



STANDING COMMITTEE ON PUBLIC ACCOUNTS

REVIEW OF THE PERFORMANCE AUDIT REPORTS ON:

- (i) Management of Rural Electrification Program; and
- (ii) Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007



PARLIAMENT OF THE REPUBLIC OF FIJI
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CHAIRPERSON'S FOREWORD



On behalf of the Committee, I am pleased to present the review report on the **Performance Audit Report of the Office of the Auditor General on the,**

- (i) **Management of the Rural Electrification Program;** and
- (ii) **The Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007.**

For information purposes, the Management of Rural Electrification Program is coordinated by the Ministry of Infrastructure and Meteorological Services and Energy Fiji Limited. The Ministry of Forests oversees the progress of implementation of policies and strategies in the Fiji Forest Policy statement.

The review of these performance audits were conducted through interviews, collection of evidences and information from the respective line Ministry and Department. The scope of scrutiny made by the Committee is aligned to the audit objectives as outlined in the audit report. It should be noted that this report is a follow-up audit that was conducted by the Auditor General's Office to examine whether the Department of Energy and the Ministry of Forestry has effectively implemented the recommendations that were made in the initial audit report titled '**Management of Rural Electrification Program and the Progress of Implementation of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007**' (PP No. 6 of 2015).

The Committee oversight functions to scrutinise and examine this audit report was possible through the assistance of the Office of the Auditor General and the support of the respective Ministries and Departments in providing detailed responses on the audit issues highlighted by the Members.

The Standing Committee on Public Accounts has conducted the review of this Performance Audit Report and recommends that Parliament takes note of the recommendations highlighted in each of the compliance audits that were carried out.

Furthermore, I wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of this bipartisan report namely Hon. Joseph Nand, Hon. Vijendra Prakash, Hon. Aseri Radrodro and Hon. Ro Teimumu Kepa.

On behalf of the Committee, I also extend my appreciation to the Secretariat Staff for their timely support in the preparation and finalisation of this report.

With those few words, I commend this report to the Parliament.

A handwritten signature in blue ink, appearing to be 'Alvick Maharaj', written in a cursive style.

Hon. Alvick Maharaj
Chairperson – Public Accounts Committee

COMMITTEE MEMBERS

The substantive members of the Standing Committee on Public Accounts are as follow:



**Hon. Alvick Avikirit Maharaj
(Chairperson)**



**Hon. Joseph Nitya Nand
(Deputy Chairperson)**



**Hon. Aseri Masivou Radrodro
(Opposition Member)**



**Hon. Ro Teimumu Kepa
(Opposition Member)**



**Hon. Vijendra Prakash
(Government Member)**

INTRODUCTION

The Standing Order 109 (2) (d) mandates the Committee to “... – including examining the accounts of the Government of the Republic of Fiji in respect to each financial year and reports of the Auditor-General, and for any other matter relating to the expenditures of the Government of the Republic of Fiji or any related body or activity (whether directly or indirectly) that the committee sees fit to review. The Committee must only examine how public money has been dealt with and accounted for in accordance with the written law and must not examine the merits of the underlying policy that informs public spending”

Committee Procedure

The Committee on 18th and 19th March 2020 had conducted its public hearing with the following agencies to ascertain the progress of the follow-up audit conducted by the Office of the Auditor General in relation to the Management of the Rural Electrification Program and the Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007. We received evidences from the following witnesses:-

Management of the Rural Electrification Program (Joint Hearing)

Ministry of Infrastructure, Transport, Disaster Management and Meteorological Services

1. Mr Taitusi Vakadravuyaca, Permanent Secretary
2. Mr Mikaele Belena, Director Energy
3. Mr Deepak Chand, Assistant Director Energy
4. Mr Kavneel Prasad, Principal Accounts Officer

Energy Fiji Limited

1. Mr Hasmukh Patel, Chief Executive Officer
2. Mr Jitendra Kumar, General Manager Network
3. Mr Karunesh Rao, Corporate Affairs & Communications Manager

Office of the Auditor General

1. Mr Kuruwara Tunisalevu, Director Audit
2. Mr Samuela Tupou, Manager Audit

Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007

Ministry of Forestry

1. Mr Pene Baleinabuli, Permanent Secretary
2. Ms Sanjana Lal, Conservator of Forests
3. Mr Semi Dranibaka, Executive Director Research and Development
4. Mr Ilai Tulele, Programme Team Leader Fiji REDD+
5. Ms Deborah Sue, Director Forest Resources Assessment and Conservation
6. Mr Mohammed Abdul, Forestry Officer Geographic Information Systems (GIS)
7. Ms Olivia Vakaloloma, Principal Economic Planning Officer

Office of the Auditor General

1. Mr Kuruwara Tunisalevu, Director Audit
2. Mr Lote Naicavu, Auditor

Pursuant to SO 117 (3), the following Honourable Members stood in as an alternate Member of the Public Accounts Committee for the then substantive Member, Hon. Ratu Naiqama Lalabalavu:–

1. Hon. Ro Teimumu Kepa
2. Hon. Adi Litia Qionibaravi

BACKGROUND

The Office of the Auditor-General ('Office') is established as an independent office of the constitution of the republic of Fiji. Its roles and responsibilities include carrying out performance audits to determine whether an entity is achieving its objectives effectively, economically and efficiently and in compliance with relevant legislation. These audits are carried out by the Auditor General on behalf of Parliament.

The Auditor- General must submit a report on performance audits carried out to Parliament. In addition, a single report may include two or more audits. The Office notes the impact of its reports to Parliament on the ordinary citizens and strives for accuracy and high quality reporting including recommendations which are not only value-adding to the entity subject to audit but its customers and the general public as well.

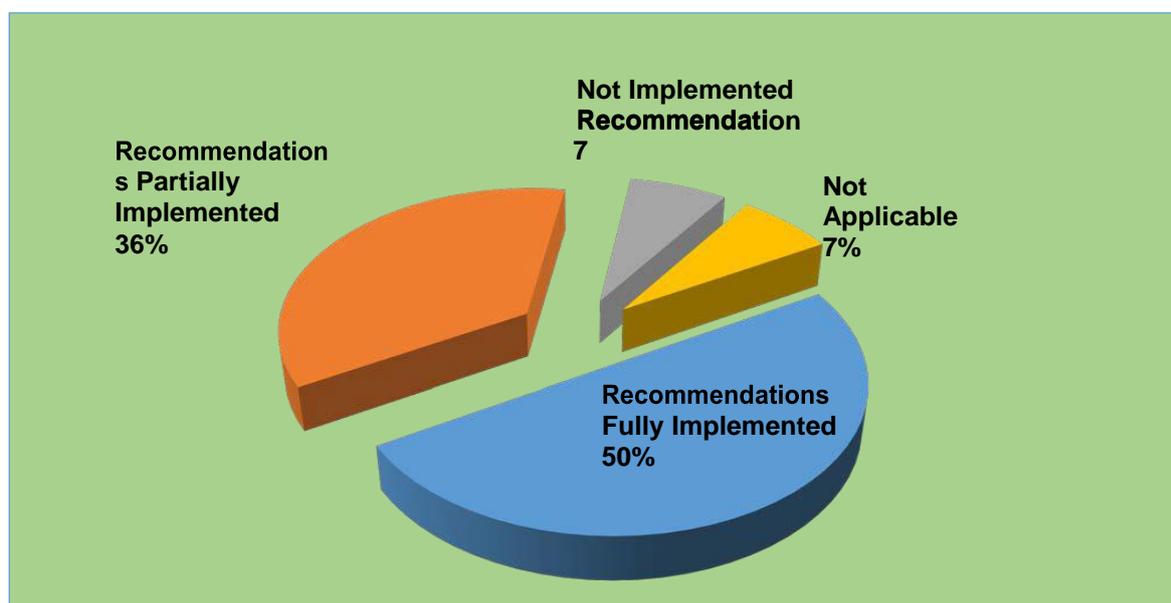
Management of the Rural Electrification Program

The audit report summarized the follow-up that was conducted to examine whether the Department of Energy ('Department') had effectively implemented the recommendations which were made in the first audit on the Management of Rural Electrification Program (***Audit Report on Performance Audit Volume 1 December 2014, Parliamentary Paper No. 6 of 2015***).

The scope of the audit that was conducted by the Office of the Auditor General included a detail review and analysis of work undertaken by the Rural Electrification Unit ('REU') of the Department of Energy in addressing the initial audit recommendations under the following key areas:

1. Management Framework of Rural Electrification Program
2. Administration and Implementation of Rural Electrification Program; and
3. Monitoring and Inspection of Projects under the Rural Electrification Program.

In this follow-up audit, the Auditor-General was set out to establish whether the Department of Energy had effectively implemented the recommendations that were made in the audit report on Performance Audit Volume 1 of December 2014. The Committee notes that the Department has made some progress in the implementing the recommendations made and a graphical representation of the Office of the Auditor General's assessment on the implementation status is depicted below.



