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### PUBLIC ACCOUNTS COMMITTEE PUBLIC HEARING

2016/2017 Audit Report on Statutory Authorities

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**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE PARLIAMENT PRECINCTS (WEST WING), GOVERNMENT BUILDINGS, SUVA, ON MONDAY 23<sup>RD</sup> SEPTEMBER, 2019 AT 1.05 P.M.**

**Interviewee/Submittee: Public Rental Board (PRB)**

In Attendance:

1. Mr. Patrick Veu : Acting General Manager
2. Ms. Shalin Lata : Finance and Administration Manager

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DEPUTY CHAIRPERSON.- Good afternoon, everyone. Under the directive of the Chairman, Honourable Alvick Maharaj, who is in attendance today, I will be chairing today's deliberation and submission by the Public Rental Board. I also welcome the members of the media fraternity and members of the public.

(Introduction of Committee Members by the Deputy Chairperson)

MR. P. VEU.- Honourable Chairperson and Honourable Deputy Chairperson, Honourable Members, thank you for the opportunity to present this afternoon. May I introduce part of the team: our Finance and Administration Manager, Ms. Shalin Lata, she is also the Board Secretary; and my name is Patrick Kositino Veu, I am the Acting General Manager.

On the presentation this afternoon, we have summarised the reports from 2016 and also 2017 looking at the relevant issues, and concluding with the snapshots of our P&L as well as the balance sheet. These are the Acts that basically saw the establishment of the Board in 1989 under the Housing (Amendment) Decree No. 12 to manage the rental operations of the Housing Authority.

I believe there was a study undertaken by the World Bank recommending that the rental operations to be separated from the Housing Authority. On the establishment, the new entity, Public Rental Board was allocated around 1,700 rental units together with a debt of \$20 million. The Board was mandated to sell off the rental properties and to service the FNPF loan and close shop. However, during the years, there was demand for rental housing by the general public and Government took over the servicing of the debt in 1996, hence the Board decision not to sell any further rental flats. In 1996 as well, the Board was declared a Commercial Statutory Authority, meaning that it has to provide planning documents to the line Ministry as well as the Ministry for Public Enterprise.

For the Public Rental Board, we have been providing planning documents but, unfortunately, we have not been able to pay returns to Government throughout the years.

The Public Private Partnership (PPP) is something that we are exploring the options of having this on board so that developments can be undertaken through the PPP partnership.

Our Vision, Mr. Chairman, used to be "The leading provider of affordable, quality and appropriate rental housing for our customers". This is something that we continue ....

HON. A.M. RADRODRO.- Just on the main Acts, can you just reconfirm that PRB was not operating on any Act, any Public Rental Board Act or similar situation? It was just operating on the ....

MR. P. VEU.- Housing (Amendment) Decree No. 12 on its establishment.

HON. A.M. RADRODRO.- That has been the backbone of the entity from then till now?

MR. P. VEU.- Yes, till now.

HON. RATU N.T. LALABALAVU.- (Inaudible) 1989; a Decree in 1989? I suppose it has been regularised.

MR. P. VEU.- That was enacted so that the Board can separate and form the new entity; Public Rental Board then to run and manage the rental portfolio of the Housing Authority.

HON. RATU N.T. LALABALAVU.- I am sorry, Mr. Chairman. Why I am raising this issue is, the present Attorney-General hates listening to us mentioning “decrees”; he usually corrects us in the House saying, “it is now an Act.” That is the only question that I am raising, what Act is that now; Cap what now?

MR. P. VEU.- I will have to look at it.

DEPUTY CHAIRPERSON.- Provide the response later on.

MR. P. VEU.- Yes, we take note of that, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- You may move on with your presentation, thank you, Honourable Member.

MR. P. VEU.- This is our Mission. We believe in the Mission Statement we have been mandated to provide affordable rental accommodation to meet the demand that is out there. We will look at the current demand, it is quite huge and this is an area that we are looking at seriously so that we can accommodate the wait-listed applications that are out there. We provide non-commercial obligations as well and economic benefits to the tenants that we serve, the customers who are our tenants.

