--|------------------|-------------------|--------------|
| 1 (a) | GOVERNMENT OF FIJI  | MINISTRY OF FINANCE  | 750,000          | 1,500,000         | 5%-RED.PREF. |
| 1 (b) | GOVERNMENT OF FIJI  | MINISTRY OF FINANCE  | 750,000          | 1,500,000         | 5%-RED.PREF. |
| 2     | GOVERNMENT OF FIJI  | MINISTRY OF FISHERIES  | 864,478          | 1,728,956         | ORDINARY     |
|       | GOVERNMENT OF FIJI  | MINISTRY OF FINANCE  | 5,000,000        | 10,000,000        | ORDINARY     |
| 3     | JULIA ELIZABETH JENKINS                                     | QUEENSLAND , AUSTRALIA   | 1,200            | 2,400             | ORDINARY     |
| 4     | VENU GOPAL NAIDU  | LAUCALA BEACH ESTATE   | 500              | 1,000             | ORDINARY     |
| 5     | ESTATE OF RUSKIN WARD<br>TRANSFERRED TO VENU GOPAL<br>NAIDU | 14 BAKA PLACE, LAUCALA BEACH<br>ESTATE                                   | 500              | 1,000             | ORDINARY     |
| 6     | JOHN JOSEPH McDENMOTT                                       | NORTH BONDI, SYDNEY, AUSTRALIA   | 1,000            | 2,000             | ORDINARY     |
| 7     | ESTATE OF J R McGOWN  | C/- PEAT MARWICK, SUVA   | 7,000            | 14,000            | ORDINARY     |
| 8     | TRUSTEES OF ESTATE OF J R<br>McGOWN AS TRUSTEE FOR B&M      | C/- PEAT MARWICK, SUVA   | 990              | 1,980             | ORDINARY     |
| 9     | COSTELLO LIMITED  | C/- BP TRUSTEE CO.LTD, SUVA  | 4,500            | 9,000             | ORDINARY     |
| 10    | ESTATE OF V.COSTELLO  | C/- BP TRUSTEE CO.LTD, SUVA  | 22               | 44                | ORDINARY     |
| 11    | ESTATE OF DANIEL MURRAY                                     | LEVUKA , FIJI  | 112              | 224               | ORDINARY     |
| 12    | ESTATE OF R.A.RICKETS c/- Tom Rickett                       | P O BOX 15106, SUVA  | 500              | 1,000             | ORDINARY     |
| 13    | ESTATE OF SIR HENRY M SCOTT                                 | C/- W. SCOTT & CO, SUVA  | 3,000            | 6,000             | ORDINARY     |
| 14    | J.MANEK LAL & SONS  | P O BOX 310, LEVUKA.   | 112              | 224               | ORDINARY     |
| 15    | ESTATE OF F.B.BLAKEY  | C/- PRICEWATERHOUSECOOPERS   | 700              | 1,400             | ORDINARY     |
| 16    | ESTATE OF MARION B BLAKEY                                   | C/-RUDD WATTS & STONE, AUCK.NZ   | 300              | 600               | ORDINARY     |
| 17    | ON WAH CHANG & CO. LTD                                      | 11-29 WAIMANU ROAD, SUVA   | 1,000            | 2,000             | ORDINARY     |
| 18    | ESTATE OF EMMA DORA PATTERSON                               | C/-David Patterson,150 Bideford<br>St,Torquay Harvey Bay -4655,Qld,Aust. | 1,625            | 3,250             | ORDINARY     |
| 19    | GEORGE HENRY PATTERSON                                      | LEVUKA , FIJI  | 337              | 674               | ORDINARY     |
| 20    | H.J.PATTERSON   | LEVUKA , FIJI  | 337              | 674               | ORDINARY     |
| 21    | ESTATE OF A.ROBINSON  | C/- MUNRO LEYS & CO.   | 100              | 200               | ORDINARY     |
| 22    | LADY M.K.FALVEY   | PACIFIC HARBOUR, DEUBA   | 1,000            | 2,000             | ORDINARY     |
| 23    | VENU GOPAL NAIDU  | LAUCALA BEACH ESTATE, SUVA.  | 225              | 450               | ORDINARY     |
| 24    | KISSUN DAYAL  | LEVUKA , FIJI  | 112              | 224               | ORDINARY     |
| 25    | YEE JOY & CO.   | 29 CUMMING STREET, SUVA.   | 500              | 1,000             | ORDINARY     |
| 26    | J.W.C.SWORD   | PAGO PAGO, AMERICAN SAMOA  | 225              | 450               | ORDINARY     |
| 27    | K.HARGOVIND T/A GULABDAS & SONS                             | LEVUKA , FIJI  | 112              | 224               | ORDINARY     |
| 28    | FIJIAN DEVELOPMENT BOARD                                    | SUVA, FIJI   | 9,513            | 19,026            | ORDINARY     |
|       | <b>TOTAL</b>  |  | <b>7,400,000</b> | <b>14,800,000</b> |              |

Note: The Company is aware that the shares register needs to be updated. Many addresses are now outdated and some are incomplete. The company intends to advertise the above list and seek fresh contacts and addresses for all shareholders.

**How has PAFCO addressed its operations to mitigate against the decreasing tuna supply in the Region?**

The main species of tuna that PAFCO processes is Albacore for Bumble Bee Seafoods. Bumble Bee Seafoods is responsible for providing the tuna through its network of suppliers. Where PAFCO needs to purchase other species of tuna for its canning operation, it buys from local suppliers.

**Record of annual boats that supply fish to PAFCO.**

| YEAR | CHINA | TAIPEI | FIJI | TAIWAN | TUVALU | VANUATU | NEW<br>ZELAND | KOREA |
|------|-------|--------|------|--------|--------|---------|---------------|-------|
| 2014 | 162   |        | 47   | 12     | 2      | 9       | 4             | 1     |
| 2015 | 163   | 5      | 38   | 8      | 2      | 13      | 6             |       |
| 2016 | 136   | 38     | 38   |        |        | 1       |               |       |



## Sales Trend – 2006 to 2011

| Year      | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   |
|-----------|--------|--------|--------|--------|--------|--------|
| Sales (M) | \$25.8 | \$21.1 | \$20.8 | \$29.5 | \$29.9 | \$17.5 |

Other than 2011, which was an exceptional year as the operations were closed for 5 months, the other years have slight variations in revenue with the major contributing factor being the supply of tuna. Tuna is a seasonal fish. Catch rates and delivery of tuna are dependent on many factors.

## AUDIT FOR THE YEAR ENDED 31 DECEMBER 2007

### 11.4 Employment benefits and VAT

VAT on employment benefit is now being paid to FRCA on a monthly basis as required.

### 11.6 Lands Title

The applications for renewal of the expired leases were lodged with the Lands Department in 2008. Out of 7 titles expired, 5 were renewed in January 2009. For the other 2 titles, we are still awaiting for the renewals from the Lands Department.

## AUDIT FOR THE YEAR ENDED 31 DECEMBER 2008

### 13.2 Abridged Income Statement

There was a decrease in Tuna processed by 5.6% in 2008. Total Tuna processed for Bumble-Bee in 2007 was 20,135 tons compared to 19,001 tons in 2008. This resulted in a decrease in sales revenue from \$21.1M in 2007 to \$20.7M in 2008.

On the other hand, other operating expenses went up from \$7.5M in 2007 to \$8.3M in 2008. Some of the factors that caused an increase in operating expenses were:

- Fuel Cost
- Repair and Maintenance Cost

*- urgent repair  
- operational*

In order to recover from the loss, the company ensured that it had more fish for processing in the year 2009. As a result of this, there was a turnaround from a loss of \$203,000 in 2008 to a profit of \$3.1M in 2009.

### 13.4 Going Concern

- **Operating Loss** – As mentioned in item 13.2, as a result of increase in the quantity of tuna processed, the company made a profit in 2009.
- **Excessive reliance on short term borrowing** – The Company now has long term borrowings rather than relying on short term borrowings.
- **Inability to settle loan Instalment** – For all loan repayments with financial institutions, there is an agreement for direct deduction. Thus it removes the problem of delays in loan repayments. For the current Government loan, there have been no delays in repayments. Repayments are up to date as required.



- **Exceeding of Overdraft Facility** – The bank balances are monitored daily to ensure that the limit is not exceeded.

### **13.5 Employment Benefit and VAT**

Refer comment from item 11.4 of 2007 comments.

## **AUDIT FOR THE YEAR ENDED 31 DECEMBER 2009**

### **4.3 Abridged Balance Sheet**

Interest bearing borrowings amounting to \$3.9M included bank overdraft facility amounting to \$3.3M and a long term borrowing amounting to \$0.6M (balancing amount). Bank overdraft facility was mainly for the operation of the company while the long term borrowings were for capital projects.

## **AUDIT FOR THE YEAR ENDED 31 DECEMBER 2010**

### **5.2 Abridged Income Statement**

There was an increase in fish production from 20,925 tons in 2009 to 25,768 tons in 2010. As a result of this, the employment cost went up by \$1.4M and overhead cost also went up by \$0.9M.

### **5.4 General Ledger Reconciliation and Adjustments**

Proper reconciliations of monthly and annual accounts are conducted. In 2013, there were no year-end adjustment entries, 2014 had a few entries and in 2015 only 1 adjustment entry was passed. General ledger reconciliations are conducted as required.

### **5.5 Revenue and Cash Receipts**

All the receipts are reconciled with the inventory sold and are banked on a daily basis. The supervising officer and the Financial Controller ensure that all receipts are banked intact.

### **5.6 Journal Vouchers**

All Journal Vouchers are now printed and filed.

### **5.7 Value Added Tax (VAT) Returns**

VAT is charged on all miscellaneous income such as fish egg sales, empty drum sales, service fee, etc. Since late 2010, all VAT returns are lodged as required.

### **5.8 Bank Account Reconciliation**

Bank account reconciliations are conducted on a monthly basis by the company Accountant. The reconciliation is verified and approved by the Financial Controller before filing. The

Financial Controller ensures that at no point in time, the bank statement balance exceeds the overdraft facility limit.

### **5.9 Asset Impairment**

The impairment of fixed asset is done half yearly when the asset board of survey is conducted.

### **5.10 Minutes for Commitment**

The capital commitment of \$3.86M was used to upgrade the plant facility. Some of the major additions were:

- New Automotive Shed
- New Ingredient Mixing Room
- New Protein Injection Room
- New Ante-room
- New Switch Board Room

## **AUDIT FOR THE YEAR ENDED 31 DECEMBER 2011**

### **3.2 Abridged Income Statement**

*Food & Drug  
Administration*

- **Decrease in Sales Revenue** – there was a decrease in sales revenue from \$29.8M in 2010 to \$17.4M in 2011. The tuna processed in 2010 was 25,768 tons compared to 9,748 tons in 2011. The main reason for the low tuna processed in 2011 was the suspension of loining operations for 5 months from July 2011 to November 2011. Due to some sudden changes in FDA regulations, loins produced at PAFCO could not be exported to the US Markets. As Bumble Bee was our contracted buyer, they suspended their processing contract. Processing resumed in December 2011 after major remedial work at PAFCO.
- **Decrease in Other Income** – the decrease in other income was a direct result of the closure of the loining operation.
- **Employment Loss** – during the period of closure, permanent staff and other employees required to perform the remedial work were retained. The rest of the employees were paid all outstanding leaves and other entitlements and went on unpaid leave. When the factory operations resumed, all employees were recalled.

### **3.4 Finance Manual**

The Finance Manual has been in use after the new manual was approved by the Board in June 2015.

### **3.5 Minutes of the Board not properly kept**

All the Minutes of the Board meetings are now properly kept.

### **3.6 Risk Management Policy**

- Finance Manual – approved and in use.

- Procurement Manual – in draft form to be finalised by March 2017.
- HR Manual – in draft form to be finalised by April 2017.
- Risk Management Policy – target to have this completed by June 2017.

### **3.7 Property, Plant and Equipment**

The procedures for the purchase and disposal of the PPE are now done as provided in the Finance Manual.

### **3.8 Lack of segregation of duties in Suva Office**

The duties are segregated in Suva office. Sales and Marketing Coordinator receives the inventory, does the sales while the other officer reconciles the sales and does the banking. The whole process is checked by the Accountant.

### **3.9 Petty Cash**

The company has placed stringent control over the use of petty cash. Surprise cash count is conducted to ensure that funds are not personally used.

### **3.10 Engagement of Contractors**

The steps for the engagement of contractors are clearly stipulated in the Finance Manual. The company ensures that correct procedures are followed in terms of tender process, variations and payment to the contractors.

### **3.11 Lapse of Insurance Cover**

The company ensures that the renewal of the insurance policy is done before expiry date.

### **3.12 Payment of leave compensation to former CEO.**

The leave pay out was approved at the Board Committee Meeting held in Suva on Monday 16<sup>th</sup> May 2011.

### **3.13 Increase in salary without Higher Salaries Commission's approval**

Revisions for salaries for executives and management are now being referred to the Public Enterprises Ministry.

### **3.14 Overpayment of leave compensation to HRM**

There is now a new payroll system and time keeping system that records and updates all employees leave details. Manual records of leave detail are also kept and updated.



# Agricultural Marketing Authority

15<sup>th</sup> October, 2016

## RESPONSE TO THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

### AGRICULTURAL MARKETING AUTHORITY

#### General Questions

#### Background information:

- **Role and functions of the Authority-** The Agricultural Marketing Authority trading as Fijiangromarketing was established through the Act No. 2 of 2004, which was passed in Parliament of the Republic of the Fiji Islands on 9<sup>th</sup> March, 2004; to facilitate the purchase, sale and export of agro- aqua produce.

- **Organizational Structure-**

There are twenty-four established Staff (including five Field Officers; two for Macuata, Bua and Cakaudrove, one in Tavuni, one for Ra and one in Gau Island for Maritime Islands), Eight unestablished Staff (Securitys and Drivers) and Ninety-Four Processing Casuals. A total of One Hundred Twenty-Six employees.

*\*A copy of the organizational structure is attached at the back (last page) of this report for perusal.*

- **Board Membership and fees**

The Board Members are appointed by the Minister for Agriculture, Rural & Maritime Development and Natural Disaster Management. Currently, there are six Board Members which are the four Commissioners (Central, Eastern, Northern and Western), Deputy Permanent Secretary from Ministry of Agriculture, and Deputy Permanent Secretary of Fisheries and Forests.

There are no fees paid to the Board Members.

- **Salaries for Executive Members-**

Currently, the Minister for Agriculture, Rural & Maritime Development and Natural Disaster Management has appointed the Commissioner Central, Mr Setareki Tale on the 24<sup>th</sup> of August, 2016 as Acting Executive Chairman, after the passing away of former Executive Chairman, Mr. Filipe Alifereti in July, 2016. However; he is not receiving any remuneration from the Authority.

|   |   |
|---|---|
|   | <p><b>How has the organization performed over the years as set out in the Act?</b></p> <p>The AMA through the Act has identified key objectives to achieve the focuses of facilitating market access to farmers, marketing and promoting “Fiji Fresh” as the brand for all Fiji Agro-Aqua produces exported to overseas markets and ensuring the adherence to processing and grading requirements that conforms to meeting OHS compliance, Food Health and Safety Standards, HACCP Compliance and International Market standards.</p> <p>In line with the Government “Charter”, the authority recognizes the need to assist the rural and maritime people of Fiji to commit to utilize their natural resources as a means of livelihood to their families, and addressing poverty and unemployment issues.</p> <p>AMA is continually diversifying its product range and also decentralizing its operations out wide.</p> <p>The AMA also recognizes the need to execute its Charter in the most efficient manner, ensuring sustainable market access at all times and improving the economic well being of people living in the rural and maritime areas of the country.</p> <p><b>What is causing the delay in submission of updated financial statements to the OAG for auditing purposes?</b></p> <p>The financial statements are not submitted from 2010 to the OAG due to the fact that the files of 2010 are still held up at FICAC.</p> <p>However, Ministry of Economy Audit Team had been doing the audit and monitoring the Operations and Capital Development of the Authority annually.</p> <p>Also, the Acquittals for the Government Grants and QPPR are duly submitted to MOE and MOA and relevant documents are filed at the Authority.</p> |
| <p><b>Report of the Auditor General on the Audits of Statutory Authorities-June 2009(Parliamentary Paper No.29 of 2016)</b></p> | <p><b>Control Issues</b></p> <p>Please provide an update on the audit issue raised by OAG in respect of :</p> <ul style="list-style-type: none"> <li>• <b>1.5 Debtors-issue with overseas debtors</b><br/>The previous management had neglected carrying out</li> </ul>   |



|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Audit for the year ended 31 December 2007</li> </ul> | <p>the required follow up procedures in tracking and pursuing the debt and due to the length of time these have been outstanding, it has been extremely difficult to recover them. We tried communicating with these Importers but this has proven to be a discouraging process, some having avoided any form of contact to discuss the debts, and others refusing to settle any debts even claiming either poor quality produce being destroyed or weight loss of produce received.</p>  |
|   | <p>The Authority now is signing a MOU with every Importer before any trade commences between AMA and the Importer. According to the MOU, a 50% deposit should arrive with the Importer's Order for produce consignment. The Balance of payment of the Invoice should arrive within seven days from the clearance of the consignment at the Importers end. No second consignment is sent before the Invoice clearance of the first.</p> <ul style="list-style-type: none"> <li>• <b>1.6 Disposal of Fixed Assets</b><br/>The Authority updates its Fixed Assets Register accordingly.<br/>The Board of Survey is being conducted at the Authority. All AMA Assets are being stored at the Authority's Warehouse in Nausori avoiding paying storage facilities elsewhere. Disposal of any Fixed Asset will be approved by the Board of the AMA. The OAG is annually conducting an Inventory Audit.</li> <li>• <b>1.8 Hire of private carriers-has AMA been able to purchase its own vehicles</b><br/>AMA has its own essential fleet now, so not hiring any vehicles but for only exceptional and seldom cases where there is a need to do so.</li> <li>• <b>1.9 Unapproved Payment of Bonus-2007: has the amount recovered in full?</b><br/>The full amount has been recovered through payroll deductions. The Authority ensures that no overpayment or bonus will be awarded unless approved by the Board.</li> </ul> |

**Report of the Auditor General  
on the Audits of Statutory  
Authorities-June  
2011(Parliamentary Paper No.  
37 of 2016)**

- Audit for the year ended  
31 December 2008

**1.2 Income Statement**

- **Why was there a huge decrease in sales from \$1.31 million in 2007 to \$357,187 in 2008**

The decrease in Sales of 2008 was due to low supply of root crops (such as Dalo and Cassava) which AMA at that time was mostly trading.

**Control Issues**

**Please provide an update on the audit issue raised by OAG in respect of:**

- **1.4 Provisions for doubtful debts**

The Importers are followed up for payments as in the MOU. No second consignment is approved without a 50% deposit and clearance of the first. Most of the local sales are on COD or seven days account.

Monthly Sales Reconciliation is done with follow-ups for outstanding Debtors. If any doubtful debts would arise, discussions will be done with the Board when there is a failure to recover the outstanding.

- **1.5 Bad Debts-unauthorized debts**

If there are receivables which are not likely to be received after numerous attempts become irresponsible and ineffectual, the same are presented before the Board for approval as Bad debts to be written off.

- **1.6 Losses incurred in trading activities**

The Authority is addressing this with stern attempts not to allow such losses to be incurred. The Authority now adopts selling prices at break-even or profit levels.

- **1.7 Negative expenditure**

All expenses are now classified respectively and recorded accordingly even as per the specifications in the approved annual Grant.

- **1.8 Anomalies in inventory system**

The Inventory system is closely monitored, with update recording of stock movements. All inventory losses or disposals are accounted for in complying with FAS2. The Monthly Stock Take is carried out, also the Annual Stock Take is being carried out by the



|  |   |
|--|---|
|  | <p>Storekeeper, Store Supervisors, Accounts personnel from the Authority and OAG.</p> <ul style="list-style-type: none"> <li> <b>1.9 Working Capital payments</b><br/> All Working Capital disbursed to the Field Officers are reconciled with PPO's (Product Purchase Orders filled by the Field Officers in the field), BLD's (Bulk Loading Dockets filled in the Warehouse). These documents and the reconciliations are attached to the respective Payment Vouchers. </li> <li> <b>1.10 Records not produced for audit verification</b><br/> All records are printed promptly filed, Books are appropriately kept, and monthly reports are duly filed and kept for future references. </li> <li> <b>1.11 Overpayment of acting allowance</b><br/> All acting positions are notified to the Board, rates calculated as per the HR Policy manual. As for Aca Domolailai's case, the issue is still with FICAC. </li> <li> <b>1.12 Non-compliance with purchases and payments procedures</b><br/> Service Purchase Orders (SPO's) are issued for purchases of items and services. Three quotations are obtained for items in excess of \$5'000.00<br/> Quotations and Invoices are attached to Payment Vouchers, filed appropriately for future reference and good governance. </li> <li> <b>1.13 Operation of Bank Accounts</b><br/> The Bank Statements for two Bank Accounts are reconciled and maintained. The issue of transferring funds from one Account to the other and incurring additional Bank charges has discontinued. </li> </ul> |
| <b>Report of the Auditor General on the Audits of Statutory Authorities-December 2012(Parliamentary Paper No.40 of 2016)</b> | <p><b>1.2 Abridged Income Statement</b></p> <ul style="list-style-type: none"> <li> <b>Please explain Distribution and marketing expenses of \$409,965 in 2008 to \$124,067 in 2009</b><br/> The marketing and distribution expenses consisted of freight(inland and sea freight),transportation costs, Field Officers, Survey Team and Marketing team's travelling expenses, accommodation and meal allowances around rural and maritime Islands, </li> </ul>  |

|  |  |
|--|--|
|  | <p>produce packaging materials, promotional materials, participation in Trade Shows like Agriculture Show, Road Shows around rural areas and Showcase. These were high in 2008 whereas these expenses went down in 2009.</p> <ul style="list-style-type: none"> <li> <p><b>Why is the cost of sales amounting to \$2.03million in 2009 more than Sales of \$1.73million in 2009?</b></p> <p>The produces were purchased from Tavueni (Tausala Dalo), freight were paid, then sold locally with low margins under the decision of then management. A large quantity of Cassava and Dalo were also bought from Cyclone and Flood affected areas (probably through calls from rural communities). These produces had high percentage of shrinkage level, and wastage rate was high. This contributed for cost of sales to be higher than Sales.</p> </li> <li> <p><b>What are the Grants from Government used for-is it used for administration of AMA's operations or its principle functions?</b></p> <p>The Government Grants are received in two classifications as Operations Grant and Capital Grant. The Operations Grant is used to overcome the operational expenses such as Staff Wages, communication expenses, maintenance and operations and other office and Warehouse general expenses. The Capital Grant has the allocation such as for Procurement of Produce, Infrastructure Development, Purchase of Machines and Equipments, Marketing and Promotional Expenses, comprehensive policy for motor vehicles, produce packaging materials and freight.</p> </li> <li> <p><b>Please explain the Administration expenses of \$1.11 million in 2009.</b></p> <p>The Administration Expense of 2009 was much higher compared to 2008. This was due to higher freight charges incurred for produce transportation, motor vehicle comprehensive policies for new vehicles, lease payments for new vehicles, vehicle rental charges to bring in produces from around Fiji (due to high volumes of produce purchase due to ill-effects of Cyclone and Flood), higher number of processing Casuals due to high produce procurement</p> </li> </ul> |
|--|--|

volumes, high electricity charges for storage purposes and Field Officers travelling and accomodation around Fiji for Field survey purposes.

### **1.3 Abridged Balance Sheet**

- **What is the Borrowings fund used for?**

The borrowing fund was for the two new Trucks purchased on lease agreements through Credit Corporation and another Twin Cab through a Bank loan from Colonial Bank (currently BSP).

The Authority from thereon did not purchase any vehicle on lease agreements but purchased outright after the Budget approval from the Government, and approval of purchase by the Board.

### **Control Issues**

Please provide updates on the audit issues raised by the OAG in respect of items 1.4 to 1.11

### **1.4 Provisions for doubtful debts**

The Importers are followed up for payments as in the MOU. No second consignment is approved without a 50% deposit and clearance of the first. Most of the local sales are on COD or seven days account. Monthly Sales Reconciliation is done with follow-ups for outstanding Debtors. If any doubtful debts would arise, discussions will be done with the Board when there is a failure to recover the outstanding.

### **1.5 Credit Balances for Overseas Debtors**

Debtors reconciliation is done on a regular basis for both Local and Overseas Debtors to ensure the posting of Invoices and payments are done correctly into respective accounts of Debtors.

### **1.6 Unsubstantiated balances**

Most of the files and documents were with FICAC which made it difficult to produce records in the Office during the time of the audit.

The Authority will ensure that records (source documents) are readily available for audit verification. A separate record is prepared for individual debtors.

### **1.7 Damaged Furniture & Equipment Recorded in the Fixed Assets Register**

|  |  |
|--|--|
|  | <p>The Fixed Assets register is updated accordingly. The physical verification of the Fixed Assets is conducted annually with the OAG. All damaged furniture and equipments are only written off through the consultation and approval of the Board.</p> <p><b>1.8 Surcharge not fully recovered</b><br/> The surcharge that was against MD (Mataiasi Dinavuso) was fully recovered, when he rejoined the Authority in 2011. The case of AD (Aca Domolailai) is with FICAC.</p> <p><b>1.9 Unsubstantiated Payments and Missing Records</b><br/> All Working Capital disbursed to the Field Officers are reconciled with PPO's (Product Purchase Orders filled by the Field Officers in the field), BLD's (Bulk Loading Dockets filled in the Warehouse). The documents and reconciliations are attached to the respective Payment Vouchers.</p> <p><b>1.10 Accounting for Debtors</b><br/> The Authority has assured that accrual basis of accounting has been adopted. Individual records are maintained for each Trade Debtors, updated as a transaction takes place and reconciliation is done on a monthly basis.</p> <p><b>1.11 Delay in Banking</b><br/> All Receipts are regularly deposited. A Banking batch is prepared and filed. Supervisory checks are carried out (the Receipts against the Banking Book with the Banking batch summary) after the Banking is done.</p> |
|--|--|

## Background

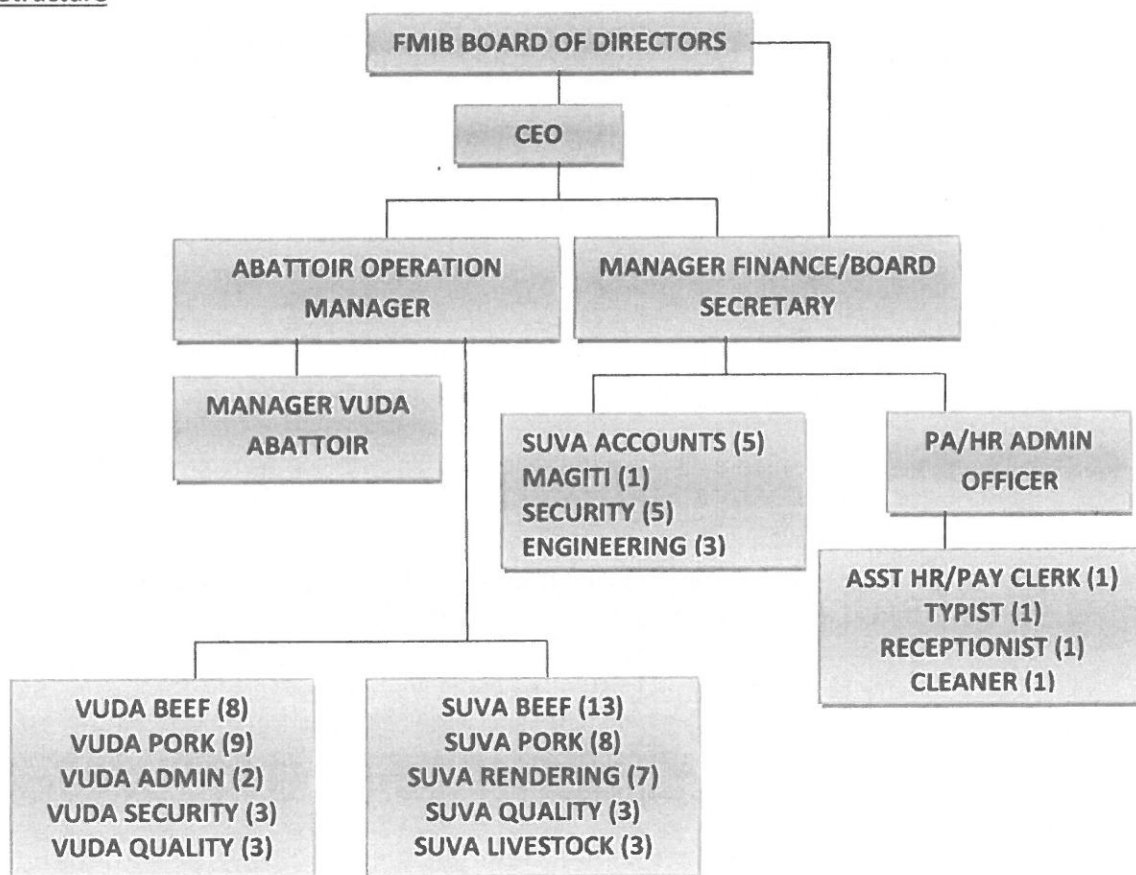
FMIB was established in 1976 with two registered abattoirs and a Tannery on Viti Levu. Nasinu Abattoir was established in 1976 on 35.42ha of State land to cater for the Central Division. Vuda Abattoir was established in 1983 on 16.35ha to cater for the Western Division. A tannery was built in 1984 at Nasinu to process hides into leather and semi processed wet blue hides.

## Roles & Functions of the Authority

The function of the Fiji Meat Industry Board is to:

- Construct and operate public slaughtering facilities
- Take steps deemed desirable for the protection, preservation and expansion of the meat industry in Fiji
- Borrow funds as and when required to effectively discharge its function
- Purchase, trade or deal in livestock, meat and it's by products

## Organisation Structure



Total Number of Staff - 82

## **Board Comments for Public Accounts Committee (Year 2008-2011)**

The Boards comments for the above are as follows:

### **2009 Accounts**

#### **Board Comments**

- 6.4 The Board has managed to return to profitability from year 2009. Sale of Tannery assets was done in 2012 after Government's approval. Restructure of existing debts has also been done by the new management. Now the board is looking at the possibility of selling part of its 78 acre of land in Nakasi to raise funds.
- 6.5 The Board does its monthly stocktake every year and the reports were checked by the auditors. The auditors failed to attend the year end stocktake at the end of the year. When this issue was raised then the auditors started coming to verify the year end stocktake.
- 6.6 The Board keeps its fixed asset register and this was checked during the audit. This has never been an issue as FMIB has always kept updated fixed assets register.
- 6.7 The Board has taken note of the above. This arose as a result of tight cash flows which resulted in late payments. This issue has been rectified by management. From year 2010 onwards all payments have been going on time.
- 6.8 This issue was discussed with Nausori Town Council. The Council agreed to waive all interest and the rates were cleared in 2010.
- 6.9 This was done in year 2012 after the cabinet approval.
- 6.10 The Board had its existing finance manual and was in the process of revising it in 2009.

### **2008**

- 12.4 The low FEA bills were queried by the then Manager Finance. The meter readers were reading the meter incorrectly and this led to accumulated bills in 2008. FMIB has started monitor its billings and does its own meter reading since this problem arose.

This bill was cleared in year 2010.

- 12.5 FMIB owns 78 acres of land in Nakasi of which approximately five acres is for Industrial purpose and the rest is for grazing. The Town Council has been charging industrial rate for the whole 78 acres without providing any services. Management had sought approval since August 2009 from the Director of Lands to have the abattoir land rezoned so that it can then reduce the area classified as industrial lease and have the balance as agricultural lease. Despite several reminders and personal visits to the Director of lands there was still no approval given and the matter was still being pursued.

This rates were cleared in 2010 after all the interest was waived by Nausori Town Council.

- 12.6 The second consultant's payment was for preparation of 2009 Corporate Plan and finalization of 2008 accounts. This arose when the CEO and Manager Finance resigned and there was no one to do the accounts in 2008.

#### **2010**

- 2.4 The Board has a policy of daily banking and makes effort to follow it, however, there are instances when this does not eventuate for example, when the cashier is on sick leave.

The Board's cash is reconciled daily and is supervised by the assistant accountant and the report is forwarded to the Manager Finance on a daily basis. The Board takes note of the audit recommendation.

All banking is being done on time now.

- 2.5 The long outstanding debtors are in dispute. The Board is trying to do all it can to recover the amounts. Since 2010 most of the debts have been cleared.

- 2.6 The Management has taken appropriate actions to reconcile the fixed assets register.

#### **2011**

- 5.4 The matter is with the Court. All risks including staff embezzlements are now covered by our insurance policy. Once the court process is over, our insurers will be paying FMIB for the loss incurred.

The Board has put in place process and controls to ensure that this does not occur in future.





**Name of organisation:** Fiji National Council for Disabled Persons (FNCDP)  
National Council for Persons with Disabilities (NCPD)

**Roles and Functions:**

- Operate as a body corporate
- Act as co-ordinating body for all organisations dealing with the care and rehabilitation of Persons with Disabilities
- Raise awareness at all levels
- Work towards eliminating the causes of disabilities or impairment
- Promote the recognition of skills, merits and abilities of Persons with Disabilities and their contributions to the workplace and labour market.

**Line Ministry:** Women, Children and Poverty Alleviation

Establishment: 8 Staff in Suva

5 Staff in Labasa

- Main Council: 7 Government ministries
- : 4 DPOs/Service Providers
- : Executive Director FNCDP
- 6 Advisory Committees
- 18 District Committees

Ref: [www.fncdp.org](http://www.fncdp.org)

Salaries: Allocation through Line Ministry for the Executive Salaries

Constraints:

- Funding- very limited
- Housing Projects for Persons with Disabilities
- Decentralisation of Services
- Awareness and Advocacy
- Legal Framework

**3.2 Will the EU Grant be given an annual basis or was it a one off case?**

- Project funding for "PDPEPS" ( Promoting Disabled Persons Equal Participation in the Society) 2010-2013
- Log Frame (a) Capacity Building for Persons with Disabilities
- (b) Connect with service providers e.g. security forces
- (c) Review disability legislations and formulate a new one

**3.4 Investment at Unit Trust in Fiji**

- Sold the shares to buy our new vehicle 15 seater bus – for advocacy and operation in 2015

**3.5 Northern Disabled Persons Centre**

- Capital Project in 2010
- Opened by the Prime Minister in 2011

- Vocational Training and peer interactions for Persons with Disabilities in the Northern Division
- Advocacy and Awareness

### 3.6 Bonus Payment for Executive Director

- Councils decision to suspend it in 2009, instead get an increment of his salary

## 8.2 Abridged Statement of Financial Performance

Please provide more details on the expenses incurred for the Disability Data Statistics Survey which increased from \$15,490 in 2008 to \$125,882 in 2009.

In 2008 FNCDP conducted a National Baseline Survey which covered 14 Provinces thus the Government of Fiji and the donor agencies provided financial assistance for the Activity which is the reasons for an increase in 2008.