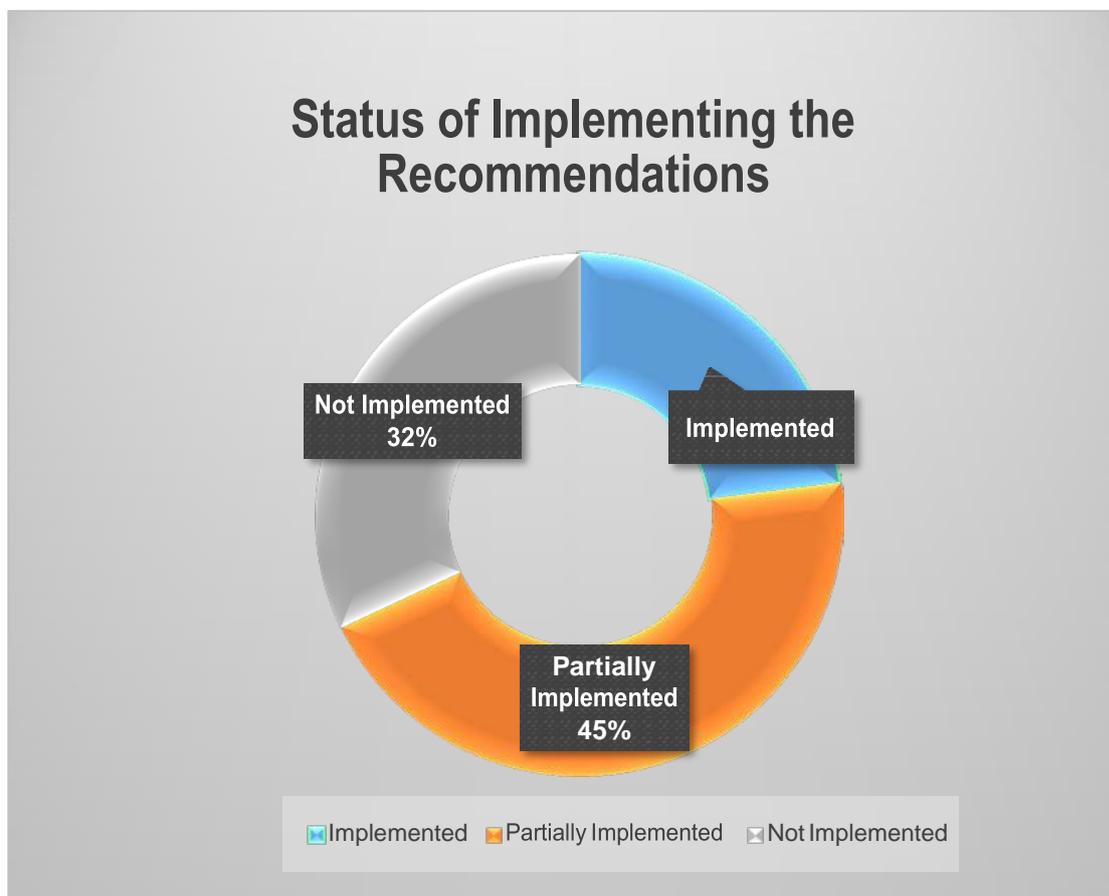
Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007

The Audit Report summarized the follow-up audit that was conducted to examine whether the Ministry of Forests have effectively implemented the recommendations which were made in the Progress of Implementation of Policies and Strategies in the Fiji Forest Policy Statement 2007 (***Audit Report on Performance Audit Volume 2 of December 2014, Parliamentary Paper No. 6 of 2015***). The audit that was conducted by the Office of the Auditor General had also assessed whether the actions taken have addressed the underlying issues that led to the formulation of recommendations in the initial report.

The scope of audit that was conducted by the Office of the Auditor General in its follow-up audit included a detail review and analysis of work undertaken by the Ministry of Forests in addressing the initial audit report recommendations that were focused under the following key areas:

1. Conservation of Forest and Biological Resources;
2. Integrated Forest Resources Management; and
3. Institutional Framework and Human Resources.

In this follow-up audit, the Auditor-General was set out to establish whether the Ministry of Forestry had effectively implemented the recommendations that were made in the audit report on Performance Audit Volume 2 of December 2014. The Committee notes that the Ministry has made some progress in the implementing the recommendations made and a graphical representation of the Office of the Auditor General's assessment on the implementation status is depicted below.



COMMITTEE REVIEW FINDINGS

MANAGEMENT OF THE RURAL ELECTRIFICATION PROGRAM

1.0 MANAGEMENT FRAMEWORK OF RURAL ELECTRIFICATION PROGRAM

This chapter covers the progress undertaken by the Department of Energy in addressing the issues raised the 2014 Report of the Auditor General in relation to the institutional arrangements in place for implementing the rural electrification projects and the sufficiency of funding and resourcing to enable effective implementation of the projects identified.

1.1 Policies and Procedures of the Rural Electrification Program

Following the 2014 Audit conducted by the Office of the Auditor General, the previous Public Account Committee had recommended that the Department should review the 1993 Rural Electrification Policy and the Standard Operating Procedures (SOP) to incorporate all current practices not included in the existing documents. It should consider reviewing clauses pertaining to its duties and responsibilities to accommodate the changes in technology that have arisen over time and the additional activities/responsibilities required to address such changes.

At the time of the audit was conducted, it was established that efforts have been made to review and strengthen the Rural Electrification Policy ('REP') to include:

- a) Waiver of community contribution to reciprocate community contribution in kind;
- b) Removal of finite assistance for diesel scheme recipients making them eligible for electrification via renewable based technologies like solar home systems;
- c) Increase in the Energy Fiji Limited's ('EFL') Annual Rural Electrification Fund;
- d) Increase in validity of EFL Rural Electrification and scheme quotations; and
- e) The handover of Solar Home Systems Ownership and maintenance to community's and recipients.

The Audit further noted that the review of the REP and SOP is still an on-going process and recommended that the Department needs to finalize the review and incorporate the changes into the REP and the SOP.

The Ministry advised the Committee that the draft Electrification Policy has undergone the second round of consultation with the stakeholders. The Ministry expects to receive all comments by the 20 March 2020 before onward to cabinet for endorsement. Some of the major highlights of the policy include the expansion of the scope or the boundaries of the policy to incorporate those households in the peri-urban and urban areas including improper/squatter settlements. However, this is carried out by certain restrictions and conditions. In addition, the policy also promotes the use of least cost technologies for our electrification program.

Similarly, the existing Standard Operating Procedures will be reviewed and updated to align to the draft Electrification Policy. This will be done once the policy has been endorsed. A draft copy of the Draft Electrification Policy 2020 is annexed in this report.

1.2 Consultation with stakeholders on the Review of the Rural Electrification Program

The Committee was informed that EFL carries out surveys and preliminary design upon request by the Department of Energy, Ministry for Infrastructure, Transport, Disaster Management & Meteorological Services and provides quotations for identified RE Schemes. The Department advises EFL of the schemes that are earmarked for construction and connection to the EFL Grid on a yearly basis (as announced at the National Budget). Once payment is received for the respective RE schemes, wayleaves are obtained, designs are finalized, and construction is programmed (by EFL Teams or Contractors appointed via Tender). The Rural Electrification Projects Implementation Committee (DOE, EFL & Ministry of Economy) meet on a regular basis to review progress.

1.3 Human Resources

In the 2014 Audit Report, the Auditor General had recommended that the Department of Energy should review the staff structure at the Rural Electrification Unit that identifies career paths for its officers and promotes staff retention and also should identify the training needs of its staff and send them to appropriate training that will enhance their knowledge and skills.

The audit noted that the Department made a submission in the 2018-19 budget on the recruitment of additional staff for the Rural Electrification Unit. Refer to table below on the details of its Department's budget submission.

Rural Electrification Unit (Solar)	Band, Step	No of Posts	Amount(\$)
Principal Technical Officer	Band I, Step 1	1	\$43,296.63
Senior Technical Officer	Band H, Step 1	1	\$34,760.31
Supervisor High Grade	Band G, Step 1	1	\$28,605.45
Technical Officer (Technician/Electrician)	Band F, Step 1	3	\$67,586.22
	Sub-Total	6	\$174,248.61
Senior Technical Officer	Band H, Step 1	4	\$139,041.24
Supervisor High Grade	Band G, Step 1	2	\$57,210.90
Technical Officer (Fitter)	Band D, Step 1	4	\$57,712.52
Technical Officer (Electrician))	Band D, Step 1	4	\$57,712.52
	Sub-Total	14	\$311,677.18
	Grand Total		\$485,925.80

The audit further noted that during the Department's internal budget consultation with their line Ministry, the Department had to identify long pending positions from within that can be traded-off to create new positions in the Rural Electrification Unit (REU). The Director mentioned that these vacant positions were removed from the budget under SEG 1 and SEG 2. The Department, through their budget submission had proposed to review their structure to increase the number of staffs but this has not been approved. This affects the plan that the Department has. Table below shows the current staffing within the REU.

Post	Number of post approved	Number of post filled	Post Title	Remarks
STOI	1	1	Principal Technical	The post have been filled

			Office	
ES03	2	1	Supervisor Higher Grade	One post filled and one post vacant
ST05	1 0	7	Technical Assistant	Seven posts filled and three posts vacant
SS05	1	1	Clerical Officer	Post filled
ST05	4	4	Technical Assistant	Post filled
Total	18	14		

The audit recommended that the review of the policy and procedures will be able to ascertain or determine whether the human resources requirements are sufficient.

The Committee was advised that the Ministry currently has for Rural Electrification Unit 18 staff members that include the following:

- 1 x Principal Technical Officer
- 2 x Supervisor High Grade
- 13 Technical Assistants (Fitters & Electricians)
- 2 x Clerical Officer

The Department has proposed a new structure which will consist of 10 additional staff in the draft Electrification Policy. In addition, from the past 6 years when consumer contributions were waived for all Electrification projects, the number of applications and projects has increased immensely. Thus, the need for additional staff and the new structure will boost the performance and monitoring of the Rural Electrification unit.

Other units under the Department of Energy (total number of staff is 59) are:

- Renewable Energy Development Unit
- Demand Side Management Unit
- Biofuel/Petroleum Development Unit
- Administrative & Accounts Unit

The Committee was informed that EFL does not have a separate Rural Electrification Unit. Works required for Rural Electrification Projects are handled by existing teams from the Lands Affairs (Survey & Wayleaves), Design, Finance, Supply Chain, Legal, Construction Team and Customer Services. (Refer to flowchart for detailed information) The construction work in the field is managed by EFL Supervisors, Engineers and executed by external Contractors and EFL Construction Crews. Additional staffing was approved by the Board in the areas of: Lands Affairs, Design and Construction areas to cater for the increase in Rural Electrification work to ensure the schemes were implemented as programmed.