Like I mentioned earlier, we provide corporate plans to the line Ministry as well as the Ministry for Public Enterprise. Our corporate objectives, Honourable Members, we continue to encourage those who have been, for a period of time, with the Public Rental Board, and the income has exceeded the ceiling which is \$317 for other flats and \$481 maximum income for the Raiwai Project. We are looking at it seriously, we have served, I think, two rounds of notices. We are talking with Housing Authority so that these tenants can move to home ownership or rent with private rentals. We continue to maintain viable rents but it is affected by the rent freeze. Our income is strengthened, however, the cost of maintenance to our flats continues to escalate. This is something that we would like to see that the rent freeze is, or we can sort of review the rent.

We are dependent on Government for the grants for our capital projects as well as the subsidy assistance for those financially disadvantaged tenants. This is an area that we continue to look up to Government for the support of our capital projects.

Our corporate objectives, we have seen part of it in the last slide. On the Government grant, as well as the review of the current cost-structure that we have, we would like to assist Government when we have enough stock of rental accommodation in terms of the squatters that are out there. I think this is another area that we would like to do, but unfortunately, we do not have the stock right now.

That is basically the organisational hierarchy. We have a Board of Directors; there are five members and the Executive Department is managed by the General Manager and the two departments: Properties, Finance and Administration and also the Secretariat. That is the organisation chart. We have 50 permanent workers altogether and when we do projects, Deputy Chairman, we hire for a temporary

period. Sometimes the work force goes up to 100 to 120 when we have projects, but on completion of projects, we lay off the casuals or the workers employed basically for the projects.

There is a tenancy agreement that is there for every tenant that we have, it is for three years and we allocate flats for those who are earning up to a ceiling of \$317 or \$16,500 annually.

For the Raiwai Project, which we are servicing a debt through Government to the EXIM Bank of China, through the revenue that we collect, we charge rent of \$481 per week to those tenants only. Government provides us the rental subsidy every year since 1991.

In 2016/2017, we received a total of \$2 million (\$1 million per year) and it is allocated through the system according to the criterion reviewed in 2016. We will look at that criteria later. The Board charges rent and also subsidises via the grant. A subsidy is allocated in two folds: One is the social subsidy. For example, in Kalabu, the rent is \$80 as per the market but to make it affordable, we have been directed to charge \$50 for the rent. All our rents are up to \$50. The difference is as per social cost, so it is across the board for every flat (\$80) and \$30 is the social cost. Then when we allocate flats to the individual tenants, they come in with the income which we allocate again, the rent subsidy according to their income. We will look at that later.

That is the allocation criteria which we allocate subsidy to financially-disadvantaged tenants according to the income. So, for those who are earning up to \$150 in line three, they are supposed to pay rent equivalent to 11 percent of their income. For example, someone who earns \$150, for a flat of \$30, he pays \$15 roughly and the balance is paid by Government as rent subsidy. We have looked at this. We have a problem because if we can get these tenants immediately out then we can allocate the flats to the wait-list that we have.

We believe that over a period, some of the tenants have improved on their employment as well as some of their children had gone into the employment sector, so they are earning above the \$317 ceiling. Previously, we did not have appropriate housing developments done by the Housing Authority and other housing providers but we are grateful that Housing Authority has started to provide lots as well as they are looking at strata-type of units which we believe that our tenants can graduate to Housing Authority land or own strata units.

We believe that transitional housing would be fruitful if we continue to improve on our communication with stakeholders. Also, what we are doing now is looking at tenants who are residing in our flats, whether they are living in the right flats. Some who may be earning a bit more, they should be relocated to the right flats. We have a total of 1,602 flats as in 2017 and the demand that is there is around 900, so when you look at the stock versus the demand, it is quite a huge difference. We would like to improve on this area to have more units so that those who want to come in to the rental system can be accommodated. These are some of the units that we have recently completed; 48 in Naqere, Savusavu, 36 units in Kalabu and that is part of the Raiwai Project that has been completed in 2014/2015.

