



STANDING COMMITTEE ON NATURAL RESOURCES

REPORT ON THE MINISTRY OF AGRICULTURE ANNUAL REPORT 2011-2012



**PARLIAMENT OF THE REPUBLIC OF FIJI
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2011 and 2012 Annual review of the Ministry of Agriculture

Report of the Natural Resources Standing Committee

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Chair's Foreword

I am pleased to present the review of the Standing Committee on Natural Resources on the Ministry of Agriculture 2011 and 2012 Annual Reports.

The Standing Committee on Natural Resources is established under Section 109 (2) (c) of the Standing Orders (SO) of the Parliament of the Republic of Fiji. The Committee is mandated to examine matters related to forestry, agriculture, mining, environment, fisheries, water and marine services.

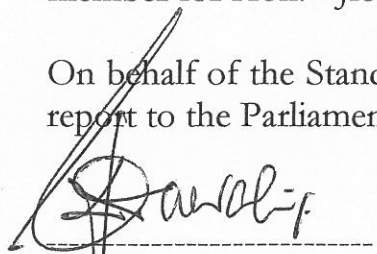
The purpose of the review was to scrutinize the Ministry of Agriculture 2011-2012 Annual Reports specifically on the areas of administration, legislation, organization structure, financial management, functions and programs for 2011 and 2012.

The findings of the review and the recommendations put forward by the Committee are intended to assist the Ministry's management and service delivery to farmers and maximising agriculture production to meet the food security demand, local consumption and foreign exports.

The review exercise was possible through consultations with the Ministry of Agriculture. The Committee had identified areas of concern that addresses challenges to ensure the Ministry effectively deliver its goals.

I wish to extend my appreciation to the Honourable Members and the Secretariat who were involved in the production of this bipartisan report. My Committee colleagues Hon. Ro Kiniviliame Kiliraki (Deputy Chairperson), Hon. Alivereti Nabulivou (Member), Hon. Jiosefa Dulakiverata (Member), Hon. Samuela Vunivalu (Member) and Hon. Semesa Karavaki (alternate member for Hon. Jiosefa Dulakiverata).

On behalf of the Standing Committee on Natural Resources, I commend this report to the Parliament.



Hon. Joweli R. Cawaki
Chairperson

Ministry of Agriculture

Recommendation

The Standing Committee on Natural Resources has conducted the annual review of the 2011 and 2012 performance and current operations of the Ministry of Agriculture, and recommends that the House takes note of its report and critically looks at the issues highlighted in its Committee Findings and the Challenges faced by the Ministry.

1.0 Introduction

The Standing Committee on Natural Resources was referred the Ministry of Agriculture Annual Reports for 2011 and 2012 for second reading on Monday 11th May, 2015. The Committee's responsibility was to scrutinise the Ministry of Agriculture's Annual Reports and make recommendations to Parliament under Standing Orders 110 (c). The Committee's mandate under the Standing Orders 109 (c) is to look into matters relating to forestry, agriculture, mining, environment, fisheries, water and marine services.

2.0 Gender Analysis

The participation of women in agriculture was not specifically stated in the Ministry's 2011 and 2012 Annual Reports. The Committee was made aware that a lot of women were actively involved in agriculture throughout Fiji. The women particularly in the rural areas were actively involved in areas of agriculture such as crop farming, poultry, piggery and honey production.

In Fiji today, women groups have been progressing and graduating from subsistence to commercial farming in the rural areas.

The Ministry of Agriculture employs female officers in areas of administration, technical, and extension division.

The Committee views that women do actively contribute to the economic growth of the country in terms of production, processing and marketing of the cottage industry products.

The Committee is interested in seeing the gender analysis in future annual reports to reflect the active involvement and participation of women in the agriculture sector. Secondly, the Committee encourages the participation of more women in the Ministry.

Appendix One

Committee Procedure

1.0 Committee Procedure

The Natural Resources Committee convened its meeting Wednesday 05th of October, 2016 to consider the annual report of the Ministry of Agriculture. The Committee heard submissions from the Ministry of Agriculture and received advice from the Office of the Auditor-General.