1.4 Funding of the Rural Electrification Unit Programs

In the 2014 Audit Report, the Auditor-General had recommended that the Department of Energy should ensure that it utilizes funding provided to it in the year appropriated so that it does not impinge on the following year's budget and adversely impact the anticipated activities budgeted for.

At the time of the follow-up audit was conducted, the Director Energy mentioned in the meeting with the audit team on 13 September 2018 that the Department is trying to implement all the projects budgeted within the financial year, however there are some projects that roll over to the next

financial year. A separate budget submission are done for the projects that roll over to the next financial year, this can be evident in the 2018-19 budget submission under budget request.

Since the revision of the policy in 2018, a total of more than 5,000 schemes have been implemented. Table below shows the Rural Electrification Unit Schemes conducted since 2015.

Year	EFL Scheme	Diesel Scheme	Solar Scheme	Hydro Scheme	Government Station Ext	Total
2015	30	0	1200	1	0	1231
2016	40	0	3200	1	0	3241
2017	200	0	1000	0	0	1200
2018						
Total	270	0	5400	2	.	5672

Along with the revision of the policy in 2018, a budgetary figure of \$7.0 million per year was budgeted that would be able to accomplish the electrification of the country within a span of 15 years. However, over the years actual funding had averaged at around \$9.0 million per year. A summary of the budgetary allocation over the years is outlined below:

Year	Amount (\$)	Number of Village/Settlement Assisted	<i>The Rural Electrification Projects are in the Central, Eastern, Western and Northern Division</i>
2015 – 2016	15,300,000	1500	
2016 – 2017	15,700,000	2500	
2017 – 2018	46,200,000	3500	

The Committee was informed by the Ministry that the Rural Electrification Program consists of two types of schemes. These are **Grid Extension Program and House Wiring** and **Solar Home Systems**. The Ministry provided a summary of the REU Programs by divisions with its associated costs as at March 2020.

Grid Extension Program

For 2018/2019 Budget, \$18.7M was paid to EFL for the Grid Extension to power 2,326 households. Currently, all these schemes are under design and construction stage with EFL. Some of the schemes which were mentioned in this budget are yet to be paid. The breakdown for the overall projects is as follows:

No.	Division	Amount Paid	Amount yet to be paid
1	Central	\$874,604.66 (73 HH)	\$206,044.25 (13 HH)
2	Western	\$8,254,350.61 (1007 HH)	\$3,392,717.83 (305 HH)
3	Northern	\$9,644,286.00 (1246 HH)	\$3,301,254.00 (275 HH)
	TOTAL	\$18,773,241.27 (2326 HH)	\$6,900,016.08 (593 HH)

For 2019/2020 Budget, a total of \$9.2M was allocated for Grid extension program and as of March 2020, total paid project was \$5,520,931.00 to EFL. The work is currently under design and construction stage.

Solar Home System

The Solar Home System (SHS) program commence in 2018/2019 (Supply of Components) and completed in 2019/2020 (Installation) Budget year. The breakdown is as follows:

No.	Division	No. of Household	Total Cost (\$FJ)	<i>Currently all systems are installed and the customers are enjoying power from the Solar Home System.</i>
1	Central	193	\$733,400.00	
2	Western	274	\$1,041,200.00	
3	Northern	1,278	\$6,376,400.00	
4	Eastern	798	\$3,032,400.00	
	TOTAL	2,543	\$9,663,400.00	

Solar Hybrid System

In addition, the Department has installed 3 Hybrid Power System in the last two years as follows:

No.	Location	No. of household	Total Cost
1.	Tukavesi village, Cakaudrove	95	\$1M
2.	Solevu High School, Bua	72	\$685,046.28
3.	Namara village, Kadavu	68	\$3.5M (\$3M from Korean Government and \$500,000 – Fiji Government)

Maintenance and Servicing

The Department also have program for the maintenance of all SHS and Diesel Generators. From the past 2 years, the Department has spent around \$600,000 to upkeep these systems.

Cyclone Rehabilitation Works

Currently the Department is carrying out 2 cyclone rehabilitation works as follows:–

- TC Winston* – Diesel Schemes for 17 villages in Koro and Vanua Balavu. The work is in progress and cost is around \$3.5M.
- TC Keni* – For SHS, the Department is currently doing rehabilitation work which cost around \$855,067.24. The supply of equipment has been received.

EFF provided a summary of the REU Programs by Divisions with its associated costs as at March, 2020. These were as follows:–

	2017	2018	2019	2020
Government Funded Rural Electrification Projects	\$10.2M	\$11.92M	\$11.18M	\$1.4M (YTD)
Total RE Schemes Completed	71	127	98	27
Central	18	34	25	6
Western	32	61	43	18
Northern	21	32	30	3
Household Connected	3,328	2,469	2,213	295

The Committee was informed that EFL spent a total of \$22.85 million in 2019 on the construction of new Government Rural Electrification Schemes, Grid Extensions for Commercial and Industrial Projects, Power-System Reinforcement Works and Contract Jobs

- \$11.18M - 98 rural electrification projects (Government Funded)
- \$7.76M - 71 General Extension Projects for Commercial and Industrial Customers and
- \$0.92M - 26 Contract Jobs (new organizations to relocate assets)
- \$2.99M - 23 Distribution Power System Reinforcement Projects

2.0 ADMINISTRATION AND IMPLEMENTATION OF RURAL ELECTRIFICATION PROGRAM

This chapter covers the progress made by the Department of Energy in administering and implementing rural electrification program, which includes scrutiny of the administrative processes and the implementation of the projects identified in accordance with planned requirements.

2.1 Diesel Generator Scheme

In the 2014 audit, the Auditor-General had recommended that the Department of Energy consider incorporating options that are viable for rural communities, in view of prevailing and rising costs of fuel when reviewing the Rural Electrification Policy.

The 2014 Audit report noted from site inspections, that not all villages fully utilize their generator systems. Villages would operate generators for only two to three hours a day or only on special community occasions or village functions. This is mainly attributed to the high costs of fuel. Apart from environmental considerations, government is promoting the use of renewable energy to reduce the nation's reliance on diesel and other carbon based fuels that are imported.

Under the current revised policy, villages and/or communities are not permitted to request for an upgrade to other alternative schemes. Some villages would not be able to fully utilize their schemes because of the high cost of fuel thus defeating the objective of the government initiative.

At the time of this audit was conducted, the review of the draft policy mentions that the Department has accommodated and addressed the need of the community on the provision of sustainable and least-cost mode of supply through renewable energy. The audit further noted that the Asian Development Bank (ADB) is undertaking a study for Fiji on the development of a National Electrification Plan (NEP) and one of the outputs of the NEP is to look at the least-cost options for the un-electrified rural communities and settlements.

The Committee was informed that the draft policy promotes the use of sustainable and affordable electricity supply. This includes the installation of solar-diesel with mini-grid system. Government is phasing out the use of diesel generators alone due to high fuel costs, lack of technical and managerial skills and high operation and maintenance cost. *(Refer to the draft Electrification Policy Section 8.3.1 on Community Mini-Grid System)*

2.2 Solar Scheme

In the 2014 Audit, the Auditor-General had recommended that the Department of Energy should ensure the documents sanctioning any changes to requirements of the Rural Electrification Policy are maintained for audit purposes. The Rural Electrification Policy needs to be reviewed to incorporate changes with respect to equipment currently installed.

The 2014 audit report noted that the installation of solar equipment in some places varied under the 1993 Rural Electrification Policy. The Department has been installing such equipment's since 2005 and not as per the requirement of the 1993 Rural Electrification policy. Audit could not ascertain whether variations in equipment requirements as per the Policy and those installed from 2005 are authorized since endorsements for variations were not provided for audit verifications.

At the time of the audit, it was revealed that the draft revised policy noted that the Department of Energy had incorporated changes into the installation of the solar equipment's. The details of the changes in the revised policy are tabulated below:–

	1993 Policy	Draft Revised Policy
a)	Solar panels installed on a wooden pole with adjustable tilt brackets	Solar panels installed on a Galvanized pole with adjustable tilt brackets
b)	Two 11W and one 7W fluorescent lights	Three by 9W LED bulb
c)	One 12V lead battery	One by 7W LED bulb
d)	One battery controller	One by 1W LED bulb
e)		One by 12V sealed battery (Maintenance free)
f)		One battery charger controller
g)		One by 300W Inverter

The audit further revealed that the officer in charge of the Solar Home Systems (SHS) mentioned that they are currently upgrading the initial system from type 1 to type 2. The systems type 1 and type 2 includes that following major components:

Major Equipment	Type 1 (135Wp 12 VDC only) Type 1 SHS is rated at 20 Ah/day	Type 2 (270Wp 12 VDC +240 VAC) Type 2 SHS is rated at 40 Ah/day
Panels	1 × 135Wp	2 × 135Wp
Panel Mount	1	1
Pole	1 × 5 meter pine pole	1 × 5 meter galvanized steel pole
Controller	1 × 10A	1 × 20A
Battery	1 × 100Ah	1 × 200Ah
Inverter	None	1 × 350watt
Switches	5	5
GPO	None	1
Lights	5	5
Wiring	Normal DC house wiring	Normal DC house wiring

Previously, the rate charge was \$14 per month for one household. As at October 2018, they are being charged at \$18 per month for one household. Type 1 (which is \$14) was the initiation Solar Home System charge is now being upgraded to Type 2 (which is \$18) for the upgrade of the system. As at the date of the audit was conducted, type 2 SHS were installed in 7979 household.

The Committee was informed that in the draft Electrification Policy, a section has been included for donor funded projects. This will also include the Leonardo DiCaprio Foundation. The section highlights the process and procedure to be followed before the project is implemented. This includes but not limited to the vetting of the project design and the operational/business model that the company intend to use. It is in the best of Government that such projects are sustainable and in line with the existing policies and plans. (Refer to Section 8.3.3 of REP)

EFL through its subsidiary, Viti Renewables were involved in the Vio Island Electrification Scheme in Lautoka. With the Divestment of EFL, this role may need to be reviewed.