Because of the financial constraints, we were only able in the past 20 years or so to construct 495 units. We would have liked to construct say, 200 to 500 units per year, in order to meet the demand that is out there. These are the development projects that we have forecasted.

Right now, we are thankful to the Government for giving us \$3.6 million which we are developing Simla with 36 units. The work is above the foundation right now and we are looking at Davuilevu. Housing Authority is giving us around five acres, Newtown, Raiwaqa and Votua - a proposed yield of 630 flats at an estimated cost of \$4.3 million. This is our in-house costing, however we are talking very closely through Government with the IFC for PPP Projects, these are the proposals.

Those are the outline views that we have. For Raiwaqa, the vacant site where the ex-four storey is, Newtown, there is a vacant space that we have and also Simla which is currently in progress. The two, three-storeys closest to the camera is Simla Low-Cost Housing which is about 36 units; 18 flats per unit under construction.

We undertake general maintenance annually and in 2016, we completed old Kalabu flats – 71, Mead Road - 148, this is to do with the railings for the Mead Road upgrading.

In 2017, we completed 94 units. General maintenance is undertaken every five years.

Honourable Deputy Chair, the buildings are quite old and cost us to continue to maintain the properties.

These are the estates that we have recently completed, the general maintenance and site works, community halls. The Board has community halls in all 18 estates. The halls are used to supplement the small spaces that the tenants have. We also run kindergartens and study space for the children.

At the moment, in two of our estates, canteens are run by the owners who pay us rent for the canteens. One is at Raiwai and also the McFarlane Project. Those are some of the community halls that we have.

Like I have mentioned earlier, the Board faces a bit of a problem with funding of especially capital projects. We believe that existing tenants are a problem also for us as they continue to want to stay in the Public Rental Board. Rent is subsidised, some may have completed two terms of their tenancy agreement but when contacted, they still have not developed sufficient capital to move on to home ownership, this is one problem that we have.

(Inaudible)

MR. P. VEU.- Yes, previously maybe because the lots are quite expensive and Housing Authority and other providers have not been developing, but now they are developing and we see the tenants sometimes create their own communities within the estates; church communities, social, sort of, and it is a bit difficult for them to move out because the system is such that we cannot really evict tenants. We do that as the last resort and it is quite difficult. It is holding up on the wait list that is there.

I believe some education is needed for these tenants to be able to realise that there is something out there such as a property that they can own. For the way forward, we have construction, graduating of tenants. Graduating of tenants is quite cheap because you do not spend much money on developing, you just have them to spend three years, and get them to agree to have home ownership. If we do not do that and the cycle goes on, it will be affordable to the Public Rental Board.

(Inaudible)

MR. P. VEU.- We have a common bond at the moment for Housing Authority and Public Rental Board where they look at our issues. Right now in the Housing Authority developments, they have agreed that every development, they will give us a piece of land within the subdivision, so that is something that  
....

DEPUTY CHAIRPERSON.- That is a very good sign.

MR. P. VEU.- Yes, and also in our discussions and meetings in the estate, we continue to call Housing Authority so that they can explain what they have to offer to tenants so that they can move forward to home ownership as well. Those are some other things that we have.

HON. V. PRAKASH.- Is it only the Housing Authority that you are looking at or you are also looking at other developers who are trying to develop landowners and iTLTB, et cetera?

MR. P. VEU.- We have identified just recently five sites which we had requested the Lands Department and they have agreed to give us that. The Board has approved our submission and the Lands Department is working on the 99-year lease which is quite affordable to us. From the five sites in Suva, we are looking at two sites in the West which we feel that we can develop those sites for maybe terrace buildings which are more economical.

HON. V. PRAKASH.- That is quite a positive sign, that apart from Housing Authority, you are also stepping on to other areas that can be developed and people can afford to have a house.

HON. A.A. MAHARAJ.- Mr. Chair, through you, you said five sites in Suva, are you actually referring to Suva or the Central Division for those five sites?