2.0 Committee Members

The members of the Standing Committee on Natural Resources:

1. Hon. Joweli Cawaki, Chair, Assistant Minister for Agriculture, Rural and Maritime Development and National Disaster Management
2. Hon. Ro. Kiniviliame Kiliraki, Deputy Chair, Opposition MP
3. Hon. Alivereti Nabulivou, Government MP
4. Hon. Jiosefa Dulakiverata, Opposition MP
5. Hon. Samuela Vunivalu, Government MP

3.0 Evidence and Advice Received

The Ministry of Agriculture officials presented its submission to the Committee Members on Wednesday 05th October, 2016. The Office of the Auditor-General presented on the Financial features of the Audit report of the Ministry of Agriculture 2011 and 2012 Annual Reports.

4.0 Summary of Presentations

4.1 Ministry of Agriculture – Wednesday 05th October, 2016.

- | | | |
|--------------------------|---|---|
| 1. Mr. Jitendra Singh | - | Permanent Secretary for Agriculture |
| 1. Ms. Maca Tuilakepa | - | Deputy Secretary, Corporate Services Planning |
| 2. Ms. Mereseini Bou | - | Director Human Resources, Finance & Information |
| 3. Mr. Vatimi Rayalu | - | Chief Economist |
| 4. Mr. Nacanieli Waka | - | Director Land Resources, Planning & Development |
| 5. Dr. Apaitia Macanawai | - | Director Research |
| 6. Mr. Jone Sovalawa | - | Director Extension |
| 7. Ms. Sera Bose | - | Principal Statistician |
| 8. Mr. Tevita Natasiwai | - | Senior Economist- Agriculture |

Permanent Secretary for Agriculture	Brief Summary
	<p>The major achievement of the Ministry of Agriculture as highlighted by the Permanent Secretary, Mr. Jitendra Singh, has been the exports where the Ministry's target was eighty (80) million by 2014, nonetheless the Ministry reached an excess of close to about 170 million for crops, livestock excluding sugar.</p> <p>The other achievements of the Ministry were the organization of a number of industry councils. The Ministry has twelve (12) industry councils compared to some very loose formations in the past. These industry councils are much more organized and the Ministry had seen a twenty (20) per cent growth in the last decade in agricultural production compared to what the Ministry gained a decade ago.</p> <p>In terms of how effective some of their programs were, in dairy farming, the progress were relatively small considering the amount of food people are consuming. It is an uphill battle for the Ministry as seventy (70) million liters of dairy has to be produced compared to the twenty (20) liters the Ministry is currently producing. The reasons for the little progress was the external factors such as natural disasters and accessibility to land.</p> <p>The Ministry had introduced the Grace Road Investment for rice farming and the company had a vision of completely substituting all imported rice from domestic rice production. The Grace Road Investment however, has been faced with the land issue. The company could not develop the land further as they do not have access to additional land.</p> <p>In terms of the overview and the general assessment of the agriculture sector, the Ministry basically measure it from production front and from exports. These are some of the key indicators - the production levels, the exports and the contributions to GDP, Gross Domestic Product.</p> <p>The Ministry develops programs that are monitored and evaluated. In the potatoe program, when the harvest begins, the monitoring and</p>