2.4 Installation Arrangements Renewable Energy Service Company

In the 2014 Audit Report, the Auditor-General had recommended that the Department of Energy should ensure that all appropriate maintenance is carried out and prepayment machines replaces if necessary. Follow up with the communities that are paying their monthly installments should also be carried out.

The 2014 Audit noted that the village and communities have stopped paying their \$14 monthly subscription due to the prepayments machine not working and certain equipment malfunctioned but have not been replaced. Without monthly rental payments, government would not be able to sustain the projects.

At the time of this audit was conducted, it was revealed that the Department has ceased using the prepayment machines after the upgrading of the Solar Home System design from the Direct Current to Alternating Current. This is because the current design is not compatible with the use of the prepayment machine. As mentioned by the Director of Energy, appointed Revenue Collectors are collected the Solar Home System rentals from communities and households on bi-annual basis. The revenue collectors are working closely with the individual households, the solar community manager and the Turaga-Ni-Koro to ensure that the communities are updated with their payment schedule.

The audit further revealed that there was no updated system to record the individual household that had paid their bill. A database was maintained up to 2012 and these have not been updated till the date of the audit on 4 July 2019. In addition, there was a delay of payment from the Post Office and when payment is received there were no details attached or the name of the householder that has paid the bill. Arrears of revenue as per household cannot be determined since there is not updated database.

The audit further noted that submission had been made to the Ministry for a clerical officer to maintain the records for the solar section. Discussion with the Department of Energy Administration Officer mentioned that the Ministry is currently in the process of advertising the position for a clerk.

The Committee was provided with an update on the following issues highlighted by the Auditor-General:-

- (i) Appointment of the clerk to assist in the updating of the records also following on the arrears of revenue

Ministry's Response:

Due to the meritorious candidate declining the offer, the post was re-advertised on 22/02/20 and has closed on 28/02/20. It is expected that OMRS process will complete in the next 6 weeks. Meanwhile, an officer has been sideways transferred to carry out duties of the post until the post is filled.

- (ii) Provide on the update of the database

Ministry's Response:

Currently each unit has its own database (Excel) which is updated regularly. This includes new applications, revenue and maintenance record updates.

- (iii) Update on the arrears of revenue.

Ministry's Response:

Currently, there are a total of 13,500 systems installed in rural and maritime communities. Each household is required to pay \$18/month rental which caters partial maintenance cost of the system. These revenues are manually collected on a quarterly basis by our revenue collectors. As of December 2019, the arrears accumulated are approximately \$6,868,712.00.

Some of the challenges faced by the Department include:–

- **Insufficient resources** (manpower) - there are a total of 14 revenue collectors who apart from collecting revenues from consumers, have also been assigned with other duties.
- **Manual collection** – very costly exercise, mobilization cost is higher than revenue collected. For example, in Lau Group, an Officer might be spending \$3000 to collect \$500.
- **Accessibility to project sites** – the project sites is sparsely distributed in the rural, remote & maritime areas where accessibility is an issue.
- **Compliance to financial manual** - banking cannot be done on the same day due to the site remoteness and unavailability of banking facilities.

3.0 MONITORING AND INSPECTION OF PROJECTS UNDER THE RURAL ELECTRIFICATION PROGRAM

2.3 Records Maintenance

In the 2014 Audit Report, the Auditor-General had recommended that the Department of Energy should take stock of the Unit's Files and maintain records to keep track of file movements to minimize misplacements of files. The unit should also pursue the purchase of a database for its records management purposes.

The 2014 Audit report noted that the subject files maintained do not provide an adequate audit trail. It was also observed that there was no security over the files maintained and they were accessible to all persons entering the Rural Electrification Unit Section. The REU Section does not maintain a database as required under the SOPs but maintains records of projects in an excel sheet spread sheet.

At the time of this audit, it was found that the Fiji Renewable Energy Power Projects (FREPP) with the Department funded through the United Nations Development Program has undertaken a consultancy study on the establishment of the database for the Department. The scoping works on the database has been completed. However, there was delay with the advertisement of tender with ITC on the actual setting up of the database which has put the project on hold.

The Committee was informed that currently, the Rural Electrification Unit is storing all data through an excel spread sheet. This is managed by two Clerical Officers who manually update each individual customer's information as the application progresses. The Department has already had some preliminary discussions with ITC on the development of a database, however this will be proposed as part of the department submission in the next budget year.

EFL maintains its records database whereby prior to the extension of the EFL Grid:

- Surveys are undertaken, Wayleaves obtained, System Load-flow analysis undertaken & approved, Scheme Designs finalized, CAPEX approvals obtained & Tenders called for and awarded to compliant Contractors (Refer to flowchart for detailed information).
- Upon Completion of RE Schemes, EFL updates its Geographical Information System (GIS) Database. Upon completion of House Wiring by DOE appointed Contractors, Application for

Supply Forms has to be lodged to EFL to register the individual Customers to ensure our Customer Database is maintained.

- Progress of all Rural Electrification Schemes are provided to the Rural Electrification Projects Implementation Committee on a regular basis
- Updates are also submitted to the EFL Board on a Monthly basis

It is worthy to note that the 2 entities in the view of strengthening and enabling the Rural Electrification in rural communities, information sharing is essential.

RECOMMENDATIONS - MANAGEMENT OF THE RURAL ELECTRIFICATION PROGRAM

The Committee is looking forward to the Department of Energy with the Energy Fiji Limited (EFL) in the implementation of the following recommendations:

- 1. The Rural Electrification revised Policy should be finalized and submitted to Cabinet for consideration and approval together with the necessary budgetary provisions for its implementation.**
- 2. Review the staff structure and training needs for its officers to ensure continuing efficient and effective administration of the Rural Electrification Program.**

PROGRESS OF IMPLEMENTATION OF POLICIES AND STRATEGIES IN THE FIJI FOREST POLICY STATEMENT 2007

1.0 CONSERVATION OF FOREST AND BIOLOGICAL RESOURCES

This section discusses whether the Ministry has addressed the issues raised in the 2014 Auditor General's Report with regards to the implementation of the policies and strategies in the Fiji Forest Policy Statement 2007 for the conservation of forest and biological resources.

1.1 Land Use Planning and Forest Classification

The 2014 Audit Report had recommended that the Ministry of Forestry should facilitate the formalization of the Land Use Plan by ensuring that it provides its comments to the Strategic Planning Unit.

The Audit noted that the Ministry of Economy Strategic Planning Unit has not finalized the consolidation of the Land Use Plan. The Ministry of Forestry has contributed through the Forest Function Map. The status of finalization is not known as no response received from the Ministry of Economy despite several follow-ups.

The Committee was informed that the Ministry of Forestry has, to-date, yet to develop a national land use plan as this requires inputs from other agencies as well. However, the Ministry has, under the REDD+ Readiness Project, started to develop land use plans for the 20 districts identified under the Emission Reduction Program (2020 – 2025). This work will be continued in collaboration with the iTaukei Land Trust Board (TLTB) and other relevant agencies. The 20 district land use plans will cover 451,360 hectares or 24.6% of Fiji's total land area. Other work on land use planning that has been completed include, the TLTB's work and development of land use plans for the Western and Lami-Suva corridors of Viti Levu; and Secretariat of the Pacific Regional Environment Programme (SPREP) work under the Pacific Ecosystem Based Adaptation to Climate Change (PEBACC) on the Taveuni Land Use Plan. [*Evidence: Refer to PPT on the ERP sites*]

1.2 Awareness Program

The 2014 Audit Report had recommended the Ministry of Forestry seek and develop a Memorandum of Understanding in close consultation with Nature Fiji Mareqeti Viti to formalize the awareness and consultation agreement. The terms and conditions of the engagements should be set with complete agreement of both parties to ensure its achievability.

The Audit noted that signing of the Memorandum of Understanding ('MoU') between the Ministry of Forestry and the Nature Fiji Mareqeti Viti (NFMV) on awareness undertaken by NFMV on behalf of the Ministry was unsuccessful as NFMV decline to have MoU as they are self-funded and to avoid mishaps that could affect their organisation.

The Committee was advised that the Ministry's Extension and Training Division have been undertaking awareness as part of their core responsibilities. Apart from face to face awareness, the media is widely used to promote and advocate awareness on the work of the Ministry. The 30 Million trees in 15 Years Initiative (30MT15Y) is an example of the Ministry's effective Outreach.

Some examples of meaningful contribution from landowners are prevalent in the Ridge to Reef (R2R) Project, Reforestation of Degraded Forests (RDF), Sandalwood Project, and Reducing Emissions from Deforestation and Forest Degradation (REDD+), all of which involve incentives in the form of cash for work, alternative livelihood sources, training and capacity building as well as village development projects. Measurable targets include number of trees planted, areas of degraded forests reforested, number of communities consulted and responses from the communities which are widely broadcasted through social media.

The Ministry works closely not only with Nature Fiji Mareqeti Viti (NFMV) but several other Civil Society Organisations (CSOs) such as Conservation International (CI), International Union for Conservation of Nature (IUCN), Wildlife Conservation Society (WCS), National Trust of Fiji, Soqosoqo Vakamarama and Grace TRI FAM. These agencies promote conservation and biodiversity enhancement in collaboration with the Ministry of Forestry. They are also part of the Protected Areas Committee under the Ministry of Environment of which, the Ministry of Forestry is a member. All conservation efforts are addressed through this committee.

The Ministry has developed draft MOUs with NFMV, CI, WCS and IUCN which are ready for consultation phase before submission to Cabinet.

1.3 Forests Inventory

The 2014 Audit Report had recommended the Ministry of Forestry should ensure that the results of the National Forest Inventory (NFI) conducted in 1969 are made available on the Ministry's website for ease of reference by members of the public.