MR. P. VEU.- Central Division, sorry, we have been liaising with the Lands Department and they have offered us 5 sites. I think the Minister had approved and the Lands Department is working on the leases. Our Board too has approved for us acquiring the sites and we are just waiting for the leases.

HON. A.A. MAHARAJ.- Sir, how many flats are you looking at if these five sites are developed?

MR. P. VEU.- Well, I am not really sure with the total but I think the bigger site is about 2.5 acres, so in that (2.5 acres), we would be able to develop around 150 rental units, and for the five sites, we should be able to develop may be a total of 300 to 400 units. But we have the land, we will now look at the cost of development.

With IFC, I believe they have the solutions for innovative designs as well as innovative materials so that can sort of reduce the costs. We are grateful for Government for the capital grant through the years. As we all know that in Raiwai, there was a loan of \$9 million through the Government to the Exim Bank of China which we have been able to reconstruct 210 units at Raiwai. We are looking positively at PPP and the subsidy that Government gives us every year.

I believe through the years, it has been \$1 million; in 2018, it increased to \$1.3 million; and for this current year, it has further increased to \$1.6 million grant towards subsidising the financially disadvantaged tenants. This is our rent arrears which is one of our problems as well.

For the Year 2017, the total was \$107,534. As we all know that we are looking at the lower end of the market, it is quite difficult when someone does not honour the payments on a weekly basis and to try to catch up with them is quite slow, because of the status of their income. The arrears is around 3 percent of the total revenue that we generate.

Our target for direct deductions is 80 percent, we want to increase it. We are looking at standing orders from the various banks which our tenants can access to pay their rent through the bank standing orders.

HON. A.A. MAHARAJ.- Mr. Chair, through you, when you are saying that there is an arrears of almost 3 percent of the total rent revenue, what are some of the proactive approach that the Board or PRB is taking in order to ensure that that is reduced, and if anything is incorporated in their contracts?

MR. P. VEU.- The agreement says that a tenant should be in advance by one week of rent, so that there should not be any arrears. But some of them, like if they are not able to pay through direct deductions, if they have a commitment, they try to hold on to the rent and then one or two weeks, it is quite difficult for them to catch up. What we are doing right now is to get everyone into direct deductions and all the new tenants who are coming in, they must be on deduction, or unless we can see that they are really committed to paying the rent, otherwise we take on tenants on direct deductions.

Right now, we are discussing with commercial banks if we can go into standing orders where when the salaries come in to the bank, first they will deduct the PRB rent before the tenant can withdraw part of their salaries.

HON. A.A. MAHARAJ.- But what if these people are not on a formalised pay structure?

MR. P. VEU.- Well, we do not want to leave anyone out. But the percentage is quite very very low and those are the tenants we put under the microscope and we follow-up specifically with them. We do not leave out tenants who are employed as taxi drivers or those in that sort of informal employment, we also try to accommodate them. The consistency of our people visiting them is important.

HON. A.A. MAHARAJ.- Mr. Chair, through you, can we get a breakdown of how many tenants are there and how much they have accumulated to come up with that figure of \$107,534 so that the PAC knows exactly how many tenants we are dealing with that have accumulated that amount?

MR. P. VEU.- Yes, that amount indicates \$1, \$2, if it is \$1, it is the arrears, \$2 ....

There are 124 tenants who owe us \$107,000.

HON. A.A. MAHARAJ.- What, 124 tenants and \$107,000 do not make \$1 or \$2 dollars.

MR. P. VEU.- Sorry, can we come back to you on that, please.

HON. A.A. MAHARAJ.- Yes, that is why I said if we can actually get a breakdown on the exact amount that is owed by the number of tenants.

HON. V. PRAKASH.- It will be interesting to know who has been the person who owes the highest?

HON. A.A. MAHARAJ.- ... and for the number of years as well or months they are actually owing to PRB.

MR. P. VEU.- The Aging ...

HON. A.A. MAHARAJ.- The Aging Report basically.

DEPUTY CHAIRPERSON.- Yes, Honourable Member.

HON. A.M. RADRODRO.- Thank you, Chair. Just a supplementary question on this rental arrears issue: this has been an ongoing issue every time the Public Rental Board comes to the PAC.