	<p>evaluation team goes out to assess the production to find out its effectiveness. These reports will determine how well the Ministry programs are running.</p> <p>The Permanent Secretary further added that in terms of agriculture when the Ministry initiates any program, there is a period of experimentation. The evaluation takes that into account and the Ministry learns from some of the mistakes conducted in the early phase. The Ministry had implemented some of the changes and saw that those programs were out and running progressively.</p> <p>In terms of way forward, the Ministry's roles are:</p> <ol style="list-style-type: none"> 1. Involved in technology transfer, especially to the farmers, the intellectual capacity that is within the Ministry and formed through training and workshops are provided to the farmers; 2. Provide agricultural advisory services, both on crops and livestock industries; 3. Undertake research and seed development; 4. Undertake capacity building for both within the Ministry and farmers; 5. Practice and preach sustainable land and water management in the agriculture sector; 6. Facilitate agriculture trade; 7. Regulate services such as veterinary and others; 8. We are in charge of policy formulation 9. Provide agriculture support services and 10. Facilitate public partnerships <p>In terms of way forward, the Ministry is undertaking the following:</p> <ol style="list-style-type: none"> 1. Capacity building of staff and also the farming community; 2. Providing more support to smallholder farmers; 3. Increasing production through modernised agriculture; 4. Pursuing product development through value addition, both through research and from private sector initiatives; 5. Strengthening Public and Private Partnership in the sector; 6. Diversification and Export Promotion, this will continue in all programs; 7. Enhancing statistical infrastructure with e-agriculture which has been developed for the first time in 2016. 8. Sustainable agriculture methods such as organic production
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	9. Modernising Ministry's legislations. The Ministry is reviewing and modernising some of its legislations.
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4.2 Auditor-General Financial Year Audit Report Ending 31 December 2011 and 2012 Ministry of Agriculture – Annual Reports

- | | | |
|------------------------|---|-----------------------|
| 1. Ms. Raveena Kumar | - | Acting Director Audit |
| 2. Mr. Niraj Kumar | - | Audit Manager |
| 3. Mr. Seremaia Delana | - | Acting Audit Manager |

The Auditor-General's office had noted the challenges that the Ministry had faced from the years 2011 and 2012 respectively. The Auditor-General's office had found out that the data disclosed on these reports were not validated and was very hard to prove as they do not have a database in the production sites. The Ministry often rely on the export figures from the relevant authority.

4.3 2011 Audit Report

No.	Qualified Issued (Summarised)	Update.as at 31 st December, 2015 [Resolved/Not Resolved]	Comments
1.	Appropriate audit evidence were not provided to support balances for TMA Surplus Capital Retained to Consolidated Fund (1.02 million) and TMA Accumulated Surplus (1.97 million).	Resolved [Partially]	Please refer to comments in No: 3
2.	Un-reconciled variance (\$97,211) between the TMA Cash at Bank general ledger and the bank reconciliation performed.	Un- resolved	On – going and the un-reconciled balance has increased.
3.	Appropriate audit evidence were not provided to substantiate Trust Receipts and Payments.	Resolved [Partially]	While records were provided, the nature of qualification has changed (Trust fund account is
			yet to be reconciled with the cash at bank).

4.4 2012 Audit Report

1.	Appropriate audit evidence was not provided to support balances for TMA Surplus Retained (\$2.3 million) and TMA Accumulated Surplus (\$0.77 million)	Resolved [Partially]	Refer to comments in No: 3
2.	Un- reconciled variance (53,899) between the TMA Cash at Bank General Ledger and the bank reconciliation performed.	Un- resolved	Refer to comments in No: 10
3.	TMA Profit and Loss – Special Fees & Charges (100,687) and Miscellaneous revenue (\$53,563), thus total income recorded remained unverified as appropriate audit evidence to support the balance was not provided.	Resolved	The qualification did not appear in the 2015 audit report. Auditor General and Ministry to confirm on the verification in the subsequent years.
4.	Independent stock take of TMA finished goods (1.13 million) was not carried out for the year ended.	Un-resolved	Auditor General, was invited to a stock- take for the financial year ended 31 st July, 2016 and the audit is currently underway.
5.	Appropriate audit evidence was not provided to substantiate Trust Receipts and Payment	Resolved [Partially]	Refer to comments in No: 11
6.	Statement of Losses was not submitted to contrary to Finance Instructions 2010, section 71 (1) (e).	Un- resolved	

Appendix Two

Committee's Deliberations and Findings

5.0 Committee's Deliberation

5.1 Financial Accountability

It is axiomatic that civil servants must fully and properly account for funds or other property entrusted to them. No funds should be received or disbursed without a full audit trail being in place. It is simply unacceptable that in many areas the Auditor General cannot carry out a satisfactory audit and the performance of the Ministry and its staff cannot be satisfactorily evaluated. It is even unsatisfactory that the audit process be long delayed.