During the follow-up audit, the Ministry has yet to upload on its website any of the three National Forest Inventory Reports for the 3 NFI conducted.

The Committee was informed that the Ministry is engaging a consultant to complete the National Forest Inventory (NFI) Report which will be published this year and will be uploaded on the Ministry's website. [*Evidence: TOR for consultant*]

1.4 Establishment of Procedures

The 2014 Audit Report had recommended the Ministry of Forestry develop procedures to ensure that the information obtained from timber harvesting operations from either native or plantation forest is incorporated into the NFI database. The procedure should be communicated to the relevant staffs to ensure consistency in its applications.

During the follow-up audit, the Ministry has not developed any NFI Standing Operating Procedures and there was no indication of timeline on the uploading of the NFI results onto the database.

During the inquiry, the Committee was informed that the Ministry of Forestry has an NFI Standard Operating Procedures and a copy of the SOP is annexed for evidence. [*Copy of the NFI SOP*]

The Committee was further informed that the Ministry is developing an Integrated National Forest Monitoring System (NFMS) framework that harmonizes the Timber Revenue System (report from the timber harvesting operations) and the Forest Information System (NFI) database. The system

will allow the online updating of all forest cover changes, i.e. removals (harvesting) and reforestation/afforestation data. A copy of the signed contract for the Consultant is attached. [Evidence: Signed Contract]

1.5 Mangrove Management

The 2014 Audit Report had recommended the Ministry of Forestry advocates for permanent conservation of mangroves through prohibition of commercial harvesting.

During the time of the audit was conducted, it was noted that the commercial harvesting of mangrove is restricted by the Ministry of Forestry through a circular distributed by the former conservator and through the draft Mangrove Management Plan (MMP). The Conservator of Forests participation through the Mangrove Management Committee and the Protected Area Committee is a platform where the Ministry creates awareness on mangrove conservation.

During the inquiry, the Committee was informed that the Ministry has implemented the Forest Policy as far as the mangrove management is concerned. All commercial harvesting of mangroves ceased since 2014 upon the directive from Ministry of Lands, who manages foreshore lands on behalf of Government. It should be noted that the Ministry of Forestry no longer issues any licenses for harvesting mangroves. The Ministry will now formalise the ban in collaboration with the Ministry of Lands.

Additionally, the Ministry, in partnership with other agencies, has been developing alternative livelihoods for communities close to mangrove forest areas, through the International Timber Trade Organisation (ITTO) project, and is an active member of the Mangrove Management Committee, with all the Civil Society Organisations (CSOs) and the Ministries of Environment, Lands and Fisheries. We are collaborating for the sustainable management and protection of mangrove forests.

1. INTEGRATED FOREST RESOURCES MANAGEMENT

This section seeks to establish whether the Ministry of Forestry has addressed the issues raised with regards to the implementation of the required policies and actions outlined in the Fiji Forest Policy Statement 2007 pertaining to integrated forest resources management.

2.1 Management Plans

The 2014 Audit Report had recommended that resource owners of Bouma Forest Park are required to review the forest management plans for Bouma Forest Park and that the review should consider the requirements of the Environment Management Act (EMA).

The audit noted that the Bouma Forest Park is community owned and it is a preserved area untouched and undisturbed, thereby the EMA is not applicable as the requirements under the Act are only appropriate for forest harvesting activities.

The Committee was informed that the Ministry of Forestry in collaboration with CSOs, management plans had been developed for the following:

- (i) National Trust of Fiji for the Bouma Forest Park [evidence is annexed];

- (ii) Colo I Suva Forest Park [work in progress by the Ministry]; and
- (iii) National Trust of Fiji, CI, and FAO for the Sovi Basin [evidence is annexed].

It should be noted that all Management Plans now adopts the provisions of the EMA 2005. The Ministry had made its contribution through the submission of information and maps to the Mangrove Management Committee (MMC). The Ministry will follow up with the Ministry of Lands on the progress of this Mangrove Management Plans and be finalised.

2.2 Strategic Harvesting Plans

The 2014 Audit Report had recommended that all woodlots submit strategic harvesting plans covering 2 years as required under the policy. The Ministry responded that the licenses are given based on the areas to be harvested provided on the Management Harvesting Plans. Most woodlots completed their harvest in less than six months and 2 years is an unrealistic timeframe. The Conservator of Forests has the prerogative to give licenses based on the compliances to the Fiji Forest Harvesting Code of Practice (FFHCOP) and other forest legislation.

The audit noted that most licenses given were based on Management Plan of the proposed harvest areas. The duration of most woodlots harvesting management plan are within 1 year or less. Therefore road making activities are within the harvesting timeframe and not exceeding it, as wood lots and land owners have other planting options.

The Committee was informed that the Ministry is already accommodating this by verifying the volume of forest resource in a particular woodlot, which subsequently determines the duration of license issued. The 1992 Forest Act (Section 11) has provisions for duration of licenses to be determined based on the forest resources available and the post- harvest land use. The duration can be up to 30 years. Additionally, the Ministry of Forestry is working on creating a supportive forestry governance to enable forest management, which includes the Strategic Harvesting Planning.

2.3 Forests Management System

The 2014 Audit Report had recommended the Ministry of Forestry works towards completing all relevant activities to ensure that the regulation concerning the selection of silvicultural system is issued. The Ministry of Forests responded that it currently used the Diameter Limit Table (DLT) provided in the iTaukei Land Trust Board (TLTB) Forest regulation and the silviculture prescription in the FFHCOP as medium of silviculture regulations. A DLT were developed and presented to forest stakeholders in which most of them do not wish to adopt it as they disagree with some of the diameter limits stated within it.

The audit noted that the proposed developed extended DLT were rejected by Forestry stakeholders when presented as they disagree with some of the increase in the diameter limits stated within it. Currently the TLTB DLT is the current legislated regulation regulating DLT and allowable cuts.

The Ministry advised that the in collaboration with German Technical Cooperation (GIZ) is developing an implementation guideline aligned to the legislated Diameter Limit Table (DLT) under the Native Land Forest Regulation 1985. The implementation guideline had been field tested and

will be ready for implementation this year. The Ministry further advised that it is currently consulting the industry on this revised version. The consultation work program is attached. [Evidence: Consultancy Work program]

2.4 Plantations

The 2014 Audit Report had recommended that the Fiji Pine Limited (FPL) is requested to integrate assessment of the needs for silvicultural treatment measures in its harvest management plan for the period after 2016 following expiration of the current plan. The Ministry of Forestry should develop and issue guidelines and standards for silvicultural treatment in natural forests once the land use plan is finalized.

The audit noted that Fiji Pine Limited has its own Forest Management Plan regulating its plantation compartment. The Review of FPL current management plan noted no programs had been established for the protection of remnant of natural forests in its plantation.

The Committee was informed that the Ministry has collated the data as a first step and will now proceed towards developing the management plans for both Taveuni and Colo-i-Suva. Fiji Pine Limited and Fiji Hardwood Corporation Limited have their own plantation management plans.

The Management Plans highlighted in the Operational Plan for 2019-2020 are for Conservation/Protected Areas. The Ministry has started to develop the management plans for Taveuni and Colo-i-Suva in collaboration with relevant CSOs. The development of such a Plan will address the Permanent Forest Estate Initiatives that the Ministry is currently working on. [Evidence: Operational Plan 2019-2020]

The Mahogany Industry Development Act 2010 (Section 1 of Schedule 2) states that: “*unless authorised by the Council, no person shall on any mahogany plantation land fell or extract timber other than mahogany timber*”.

2.5 Establishment of Steering Committee

The 2014 Audit Report had recommended that the Code of Practice Steering Committee should be fully functional. The Ministry responded that there was no scheduled timetable provided for the committee meeting. The Committee last met in 2016 and afterwards, there was no meeting. The Committee was dormant till the date of the audit was conducted.

The Committee was advised that with the appointment of the new Monitoring Officer (secretariat of the Committee), the Ministry will, this year, convene the Committee meetings with relevant stakeholders to help enforce the Fiji Forest Harvesting Code of Practice (FFHCOP).

2.6 Development, Endorsement and Review of the Forest Certification Standards

The 2014 Audit Report had recommended that the Fiji Forest Certification Standard should be finalized and put forward to Cabinet for endorsement. In its initial response by the Ministry, the Forest certification standard (FCS) was drafted and presented to Forests stakeholders but rejected the FCS, as compliance to the standards is an expensive and extensive exercise with huge financial implications.

The Committee was informed that the Fiji Pine Limited was certified in 2016 through the Forest Stewardship Council. The Ministry is now assisting Fiji Hardwood Corporation Limited with their certification process. The focus is on certification of plantation forests as they are managed forests. The Ministry has a draft national certification standard for natural forests and will continue to improve on this through alignment to the international standards (Forest Stewardship Council & Programme for the Endorsement of Forest Certification). [*Evidence: Fiji national forest certification*]

2.7 Charging of Fees for Processing and Monitoring of Licenses

The 2014 Audit Report had recommended that a fee structure is developed under Section 16 of the Forest Decree to account for the processing and monitoring of licenses conducted by the Ministry. The Ministry advised that the Harvesting Regulation incorporated with the reviewed fee structure was submitted to Ministry of Economy for vetting and the Ministry of Forestry is still waiting for the review to be finalised.

The Committee was informed that the Ministry is currently reviewing the fees structure that was initially submitted to Ministry of Economy and will make fresh submissions this year. However, the revised fee structure is attached. [*Evidence: Fee Structure*]

2.8 Log Scaling

The 2014 Audit Report had recommended that the Ministry of Forestry should works towards developing a regulation that governs the measurement of logs such as weighbridges for plantation resource. The Ministry advised that the log scaling rule is incorporated in the harvesting regulation which is yet to be reviewed and vetted by Ministry of Economy.