The issue of rental arrears and the strategies that you have highlighted have always been the same or similar strategy that the Committee has always been informed about. But we wonder whether the Board has taken any assessment, it looks like this strategy is not working favourably to the PRB in terms of direct deductions and negotiations with the bank. The question that I would like to ask is, when all of

these fail, what is the strategy that you will adopt for the collection of these rental arrears when both of these strategies fail?

MR. P. VEU.- Thank you, Honourable Member. I did mention that we are managing the lower end of the market and I think in previous years, if you look at the arrears that we have reported over the years, there is a continuous reduction. Though it is \$107,000, I believe for the last year, 2018, we reduced it below the \$100,000 level and that means the tenants paid 100 percent plus a part of it as arrears. Yes, I believe it is a problem but I think consistency in meeting tenants on a one-to-one basis is also important. We are really on to that. Our customer service representatives are going out on a daily basis, especially to these tenants.

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- On the collection of rental when it is due, the tenants that are in the informal settlements are also paying rents to some slump lords. They do not come across these issues of rental arrears, they are even increasing their rent. That came in the media some time back, so that is why I am asking the question, when all these fail, some of the people who are offering houses on rent and are collecting rental on time even though in an informal arrangements, have you also considered those kind of scenarios? The demand for housing is a great demand, people need to stay in a home.

Secondly, your Vision Statement, I see that it is a bit of tweak in there. You are not addressing the low income customers. You are just saying the “general customers”, so that means that there is no bracket for you to provide rental homes to the customers. There is no longer mention of low income customers in your vision. If we go back to your vision slides, it just says “for our customers”, does it mean there is a change of direction, change of service provision by the PRB or you are still going for low-income earners?

MR.P. VEU.- Thank you, the question on arrears, maybe, it is something that we can seriously look into it but like I mentioned, it is reducing and I believe that there are some new actions that we need to take but I believe consistency in our tenant one to one basis is quite important because some of them if the owe, say \$30, it is just a matter of following up on them for them to pay the arrears. Yes, that is the concern that we are also concerned with our rent arrears but we continue to work towards it and continue to reduce it on a slightly basis. It is quite difficult because some of them are earning very less and they are just on the verge of being able to pay the rent. If they lapse for say two weeks, they will take a bit of time. We are grateful that they are responding well to our follow-ups and as a result, it is reducing. But on the Vision, yes, can you show that slide?

HON. A.M. RADRODRO.- The first slide.

MR. P. VEU.- I think affordability is there but then in our criteria of allocation, the ceiling is also there. We cannot allocate flats to those who are earning above the ceiling of \$317 for other estates and Raiwai at \$481 as the ceiling. That is what we are basically doing. I think why we had increased Raiwai to \$481 is for the reason that we are servicing the loan through the income that is generated from the rent.

HON. A.M. RADRODRO.- Are you providing subsidies too for those tenants in Raiwai?

MR. P. VEU.- There are three estates that we are not allocating subsidy: Raiwai, Macfarlane and Kia - the rent is a bit high. If you want to be assisted with subsidy then you have to be living on other estates. For the Raiwai, Kia and Macfarlane, there is no subsidy.

HON. A.M. RADRODRO.- The income criteria that you used, is it household income or just ....



MR. P. VEU.- Gross household income.

HON. A.M. RADRODRO.- Gross household income.

MR. P. VEU.- Yes.

HON. A.M. RADRODRO.- Everyone in the family.

HON. A.A. MAHARAJ.- Deputy Chair, through you, I think the reason why we are emphasizing so much on this revenue that is still to be collected is because if we are looking at the private sector, everyone is renting, whether they are rich, poor, formal, informal wage earners but still when we look at the private sector, their arrears would be zero because the landlord do not actually allow them, so that is a proactive approach and over here, we see that they may not see \$107,000 to be a huge amount, but it is, considering the amount that we are dealing with.

The other thing, on one of the slides under the corporate objective, you have written PRB's revenue and core structure, review the current core structure, what is that review all about? The slide was just before organisational structure.