There is a systematic failure within the Ministry to provide a satisfactory level of financial accountability. These impacts on the adequacy of Ministerial responsibility and the role of Parliament in setting national goals and strategies.

The Committee notes the following failures:

- 5.1.1 The Trust Fund Account, TFA, and Trade Manufacturing Account TMA, cannot be properly reconciled or audited going back five to ten (5 to 10) years
- 5.1.2 In the case of the 2011 Annual Statement, there is an unreconciled and un-auditable difference of \$97,211 between the General Ledger and the Bank Account. We cannot say whether or not this is due to inefficiency and or dishonesty;
- 5.1.3 In the case of the 2012 Annual Report, no statement of losses was provided from the Audit report, contrary to s.71 (e) of the Financial Regulations.

The accounting and financial reporting culture within the Ministry is extremely poor. It is apparent this is a problem of a very long outstanding unresolved financial statement. It is recommended that an independent professional advisers or consultants be engaged to help address this problem.

The need for accurate up to date financial and management reporting will undoubtedly need a review of physical systems, a review

of the information to be captured, reported upon, the adequacy of staff and improvements to training.

As a bare minimum it is essential at all times that:

- 5.1.4 All receipts and payments are properly recorded and the reasons for the same are available for scrutiny;
- 5.1.5 Every officer is held accountable for the accurate and timely recording of financial information;
- 5.1.6 Funds and other resources are correctly deployed according to the directive of the Minister and within the relevant legislative framework and that this can be properly verified and
- 5.1.7 Parliament, the Cabinet and the Minister are able to carry out effective oversight and control.

5.2 Setting the Vision and Direction and Achieving it

There is a tendency within the Ministry at various levels to preserve the status quo, which is not an acceptable practice.

As a bare minimum, it is necessary for Parliament through Cabinet and the Minister to set out Government policy directives to be followed by the Ministry. It is not for the Ministry to do as it chooses and then to report later. The performance and reporting parameters for the Ministry must be made to fit the national directives given to the Ministry and not the other way around.

Equally it is unacceptable for the Members of Parliament to issue unclear or direct unauthorised instructions to civil servants. That was a prime reason for the “agriculture scandal” a few years ago. All Instructions to the Ministry must be documented.

In order to properly report on fulfilment of policy objectives it is necessary to capture the relevant information and present that information in a meaningful way. It is pointless to obscure this in bulk data or financial records which do not present sufficient detail.

Let us suppose a national policy objective was to develop a particular crop or to develop agriculture in a particular region or that specific funds were provided for a particular purpose. Members of Parliament should be able to expect the Ministry's data collection and reporting to disclose which personnel, other resources and funds were employed for that purpose. One would expect some before and after empirical recording of productivity in that area. One would also expect to see what personnel and resources were not able to be effectively deployed for approved purposes.

We do not wish to understate the very important role of civil servants in advising the Members of Parliament on what desirable policy objectives are and how to efficiently deliver Government services. The civil service main role is to advise, deliver and report. It is up to Cabinet to determine and direct Government policy.

Amongst the challenges in the agricultural sector are the need to develop a coherent set of policies designed to meet national objectives and capable of being delivered.

It is recommended that policy development be urgently undertaken in the following areas:

- 5.2.1 Building the capacity of Ministry staff to deliver approved services;
- 5.2.2 Improving the productivity of the agricultural sector generally;
- 5.2.3 Graduating small farmers from subsistence agriculture to a sound commercial status;
- 5.2.4 Introduction of group farming techniques with shared equipment, facilities and labour;
- 5.2.5 Value adding to agricultural products by improved processing and marketing;
- 5.2.6 Introduction of improved and more modern agricultural techniques, equipment and higher yielding varieties and
- 5.2.7 Improved land utilization and environmental protection.