### Expenses incurred in 2009

| 2009   |  |
|--------|--|
| Amount | Details  |
| \$3000 | We conducted disability data survey in Rotuma. A three member research team visited Rotuma on a duration of 6 days (4 days travel and one and half day work) expenses incurred in the island includes transportation which was hiring of vehicle, fuel charges including volunteer and interpretation cost and also data conducted in the western district (Rakiraki, Ba, Tavua)                             |
| \$1020 | We conducted disability data survey in Lau district- Expenses incurred were meals, travel (accountable advance), miscellaneous (sevusevu and volunteer allowance)  |
| \$4710 | Disability data survey conducted in the western district. Expenses incurred were meal allowance, accommodation, CRA, CBR/ Volunteer allowance and accountable advance for travelling   |
| \$1768 | Data collection conducted in Vatukoula- expense were meals, accommodation, sevusevu and miscellaneous  |
| \$1455 | Data collection conducted in the maritime -the travel included data collection in Cikobia in Vanua levu and Lomaiviti. The team worked in the islands that were not covered during prior visits including primary and secondary schools and also islands that had not been visited. Rotuma, Lau and Lomaiviti. Expenses incurred were meals, accommodation, sevusevu, miscellaneous and volunteer allowance. |
| \$3575 | Data Collection in Kadavu District. The expenses the team encountered were transportation, sevusevu, meal allowance, volunteer allowance, accommodation and communication  |
| \$2000 | Data collection in Navua, Serua and Namosi. Meal allowance, volunteer allowance, sevusevu, transportation, communication and miscellaneous   |
| \$614  | Data collection in Naitasiri, Vunindawa- Expenses included were Sevusevu, Volunteer allowance, meal allowance and miscellaneous.   |
| \$3557 | Data Collection in Lautoka District. Expenses incurred were accommodation, miscellaneous,  |

|        |  |
|--------|--|
|        | sevusevu, volunteer allowance and meal allowance   |
| \$500  | Kadavu Research team- Expenses for transportation- Boat Hire   |
| \$200  | Allowance for volunteers. Field workers in Lautoka villages and settlements  |
| \$3000 | Accountable advance – Data collection in Ba, Vatukoula, Serua/Namosi, Naitasiri and Lautoka District and Suva district   |
| \$1336 | Data collection in Tailevu/Korovou district. Expenses incurred were meals, sevusevu, Volunteer allowance   |
| \$3811 | Data collection in Nadi district. Expenses incurred were meals, sevusevu, Volunteer allowance  |
| \$3332 | Data collection in Yasawa. Expenses incurred were meals, sevusevu, Volunteer allowance/ boat fare and transportation   |
| \$2678 | Data collection in Rakiraki district. Expenses incurred were meals, sevusevu, Volunteer allowance/ boat fare and transportation and miscellaneous  |
| \$3950 | Data collection in Ovalau district. Expenses incurred were meals, sevusevu, Volunteer allowance/ boat fare and transportation and miscellaneous, public relation and accountable advance |

Why was there a huge decrease in funding from \$20000 in 2008 to \$1539 in 2009 for Fiji Vocational Training Technical Centre?

| 2008     |   |
|----------|---|
| \$510    | Catering for Social Welfare workshop, Hall hiring for 2 days                                  |
| \$404    | Catering for Social Welfare workshop, Hall hiring for 2 days                                  |
| \$625    | Catering for Social Welfare workshop, Hall hiring for 2 days                                  |
| 2009     |   |
| \$20,000 | Received Social Welfare Grant for the Year 2007 for Fiji Vocational Technical Training Centre |



## FIJI COMMERCE COMMISSION

### HEAD OFFICE & CENTRAL EASTERN

#### DIVISION

Level 1 Garden City Complex, Raiwal,  
Suva.

P O Box 5031, Raiwaqa, Suva.

Phone: (679) 337 2178

Fax: (679) 337 2389

Email: [helpdesk@commcomm.gov.fj](mailto:helpdesk@commcomm.gov.fj)

Website: [www.commcomm.gov.fj](http://www.commcomm.gov.fj)

### WESTERN DIVISION

1st Floor, Shah Investment Building,

Office 2, 5 Tukuani Street,

P O Box 594, Lautoka

Telephone/Fax: (679) 666 1853

### NORTHERN DIVISION

Lot 3, Silas Ramzaan Street,

P O Box 262, Labasa

Telephone/Fax: (679) 881 1155

20<sup>th</sup> October 2016

Honourable Mohammed Abe Dean  
Deputy Chairman  
Public Accounts Committee  
Government Building  
**SUVA.**

Dear Sir,

### Re: Clarification of Issues – Commerce Commission Financials 2008, 2009 and 2010

Greetings from the Fiji Commerce Commission!

The Commission is an independent statutory body that promotes effective competition and informed markets, encourages fair trading practices, protects consumers and businesses from restrictive trade practices and controls prices of regulated industries and other markets where competition is lessened or limited.

The Commission acknowledges receipt of letter dated 11<sup>th</sup> October 2016 from your esteemed office. The response to the questions to which the Commission was asked to provide explanations for is as follows:

#### Question 01

##### **General Questions – Background information.**

##### **1. Role and functions of the Authority**

Fiji Commerce Commission is the Competition Regulator of Fijian markets. It is an independent statutory body established under Section 7 of the Commerce Commission Decree 2010 to ensure the integrated framework for the regulation of monopoly market structures; encourage competition, prevent restrictive trade practices, ensure consumer protection, and undertake pricing of public utilities and other price controlled items.

Please explain the huge increase in Personnel cost from \$195,891 in 2007 to \$219,587 in 2008.

Personal cost includes salaries and wages paid to the Commission Staff and the financial statements in 2008 noted an increase of \$23,696. The increase in personnel cost was attributed to changes in salary and wage rates of staff members. The response for this was submitted to the Public Accounts committee in 2013.



### Question 03

Please explain Other Payables of \$7,634 for 2008.

The Other payables in 2008 comprised only of Vat payable for 2008 amounting to \$7,634, the same is contained in the Notes to financial statement (page 13 of the FS 2008). This payment was cleared in 2009.

### Question 04

Audit for the year ended 31 December 2009

Please provide details of the following:

- Professional fees of \$48,889
- Miscellaneous Income - \$3,896
- Misappropriation of Funds – \$16,608

#### **Professional Fees- \$48,889.00**

A professional fee includes the user pay levy, fees received for review of Tariff and aeronautical services and fees for review of Cement and steel prices. The listing for the fees received is as follows:

**Table 3: Listing for Professional fees**

| Date         | Particulars  | Amount             |
|--------------|--|--------------------|
| 17/04/2009   | Voicenet IP Limited- User pay levies               | \$4,444.44         |
| 17/04/2009   | Ports Corporation Ltd- Review of Tariff            | \$13,333.33        |
| 19/04/2009   | Fiji Industries Ltd- Review of Cement Price        | \$13,333.33        |
| 19/11/2009   | Fletcher Building Ltd- Review of Steel Price       | \$4,444.44         |
| 24//12/2009  | Airport Fiji Ltd - Review of aeronautical Services | \$13,333.33        |
| <b>Total</b> |  | <b>\$48,888.87</b> |

#### **Miscellaneous Income - \$3,896**

As from the 2009 financials, the breakdown of miscellaneous revenue is Sale of Assets - \$3,835 and Miscellaneous Income – \$61.

- ✓ Sale of assets includes office equipment and office furniture and fittings. The tender included items such as chairs, PC's, Urn etc.
- ✓ Miscellaneous income also includes refund for use of telephone.

#### **Misappropriation of Funds - \$16,608.00**

The Former Accountant (Mr. Apenito Baka) of Fiji Commerce Commission fraudulently debited \$16,608.24 in 2009 from Commission's bank account number 9801752271 to his personal bank account number 9801582249. Mr. Baka concealed the fraud by using Quick lodgment forms which was later obtained from the bank. The misappropriation of funds was highlighted to the Commission when the Auditors from OAG audited our accounts. There were certain issues that were highlighted by the Auditors and the same were actioned by the Commission.

### **Question 5**

**Please provide your comments in respect of the audit issues raised by the OAG with regards to: Misappropriation of Funds and Forging of invoices.**

The Auditors did make certain recommendations which the Commission took into account. The Commission consequently reported the matter to Police. Mr. Baka was criminally charged with 29 counts of Larceny By Servant. He was sentenced to 18months imprisonment and he was ordered to pay \$19,618.64 as compensation to the Commission. The matter was appealed and Justice Salesi Temo in the appeal held that the learned Magistrate erred in law by ordering the accused to pay the sum as he was already sentenced to 18months imprisonment for each count.

Furthermore, the Commission has set up a financial regulation which came into effect in 2010. Given the report of the OAG the financial regulation has addressed those issues. The OAG recommended strengthening internal control procedures pertaining to our accounts and finances. As a result of the misappropriation of funds that were highlighted in 2009, the Commission updated its financial regulated (October 2010). As such the CEO now verifies and signs off all payments. Additionally, all payments are made on originals unless certified by the CEO.

As for the payroll system, the Accounts officer would prepare the pay roll, the accountant would vet the payroll and the CEO would verify and cross check and sign off with the accountant. The Commission currently exercises the Quick Lodgment form system which requires prior verifications from Accountant and CEO. There has been a segregation of duties in finance allowing better internal controls. Consequently the Commission has taken steps to ensure that fraudulent activities are not repeated.

### **Question 6**

**Audit for the year ended 31 December 2010.**

**Why was there a huge increase in Government Grant from \$293,777 in 2009 to \$619,849 in 2010? Personnel Expenses also increased from \$170,788 in 2009 to \$517,644 – please explain. –**

The substantial increases in both income and expenditures in 2010 as compared to 2009 are primarily due to the merger of the Prices and Income Board and Department of Fair Trading with the Commerce Commission. The increase in grant is result of requests noting expansion of the Commerce Commission. It should also be noted that due to the merge there were several changes and there were advertisements and hiring of new personnel that reflects an increase in personnel expenses. The positions that were advertised were mainly senior positions attracting higher remuneration, the recruitment was for the following positions:

- a. Chief Executive Officer;
- b. Executive Officer (PA to CEO);
- c. Senior Research Officer Accounting (x 2);
- d. Senior Officer Finance;
- e. Senior Officers Economics;
- f. Senior Research Fellow Price Control Monitoring;

g. Assistant Research officer (x3)

Table 4 provides listing for some new staff members recruited in 2010.

**Table 4: New staff and allowances in 2010**

| Staff Name                              | New Contract | Salary      |
|---|--------------|-------------|
| Bobby Maharaj                           | 01/07/2010   | \$55,000.00 |
| Ronika Devi                             | 06/07/2010   | \$12,500.00 |
| Ruhi Nair                               | 02/07/2010   | \$12,500.00 |
| Joel Abraham                            | 06/07/2010   | \$35,348.00 |
| Joel Abraham – responsibility Allowance | 06/07/2010   | \$ 5,000.00 |
| Mohammed Hussain (new position)         | 02/07/2010   | \$28,066.00 |
| Pritika Mala                            | 20/09/2010   | \$15,500.00 |
| Avneet Singh (new position)             | 08/03/2010   | \$24,000.00 |
| Nitin Chand (new position)              | 06/07/2010   | \$23,500.00 |
| Apenito Baka – responsibility Allowance | 08/03/2010   | \$ 5,000.00 |
| Jason Li                                | 17/05/2010   | \$30,500.00 |
| Sundhia Ben                             | 26/04/2010   | \$12,500.00 |

Additionally, all officers from Price and Incomes Board (“PIB”) had their salary processed under the Commerce Commission following the merger from July 2010.

Moreover, personnel expenses increases due to the upgrading of PIB staff members salary as per approval from the Ministry of Economy (Ministry of Finance in June 2010).

**Table 5: Summary of staff upgrade for PIB staff members**

| Staff Members  | Old Salary | New Salary in 2010 (Upgraded to)            |
|----------------|------------|---|
| Isimeli Vulagi | \$8,092.00 | \$10,412.00 (back dated to 8 December 2006) |
| Veniana Duvu   | \$8,092.00 | \$9,206.00 (back dated to 7 Sept 2007)      |

Further to above, due to the merger of the three agencies there were new recruitments for Fiji Commerce Commission, thus more expense towards salaries and wages.

**Question 07**

**Audit for the year ended 31 December 2009.**

**Please provide an update on all the issues raised by the OAG from 3.4 to 3.7.**

The Commission noted that 3.4 to 3.7 issues were raised in 2012 audit report and not in 2009 audit report. The issues raised were outline below from 3.4 to 3.7.

**3.4. Commission Membership**

The Commission notes the issue raised by the OAG. The Commission would like to highlight that the Commission board is appointed on relevant skillset of board members (e.g.

Economists, lawyers, accountants, HR experts as well as sector experts in pharmacies, telecommunication, and infrastructure). The Minister responsible was required to appoint board members, noting that Fiji is a small island developing state, finding people with the right skill set is a challenge, especially in the times when Australia and New Zealand imposed travel sanctions on people who accepted board memberships, one such example would be Mr. Krishn Shah who was appointed to the Commission board but later resigned citing his travel requirements.

It should also be noted that currently the Commission has a full board (six members) as required by Commerce Commission Decree 2010 and recommendation in audit reports as per table 6.

**Table 6: Current Board members**

| Board Members                        | Initial Contract Date            | Current Contract                    | Current Pay |
|--------------------------------------|----------------------------------|-------------------------------------|-------------|
| Ms. Joann Young- Board Chair         | 4/03/2015-4/03/2017- member      | 17/09/2015-17/09/2018- Board Chair  | \$8000.00   |
| Mr. Firoz Ghazali- Deputy Chair      | 20/02/2013 to 20/02/2015- member | 21/02/2015-19/2/2017- Deputy Chair  | \$3000.00   |
| Ms. Lyanne Vaurasi- Commissioner     |                                  | 17/09/2015-17/09/2018- Commissioner | Not entitle |
| Mr. Romil Patel – Commissioner       |                                  | 17/09/2015-17/09/2018- Commissioner | \$3000.00   |
| Mr. Vimesh Sagar- Commissioner       |                                  | 17/09/2015-17/09/2018- Commissioner | \$3000.00   |
| Mr. Isikeli Tikoduadua- Commissioner |                                  | 17/09/2015-17/09/2018- Commissioner | \$3000.00   |

### 3.5 Receipts not issued

The Commission appreciated the recommendation as per audit report 2012 and took the recommendation in good spirit. It is understood that receipts for monies received that were deposited into the Commission account did not have any receipts issued. The Commission is currently issuing receipts for all the money the Commission collects either at the Commission office or through direct bank deposit.

### 3.6 Lapse of Insurance Cover

The Commission agrees with the recommendation as per 2012 audit report that insurance policy should be renewed on timely basis to ensure Commission is adequately covered from all risk. The Commission currently has a valid insurance cover from Sun Insurance. The insurance cover was renewed before the expiry of the previous cover. The current insurance cover will be renewed before its expiry in 2017.

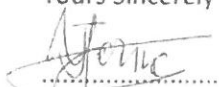
### 3.7 Financial Statements Errors

The Commission agrees with the recommendation and will ensure to check the financial statements thoroughly for accuracy and completeness in future. In light of this, the Commission has sought to acquire the services of an accounting professional (Manager Finance and Corporate) and will seek recruit a qualified person for this position who will be responsible for preparing future accounts for the Commission and this will be presented to the Senior Management Committee and guidance from the board would also be sought. It should also be noted that the Commission board now has two very experienced accounting professionals, namely Mr. Isikeli Tikoduadua who is retired but boasts 40 years' experience in the financial sector and Mr. Vimlesh Sagar, who is a Chief Financial Officer. As such the accounts will be checked for accuracy and then will be submitted to Audit General Office for audit.

We hope the above clarifies the position of the Commission with respect to the issues raised by the Public accounts Committee 2016. The above response is also tabled and attached with the letter.

Should there be need for any further clarification, please do not hesitate to contact me on 3372178.

Yours Sincerely



Ms. Joann Young

Chair- Fiji Commerce Commission



# **Investment Fiji Response to Questions Posed by the Parliament Standing Committee**

24 Nov 2016 – FINAL VERSION

## **1. Background information**

### **• Role and functions of the authority**

*Investment Fiji is established to promote and facilitate investment and export for Fiji. Its objectives are to –*

- *promote investment in and development of industries, ventures and enterprises that enhance employment opportunities, increase exports, reduce imports or are otherwise beneficial to the economy of Fiji;*
- *assist other persons or bodies in the establishment or expansion of any such activities;*
- *undertake product and market development and research either alone or jointly with any other person;*
- *act as an agent for the Government on such matters as may be delegated to it;*
- *advise on policies that would further the economic development of Fiji;*
- *advise the Minister on appropriate administrative machinery to facilitate economic development;*
- *make grants for the purpose related to the discharge of its functions under the Act; and*
- *generally, to do all those things as may be incidental to or consequential upon the exercise of its powers or functions under the Act.*

### **• Organisation structure**

*See attached appendix.*

### **• Board membership and fees**

*As at 2011, the Board members and their per annum fees were as follows.*

*Board members are only paid upon attendance of board meetings and fees are only payable to non-Government representatives. Fees are determined by MITT and members are appointed by the Minister MITT*

|                             |          |
|-----------------------------|----------|
| ▪ Mr Adrian Sofield - Chair | \$14,000 |
| ▪ Mr Jitoku Tikolevu        | -        |
| ▪ Mr Nemani Vuniwaqa        | -        |
| ▪ Mr Robert Lowres          | \$7,000  |
| ▪ Mr Shaheen Ali            | -        |
| ▪ Mr Solomon Nata           | \$7,000  |
| ▪ Mr William Situ           | \$7,000  |
| ▪ Mr Truman Bradley         | \$7,000  |



## **2. General**

- **General background**

*Investment Fiji was created in 1980 under the Economic Development Board Act No. 11 to promote, stimulate and facilitate economic development in Fiji.*

*Though a statutory organisation, Investment Fiji operates independently as the marketing arm of the Fiji Government to provide services and assistance to promote, facilitate and stimulate increased investments and exports.*

*Investment Fiji undertakes regulatory functions, promotional activities and advisory and information services to meet its objectives. Investment Fiji also acts as a liaison between Government, the private sector and regional and international agencies. Investment Fiji provides a range of services to promote investments and the development of industries and enterprises. In addition, Investment Fiji also works with local and foreign owned investors to increase exports of goods and services.*

*Investment Fiji works for the benefit of the national economy by creating employment opportunities, raising economic activity and bringing in foreign exchange to the country, thereby increasing Fiji's economic growth and prosperity prospects. Through this core function of promoting and facilitating investment and exports, Investment Fiji helps raise Fiji's standard of living and contributes to the eradication of poverty.*

- **Composition of the Board**

*As at 2011, the Board members were as follows –*

- *Mr Adrian Sofield*
- *Mr Jitoku Tikolevu*
- *Mr Nemani Vuniwaqa*
- *Mr Robert Lowres*
- *Mr Shaheen Ali*
- *Mr Solomon Nata*
- *Mr William Situ*
- *Mr Truman Bradley*

*The minimum number of board members is six.*

- **General operation – how many investments have been issued with Foreign Investor Registration Certificates (FIRCs) from 2009 to 2011.**

| Proposed Projects from 2009 to 2011 |                 |                  |            |
|-------------------------------------|-----------------|------------------|------------|
|                                     |                 | Proposed         |            |
| Year                                | No. of Projects | Investment (\$m) | Employment |
| 2009                                | 80              | \$317.7          | 5,577      |
| 2010                                | 117             | \$592.1          | 2,706      |
| 2011                                | 133             | \$466.1          | 2,901      |

**The number of implemented projects.**

*Projects may not necessarily be implemented in the year they are issued with their FIRC as some sectors such as tourism and agriculture can take several years for full implementation.*

| Implemented Projects from 2009 to 2011 |                 |                  |            |
|--|-----------------|------------------|------------|
|  |                 | Proposed         |            |
| Year                                   | No. of Projects | Investment (\$m) | Employment |
| 2009                                   | 68              | \$154.6          | 765        |
| 2010                                   | 64              | \$58.6           | 664        |
| 2011                                   | 62              | \$182.2          | 721        |

**The number of cancelled projects.**

*These projects have been cancelled due to failure to fulfill the FIRC requirements.*

| Cancelled Projects from 2009 to 2011 |                 |                  |            |
|--------------------------------------|-----------------|------------------|------------|
|                                      |                 | Proposed         |            |
| Year                                 | No. of Projects | Investment (\$m) | Employment |
| 2009                                 | 6               | \$14             | 384        |
| 2010                                 | 8               | \$6              | 131        |
| 2011                                 | 7               | \$13             | 261        |

- **One Hundred Sands**  
*The casino licensing authority rests with the Attorney General's Office.*
- **Trade offices**  
*Investment Fiji has no offices outside of Fiji.*

### 3. **11.2 Abridged Consolidated Income Statement Details**

- **Rent – factories**

*Factory rent related to the Kalabu Tax Free Zone (KTFZ) where the assets of this zone were **transferred to Investment Fiji on 1 July 1997** after a directive from the Minister for Commerce, Industries, Public Enterprises and Co-operatives.*

*Investment Fiji administered and operated this zone and treated KTFZ as a separate division. KTFZ was consolidated with that of Investment Fiji in their financial statements.*

***On 19 August 2011 by way of a September cabinet decision, the operations of the Kalabu Tax Free Zone were transferred to the Ministry of Finance.***

*The reduction in the 2010 rental income was due to unoccupied factories 1 and 2.*

|              | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------|-------------|-------------|-------------|
| Factory rent | -           | \$1,597,189 | \$1,869,625 |

- **Trade promotion**

*Trade promotion income is as follows –*

|                                    | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      |
|------------------------------------|------------------|------------------|------------------|
| Exporter of the Year Award         | \$227,866        | \$210,978        | \$227,465        |
| Government grant                   | -                | -                | \$114,373        |
| MSG – Fiji trade expo registration | \$16,522         | -                | -                |
|                                    | <u>\$244,388</u> | <u>\$210,978</u> | <u>\$341,838</u> |

*The income from the Exporter of the Year Award is derived from funds received from the sponsorship of the general and special categories awards.*

- **Decrease in total expenditure from \$3.4m in 2009 to \$1.7m in 2011**

*Expenses associated with the Kalabu Tax Free Zone (KTFZ) managed by Investment Fiji from 1997 until partway through 2011 were included within the Investment Fiji consolidated accounts. T*

*These expenses amounted to approximately \$1.2m to \$1.7m per annum and comprised staff costs, operating expenses such as insurance, land lease costs and maintenance of factories and grounds. Administration costs associated with the KTFZ comprises electricity, telecommunications, rates, project fees and management fees.*

*On 19 August 2011 the operations of the Kalabu Tax Free Zone were transferred to the Ministry of Finance and as a consequence, this revenue was removed from the 2011 accounts of Investment Fiji as well as from the restated 2010 comparatives.*

|                               | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      |
|-------------------------------|------------------|------------------|------------------|
| Investment Fiji expenses      | \$1,456,477      | \$1,655,798      | \$1,926,263      |
| Kalabu Tax Free Zone expenses | -                | \$1,668,373      | \$1,237,043      |
| Trade promotion expenses      | <u>\$253,505</u> | <u>\$233,729</u> | <u>\$308,040</u> |
| Total                         | \$1,709,982      | \$3,557,900      | \$3,471,346      |

- **Decrease in total income from \$4.07m in 2009 to \$1.9m in 2011**

*The revenue from the Kalabu Tax Free Zone from 1997 until partway through 2011 was included within the Investment Fiji consolidated accounts as Investment Fiji was responsible for administering and operating this zone.*

*This revenue of \$1.9m in 2009 and \$1.6m in 2010, was primarily derived from the rental income of the factories within the Kalabu Tax Free Zone.*

*On 19 August 2011 the operations of the Kalabu Tax Free Zone were transferred to the Ministry of Finance and as a consequence, this revenue was removed from the 2011 accounts of Investment Fiji as well as from the restated 2010 comparatives.*

*Investment Fiji also receives Government grants. In 2009 these totaled \$1.5m, but decreased to \$940k in 2010 with a further decrease in 2011 to \$913k.*

|                                   | <u>2011</u>     | <u>2010</u>     | <u>2009</u>     |
|-----------------------------------|-----------------|-----------------|-----------------|
| Government grant                  | \$913,043       | \$939,455       | \$1,499,587     |
| Kalabu Tax Free Zone factory rent | -               | \$1,597,189     | \$1,869,625     |
| Kalabu Tax Free Zone other income | -               | \$134,001       | \$115,909       |
| Trade promotion income            | \$244,388       | \$210,978       | \$341,838       |
| FIRC registration and other fees  | \$356,185       | \$293,082       | \$228,388       |
| Management fee (KTFZ)             | \$179,635       | -               | -               |
| Sublease of land (KTFZ)           | \$90,403        | -               | -               |
| Other                             | <u>\$12,554</u> | <u>\$18,971</u> | <u>\$23,602</u> |
| Total                             | \$1,796,208     | \$3,193,676     | \$4,078,949     |

#### **4. Control Issues**

- **2010 control issues**

- **Withholding tax not claimed back from FRCA**

- This relates to the Kalabu Tax Free Zone which was transferred to the Ministry of Finance in 2011. Since then, Investment Fiji has not been operating term deposits.*

- **Exchange rate difference on outstanding debt**

- The debt in question was provided as doubtful in 2009 and has subsequently been written off as bad.*

- **Long outstanding creditors**

- All creditors in question were paid or written off in 2011.*

- **Income received in advance**

- The items in question were written off in 2011.*

- **Excessive annual leave**

- The excessive staff leave balances were reduced in 2011 and a written policy was formulated.*

- **2011 control issues**

- No control issues were highlighted in 2011.*

[illegible]

**Training and Productivity Authority of Fiji – Public Accounts Committee Audit  
2007/2008/2009 Responses**

| <b>Public Accounts Committee Responses</b>            |  |
|---|--|
| <b>Questions</b>                                      | <b>Responses</b>   |
| <b>Role and Functions of the Authority</b>            | <p>The Authority manages employer levies for training and productivity development in Fiji. The use of these funds are as per the law and policies made within the decree. 10% of the funds are used for administering the levy/grant functions, while 90% is restricted for grant payments, undertaking productivity promotion, administration of trade testing, managing the National Apprenticeship Training Scheme, and subsidizing Method B employers in raising their skill levels. Any savings in this part of the levy income is used for upgrading of facilities, equipment and technology, and for acquisition of capital items and for other use as may become necessary from time to time.</p> |
| <b>Organisation Structure - total number of staff</b> | <p>Operational practice had been maintained a high level of activity ensuring quality services to staff of the Authority. There were 217 permanent staff in all. <b>TPA Management team consisted of:</b></p>  |
|   | Director General - Jone Usamate  |
|   | General Manager - Management, Manufacturing & IT Training - Yogesh Karan   |
|   | General Manager - Productivity and Standards - Anand Kuver   |
|   | General Manager - Technical Training - Kalisiana Koroi   |
|   | General Manager - Corporate Services - Elena Wakolo  |
|   | General Manager - Hospitality & Tourism Training - Ilaitia Vuki  |
| <b>Board Membership and Fees</b>                      | Taito Waqa - Chairman  |
|   | Karen Sorby - Vice Chairperson - Employer Representative   |
|   | Rajeshwar Singh - Vice Chairperson - Employee Representative   |
|   | Taina Tagicakibau - Government Representative  |
|   | Emi Rabukawaqa - Government Representative   |
|   | Kenneth Roberts - Employers Representative   |
|   | Manasa Baravilala - Employers Representative   |
|   | Satish Kumar - Employers Representative  |
|   | Arvind Maharaj - Employers Representative  |



|                               |   |
|-------------------------------|---|
| Creditors with Debit Balances | The University receives the Creditors Statement at every month and reconciliations are made against PO issued.          |
| Accruals                      | Provided and cleared  |
| Unidentified Deposits         | Instructions have been given to the Bank to only accept deposits against invoices and Employer numbers for levy payers. |
| Employer Verification         | Verification is an ongoing process.   |

#### Comments on Control Issues highlighted by OAG for the audits of 2009

|   |   |
|---|---|
| Non Award Courses                                       | Program Participant Management System (PPMS) was purchased in 2010 and this interfaced with the University's financial reporting system.  |
| Levy Income – Arbitrary Assessment                      | Arbitrary Assessment is ongoing for all defaulting employers  |
| Employers verified in the last three years              | A special Verification Team has been set and employer verification is a continuous process  |
| Sick Leave Compensation                                 | Upon merger, only staff on TPAF contract have their unutilised sick leave balance compensated as per their entitlement. Attempts will be made to identify staff and a recovery process undertaken where applicable.   |
| Employee Entitlements                                   | The HRSS is updated automatically when leaves are approved or decline. This then updates the PayGlobal system when the staff pay is tagged for leave taken.   |
| Quotations  | Since the merger procurement of goods and services are centralised and therefore the Procurement Policy (attached) is maintained at all times.  |
| Stale Cheques – Clearing account                        | Refer to previous comments on Stale Cheques.  |
| Unidentified Deposits                                   | Instructions have been given to the Bank to only accept deposits against invoices and Employer numbers for levy payers.   |
| Anomalies in Fixed Assets Register                      | In 2011, the University commissioned Beca Valuations Ltd to undertake a valuation for accounting purpose in accordance with IFRS & Fiji Accounting Standards and for insurance purpose as well. The fair value of these PPE have been taken as opening balances for all the merger institutions including TPAF. Depreciation is now being applied as per the current University Finance Policy. |
| General Ledger Postings and Financial Statements Errors | The University's accounts are presented comparing last year's actual against the current year's actual. Matter has been addressed.  |



## NAVUA RURAL LOCAL AUTHORITY

The Navua Rural Local Authority is established under section 10 of the Public Health Act Cap 111. The Local Authority is primarily responsible for the enforcement of the Public Health Act & Regulations for the protection of human health. In addition, it is also required to enforce other legislations to promote sustainable development that is conducive to attaining a healthy population.

The local authority board membership is gazetted to function for a maximum of two (2) years. The members are selected based on their capabilities in terms of background knowledge on the area, experience on their previous or current work that is related to the functions of the local authority and ability to communicate well with the communities as well as with other governmental & non-governmental organizations.

|   | OAG COMMENTS   | RESPONSE   |
|---|--|--|
| Audit for the year ended 31 December 2007 | <p><b>Part B: Control Issues</b><br/>Please provide comments in respect of the recommendations by the OAG in respect of 18.4 Discrepancies in Cash on Hand</p> <p>18.5 Non-compliance with the Public Health (Sanitary Services) Regulations</p>   | <ul style="list-style-type: none"> <li>▪ Lodgement is now done daily as per instructions from our Divisional Accounts team after their recent audit</li> <li>▪ No comments could be obtained as officer in charge in 2007 had retired in 2015</li> <li>▪ The local authority is complying as per requirement of the Fiji Accounting Standard whilst preparing the financial statements annually</li> </ul> |
| Audit for the year ended 31 December 2009 | <p><b>Part A : Financial Information</b></p> <p><b>8.1 Audit Opinion</b><br/>The Audit of the financial statements of the Entity for the year ended 31<sup>st</sup> Dec 2009 resulted in the issue of a qualified report. There were 2 issues regarding the financial statement – could we be advised whether the issues raised have now been rectified to stop it from being a recurring issue in 2010?</p> <p><b>8.2 Income Statement</b><br/>Can we be advised as to the cause of the decrease in</p> | <ul style="list-style-type: none"> <li>▪ We have taken into account the recommendation by OAG. We have currently in our annual income and expenditure have taken into account revenue not received and expenditure not paid and the balance sheet.</li> <li>▪ Market was closed for over a month after the massive flash flood that hit most of the towns across Fiji.</li> </ul>                          |

|  |  |  |
|--|--|--|
| total receipts from \$73,345 in 2008 to \$63,542 in 2009   |  | <ul style="list-style-type: none"> <li>▪ Taxi Base fees were no longer paid to the Local Authority but to Post Fiji Ltd.</li> </ul>  |
| <b>Part B: Control Issues</b>  |  |  |
| <b>8.3 Presentation of Financial Statements</b><br>Can we be advised whether the faults that were detected in the audit issues have been rectified in order to protect the issue from being a recurring one in 2010? |  | <ul style="list-style-type: none"> <li>▪ The Local Authority have adopted the accrual basis of accounting in preparing annual financial reports</li> <li>▪ Officer have been trained on the basic financial management concepts</li> </ul> |
| Please provide updates on the following issues raised by the OAG.  |  |  |
| 8.4 Accounting manuals   |  | <ul style="list-style-type: none"> <li>▪ The local authority has adopted the Finance Instructions of the Government and is also included in its Standard Operating Procedures manual</li> </ul>  |
| 8.5 Bank Reconciliation  |  | <ul style="list-style-type: none"> <li>▪ We are now strengthening the preparation of our bank reconciliation with the supervision of our Divisional Accounts team</li> </ul>   |
| 8.6 Poor file management & record keeping  |  | <ul style="list-style-type: none"> <li>▪ All documentation and receipts are properly and securely maintained</li> <li>▪ Divisional Accounts team is assisting us in the monitoring of records and revenue</li> </ul>                       |
| 8.7 Arrears of fees  |  | <ul style="list-style-type: none"> <li>▪ Appointment of Garbage Service enforcement officers who carry out house to house visits issuing notices to defaulters</li> </ul>  |
| 8.8 Payment Controls Deficiencies  |  | <ul style="list-style-type: none"> <li>▪ The local authority is now adhering to the MOHMS Financial manual and local authority financial SOP</li> </ul>  |
| 8.9 Personnel Files Details  |  | <ul style="list-style-type: none"> <li>▪ All officers employed by the Local Authority each have their own personal files containing their personal information</li> </ul>  |
| 8.10 Late lodgement of VAT returns   |  | <ul style="list-style-type: none"> <li>▪ The local authority is now strengthening the submission of VAT returns with the assistance of our Divisional Accounts team.</li> </ul>  |

**Training and Productivity Authority of Fiji – Public Accounts Committee Audit  
2007/2008/2009 Responses**

| <b>Public Accounts Committee Responses</b>            |  |
|---|--|
| <b>Questions</b>                                      | <b>Responses</b>   |
| <b>Role and Functions of the Authority</b>            | <p>The Authority manages employer levies for training and productivity develop in Fiji. The use of these funds are as per the law and policies made within th decree. 10% of the funds are used for administering the levy/grant functions while 90% is restricted for grant payments, undertaking productivity promotio administration of trade testing, managing the National Apprenticeship Trainin Scheme, and subsidizing Method B employers in raising their skill levels. An savings in this part of the levy income is used for upgrading of facilities, equipment and technology, and for acquisition of capital items and for other u as may become necessary from time to time.</p> |
| <b>Organisation Structure - total number of staff</b> | <p>Operational practice had been maintained a high level of activity ensuring qua services to staff of the Authority. There were 217 permanent staff in all. <b>TF Management team consisted of:</b></p>   |
|   | Director General - Jone Usamate  |
|   | General Manager - Management, Manufacturing & IT Training - Yogesh Karar   |
|   | General Manager - Productivity and Standards - Anand Kuver   |
|   | General Manager - Technical Training - Kalisiana Koroi   |
|   | General Manager - Corporate Services - Elena Wakolo  |
|   | General Manager - Hospitality & Tourism Training - Ilaitia Vuki  |
| <b>Board Membership and Fees</b>                      | Taito Waqa - Chairman  |
|   | Karen Sorby - Vice Chairperson - Employer Representative   |
|   | Rajeshwar Singh - Vice Chairperson - Employee Representative   |
|   | Taina Tagicakibau - Government Representative  |
|   | Emi Rabukawaqa - Government Representative   |
|   | Kenneth Roberts - Employers Representative   |
|   | Manasa Baravilala - Employers Representative   |
|   | Satish Kumar - Employers Representative  |
|   | Arvind Maharaj - Employers Representative  |

|  |   |
|--|---|
|  | Agni Deo Singh - Employee Rep   |
|  | Anand Chand - Employee Rep  |
|  | Tomasi Tokalauvere - Employee Rep   |
|  | Litiana Waqalevu - Employee Rep   |
|  | Board Sitting Fees 2007 - \$62,550 / 2008 - \$94,599 / 2009 - \$102,636   |
| <b>Salaries for Executive Members</b>  | 2007 - \$375,769 / 2008 - \$369,508 / 2009 - \$369,508  |
| <b>Are the deductions by employers still ongoing and how is it accounted for by FNU?</b> | A bank account exclusive for levy collections and grant payouts was opened on 01 November 2011 and from there on the reconciliations was based on the opening balance in 2011, levy collected, grants paid out and also the amounts paid by FNU for NTPC. The levy and grants function comes under the Finance Department of the Fiji National University and is managed by the Director Finance. |
| <b>Outstanding Salary Advances</b>   | Data from Sun Systems Financial System could not be recovered after merge hence issue is unresolved.  |

#### Comments on Control Issues highlighted by OAG for the audits of 2008

|   |   |
|---|---|
| <b>Payroll</b>                                    | Pay Global Software was introduced in 2010 merger and has been used by FNU since 2010. Reconciliation has been done since then.   |
| <b>Payment of Bonus, Merit and Job Evaluation</b> | No effort was made to recover these.  |
| <b>Withholding Tax</b>                            | The bank cannot remit funds offshore without sighting clearance documents from FNU. The University ensures that WHT and Vat Reverse charges are paid before the bank is asked to process the offshore payments. Some of the contracts may have required TPAF To pay WTH. (An example is attached)           |
| <b>Cash at Bank Reconciliation</b>                | All Bank Reconciliations are completed and signed off by the 15th of the following month.   |
| <b>Stale Cheques</b>                              | Every month, stale cheques are transferred to a Clearing Account, awaiting replacements. After a year, these are written back if they remain unreplaced.  |
| <b>Property Plant and Equipment</b>               | In 2011, the University commissioned Beca Valuations Ltd to undertake a valuation for accounting purpose in accordance with IFRS & Fiji Accounting Standards and insurance purpose as well. The fair value of these PPE have been taken as opening balances for all the merger institutions including TPAF. |
| <b>Depreciation on Effect of Adopting IFRS</b>    | All revalued assets have been taken into the Fixed Asset Register and depreciation applied as per the current University Finance Policy.  |
| <b>Debtors with Credit Balances</b>               | Cleared upon merger   |

|                               |  |
|-------------------------------|--|
| Creditors with Debit Balances | The University receives the Creditors Statement at every month and reconciliation made against PO issued.          |
| Accruals                      | Provided and cleared   |
| Unidentified Deposits         | Instructions have been given to the Bank to only accept deposits against invoice Employer numbers for levy payers. |
| Employer Verification         | Verification is an ongoing process.  |