The audit noted that the Ministry stated it has a log scaling rule but this was not presented to audit when requested therefore the audit had not sighted and verified its context. The Ministry further mentioned in its response that it will be reviewing its draft Harvesting Regulations in November 2019.

The Committee was informed that a copy of the current log scaling rule is attached and is being used during harvesting operations. The log scaling rule will be incorporated into the Harvesting Regulations, which is currently under development. [*Evidence: Log scaling Rule*]

2.9 Environment Standards in Forest Management and Environmental Impact Assessments

The 2014 Audit Report had recommended that the Ministry of Forestry should clearly define the scope of the Environmental Impact Assessment (EIA) for the forestry sector and communicates this to all relevant stakeholders. The audit noted that the EIA for the Ministry is underlined in the FFHCOP, it is a reference point for EIA compliances assessment by the Ministry and communications are done through Ministry awareness programs.

During the public hearing, it was revealed that since 2013, 277 individuals have been trained on the FFHCOP. The targeted audiences are the logging contractors, resource owners, forest warden and staff of the Ministry in all 3 Divisions. Evidence of the Monitoring & Training Reports for the following sessions is annexed herein.

(i) *Forest Warden Code Awareness Training Course – 27 trained*

(ii) *Forest Training Centre 2016 August to July 2017 Annual Report – 26 trained*

(iii) *Forest Training Centre 2015 Annual Report – 224 trained*

Certification for accreditation issued to participants attending the abovementioned training is for a 5-year period.

2.10 Non-Wood Forests Products

The 2014 Audit Report had recommended that the Ministry of Forestry should develop a Management Plan for Non-Wood Products in Fiji. The audit noted that there was no timeline provided for the preparation of Non-Wood Management Plan. The plan will be carried out once funding availability is approved and it's a costly and timely exercise.

The Committee was advised that under the Ministry's research on wood and non-wood, it has completed 2 non-wood forest commodities which are bamboo and coconut. The Ministry is currently developing a report on potential non-wood forest products through:

- a) Classification (e.g. food, medicine, fibres, biomass, resins & oils)
- b) Conservation
- c) Management
- d) Processing & Marketing
- e) Community involvement & Livelihood

The more focussed work of the Ministry is planting of the *Calophyllum* ("Dilo"), *Candlenut* ("Sikeci") and *Sandalwood*. Conservation areas are set aside for naturally grown sandalwood as well as other species for conservation and natural regeneration. The Ministry is about to complete its Sandalwood inventory to gauge the varieties and distribution nationwide.

The Ministry recently received endorsement from Cabinet on the development of Bamboo in Fiji and for the setup of a National Bamboo Training Centre which will enhance the potential uses of bamboos, thus reducing pressures on our natural forests.

2. INSTITUTIONAL FRAMEWORK AND HUMAN RESOURCES

This section seeks to determine whether the Ministry of Forestry has addressed the issues raised in respect to implementation of required policies and strategies in the Fiji Forest Policy Statement 2007 relating to institutional framework and human resources.

1.1 Forest Board

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that the Forestry Board is appropriately planned and that meetings are conducted yearly as required. The Ministry's initial response was that the review was yet to be done in the Forests Regulations in order to address the duration of the meeting. During the hearing, the Committee was advised that the Forestry Board term expired in 2018. Prior to that, the Minutes of Forestry Board Meetings and Board Papers are available for perusal. Copies of the minutes are annexed in this report.

The Committee was further informed that the Members of the Forestry Board as per the 1992 Forestry Act are:

1. the Conservator of Forests who shall be chairman;
2. the Permanent Secretary of Primary Industries or his representative;

3. the Director of Town and Country Planning or his representative;
4. seven other persons appointed by the Minister of whom:–
 - (i) one shall represent the Native Land Trust Board
 - (ii) one shall be a member of the Land Conservation Board:–
 - (iii) being persons not holding any State Office of emolument, shall represent land owners, forest owners, forest users, forest industry and the public interest.

1.2 National Forest Program

The 2014 Audit Report had recommended that the Ministry of Forestry should revise the National Forest Program after taking account of actions that have been implemented. The timelines for the implementation of actions should be appropriately defined in the revised program. The Ministry advised that the Strategic Development Plan (SDP) is already incorporating all outstanding actions of the Ministry of Forests.

The Committee was informed that the National Forest Program 2010-2012 has been weaved into the Ministry's Strategic Development Plan 2017-2030. The SDP also takes into account the National Development Plan priorities which is translated into the Operational Plan and monitored internally by the Ministry. [*Evidence of the OP, SDP & National Forest Program is attached*]

1.3 Forestry Legislation(s)

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that the Cabinet Memorandum is submitted to cabinet at the earliest to facilitate the enactment of the Forest Act. The Ministry advised in its initial response during the time this audit was conducted was the Forest Bill was referred to the Natural Resources Committee on 3 May 2016 and is yet to be tabled in Parliament.

The Committee was informed that the Forestry Bill has had 2 readings in Parliament, however due to the Parliament reconvening in November 2018 the Ministry was advised by the Solicitor General's Office that the Bill will be submitted as a new submission to this Parliament. The Ministry has taken this opportunity to align its Bill to some provisions in the Climate Change Bill, with the intention to table the Forestry Bill this year.

1.4 Forest Administration

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that public awareness on forest legislation and regulations is conducted once the Forest Act is enacted. The Ministry advised that the awareness were conducted through Commissioner's Offices Integrated Approach as well as through several Inter-Ministry Committees.

During the public hearing, it was revealed that the information is captured in Consultation/Feedback Reports and issues raised or requests made are implemented at respective Divisions. The Ministry is taking a renewed approach in ensuring that issues and concerns raised are addressed. [*Evidence: Minister's latest consultation report*]

1.5 Seeking International Assistance

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that it works towards seeking assistance from international or regional development agencies to review the structure, administrative procedures, resources and revenue streams of the Ministry. The Committee was informed that a review has been conducted by the World Bank and the report is currently with the Attorney General's Office and the World Bank Office and is yet to be received by the Ministry.

The Ministry advised that it had presented the Emission Reduction Program Document (ERPD) to the World Bank in June 2019, which has been accepted and expected to begin after the Emission Reduction Program Agreement (ERPA) signing in April 2020. A copy of the ERPD can be accessed through the FCPF website (www.forestcarbonpartnership.org)

The Emission Reduction Program has identified 20 districts in which carbon enhancement activities will be implemented, which includes reforestation, afforestation, biodiversity conservation and climate smart agriculture. In 2016, the Minister for Economy signed the Letter of Intent and recommendations have been incorporated in the ERPD which will be implemented after the signing of the ERPA. In partnership with CSOs such as NFMV, CI, WCS and IUCN, the Ministry of Forestry is preparing funding applications to international agencies.

1.6 Associations

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that it works towards assisting in the establishment of the Forest Industry Association, Resources Owners Association and Forest Professional Associations. The audit noted that the Forest Industries Association was said to be established however neither any formal evidence of meeting minutes nor TOR of the committee members were presented for audit. The Resource Owners and Forest Professional Association are yet to be formed. Also, no timeline was given to form these two associations.

The Ministry revealed that the Fiji Saw Millers Association has been in existence since the 1980s and looks after the interests and concerns of the industry and the Ministry over the years has been consulting with the Association. Minutes of the meeting is attached. The Ministry recognizes the Yaubula Management Support Team (YMST) established under the 14 provincial offices and which are community-based organisations that help to manage, protect and ensure the sustainable management of their respective natural resources. The Ministry of Forestry, in collaboration with Secretariat of the Pacific Community (SPC), had attempted to develop a Foresters' Association; however this did not eventuate due to lack of financial support. The Ministry will consider the development of a Farmers' Association in future when the Reforestation/Afforestation Framework is in place.

1.7 Extensions

The 2014 Audit Report had recommended that the Ministry of Forestry should initiate the formation of the domestic integrated extension teams. The Ministry revealed that it has decentralised the Extension Division to ensure that Forestry services are easily accessible to all and that Ministry is involved through Agroforestry integrated Models. The audit noted that the Extension Division has

been decentralised to ensure that Forestry services are easily accessible to all and that Ministry is involved through Agroforestry Integrated Models.

The Committee was informed that the Ministry of Forestry has formed:

- a) the Reducing Emission from Deforestation and Forest Degradation (REDD+) Steering Committee – Emission Reduction Program (2020-2025); and
- b) the International Tropical Timber Organisation (ITTO) Steering Committee – Coastal Rehabilitation Program

Moreover, the Ministry is part of the Integrated Rural Development Program under the Ministry of Rural and Maritime Development. It works with other government agencies under the leadership of the Divisional Commissioners to develop and implement Divisional level Plans.

1.8 Subsidized Production of Nursery Seedling

The 2014 Audit Report had recommended that the Ministry of Forestry should ensure that it is working towards phasing out its subsidized production for all nursery seedlings and changes the full commercial price. The audit noted that the Ministry has been supplying seedlings to communities upon requests. Communities meeting these states requirements in order to be provided with nursery seedlings.

The Ministry advised that it has registered community owned and private nurseries throughout the 3 divisions to enable them to supply seedlings for plantings in their own land or in other areas marked for planting. It has enabled communities and private nursery owners to benefit financially from the sale of the seedlings. Training has also been conducted to nursery owners on how to raise seedlings. The Ministry has also assisted some new nursery owners in the procurement of their nursery materials.

1.9 Forestry Training and Education

The 2014 Audit Report had recommended that the Ministry of Forestry should work towards conducting a review of the viability of its training centre. The Ministry advised that a review was conducted in 2016 by the Fiji Higher Education Commission and the training centre is accredited with development and implementation of new curriculums such as Diploma in Biodiversity Conservation offered at FNU. Furthermore, the audit noted that the training centre has been registered and is being accredited as well. Application of accreditation was not provided for audit review hence the audit could not ascertain the validity of the accreditation done.