MR. P. VEU.- I think it is something to do with trying to manage the cost, because I did mention that for us, our income is sort of limited or fixed. Then you have the suppliers and the cost for human resources and all that, it continues to escalate. I think this is one reason that we need to look at seriously so that if the rent freeze continues, you will note maybe, our surplus is sort of reducing because we have limited income through the rental flats, but then we do not have much control on the expenditure in terms of the maintenance cost but staff cost is another, but these are some of the things and coupled by the age of our properties.

Some of the properties that we have or own are more than thirty years and it is quite costly to maintain. We have scheduled a five-year cycle to maintain but it is costing us a bit of money. That is an area that we want to manage well.

HON. V. PRAKASH.- Mr. Chairman, through you, the first thing about your Vision Statement as pointed out by the Honourable Member, I think it has to be clear-cut. There has to be a clear-cut statement to your Vision so that those who need to use your services need to have a criteria which should be very clearly stated.

Secondly, Mr. Chairman, as far as revenue collection as pointed out, we do appreciate that there are people who may be genuinely facing difficulties but to have \$100,000 and more is something that could be utilised to maintain and keep your flats in a much better way. I think there should be other avenues that you should be looking at, like the Small Claims Tribunal and other places where you could recover those because it should not be a precedence.

With all the assistance that Government gives subsidy, and on top of that, we have some of those people who could be abusing the assistance that is provided. That also needs to be very clear-cut sort of stated in the forms which they fill in, that there can be a legal action and the cost will be more for them.

As far as you said about the flats, some of them are quite old - 30 years is not very old. You realise some of the flats that we have are very strong. They last 50, 60 years, maintenance is very important. My question here is, for maintenance, is it the capital maintenance that you are talking about? What about your damage or other things done by the residents? Do you have a system where they are able to repair those at their cost or is it still you, because sometimes it happens that tenants do abuse and

they try to damage properties. Do you have those things and if you do have, what are your control system in that?

MR. P. VEU.- Thank you, Honourable Member. We have the general maintenance cycle which is for a period of five years where we undertake general maintenance. For urgent maintenance which we undertake, wear and tear which is at the cost of the Board and any damages that our people identify from the flats are charged directly to the tenant. We take the concerns raised and we look seriously into them.

DEPUTY CHAIRPERSON.- Yes, Honourable Member, you may ask your question.

HON. RATU N. LALABALAVU.- Through you, Honourable Deputy Chairperson, thank you for all the explanations you have given. I notice from one of your slides that funding is a major obstacle for you. I have questions relating to both sides of that question.

First of all, may be you will be able to substantiate the reason why you need funding when you cannot even properly disburse the subsidy that you have there - four hundred something thousand outstanding there for 2017? How can you be asking for more funding when the very funds that was handed to you to assist your operations in helping the tenants is not fully taken care of, so there is an amount out there that is still to be utilised - that is the first question?

The second question is on the issue of funding as well. You identified some major capital projects, what are you really going for? Increasing the rental as you have just done, (I hope I was corrected on that by the Office of the Auditor-General), there was no increase in rental but if they are to increase rental, will that affect the core function of your very existence which is to provide cheap housing for the poor workers? How does that affect your funding? My supplementary question will await your reply, Sir.

MR. P. VEU.- (Inaudible)

DEPUTY CHAIRPERSON.- Can you, please, switch on the microphone there? Thank you.

MS. S. LATA.- Honourable Chair, Sir, answering your first question, for the subsidy of \$423,000 which was in our books, this was due to the delay in the two projects, namely Kalabu and Savusavu Projects, which we were not able to allocate. But coming to 2018, we have utilised that and there was a negative balance of \$89,000.

HON. RATU N. LALABALAVU.- Through you, Deputy Chairperson, OAG, can we be given explanation as to the figures that we have here for the outstanding subsidy - Page 21, first paragraph.