#### Comments on Control Issues highlighted by OAG for the audits of 2009

|   |   |
|---|---|
| Non Award Courses                                       | Program Participant Management System (PPMS) was purchased in 2010 and it interfaced with the University's financial reporting system.  |
| Levy Income – Arbitrary Assessment                      | Arbitrary Assessment is ongoing for all defaulting employers  |
| Employers verified in the last three years              | A special Verification Team has been set and employer verification is a continuing process  |
| Sick Leave Compensation                                 | Upon merger, only staff on TPAF contract have their unutilised sick leave balance compensated as per their entitlement. Attempts will be made to identify staff recovery process undertaken where applicable.   |
| Employee Entitlements                                   | The HRSS is updated automatically when leaves are approved or decline. This updates the PayGlobal system when the staff pay is tagged for leave taken.  |
| Quotations  | Since the merger procurement of goods and services are centralised and therefore Procurement Policy (attached) is maintained at all times.  |
| Stale Cheques – Clearing account                        | Refer to previous comments on Stale Cheques.  |
| Unidentified Deposits                                   | Instructions have been given to the Bank to only accept deposits against invoice Employer numbers for levy payers.  |
| Anomalies in Fixed Assets Register                      | In 2011, the University commissioned Beca Valuations Ltd to undertake a valuation accounting purpose in accordance with IFRS & Fiji Accounting Standards and insurance purpose as well. The fair value of these PPE have been taken as opening balances for all the merger institutions including TPAF. Depreciation is now being applied as per the current University Finance Policy. |
| General Ledger Postings and Financial Statements Errors | The University's accounts are presented comparing last year's actual against the current years actual. Matter has been addressed.   |





| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |                         |   | ANSWERS TO QUESTIONS   |
|--|-------------------------|---|--|
| PARL. PAPER NO.  | QUESTION                |   |  |
| General questions                                      | Background information: | <ul style="list-style-type: none"> <li>• Role and functions of the Authority</li> </ul> | <ul style="list-style-type: none"> <li>• The CATD is a Training Institution offering training to rural youths that has existed for more than 35 years.</li> </ul> <p>The CATD was initially established under a joint venture Agreement executed on 29<sup>th</sup> November 1980 between the government of Fiji and the Republic of Germany represented by the Hanns-Seidel Foundations.</p> <p>Established through a joint partnership between Hans Seidel Foundation of Germany and Fiji government, CATD is registered as a charitable Trust Organization under the Charitable Trust Act Cap 67.</p> <p>The basic objective of the CATD is to improve the standard of living in the rural sector of Fiji through the development of technical skills and services and promotion of better leadership qualities necessary to enhance and facilitate community development.</p> <p>CATD as a whole is responsible for the good governance and well-being of the iTaukei which includes preservation of culture. Under its <u>By-Laws approved by Cabinet on 09<sup>th</sup> September 2008, CATD is a non-profit-making organisation and its key priorities are summarised as follows:</u></p> <ol style="list-style-type: none"> <li>1. Develop leadership and effective human resources in rural Fiji by way of research, training, consultancy and technical assistance;</li> <li>2. Provide long and short-term technical and vocational training and other types of community-based training for rural participants;</li> </ol> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |          |  |
|--|----------|--|
| PARL. PAPER NO.  | QUESTION | ANSWERS TO QUESTIONS   |
|  |          | <ol style="list-style-type: none"> <li>3. Provide short term based courses in appropriate technology, and other relevant areas for manpower development at the request of government for specific groups identified by government either through extension or attendance at the Centre;</li> <li>4. Conduct applied research and undertake consultancy in the area of appropriate technology and manpower planning at the request of Government and other agencies in Fiji;</li> <li>5. Assist other areas of Government in the conduct of courses for adults in the areas of education, leadership, administration, business and financial management;</li> <li>6. Assist indigenous Fijians and Rotumans resource owners in the sustainable use and development of their natural resources;</li> <li>7. Ensuring protection and management of iTaukei culture and heritage for current and future generation;</li> <li>8. Encourage and implement sustain able and proper land use planning and management to support economic development;</li> <li>9. Work towards creating livelihoods through micro, small and medium enterprise development;</li> <li>10. Ensuring that the Centre effectively execute its role of improving the wellbeing and governance of the iTaukei people.</li> </ol> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) | ANSWERS TO QUESTIONS   |
|--|--|
| PARL. PAPER NO.  | QUESTION   |
|  | <p><u>Role of the Director</u><br/>The Director is the head of the Centre and is responsible to the Board of Governors and Minister for iTaukei Affairs for the proper and effective management of the CATD and for policy advice and support. The Director is also responsible for implementing Government policies and programmes in a cost effective and efficient manner. The principal accountabilities of this role include:</p> <ul style="list-style-type: none"> <li>• Knowledge, skills, personal qualities</li> <li>• Ability to provide leadership and personally contribute to shaping the strategic direction of the Ministry and develop strategies on how to achieve objectives using a wide range of sources of information and consultation.</li> <li>• Ability to identify and grasp complex issues, critically analyze and evaluate issues and apply intellect and sound judgment to arrive at conclusions.</li> <li>• Must be able to work closely with other Government Permanent Secretaries and stakeholders to develop productive working partnerships that facilitate the achievement of results.</li> <li>• Steer the process of planning through to implementation and ensure that intended results are consistently delivered by building an organizational capability that inculcates a culture of achievement and improvement.</li> </ul> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |  |  |
|--|--|--|
| PARL. PAPER NO.  | QUESTION   | ANSWERS TO QUESTIONS   |
|  | <ul style="list-style-type: none"> <li>• Organization structure – total number of staff</li> <li>• Board membership</li> </ul> | <ul style="list-style-type: none"> <li>• Exemplify professionalism and integrity in personal behavior and takes personal responsibility for getting things done.</li> <li>• Clear communication skills and ability to negotiate with others in a credible and persuasive manner that takes into account the views of others.</li> <li>• CATD organization structure [Ref Annex 1] is in place and has a full strength of 33 positions – of which 26 substantively filled while approx. 7 are still vacant. [Ref Annex 2]<br/><br/>With the CATD there are 5 major Units - Admin &amp; Finance, Training, Catering, Housekeeping, and Maintenance.</li> <li>• The Current BOG is the second lot from when it started in 2012. The current Board Chairman is Mr. Apakuki Kurusiga and the members are: President of Methodist Church, PS iTaukei Affairs, Mr Sakeasi Seru, Mrs Rokobua Naiyaga and Director CATD. The meeting is conducted quarterly.</li> <li>• The former BOG members were: Ratu Jolame L, Loata Karavaki, Waisea Davuqalita, President Methodist Church, PS iTaukei Affairs and Director CATD</li> <li>• The Board of Trustees is chaired by Mr. Isoa Kaloumaira and members are Tui Macuata and Dr Akanisi Kedrayate. The Board to meet every six months.</li> </ul> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD)  |  | ANSWERS TO QUESTIONS   |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
|---|--|--|--|-----------|--------------------|------------|------------------------------|-------------|-----------------------------------|----------|-----------------------------------|-------------|---|-------------|-------------------|------------|----------------------|------------|-----------|----------|--|--------------|------------------|------------|-----------------------------------|-------------|-----------------------------|------------|-------|-------------|
| PARL. PAPER NO.   | QUESTION   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| Report of the Auditor General on the Audits of Statutory Authorities – December 2010 (Parliamentary Paper No. 32 of 2016) | <p><b>PART A – FINANCIAL STATEMENTS</b></p> <p><b>2.2 : Abridged Income Statement</b></p> <ul style="list-style-type: none"><li>What was the cause of the increase in Contract Work Materials where the amount incurred rose from \$75,939 in 2008 to \$114,396 in 2009?</li></ul> | <p>The cause of the increase in Contract Work Materials where the amount incurred rose from \$75,939 in 2008 to \$114,396 in 2009 was due to the increase in the programmes conducted in 2009 e.g.</p> <table><tr><th></th><th>Decreased</th></tr><tr><td>1. Biofuel Project</td><td>\$3,070.47</td></tr><tr><td>2. Mokani Demonstration Farm</td><td>\$48,064.17</td></tr><tr><td>3. Rural Based Community Training</td><td>\$399.71</td></tr><tr><td>4. OBM Training – 2 stroke engine</td><td>\$15,092.22</td></tr><tr><td>5. Rural Fiji Women Training Prog RFWPT</td><td>\$41,130.15</td></tr><tr><td>6. Sewing Machine</td><td>\$2,205.98</td></tr><tr><td>7. Vehicle Servicing</td><td>\$4,086.65</td></tr><tr><td>8. Others</td><td>\$346.91</td></tr><tr><td></td><td>\$114,396.26</td></tr></table> <p>The new programs conducted in 2009 which were not conducted in 2008 are as follows:-</p> <table><tr><td>Bio-fuel Project</td><td>\$3,070.00</td></tr><tr><td>Mokani Demonstration Farm Project</td><td>\$48,064.17</td></tr><tr><td>Vehicle Servicing programme</td><td>\$4,086.65</td></tr><tr><td>Total</td><td>\$55,220.82</td></tr></table> |  | Decreased | 1. Biofuel Project | \$3,070.47 | 2. Mokani Demonstration Farm | \$48,064.17 | 3. Rural Based Community Training | \$399.71 | 4. OBM Training – 2 stroke engine | \$15,092.22 | 5. Rural Fiji Women Training Prog RFWPT | \$41,130.15 | 6. Sewing Machine | \$2,205.98 | 7. Vehicle Servicing | \$4,086.65 | 8. Others | \$346.91 |  | \$114,396.26 | Bio-fuel Project | \$3,070.00 | Mokani Demonstration Farm Project | \$48,064.17 | Vehicle Servicing programme | \$4,086.65 | Total | \$55,220.82 |
|   | Decreased  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 1. Biofuel Project  | \$3,070.47   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 2. Mokani Demonstration Farm  | \$48,064.17  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 3. Rural Based Community Training   | \$399.71   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 4. OBM Training – 2 stroke engine   | \$15,092.22  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 5. Rural Fiji Women Training Prog RFWPT   | \$41,130.15  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 6. Sewing Machine   | \$2,205.98   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 7. Vehicle Servicing  | \$4,086.65   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| 8. Others   | \$346.91   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
|   | \$114,396.26   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| Bio-fuel Project  | \$3,070.00   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| Mokani Demonstration Farm Project   | \$48,064.17  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| Vehicle Servicing programme   | \$4,086.65   |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |
| Total   | \$55,220.82  |  |  |           |                    |            |                              |             |                                   |          |                                   |             |   |             |                   |            |                      |            |           |          |  |              |                  |            |                                   |             |                             |            |       |             |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |   |  |
|--|---|--|
| PARL. PAPER NO.  | QUESTION  | ANSWERS TO QUESTIONS   |
|  | <ul style="list-style-type: none"> <li>What caused the decrease in Salaries and Wages and Related Costs from \$409,261 in 2008 to \$397,602 in 2009?</li> </ul>   | <p>The difference is a total of \$11,659. The decrease may have cause by a number of reasons:</p> <ul style="list-style-type: none"> <li>- Vacant positions not filled after retirement of staffs</li> <li>- Expiry of staffs contract under project that was discontinued i.e. Rural Fiji Women Training Program.</li> <li>- Aged vacancy not considered by the Ministry of Finance for allocation of funds</li> </ul> <p>Overall the allocation of funds [increases/decreases] annually for such Item activity is the decision of the Ministry of Finance. This is despite our efforts in justifying our budget during annual submissions.</p> |
|  | <p><b>2.3 Abridged Balance Sheet</b></p> <ul style="list-style-type: none"> <li>What was the reason for the decrease in Property, Plant and Equipment in 2009?</li> <li>On Other Receivables, why was there a substantial decrease from \$135,690 in 2008 to \$22,215 in 2009?</li> </ul> | <p>The reason was due to the reassessment of Assets with in CATD. The assessment over the years was first agreed to in 2008 but reassessed and decreased in 2009. This was mainly on plant [Dredge] and equipment that have malfunctioned or depreciated in values over the years i.e. vehicles, workshop power tools etc.</p> <p>There was a substantial decrease on Other Receivables from \$135,690 in 2008 to \$22,215 in 2009 due to the large amount of Scholarship funds owed for the LETP in 2008. It was cleared in 2009. It was the fees for the two groups amounting to \$127,899.00.</p> <p>It comprised of:</p>                     |



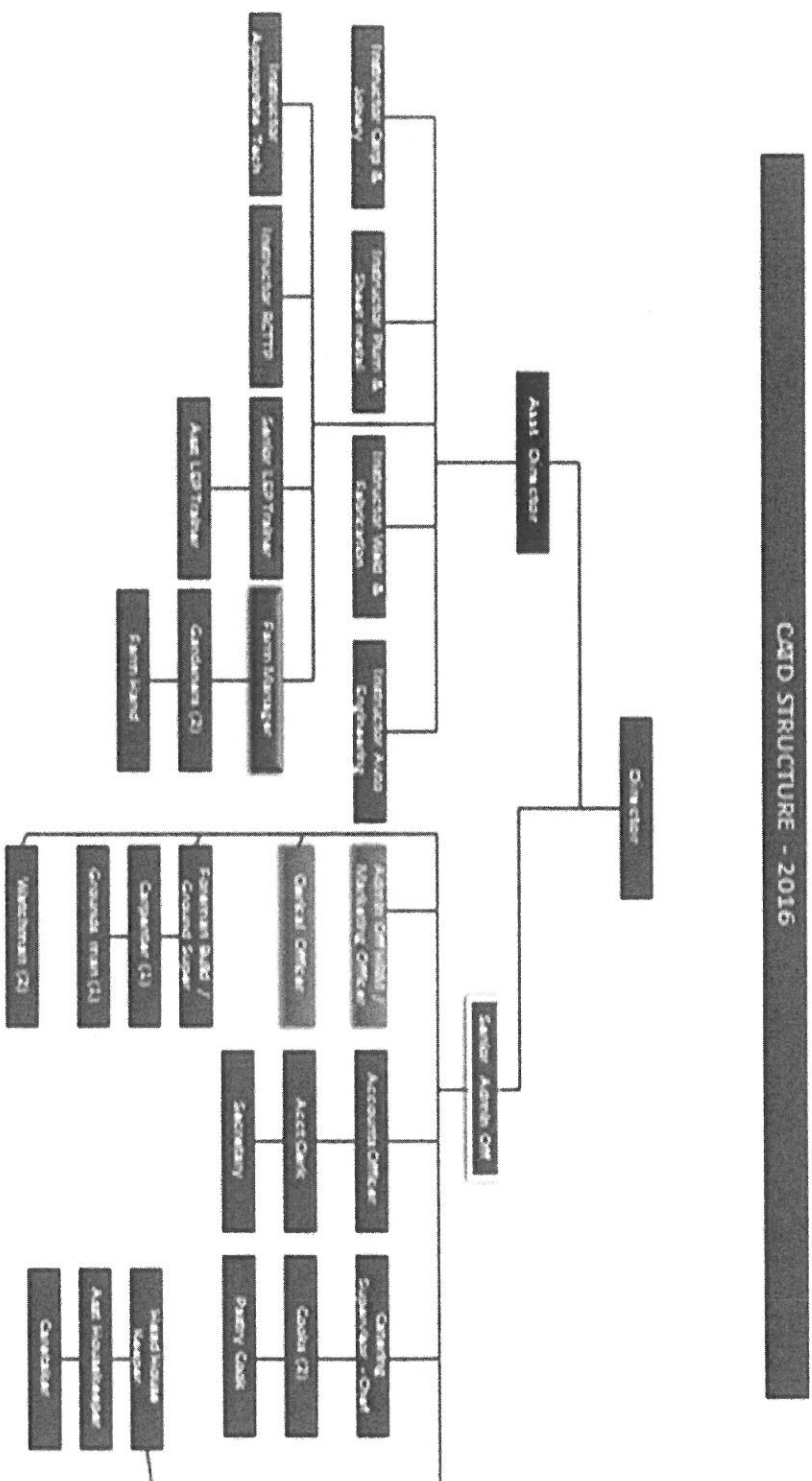
| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |  | ANSWERS TO QUESTIONS  |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
|--|--|---|------------|----------|-------------|------------------|------------|----------|-------------|------------------|-----------|------------------|----------|-------------------------|---------|--------------------|----------|--|------------|--|-----------|--|----------|-------|------------|
| PARL. PAPER NO.  | QUESTION   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
|  |  | <table><tr><td>Grp 04/8</td><td>\$59,022.00</td><td>paid on 31/03.09</td><td>RR no. 022</td></tr><tr><td>Grp 05/8</td><td>\$68,877.00</td><td>paid on 15.05.09</td><td>RR no. 38</td></tr></table> <p>and Seminar reimbursement:</p> <table><tr><td>Peace Corps Fiji</td><td>\$662.50</td></tr><tr><td>National Fire Authority</td><td>\$86.00</td></tr><tr><td>Workshop Practical</td><td>\$731.50</td></tr><tr><td>Retention money Serua Community Hall (Mr. Boseiwaqa)</td><td>\$3,236.00</td></tr><tr><td>Reclassification of accounts – audit adjustments</td><td>\$2944.69</td></tr><tr><td>Repair to Rewa Provincial Council Boat</td><td>\$130.32</td></tr><tr><td>Total</td><td>\$7,791.01</td></tr></table> |            | Grp 04/8 | \$59,022.00 | paid on 31/03.09 | RR no. 022 | Grp 05/8 | \$68,877.00 | paid on 15.05.09 | RR no. 38 | Peace Corps Fiji | \$662.50 | National Fire Authority | \$86.00 | Workshop Practical | \$731.50 | Retention money Serua Community Hall (Mr. Boseiwaqa) | \$3,236.00 | Reclassification of accounts – audit adjustments | \$2944.69 | Repair to Rewa Provincial Council Boat | \$130.32 | Total | \$7,791.01 |
| Grp 04/8   | \$59,022.00  | paid on 31/03.09  | RR no. 022 |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Grp 05/8   | \$68,877.00  | paid on 15.05.09  | RR no. 38  |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Peace Corps Fiji                                       | \$662.50   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| National Fire Authority                                | \$86.00  |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Workshop Practical                                     | \$731.50   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Retention money Serua Community Hall (Mr. Boseiwaqa)   | \$3,236.00   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Reclassification of accounts – audit adjustments       | \$2944.69  |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Repair to Rewa Provincial Council Boat                 | \$130.32   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
| Total  | \$7,791.01   |   |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |
|  | <p>What are the items under “Other Receivables”?</p> <p><b>PART B – CONTROL ISSUES</b></p> <p><b>2.4 Financial Statements and Accounting Records</b></p> <ul style="list-style-type: none"><li>The issue of proper accounting control rests with the Management – were there qualified human resources available to ensure that there are no repetition?</li><li>What progress has been made in this area?</li></ul> | <p>The items under “Other Receivables are trade debtors such as MTA Scholarship funds, Seminar Reimbursements.</p> <ul style="list-style-type: none"><li>This is indeed an issue of concern now. The old practice is still in force and there has been no change. From 2016 the problem has taken its toll and there are plans now to change the whole system in 2017.</li><li>To deal with this the management is currently working on the implementation of observations by the current Director made early this year:</li></ul>  |            |          |             |                  |            |          |             |                  |           |                  |          |                         |         |                    |          |  |            |  |           |  |          |       |            |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD)<br>PARL. PAPER NO. | QUESTION  | ANSWERS TO QUESTIONS   |
|---|---|--|
|   | <p><b><u>2.5 Segregation of Duties – Accounts Section</u></b></p> <ul style="list-style-type: none"> <li>Did the Centre rotate duties between staff in order to minimize the possibility of fraud?</li> </ul> | <ul style="list-style-type: none"> <li>Have all the strategic documentations done up properly               <ol style="list-style-type: none"> <li>Have the HRM processes and procedures including documentations in some order</li> <li>Advertise vacant positions that are crucial but have been vacant for long time</li> <li>Get qualified personnel recruited through NEC and MOU between CATD and NEC has been finalized. Recruitment to commence in December under the volunteer mode initially before substantively filling the vacant positions.</li> </ol> </li> </ul> <p>To be frank this has not been done to date.</p> <p>The same person doing the accounts is also doing Administrative work. The appointment of the New Director has somewhat eases the workload of the person but the need to segregate and clearly demarcate work and proper alignment of tasks is very much necessary and we are working on it now. This is to be in place by January 2017.</p> <p>May I add , the reason this has been in place for quite some time are:</p> <ol style="list-style-type: none"> <li>CATD lacks the funds to create a positions and recruit another person as a full time accounting personnel;</li> <li>There are personnel employed who have been at CATD for long time and there is mind-set shake up</li> </ol> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |   | ANSWERS TO QUESTIONS  |
|--|---|---|
| PARL. PAPER NO.  | QUESTION  |   |
|  |   | <p>required as well as recruitment of qualified people to do management tasks and have a much more broader and innovative ideas to improve the CATD;</p> <p>c. The position of Director has been substantively vacant for a few years since 2012 when the holder the Late Mr. Josefani Bola passed on;</p> <p>d. The employees have not been given the chance to attend training / workshops and seminars to broaden their knowledge and upskilling in their technical fields.</p> <p>e. CATD though operated with the appointment of an Interim Director from 2012, this was not sufficient as the person has busy schedule and very much involved with his primary responsibilities. The presence of a full-time Director is much needed to lead the workforce from within.</p> <p>With the recruitment of the new Director the followings have been pursued:</p> <p>a. Strengthening of its strategic focus and this includes getting the strategic plans and relevant documents in place;</p> <p>b. Clearly demarcate tasks and responsibilities and writing of proper positions descriptions for every positions at CATD;</p> <p>c. Reviewing and writing new policies and procedures and immediate implementation to straighten up processes for CATD employees;</p> <p>d. Working of introducing a filing system and capturing</p> |
|  | <ul style="list-style-type: none"> <li>What is the status of the Centre's internal control procedures to date?</li> </ul> |   |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |          |   |
|--|----------|---|
| PARL. PAPER NO.  | QUESTION | ANSWERS TO QUESTIONS  |
|  |          | <p>of all documents;</p> <p>e. Working on improved reporting in all areas to include auditing of accounts;</p> <p>f. Introduction of electronic [IT] mailing network to encourage close communication and dissemination of instructions from management;</p> <p>g. Regular monthly meetings where Instructors and Management discuss issues of concern and dissemination of new concepts and operational requirements for all at CATD;</p> <p>h. Advertising key vacant position and recruit qualified personnel;</p> <p>i. Provide current employees the opportunity to attend short and long-term courses to broaden their knowledge and skill base;</p> <p>j. Conduct internal workshop for employees to ensure they are familiar with their roles, responsibilities and build up a much more well organized team;</p> <p>Having highlighted the above, I must say that the CATD right now needs:</p> <ul style="list-style-type: none"> <li>- an overall of its systems and procedures and recruitment of qualified personnel in its technical and management areas to improve its delivery of services and training;</li> <li>- Funds to fill in all vacant key position [Director, Principal Administrative Officer, Executive Officer, Clerical Officer, Accounts Officer, Student Councilor,</li> </ul> |

| CENTRE FOR APPROPRIATE TECHNOLOGY & DEVELOPMENT (CATD) |   | ANSWERS TO QUESTIONS  |
|--|---|---|
| PARL. PAPER NO.  | QUESTION  |   |
|  |   | <p><i>Instructor in Appropriate Technology, Instructor in Community Development and Farm Manager]. The funds now allocated as grant only takes care of substantively filled positions from the day the CATD was registered under the FHEC;</i></p> <p>- While improvements have been notice in the past 6-7 months, there is still a lot of work to be done and having all hands on board will not only fast track the implementation of change management process but the maintenance of high performance and standards at CATD.</p> <p>The CATD is working towards restructuring and improvements in all areas from 2017 as its main agenda.</p> <p>The status of the dispute with regards to VAT refund with FRCA, the amount outstanding has been reversed by the Auditor since it's been long outstanding, with the understanding the VAT Unit will never pay up</p> |
|  | <p><b>2.6 VAT Receivables</b></p> <ul style="list-style-type: none"> <li>• What is the status of the dispute with regards to VAT refund with FRCA?</li> </ul> |   |

CATD Organization Chart

CATD Staff Listing

| Name                         | Surname       | Est. Position   | Field            | Grade |
|------------------------------|---------------|-----------------|------------------|-------|
| <b>Catering Services</b>     |               |                 |                  |       |
| 1. Watisoni                  | Tikicidre     | Supervisor      | Catering         |       |
| 2. Waisake                   | Rabuku        | Ast. Cook       | Catering         |       |
| 3. Anare                     | Dakuna        | Ast. Cook       | Catering         |       |
| 4. Losalini                  | Vukinamualevu | Pastry          | Catering         |       |
| <b>Housekeeping Services</b> |               |                 |                  |       |
| 5. Malakai                   | Ravouvou      | Supervisor      | Housekeeping     |       |
| 6. Jokaveti                  | Rokovada      | Cleaner         | Housekeeping     |       |
| 7. Ifereimi                  | Koroi         | Caretaker       | Housekeeping     |       |
| <b>Training Services</b>     |               |                 |                  |       |
| 8. Jope                      | Seniloli      | Instructor      | Carp. & Joinery  |       |
| 9. Atonio                    | Daunoco       | Instructor      | Two Stroke Eng.  |       |
| 10. Lepani                   | Vuibau        | Instructor      | Auto Eng.        |       |
| 11. Suliano                  | Tilakoro      | Instructor      | Welding & Fabri. |       |
| 12. Opeti                    | Ritova        | Instructor      | Plum. & ShtMtl.  |       |
| 13. Sekove                   | Ravouvou      | Tutor. Mechanic | Mech. & Maint.   |       |
| <b>Maintenance Services</b>  |               |                 |                  |       |
| 14. Bijen                    | Prasad        | Foreman         | Maintenance      |       |
| 15. Rusiate                  | Busa          | Carpenter       | Maintenance      |       |
| 16. Aniti                    | Masaulevu     | Grounds man     | Maintenance      |       |
| 17. Keisani                  | Amakusi       | Watchman        | Maintenance      |       |
| 18. Samu                     | Bosenitailevu | Watchman        | Maintenance      |       |
| 19. Wili                     | Bilo          | Gardener        | Maintenance      |       |
| 20. Inia                     | Batikota      | Gardener        | Maintenance      |       |
| <b>Corporate Services</b>    |               |                 |                  |       |



| Name           | Surname   | Est. Position                       | Field | Grade |
|----------------|-----------|-------------------------------------|-------|-------|
| 21. Savenaca   | Kaunisela | Director                            | Admin | US04  |
| 22.            |           | Deputy Director                     | Admin | SS01  |
| 23. Mere       | Waqanisa  | Senior Administrative Officer       | Admin | SS02  |
| 24.            | VACANT    | Student Counselor                   | Admin | SS04  |
| 25.            | VACANT    | Farm Manager                        | Admin | SS03  |
| 26.            | VACANT    | Instructor - Appropriate Technology | Admin | SS03  |
| 27.            | VACANT    | Instructor - Community Development  | Admin | SS03  |
| 28             | VACANT    | Accounts Officer                    | Admin | SS03  |
| 29.            | VACANT    | Clerk                               | Admin | SS05  |
| 30. Ana        | Senilioli | Acct/Sec                            | Admin | SS05  |
| 31. Mere       | Ilivula   | Rec/Typist                          | Admin | SS05  |
| 32. Kameli     | Colati    | Driver                              | Admin | SS06  |
| Small Business |           |                                     |       |       |
| 33. Apimeleki  | Tola      | Senior Trainer                      | SME   |       |
| 34. Ema        | Miller    | Trainer                             | SME   |       |

Ref: NFNC 3.0

Date: 22/11/2016

The Chairman  
Public Accounts Committee  
Parliament of Fiji  
P O Box 2353  
Government Building  
**S U V A**

Attention: Hon. Ashneel Sudhakar

Dear Sir

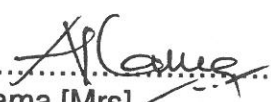
Re: **Clarification of Issues**

In response to the above clarification of financial issues, we submit herewith our response, in the following information:

1. NFNC Response to Finance Clarification for the Years 2008 and 2009
2. NFNC Organization Structure.
3. Role and Functions of the National Food and Nutrition Centre.

We hope that the enclosed information is sufficed.

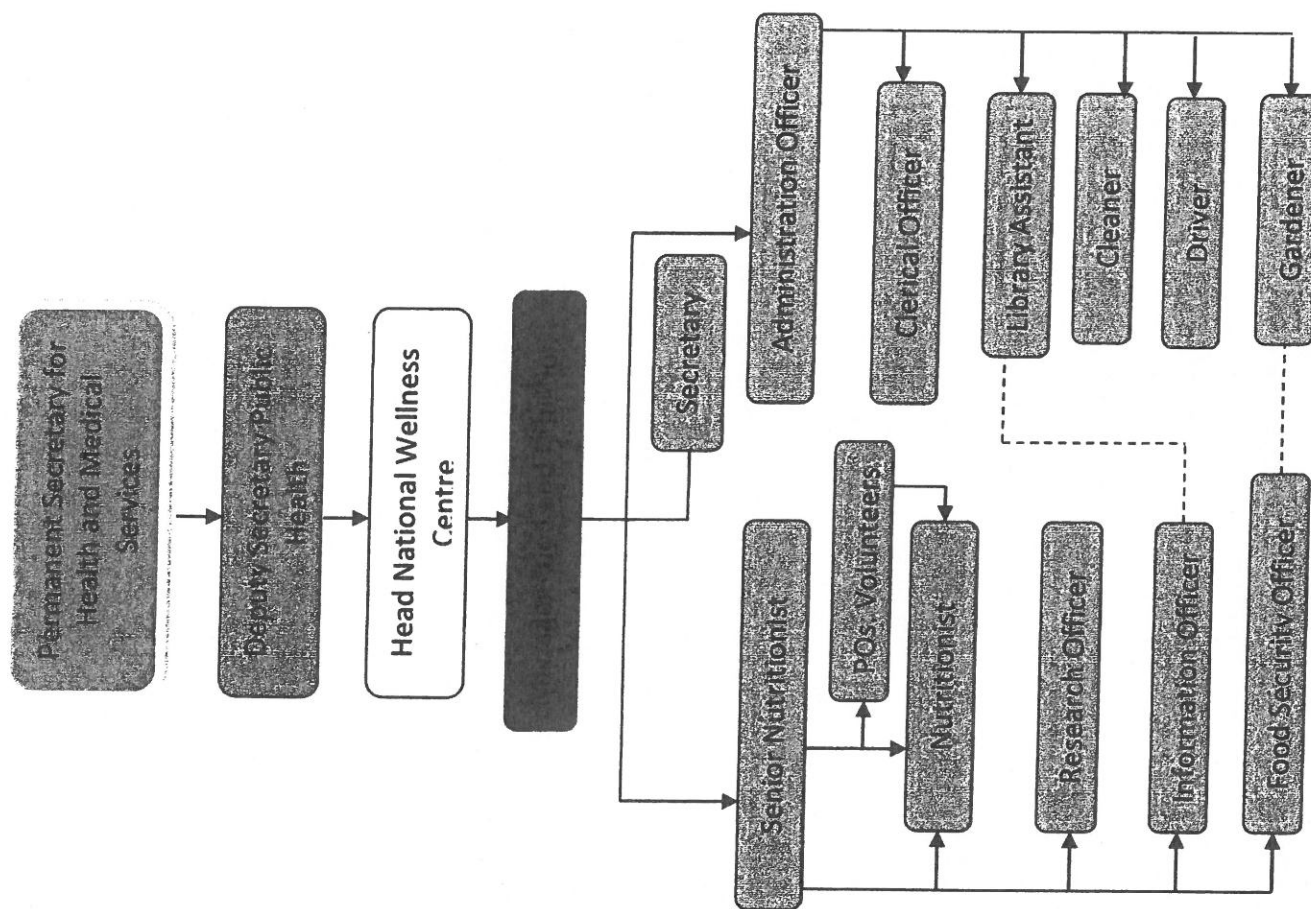
Yours sincerely

  
.....  
A. Kama [Mrs]  
Manager, National Food and Nutrition Centre

| NATIONAL FOOD AND NUTRITION CENTRE  |  |  |
|---|--|--|
| PARLIAMENTARY PAPER NO.   | QUESTION   | NFNC RESPONSES   |
| General questions   | <p>Background information:</p> <ul style="list-style-type: none"> <li>• Role and functions of the Authority</li> <li>• Organization structure – total number of staff</li> <li>• Board membership</li> </ul>   | <ul style="list-style-type: none"> <li>• The National Food and Nutrition Centre is not an Authority nor a Council nor a Committee, and does not have a Board</li> <li>• It is a Centre, and has been operating as such under the Public Health Services division of the Ministry of Health and Medical Services since 1998</li> <li>• There are 13 Staff - 6 Technical and 4 Admin, with 3 Support Staff</li> <li>• The Organization Structure, Roles and Functions of the Authority is attached</li> </ul>  |
| Report of the Auditor General on the Audits of Statutory Authorities – December 2010 (Parliamentary Paper No. 32 of 2016) | <p><b>PART A : FINANCIAL INFORMATION</b></p> <p><b>14.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>• What was the reason for the increase in Other Income from \$4,722 in 2008 to \$11,557 in 2009?</li> </ul><br><ul style="list-style-type: none"> <li>• Why was there an increase in Salaries, Wages and Related Expenses from \$204,073 in 2008 to \$236,123 in 2009?</li> </ul> | <p>The increase in other income in 2009 were due to the following;</p> <ul style="list-style-type: none"> <li>• Sale of Publications (Food Charts) to schools and organizations - \$1,327.00</li> <li>• Increase in Bank interest - \$384.00</li> <li>• Increase in Demonstration Garden vegetable sales - \$308.00</li> <li>• Contribution from Ministry of Health towards the Fiji Food &amp; Nutrition Policy - \$ 3378.00</li> <li>• Increase in miscellaneous charges, these are funds collected for personnel use of the Telephone and photocopy by Staff and the public - \$1,751.00.</li> </ul> <p>The increase in salaries, wages and related expenses were due too:</p> <ul style="list-style-type: none"> <li>• Engagement of 10 positions - 3 new appointees - Senior Nutritionist, Nutritionist and Secretary; 1 Project Officer - HPS/Impact Study; and 6 Temporary Staff (\$19,953.75)</li> <li>• Reimbursement made to the Ministry of Health for salary payment, totaling \$10,411.56 for Senior Nutritionist who was appointed by the National Food and Nutrition Centre but was still being paid by Ministry of Health for the period 01/05/09 to 07/10/09</li> <li>• Increase in FNPF contribution due to increase of staff in 2009</li> </ul> |

| NATIONAL FOOD AND NUTRITION CENTRE  |   |   |
|---|---|---|
| PARLIAMENTARY PAPER NO.   | QUESTION  | NFNC RESPONSES  |
|   | <ul style="list-style-type: none"> <li>Other Expenses also increased from \$23,282 in 2008 to \$40,918 in 2009 – what was the reason for this?</li> </ul>   | <p>The increase in other expenses in 2009 was due to the following:</p> <ol style="list-style-type: none"> <li>Increases in existing operational expenses: <ul style="list-style-type: none"> <li>Purchase of Goods &amp; Services &amp; Office requisites - \$4,343.00</li> <li>Publication - \$4,939.00</li> <li>Utility Bills (Electricity &amp; Telephone) - \$687.00</li> <li>Maintenance &amp; operation of Motor Vehicles - \$551.00</li> <li>Miscellaneous (Water &amp; Reimbursements) - \$288.00</li> <li>Bank Charges - \$160.00</li> <li>Repair &amp; Maintenance of Office Equipment - \$686.00</li> </ul> </li> <li>FPAN projects: <ul style="list-style-type: none"> <li>Printing of Food Balance Sheet - \$1,132.00</li> <li>Stakeholder Meetings for the School Canteen Guidelines - \$801.00</li> </ul> </li> <li>New expenditures paid in 2009: <ul style="list-style-type: none"> <li>Audit fees for 2007 and 2008 - \$2,308.00</li> <li>Printing of the Food and Health Guidelines for Fiji - \$2,918.00</li> <li>Catering for FPAN Stakeholder Meeting - \$113.00</li> </ul> </li> </ol> <p>There are on-going issues of full integration under the PH Division of the MoHMS, and pending Review Reports regarding the independent status of the Centre. Ascertaining the status of the Centre will have implications on staffing and finance. With the revised FPAN 2016 – 2020, there is a dire need for an increase in staffing and funding.</p> |
|   | <ul style="list-style-type: none"> <li>Any further update on how to improve the operational activities of the Council?</li> </ul>   | <p>Solely for FPAN activities</p>   |
| Report of the Auditor General on the Audits of Statutory Authorities – December 2011 (Parliamentary Paper No. 36 of 2016) | <p><b>PART A : FINANCIAL INFORMATION</b></p> <p><b>9.2 Abridged Statement of Financial Performance</b></p> <ul style="list-style-type: none"> <li>Can we be advised whether the Government Grant- (FPAN) amounting to \$200,000 was solely meant to fund a totally new project under the entity or is it purely meant for the working capital for the Entity itself?</li> </ul> |   |
| <ul style="list-style-type: none"> <li>Audit for the year ended 31 December 2010</li> </ul>                               |   |   |

| NATIONAL FOOD AND NUTRITION CENTRE |   |  |
|------------------------------------|---|--|
| PARLIAMENTARY PAPER<br>NO.         | QUESTION  | NFNC RESPONSES   |
|                                    | <ul style="list-style-type: none"> <li>Was the Ministry of Health Research allocation of \$156,444 in 2010 fully utilized in 2010 as planned or not?</li> </ul> | <p>No, this amount was not fully utilized in 2010 due to the following:</p> <ul style="list-style-type: none"> <li>Survey data collection for the Impact Study (Micronutrient Survey) commenced in 2010, with the Lab analysis conducted in 2011</li> <li>Therefore balance of funds from 2010 was used in 2011 for Laboratory analysis</li> <li>Collaboration with JICA which co-funded the Survey (Hepatitis B)</li> </ul> |



## ROLES AND FUNCTIONS OF THE NATIONAL FOOD AND NUTRITION CENTRE

The National Food and Nutrition Centre (NFNC) is responsible to the Permanent Secretary for Health and Medical Services through the Director Wellness Centre and Deputy Secretary Public Health for the formulation of national Food and Nutrition policies, and advises Government on the Food and Nutrition situation of Fiji. The NFNC undertakes Food and Nutrition research, through periodic monitoring and evaluation of Food and Nutrition situation and programs in Fiji. The Nutrition Centre develops the Fiji Plan of Action for Nutrition (FPAN) 2016-2020, plans and coordinates, and monitors the implementation of annual FPAN Implementation Plans by the relevant government ministries and agencies through an appropriate mechanisms structure.