During the hearing, the witness revealed that the Ministry of Forestry's Training Centre received its accreditation in December 2018 and is working towards the accreditation of its courses and the Trainers. The evidence of the Accreditation Certificate is annexed therein.

RECOMMENDATIONS – MINISTRY OF FORESTS

The Committee in its review recommends the following:

- 1. The Land Use Plan should be finalized in consultation with the Ministry of Economy Strategic Planning Unit.**
- 2. The Committee notes that efforts of the Ministry of Forests in mitigating climate change resilience by ensuring no deforestation in areas with an elevation of not more than 30 Degrees incline.**
- 3. The Committee notes the efforts of the Ministry in collaborating with the various CSOs namely Nature Fiji/Mareqeti Viti, Conservation International, Wild Life Conservation Society, National Trust of Fiji, Soqosoqo Vakamarama, International Union for Conservation of Nature (IUCN) and Grace TRI FAM. The Committee recommends that the Ministry should facilitate the signing of the Memorandum of Understanding between Nature Fiji/Mareqeti Viti, Conservation International, Wild Life Conservation Society and International Union for Conservation of Nature (IUCN).**
- 4. The Ministry needs to formulate a digital platform through digital Fiji Programs to ensure all relevant data is safely uploaded for proper records management.**
- 5. The Committee commends the work of the Ministry of Forestry for coming up with the Management Plans for conserving the forest in areas such as Bouma Forest Park, Colo-i-Suva and Sovi Basin. The Committee therefore recommends that the Ministry considers engaging with relevant stakeholders for additional conservation or preservation of forest parks.**
- 6. The Committee concurs with the recommendations provided by the Office of the Auditor General and the Committee commends the work of the Permanent Secretary and the staff in implementing the recommendations of the Auditor General and further recommends that the Ministry to expedite the implementation of the remaining outstanding recommendations.**

SUSTAINABLE DEVELOPMENT GOALS

MANAGEMENT OF RURAL ELECTRIFICATION PROGRAM

Ministry of Infrastructure, Transport, Disaster Management and Meteorological Services

Awareness of the SDGs, NDP, SDP and OP within Ministries

The Ministry's Strategic Development Plan (SDP) is closely aligned to the 5 year & 20 year NDP and other National planning frameworks of Government. These national planning documents contextualize Governments commitments as enshrined in the SIDS Accelerated Modalities of Action (SAMOA) and SDGs. At the Department level, the Costed Operational Plan (COP) highlights the department's Annual Work Program as per the allocated budget. This is further broken down into the Operational Level Agreement (OLA) of individual staff. These targets are thoroughly discussed with individual staff and how it contributes to the Department, Ministry, National & International targets and commitments.



Monitoring of the NDP and the SDGs

The OLA of individual staff contributes to the achievements of the Departments COP, Ministry's SDP and progressively to the national and international commitments. These are programmed to individual staffs key performance indicators which are regularly monitored through monthly and quarterly briefings.

Capacity Assessment for an Integrated and Coordinated Decision Making Process on SDGs

At the Department level, we provide monthly progress report on the Department COP. In addition, the Department submits the Quarterly Performance Progress Report (QPPR) to the Ministry of Economy on the achievements for each quarter.

Agency for Reporting of the SDGs and NDP

The Ministry is part of the Project Coordination and Planning Committee (PCPC) headed by Ministry of Economy. The other members include Fiji Roads Authority, Water Authority of Fiji, Energy Fiji Limited, Land Transport Authority, Telecom Fiji Limited, Housing Authority of Fiji and others. One of the key objectives of the meeting is to monitor and discuss the overall progress of the infrastructure development in the country. The meeting is held on a monthly basis. There needs to be proper coordination and consultation on all existing and future infrastructure developments with the key stakeholders. In addition, there needs to be an integrated infrastructure master plan for Fiji.

Challenges involved in domesticating the SDGs

Government have set very ambitious target in the 5 year & 20 year NDP to achieve 100% electricity access by 2021 and to increase our Renewable Energy target to 100% by 2036. The Committee was advised that the Department is not sufficiently equipped to achieve these targets on its own but will require a concerted and holistic partnerships and coordination with all stakeholders. The Department has been working collaboratively with regional and international partners such as SPC, GIZ, JICA, KOICA, GGGI, WB, IRENA, ISA to address barriers confronting the energy sector.

Coordinating Agency for Monitoring and Reporting of the SDGs and NDP

The Committee was informed that the Ministry of Economy is coordinating the implementation of the SDGs. One of the roles of the lead agency is to ensure that the existing policies and plans integrate and harmonize. In addition, they should also coordinate and ensure that funding received by Government are properly channeled and put to optimum use.

Fijian Government Initiatives in Support of the SDGs

Government has signed and ratified a number of international framework agreement and commitments. These include the Paris Agreement, International Solar Alliance Framework Agreement, IRENA Framework Agreement and amongst others. These agreements set very strong foundation and a vehicle for Government to achieve its international commitments and targets.

Institutional Arrangements for Engaging CSOs

The Department is working in collaboration with the Financial Institutions through the Sustainable Energy Financing Program (World Bank Program) to provide financial assistance for customers interested to use renewable energy technologies. In addition, we have the Solar Mama Program which engages rural women to install solar program in rural villages and settlements. Our local tertiary institutions have also carried out scientific research and monitoring of the different technologies that can be applied locally.

At the sub-national level, the Department has been providing awareness through the Provincial, District Advisory Council Meetings and even road shows on the assistance provided by Government to promote the use of renewable energy technologies. One of the biggest challenges is on the accessibility of the funding assistance. The process and requirements provided for by the Financial Institutions is too rigid for rural communities to access.

The Department has undertaken a number of researches with donor partners and tertiary institutions on the energy sector. These include but not limited to the Electric Vehicle Study done by United Nations Economic & Social Commission for Asia and the Pacific (UNESCAP), Hybrid training for Fiji by JICA, Grid Integration Stability Study by IRENA and others. In addition the Department outsource all its capital projects to private companies. These include supply and construction works. Communities are trained to operate and maintain these projects.

International Best Practices and Benchmarking

The Ministry firmly believes that it needs to learn from other countries and also encourage knowledge sharing, trainings and forming partnerships and best practices in this area of rural electrification.

Energy Fiji Limited

“Electricity seems to have an overarching impact on most of the SDGs”

- EFL is responsible for the generation, transmission, distribution and retail of electricity in the larger islands of Viti Levu, Vanua Levu, Ovalau & Taveuni, which accounts for approximately 90% of the country's population.
- Uniform tariff rates are charged for electricity used by each consumer group, determined by the Fijian Competition & Consumer Commission (FCCC) in consultation with Government.
- EFL Electricity Rates are the cheapest in the South Pacific Islands and to most parts of Australia & New Zealand.
- EFL meets the annual electricity demand with 50% - 65% of clean/renewable energy – past 10 years
- EFL envisages to inject more diversified renewable energy (Hydro, Solar & Biomass) into the EFL grid in the years to come.

Electricity Access - Government plans to achieve 100% access to basic electricity for all Fijians by 2021.

Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Customer Numbers	150,724	155,912	159,017	162,656	167,017	171,939	174,530	182,439	194,404	199,020
Annual Growth		3.44%	1.99%	2.29%	2.68%	2.95%	1.51%	4.53%	4.37%	4.53%

- Customer Account Growth – Last 10 years average growth rate is around 3.14%
- Currently stands at 200,094 (End of February, 2020)

National Development Plan – Renewable Energy Targets

Renewable Energy Target - Fiji envisions to meet its electricity needs from renewable sources as follows: 81% by 2021, 90% by 2026, 99% by 2031 & 100% by 2036.

EFL Renewable Power Stations

1. Monasavu Hydro Electric Scheme – 72MW with anticipated generation of 400GWh/annum
2. Nadarivatu Hydro Electric Scheme – 44MW with anticipated generation 101GWh/annum
3. Butoni Wind Farm – 9.9MW with anticipated generation of 5GWh/annum
4. Wainikasou Hydro Electric Scheme – 6.6MW with anticipated generation 26GWh/annum
5. Nagado Hydro Electric Scheme – 2.8MW with anticipated generation of 12GWh/annum
6. Wainiqueu Hydro Electric Scheme – 0.8MW with anticipated generation of 2GWh/annum
7. Somosomo Hydro Electric Scheme – 0.7MW with anticipated generation of 2GWh/annum

EFL's Power Development Plan

- EFL reviews its 10 year Power Development Plan (PDP) every 2 years.
- The ten (10) year power development plan contains the load forecasting and power generation planning scenarios up to 2026 for Viti Levu, Vanua Levu, Ovalau and Taveuni Power Systems with associated network assets to be augmented/developed and the investment plan required to implement this 10 year Power Development Plan.
- It is estimated that the total funding to execute the 10 Year Power Development Plan will require an investment of around FJ\$2.4B
- Development of Power Generation Projects - F\$1.6B
- Transmission & Distribution Power Network - F\$0.8B
- EFL expects the private sector to invest in the Power Generation Sector as Joint Venture (JV) Partners, Independent Power Producers (IPP) or on a Private Public Partnership (PPP) basis.
- Ongoing discussions with prospective IPPs to develop various Renewable Energy technologies i.e. Biomass/Waste to Energy Projects, Solar Projects & Hydro Projects.