5.3 Reform and Refocus

There is a very strong need to reform the Ministry and should be done with the assistance of an independent external experts.

Part of the focus for reform should be a thorough review of the colonial era legislative framework governing the operations of the Ministry. Before that is done, the overall policy framework must be established within the financial constraints of the national budget.

The policy and legislative framework must be the subject of on-going planned review.

A proper inventory should be undertaken for all Ministry assets comprising personnel, systems and procedures, physical assets and funds. That can be measured up against current policies and the vision for the future.

It is quite possible that such a review will involve redeployment of or changing of staff and physical assets. Such changes are likely to meet resistance however, it is more important that the national economic, social and environmental policies are achieved.

It is recognized that some parts of the vision can only be achieved through inter Ministerial participation. One pressing area for reform is land accessibility and availability. Consistently with the adoption of environmentally sound practices should be done to place more land into the hands of willing and efficient farmers that may involve an examination of current land tenures and approval processes.

Appropriate opportunities to work with private enterprise should be identified, subject to proper controls and approval processes. It is envisaged that many opportunities exist for specialised crops, especially in the high value end of the market.

6.0 Committee Findings

- 6.1 Lack of Gender Inclusiveness policies in place;
- 6.2 Reoccurring of non-accountability of funds;
- 6.3 Ministries Trust Fund Account (TFA) and Trade Manufacturing Account(TMA) were not properly accounted for from the last five to ten (5-10) years which is now accumulated to date;
- 6.4 Capacity Building for Ministry staff and farming communities;
- 6.5 More support for small holder farmers;
- 6.6 Increase production from modernised agriculture;
- 6.7 Product Development through Value Addition;
- 6.8 Strengthening of Public /Private Partnership in the sector;
- 6.9 Modernising agricultural legislation and policies;
- 6.10 Proper stocktaking in the presence of staff from the Auditor General's office;
- 6.11 The Ministry's Board of Survey for all government assets was not regularly carried out as outlined in the Financial Regulations;
- 6.12 For the 2011 Annual Report Financial Statement, there is reconciled difference amounting to \$97,211 between the General Ledger (FMIS) and Department of Agriculture TMA Bank Reconciliation – the Auditor was unable to ascertain the accuracy and completeness of the TMA Cash at Bank Account as at 31 December, 2011;
- 6.13 For 2012 Annual Report, the Ministry did not submit the Statement of Losses contrary to Finance Instructions 2010 section 71(1)(e). in the absence of the updated Fixed Asset Register and Board of Survey report, the losses, if any, that occurred during the year could not be substantiated;
- 6.14 Changing of the Vision and Mission every year;

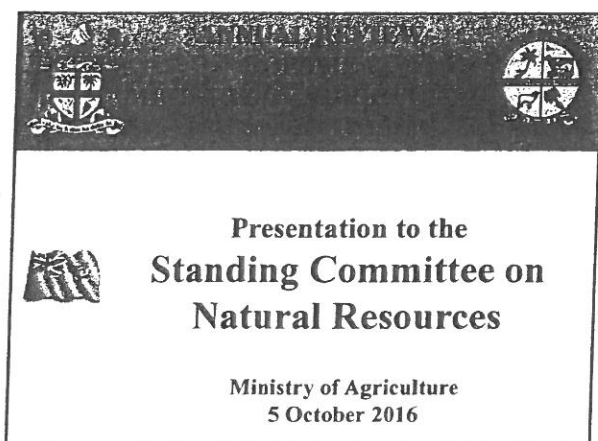
- 6.15 Lack of farming implements and mechanisation;
- 6.16 The need to increase productivity per unit area;
- 6.17 The need to develop new land utilisation technique and
- 6.18 Land accessibility and availability.