Other roles of the NFNC include financial, budgeting, programming, human resource development; and conducting appropriate Food and Nutrition researches to generate information for planning purposes.

These roles are undertaken in accordance with the National Strategic and Annual Corporate Plans of the Ministry of Health and Medical Services. In summary, the NFNC is responsible to the Permanent Secretary for Health and Medical Services through the Director Wellness Centre and Deputy Secretary Public Health for:

1. Formulation of national Food and Nutrition strategies, policies, guidelines and regulations;
2. Research and surveillance of Food and Nutrition situation in Fiji;
3. Planning, coordination, monitoring and evaluation of FPAN;
4. Network with government ministries and civil society groups regarding the implementation of FPAN;
5. Facilitating consultations with food industries on the implementation of HFSS Reduction Strategy;
6. Development and production of Nutrition information, education and communication materials, social media and website;
7. Sub-cluster lead for Nutrition in the Health and Nutrition Cluster for Nutrition preparedness and response during disasters and emergencies;
8. Focal point for Nutrition in the National Codex Committee;
9. Coordination of Nutrition calendar events e.g. National Nutrition Month AAA+ Campaign, National Salt Reduction Week, World Food Day;
10. Participation in meetings with technical partners and donor agencies;
11. Development and submission of technical papers and reports for partner agencies and organizations; and
12. Submission of quarterly and annual reports with expenditure to Deputy Secretary Public Health.





# Food Processors (Fiji) Limited

LOT 68-70 MILLET STREET, VATUWAQA, SUVA FIJI. P.O BOX 2302 , GOVT BLDG, SUVA.

Phone : ( +679) 338 5322 Fax (+ 679) 337 0519

Email: foodprocessors@connect.com.fj Website: www.foodprocessors.com.fj

19 October 2016

Hon. Ashneel Sudhakar  
Chairman  
Public Accounts Committee  
Parliament House  
Suva

Dear Sir

## **Re: Food Processors (Fiji) Limited - PAC Submission**

### **A. General Questions**

Background information:

- **Role and functions of the Authority** - The function of the company is to establish food security practices, promote import substitution and exports by increasing the shelf-life of local vegetables, crops and marine products.
- **Organisation structure** -The organization structure is enclosed as Appendix A.  
Total number of staff employed by the company as at 30 September 2016 is as follows:

|             |    |
|-------------|----|
| Full - time | 32 |
| Part - time | 30 |
| Total       | 62 |

- **Board membership and fees** - The following persons have been appointed as Board members at the respective date:

| Member                           | Appointment date              | Membership fee    |
|----------------------------------|-------------------------------|-------------------|
| Mr Umarji Musa (Acting Chairman) | Appointed on 24 February 2015 | \$9,000 per annum |
| Mr Raneel Mudaliar (Director)    | Appointed on 28 May 2013      | \$6,000 per annum |

- **Salaries for executive members**

| Position  | Base Salary |   |
|---|-------------|---|
| Acting CEO / Operations Manager                                   | \$48,000    | Acting CEO appointed 19/9/16  |
| Manager Finance & Administration (MFA) / Acting Company Secretary | \$40,000    | MFA appointment 15/2/16 & Acting Company secretary appointment 19/9/16. |



**Update of audit opinion from OAG and Ministry of Public Enterprise – Refer below to Section B on same.**

**Please provide a current update on the licence, fees, etc, with Goodman Fielder.**

There was a formal agreement in place for contract packing of PMU sauce (one product only) until July 2013 with Goodman Fielder. Thereafter, we are processing PMU on orders (under normal trading practice).

**What were the reasons for change in management over the years?**

In 2012 the company underwent rightsizing exercise whereby one of the management staff was made redundant. Moreover, during the period 2013 to 2016 three senior management staff resigned for greener pastures whereas one executive staff did not seek renewal of contract.

**FPFL's main line of business is food manufacturing under licence for Goodman Fielders and continues to develop food products using local indigenous vegetables, fruits and root crops for local and foreign markets.**

The company had an agreement with Goodman Fielder for contract packing of PMU sauce. The company also manufactures about 71 products in the following major categories:

- Canned & bottled sauces;
- Canned coconut cream;
- Canned vegetables; and
- Frozen root crops, vegetables and reef fish.

The above products are not under any license.

**The property, plant and equipment in the financial statements have not been revalued in accordance with Fiji Accounting Standards since 1998. Please explain.**

Based on professional advice, the company adopted IFRS standards to value the property, plant and equipment on historical cost method. The company has done valuation in 2008 and will seek professional advice prior to changing to revaluation method.

## **B. Report of the Auditor General**

We refer to clarification sought by PAC Committee on Food Processors (Fiji) Limited's financial statements.

We comment as follows:

**6.4 Improving timelines of financial reports** – OAG's comments on the report are fully agreed. A qualified in-house accountant has been hired since February 2016 to complete the company's latest financials and to complete backlog. The finance team has been strengthened accordingly. Draft 2015 and 6 months to June 2016 financials has been completed along with audit files in readiness for audit. The draft 2008 financials are currently being audited by Messrs Ernst & Young. 2009 – 2014 files would be completed in readiness for audit within 6 months. In future we expect all audits to be completed within 6 months after clearance of backlog.

**6.5 Lodgment of Annual Returns** – to be compliant with the Companies Act. All Annual Returns up to 2015 will be lodged with the Companies Office by 31 December 2016 (the grace period for lodgment all outstanding annual returns) as discussed with the officials at Registrar of Companies.

**6.6 Poor Cash Flow Management** – Since 2015 after restructure of the Companies Bank account it does not have an overdraft account but operates the current account in credit balance. The cash flow is monitored on a weekly and even daily basis and creditors managed. As a result, no Bank penalty fees and charges are incurred.

**6.7 VAT and sales reconciliation** – Further reconciliation needs to be done to verify the amounts stated in the OAG's report.

**6.8 Rental Income** – VAT on rental income for the period January to April 2007 was not being charged to tenants. Thereafter, VAT has been charged on rental invoices to tenants and accordingly paid to FRCA.

**6.9 Government loan not recorded** – Assets, Liabilities and Income of Batiri Property has been brought into the books of FPFL including full government loan of \$1.9m in the 2008 financial statements as recommended by OAG's report.

**6.10 Government Loan agreements** – Draft loan agreement has been prepared and is awaiting legal clearance before execution before end of October 2016.

**6.11 Waiver of interest on Government Loan** - recommendation of OAG has been taken on board with retrospective adjustment done in 2008 financial statements.

**6.12 Fixed Assets Register** - has now been completed as per recommendation by OAG.

**6.13 Revaluation of PPE** - currently the company records PPE at on the historical cost method. IFRS allows for both methods - historical cost & revaluation method. Hence, the company has done valuation in 2008 and will seek professional advice prior to changing to revaluation method in the 2008 financial statements.

Yours faithfully

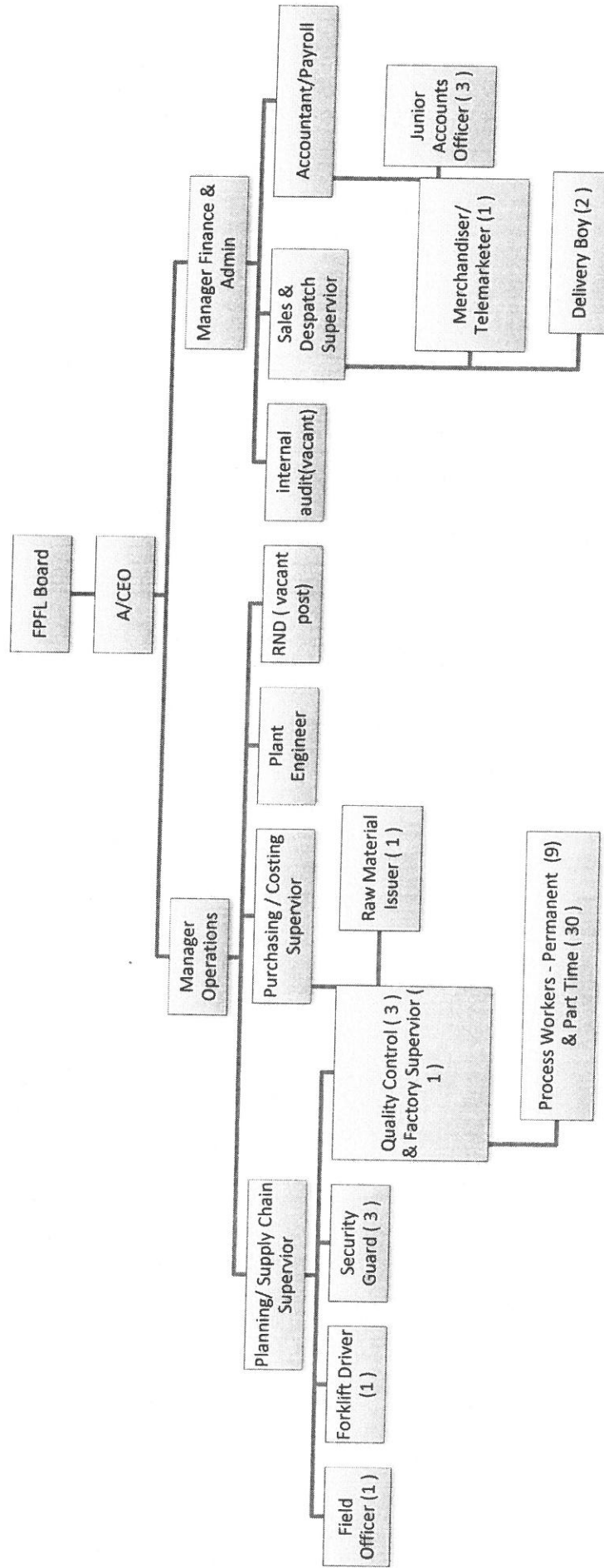


Krupali Ben  
Acting CEO

CC- FPFL Board  
Ministry of Public Enterprise

# Appendix A

## Organization Structure





## NATIONAL FIRE AUTHORITY

---

### BACKGROUND INFORMATION

#### a) ROLE AND FUNCTIONS OF THE AUTHORITY

Under the National Fire Service Act, 1994 ("the NFS Act"), the National Fire Authority is the responsible agency for:

- The corporate governance of the National Fire Authority including the establishment of Board sub-committees.
- Appointment of the CEO.
- General overseeing of the administration and operations of the Authority.
- Establishing strategies and objectives.
- Approvals.
- Monitoring the performance of Management.
- Ensuring effective and efficient communications with all stakeholders.
- Ensuring an effective Human Resources program for the Authority and overseeing the development strategies for senior and high performance officers.

#### b) ORGANISATION STRUCTURE – TOTAL NUMBER OF STAFF

|   |                   |       |
|---|-------------------|-------|
| Career Firefighters   | 358               | (96%) |
| Administration and Technical Support Staff                  | <u>21</u>         | (4%)  |
| <b>Total number of permanent employees as at 31/10/2016</b> | <b><u>379</u></b> |       |

#### c) BOARD MEMBERSHIP

The Board of the National Fire Authority of Fiji is constituted under the National Fire Service Act, 1994 and provides for a Board of seven (7) members of the Authority comprising of the Chairman, Deputy Chairman and 5 other members who are appointed by the Minister for a term of three (3) years.

At the moment, the Minister for Local Government, Housing, Environment, Infrastructure & Transport, has formalized the appointment of the Chairman of the National Fire Authority Board, Commander Francis B. Kean with effect from 1<sup>st</sup> January 2016 for a period of three years but there is yet to be a confirmation on the appointment of the remaining six members of the NFA Board.



**RESPONSE TO QUESTIONS ON AUDIT OF THE NATIONAL FIRE AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2007**

**PART B – CONTROL ISSUES**

**11.6 Overpayment of Acting Allowance**

**Given:**

Mrs Ashni Deo held a substantive post of Accountant and acted in two occasions in the position of Director Corporate Services and received a full allowance of \$1,243.98. Ms Deo failed to meet the requirement for receiving the full acting allowance as she had acted on both occasions for 12 days instead of the required 14 days.

**NFA Clarification:**

The Acting CEO at that time had approved the payment of the Acting Allowance even though she only acted for 12 days instead of the required 14 days. Both Mr. Koroi, Acting CEO and Ms Devi, Accountant had left NFA by 2010 and as such the overpayment could not be recovered from them. Our Acting and likewise Acting Allowance has been reviewed and is a strictly followed Policy.

**11.7 Appointment of Human Resource Officer**

**Given:**

Ms Soela Qionitoga was appointed as Human Resource Officer effective from 24<sup>th</sup> July 2007 at which time the MQR was for applicants to have at least 5 years' experience in Human Resource Planning and Management level and tertiary qualification in the area of Human Resource Management/Public Relations.

The OAG had noted the following discrepancies:

- Ms Qionitoga held the substantive post of Personal Assistant to the Chief Executive Officer and acted as Human Resource Officer for almost two and half years (21/3/05 to 23/7/07) until confirmed for the same post;
- She failed to meet the Minimum Qualification Requirement as she had no academic qualification and neither substantiated work experience as required for the post;
- The interview assessment revealed that out of the shortlisted applicants only two turned up for the interview and they also had not met the required MQR.

**NFA Clarification:**

The position was advertised and the recruitment process followed and appointment made. Soela was considered by Management at that time because she had done the work and acted in the position for 2 years and her appointment was endorsed by the Interim CEO at that time who was also the Board Chairman.

Soela is still the HR Officer of NFA.

**11.8 Excessive use of Telephone**

**Given:**

Telephone log books revealed excessive private calls by the officers. For December 2007, fifty seven (57) private calls were made to cell phones and forty one (41) calls to landlines. The Authority should put in place stricter controls on telephone usage and recoveries should be made from staff making private calls.

**NFA Update**

The Authority continues to monitor all the telephone bills on a monthly basis and is investigating any call which seems to be private in nature and the respective staff is being surcharged that amount.

**RESPONSE TO QUESTIONS ON AUDIT OF THE NATIONAL FIRE AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**PART B – CONTROL ISSUES**

**7.7 Unauthorized Travel by Board members to Malaysia and China**

**Given:**

The Ministry should take appropriate action against the former chairman John Low and former CEO Joseva Gavidi and Jone Koroi for not adhering to Ministerial approval for overseas travel.

**NFA Update:**

FICAC had conducted their investigations whereby they confiscated files relevant to their investigations and former chairman John Low, former CEO Jone Koroi were taken in for questioning, after which the services of the former chairman was terminated whilst Mr Koroi tendered his resignation from the Authority and these cases are believed to be pending before the Court.

**7.8 Per Diem Loading**

**Given:**

The Authority should ensure that payment of per diem allowance is in accordance with Finance Instructions.

**NFA Update:**

NFA is now strictly complying with the per diem policy that is outlined in the Authority's Financial Instructions, which refers to the Government rate issued by the PSC from time to time.

**7.9 Purchase of Air Tickets**

**Given:**

- The Authority should ensure three quotations are obtained for all expenditures more than \$1,000 as stipulated in the NFA Finance Instruction.
- The Authority should ensure that all purchases over \$1,000 are approved by the Board in accordance with the Finance Instructions.
- The Ministry should investigate this matter further and take appropriate action.

**NFA Update:**

NFA had reviewed all its Financial Policies in 2015 and is strictly complying with the provisions of the policy.

**RESPONSE TO QUESTIONS ON AUDIT OF THE NATIONAL FIRE AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**PART B – CONTROL ISSUES**

**4.4 Fire Levy from Insurance Companies**

**Given:**

NFA must verify the amount paid by Insurance Companies as fire levy to ensure correct amount is received.

**NFA Clarification:**

The Authority has recruited an Audit and Compliance Officer who has been tasked to verify that insurance levy is levied on any insurance policy or class of insurance policy written in Fiji and that such levies are correctly calculated and remitted to the Authority on a timely manner.

In May 2014, the Authority wrote to all the Insurance companies advising of the Authority's intention to audit their books in accordance with the NFS Amendment Decree, 2009 and only Marsh Limited responded.

Verification audit was conducted by the Authority's Audit & Compliance Officer and the Accountant on Marsh Limited's books in February 2015 and they found that there were no anomalies as the reconciliation on insurance premiums were correctly remitted to the Authority.

**4.5 Water Levy Received from Water Authority of Fiji**

**Given:**

NFA must verify the amount paid by WAF as water levy to ensure correct amount is received.

**NFA Clarification:**

As stated above, the Audit and Compliance Officer has been tasked to verify that the water levies are calculated on all water meters within the fire boundaries and those levies are correctly calculated and remitted to the Authority on a timely manner.

The Authority has held discussions with Water Authority of Fiji whereby Water Authority agreed to provide NFA with their reconciliation with every remittance of water levies on a monthly basis.

It is very difficult to verify the monthly water levy billed and the amount of water levy paid for each month because of the three month billing cycle in WAF. Water Authority is only paying NFA, the actual amount of water levy paid by customers each month. NFA in turn makes adjustment in its accounts to reflect the actual amount paid. Joint attempts have been made by WAF and NFA to reconcile the levy paid

**4.7 No Tender for Procurement of Protective Clothing**

**Given:**

NFA must call for Tenders for all purchases in excess of \$10,000. NFA must ensure that public funds are used with due economy.

**NFA Clarification:**

The Authority has since tendered all goods and services in excess of \$10,000 and has finalized supply agreements with the respective suppliers.

**RESPONSE TO QUESTIONS ON AUDIT OF THE NATIONAL FIRE AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2011**

**PART B – CONTROL ISSUES**

**12.6 Absence of Contract Agreement for Tower Services**

**Given:**

The Authority should draw up an agreement with Elcom for the provision of tower services for its repeater rental

**NFA Clarification:**

The natural disaster in 2012 took down most of the Elcom's towers and RT communications in the North and West. Since then Elcom has only been able to provide RT coverage to only 9 fire stations out of the 18 fire stations and due to the partial provision of RT communication by Elcom and the expensive rates by other providers the Authority approved for NFA to purchase its own Repeater equipment and to negotiate co-siting on FEA Repeater towers.

Management advertised for Tenders for the purchase and supply of Repeater equipment and submitted the proposal for analog repeaters but the NFA Board requested for Management to consider the option of migrating from analog to digital repeater stations. Another Tender was called and only one Bidder offered their digital solution which was very expensive and Management had to seek further solutions and quotes from other suppliers.

The solution that is being considered now is for the Authority to maintain the current rental arrangement with Elcom which is within Budget provision while the plan to gradually migrate and phase out the current analog repeater system to digital repeater system over a four year period awaits consideration and approval by the NFA Board.

There is also a Government Initiative to have only one Communication Network and dedicated infrastructure with the Emergency Service Providers having dedicated channels which can merge to a single channel in times of emergency. This is a very expansive exercise and had to do it alone

**12.8 Idle Scooters**

**Given:**

The Authority should investigate the purchase of scooters and take appropriate action.

**NFA Clarification:**

An internal investigation was conducted by our Audit & Compliance Officer in November 2013 and it was confirmed that the purchasing process was not followed and the personnel involved with these purchases are no longer employed by the Authority. The Scooters were immobile due to unavailability of spare parts. These were eventually tendered for disposal and have since been written off from NFA's fixed assets register.

-end-





| FIJI INSTITUTE OF TECHNOLOGY  |  |
|---|--|
| PARLIAMENTARY PAPER NO.   | QUESTION   |
| General questions   | Background information: <ul style="list-style-type: none"> <li>• Role and functions of the Authority</li> <li>• Organisation structure – total number of staff</li> <li>• Board membership</li> </ul>  |
| Report of the Auditor General on the Audits of Statutory Authorities – December 2011 (Parliamentary Paper No. 36 of 2016) <ul style="list-style-type: none"> <li>• Audit for the year ended 31 December 2007</li> </ul> | <b>PART B – CONTROL ISSUES</b><br>Please provide updates on the following issues raised by the OAG: <ul style="list-style-type: none"> <li>• 6.4 Assets transferred from Government</li> <li>• 6.5 Non-Compliance with FIT Decree 1992</li> <li>• 6.6 Fixed Assets</li> <li>• 6.7 PAYE Annual Summary</li> <li>• 6.8 International Financial Reporting Standards – Compliance</li> </ul> |

### Background

The Fiji Institute of Technology was established in 1963. The principal activities of the Institute was to provide students from Fiji and other countries in the region post -secondary programmes of study in technical and vocational educational and training that are responsive to the needs of the industry and the market place and non-formal programmes of study in technical and vocational sector of employment.

### Organisation structure

In 2007, FIT had a total of 563 staff in employment – 309 were teaching staff.

### Board Membersip

The FIT Council was made up of the following:

|                          |   |   |
|--------------------------|---|---|
| Mr Digby Bosley          | - | Chairman (01/01/07 -30/05/07)                                 |
| Mr Ikbal Jannif          | - | Chairman (from 01/06/07)                                      |
| Mr Joseph Singh          | - | Business Community Representative                             |
| Mrs Emi Rabukawaqa       | - | Permanent Secretary for Education                             |
| Mr Jone Usamate          | - | Director-General, TPAF  |
| Mr Taito Waqa            | - | PS Labour, Industrial Relations & Productivity                |
| Professor Derek Gardiner | - | USP Representative  |
| Ms Olivia Pareti         | - | Hospitality & Tourism Representative                          |
| Mr Terence Erasito       | - | Engineering Industry Representative                           |
| Adi Litia Qionibaravi    | - | Minister for Education's nominee                              |
| Mr Agni Deo Singh        | - | FTUC Representative   |
| Mr Eremasi Tamanisau     | - | FIT Staff Association Representative                          |
| Dr Ganesh Chand          | - | Director, FIT   |
| Mrs Elenoa Gonelevu      | - | Minister for Education's nominee/Interim Secretary to Council |

It should be noted that following the change the Minister early 2007, the Director of FIT Mr K Meo was suspended, and the Deputy Director Mr Joe Mataika took over. The Director of HR, and the Director of Finance were dismissed shortly thereafter in April 2007.





| Control Issues   | Auditor's Recommendation   | Institute's Response   | Update  |
|--|--|--|---|
| 6.4 Assets transferred from Government                       | <p>The Institute should follow up with the Ministry of Education to expedite the process and take necessary action to ensure the ownership of the assets are transferred to the Institute</p> <ul style="list-style-type: none"> <li>• The Institute should take urgent steps to expedite the finalisation of audit for the financial year ended 31 December 2008 and 31 December 2009. • Management of the Institute should ensure that appropriate actions are taken to present the results of the Institute as required under the FIT Decree 1992.</li> </ul> | <p>In order to meet auditing standards, FNU now has to have these assets transferred under the FNU decree 2009. Process has already begun.</p>   | <p>In spite of continuous efforts by FIT, this was not considered as an urgent matter. Crown Lease Titles have now been uplifted from the Ministry of Lands and are now with Fiji National University.</p>  |
| 6.5 Non-Compliance with FIT Decree 1992                      | <ul style="list-style-type: none"> <li>• The Institute should ensure that appropriate actions are taken to present the results of the Institute as required under the FIT Decree 1992.</li> </ul>  | <p>The 2008 and 2009 Accounts has been already sent to the OAG's office to facilitate the audit process. KPMG has been contracted to complete the 2008 and 2009 audit. 2008 audit has already started.</p>   | <p>FIT 2008 and 2009 accounts were audited and signed off in 2012. The delay was due to some anomalies that had to be sorted out.</p> <p>FNU accounts are up-to-date. The University's 2015 financial statements have been audited and signed off.</p>  |
| 6.6 Fixed Assets   | <p>Fixed asset register to be maintained and regularly updated for all fixed assets to show initial cost, purchase date, identification number, depreciation amount, accumulated depreciation, written down values and other relevant details. • All land titles should be maintained and made available for audit review.</p>   | <p>A Board of Survey has been completed and all the asset listing has been given to the valuers. All the Building valuations are complete and we are waiting for the other valuations to be completed. Fixed Asset Register has already been uploaded in Navision but without values. As soon values are provided to us it will be uploaded.</p> | <p>In 2011, the University commissioned Beca Valuations Ltd to undertake a valuation for accounting purposes in accordance with IFRS &amp; Fiji Accounting Standards and for insurance purposes. The adjusted values of these fixed assets have been taken as opening balances for all the merger institutions including FIT.</p> |
| 6.7 PAYE Annual Summary                                      | <p>Proper records of PAYE Annual Summary should be kept by the Institute and provided for audit to perform appropriate audit procedures.</p>   | <p>The 2007 PAYE summary was not supplied to Auditors nor was it submitted to FIRCA. This has now been rectified and the summary has been lodged to FIRCA. 2008 and 2009 PAYE summaries have been lodged in a timely manner.</p>   | <p>The University's PAYE summaries are up to date and are lodged in a timely manner.</p>  |
| 6.8 International Financial Reporting Standards – Compliance | <p>The Institute should fully implement the recommendations of independent consultants engaged by the Institute for the IFRS convergence.</p> <ul style="list-style-type: none"> <li>• The Institute should continuously monitor, update and enhance their accounting systems, procedures and calculations in order to comply with the</li> </ul>  | <p>Ernst &amp; Young have been appointed as internal auditors for the year 2011.</p>   | <p>The University financial statements are prepared in accordance to International Financial Reporting Standards</p>  |





## **WESTERN DIVISION DRAINAGE BOARD**

15 TUKANI STREET, P.O.BOX 791, LAUTOKA

PHONE / FAX: 666 9590

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21<sup>st</sup> November 2016

File: WB 7

**Hon. Mr Ashneel Sudhakar**

Chairman, Public Accounts Committee

Parliament of Fiji

Government Buildings

Suva

### **RE: Clarification of Issues – Western Division Drainage Board**

Reference is made to the letter dated 14<sup>th</sup> November 2016, file Parl 3-1, in regards to the above subject.

The responses for the issues highlighted are as follows;

#### **General Questions – Background Information**

- **Role and functions of the Authority**

The Western Division Drainage Board is a body corporate duly constituted under the Drainage Act Cap.143. The function and role of the Board is to:

- (a) Maintain drainage works
- (b) Improve any drainage works
- (c) Construct new drainage works

The Board under its jurisdiction is responsible for the operation and maintenance of forty (40) declared sugar drainage schemes which were developed in the 1970's and early 1980's. These schemes are located along the coastal areas from Sigatoka to Rakiraki. The location of the schemes is shown in Annex 1.

The Board maintains the following drainage infrastructure:

- 288.4km of drainage network
- 31.6km of seawalls
- 46 floodgate and outfall structures, and
- 436 culvert crossing structures.

The summary of the scheme details is shown in Annex 2.

The Board under the Act levies rates required to cover the cost of improving, constructing and maintaining drainage works, the carrying out of any drainage measures and the operating costs of the Board. The drainage rates were deducted from farmers cane proceeds until 2007.

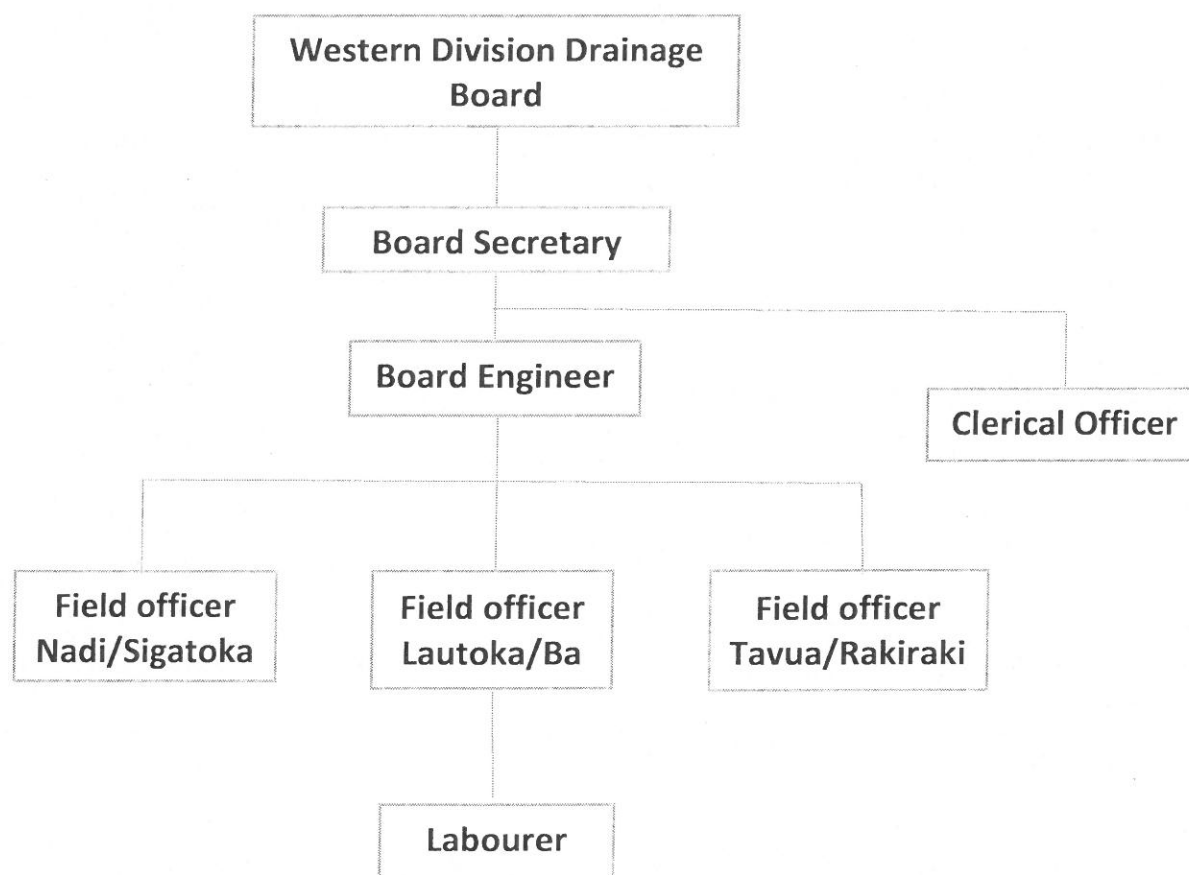
Then Government in 2008 issued the Drainage Act Amendment Promulgation No. 4 to abolish the drainage levy to assist all farmers and provided the Drainage Subsidy Grant for the funding of the operation and maintenance of drainage works by the Drainage Boards.

The Western Division Drainage Board has received an annual Drainage Subsidy Grant since 2008 from the Government for the operations and maintenance of the declared drainage schemes under the jurisdiction of the Board.

The Board is managed by the Secretary who performs administration and management functions assisted by a clerical officer and the Board Engineer who is responsible for the operation and maintenance works of the drainage schemes. The engineer is assisted by three field officers and a laborer.

The organization structure is shown below.

## Organization Structure



The Board has also facilitated drainage improvement works under the Prime Minister's Small Grant Scheme and agricultural development works for the Ministry of Agriculture.

- **Board Membership**

The Western Division Drainage Board is appointed by the Minister for Agriculture, Rural and Maritime Development and National Disaster Management under the Drainage Act Cap 143.

The Board comprises of key stakeholders which includes landowners, Lands Department, ILTB, FSC, Sugar Cane Growers Council, Provincial Council, Advisory Council, farmer's representative.

The Board is appointed on a 2 year term. The current term of the Board expires on 14.01.18. The following are the appointed current Board Members:

- |   |                          |
|---|--------------------------|
| 1. Mr. Faiaaz Ali (JP)                                      | – Chairman               |
| 2. Mr. Shiu Narayan   | – Member                 |
| 3. Mr. Babu Kuar Singh                                      | – Member                 |
| 4. Roko Tui Ra  | - Member                 |
| 5. Roko Tui Ba  | – Member                 |
| 6. Divisional Lands Manager (Western)                       | – Member                 |
| 7. Regional Manager (Western) ILTB                          | - Member                 |
| 8. Field Advisory Manager – FSC Lautoka Mill Representative | - Member                 |
| 9. Field Advisory Manager – FSC Rarawai Mill Representative | – Member                 |
| 10. Field Advisory Manager – FSC Penang Mill Representative | - Member                 |
| 11. Drainage Engineer of the Area                           | - Board Engineer/Member  |
| 12. Land Conservation Officer                               | - Board Secretary/Member |

The copy of the Gazette Notice of the Board appointment is attached as Annex 3.

**What is the status of the Western Division Drainage Board in as far as carrying out drainage operations in the Western Division?**

The Board has an office in rented premises in Lee Wah Yip Building which is located opposite the Lautoka Bus stand.

The Board has three (3) vehicles which are used by the three field officers for the inspection and supervision of drainage maintenance works. These vehicles are more than 10 years old and annual repairs and maintenance costs of the vehicles have increased. These vehicles are recommended to be replaced within three years.

The drainage infrastructures especially floodgate structures were constructed in 1970's and early 1980's are more than 35 years old. More regular maintenance and repair works are needed to maintain the operational efficiency of the drainage schemes.



The Boards drainage maintenance works are carried out by contractors. There are two maintenance contracts under which drainage network maintenance works are undertaken and one rehabilitation contract where infrastructure rehabilitation works are undertaken.

**Challenges:**

The following challenges is faced by the Board in performing its functions:

- Cultivation on drainage reserve restricting access to the drains;
- Cultivation and refuse dumping on seawalls preventing maintenance works;
- Drains used as refuse disposal interrupting proper drainage ;
- Disputes and work stoppage by farmers claiming compensation for mature crops planted on drainage reserve land
- Vandalism of floodgate structures preventing effective operation;
- Claims for liability and crop compensation (seawater intrusion) due to acts of vandalism
- Squatter settlements
- Sea level rise and climate change induced weather

**Report of the Auditor General on the Audits Statutory Authorities – December 2010 (Parliamentary Paper No.32 of 2016) Audit for the year ended 31 December 2006**

**Part A: Financial Information**

**16.2: Abridged income Statement**

- **Please provide an explanation for the slight increase in wages and salaries**

A permanent laborer was appointed on 05.09.2005 and was confirmed on 01.03.2006 with \$3.00 per hour wage rate. Copy of his appointment is attached as Annex 4.

The increase in salary and wages for 2007 is due to the 3% pay rise approved by the Board and the recruitment of one additional staff.

The Board in its 65<sup>th</sup> Board meeting held on 20.12.2005 approved the 3% pay rise to staff of the Board from 2006. The Copy is attached as Annex 5.



## **Part B: Control Issues**

### **16.4: Anomalies in the Purchases and Payments Process**

- **On the issue of high risk of mismanagement of funds, 2 recommendations have been made by the OAG and the comments by management are noted: are there any internal controls established to ensure that there will be no repetition of such issues?**

Internal controls are established as follows;

The Board agreed with the recommendation of the Auditor General that Government Financial Regulations will be followed for procurements exceeding \$20,000.00. Tenders are called and placed in a Tender Box at the close of the Tender Period. The Board Tender committee meets to deliberate and assess and make recommendation for the award. The endorsement of the Board is required for the award of the Tender.

All payment vouchers are authorized by the Board Secretary before payment is processed. Signatories to the payment are the Chairman, Secretary and the appointed Board member delegated this responsibility. All payment vouchers and relevant documents are stamped **"PAID"** once payments are processed.