Fijian Government Initiatives in Support of the SDGs:

RENEWABLE ENERGY PROJECTS

Operational Renewable Energy Plants

- Biomass
 - TWIL supplies up to 6MW and 12M - 15M units of electricity per annum
 - FSC supplies energy to the EFL grid during the crushing season from their Lautoka & Labasa Sugar Mills
 - Nabou Green Energy Limited has a 10MW plant and started feeding into the EFL grid since July, 2017

- Solar – surplus energy from solar roof-top installations are currently fed into the EFL grid at an agreed upon price between EFL & the individual customers and the number keeps increasing – presently 166 customers

Prospective Renewable Energy Projects – Viti Levu

EFL has plans to develop the following renewable energy schemes:

- (1) Biomass – Waste to Energy Plant by utilizing municipal waste – via JV, IPP or PPP model
- (2) Solar – 3 x 5MW (without batteries) – via JV, IPP or PPP model in North Western Viti Levu (Sigatoka to Rakiraki corridor)
- (3) Hydro – Upper Wailoa/Qaliwana Diversion Project & the Lower Ba Project.
Presently European Investment Bank is carrying out full feasibility studies for the first project. The final feasibility report will be completed by July, 2020. Furthermore, the intention is to carry out full feasibility studies for the Lower Ba Project as well on completion of the above.
- (4) Hydro – Namosi Hydro Project
- (5) 3 Hydros in Namosi with a total capacity of 32MW and anticipated total energy output of 120M units per annum. Feasibilities completed, EIA obtained & land has been acquired by EFL for this Project.

Prospective Renewable Energy Projects – Vanua Levu

- There are two independent power systems in Vanua Levu – Labasa & Savusavu
- EFL had called for Expressions of Interest for the Development of Grid Connected Renewable Energy Projects in Vanua Levu, covering both Labasa & Savusavu Power Systems – Opportunities for either JV, IPPs or PPP
- There is also an opportunity for the establishment of a independent mini grid in the township of Nabouwalu.

Prospective Renewable Energy Projects – Ovalau

- The entire island of Ovalau is electrified with fossil fuel generation.
- The present peak demand in Ovalau is 1.6MW
- The largest customer in Ovalau is PAFCO with a peak demand of 1.2MW
- Study has been undertaken for a Solar Hybrid Plant by a Korean Company
- EFL will be calling for expressions of interests soon in this regard.

Prospective Renewable Energy Projects – Taveuni

- EFL entered the island of Taveuni in December, 2017.
 - Presently only 30% of the island is electrified.
 - The remaining 70% will be electrified over the next 2 years.
 - The present demand on the island is 340kW and it is anticipated that the demand will increase to 2.4MW once the entire island is electrified by extending the grid.
 - The present power generation is as follows:
 - ✓ Somosomo Mini Hydro – 700kW
 - ✓ Waiyevo Diesel Plant – 2 x 1MW
 - ✓ The Mini Hydro Scheme is able to cater for the present demand of 340kW practically throughout the year
 - Through grant aid, KOICA is in the process of developing a 1MW Solar PV Plant with 400kWh battery capacity to be connected to the grid. This project is anticipated to be completed by December 2020.
 - The prospect for further development is to establish renewable energy schemes of around 1.5MW to 2MW based on the demand growth as the grid is extended over the next 2 years.

PROGRESS OF IMPLEMENTATION OF POLICIES AND STRATEGIES IN THE FIJI FOREST POLICY STATEMENT 2007



Ministry of Forestry

Awareness of the SDGs, NDP, SDP and OP within Ministries

The Ministry had developed its Strategic Development Plan 2017-2030 which encompasses Fiji's 5 years & 20 years National Development Plan, the 2030 Agenda - the Sustainable Development Goals (SDGs) and the SAMOA Pathway, including the United Nations Forum on Forests (UNFF) Strategic Goals (6 of them), which are also related to SDG's. The initiatives in the SDP are implemented annually in the Ministry's Operational Plan which each staff obtains a copy and made aware of their deliverables as per the Plan through their unit plans and individual work unit plans. Apart from each staff receiving a copy of each of the Ministry's Plans, copies are also available for online in the website (www.forestry.gov.fj) for ease of access from any location. Additionally soft copies were emailed to all staff.

Divisions conduct their weekly meetings to keep the staff informed of the national priorities to be delivered and also to provide updated on their implementation status. Divisions provide weekly updates on their achievement which are consolidated for weekly HOD meetings and reports are perused by senior management for their information and also issues requiring intervention. In addition to this, the Planning Unit does its quarterly/ bi-annual monitoring of the Plans and presents to the Divisions of the overall achievements.

Agency for Reporting of the NDP and the SDGs

The Ministry also fills the NDP Monitoring template (bi-annual) sent by Ministry of Economy to gauge the implementation status of NDP initiatives under the Forestry Sector. The Ministry is part of the interagency co-ordination mechanism through its submission towards the Voluntary National Reporting (VNR) of the SDGs to the Ministry of Economy (focal point). The last meeting was held in 2019 to validate the Fiji's VNR. Suggested improvements were:

- a) Improvement in the reporting template;
- b) Training & Awareness; and
- c) More regular meetings.

Capacity Assessment for an Integrated and Coordinated Decision Making Process on SDGs

The Ministry of Forestry is redefining its core roles and re-organising the structure to address its core functions. The Ministry is continuously improving its forest management and decision-making capacity. Tertiary education of its staff requires significant time, as well as to put the expertise into practice. This is part of the intention of the MOUs in development with the Fiji National University (FNU) and the University of the South Pacific (USP).

Coordinating Agency for Monitoring and Reporting of the SDGs and NDP

The Ministry of Forestry strongly believes that the Ministry of Economy should be the lead government agency for coordinating SDG implementation, into which all its Ministries play a part to sustainably develop their respective sectors, in collaboration with all the relevant stakeholders in Government and civil societies.

Fijian Government Initiatives in Support of the SDGs

The Ministry of Forestry updates and reviews its institutional setup (beyond the SDGs lead agency) through its membership in the United Nations Forum on Forests (UNFF) and the UN Strategic Plan for Forests (2017 – 2030), whilst addressing its commitments under the forestry related conventions such as the United Nations Convention on Biodiversity (UNCBD), United Nations Convention to Combat Desertification (UNCCD), United Nations Framework Conventions on Climate Change (UNFCCC) and International Labour Organisation (ILO).

Initiatives and Challenges involved in domesticating the SDGs

The Ministry of Forestry through its core role of sustainable management of the nation's forest resources encourages the integrated partnership and participation of all citizens at the provincial, district and community level through:-

- (a) 30 Million Tree in 15 years program – over 1 million trees planted in 2018/19; target for 2019/2020 is 2 million trees;

- (b) Emission Reduction program – 20 districts identified that will impact the most marginalized communities through carbon trade and alternative livelihood ventures;
- (c) Coastal Rehabilitation through the ITTO project – rehabilitation of coastal plains of the Rewa and Tailevu deltas, improve community livelihoods through an alternative income stream (shrimp farms, piggery and tree nurseries);
- (d) Maritime Pine Development Program – supply of harvesting and processing machines and equipment for the Gau, Cicia, Kadavu and Lakeba; and
- (e) Sandalwood Development Program – establish 120 hectares spread throughout the 14 provinces including Rotuma.

Adequate level of funding has been the main challenge. The Ministry is pursuing alternative (external) funding sources, e.g. Green Climate Fund (GCF).

The Ministry of Forestry engages: -

- (a) Civil Society Organizations - awareness raising campaigns, community consultations and education;
- (b) Scientific community – research, assessments and survey; and
- (c) Private sector – tree planting (reforestation), nursery and seedling supply.

Institutional Arrangements for Engaging CSOs

These partnership encourages these sectors to contribute towards the implementation, review and monitoring of the SDGs.

International Best Practices and Benchmarking

The Ministry is currently working on its global scan, looking at countries that have the best sustainable forest management practices and try to forge partnerships with the selected countries. Current MOUs that the Ministry has with other countries are China and Indonesia. Costa Rica is one of the countries that the Ministry of Forestry is developing a relationship with for the formulation of an MOU to create sustainable financing mechanisms such as the payments for forest ecosystem services. *A copy of the cabinet paper & Costa Rica Report is annexed herein.*

CONCLUSION

Overall, the Department of Energy has made considerable progress in addressing the underlying issues which were identified during the 2014 Audit. The regular monitoring and inspection of projects under the Rural Electrification Program are to be maintained.

With regards to the progress of implementation of policies and strategies in the Fiji Forest Policy Statement 2007, the Ministry of Forests has made considerable effort to address most of the issues raised in the 2014 performance audit report. However, the Ministry of Forests needs to implement those recommendations that are left to be addressed. Therefore, it is important that the Ministry of Forests continue with its efforts to improve its collaboration with its key stakeholders. In particular, it should continue to engage with woodlots, plantation owners, community members, Fiji Pine Limited (FPL) and Fiji Hardwood Corporation Limited (FHCL) as well as other stakeholders. This in terms of providing education, training and awareness programs as well as resource material, stakeholders and the communities are enlightened and educated on the need to protect and preserve our forests. In this regard, this would promote well management of the forests as well as ultimately achieve sustainable development in the forestry sector.

We, the undersigned Members of the Standing Committee on Public Accounts agree with the contents of this report:



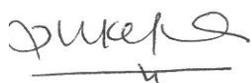
.....
Hon. Alvick Maharaj
(Chairperson)



.....
Hon. Joseph Nand
(Deputy Chairperson)



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Hon. Vijendra Prakash
(Member)



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Hon. Ro Teimumu Kepa
(Member)



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Hon. Aseri Radrodro
(Member)

APPENDICES

**APPENDIX 1:
PUBLIC ACCOUNTS COMMITTEE QUESTIONS**

APPENDIX 2:
WITNESSES, VERBATIM REPORTS AND
PUBLISHED WRITTEN EVIDENCES

WITNESSES & VERBATIM REPORTS

The names of the witnesses representing the Ministry who had appeared before the Public Accounts Committee is available on the parliament website. Copies of the verbatim reports can be viewed from the link provided: <http://www.parliament.gov.fj/committees/standing-committee-on-public-accounts/>

PUBLISHED WRITTEN EVIDENCE

Copies of the written evidences and supplementary responses from the 3 Ministries is accessible on the Parliament website on the link provided: <http://www.parliament.gov.fj/committees/standing-committee-on-public-accounts/>