OAG REP.- Thank you, Deputy Chairperson. Sir, according to the financial statement, it was booked - \$423,000 is unallocated subsidy. Correct me if I am wrong, Shalin, but how the subsidy works is, Government gives the grant every year and it is according to the grant agreement but at that time in 2017, for those two Projects that come under the subsidy, Kalabu and Savusavu Low-Cost Housing, they were not completed. So, the subsidy was not allocated to those tenants that are deserving of the subsidy according to the criteria. The money is still kept in PRB so when those projects are completed and the tenants had moved in, those who fall under the criteria and those kept unallocated subsidy were then allocated according to the tenants that fall under the criteria, and have been allocated flats for Savusavu and Kalabu, so the money has been with PRB. It is just the allocation in the financial statement because it has not been used so it has been recorded as accruals, according to the accounting system of recording.

HON. V. PRAKASH.- Mr. Chair, it is not the balance of subsidy, if the subsidy from the Government side has been given to PRB and it is written here as "balance of subsidy", it should not be "balance of subsidy", like anyone reading this here, it means that the Government is holding that fund.

HON. RATU N.T. LALABALAVU.- Through you, Deputy Chair, Sir, that is the very reason I am trying to relate this to your obstacle of funding. If you cannot look after that aspect of your role there and it has been provided by the Government then there is a big question mark there as to how you ...

MR. P. VEU.- We had anticipated that the Projects for Savusavu and Kalabu would have been completed within that year and the subsidy funds would have been allocated as social cost and rent subsidy to the incoming tenants. However, the project was delayed so the subsidy was not utilised in that year. However, in the preceding year, we utilised the subsidy and we had to sort of allocate from our own funds. Thank you.

DEPUTY CHAIRPERSON.- Yes, Honourable Member.

HON. RATU N.T. LALABALAVU.- Deputy Chair, a supplementary question, Sir: Still on the issue of funding, you have shown arrears, tenants that have gone beyond your threshold yet still remain in the PRB Projects. In your evaluation of this, is there a need for more subvention, so we do not get off-target in looking after the interest of the lowly-paid workers like you have said, at the end of the line, that is the target group that you are targeting because otherwise, if the answer is in the positive or in the negative, then I would like to suggest, Honourable Deputy Chair, that in accordance with the request given by our Chair, if that table that you provide could be added on, because we would like to see the impact of this tax threshold going up to \$13,000. How does that affect the disposable income for these people?

Now, we are hearing from you - for housing, they pay this, they have other commitments. That is the disposable income that should be taken care of there because they look after the interests of the very people that we are trying to address in this particular service of the Government.

DEPUTY CHAIRPERSON.- I think just to add on, I think we are looking at 2016/2017 OAG's Report and not on 2017/2018 after subsidy, for the information of the Members and OAG also.

MR. P. VEU.- (Inaudible)

DEPUTY CHAIRPERSON.- Yes, you may do so.

MR. P. VEU.- ... and give an answer on this.

DEPUTY CHAIRPERSON.- Thank you. Yes, Honourable Member, you may ask your question.

HON. RATU N. LALABALAVU.- You have also indicated, Sir, that there are sitting tenants there. They do not want to move on because they are getting more and they required a threshold. This goes back to the question that was raised by Honourable Prakash, your connection with the Housing Authority. Is there a special kind of arrangement there from PRB to Housing Authority where this group of people can be slotted into the Housing Authority Projects or they make way for people that are of the lower income bracket to move in? Is there any arrangement already in place?

MR. P. VEU.- ... are given a priority allocation of Housing Authority lots or the house that they would construct. What we normally do is to get the Housing Authority officers to be part of our estate meetings where they spell out the conditions and for those that come through Public Rental Board referred to Housing Authority, they are given priority sort of consideration.

We are really trying our very best because at the moment, there is about 200 that move on on an annual basis. These 200 give way for another 200 applications to come in but we feel that the numbers

should sort of increase, maybe 500 would be an ideal number annually to graduate. It will be less expensive if tenants move on and we allocate the vacant flats to those on the waiting list.

HON. RATU N. LALABALAVU.- But it is an operational issue and we hope if you could just take note of that because when Housing Authority comes before us to make their submission, we will certainly be trying to raise this with them, thank you.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, for your question.