All documents are registered upon receipt and securely filed away in a cabinet at the Board office after processed for payment.

### **16.6: Bank Reconciliation**

- **Tightening up basic accounting transactions can achieve intended results provided human resources are qualified. In view of that; is the Western Division Drainage board working towards this to vet and scrutinize meritorious applications as Clerical/Accounting officers?**

The Board following the retirement of the Boards typist recruited a Clerical Officer. The post of the clerical officer was advertised in the daily newspaper and interested candidates applied. Shortlisting of the applicants were carefully done considering qualification and work experience. The shortlisted applicants were interviewed and the recommendation was tabled in the Board meeting. The Board endorsed the appointment of Clerical Officer with effect from 21.06.2010.

The Clerical Officer has Certificate in Advanced Accounting qualifications from USP. Copy of CV is attached as Annex 6.

## **Report of the Auditor General on the Audits of Statutory Authorities – June 2011 (Parliamentary Paper No. 37 of 2016)**

- **Audit for the year ended 31 December 2007**

### **Part A: Financial Information**

#### **12.2 A bridged income Statement**

- **What were the main issues of the decrease in Drainage Rates in 2007 as opposed to 2006 creating a huge drop in the income from \$254,158 in 2006 to \$195,724 in 2007?**

The Board's income is derived from the collection of drainage rates that is paid by sugar cane growers within the respective drainage schemes. The drainage rates is deducted at source by FSC.

The huge drop in income of the Board is mainly due to the drop in sugar cane production within the Drainage Scheme areas. A major contributing factor was the expiry of land leases. Cane production in Drainage Schemes for 2006 was 318,233.93 tonnes and in 2007 was 263,993.86 tonnes which is 17% drop in cane production. Copy of production figures from Drainage Schemes is attached as Annex 7.

#### **12.3 Abridged Balance Sheet**

- **Can we be advised as to the main reason why the entity's net assets decreased by 47% in 2007 when compared to 2006?**

The Government in 2007 through the Drainage Act (Amendment) Promulgation No. 4 of 2008 have written off all drainage rates outstanding. In 2007 doubtful debts as outstanding drainage rates of \$600,105 was written off. This has made a reduction in entity's net assets. Copy of the Promulgation is attached as Annex 8.

### **Part B: Control Issues**

**Can we be updated as to the progress made to the following issues identified in this area in 2007:**

#### **12.4 Bank Reconciliation Not Carried Out**

The Board has appointed a Clerical Officer on 21.06.2010 and the issue of monthly bank reconciliations rectified. The clerical officer prepares monthly bank reconciliations and the Board Secretary checks and certifies the reconciliations which is filed away in the Board office.

### **12.5 Breach of Procurement Procedures**

The Breach of Procurement Procedures as highlighted in the 2007 audit were on missing payment vouchers, non-certification of payment vouchers and documents not stamped **"PAID"**.

These issues has been rectified by documents being securely kept in cabinets under lock & key at the Boards office and payment vouchers are approved by the Board Secretary by signing before any payment is processed.

All payment vouchers and documents are now stamped **"PAID"**

### **12.6 Banking Not Done Daily**

The Board have rectified this issue of not banking money received on the same day. The clerical Officer now ensures that all money received daily must be banked the same day. This has been addressed as future audits have not raised this issue again.

### **12.8 A bridged Income Statement**

- **Can we be advised as to how the entity was not able to generate any income through drainage rates like it used to be in the previous year's resulting in the Government paying a Grant of \$772,447 in 2008**

The Drainage Board levied drainage rates to farmers within the declared Drainage Scheme drainage areas. These rates were deducted at source at FSC from cane proceeds. The maximum drainage rate that could be charged was \$49.42/Hectare.

The collected rates were used for the operation and drainage maintenance works. The collected rates were insufficient to fully fund the operations of the Drainage Board. The expiry of leases and subdivision developments were factors that contributed to the reduction in cane production and collection of drainage rates.

A decision was taken by the Government in 2007 to waive the collection of drainage rates and Government to fully fund the Drainage Boards.

The Board stopped collecting drainage rates from 2008 following the Drainage Act (Amendment) Promulgation No. 4 of 2008. The Drainage Board receives funding under the Drainage Subsidy Grant Fund for the operation of the Board and maintenance of the Drainage Schemes.

- **Based on the above and since the entity is now not able to fund its own operation, is it worthwhile to keep on maintaining this entity?**

Government and the Drainage Board has invested millions of dollars to improve low lying areas via the construction of sugar drainage scheme infrastructure for the benefit of the farming community, thus the need for its commitment for its maintenance.

The development cost for the Western Division Drainage Board drainage infrastructure is \$5.9 million. A total of 12,000 hectares improved with the potential for producing approximately 300,000 tonnes of sugar cane.

There are forty (40) Drainage Schemes under the jurisdiction of the Western Division Drainage Board, the role of the Board under the Drainage Act Cap 143 is to ensure that the schemes are operational and maintenance works carried out to function effectively.

**Please provide updates on the progress made to the following issues identified in 2008:**

- **12.10 Bank Reconciliation Not Carried Out**

The Board has appointed a qualified Clerical Officer on 21.06.2010 and the issue of monthly bank reconciliations not carried out has been rectified. The clerical officer prepares monthly bank reconciliations, the Board Secretary checks and certifies the reconciliations and it is filed in the Board office. The audits carried out after 2010 had not raised any further issue of monthly bank reconciliations.

## **12.11 Variance in VAT Receivables**

VAT reconciliation for 2008 has been done by the Boards chartered accounting firm, BDO International. Copy is attached as Annex 9.

In 2012 VAT has been reconciled for the previous years to miscellaneous income as shown in the 2012 Financial Statement. Copy is attached as Annex 10.

The variance in VAT is appearing due to;

- VAT return lodged by the Board is based on cash basis accounting
- Financial Statement has VAT declared based on accrual basis accounting

The Boards chartered accounting firm BDO International is liaising with Auditors Generals office for the VAT to be declared on cash basis in Financial Statements to resolve variance in VAT issue.

### **Report of the Auditor General on the Audits of Statutory Authorities – December 2012 (Parliamentary Paper No. 40 of 2016)**

- Audit for the year ended 31 December 2011

#### **Part B: Control Issues**

#### **6.7 Valuation of Plant and Equipment**

- Has the Board been able to revalue all its plant and equipment to ensure fair values are reflected in the financial statements?

The Board has the services of the chartered accounting firm, BDO International and annual Financial Statements are prepared by them.

To ascertain fair value or market value for sale or auction of assets is mostly carried out during board of survey. No revaluation of plant and equipment was carried out and the Board will look into addressing this.

- Has a policy been drafted in relation to the revaluation of fully depreciated assets?

The Board has only few assets which are office equipment and furniture. The major Asset for the Board is three (3) Vehicles. Copy of asset listing is attached as Annex 11.

The Board does not have a policy in relation to revaluation of fully depreciated assets but market fair value is considered during Board of Survey to ascertain fair value for any sale or auction. This will be ***addressed once a Capitalization Policy is developed.***

- **Does the Board have a capitalization policy in place?**

The Board does not have a capitalization policy in place. The Board has held discussions with the Boards chartered accounting firm BDO International to assist in preparing a capitalization policy for the Western Division Drainage Board.

**Report of the Auditor General on the Audits of Statutory Authorities – June 2012 (Parliamentary Paper No.41 of 2016)**

**Part B: Control Issues**

**8.7 Acquittal Report – AUSAID Grant**

- **Was a Certificate of Completion provided for all building and infrastructure activities as was the requirement under the grant?**
- **Is the Board strictly adhering to the Grant Agreement conditions?**

The Board wishes to clarify that in 2012 it did not receive any funds under AUSAID Grant.

Yours Sincerely



.....  
**Mr. Faiaaz Ali (JP)**

**Chairman**

**Western Division Drainage Board**

## **List of Annexures**

Annex 1 – Map showing Locations of Drainage Schemes

Annex 2 – Drainage Scheme Infrastructure Details

Annex 3 – Gazette Notice for Appointment of Board

Annex 4 – Appointment Letter for Laborer

Annex 5 – 65<sup>th</sup> Board Meeting Minutes

Annex 6 – CV for Clerical Officer

Annex 7 – Drainage Scheme Production Figures

Annex 8 – Promulgation No. 4 of 2008

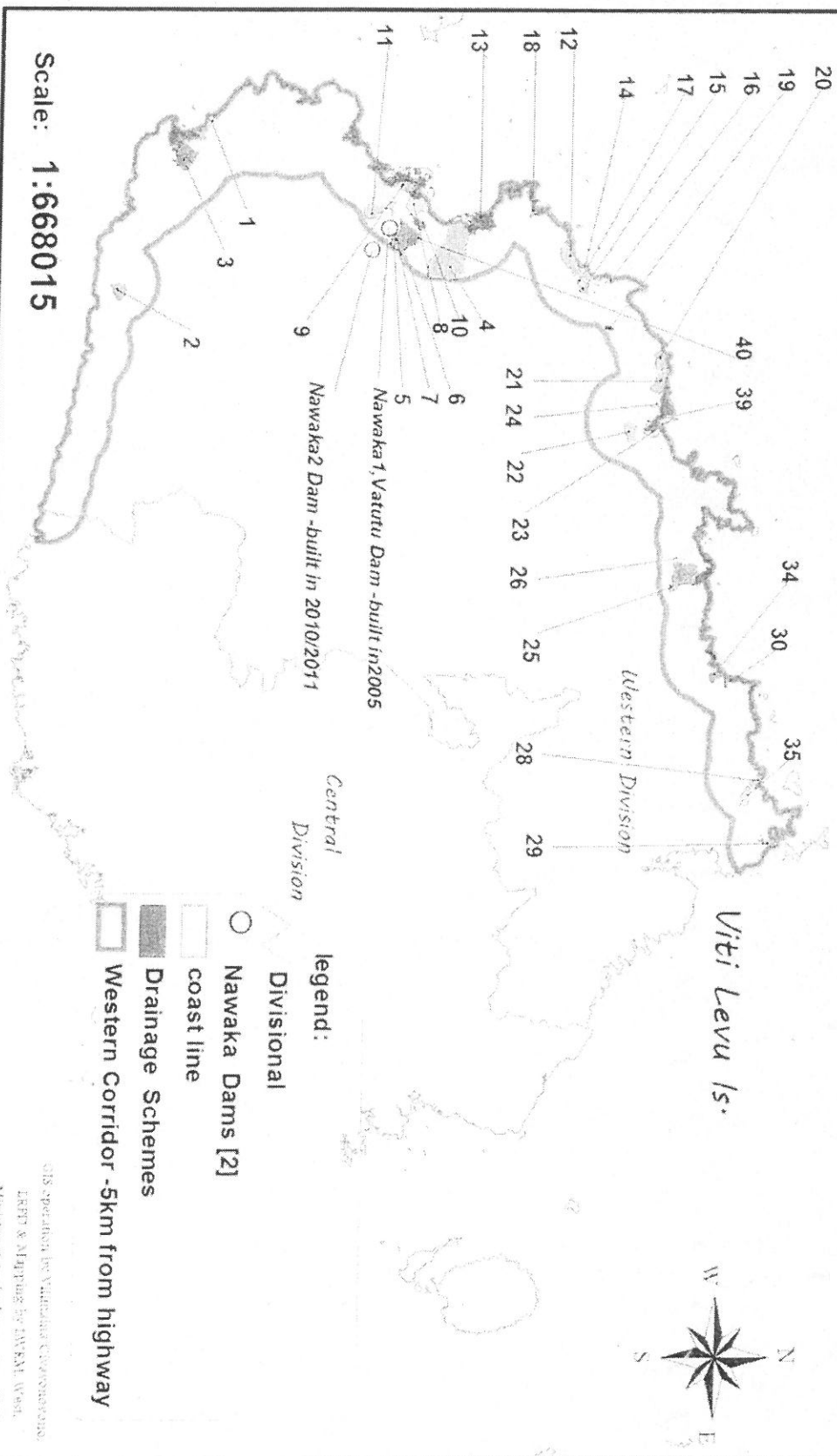
Annex 9 – VAT reconciliation for 2008

Annex 10 – VAT reconciliation for 2012

Annex 11 – Fixed Asset Listing and Depreciation Schedule



# Western Division Drainage Schemes & Dams within the Urban Growth Management Plan for the Greater Western Corridor



# SCHEME FACILITIES AND FIELD DATA INFORMATION

| No. | Schemes          | Seawall (KM) | Seawall Drain (KM) | Internal Drain (M) | Spillway (No.) | Outfall Structure (No.) | Flapgate Structure (No.) | Culvert Crossing (No.) | Reeving Rateable Area (Ha) | Catchment Area (Ha) | Reclaimed Area (Ha) | Year Constructed |
|-----|------------------|--------------|--------------------|--------------------|----------------|-------------------------|--------------------------|------------------------|----------------------------|---------------------|---------------------|------------------|
| 1   | Lomawai          | 2.10         | 2.10               | 12,803.00          | 1              | 1                       |                          | 25                     | 427                        | 440                 | 40                  | 1975             |
| 2   | Oiole            |              |                    | 7,536.00           |                |                         |                          | 16                     | 220                        | 223.11              | 11                  | 1975             |
| 3   | Maro             |              |                    | 1,861.00           |                |                         |                          | 9                      | 201                        | 200.73              | 2                   | 1980             |
| 4   | Naseo            | 1.10         | 1.10               | 49,327.00          | 3              | 3                       |                          | 43                     | 2,598                      | 2,333.82            | 82                  | 1977             |
| 5   | Solovi I         |              |                    | 8,441.00           |                |                         |                          | 19                     | 524                        | 539.03              | 15                  | 1975             |
| 6   | Solovi II        |              |                    | 5,467.00           |                |                         |                          | 11                     | 271                        | 233.24              | 9                   | 1978             |
| 7   | Meigunyah        |              |                    | 6,125.00           |                |                         |                          | 11                     | 215                        | 215.15              | 7                   | 1977             |
| 8   | Navakai          | 1.04         | 1.04               | 11,520.00          | 1              | 1                       |                          | 14                     | 385                        | 393.1               | 31                  | 1979             |
| 9   | Magalevu         | 0.90         | 0.90               | 6,204.00           | 1              | 1                       |                          | 10                     | 123                        | 123.21              | 5                   | 1983             |
| 10  | Wagadra          |              |                    | 2,957.00           |                |                         |                          | 5                      | 211                        | 208.93              |                     | 1976             |
| 11  | Oalela           |              |                    | 4,095.00           |                |                         |                          | 4                      | 200                        | 204.47              |                     | 1983             |
| 12  | Uou/Vitogo       | 2.00         | 2.00               | 17,616.00          | 3              | 2                       |                          | 38                     | 1,014                      | 1,023.06            | 30                  | 1982             |
| 13  | Lomolomo [vsi]   | 3.02         | 3.02               | 16,000.00          | 2              | 3                       |                          | 25                     | 444                        | 444.4               | 41                  | 1977             |
| 14  | Drasa I          | 4.20         | 4.20               | 11,519.00          | 2              | 2                       |                          | 24                     | 294                        | 293.23              | 37                  | 1982             |
| 15  | Drasa II         |              |                    | 2,253.00           | 1              |                         | 1 (3)                    | 8                      | 72                         | 71.72               | 5                   | 1991             |
| 16  | Teldanu          | 0.25         | 0.25               | 1,254.00           |                |                         | 1 (1)                    | 4                      | 55                         | 54.81               | 4                   | 1979             |
| 17  | Navago           |              |                    | 1,830.00           | 1              |                         |                          | 4                      | 77                         | 73.83               | 4                   | 1975             |
| 18  | Nakabua          |              |                    | 2,125.00           |                |                         |                          | 8                      | 39                         | 40.5                |                     | 1979             |
| 19  | Lomolomo [Drasa] |              |                    | 1,000.00           |                |                         |                          | 4                      | 23                         | 23.07               |                     | 1975             |
| 20  | Raviravi         | 3.60         | 3.60               | 14,633.00          | 1              | 1                       | 2 (12)                   | 12                     | 824                        | 813.06              | 30                  | 1982             |
| 21  | Sarava           | 3.65         | 3.65               | 11,912.00          | 2              | 2                       |                          | 22                     | 622                        | 624.84              | 54                  | 1980             |
| 22  | Navatu           |              |                    | 11,404.00          |                |                         |                          | 20                     | 617                        | 614.67              | 50                  | 1974             |
| 23  | Talecke          | 1.57         | 1.57               | 3,000.00           | 1              | 1                       |                          |                        | 62                         | 61.51               | 15                  | 1985             |
| 24  | Votua            | 1.60         | 1.60               | 1,150.00           |                |                         |                          | 2                      | 68                         | 85.7                | 3                   | 1991             |
| 25  | Nabuna           |              |                    | 19,151.00          | 1              | 1                       |                          | 15                     | 1397                       | 1,621.04            | 47                  | 1975             |
| 26  | Toko             |              |                    | 2,379.00           |                |                         |                          | 4                      | 101                        | 101.12              | 41                  | 1980             |
| 27  | Barotu           |              |                    | 10,401.00          |                |                         |                          | 16                     | 252                        | 251.89              | 79                  | 1981             |
| 28  | Nagoro           |              |                    | 6,500.00           |                |                         |                          | 7                      | 239                        | 239.06              | 21                  | 1977             |
| 29  | Ellington        |              |                    | 4,772.00           |                |                         |                          | 10                     | 83                         | 83                  | 15                  | 1981             |
| 30  | Caboni           |              |                    | 1,767.00           |                |                         |                          | 9                      | 107                        | 106.5               | 9                   | 1981             |
| 31  | Dokanavatu       |              |                    | 1,344.00           |                |                         |                          | 1                      | 32                         | 32                  | 8                   | 1981             |
| 32  | Vundawa          |              |                    | 1,319.00           |                |                         |                          | 1                      | 27                         | 26.95               | 8                   | 1981             |
| 33  | Vaidoko          |              |                    | 2,159.00           |                |                         |                          | 6                      | 60                         | 60                  | 33                  | 1981             |
| 34  | Drauniv          |              |                    | 3,303.00           |                |                         |                          | 3                      | 51                         | 56.42               | 26                  | 1981             |
| 35  | Penang           | 2.20         | 2.20               | 5,347.00           | 2              | 1                       | 1 (6)                    | 7                      | 136                        | 135.95              | 7                   | 1982             |
| 36  | Namomano         |              |                    | 3,000.00           |                |                         |                          | 7                      | 175                        | 175.1               | 11                  | 1991             |
| 37  | Rukuruku         |              |                    | 3,613.00           |                |                         |                          | 7                      | 24                         | 34.1                |                     | 1992             |
| 38  | Burutu           |              |                    | 4,552.00           |                |                         |                          | 6                      | 90                         | 130.14              |                     | 1992             |
| 39  | Togalevu         | 4.39         | 4.39               | 1,833.00           |                |                         |                          | 3                      | 32                         | 31.5                | 7                   | 1996             |
| 40  | Namoli/Meigunyah |              |                    | 5,000.00           |                |                         |                          | 7                      | 65                         | 84.8                |                     | 1996             |
|     | Total            | 31.62        | 31.62              | 288,472            | 22             | 19                      | 5                        | 436                    | 12,257                     | 12,508.76           | 792                 | 1996             |

Gazette Vol. 17, 08/01/16, No. 2

[50]

DIPLOMATIC PRIVILEGES AND IMMUNITIES  
ACT 1971  
No. 26 OF 1971  
[CHAPTER 8]

In exercise of the powers conferred upon me by subsection 2 of section 6 of the Diplomatic Privileges and Immunities Act 1971, I hereby declare that—

MS LAURA GIBBONS  
Communications Coordinator  
The United Nations Children's Fund

shall with effect from 16th October, 2015 is accorded all such privileges and immunities as are specified in the Fourth Schedule of the Act.

Made at Suva this 16th day of October 2015.

I. KUBUABOLA  
Minister for Foreign Affairs

[51]

DIPLOMATIC PRIVILEGES AND IMMUNITIES  
ACT 1971  
No. 26 OF 1971  
[CHAPTER 8]

In exercise of the powers conferred upon me by subsection 2 of section 6 of the Diplomatic Privileges and Immunities Act 1971, I hereby declare that—

DR DANIEL JOACHIM PLUGGE  
Advisor  
Secretariat of the Pacific Community

shall with effect from 18th November, 2015 is accorded all such privileges and immunities as are specified in the Fourth Schedule of the Act.

Made at Suva this 18th day of November 2015.

I. KUBUABOLA  
Minister for Foreign Affairs

[52]

DIPLOMATIC PRIVILEGES AND IMMUNITIES  
ACT 1971  
No. 26 OF 1971  
[CHAPTER 8]

In exercise of the powers conferred upon me by subsection 2 of section 6 of the Diplomatic Privileges and Immunities Act 1971, I hereby declare that—

MS RYOKO YONAMINE  
UN Volunteer

shall with effect from 19th October, 2015 is accorded all such privileges and immunities as are specified in the Eighth Schedule of the Act.

Made at Suva this 19th day of October 2015.

I. KUBUABOLA  
Minister for Foreign Affairs

[53]

DIPLOMATIC PRIVILEGES AND IMMUNITIES  
ACT 1971  
No. 26 OF 1971  
[CHAPTER 8]

In exercise of the powers conferred upon me by subsection 2 of section 6 of the Diplomatic Privileges and Immunities Act 1971, I hereby declare that—

MS MASAKI KIKUCHI  
Expert

Japan International Cooperation Agency

shall with effect from 2nd December, 2015 is accorded all such privileges and immunities as are specified in the Eighth Schedule of the Act.

Made at Suva this 2nd day of December 2015.

I. KUBUABOLA  
Minister for Foreign Affairs

[54]

DRAINAGE ACT  
(CHAPTER 143)  
1985 Revised Edition

WESTERN DIVISION DRAINAGE BOARD  
APPOINTMENT OF MEMBERS

In exercise of the powers conferred upon me by section 4 of the Drainage Act, I have appointed—

- |  |   |                      |
|--|---|----------------------|
| 1. Ratu Jone Kuwe Ralulu                           | — | Chairman             |
| 2. Mr Faiyaz Ali                                   | — | Member               |
| 3. Mr Shiu Narayan                                 | — | Member               |
| 4. Mr Babu Kuar Singh                              | — | Member               |
| 5. The Roko Tui Ra                                 | — | Member               |
| 6. The Roko Tui Ba                                 | — | Member               |
| 7. The FSC Cane Logistics Manager,<br>Penang Mill  | — | Member               |
| 8. The FSC Cane Logistics Manager,<br>Rarawai Mill | — | Member               |
| 9. The FSC Field Manager, Rarawai<br>Mill          | — | Member               |
| 10. The Regional Manager (Western)<br>ITLTB        | — | Member               |
| 11. The Divisional Surveyor Western                | — | Member               |
| 12. The Drainage Engineer of the area              | — | Engineer/<br>Member  |
| 13. The Land Conservation Officer                  | — | Secretary/<br>Member |

to be members of the Western Division Drainage Board with effect from 15/01/2016 to 14/01/2018 for a two year term.

Dated this 30th day of December 2015.

I. SERURATU  
Minister for Agriculture, Rural and Maritime  
Development and National Disaster Management

536

**RENEWAL OF CONTRACTS**

CHANDR., Foreman (Buildings), renewed from 22nd July, 2016 to 21st July, 2019. EDP 93939

KUAR M., Clerical Officer, renewed from 12th July, 2016 to 11th July, 2019. EDP 93619

PENE A., Principal Engineer Programming, renewed from 13th July, 2016 to 12th July, 2018. EDP 49467

**RESIGNATIONS**

KUMAR M., TRCO, resigned from 30th June, 2016. EMP NO. 253254

TAKALAIYALER., TA Fitter, resigned from 29th July, 2016. EDP 92959

MAHARAJ Y., Scientific Officer, resigned from 22nd July, 2016. EDP 92860

[789] **ITAUKEI LANDS ACT**  
(CAP. 133)

**APPOINTMENT OF APPEALS TRIBUNAL**

IN exercise of the powers conferred upon me by section 7 of the iTaukei Lands Act as amended under the iTaukei Lands (Amendment) Appeals Tribunal Act 1987, I have appointed—

Aminiasi Katonivualika to be Chairman  
Ratu Inoke Seru; and  
Ratu Inoke Tuidelabutiki

to be members of the Appeals Tribunal to hear and determine appeals, from decisions of the iTaukei Lands and Fisheries Commission made pursuant to section 17 of the iTaukei Lands Act in the dispute relating to headship positions of—

— Tuta vaka Vinivalu Natewa

All the previous appointments to the Appeals Tribunal are hereby revoked.

Dated this 17th day of July 2016.

J. V. BAINIMARAMA  
Prime Minister  
and Minister for iTaukei Affairs

[790] **LOST NATIVE LEASE**

NOTICE is hereby given that duplicate Native Lease No. 27921 now standing in the name of Acheshwari Raj of 29 Pepperwood Street Deernam, 4818 Queensland Australia Panel Beater, in the district of Vuda, island of Viti Levu and known as Wairabetia S/D Lot 3 on SO 4514 and containing 1231m<sup>2</sup> more or less, having been lost and the necessary application filed, it is my intention after fourteen days from the date of publication hereof to issue a provisional Native Lease in lieu of the said duplicate Lease.

T. SHARMA  
Registrar of Titles

[791]

**DRAINAGE ACT**  
(CHAPTER 143)

1985 REVISED EDITION

**WESTERN DIVISION DRAINAGE BOARD****APPOINTMENT OF MEMBERS**

IN exercise of the powers conferred upon me by section 4 of the Drainage Act, I have appointed—

MR SAHYAD FAHAZ ALLUP,

to be Chairman of the Western Division Drainage Board with effect from 30th January 2016 to 14th January 2018.

Dated this 3rd day of August 2016.

L. SERURATU  
Minister for Agriculture,  
Rural and Maritime Development  
and National Disaster Management

[792]

**MEDICAL AND DENTAL**  
**PROFESSIONAL CONDUCT TRIBUNAL**

Application No. P/2015

*BETWEEN*

**FII MEDICAL COUNCIL**

Applicant

*AND*

**LITIANA BROWNE**

Respondent

TAKE notice that on 8/7/2016 the Tribunal ordered—

1. That the Respondent be censured
2. That the Respondent pays the Fiji Medical Council a fine of \$5,000.00, within 30 days from the date of the order.
3. That the respondent's registration be cancelled, her licence be revoked and the respondent be disqualified from being registered generally for a period of ten (10) years with effect from the date of the order.

Dated at Suva this 28th day of July 2016.

Y. FIYANAGE  
Chief Registrar  
High Court of Fiji, Suva

**WESTERN DIVISION DRAINAGE BOARD****1<sup>ST</sup> FLOOR, M. Y. HUSSEIN BUILDING****P. O. Box 791, Lautoka, Fiji**Phone/Fax : 666 9590

---

1<sup>st</sup> March, 2005

Permanent Labourer  
Ronald Vilash  
FNPF 2216596  
Lautoka

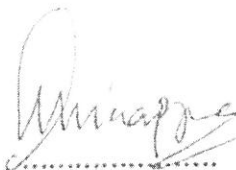
Dear sir

**Re : Confirmation of Appointment**

Your provisional appointment as Permanent Labourer of the Western Division Drainage Board has completed on 28<sup>th</sup> of February, 2006 and you are now confirmed as a Permanent Labourer of the Western Division Drainage Board with the wages of three dollars [\$3.00] per hour beginning from 1<sup>st</sup> March, 2006.

You are required to follow your duty statement closely.

Yours faithfully



**N. CHINAPPA  
SECRETARY**

cc.: P/File

Forwarded it to  
SCD (WDDB)

J 9/03

**THE MINUTES OF THE 65<sup>TH</sup> MEETING OF THE WESTERN  
DIVISION DRAINAGE BOARD HELD AT L&WRM OFFICE  
10.30 AM ON 20<sup>TH</sup> DECEMBER, 2005**

**1.0 ATTENDANCE**

**1.1 Members Present**

|        |   |   |                |
|--------|---|---|----------------|
| 1.1.1  | Mr. M. A. Khalil [SCGC Member, MBP, JP]       | - | Chairman       |
| 1.1.2  | Mr. M. Namoe [SCGC Director, Sigatoka]        | - | Member         |
| 1.1.3  | Mr. S. Narayan [SCGC Director, Nadi]          | - | Member         |
| 1.1.4  | Mr. S. C. Raj [SCGC Director, Ba, JP]         | - | Member         |
| 1.1.5  | Mr. U. Prasad [SCGC Director, Tavua, JP]      | - | Member         |
| 1.1.6  | Mr. P. Saukuru [SCGC Director, Lautoka]       | - | Member         |
| 1.1.7  | Mr. M. Silimaibau [SCGC director, Rakiraki]   | - | Member         |
| 1.1.8  | Rt. J. K. Ralulu [Councillor, Tavua]          | - | Member         |
| 1.1.9  | Mr. E. Mataitini [Regional Manager N/W, NLTB] | - | Member         |
| 1.1.10 | Mr. S. Narayan [Divisional Surveyor, West]    | - | Member         |
| 1.1.11 | Mr. S. Goundar [F/S, FSC, Lautoka]            | - | Member         |
| 1.1.12 | Mr. M. Kumar [Engineer LWRM, West]            | - | Board Engineer |
| 1.1.13 | Mr N. Chinappa [SAO LWRM, West]               | - | Secretary      |

**1.2 Advisors Present**

|       |                   |   |               |
|-------|-------------------|---|---------------|
| 1.2.1 | Mr. Colin Simmons | - | [A/PAO, LWRM] |
| 1.2.2 | Mr. K. Win        | - | [PE, D&I]     |

**1.3 Apology**

|      |                               |
|------|-------------------------------|
| 13.1 | Mr. Brij Raj                  |
| 13.2 | Mr. Etuate Tavai              |
| 13.3 | Mr. S. Swami [Director, LWRM] |
| 13.4 | Mr. L. Mudalair [PAO, LWRM]   |

2.0 WELCOME

The Chairman Mr. M. A. Khalil after noting a quorum welcomed all the members present in the meeting and accorded a special welcome to Mr. Mataitini as this was his first attendance.

3.0 CONFIRMATION OF MINUTES

The Minutes of the 64<sup>th</sup> meeting held on 20<sup>th</sup> December, 2005 was confirmed through motion moved by Rt. J. K. Ralulu and seconded by Mr. Shiu Narayan.

4.0 MATTERS ARISING FROM THE MINUTES

After a lengthy discussion the Board approved to continue with the legal action as it was health hazard and also interference within the scheme.

5.0 SECRETARY'S REPORT

The Secretary presented his report highlighting maintenance works, administration activities, financial and Court cases. The report accepted on motion moved by Mr. Silimaibau and seconded by Mr. Umesh Prasad.

6.0 MATTERS ARISING FROM SECRETARY'S REPORT

6.1 The Divisional Surveyor enquired on the over expenditure of the 2005 Budget and if the approval from the Board was sought.

The Secretary explained that the over expenditure was due to the purchase of a new vehicle, recruitment of a permanent labourer, recruitment of a Fieldman while the Field Officer A. Kumar was on paid study leave, rising fuel, vehicle maintenance and other rising costs.

It was decided that an approval for the over expenditure be sought through flying Minutes.



- 6.2 There was a lengthy discussion on the issue of employing another Field Officer to replace Epi. It was decided that the Secretary present a report on the staff situation so that the Board can make a decision in the next meeting.

7.0 ENGINEER'S REPORT

The Engineer presented his report highlighting the maintenance work accomplished.

7.1 Tenders 2006

The engineer sought approval for the following tenders recommended by the Tender Committee:-

7.1.1 Hire of Machines

Awarded to Singh's Civil Engineering.

7.1.2 Emergency Repairs to Floodgate and Lower Bracket

Awarded to Engineering Works

7.1.3 Hire of Hiab, Welding, Transporting and Gas Cutting

Awarded to Hydraulic Hose Services.

7.1.4 Supply of Bolts, Hire of Welding Plant and Labourers

Awarded to ell Engineering. Above tender approved from motion moved by Mr. S. C. Raj and seconded by Mr. S. Gounder.

8.0 MATTERS ARISING FROM THE REPORT

The Board has approved for a reduction of over expenditure as per maintenance works.


The report was accepted on motion moved by Rt. J. K. Ralulu and seconded by Mr. P. Saukuru.

9.0 GENERAL

9.1 Board approved the 3% COLA as per PSC approval to Government workers.

10.0 CONCLUSION

The Chairman thanked each one and wished all a happy Christmas and a Prosperous New Year and adjourned the meeting at 11.45 am.