7.0 Challenges faced by the Ministry

- 7.1 Capacity Building -Technical officers to further their training for up skilling;
- 7.2 Estimated figures are not validated by the Auditor-General's office. The Ministry often rely on the data export figures;
- 7.3 Legislations and data have not been reviewed;
- 7.4 Access to good agricultural lands;
- 7.5 Incidences of pests and diseases;
- 7.6 Low Private Sector involvement in the agriculture industry;
- 7.7 Low research and development undertakings;
- 7.8 High costs of Agriculture inputs;
- 7.9 Graduating farmers from subsistence to commercial farming and
- 7.10 Clustering of farmers instead of individuals.

Appendix Three

Ministry of Agriculture PowerPoint Slides



1. OVERVIEW- AGRICULTURE SECTOR IN FIJI

- Backbone of the Economy
- Agriculture contributed 8.1% to National GDP
(2015 AGRICULTURE GDP @ CONSTANT PRICE) Source: FIBoS
- Employment – Rural - 83%
- Major sector within Agriculture – Subsistence (80%)
- Total Agriculture Land – 4,280 km²
- Total No. Farms – 65,033 (2009 Agriculture-Census)
- 43.9% have farm size of < 1 ha [Communal land]



OUTLINE

1. Overview – Agriculture Sector in Fiji
2. RDSED Policy Goal Links to Agriculture's SDP
3. Ministry's Role
4. Organizational structure
5. Linkages of the Agriculture Sector to the People's Charter for Change, Peace and Progress
6. Agriculture Sector Contribution to GDP
7. Top Agriculture Production - Crop & Livestock
8. Major Agriculture Exports and Imports
9. MOA Budgetary Provision
10. Challenges to Sustainable Agriculture Development
11. Supporting Arrangements
12. Way Forward



(Cont'd) Agriculture Sector in Fiji

The Ministry of Agriculture (MOA) has national responsibility to ensure food and income security through agricultural sector growth.

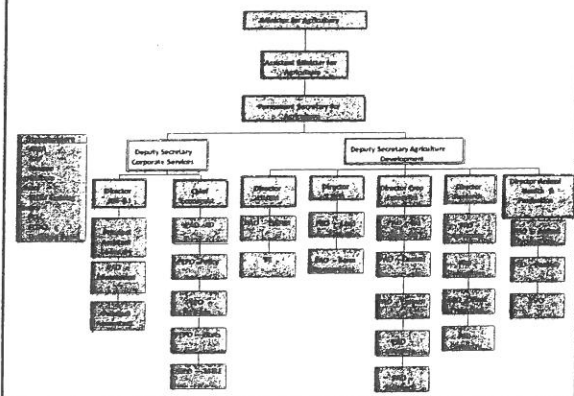
It is intended to lead to the achievement of the following:

- Economic growth and recovery;
- Increase exports and reduce imports;
- Poverty Alleviation; and
- Sustainable management of natural resources

2. ROADMAP FOR DEMOCRACY AND SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT (RDSSED) Policy Goal Links to Agriculture's STRATEGIC DEVELOPMENT PLAN (SDP)

RDSSD	Agriculture SDP Goal	Key Performance Indicator
Policy Objectives Fiji is served by a thriving agriculture sector that sustains Fiji's food security and sets a strong platform for commercial agriculture development	Thrive commercial agriculture sector to maintain economic recovery and sustain Fiji's food security	1.Maintain agriculture contribution to GDP at 12%. 2. Increase value of non sugar agriculture export from \$52.9m to \$80m. 3. Reduce fruits & Veges imports from \$165m-\$80m. 4. Increased locally produced Export & reduce import commodities by 30% 5.Commodity protocol for new commodities 6.Formation of Industry Councils. 7.Increase number of projects implemented through PPP