  
.....  
CHAIRMAN  
M.A. KHALIL

.....  
SECRETARY  
N. CHINAPPA

**CURRICULUM VITAE**

**Name:** Mohrin Lata

**Date of Birth:** 17/09/1972

**Address:** P O Box 1490, Lautoka

**Age:** 37

**Country:** Fiji

**Marital Status:** Married with 2 kids

**Health:** Good

**Education:** Pt Vishnu Deo Secondary School  
Fiji School Leaving School

**Tertiary Education:** TPAF – Certificate in Advanced Business Accounting  
TPAF – Certificate Fundamentals of Business Accounting  
NZPTC- Certificate Computerized Business Accounting (MYOB)  
USP- Certificate in Word Processing  
USP – Certificate in Electronic Spreadsheet

**Employment:** **Texport Pacific Limited**  
  
Accounts Clerk  
Factory closed

**Rup Industries**  
  
Senior Accounts Clerk

**The New India Assurance Limited**  
  
Administration / Motor Insurance Officer

**Saiyad & Associates**  
  
Accounts Clerk

**Duties :**

Reconciliation of Bank Statement

Writing Cash Book

Preparation of receipts, cheques

Preparing Wages, FNPf, PAYE

Preparations of monthly statement

Handling credit facilities and premium collections

Liasing with Banks and company auditors

Other duties assigned by the Manager

**Referees:**

Mr Gyneshwar Sanahi Rup

Rup Insustries (Director) 6662007

Mrs Mohini Devi Ali

The New India Assurance (Assistant Manager) -- 6661344

Mrs Rosleyn Devi

Saiyad & Associates (Senior Officer) -- 9678945

**Western Division Drainage Board**  
**Sugarcane Production Figures (2006 - 2012)**

| Scheme Code  | Name of Scheme    | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 1            | Lomawa            | 12,645.06         | 9,674.82          | 10,525.06         | 10,389.00         | 8,550.23          | 9,438.18          | 6,232.60          |
| 2            | Ololo             | 176               | NIL               | 23                | NIL               | NIL               | NIL               | NIL               |
| 3            | Maro              | 6,674.39          | 4,324.18          | 4,361.65          | 3,783             | 2,793             | 3,968             | 2,765.55          |
| 4            | Nasoso            | 64,388            | 19,626            | 42,931.34         | 26,751.01         | 28,964.78         | 28,782.19         | 11,649.00         |
| 5            | Soboi I           | 17,088            | 10,528            | 12,669.00         | 11,483.65         | 10,737.84         | 9,456.12          | 5,825.84          |
| 6            | Soboi II          | 3,781.83          | 2,772             | 2,791.00          | 2,583.98          | 1,864.81          | 2,438.14          | 1,912.00          |
| 7            | Megunyah          | 5,788             | 10,294            | 5,905             | 5,279.67          | 4,142.00          | 4,507.32          | 4,117.09          |
| 8            | Nayakui           | 6,956             | 4,958             | 5,330.89          | 5,571             | 5,107             | 4,628             | 2,904.60          |
| 9            | Mangalevu         | 2,248             | 2,052             | 740.36            | 1,815             | 2,194             | 782.00            | 147.00            |
| 10           | Wagadra           | 20.95             | 14.19             | 5,016             | 1,943             | 908.95            | 1,373.60          | 2670.11           |
| 11           | Oeloba            | 5,396             | 3,999             | 3,247.86          | 3,004             | 2,444             | 3,516             | 1,094.00          |
| 12           | Loya Vihoro       | 31,245            | 27,126            | 28,243.68         | 26,713.58         | 19,188            | 24,384.73         | 18,391.63         |
| 13           | Lomolono Vasevici | 13,712            | 12,466            | 10,554.66         | 12,696.68         | 8,950.55          | 6,315.20          | 6,062.03          |
| 14           | Draai I           | 3,291             | 8,154             | 10,079.89         | 8,964.56          | 5,838             | 6,238.03          | 6,065.90          |
| 15           | Draai II          | 2,579.55          | 1,578             | 2,486.13          | 1,726.35          | 1,300             | 2,180.73          | 1,761.97          |
| 16           | Tedamu            | 1,015             | 622.15            | 453.89            | 231.64            | 410               | 572.48            | 319.48            |
| 17           | Nawago            | 2,711             | 2,718.35          | 2,453.82          | 2,544.39          | 1,852             | 1,401.95          | 1,301.19          |
| 18           | Nabau             | 126               | 134               | 240.72            | NIL               | NIL               | NIL               | NIL               |
| 19           | Lomolono [Draai]  | 1,308             | 1,262             | 10,554.66         | 12,696.68         | 8,950.55          | 1,455.44          | 1,045.95          |
| 20           | Raviravi          | 29,346            | 26,125            | 24,597            | 73,270.95         | 25,102.36         | 20,898.85         | 20,319.56         |
| 21           | Nawa              | 16,062            | 22,583            | 20,425            | 17,480.30         | 13,953.60         | 17,627.97         | 15,215.87         |
| 22           | Nawatu            | 16,668            | 19,639            | 15,308.19         | 10,839.07         | 12,623.40         | 9,755.16          | 9,755.16          |
| 23           | Talevaka          | 2,343             | 1,949             | 1,792.89          | 1,311.14          | 1,031.60          | 1,180.02          | 1,320.57          |
| 24           | Voua              | 2,209             | 1,588             | 1,467.88          | 1,392.60          | 1,025.47          | 1,253.34          | 854.14            |
| 25           | Nabura            | 44,486            | 48,729            | 53,114.97         | 31,719.33         | 32,789.88         | 28,547.39         | 27,557.29         |
| 26           | Toko              | 1,082             | 964               | 944.73            | 645.73            | 570.30            | 581.15            | 634.52            |
| 27           | Barua             | 4,558             | 2,866             | 2,694             | 1,678.83          | 1,911.60          | 1,791.08          | 373.80            |
| 28           | Nagoro            | 10,161            | 9,522             | 8,950.78          | 8,895.17          | 10,463.40         | 9,695.73          | 7,252.20          |
| 29           | Elungton          | 3,636             | 4,573             | 4,389             | 2,166.44          | 4,404.20          | 2,383.08          | 3,783.30          |
| 30           | Caboni            | 1,189             | 2,182             | 2,334.31          | 1,428.26          | 1,648             | 1,328.28          | 1,028.90          |
| 31           | Dokarawatu        | 246               | 103.66            | 93                | NIL               | NIL               | NIL               | NIL               |
| 32           | Vundawa           | 93                | 69.52             | 72.30             | 108.07            | 43.90             | 101.71            | 57.30             |
| 33           | Vaidoko           | 404.82            | 381.92            | 393.38            | 401.57            | 360.00            | 370               | 168.40            |
| 34           | Dranuvu           | 357               | 290.56            | 276.06            | 213.34            | 114.60            | 210.22            | 72.70             |
| 35           | Pangue            | 1,210             | 1,389             | 1,264.32          | 1,016.77          | 787.30            | 945.59            | 180.00            |
| 36           | Namunumu          | 44                | 174.90            | 157.71            | NIL               | NIL               | NIL               | NIL               |
| 37           | Rukuruku          | NIL               | NIL               | NIL               | 158.95            | 150.60            | 128.63            | 31.90             |
| 38           | Burucutu          | 347               | 155.76            | NIL               | 26.18             | NIL               | NIL               | NIL               |
| 39           | Togalevu          | 304               | 172.96            | 159.16            | NIL               | NIL               | 20.08             | 82.80             |
| 40           | Namoli/Megunyah   | 2,331.33          | 1,261.98          | 1,516             | 1,726.05          | 1,141             | 2,296.61          | 1,357.00          |
| <b>Total</b> |                   | <b>318,233.93</b> | <b>263,993.86</b> | <b>298,099.52</b> | <b>242,606.05</b> | <b>222,016.80</b> | <b>210,553.00</b> | <b>164,247.82</b> |

Source: FSC

EXTRAORDINARY

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REPUBLIC OF FIJI ISLANDS GOVERNMENT GAZETTE  
PUBLISHED BY AUTHORITY OF THE FIJI GOVERNMENT

Vol. 8

THURSDAY, 6th MARCH 2008

No. 19

[360]

INTERIM GOVERNMENT OF THE REPUBLIC OF FIJI ISLANDS

## DRAINAGE ACT (AMENDMENT) PROMULGATION 2008

(PROMULGATION NO. 4 OF 2008)

IN exercise of the powers conferred upon the Interim Government, and upon the exercise of my own deliberative judgment as President of the Republic of the Fiji Islands as to what is best and good for the people of Fiji, and by the executive authority of the State in accordance with section 85 of the Constitution and such other powers as may appertain, and with the advice of the Cabinet, I, Josefa Iloilovalu Uluivuda, President of the Republic of the Fiji Islands, hereby make this Promulgation—

## TO AMEND THE DRAINAGE ACT (CAP. 143)

*Short Title & Commencement*

1.—(1) This Promulgation may be cited as the Drainage Act (Amendment) Promulgation 2007, and is deemed to come into force on the 1st day of January 2008.

(2) In this Promulgation, the Drainage Act (Cap 143) is referred to as "the principal Act".

*Section 2 repealed*

2. Section 2 of the principal Act is amended by repealing the definitions of "rateable area" and "rateable land".

*Section 9 repealed*

3. Section 9 of the principal Act is amended by repealing paragraphs (d) and (h).

*Section 11 repealed*

4. The principal Act is amended by repealing section 11.

*Section 12 repealed*

5. The principal Act is amended by repealing section 12.

*Section 12A repealed*

6. The principal Act is amended by repealing section 12A.

*Section 13 repealed*

7. The principal Act is amended by repealing section 13.

*Section 13A repealed*

8. The principal Act is amended by repealing section 13A.

*Section 14 repealed*

9. The principal Act is amended by repealing section 14.

*Section 15 repealed*

10. The principal Act is amended by repealing section 15.

*Section 16 repealed*

11. The principal Act is amended by repealing section 16.

*Section 20 amended*

12. The principal Act is amended in section 20(1) by deleting "rateable land" and substituting "any land within the drainage area".

*New Section 23 added*

13. The principal Act is amended by adding the following new section after section 22—

*Regulations*

23. The Minister may make regulations for the purpose of this Act."

*Transitional*

14. All drainage rates outstanding at the commencement of this Promulgation are written-off.

Given under my hand this 3rd day of March 2008.

J. I. ULUIVUDA  
President of the  
Republic of the Fiji Islands



## VAT RECONCILIATION

SCHEDULE 1

CLIENT : WESTERN DIVISION DRAINAGE BOARD

PERIOD ENDED : 31 DECEMBER 2008

PREPARED BY : DILESHIA

| PARTICULARS  | 2008       | 2007       | REF |
|--|------------|------------|-----|
| VAT Payable/(Refund) as per Balance Sheet represented by: (Enter payable "+ve"/refund "-ve") | 12,122.68  | 34,537.35  |     |
| VAT Payments Outstanding:  |            |            |     |
| • 2003 (Jan - Dec)   | 3,005.22   | 3,005.22   |     |
| • 2004 (Jan - Dec)   | 652.59     | 652.59     |     |
| • 2005 May   | 3,009.98   | 3,009.98   |     |
| • 2007 December  | -          | 266.02     |     |
| • 2008 December  | 4,860.16   | -          |     |
| VAT Refunds Outstanding:   |            |            |     |
| • Jan 05   | (1,375.97) | (1,375.97) |     |
| • Feb 05   | (1,612.03) | (1,612.03) |     |
| • Mar 05   | (2,622.34) | (2,622.34) |     |
| • Apr 05   | (1,187.19) | (1,187.19) |     |
| • June 05  | (1,233.77) | (1,233.77) |     |
| • July 05  | (2,278.00) | (2,278.00) |     |
| • August 05  | (1,674.18) | (1,674.18) |     |
| • September 05   | (1,654.52) | (1,654.52) |     |
| • October 05   | (1,256.74) | (1,256.74) |     |
| • November 05  | (964.73)   | (964.73)   |     |
| • December 05  | (5,175.67) | (5,175.67) |     |
| • Jan 06   | (470.33)   | (470.33)   |     |
| • Feb 06   | (219.91)   | (219.91)   |     |
| • Mar 06   | (2,001.53) | (2,001.53) |     |
| • May 06   | (313.24)   | (313.24)   |     |
| • June 06  | (1,190.24) | (1,190.24) |     |
| • July 06  | (1,301.97) | (1,301.97) |     |
| • August 06  | (1,644.32) | (1,644.32) |     |
| • September 06   | (473.01)   | (473.01)   |     |
| • November 06  | (500.45)   | (500.45)   |     |
| • December 06  | (2,228.74) | (2,228.74) |     |
| • January 07   | (548.58)   | (548.58)   |     |
| • February 07  | (2,087.38) | (2,087.38) |     |
| • March 07   | (545.40)   | (545.40)   |     |
| • May 07   | (907.36)   | (907.36)   |     |
| • July 07  | (487.02)   | (487.02)   |     |
| • August 07  | (226.61)   | (226.61)   |     |
| • September 07   | -          | (298.05)   |     |
| • October 07   | -          | (420.29)   |     |
| • November 07  | -          | (135.68)   |     |
| • June 08 (Short Refund)   | (120.00)   | -          |     |
| • February 08 (Short Refund)   | (316.52)   | -          |     |
| VAT Output not accounted for:  |            |            |     |
| • VAT Output on income not taken up by client  | 1,799.56   | 1,799.56   |     |
| • VAT on Motor Vehicle sales not declared by client  | 550.56     | 550.56     |     |
| • VAT on debtors not declared in VAT Returns-04  | 42,206.46  | 42,206.46  |     |
| • VAT Output understated in VAT Returns-05   | 10,277.00  | 10,277.00  |     |
| • VAT Output understated in VAT Returns-06   | 10,024.52  | 10,024.52  |     |
| • VAT Output understated in VAT Returns-07   | 4,585.46   | 4,585.46   |     |
| • VAT Output overstated in VAT Returns-08  | (6,729.49) | -          |     |

## VAT RETURN- SALES RECONCILIATION

SCHEDULE 1/2

CLIENT : WESTERN DIVISION DRAINAGE BOARD

PERIOD ENDED : 31 DECEMBER 2008

PREPARED BY : DILESHA

| PARTICULARS                                 | 2008          | 2007          | REF |
|---|---------------|---------------|-----|
| VAT input understated:                      |               |               |     |
| •VAT input understated in VAT Returns-05    | (44.80)       | (44.80)       |     |
| •VAT input understated in VAT Returns-06    | (2,828.98)    | (2,828.98)    |     |
| •VAT input understated in VAT Returns-07    | (3,779.47)    | (3,779.47)    |     |
| •VAT input understated in VAT Returns-08    | (23,194.99)   | -             |     |
| Other Adjustments                           |               |               |     |
| •VAT Difference C/F from previous years     | 1,258.43      | 1,258.43      |     |
| •VAT Penalty on May assessment              | 2,497.20      | -             |     |
|   |               |               |     |
|   |               |               |     |
| <b>Total</b>                                | <b>11,532</b> | <b>33,947</b> |     |
|   |               |               |     |
| <b>Unreconciled/ unexplained Difference</b> | <b>591</b>    | <b>590</b>    |     |
|   |               |               |     |
|   |               |               |     |
| <b>COMMENTS</b>                             |               |               |     |
|   |               |               |     |
|   |               | Reviewed by:  |     |

| VAT RECONCILIATION   |             | SCHEDULE 1  |     |
|--|-------------|-------------|-----|
| CLIENT : WESTERN DIVISION DRAINAGE BOARD   |             |             |     |
| YEAR ENDED : 31 DECEMBER 2012  |             |             |     |
| PREPARED BY : ARTI   |             |             |     |
| PARTICULARS  | 2012        | 2011        | REF |
| VAT Payable/(Refund) as per Balance Sheet<br>represented by: (Enter payable "+ve"/refund"-ve") | (15,427.00) | 803.63      |     |
| VAT Payments Outstanding:  |             |             |     |
| • 2003 (Jan - Dec)   | -           | 3005.22     |     |
| • 2004 (Jan - Dec)   | -           | 652.59      |     |
| • 2005 May   | -           | 3,009.98    |     |
| • 2008 December  | -           | 4,860.16    |     |
| • 2009 December  | -           | 26,855.57   |     |
| • 2010 June  | -           | 2,079.77    |     |
| • 2010 September   | -           | 26,042.96   |     |
| VAT Refunds Outstanding:   |             |             |     |
| • Jan 05   | -           | (1,375.97)  |     |
| • Feb 05   | -           | (1,612.03)  |     |
| • Mar 05   | -           | (2,627.34)  |     |
| • Apr 05   | -           | (1,187.19)  |     |
| • June 05  | -           | (1,233.77)  |     |
| • July 05  | -           | (2,278.00)  |     |
| • August 05  | -           | (1,674.18)  |     |
| • September 05   | -           | (1,654.52)  |     |
| • October 05   | -           | (1,256.74)  |     |
| • November 05  | -           | (964.73)    |     |
| • December 05  | -           | (5,175.67)  |     |
| • Jan 06   | -           | (470.33)    |     |
| • Feb 06   | -           | (219.91)    |     |
| • Mar 06   | -           | (2,001.53)  |     |
| • May 06   | -           | (313.24)    |     |
| • June 06  | -           | (1,190.24)  |     |
| • July 06  | -           | (1,301.97)  |     |
| • August 06  | -           | (1,644.32)  |     |
| • September 06   | -           | (473.01)    |     |
| • November 06  | -           | (500.45)    |     |
| • December 06  | -           | (2,228.74)  |     |
| • January 07   | -           | (548.58)    |     |
| • February 07  | -           | (2,087.38)  |     |
| • March 07   | -           | (545.40)    |     |
| • May 07   | -           | (907.36)    |     |
| • July 07  | -           | (487.02)    |     |
| • August 07  | -           | (226.61)    |     |
| • June 08 (Short Refund)   | -           | (120.00)    |     |
| • February 08 (Short Refund)   | -           | (316.52)    |     |
| • September 09   | -           | (17,846.79) |     |
| • March 10   | -           | (10,303.53) |     |
| • December 2010  | -           | (26,319.84) |     |
| • December 2011  | -           | (6,498.13)  |     |

## VAT RETURN- SALES RECONCILIATION

SCHEDULE 1/2

CLIENT : WESTERN DIVISION DRAINAGE BOARD

YEAR ENDED : 31 DECEMBER 2012

PREPARED BY : ARTI

| PARTICULARS   | 2012            | 2011        | REF |
|---|-----------------|-------------|-----|
| VAT Output on income not taken up by client             | -               | 1,799.56    |     |
| • VAT on Motor Vehicle sales not declared by client     | -               | 550.56      |     |
| • VAT on debtors not declared in VAT Returns-04         | -               | 42,206.46   |     |
| • VAT Output understated in VAT Returns-05              | -               | 10,277.00   |     |
| • VAT Output understated in VAT Returns-06              | -               | 10,024.52   |     |
| • VAT Output understated in VAT Returns-07              | -               | 4,585.46    |     |
| • VAT Output overstated in VAT Returns-08               | -               | (6,729.49)  |     |
| • VAT Output overstated in VAT Returns-09               | -               | (198.93)    |     |
| • VAT Output overstated in VAT Returns-10               | -               | (13,052.89) |     |
| • VAT Output overstated in VAT Returns-11               | -               | (542.64)    |     |
| • VAT Output overstated in VAT Returns-12               | (650.00)        | -           |     |
| VAT input understated:                                  |                 |             |     |
| • VAT input understated in VAT Returns-05               | -               | (44.80)     |     |
| • VAT input understated in VAT Returns-06               | -               | (2,828.98)  |     |
| • VAT input understated in VAT Returns-07               | -               | (3,779.47)  |     |
| • VAT input understated in VAT Returns-08               | -               | (23,194.99) |     |
| • VAT input understated in VAT Returns-09               | -               | (51,399.36) |     |
| • VAT input overstated in VAT Returns-10                | -               | 32,783.73   |     |
| • VAT input overstated in VAT Returns-11                | -               | 5,499.76    |     |
| • VAT input understated in VAT Returns-12               | (6,916.18)      | -           |     |
| Other Adjustments                                       |                 |             |     |
| • VAT Difference C/P from previous years                | -               | 1,258.43    |     |
| • VAT Penalty on May 08 assessment                      | -               | 2,497.20    |     |
| • VAT Penalty on December 08 assessment                 | -               | 486.02      |     |
| • VAT Difference C/P from prior year's audit adjustment | -               | (1,682.68)  |     |
| Overpayment adjustment for 2012 VAT Returns             | (7,860.46)      | -           |     |
| <b>Total</b>  | <b>(15,427)</b> | <b>213</b>  |     |
| <b>Unreconciled/ unexplained Difference</b>             | <b>-0</b>       | <b>591</b>  |     |
| COMMENTS  |                 |             |     |
| Reviewed by:  |                 |             |     |

WESTERN DIVISION DRAINAGE BOARD  
FIXED ASSETS AND DEPRECIATION SCHEDULE FOR ACCOUNTING AND TAXATION PURPOSE  
FOR THE YEAR ENDED 31 DECEMBER 2014

| ASSETS                             | WRITTEN<br>DOWN<br>VALUE | BALANCE<br>31/12/13 | COST        |             | RETIRE-<br>MENT | BALANCE<br>31/12/14 | RATE<br>ORD | DEPRECIATION        |           |                 |                     |       | WRITTEN<br>DOWN<br>VALUE<br>31/12/14 |
|------------------------------------|--------------------------|---------------------|-------------|-------------|-----------------|---------------------|-------------|---------------------|-----------|-----------------|---------------------|-------|--------------------------------------|
|                                    |                          |                     | 1ST<br>HALF | 2ND<br>HALF |                 |                     |             | BALANCE<br>31/12/13 | ADDITIONS | RETIRE-<br>MENT | BALANCE<br>31/12/14 | VALUE |                                      |
| Office Furniture                   |                          |                     |             |             |                 |                     |             |                     |           |                 |                     |       |                                      |
| Office Furniture (Oct-2005)        | 0                        | 17,970              |             |             |                 |                     | 10%         | 17,970              |           | 0               | 17,970              | 0     | 0                                    |
| Office Furniture (Dec-2005)        | 1                        | 229                 |             |             |                 |                     | 100%        | 229                 |           | 0               | 229                 | 1     | 1                                    |
| Filing Cabinet (July 2006)         | 1                        | 262                 |             |             |                 |                     | 100%        | 261                 |           | 0               | 261                 | 1     | 1                                    |
|                                    | 2                        | 18,461              | 0           | 0           | 0               |                     | 18,459      |                     | 0         | 0               | 18,459              | 2     | 2                                    |
| Tools & Equipment                  |                          |                     |             |             |                 |                     |             |                     |           |                 |                     |       |                                      |
| Furniture & Fittings               | 0                        | 1,536               |             |             |                 |                     | 20%         | 1,536               |           | 0               | 1,536               | 0     | 0                                    |
| Motor Blower (March 2002)          | 1                        | 909                 |             |             |                 |                     | 20%         | 908                 |           | 0               | 908                 | 1     | 1                                    |
| Computer (Dec 2002)                | 1                        | 4,227               |             |             |                 |                     | 40%         | 4,226               |           | 0               | 4,226               | 1     | 1                                    |
| Motor Blower (Sep 2004)            | 1                        | 1,218               |             |             |                 |                     | 20%         | 1,217               |           | 0               | 1,217               | 1     | 1                                    |
| Furniture & Fittings (June - 2005) | 1                        | 320                 |             |             |                 |                     | 20%         | 319                 |           | 0               | 319                 | 1     | 1                                    |
| Office Equipment (August)          | 0                        | 154                 |             |             |                 |                     | 100%        | 154                 |           | 0               | 154                 | 0     | 0                                    |
| Office Equipment (Dec)             | 0                        | 35                  |             |             |                 |                     | 100%        | 35                  |           | 0               | 35                  | 0     | 0                                    |
| Washblower (June - 2006)           | 324                      | 1,556               |             |             |                 |                     | 12%         | 1,232               |           | 187             | 1,419               | 137   | 137                                  |
| Accordation (Jan - 2010)           | 532                      | 1,022               |             |             |                 |                     | 12%         | 491                 |           | 123             | 613                 | 409   | 409                                  |
| Compaq Laptop - (Dec 2012)         | 482                      | 851                 |             |             |                 |                     | 40%         | 369                 |           | 241             | 709                 | 142   | 142                                  |
|                                    | 1,342                    | 11,828              | 0           | 0           | 0               |                     | 10,487      |                     | 650       |                 | 11,137              | 692   | 692                                  |
| Motor Vehicle                      |                          |                     |             |             |                 |                     |             |                     |           |                 |                     |       |                                      |
| Vehicle- EM598 (Oct-2004)          | 1                        | 32,000              |             |             |                 |                     | 18%         | 31,999              |           | 0               | 31,999              | 1     | 1                                    |
| Vehicle- EM934 (Dec-2005)          | 1                        | 34,667              |             |             |                 |                     | 18%         | 34,666              |           | 0               | 34,666              | 1     | 1                                    |
| Vehicle- FM451 (Nov-08)            | 2,731                    | 39,022              |             |             |                 |                     | 18%         | 36,291              |           | 2,730           | 39,021              | 1     | 1                                    |
|                                    | 2,733                    | 105,689             | 0           | 0           | 0               |                     | 102,956     |                     | 2,730     | 0               | 105,686             | 3     | 3                                    |
|                                    | 4,077                    | 135,978             | 0           | 0           | 0               |                     | 131,502     |                     | 3,380     | 0               | 135,262             | 697   | 697                                  |

AUTHORIZED OFFICER





## **WESTERN DIVISION DRAINAGE BOARD**

15 TUKANI STREET, P.O.BOX 791, LAUTOKA

PHONE / FAX: 666 9590

29<sup>th</sup> November 2016

File: WB 7

Hon. Mr. Ashneel Sudhakar  
Chairman, Public Accounts Committee  
Government Buildings  
Suva

### **RE: Clarification of Issues – Western Division Drainage Board**

With reference to letter dated 14<sup>th</sup> November 2016, file Parl 3-1 and Boards response to Public Accounts Committee meeting held on 23<sup>rd</sup> November 2016.

Further clarifications are provided as follows;

#### **AUSAID Grant Fund for 2009**

1. This is to confirm that the Board has received \$215,900 AUSAID Grant Fund in 2009. *Copy of receipt is attached as Annex 1.*
2. The AUSAID Grant Fund total expenditure is \$215,747.11. *Copy of final acquittal is attached as Annex 2.*
3. The drainage works were supervised, inspected and certified by the Board Engineer before payments were made to the contractors from AUSAID Grant Fund. The contractor submits invoice after completion of works to the Board Engineer. The Board Engineer certifies through stamping & signing on the contractors invoice that the works has been executed to the satisfaction of the Board Engineer. *Copy is attached as Annex 3.*
4. The Certificate of Completion is issued by the Board Engineer for all the works that were carried out under the contract. *Copies are attached as Annex 4.*

Yours Sincerely

**Mr. Faiaaz Ali (JP)**  
**Chairman, Western Division Drainage Board**

**Cc: Director LWRM, Ministry of Agriculture**





## WESTERN DIVISION DRAINAGE BOARD

No 2055

Date 14/04/09

Received from GOVERNMENT OF AUSTRALIA by Cash/Cheque  
the sum of TWO HUNDRED FIFTEEN THOUSAND NINE HUNDRED dollars  
and \_\_\_\_\_ cents  
on account of FLOOD REHABILITATION IN THE WESTERN  
DIVISION.

With Thanks

WESTERN DIVISION DRAINAGE BOARD

Per *James G. L.*

\$215,900 : 00

ENG-388

UPP-4726





# WESTERN DIVISION DRAINAGE BOARD

15 TUKANI STREET, P.O.BOX 791, LAUTOKA

PHONE / FAX: 666 9590

## FINAL ACQUITAL - 2009 AUSAID GRANT FUND - FLOOD REHABILITATION WORKS

| CHEQUE NUMBER            | AMOUNT               | PARTICULARS  |
|--------------------------|----------------------|--|
| 10065                    | \$ 28,600.75         | Clyde Equipment ( Pacific Ltd) - Purchases of lister water pump parts            |
| 10066                    | \$ 6,800.00          | Sigatoka Electric  |
| 10067                    | \$ 1,024.75          | Clyde Equipment (Pacific Ltd) - Purchases of additional parts for water pump     |
| 10071                    | \$ 23,236.88         | National Bulldozing - Progress claim No. 1, contract No: WDDb 02/09              |
| 505                      | \$ 5,978.97          | Singhs Civil Engineering - Progress claim No. 1, contract No: WDDb 04/09         |
| 527                      | \$ 11,356.63         | Singhs Civil Engineering - Progress claim No. 2, contract No: WDDb 04/09         |
| 528                      | \$ 27,851.82         | National Bulldozing - Progress claim No. 3, contract No: WDDb 02/09              |
| 556                      | \$ 3,848.40          | Singhs Civil Engineering - Progress claim No. 3, contract No: WDDb 04/09         |
| 10075                    | \$ 15,779.66         | National Bulldozing - Progress claim No. 4, contract No: WDDb 02/09              |
| 10076                    | \$ 6,915.60          | National Bulldozing - Progress claim No. 7, contract No: WDDb 02/09              |
| 10077                    | \$ 1,217.70          | Singhs Civil Engineering - Progress claim No. 7, contract No: WDDb 04/09         |
| 10082                    | \$ 2,200.14          | National Bulldozing - Progress claim No. 10, contract No: WDDb 02/09             |
| 10083                    | \$ 345.12            | FIRCA - Provisional Tax (National Bulldozing claim No. 10 WDDb 02/09)            |
| 10084                    | \$ 4,368.91          | FIRCA - Provisional Tax (National Bulldozing claim No. 3 WDDb 02/09)             |
| 10086                    | \$ 7,205.04          | FIRCA - Provisional Tax (National Bulldozing claim No. 1,4 & 7 WDDb 02/09)       |
| 10092                    | \$ 34,713.00         | Sivams Digging Works - claim no: 9 (soa road gravelling) contract No. WDDb 03/09 |
| 10096                    | \$ 4,770.19          | Sivams Digging Works - Progress claim No: 2, Contract No. WDDb 03/10             |
| 10097                    | \$ 1,928.50          | Contract retention 5% - contract No: WDDb 03/09                                  |
| 10098                    | \$ 10,333.12         | Contract retention 10% - contract No. WDDb 02/09 & WDDb 03/09                    |
| 10099                    | \$ 2,240.17          | Contract retention 10% - contract No. WDDb 04/09                                 |
| 10107                    | \$ 4,500.00          | Sivams Digging works - Progress claim No. 6, Contract No. WDDb 02/10             |
| 10108                    | \$ 10,683.60         | Sivams Digging works - Progress claim No. 7, contract No. WDDb 02/10             |
| <b>TOTAL EXPENDITURE</b> | <b>\$ 215,898.95</b> | <b>AUSAID GRANT FUND RECEIVED IS \$215,900</b>                                   |

Balance available \$ 1.05

  
 Mr. Falaaz Ali  
 Chairman, Western Division Drainage Board

All correspondence to be addressed to the Board Secretary



# WESTERN DIVISION DRAINAGE BOARD

1<sup>ST</sup> FLOOR, MY HUSSAIN BUILDING, 1 NARARA PARADE  
P O BOX 791  
LAUTOKA

Telephone: 6669590

Fax : 6669590

Date: 25<sup>th</sup> June 2009

The Chairman *u/s* Secretary  
Western Division Drainage Board

RE: CLAIM #1 FOR THE CONTRACT WDDB 02/09

The captioned claim is attached herewith.

The claim is already checked and certified for the payment of \$ 27,337.50 (Twenty seven thousand three hundred thirty seven dollars and fifty cents only).

But as the contractor has not submitted the copy of the tax exemption, 15% tax deduction is to be made from that amount. The adjustment for Tax Deduction is shown here:

|   |                  |
|---|------------------|
| Total submitted amount for claim #1     | \$ 30,375.00 VIP |
| Less 10 % retention                     | \$ 3,037.50      |
| Sub total                               | \$ 27,337.50 VIP |
| Convert to VEP, Subtotal                | \$ 24,300.00 VEP |
| Deduct 15 % of above VEP amount for tax | \$ 3,645.00      |
| Sub-total after Tax Deduction           | \$ 20,655.00 VEP |
| Add 12.5% VAT                           | \$ 2,581.88      |
| Total amount payable to the contractor  | \$ 23,236.88 VIP |

PAID

For your necessary action please

*[Signature]*  
25/06/09

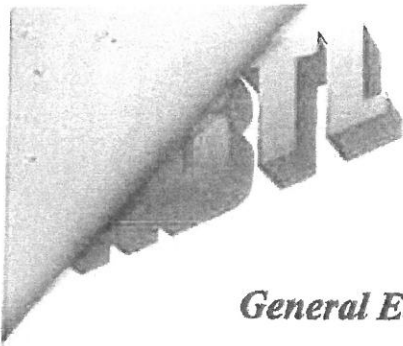
Engineer of the Board

CC: Principal Engineer (D & I) for your information

*CO (WDDB)*  
*Pl. make payment from ARCAD*  
*fund is old Acct.*  
*[Signature]*  
25/06/09







# NATIONAL BULLDOZING & TRANSPORT CO. LTI

LOT 1 Sunset Strip, Korotogo, Sigatoka.

P.O. BOX 197, Sigatoka.

PH/ FAX: 6520786, MOBILE: 9929019, 9929018

E-mail: natbulldozing@connect.com.fj

General Earthmoving, Land Scaping and Civil Contractors.

CONTRACT: MAINTENANCE & REHABILITATION OF THE DRAINAGE  
SCHEME- ZONE 1

CONTRACT NO: WDDDB 02/09

PROGRESS CLAIM  
NO: 1

## SUMMARY OF BILLS

|             |                   |
|-------------|-------------------|
| BILL 14     | \$30,375.00 VIP ✓ |
|             |                   |
|             |                   |
|             |                   |
|             |                   |
|             |                   |
|             |                   |
|             |                   |
|             |                   |
| SUB - TOTAL | \$30,375.00 VIP ✓ |

**PAID**

|     |                        |                               |
|-----|------------------------|-------------------------------|
| A   | TOTAL                  | \$30,375.00 VIP ✓             |
| B   | LESS 10% RETENTION     | \$3,037.50 <sup>50</sup>      |
| C ✓ | NET AMOUNT             | \$27,338.00 VIP <sup>50</sup> |
| D   | LESS PREVIOUS PAYMENT  | \$27,337.50 VIP               |
| E   | PAYMENT DUE THIS CLAIM | \$27,338.00 VIP <sup>50</sup> |
|     |                        | \$27,337.50 VIP               |
| F   | TOTAL AMOUNT PAYABLE   | \$27,338.00 VIP <sup>50</sup> |

AMOUNT IN WORDS: Twenty Seven Thousand Three Hundred And Thirty Eight <sup>seven</sup>  
Dollars ~~Only~~ and fifty cents <sup>only</sup> only.

CONTRACTOR  
Date: 22/6/09

I hereby certify that the works as  
per details attached herewith have  
been executed and that the sum of  
twenty seven thousand three hundred  
thirty seven dollars and fifty cents only  
(\$27,337.50) is now due  
for payment in terms of the  
contract.

22/6/09  
Drainage Engineer  
Western Division Board

ENGINEER'S REP.  
Date .....



**WESTERN DIVISION DRAINAGE BOARD**

15 TUKANI STREET, P O BOX 791, LAUTOKA  
TELEPHONE / FAX : 666 9590


28<sup>th</sup> June, 2010

The Manager  
National Bulldozing Works  
Sigatoka

**Re: Western Division Zone I Contract No. WDDB 02/09**  
**Final Completion Certificate**

As per condition of contract, clause this 60 [2] the final completion certificate is hereby issued after all works under the above contract have been satisfactory completed through the maintenance period.

You are now entitled to claim for the remaining 5% for the retention monies.

  
.....  
Chandra Milla  
Engineer, WDDB



**WESTERN DIVISION DRAINAGE BOARD**

15 TUKANI STREET, LEE WAH BUILDING  
P O BOX 791, LAUTOKA  
TELEPHONE / FAX: 666 9590


28<sup>th</sup> July 2010

The Manager  
Singh's Civil Engineering  
Lautoka

**Re: Western Division Zone III, Contract No: WDDB 04/09, Final Completion Certificate.**

As per condition of contract Clause 60 (2) the final completion certificate is hereby issued after all works under the above contract have been satisfactorily completed through the maintenance period.

Your company is entitled to claim for the necessary 5% of the retention.

  
.....  
**Chandra Milla**  
**Engineer**  
*Western Division Drainage Board*

**PAID**



## General Questions

### Background information:

- **Role and functions of Fiji National Sports Commission:**

1. To guide and enhance the delivery of sports programmes in Fiji through a coordinated approach at all levels of participation by Government, statutory bodies and the community and to ensure the development of sports in Fiji. Institute a clear and manageable framework to guide and enhance the delivery of Sports programmes in Fiji through a coordinated and partnership approach at all levels of participation.
2. To provide coordination, direction and support the development of sports in Fiji.
3. To establish higher standards of excellence in all sports delivery.
4. To improve the health of the nation through participation in structured physical activity at all levels of participation.
5. To support and encourage excellence in the performance of athletes and coaches by developing sports science and encouraging research in high performance athletics.
6. To provide support and financial assistance to national federations, in the development of their sports and of their performance athletes.

- **Organisation Structure – total number of staff** **Copy Attached**

In 2013 Fiji National Sports Commission employed 10 permanent staff.

|                    |   |
|--------------------|---|
| Peter Mazey        | - CEO                                       |
| Shalendra Ram      | - Finance Manager                           |
| Elesi Ketedrome    | - Sector Engagement Manager                 |
| Giles Smith        | - Sports Development Manager                |
| Sera Vosaki        | - Executive Assistant                       |
| Josaia Tuinamata   | - Sports Development Officer West           |
| Iliesa Namosimalua | - Sports Development Officer Central        |
| Epeli Tagivetaua   | - Sports Development Officer North          |
| Saiasi Bose        | - Assist Sports Development Officer West    |
| Elesi Ikanidrodoro | - Assist Sports Development Officer Central |



In 2014 Fiji National Sports Commission employed 11 permanent staff.

|                    |   |
|--------------------|---|
| Peter Mazey        | - CEO                                       |
| Shalendra Ram      | - Finance Manager                           |
| Elesi Ketedrome    | - Sector Engagement Manager                 |
| Giles Smith        | - Sports Development Manager                |
| Sera Vosaki        | - Executive Assistant                       |
| Josaia Tuinamata   | - Sports Development Officer West           |
| Iliesa Namosimalua | - Sports Development Officer Central        |
| Epeli Tagivetaua   | - Sports Development Officer North          |
| Saiasi Bose        | - Assist Sports Development Officer West    |
| Elesi Ikanidrodoro | - Assist Sports Development Officer Central |
| Pritika Singh      | - Finance Assistant                         |

• **Board membership, their names and fees/ allowances paid in 2013**

| Name                 | Position  | Appointed                      | Board Meeting Allowances Paid |
|----------------------|-----------|--------------------------------|-------------------------------|
| Mr Peter Mazey       | Chairman  | 5 <sup>th</sup> February, 2013 | \$10,266.66                   |
| Mr David Voss        | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,283.33                   |
| Mr Sashi Dhanji      | Director  | 5 <sup>th</sup> February, 2013 | \$ 5,283.33                   |
| Ms Cathy Wong        | Director  | 5 <sup>th</sup> February, 2013 | \$ 5,283.33                   |
| Ms Litiana Loabuka   | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,483.33                   |
| Ms Losalini Waqausa  | Secretary | 5 <sup>th</sup> February, 2013 | \$ 1,640.00                   |
| Mr Josefa Sania      | Director  | 5 <sup>th</sup> February, 2013 | Nil                           |
| Mr Filimoni Waqabaca | Director  | 5 <sup>th</sup> February, 2013 | Nil                           |
| <b>TOTAL</b>         |           |                                | <b>\$32,899.98</b>            |

• **Board membership, their names and fees/ allowances paid in 2014**

| Name                 | Position  | Appointed                      | Board Meeting Allowances Paid |
|----------------------|-----------|--------------------------------|-------------------------------|
| Mr Peter Mazey       | Chairman  | 5 <sup>th</sup> February, 2013 | \$11,600.00                   |
| Mr David Voss        | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,700.00                   |
| Mr Sashi Dhanji      | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,100.00                   |
| Ms Cathy Wong        | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,000.00                   |
| Ms Litiana Loabuka   | Director  | 5 <sup>th</sup> February, 2013 | \$ 6,400.00                   |
| Ms Losalini Waqausa  | Secretary | 5 <sup>th</sup> February, 2013 | \$ 1,640.00                   |
| Mr Josefa Sania      | Director  | 5 <sup>th</sup> February, 2013 | Nil                           |
| Mr Filimoni Waqabaca | Director  | 5 <sup>th</sup> February, 2013 | Nil                           |
| Mr John Philip       | Director  | 4 <sup>th</sup> February, 2014 | \$ 2383.33                    |
| <b>TOTAL</b>         |           |                                | <b>\$40,823.33</b>            |

- **Salaries of Executive Members paid in 2013**

| Commencement Date | Name            | Position                   | Amount           |
|-------------------|-----------------|----------------------------|------------------|
| 05 Feb, 2013      | Peter Mazey     | CEO                        | \$ 50,018        |
| 02 Sept, 2013     | Shalendra Ram   | Finance Manager            | \$ 11,270        |
| 12 March, 2013    | Elesi Ketedromo | Sector Engagement Manager  | \$ 35,231        |
| 04 July, 2013     | Giles Smith     | Sports Development Manager | \$ 12,415        |
|                   | <b>TOTAL</b>    |                            | <b>\$108,934</b> |

- **Salaries of Executive Members paid in 2014**

| Commencement Date | Name            | Position                   | Amount           |
|-------------------|-----------------|----------------------------|------------------|
| 05 Feb, 2013      | Peter Mazey     | CEO                        | \$ 75,000        |
| 02 Sept, 2013     | Shalendra Ram   | Finance Manager            | \$ 40,000        |
| 12 March, 2013    | Elesi Ketedromo | Sector Engagement Manager  | \$ 40,000        |
| 04 July, 2013     | Giles Smith     | Sports Development Manager | \$ 33,792        |
|                   | <b>TOTAL</b>    |                            | <b>\$188,792</b> |

#### Report of the Auditor General

##### Fiji Rugby Union Acquittals

- **Management Comment** – The Fiji Rugby Union Acquittals for 2013 RWC has been fully acquitted as per the attached reconciliation. Refund of \$2557.31 was received from FRU and the cheque was deposited in the FNSC's Grant account on 28<sup>th</sup> Sept, 2015.
- **What process is in place to ensure that other sporting bodies are not deprived of the assistance given by the organisation?**

##### **Management Response -**

Every NSO who requests grant assistance is provided with funds as long as they comply with the requirements of each individual grant and as long as they have been deemed an "Eligible NSO".

An eligible organisation is the NSO annually recognised as representing their particular sport in Fiji and has provided the Commission with the following documents:

- Full acquittals and achievement reports on all previous grants received
- NSO Constitution
- Current Annual Accounts –
- Tax (T.I.N.) Identification Letter
- List of Current Executives and their term of office.
- Four Year Development Plan and programs
- Strategic Plan of Action
- Current International Ranking of Sport
- Minutes of the NSO's latest AGM

All NSO's are given the opportunity to apply for Grants and the Commission Website contains the Grant Template for each type of available Grant.  
NSO must submit their requests for the following Fiscal year at least 5 months prior to end of year. Spreadsheets of all grants under the category of the Grant are prepared and these are submitted through Ministry of Youth and Sports to Ministry of Economy Budget Committee.  
The MOE Budget committee meets further on all grants submitted and then the amounts approved for each grant are announced in Governments Budget.

Once approved funding is given the process of allocating fair distribution is made.  
For example if Full Budget Requests are not given we will agree as we did in 2016 to allocate a third of Total Budgeted costs for events of tours. In this way each eligible sport received the same percentage as given major sports such as Rugby and Netball.

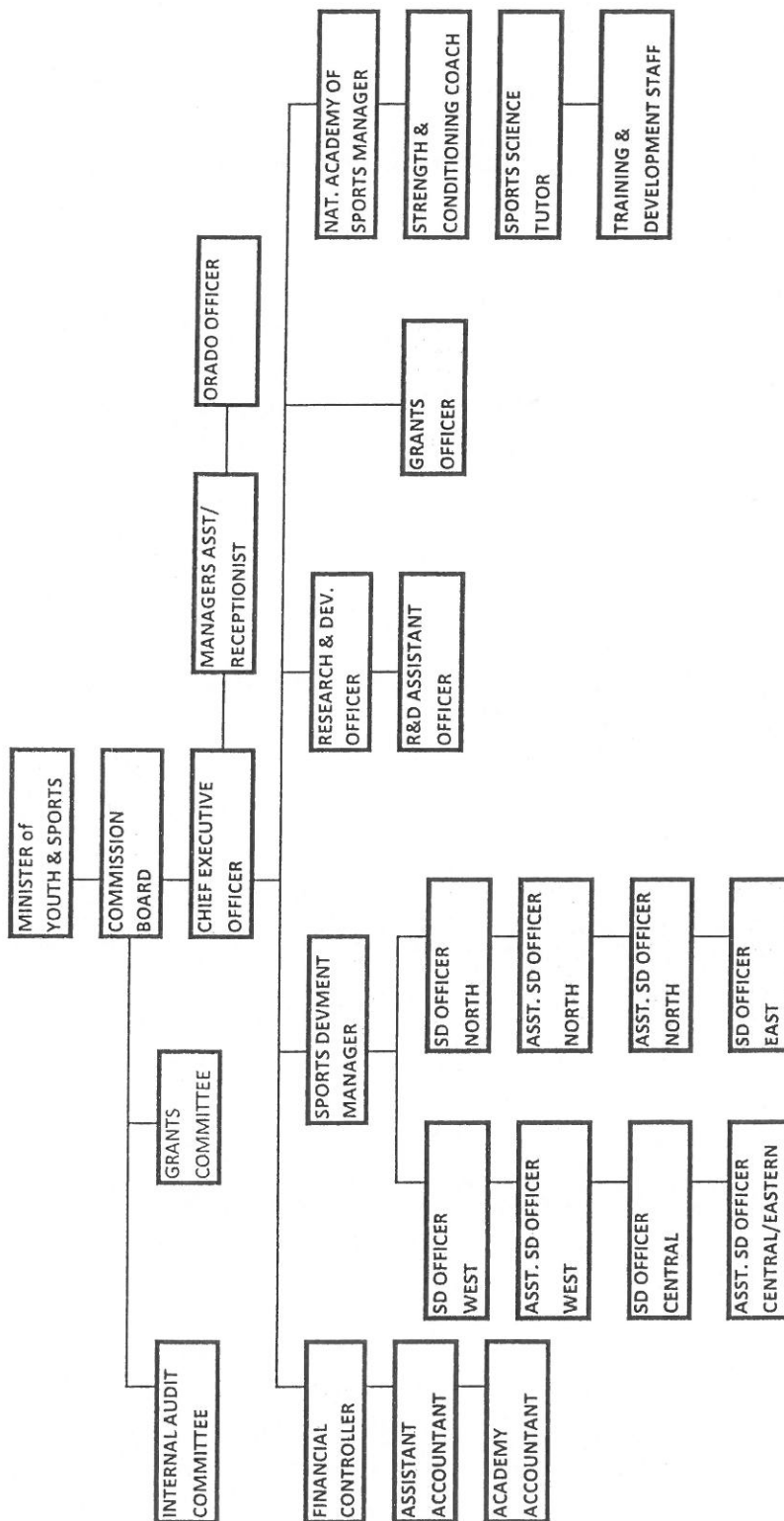
The Commission has a three tier process for recommendation and approval of Grants to every NSO. This ensures transparency and that strong checks and balances exist.

- a. Internal Committee - Records all grants, prepares recommendations and submission by Commission Grant Officer assisted by Finance Manager and CEO.
- b. Grants Committee – Considers all Grants and meets with NSO's to discuss grants, assesses funding availability as given in Government Budgets. Makes recommendations for presentation to Commission Full Board. Grants committee is made up of Board Members, & Grants officer & CEO.
- c. Full Board reviews recommendations of Grants committee and makes final approval.

The processes are spelt out in the:

## **GRANT MANAGEMENT GUIDELINES & PROCEDURE MANUAL.**

# FIJI NATIONAL SPORTS COMMISSION ORGANISATION STRUCTURE



| BUDGET                                 |                                       |             | FRU BUDGET           | BUDGET (50%)         | ACTUAL (FJD)         |
|--|---------------------------------------|-------------|----------------------|----------------------|----------------------|
| Income                                 |                                       |             | (FJD)                | (FJD)                |                      |
| Government Grant                       |                                       |             | \$ 666,000.00        | \$ 333,000.00        |                      |
| <b>TOURNAMENT EXPENSES</b>             |                                       |             |                      |                      |                      |
| <b>ACCOMMODATION &amp; MEALS</b>       |                                       |             |                      |                      |                      |
| Fiji Men                               | Hotel - Uprising Beach Resort - Deuba | Single Room | \$ 64,750.00         | \$ 32,375.00         | \$ -                 |
|  | Accommodation Local                   |             |                      |                      | \$ 5,445.00          |
|  | Accommodation Overseas                |             |                      |                      | \$ 2,780.00          |
|  | Meals Overseas                        |             |                      |                      | \$ 1,850.00          |
| Fiji Women                             | Months: March to April 2013           | Double Room | \$ 56,000.00         | \$ 28,000.00         | \$ 7,720.00          |
|  | Medical Room                          |             | \$ 12,950.00         | \$ 6,475.00          | \$ -                 |
|  | Meals                                 |             | \$ 122,500.00        | \$ 61,250.00         | \$ 10,935.00         |
|  | <b>Sub Total</b>                      |             | <b>\$ 256,200.00</b> | <b>\$ 128,100.00</b> | <b>\$ 28,730.00</b>  |
| Fiji Men                               | Hotel - Tanoa Plaza - Suva            | Single Room | \$ 15,600.00         | \$ 7,800.00          | \$ 4,450.00          |
| Fiji Women                             | Months: May to June 2013              | Double Room | \$ 91,200.00         | \$ 45,600.00         | \$ 4,161.00          |
|  | Accomm Local - Fijiana                |             |                      |                      | \$ 792.00            |
|  | Team Room                             |             | \$ 12,000.00         | \$ 6,000.00          | \$ 3,000.00          |
|  | Medical Room                          |             | \$ 5,200.00          | \$ 2,600.00          | \$ 300.00            |
|  | Meals                                 |             | \$ 90,000.00         | \$ 45,000.00         | \$ 13,263.00         |
|  | <b>Sub Total</b>                      |             | <b>\$ 214,000.00</b> | <b>\$ 107,000.00</b> | <b>\$ 25,966.00</b>  |
| Camp                                   | Local Allowance                       | Fiji Men    | \$ 37,500.00         | \$ 18,750.00         | \$ 16,100.00         |
| Camp                                   | Local Allowance                       | Fiji Women  | \$ 37,500.00         | \$ 18,750.00         | \$ 5,250.00          |
| Tour                                   | Overseas Allowance                    | Fiji Men    | \$ 21,000.00         | \$ 10,500.00         | \$ 25,400.00         |
| Tour                                   | Overseas Allowance                    | Fiji Women  | \$ 21,000.00         | \$ 10,500.00         | \$ 22,500.00         |
|  | <b>Sub Total</b>                      |             | <b>\$ 117,000.00</b> | <b>\$ 58,500.00</b>  | <b>\$ 69,250.00</b>  |
| <b>TOTAL ACCOMMODATION &amp; MEALS</b> |                                       |             | <b>\$ 587,200.00</b> | <b>\$ 293,600.00</b> | <b>\$ 123,946.00</b> |
| <b>TEAM SERVICES</b>                   |                                       |             |                      |                      |                      |
|  | Ground Transport & Airfares           | Fiji Men    | \$ 16,000.00         | \$ 8,000.00          | \$ 11,679.00         |
|  |                                       | Fiji Women  | \$ 4,000.00          | \$ 2,000.00          | \$ 864.00            |
|  | Training Venues Gymnasiums & Pool     | Fiji Men    | \$ 4,040.00          | \$ 2,020.00          | \$ 1,730.00          |
|  |                                       | Fiji Women  | \$ 4,040.00          | \$ 2,020.00          | \$ 120.95            |
|  | Laundry                               | Fiji Men    | \$ 4,950.00          | \$ 2,475.00          | \$ 2,250.00          |
|  |                                       | Fiji Women  | \$ 4,950.00          | \$ 2,475.00          | \$ 504.00            |
|  | Water                                 | Fiji Men    | \$ 7,436.00          | \$ 3,705.00          | \$ 3,903.75          |
|  |                                       | Fiji Women  | \$ 7,436.00          | \$ 3,705.00          | \$ 2,523.75          |
| <b>TOTAL TEAM SERVICES</b>             |                                       |             | <b>\$ 52,852.00</b>  | <b>\$ 26,400.00</b>  | <b>\$ 23,575.45</b>  |
| <b>OTHER COSTS</b>                     |                                       |             |                      |                      |                      |
|  | Ground Signage                        |             | \$ 2,000.00          | \$ 1,000.00          | \$ -                 |
|  | IRB Sinage                            |             | \$ 2,000.00          | \$ 1,000.00          | \$ -                 |
|  | Match Day                             |             | \$ 2,000.00          | \$ 1,000.00          | \$ -                 |
|  | Medical                               |             | \$ 10,000.00         | \$ 5,000.00          | \$ 10,092.00         |
|  | IT Stationery                         |             | \$ 2,000.00          | \$ 1,000.00          | \$ 400.00            |
|  | Printing & Stationery                 |             | \$ 2,000.00          | \$ 1,000.00          | \$ 1,667.00          |
|  | Other Costs                           |             |                      |                      | \$ 150,579.43        |
|  | Administration Cost                   |             | \$ 6,000.00          | \$ 3,000.00          | \$ 20,182.79         |
|  | Uniforms - men                        |             |                      |                      |                      |
|  | Uniforms -Women                       |             |                      |                      |                      |
| <b>TOTAL OTHER COSTS</b>               |                                       |             | <b>\$ 26,000.00</b>  | <b>\$ 13,000.00</b>  | <b>\$ 182,921.22</b> |
| <b>Grant Total</b>                     |                                       |             | <b>\$ 666,052.00</b> | <b>\$ 333,000.00</b> | <b>\$ 330,442.67</b> |

# GENERAL QUESTIONS



## ROLES AND FUNCTIONS OF TOURISM FIJI

Tourism Fiji is a statutory body fully funded by the Government of Fiji and is the destination marketing arm of the Fijian Government. As outlined in the Fiji Islands Visitors Bureau (Amendment) Promulgation 2009, *Tourism Fiji is to ensure that the Fiji Islands is promoted and marketed as a tourist destination for the purpose of maximizing sustainable and long-term benefits to the Fiji Islands.*

Simply put, Tourism Fiji's focus is to market our nation Internationally, with the primary objective being, to grow the number of visitor arrivals annually, increase the average length of stay per visitor and maximize the spend & spread of the tourist dollar at the destination.

The tourism industry has contributed significantly to Fiji's economy and is the country's largest foreign exchange earner, contributing approximately 33.9% of GDP (Source: Reserve Bank of Fiji). The industry provides employment directly and indirectly to an estimated 112,000 people (Source: World Travel & Tourism Council) and is the fastest growing industry in terms of employment.

Tourism Fiji's strategic approach to marketing is centered on:

1. **Branding:** 'Fiji Where Happiness Finds You' will continue to be the core message and driving force that will be communicated in all marketing initiatives globally.
2. **Research:** Understanding customer behavior and outbound travel patterns. Increased analysis and research needs to be conducted by the organization to revalidate and confirm the marketing strategies to be adopted moving forward.
3. **Segmentation:** Segmentation by niche markets and geographical mix. Identification of these special groupings with product on the ground, will ensure that the right customer is targeted and delivered.
4. **Measurement:** Moving beyond pure marketing to ensure that the message and imagery communicated has a call to action that can be tracked and measured. This will continue to require greater strengthening of both international and local trade partnerships by Tourism Fiji.
5. **Consolidation of Traditional Markets:** Realising that Tourism Fiji will need to continue to focus on the core markets of Australia and New Zealand. Increasing penetration in these source markets via niche segments, beyond traditional geographic centres and the creation of new initiatives to stimulate demand for Fiji.
6. **Expansion into Emerging Markets:** Ensuring that Tourism Fiji broadens its geographic mix beyond traditional markets to ensure that in case of an economic downturn, destination Fiji can still sustain itself.
7. **Government Partnership:** Working parallel to the Government's Development Plan.

Activities in each of these markets are tailored based on historical visitor arrival numbers, potential for growth, the opportunity to create perceived value for our product (Destination Fiji) and most importantly resources (budget & man power) to put activities into action.

Strategic efforts are focused on the following source markets:

- ▮ Primary markets: Australia, New Zealand and North America
- ▮ Secondary markets: United Kingdom, Europe, South Korea, and China.
- ▮ Emerging markets: India and Taiwan.



## OUR VISION

Seen by the world, as the jewel of the Pacific; Spearheading the growth of international visitor arrivals.

1. Being custodians of "Brand Fiji".
2. Growing sustainable, accountable, responsive tourism for Fiji, our people and visitors.
3. Through partnership with our stakeholders we will provide a visitor experience that is:
  - Culturally sensitive
  - Financially beneficial to the community and stakeholders and
  - Exceeds tourist expectations.
4. Providing a skilled working environment that fosters creativity, innovation and passion and a workforce which is recognised and equitably rewarded.
5. Researching and developing new source markets.



## OUR MISSION

We achieve our vision by highlighting the richness and diversity of our people, culture, land and sea, delivering increased visitor arrivals that create wealth for our nation.



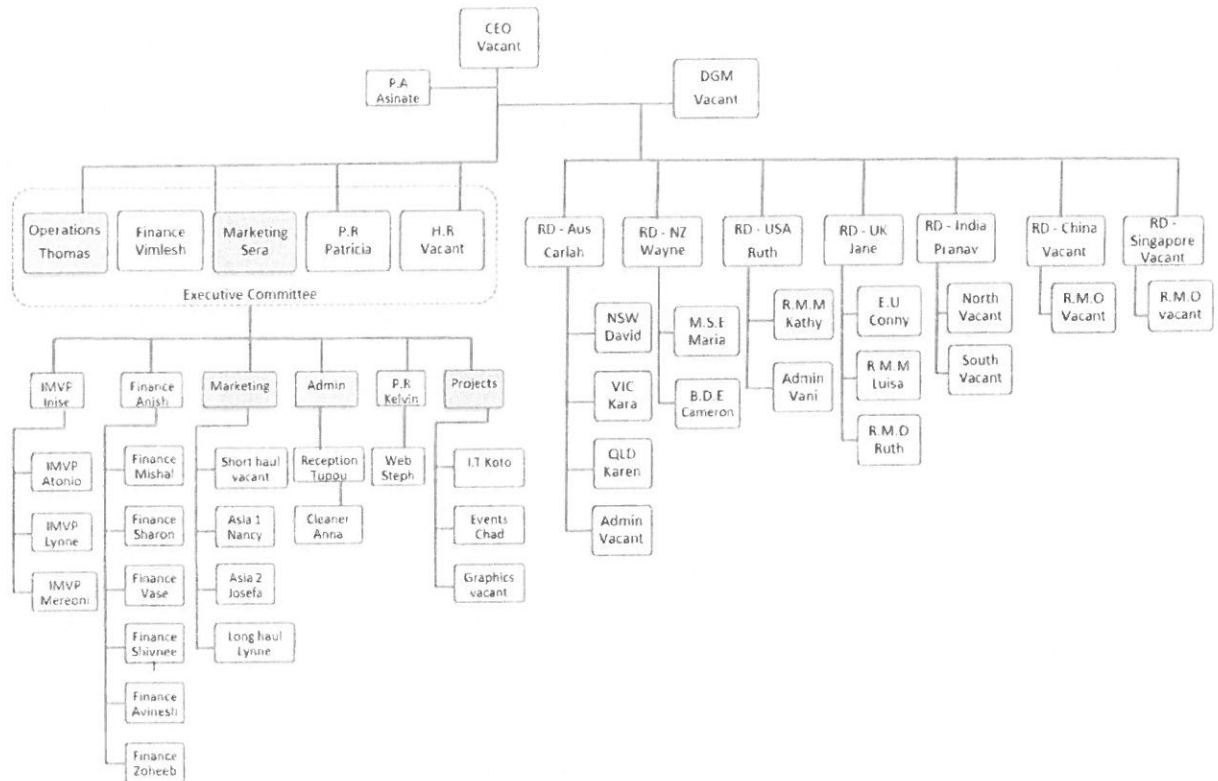
## OUR VALUES

Tourism Fiji will:

- Conduct our business with **integrity**.
- Be **accountable** for all decisions.
- Demonstrate **commitment** to the vision.
- Promote **teamwork**.
- Foster **innovative** thinking.
- Ensure **transparency** in all operations.
- Be socially and culturally **responsible** in all actions.



# TOURISM FIJI STRUCTURE



30 H.Q Staff  
22 Offshore Staff





## TOURISM FIJI - PROMOTING FIJI



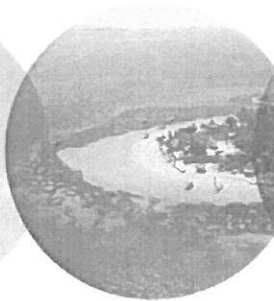
## ELEMENTS OF OUR BRAND

What is unique and compelling about Fiji? It's not one thing but a combination of things:



The People:

*Where you find the heart of Fiji*



The Place:

*Where you find the heart of the island*



The Experiences:

*Where you find the heart of the adventure*

These three things combine to create a unique experience that provides one benefit in more abundance than anywhere else.

# Happiness



Fiji Where Happiness Finds You.

The brand has been developed to represent the essence of Fiji – especially its people, its culture, its diversity and natural beauty. It is the Fijian people's spirit, friendliness and culture as well as the diversity of experiences that gives Fiji its unique identity. Fiji is represented by the brand themes of: happiness, relaxation, authentic culture, families, romance, wedding & honeymoons, dive, fishing, surfing, exploring, adventure, eco-tourism, cruises, conferences and destination spa.



## HAPPINESS INSPIRING GROWTH

In 2016 Tourism Fiji's intension is to make HAPPINESS a key performance indicator for the organization and the nation as a whole. Our strategy to attaining this is to:

1. Refresh our focus on our traditional markets by identifying key target niche segment,
2. Igniting activities in emerging markets such as that of Singapore, South East Asia, , South America and San Francisco
3. Driving visitor numbers during Fiji's low season.

The overall objective being increased visitor numbers, leading to greater economic happiness through higher earnings and job creation.

The growth we have achieved since launching our new brand of happiness in 2012 has been encouraging and the numbers being released by the Bureau of Statistics show that Tourism Fiji is expected to reach its set target of 749,700 visitors in 2016.

However to continue this momentum of growth within the Tourism industry, and to stay relevant and 'top of mind' in an increasingly competitive marketing environment, there is a need for increased capital investment by the government.

Fiji's visitor arrivals have for the last five years been growing at an average of 5% per annum. At this rate Fiji is earmarked to receive 1 million visitors by the year 2022. However with an average acquisition cost of \$37 per person, to maintain this growth Tourism Fiji would also need to receive a consistent 5% increase to its budget over a 6 year period. There is a direct correlation between the marketing budget, visitor arrivals and FOREX, simply put we could achieve a milestone shift to the 1 million visitor mark in a shorter timeframe if allocated a larger marketing budget.

While some pursue happiness, we have the opportunity to CREATE it through responsible marketing, industry partnership and sustainable growth. It is our belief that with an increased budget, Fiji's tourism industry will achieve phenomenal growth in the coming years and bring continued benefits to the Fijian economy.



## MARKETING BUDGET

Marketing embraces a number of disciplines and we have subdivided these for review. We have listed our main source targeted markets on a geographic basis and in each of these countries we propose to allocate funds in the following manner:

### BRANDING:

Maintaining growth & momentum of our Brand "Fiji Where Happiness Finds You". Firmly establishing Fiji as an aspirational destination: This will comprise consumer advertising in print media, radio, television, e-marketing - online and social networks, highlighting niche markets such as diving, families, weddings & honeymoons, sports, backpackers, and the silver market along with conference, incentive, meetings and expo segments.

### TACTICAL:

This will involve targeted co-operative campaigns in conjunction with supplier airlines, wholesale partners and contributing hotels to drive volume during trough periods. The co-operation's target specific segments to gain exposure in emerging niche markets and will be carried out wherever possible on the basis of \$1 from Tourism Fiji is to be supported by \$2-\$3 additional investment from partners.

### TRADE EVENTS:

Travel industry 'Roadshows', agent seminars and training will be carried out on a co-operative basis. These events are to a certain extent subsidized by industry participation fees.

### TRADE AND MEDIA EDUCATIONALS:

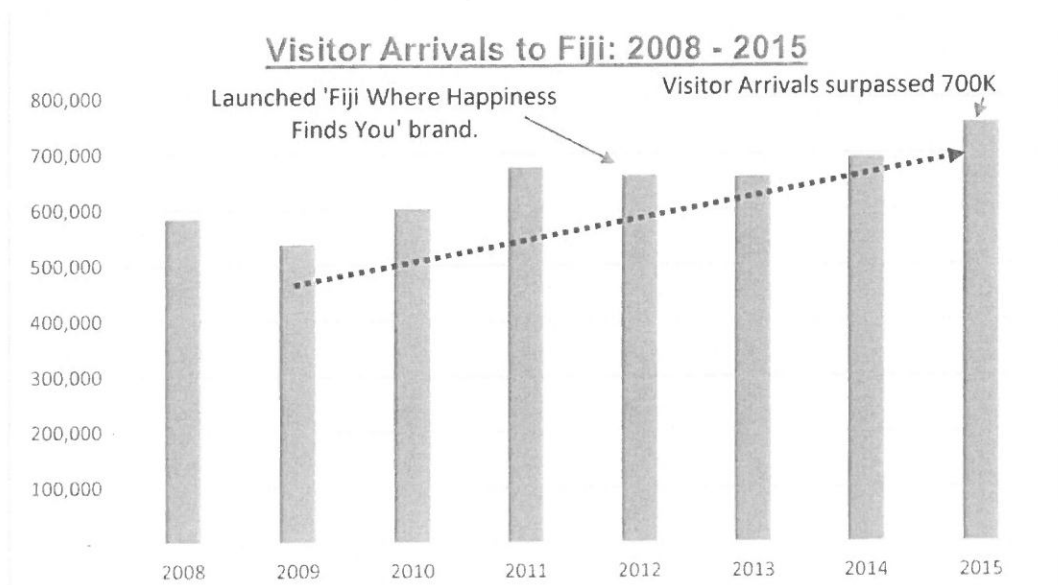
The International Media and Trade Visitation Programme covers journalists, travel writers, newspaper/magazine editors, television crew, and travel agents.

- A Visitation program is an integral part of Tourism Fiji's marketing program whereby the above persons are brought into Fiji (their entire trip is 'hosted' by Tourism Fiji and the local industry) to cover various aspects of the country - culture, Eco-tourism, diving, sport, leisure/or adventure activities, weddings & honeymoons, accommodation alternatives etc

## RESEARCH, DISSEMINATION OF PROMOTIONAL AND SALES MATERIAL:

Research is a critical component of marketing, it allows marketers to learn more and guess less. Information gathered is used to identify and define marketing opportunities or problems. It also provides a better understanding of consumer behavior and based on this tailor marketing activities to creative perceived value for our product – Destination Fiji. The dissemination of promotional products builds brand awareness & recognition within our source markets.

### Success Rate of Tourism Fiji



Above graph clearly shows that that visitor arrival surpassed 700,000 in 2015, setting the record of all time. In 2016, even after having the strongest cyclone ever , TC Winston and a major flooding in first quarter of the year, visitor arrival have surpassed the record year once again. Report from Bureau of stats shows that visitor arrival figures are up by 4.4% in comparison to January to October figures or the record year.

*(Refer Appendix 1 showing growth in earnings and visitor arrivals)*



## 19.5 PART B - CONTROL ISSUE

In 2007, upon recommendations by OAG, Tourism Fiji bought MYOB Version 12 accounting software to assist accounts department in transforming from manual cash accounting to automated accrual accounting. Tourism Fiji, (formerly known as Fiji Visitors Bureau) uses MYOB to keep its accounting records to date.

*(Refer Appendix 2)*

To further make Tourism Fiji's work more efficient, effective and measureable, a Project Management System has been approved by board of directors, to be implemented in 2017 for Tourism Fiji. Project Management System (PMS) will integrate Tourism Fiji's core departments (Marketing and Finance) works. Further it will optimize processes, ensuring that they offer the highest level of efficiency and effectiveness while carrying out projects throughout the company. Project management software is one of the most helpful tools that can assist project managers in being as effective as possible.

Our aim for PMS was to collaborate with team members in real-time, Document sharing, manage project cost, manage risk , forecast and budget, reporting capabilities and intuitive to use.



## 15.2 & 15.3 PART A - FINANCIAL DISCUSSION

### 15.3 Abridged Statement of Financial Position

#### Questions - Justification for Increase in Marketing and Selling Expenditure?

1. In 2009 the overall budget increased from \$12million VIP to \$23.5million VIP. This has empowered Tourism Fiji to allocate a much bigger budget to its core markets and emerging markets. Under Emerging markets budgeted allocated was more towards China Market to achieve maximum offshore visitors.

*(Refer to the following appendixes*

*ii. Appendix 4 - 2009 Annual Accounts (Shows spent per activity)*

2. Under each of the markets, Tourism Fiji major increase in funds were for Branding & Advertising and Promotions activities. Tourism Fiji, aim than, was to enhance to promote on our brand globally and educate our trade & media partners. Strategically, this seemed the best approach to have quick return on investments.

*(Refer appendix 5- Budget of 2008 and 2009 (Full budget))*

3. Under emerging markets, China was allocated a much bigger budget
4. From 2009 till 2015, Tourism Fiji was allocated \$23.5million (VIP) for marketing. During the same period, visitor arrivals increased from 537, 013 – 754,835.

Further it shows considerate increase in Tourism earning as well.

*(Refer appendix 6- Details on Visitor Arrivals and Appendix 7 - FBoS latest report)*

### 15.3 Abridged Statement of Financial Position

In comparison to 2008, 2009 accrued annual leave increased as follows:

| ANNUAL LEAVE ENTITLEMENTS |                            |      |            |
|---------------------------|----------------------------|------|------------|
| TOURISM FIJI OFFICES      | Total # of days per Office |      |            |
|                           | 2009                       | (32) | 2008 (38)  |
| Head Office               | 493                        |      | 302        |
| Sydney                    | 40                         |      | 30         |
| Auckland                  | 75                         |      | 36         |
| Los Angeles               | 60                         |      | 34         |
| Tokyo                     | 30                         |      | 25         |
| <b>Overall Total</b>      | <b>698</b>                 |      | <b>427</b> |

Increase in accrued annual leave lead to increase in employee entitlement for 2009.



## 10.4 PART B - CONTROL ISSUE

Tourism Fiji have implemented a stock counting policy to ensure that Tourism Fiji's inventory control are effectively done. A policy has been enacted in Tourism Fiji's procedures manual as well

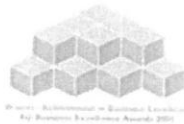
*(Refer Appendix 7 – Extract from Tourism Fiji's Finance Manual)*

Inventory controls are essential part of all our audits as well. Both internal auditors and external auditors are covering this sections in their audits.



**REPUBLIC OF THE FIJI ISLANDS  
OFFICE OF THE AUDITOR GENERAL**

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MacArthur Street  
P. O. Box 2214  
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Suva, Fiji Islands



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Website: <http://www.oag.gov.fj>



ACCOUNTABILITY IN THE PUBLIC SERVICE SECTOR THROUGH QUALITY AUDIT SERVICES

File: 1254

31 August 2010

The Chief Executive Officer  
Tourism Fiji  
P O Box 9217  
NADI

**AUDIT OF TOURISM FIJI**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

We acknowledge receiving the signed accounts for 2009. However, we have noted that changes were made by Tourism Fiji to pages 3 and 7 of the Financial Statements.

Please note that any amendments to the audited Financial Statements after it has been issued for signing are to be communicated to the Office of the Auditor General.

We request that the Director's Report and the Financial Statements to be signed by the Chairman and another member of the Board of Directors. Please return the signed accounts at your earliest to facilitate the issue of the independent audit report on them.

For clarifications, please contact the undersigned on telephone 3309032 ext 106.

Yours sincerely

Finau Nagera  
for AUDITOR GENERAL

Encl.



**TOURISM FIJI**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

|  | 2009<br>\$        | 2008<br>\$       |
|--|-------------------|------------------|
| <b>6. EMPLOYEE SALARIES AND BENEFITS</b>                 |                   |                  |
| Salaries and wages - non key management personnel        | 1,070,544         | 1,029,052        |
| Key management compensation - short term benefits        | 903,425           | 747,605          |
| Superannuation contributions                             | 110,223           | 96,280           |
| Training and Productivity Authority of Fiji              | 5,749             | 5,878            |
| Other related costs                                      | 32,008            | 29,178           |
|  | <u>2,121,949</u>  | <u>1,907,993</u> |
| <br>The average number of employees during the year was: | <br>35            | <br>38           |
| <b>7. (i) SELLING AND MARKETING EXPENSES</b>             |                   |                  |
| Advertising and branding                                 | 13,869,507        | 5,658,370        |
| Information distribution                                 | 387,262           | 255,489          |
| Promotional materials                                    | 445,757           | 276,264          |
| Promotions   | 2,347,285         | 1,357,138        |
| Public relations   | 1,404,596         | 528,943          |
| Research and other marketing expenses                    | 270,790           | 188,305          |
| Co-operative promotion and advertising                   | 1,169,077         | 730,649          |
| Market representation                                    | 539,610           | 359,056          |
|  | <u>20,433,884</u> | <u>9,354,214</u> |
| <br><b>(ii) OPERATING AND ADMINISTRATIVE EXPENSES</b>    |                   |                  |
| Audit fees   | 6,933             | 5,709            |
| Bad debts  | 130,567           | -                |
| Bank charges   | 19,907            | 17,384           |
| Board members remuneration and other related costs       | 11,640            | 10,280           |
| City rates   | -                 | 21,889           |
| Cleaning materials                                       | 33,411            | 11,226           |
| Electricity  | 24,933            | 31,970           |
| Office expenses  | 38,202            | 36,816           |
| General and travel insurance                             | 46,743            | 38,335           |
| Medical insurance  | 13,512            | 9,563            |
| Travel insurance   | 3,315             | 3,209            |
| Maintenance grounds and buildings                        | 1,906             | 4,151            |
| Maintenance and leasing of office equipment              | 64,514            | 78,743           |

## FIJI SERVICEMEN'S AFTER CARE FUND

### ANSWERS TO QUESTIONS

#### BY THE

### STANDING COMMITTEE ON PUBLIC ACCOUNTS

#### General Questions

#### Background information:

- **Role and functions of the Authority** - The Fiji Servicemen's After Care Fund exists to provide for the aid and care of:
  - a) persons who served at any time during the war (1939 – 1945); the Malayan Campaign (1951 – 1956) and the Operation Grapple in Christmas Island (1957 – 1959);
  - b) servicepersons having served in any active service operations; (active service operations means any peacekeeping, peace observer, or peace enforcement missions undertaken with the United Nations or any other Multinational Force or Republic of Fiji Military Forces sanctioned mission);
  - c) wives, widows, children and other dependents of such persons referred to above.

The assistance provided includes:

- a) funds for the beneficiaries maintenance and welfare;
  - b) medical care and surgical appliances;
  - c) education of their children or any of them; and
  - d) assist them to fit and equip themselves for any profession, trade or calling.
- **Organization structure – total number of staff** - Altogether 11 which include 2 management positions (the Secretary and the Assistant Secretary); 4 admin and accounts staff; 3 operations staff who are responsible for recipients in the four divisions and 2 un-established members who holds the position of Office Assistant and Driver.
  - **Board membership** - The Act allows for ten persons as members of the Committee of Management but the Fund is currently operating with seven members.

**Updates on the:**

- **7.4 Efficient Record Keeping** – The need to have an accounting software was realized in December 2011 when the Fund purchased and installed the MYOB program. It is now up and running and has seen improvements in our accounting systems.
- **7.5 Extravagant Expenditure** - The service of a Pot plant provider was engaged by the previous management who handed over the responsibility to the incumbent office holder under the arrangement questioned. It was thought proper and in order since it was never raised in previous audit until it was brought up in 2008. This has since been regularized. The service has also been terminated since the Fund's relocation to its current office in Ro Lalabalavu House in July 2014.
- **Audit for the year ended 31 December 2009**

**Updates on the:**

- **7.5 Variance in Cash at Bank Reconciliation** – We respect the finding of the audit with the figure quoted. One of the major causes of the problem was also the Payroll cheques and the admin. accounts cheques which were both paid through one bank account. The payments of accounts were issued on written cheques as opposed to the computerized Payroll cheques. The problem occurred when there were same cheque numbers on Payroll cheques and accounts cheques. The opening of another bank account was then decided so that they could operate separately to avoid recurrence of the problem. This has finally worked and over the years the reconciliations continued to improve with variances dwindled. Recent year's final account has recorded a nil variance in the reconciliation.
- **7.8 Extravagant Expenditure** - We reiterate that the need to prepare the Corporate Plan (CP) at that time was urgent as the Fund's operation was already entering into the Plan period 2009 – 2011. The previous consultant whom the Fund hired and who was earmarked to prepare the next CP passed on unexpectedly. As a result, the hiring of the consultant's service was done in haste. Due to the fact that it was her first engagement on this service, it was thought proper to conduct the workshop in a place and atmosphere conducive to the important task at hand. The hiring of transport was just part of the hotel's offer because it was servicing the hotel. Workshops on future CP subsequent to this one were all prepared in the Fund's office by the same consultant but with much reduced cost.