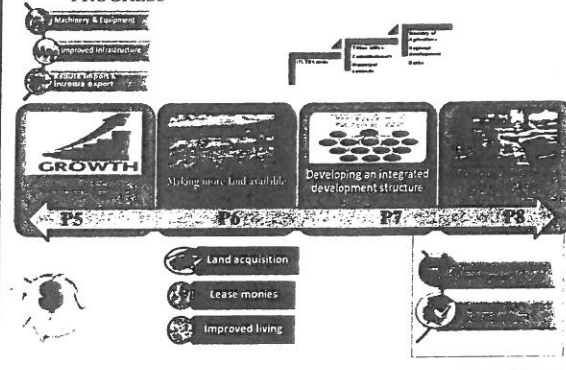
4. ORGANISATION STRUCTURE



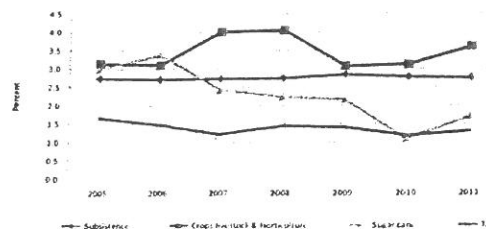
3. MINISTRY'S ROLE

1	TECHNOLOGY TRANSFER
2	AGRICULTURE ADVISORY SERVICES
3	RESEARCH & SEED DEVELOPMENT
4	CAPACITY BUILDING[STAFF/FARMER]
5	SUSTAINABLE LAND & WATER MANAGEMENT
6	FACILITATING AGRICULTURE TRADE
7	REGULATORY SERVICES[VETERINARY & OTHERS]
8	POLICY FORMULATION
9	AGRICULTURAL INFRASTRUCTURE SUPPORT SERVICES
10	FACILITATE PUBLIC PRIVATE PARTNERSHIP [PPP]

5. LINKAGES OF THE AGRICULTURE SECTOR TO THE PEOPLE'S CHARTER FOR CHANGE, PEACE AND PROGRESS

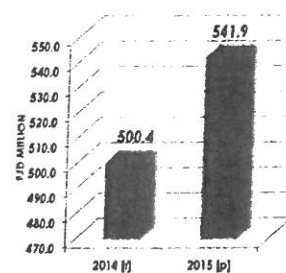


[(Cont'd) AGRICULTURE GDP TREND [2005 - 2011]



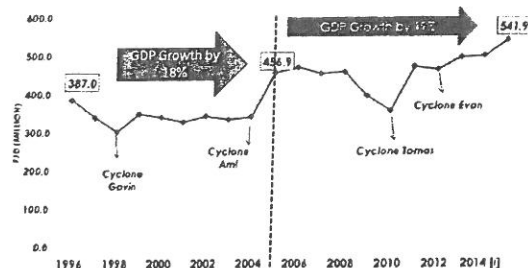
	2005	2006	2007	2008	2009	2010	2011
Agriculture	10.56	10.85	10.37	10.45	9.51	8.2	9.36
Subsidence	2.74	2.71	2.73	2.75	2.85	2.78	2.75
Crops, livestock & Hort	3.15	3.11	4	4.05	3.08	3.12	3.61
Sugar cane	3.00	3.39	2.43	2.24	2.17	1.09	1.7
Taro	1.66	1.48	1.21	1.45	1.41	1.18	1.3

(Cont'd) 2015 AGRICULTURE GROSS DOMESTIC PRODUCT (GDP) @ CONSTANT PRICE



- Agriculture provisional estimate of GDP for 2015 shows an **increase of 8.3%** over 2014
- Agriculture contributed **8.1%** to National GDP
- An increase of 8.3% in 2015 was due to increases in the production of the following commodities;
 - Yagone - Increased in demand of Kava (Local & International) as well as the area harvested.
 - Pineapple- Production of Pineapple for 10 provinces increased in 2014. Major increase was from Ba, Bua and Tailavu Province.
 - Coconut- Increase area harvested in 2015 due to an increase demand of Coconut Value Added Products (VCO, etc.). The interest of farmers in producing Coconut Value Added Products increased due to an increase number of awareness and trainings provided by Extension Officers.

[(Cont'd) AGRICULTURE GDP TREND [1996- 2015]



Comparing constant GDP Growth for the past 2 decades.

7. Top Agriculture Crop Production by volume [2008 - 2012]