- **7.9 High Number of Unpresented Cheques** – Following the audit of 2009, vigorous effort was made advising recipients to arrange receiving their monthly allowance through their personal account in a bank of their choice. The advice was honoured but the change was gradual and the number of recipients paid by cheque also decreased over the years. Current total of recipients still receiving their allowance by cheque is 674 as compared to 2809 in 2009. The current recipients of 674 are mostly veterans of WWII in the Solomons, Malayan Campaign and Christmas Island. In view of their age and physical conditions, they have been given the liberty to continue receiving their allowance by cheques as they have been used to it for years.



**PUBLIC ACCOUNTS COMMITTEE**

**Sugar Industry Tribunal**

Parliamentary Paper No.

**1. General Questions**

Background information:

**A. Role and functions of the Authority**

**The Sugar Industry Tribunal was established as of Sugar Industry Act, of 1984 and Amended by the Sugar Industry Act Amendment Bill No18 of 2015**

**The main objects of this Act are –**

- a) To establish, the Tribunal, the Council and the Mill Area Committee as institutions of the industry, in addition to the Corporation and the recognized trade unions;
- b) To promote the efficiency and development of the industry;
- c) To co-ordinate the activities of all sections of the industry and to promote goodwill and harmony between them;
- d) To prescribe standard provisions governing the mutual rights and obligations of the Corporation and growers, and to provide for the keeping of an official register of growers;
- e) To encourage, and provide the means for, conciliation with a view to the prevention and settlement of all disputes within the industry by amicable agreement; and
- f) To provide means for preventing and settling disputes within the industry which are not resolved by amicable agreement with the maximum of expedition and the minimum of legal form and technicality

### PART III OF THE SUGAR INDUSTRY ACT AMENDMENT BILL NO 18 of 2015

#### Establishment of Tribunal

##### Section 18

- 1) There is hereby established a tribunal to be called the Sugar Industry Tribunal.
- 2) The Tribunal shall consist of one person, who shall be appointed by the Chairman of the Judicial and Legal Services Commission, and who shall be a person qualified to be appointed a Judge of the High Court or be a person with extensive experience in economics or industrial relations.
- 3) The term of office of the person appointed to be the Tribunal shall be three years and he shall be eligible for re-appointment.
- 4) Whenever the person appointment under subsection (2) is for any reason unable to perform any of the functions of the Tribunal under this Act, either generally or in relation to any particular matter, or pending the appointment of a person under that subsection, the Chairman of the Judicial and Legal Services Commission, may appoint one or more persons, qualified to be appointed under that subsection, to perform any of those functions, either generally or in relation to any particular matter.
- 5) A person appointed under subsection (4) shall act as the Tribunal in accordance with the terms of his appointment until the expiration of the period of his appointment or until his appointment is revoked by the Chairman of the Judicial and Legal Services Commission, whichever is the earlier.

### **Functions of the Tribunal**

#### Section 26

The Tribunal shall have power –

- a) To hear and determine industrial disputes which have been certified by the Industrial Commissioner to be unresolved disputes under this Act;
- b) To register collective agreement and to hear and determine any question as to the making, registration or interpretation of such agreements;
- c) To hear and determine any disputes between the Council and the Corporation;
- d) To hear and determine any question as to the interpretation of the Act and of any award;
- e) To prepare and make the Master Award and to keep the Master Award under review;
- f) To hear and determine any dispute arising under the Master Award, except where the Master Award otherwise provides, and to hear and determine any question as to the interpretation of the Master Award;
- g) To perform such other functions as may be assigned to the Tribunal by the Master Ward;
- h) To prepare and maintain the Register of Growers;
- i) To hear and determine any question relating to the entitlement of any person to be registered in the Register of Growers, the registration of any person in that register or otherwise in relation to that register.
- j) To hear and determine any question relating to the closure of a length of tramline;
- k) To hear and determine any other matter in pursuance of this Act and any matter affecting industrial relations within the industry which is referred to the Tribunal by the Commission; and
- l) To perform such other functions as are assigned to the Tribunal by this Act.



## **ADDITIONAL RESPONSIBILITIES IN 2009**

### **Restructure of the Sugar Industry Institutions**

Cabinet at its meeting on 17<sup>th</sup> February 2009 decided to dissolve the Sugar Commission of Fiji and the Fiji Sugar Marketing Company Limited and to transfer the extension function from the Sugar Research Institute of Fiji to the Fiji Sugar Corporation.

Cabinet agreed that the functions of the Sugar Commission of Fiji where appropriate be transferred to the Fiji Sugar Corporation (FSC), the Sugar Cane Grower Council (SCGC), and the Sugar Industry Tribunal. One of the many functions of the Sugar Commission of Fiji was the administration of Gang matters and the coordinating functions of the Industry.

In order to facilitate Cabinet's decision the Industry Stakeholders i.e FSC and the SCGC agreed that the following additional responsibilities of the Commission be assumed by the Tribunal's office:

- (a) To advise and give guidance to the Ministry and to any other institutions or sections of the industry on any matter relating to the industry
- (b) To coordinate the activities of all sections of the industry so as to foster the cooperation between them
- (c) To liaise with, and to make presentations to, the Government, any Government department and any other bodies on any matter relating to the industry
- (d) To discuss and advise upon any matter relating to the industry which have been referred to the Minister.
- (e) Hear and determine gang disputes as stipulated in the Master Award.
- (f) Enabling legislations to enhance growers and miller efficiency
- (g) Review of Memorandum of Gang Agreement
- (h) Gang Administration

### **ADDITIONAL RESPONSIBILITIES IN 2013**

In June 2013 Sugar Industry Tribunal had an added responsibility of Geographical Information Systems

**Sugar GIS (Geographical Information System) Cadastre & Web Base Interface to assist decision making in the Sugar Industry**

#### **Background**

The Sugar Industry has been engaged since 2003 in the development of a Sugar GIS (AICR & FLIS assisted). This GIS is based on digitalized maps shared with FLIS & NLTB and the extensive data base built up by FSC over the year. Data can be disaggregated all the way down to the individual farms and growers. Each farm is geo-referenced using the data available in Fiji. Other data such as soil suitability, climatic data, gradients, distance to mills, road conditions, future land use planning, etc are not at present recorded. No satellite or radar imagery has been used so far.

In other countries, this kind of GIS has been further developed into a dynamic tool, using satellite and radar imagery, so that it can provide a number of web-map based 'real-time' tools for facilitate decision making by the users of the GIS system.

These can include the modelling of various transport scenarios, the management of the crushing season of the mills, the prospective assessment of the yearly production areas, the 'in real-time' monitoring of the harvest, prospection of new production areas, etc.

Implementing an improved and more dynamic information system is an important medium term challenge for the Sugar Industry which needs to be met during the coming five years, and this present project will contribute towards this.

Tate and Lyle Sugars contributed in 2010 to the design of a specific project proposal focused on decision making tools for the Sugar Industry.

This project has already benefited from an initial research grant provided by the Walloon Government of Belgium to develop the use of satellite imagery and supporting the development of a series of web/map based applications for the Industry. Consolidating this work will require a second leg which has been proposed and endorsed by the Sugar GIS council. It is based on the work done through the TLS project inception work and is shortly presented hereafter.

### **Goal and Objectives**

The **goal** of this project is to evaluate and implement innovative techniques and management approaches to assist decision makers in the Sugar Industry better monitor production of cane per farm and farmers performance for better productivity.

The project provides a infrastructure to reduce data duplication, double handling and redundancy and improve data security . It improvises for a virtual integration in an industry that has high interdependence but lacks vertical integration. Traditional approached to precision farming system are farm scale based. Precision farming on a regional scale can provide massive business, community and environmental benefits, The value of spatial data increases exponentially in value for regional large scale adaptation of precision farming systems.

The project outputs will also be used to help inform the development in the agriculture sector by means of using remote sensing as the tool to monitor cane (vegetation) growth and GIS to spatially map and identify growers location and monitor their productivity level.

The project has four **objectives** which will contribute to achieving the project goal.

Objective 1      **Cane Mapping and Management System**

A system to automate the production of farm maps, simplify data creation and maintenance and provide spatial validation functionality to maintain the integrity of Sugar Industry GIS system

Objective 2      **Harvested cane forecasting**

This will involve the interaction of crop models with advanced climate forecast systems (at a number of scales) with further validation using Geographic Information Systems/Remote Sensing(GIS/RS Systems)

This will provide significant more reliable, accurate and useful forecast system in regards to (i) tonnes of harvested (ii) potential yield and (iii) Commercial cane sugar.

Also it can involves validation of mill levels sugarcane crop forecast.

Objective 3      **Web Interface tool**

Development of appropriate decision support planning tools for harmonising sugarcane harvesting management along the supply chain (managing the timing of production, harvesting, storage and logistic planning) through the provision of improved season climate forecasts of relevance to all sectors in the sugar industry value chain to facilities more dynamic and adaptable harvesting management plans.

**Objective 4      Strengthened national and community capacity to encourage sugarcane farming and improved integration of successful approaches into national and sector productive cane adaptation strategies**

- Achieved through: engagement of farming communities, and sector level counterparts, in project activities; development and implementation of appropriate adaptation response options that reduce the risks to sugar production and agricultural ecosystems
- Achieved through: engaging national and local counterparts in project activities, providing training and technical support the integration of successful approaches into sector wide and national adaptation strategies and programmes; the development of national capacity to utilize GIS systems to support adaptation decision making.

In year 2015 Government allocated a \$938,170.00 for the above Project.

### **ADDITIONAL RESPONSIBILITIES IN 2013**

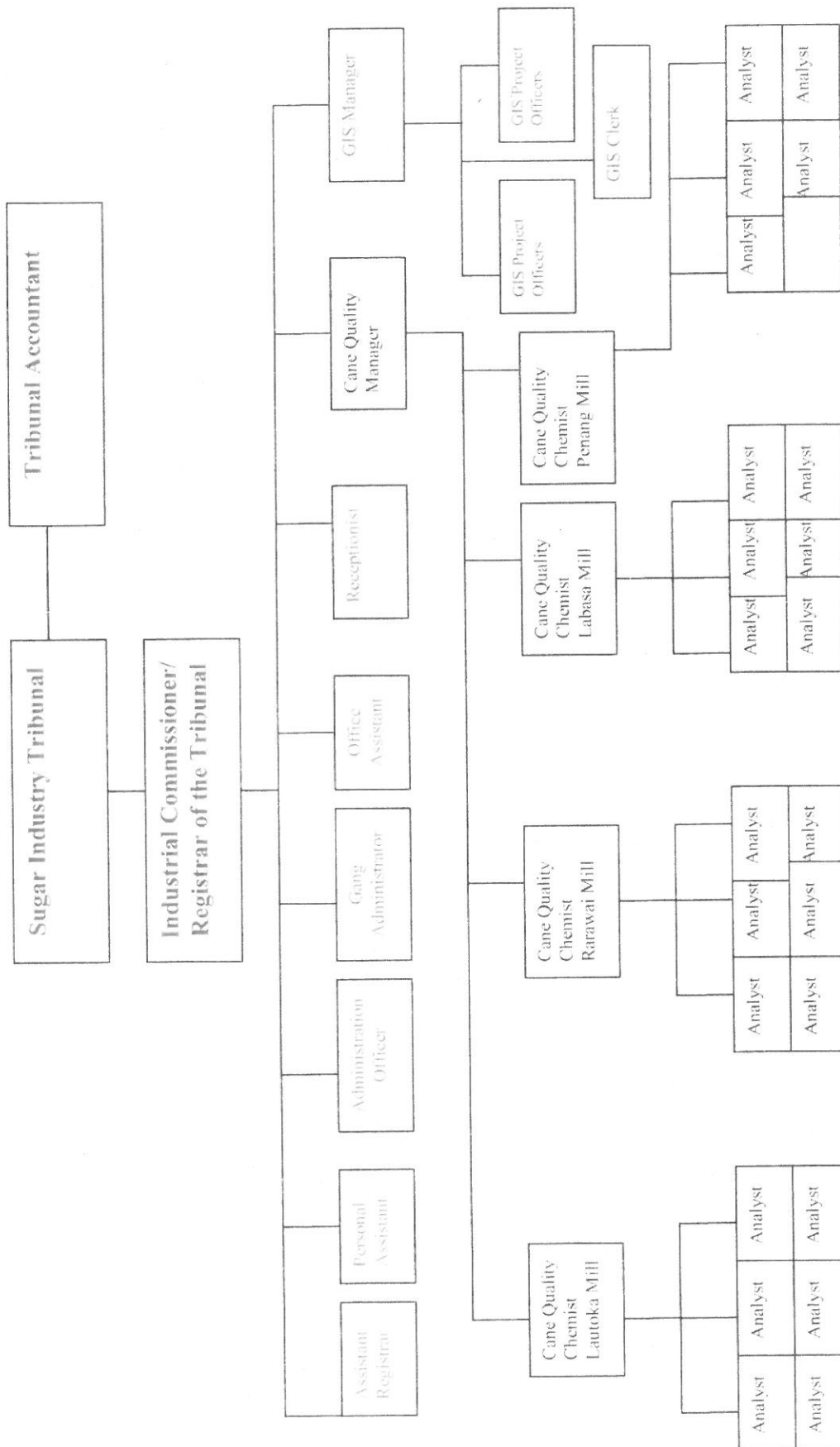
#### **Cane Quality Incentive based Cane Payment System.**

The above project is based on the sucrose content of the cane and mill efficiency, will provide an incentive for growers to maximize sugar content and sugar output, and for millers to strive for higher mill efficiency by way of lower losses and less lost time. Canegrowers must consider themselves as sugar producers, and the system must be arranged to allow them to keep the reward from better quality cane. Similarly Sugar millers must be allowed to retain the reward for increasing mill efficiency, as well as for lowering operating cost, in order that they have adequate funds available for the upgrading of mill equipment, when and where required, and for the maintenance of existing equipment in good working order.

A properly structured cane quality based incentive cane pay system will result in a larger production of sugar from a given land area, thus increasing the sugar industry's income and providing a larger pool of money to be divided between grower and miller.

In year 2015 Industry allocated a \$903,465.87 for the above Project.

## ORGANISATION STRUCTURE – 42 STAFF



### **C. BOARD MEMBERSHIP**

The office of the Sugar Industry Tribunal is established under the Sugar Industry Act Amendment Bill 19 of 2016.

Part III Section 18(1) of the Sugar Industry Act Amendment Bill No. 18 of 2015 states that:-

Section 18(1)        “There is hereby established a Tribunal to be called a Sugar Industry Tribunal”

Section 18(2)        “The Tribunal shall consist of one person, who shall be appointed by the Chairman of the Judicial Services Commission and who shall be a person qualified to be appointed a Judge of the High Court or be a person with extensive experience in economics or Industrial Relations.”

Section 18(3)        “The term of office of the person appointed to be the Tribunal shall be 3 years and he shall be eligible for re-appointment.”

**The Honorable Chief Justice Mr. Anthony Gates appointed Mr. Shailend Krishna as the Sugar Industry Tribunal with effect for the 23<sup>rd</sup> March 2015 for a period of 3 years.**

Part III Section 20 of the Sugar Industry Act Amendment Bill No. 18 of 2015 states that:-

Section 20(1)        “There shall be an officer to be known as the Registrar of the Sugar Industry Tribunal who shall be appointed by the Tribunal and who shall have such functions as are assigned to the Registrar of the Tribunal by or under this Act or by the Tribunal.”



Section 20(2) "Nothing in this Act shall be taken as precluding the Tribunal from appointing the Industrial Commissioner or any other officer or servant of the Tribunal to be the Registrar of the Tribunal.

**The Sugar Industry Tribunal Mr. Shailend Krishna appointed Mr. Timothy Brown as the Registrar of the Tribunal with effect from the 1st August 2016 for a term of 3 years.**

Part III Section 21 of the Sugar Industry Act Amendment Bill No. 18 of 2015 states that:-

Section 21(1) "There shall be an officer to be known as the Accountant of the Sugar Industry Tribunal who shall be appointed by the Minister, and who shall be a chartered accountant in practice in Fiji, whether alone or in partnership, under the authority of a certificate of public practice issued under the Fiji Institute of Accountants Act."

Section 21(2) "The term of office of the person appointed to be the Accountant of the Tribunal shall be five years or such shorter period, not being less than three years, as the Minister may decide."

**The Honorable Prime Minister Mr. Josaia Voreqe Bainimarama appointed Mr. David Veremo as the Accountant to the Sugar Industry Tribunal with effect from 18<sup>th</sup> March 2016 for a period of 3 years.**

Part III Section 22 of the Sugar Industry Act Amendment Bill No. 18 of 2015 states that:-

Section 22(1) "There shall be an officer to be known as the Industrial Commissioner of the Sugar Industry Tribunal who shall be appointed by the Chairman of the Judicial Services Commission and who shall have such functions as are assigned to the Industrial Commissioner by or under this Act or the Master Award or by the Tribunal."

Section 22(2) "The term of office of the person appointed to be the Industrial Commissioner shall be 3 years and he shall be eligible for re-appointment."

**The Honorable Chief Justice Mr. Anthony Gates appointed Mr. Timothy Brown as the Industrial Commissioner from the 1<sup>st</sup> August 2016 for a term of 3 years.**

**Report of the Auditor General on the Audits of Statutory Authorities –  
December 2010 (Parliamentary Paper No. 32 of 2016)**

- **Audit for the year ended 31 December 2009**

**Part A: Financial Information**

**17.20 Abridged Income Statement**

**Question:** **Why was there a huge increase in Other Operating Expenses from \$194,955 in 2008 to \$222,834 in 2009?**

Below is the breakdown showing the detailed Income Statement for 2008 and 2009

**Sugar Industry Tribunal**  
**Statement of Revenue and Expenditure**  
**Year Ended 31 December 2009**

|                                  | <b><u>2008</u></b> | <b><u>2009</u></b> |
|----------------------------------|--------------------|--------------------|
| <b><u>Expenditure</u></b>        | <b><u>\$</u></b>   | <b><u>\$</u></b>   |
| Advertising                      | 5,496              | 3,493              |
| Audit fees                       | 3,201              | 5,689              |
| Bank charges                     | 366                | 511                |
| Depreciation                     | 14,373             | 13,927             |
| Delivery expenses                | 1,500              | 1,065              |
| Dispute cases                    | 114                | -                  |
| Electricity                      | 6,253              | 5,263              |
| Entertainment                    | 543                | 1,284              |
| FNPF                             | 29,182             | 28,035             |
| TPAF                             | 1,708              | 1,659              |
| Freight Charges                  | 1,196              | 798                |
| General expenses                 | 3,874              | 2,822              |
| Industrial<br>Commissioner's Exp | 19,183             | 51,509             |
| Information system (IT)          | 3,083              |                    |
| Inspection expenses              | 1,036              | 3,063              |

|   |         |         |
|---|---------|---------|
| Insurance                                 | 16,305  | 5,514   |
| Legal expenses                            | 2,801   |         |
| Loss on Sale                              | 1,333   |         |
| Meeting expenses                          | 934     | 3,801   |
| Minor asset purchase                      | 950     | 1,280   |
| Motor vehicle expense                     | 20,351  | 28,802  |
| Printing & Stationery                     | 5,983   | 10,679  |
| Rent                                      | 29,279  | 28,551  |
| Repairs and maintenance                   |         | 1,676   |
| Staff training exp                        | 1,900   | 700     |
| Telecommunication and postage             | 10,317  | 11,075  |
| Travelling, Subsistence and accommodation | 310     | 1,153   |
| Tribunal Accountants fees                 | 10,519  | 10,405  |
| Vantage Point – Lorry expense             | 2,865   | 80      |
| Wages & Salaries                          | 148,161 | 106,566 |
| Total Expenditure                         | 343,116 | 329,400 |

The Other Operating Expenses is calculated as below from the table shown above:-

|                          | <u>2008</u>    | <u>2009</u>    |
|--------------------------|----------------|----------------|
| Total Expenditure        | 343,116        | 329,400        |
| Less Wages and salaries  | 148,161        | 106,566        |
| Other Operating Expenses | <u>194,955</u> | <u>222,834</u> |

The increase of \$27,879.00 in 2009 for Other Operating Expenses compared to 2008 is due to the change in presentation of Income Statement in 2009.

**Report of the Auditor General on the Audits of Statutory Authorities –  
December 2011 (Parliamentary Paper No. 36 of 2016)**

- **Audit for the year ended 31 December 2010**

**Part A: Financial Information**

**12.1 Audit Opinion – 2010**

**Question: The Audit Opinion for the year ended 31<sup>st</sup> December 2010 resulted in the issue of a Qualified Audit report could we be advised on whether the faults detected in this area have been rectified in order to stop these issues recurring in 2011?**

In reference to the above question raised by the Accounts committee. Prior to 2011 Tribunal had 5 different accounts for Vat Account after the recommendation from the Auditors Tribunal created one account for Vat Reconciliation which has been implemented and Vat account reconciled.

Audited report for 2013 did not have any Vat issues.

## Part B: Control Issues

**Question:** Please provide updates on the following issues raised by the OAG in respect of the following:

➤ 12.4 Contract of Services

The Auditors Comments were noted and the Contract for Tribunal Accountant was drawn and signed attached is the copy.

➤ 12.5 Provisional Tax not withheld

The Auditors comments were noted and this was rectified in the Tribunal Accountant's Contract. Prior to this the Accountant was paid the full sum for all work carried out and was responsible for paying his own provisional tax.

This has been resolved attached are the copies of the documents.

➤ 12.6 Variance in VAT receivables

This issue has been resolved as discussed in 12.1.



# Standing Committee on Public Accounts

## General Questions

### 1. Role and Functions of the Authority

Chairman and committee members, with the vision, "Steering Fiji Safely" the Land Transport Authority aims to improve and uplift the land transportation standard to a whole new level. The Land Transport Authority was established under the Land Transport Act 1998 as a commercial statutory authority with core functions as follows:

- Establish standards for registration and licensing of vehicles and drivers
- Develop and implement effective and efficient enforcement strategies consistent with road safety and protection of the environment.
- Develop traffic management strategies in conjunction with relevant authorities
- Develop and improve customer service levels in all areas of operations
- Ensure equitable and affordable fare schedule for all Public Service Vehicles

Furthermore in 2010 the National Road Safety Council Act 1994 was repealed and incorporated to the LTA Act 1998. The core function in this incorporation states that LTA should set the goals and objectives and implement road safety work in Fiji.

### 2. Organisation Structure

Committee members, as at October 2016 there are 380 employees for the authority. In brief the Chief Executive reports to the board who is given direction by the Minister of Infrastructure and Transport. The composition of the board will be answered in detail when we answer item 3 below. There are currently three General Managers that reports to the CEO and as follows. The General Manager Technical Operation is in charge of all operational and technical matters and is accountable for all regional operations in the Central eastern, Western and the North. The General Manager Legal, Policy and Business Development is in charge of all legal and policy matters. The General Manager Finance and Administration oversees all financial and back office support functions.

### 3. Board membership and fees

Chairman and committee members, the comment for this will be the same for item 12.16 on the control issues raised for 2010 financial year. The current board composition are as follows:

Chairman Mr Vijay Maharaj, who is the principal partner of MC Lawyers and the Board Directors are Mr Sitiveni Qiliho, the Commissioner of Police, Mr Ashok Patel, the Director of RC Manubhai, Mr Divik Deo, the Chief Financial Officer of Vodafone Fiji Limited, Mr Aptinko Vaurasi who has been temporarily relinquished from the position to act as CEO and Mr Paul Bayly, the Permanent Secretary for the Ministry of Infrastructure and Transport.

The Board Chairman is awaiting the advice of the Ministry for the appointment of another Board Director.

The board sitting fee is at \$83.33 per sitting both for Public Service Vehicle or PSV and Policy meeting. The policy meeting is normally done after every 2 months whereas PSV meeting is done on



a monthly basis. Apart from this there are also subcommittee meetings for Tender, Finance, Corporate Governance, Audit and PSV.

Please note that 2 board directors have opted not to be paid for their service as they deem this as part of their corporate social responsibility to the people of Fiji.

#### **4. Salaries for Executive members**

Committee members in 2012 there was a job evaluation exercise conducted by PriceWaterhouse Coopers tagging the salary level of all employees of the authority to the market. There were 105 companies altogether that were surveyed and to which data's were collated to compare salaries between all these companies and specific comparisons were also done between LTA and the private sector, LTA and the public sector and LTA with commercial statutory authorities. LTA's is currently tagged to the median range as opposed to the 25 percentile or the 75 percentile range. In essence this means that LTA salary is not in the bottom range or on the high paying scale as compared to the market.

On the current LTA PWC based scale, there are 11 bands altogether with the CEO on the first band, followed by the GM's on the second band and the regional managers on the 3<sup>rd</sup> band. There are 17 steps in each band with salary tagging on the CEO role from Step 1 of \$91,660 to Step 17 of \$137,490, The GM band is from step 1 of \$61,991 to step 17 of \$92,987, and the Regional Manager band is from step 1 of \$49,254 to Step 17 of \$73,880.

#### **5. Why was the CEO contract not renewed?**

The outgoing CEO of LTA Mr Tuinaceva's contract will expire on 31<sup>st</sup> December 2016. However, Mr Tuinaceva had requested for early leave prior to contract expiry in order to utilise his pending annual leave days of more than 3 months. The normal practise for all management position within the authority is to readvertise the role upon expiry and as the Board Chairman has stated, Mr Tuinaceva can still reapply for the post which will go through the recruitment process jointly done by LTA and recruiting firm KPMG.

### **Parliamentary paper No. 29 of 2016 – Audit 2008 Comments**

#### **9.2 Abridged Income Statement**

***Please explain the recorded deficit of \$1.18 million in 2008 as compared to the surplus of \$4.15 million in 2007***

Thank you Chairman and Committee members of the Public Accounts committee, the recorded deficit of \$1.8 million in 2008 is directly attributed to the nil Operating revenue shown in the abridged income statement. As stated by the office of the auditor general on page 39 of the report to parliament and I quote, on 1<sup>st</sup> January 2008, the authority's powers under the LTA Act were amended by Promulgation 49 of 2007. The promulgation required the authority to close all its bank account and redirect all revenue collected under the LTA Act to government consolidated account. The authority now receives annual grant from Government to meet its operating and capital expenditure requirements.

Accordingly, the Authority has not recognised as income in the 2008 financial statements all revenue received on behalf of Government as recognised in previous years as the economic benefits from these no longer flow to the Authority from 1 January 2008 unquote.

Committee members, this means that from inception of the authority in Year 2000 till 2007, revenue was collected and captured in LTA books. From 2008 to date LTA is the collecting agent for government and this includes that introduction of road user levy on behalf of the Fiji government in 2011 and stamp duty collected on behalf of FRCA in 2015.

#### **Control Issues**

*Please provide your comments on the audit issues raised in respect of:*

##### **9.4 Compensation Payments**

Committee members, the legal fees have reduced significantly from 2008 to date. In 2008, fees was at \$135,682, 2009 \$70,869, 2010 \$16,554, 2011 \$35,034, 2012 \$24,109, 2014 \$ 61,001, 2015 \$ 93,533. The authority now have 4 lawyers to address legal matters such as currently we have 22 civil cases mainly relating to grievance in regards to registration and some public transport issues and 9 employment tribunal cases. Please note that for this year alone the authority was able to close 12 long pending cases as a reflection that our success rates in winning court cases have increased.

*Please provide your comments on the audit issues raised in respect of:*

##### **9.5 Reconciliation of LTA Fees**

Chairman and committee members, the comment for this will be the same for item 5.7 on the control issues raised for 2011 financial year.

The Authority as per Promulgation 49 of 2007 transfers all revenue collected to the government consolidated funds account (CFA). The difference of circa seventy five thousand dollars (\$75k) is a timing and clearing difference. For the authority all revenue collected for the day is booked into LTA books and banked daily. However, since the government bank accounts is with Westpac Bank, it would take at most 3 days to have cheques received from other banks such as ANZ and BSP to be cleared and accepted.

#### **Parliamentary paper No. 32 of 2016 – Audit 2009 Comments**

#### **Control Issues**

*Please provide your comments on the audit issues raised by OAG in respect of:*

##### **12.4 Unidentified item in VAT receivables**

Committee members, let me just point it out that of the current 13 finance team members, there were only 3 that remain from the 2009 staffing.

Specifically on this VAT issue, there have been improvement in the VAT Reconciliation from 2009 to date, we had from 2010 to current year had been reconciling the VAT account accordingly between the General Ledger and the VAT statement from Fiji Revenue and Customs Authority.

##### **12.5 Review process of Journal entries and finance reconciliations to be strengthened**

Chairman and committee members, the comment for this will be the same for item 5.6, 5.10, 5.11, 5.12 and 5.13 on the control issues raised for 2011 financial year.

Chairman and Committee members, as it is now the practise a senior officer always reviews and signs on vouchers and journal entries and this is approved by the Manager Finance before posting to the general Ledger.

The reconciliation is currently done on a monthly basis with proper responsibility assigned to staff with specific timeframes. Proper review is done by senior officer's prior endorsement by the Manager Finance.

Specifically on the issues raised. Firstly in the past annual leave records were calculated and maintained manually, in 2012 the authority had implemented the Employee Self Service or ESS system which calculates leaves and adjusts automatically upon utilization. The annual leave amount in ESS is aligned to the Epicor Accounting system. Secondly the payroll system used in 2009 was not robust to cater for calculations for PAYE. Now we have the Link Payroll System which calculates PAYE as per the FRCA calculation requirements. For VAT, we are currently in discussion with Ministry of Economy to have separate VAT account statements on FRCA database. At the moment LTA and Ministry of Economy have the same TIN numbers which complicates the reconciliation process at times.

#### ***12.6 Fixed asset register to be properly updated and maintained***

Committee members, the comment for this will be the same for item 12.4 on the control issue raised for 2010 and item 5.4 of 2011 financial year. To resolve the variance between the fixed asset register or FAR and the General Ledger, the authority in 2013 had all its fixed asset categories gone through a certified valuation process by Professional Valuation Limited a company which have certified valuers with principal valuer Sanjay Kripal. This exercise had correctly reflected the total asset value and had removed the variance accordingly.

Furthermore, in 2015 all fixed assets were retagged with new serial number to match all individual asset to the records in the FAR. The current FAR is quite specific in detail such as the name of the asset, description of the asset, date of acquisition, asset type, asset number and the depreciation rate. The authority had also implemented the fixed asset module in the Authority's finance system Epicor in 2016 to record all assets accordingly. The FAR is updated on a monthly basis. We currently do physical count on a random basis with reconciliation and we have a senior finance officer who is in charge of this process with proper review from the manager finance.

Please also note that from 2014, there is no qualification from the office of the auditor general in regards to Fixed Asset.

#### ***12.7 Inventory management functions to be strengthened***

Chairman and committee members, the comment for this will be the same for item 12.6 on the control issues raised for 2010 financial year and for control issues 5.8 and 5.9 for 2011. The authority's main inventories are namely the number plates, regulated forms and books for instance the booking or traffic infringement notice on offences such as overspeeding, driving license card and administrative stationaries. Currently stock cards are now used to record movement inward and outward for all inventory types at any point in time. There is a reorder quantity control point now in place to ensure that there is no stock shortage for the main inventory types.

There is also an inventory listing valuation report or ILVR that is updated and reconciled on a monthly basis to the General Ledger. Do note that there is a 2 way reconciliation currently in place. Firstly the stock cards is reconciled to the IVLR to validate stock quantity. The ILVR also has the quantity cost of each inventory type which then enables the reconciliation between the ILVR and the

General Ledger. The reconciliation is prepared by the Stock Officer which is reviewed by the Senior Finance Officer and signed off by the Manager Finance. A monthly full stocktake or physical count is now done by the Senior Finance Officers to verify physical existence against the inventory listing.

In 2012 an inventory procedure was introduced under the finance policy, which have in place controls on how inventory is procured, secured, safeguarded, maintained and utilised.

From 2015, we have partially automated stock control for the main inventories namely number plates, regulated forms and driving license cards through the new LTASoft system. This is in relation to receipt and issuance of inventory. We are also now working on implementing a full-fledged automated inventory system as part of the Epicor module.

Please also note that from 2013, there was no control issue raised by the office of the auditor general in regards to Inventory.

#### ***12.8 Proper documentation to be maintained***

Committee members, all accruals and sub ledger creditor accounts are now properly maintained on a daily basis and reconciled monthly. All necessary documentations such as LPO, invoice, debit and credit notes, delivery dockets are processed in the Epicor system with reconciliation done between the sub ledger and the GL on a monthly basis. For accruals, supporting documents are maintained and filed to support the GL balance during monthly reconciliation.

#### ***12.9 Internal audit function to be strengthened***

Chairman and committee members, the comment for this will be the same for item 5.16 on the control issue raised for 2011 financial year.

Currently we now have 7 staffs in the audit and compliance department, comprising of 1 manager 3 audit officers and 3 compliance officers which fully complements this department workload based on operational and financial audit requirement for LTA's 3 regions or 21 offices. The officers have over 35 years' experience in this area with relevant qualifications.

The risk based KPI stated in the annual corporate plans for the 3 recent years were all met accordingly.

The reporting structure is currently to the Chief Executive with reports updated to the Chairman and members of the board Finance, Audit and Governance subcommittee during scheduled meetings.

### **Parliamentary paper No. 41 of 2016 – Audit 2010 Comments**

#### **Control issues**

Please provide your comments on the audit issues raised by OAG in respect of:

#### ***12.4 Fixed asset register***

Committee members, this has already been discussed whilst addressing the issue 12.6 for 2009.

#### ***12.6 Inventory management functions to be strengthened***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.7 for 2009.

### **12.7 Recurring agency transactions**

Committee members, the Authority's deposit all its regulated fees and fines to the Government consolidated fund maintained at Westpac Bank except for the Taveuni branch. Taveuni does not have a Westpac bank branch.

The issue is a timing difference in that to transfer funds from BSP to Westpac it will take a minimum bank clearing time of 24 hours.

### **12.12 Cashier shortage recovery**

Committee members, the comment for this will be the same for item 5.5 on the control issues raised for 2011 financial year.

### **12.15 Risk assessment not performed**

Committee members, the internal audit department now have a risk register whereby they normally plan out their operation and financial internal audit KPI's and plans.

### **12.16 Size of the Authority's Board**

Chairman and committee members, this has already been discussed whilst addressing the item 3 from the General Questions section.

In 2009, the Chairman was Mr Gregory Lawlor with Board Directors in Mr Panapasa Matailevu, Mr Mosese Semi, Mr Vijay Maharaj and Mr Cama Tuiloma.

## **Parliamentary paper No. 46 of 2016 – Audit 2011 Comments**

### **Control issues**

Please provide your comments on the audit issues raised by OAG in respect of items 5.4 to 5.16.

### **5.4 Qualification of Audit Opinion**

Committee members, this has already been discussed whilst addressing the issue 12.6 for 2009.

Committee members, in terms of the other comprehensive income this relates to the unrealised gains and losses on the exchange rates in regards to items bought from foreign countries. For the Authority major items which are bought from overseas are Number Plates, regulated forms and Wheel Tax Stickers.

### **5.5 Cash Shortage Recovery**

Committee members, this has already been discussed whilst addressing the issue 12.12 for 2010.

### **5.6 Bank and Balance Sheet Reconciliations**

Committee members, this has already been discussed whilst addressing the issue 12.5 for 2009.

### **5.7 Amount owed to government**

Committee members, this has already been discussed whilst addressing the issue 9.5 for 2008.

#### ***5.8 Weak internal controls for Inventory***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.7 for 2009.

#### ***5.9 Overstatement of Inventory balance***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.7 for 2009.

#### ***5.10 Unexplained variances in salary accruals account***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.5 for 2009.

#### ***5.11 Payroll creditors – no proper reconciliation***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.5 for 2009.

#### ***5.12 Unverified variance – PAYE***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.5 for 2009.

#### ***5.13 Excessive Accumulation of Annual leave***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.5 for 2009.

#### ***5.14 Recoverability of deposits***

Committee members, currently we have resolved all recoverability of deposits. Currently, the bond sitting as a Deposit Asset in the Authority's balance Sheet refers to Office rentals and Utility Bonds only.

#### ***5.15 Postmaster receivables***

Chairman and committee members, the authority has reconciled all post master receivables accounts and rectified all variances. The authority has an ongoing monthly reconciliations for these accounts. Variances are discussed during this reconciliation process by the LTA Revenue Officer and the Supervisor at Post Fiji Ltd with debit notes issued to settle the amounts.

#### ***5.16 Conflict of Interest in Internal audit Reporting***

Chairman and committee members, this has already been discussed whilst addressing the issue 12.9 for 2009.