HON. V. PRAKASH.- Mr. Chair, through you, Sir, you are doing a very noble cause, we all know. At the same time for Members, we do realise that there are 900 applicants waiting. Some of them must be more genuine than those who are there, as you have indicated 200 are moving out.

In your submission, you have said that more education needs to be done and I appreciate that. I think that is the place where right from the beginning until they are able to own their own house, your education programme should be very sort of clear-cut because they should not become a burden to the communities and to the Government, they should be moving on. If that criteria or that type of mentality is inculcated in those who come there on their first day and they know that their last day would be the three years or before, they will be doing justice to other poor people who are waiting and I think that is the core of the whole thing; the taxpayers fund and at the same time, the noble Mission that you are doing on a daily basis and your staff and then the crux of the matter is, the objective that you have got in place, you are meeting that.

I think that is what I feel is needed more than anything in PRB because three years is a good time for a person to try and see and adopt. If they do not even have genuine income and other things, all those things through education can be arranged. It is very hard to get people now to find to do some jobs for us and here we have got people, we say that they do not have jobs.

In urban centres, people are looking for people to come and do jobs in carpentry and in other places. We do not find people, those are the areas through your education. These assistance should not be a burden in any way. It should improve the residents, the whole status; the earning capability, the time limit and they should also be responsible to see the backlog, that there are other people waiting who are in a worse situation. I think if those visions are there, you would be doing miracle for the whole system and the whole investment by the taxpayers and the Government of the day. I feel that it is quite important and I think that should be the area that should be touching the heart of each and every resident. Vinaka, Mr. Chairman.

MR. CHAIRMAN.- Thank you very much, any other question, Honourable Members.

HON. A.M. RADRODRO.- Mr. Chairman, just going back to the initial question that I raised regarding your Vision Statement on the type of customers that you are looking after. You alluded to my question by referring me to the use of the word “affordable housing” to say that that is where you address the customers that you are looking at, but the deliberations that have just happened now show otherwise, that you are looking at the lower income bracket which should be reflected in your Mission Statement rather than just customers, because if you just put it as “customers”, that means “any customers”. It is open to anyone to apply for the facility that you are providing. Whether the process of tendering is being entertained to invite tenants for your newly built flats at Raiwai which have higher rental payment and in terms of subsidy, you are stating that the customers are only allowed to pay \$50.00 a week. Anything above that is subsidised, is that confirmed?

MR. P. VEU.- Yes, our flats except for Raiwai, Kia and McFarlane. All our other flats the ceiling is \$50.00 per week and anything above that is social cost. For example, if the flat is valued in the market

as \$80.00, the difference of \$30.00 is across-the-board as social subsidy and when we allocate to the tenants, we look at the criteria that is there - \$50.00, and if a tenant can only pay, say \$20.00, \$30.00 is again subsidised.

HON. A.M. RADRODRO.- Subsidised, based on the valuation that is undertaken?

MR. P. VEU.- That is the social subsidy, the second phase is the rental subsidy, which is according to the tenant's income and eligibility.

HON. A.M. RADRODRO.- And you mentioned about what your graduating initiative is from PRB to Housing, can you enlighten us on some success stories regarding this initiative, or if you can summarise to us what is the longest tenancy that you are able to move across to the Housing Authority in this initiative?

MR. P. VEU.- Yes, we have been recording those who move out of our flats to home ownership. I think for the year to date, it is quite low but 10 or 12 of the tenants have moved out to home ownership. For some of them, we had to sort of negotiate with them to move out due to unpaid rent but the movement is slow because as I have mentioned, it is only around 200 who move out from the PRB flats every year. They sort of move to the village or after educating their children, they move to home ownership or move to rent elsewhere.

HON. A.M. RADRODRO.- Can you provide us a listing?

MR. P. VEU.- Yes, we can. Thank you.

HON. A.M. RADRODRO.- Also, Honourable Deputy Chairperson, on the corporate objective of going into PPP arrangement: Of course, there will be some pros and cons in terms of this arrangement where private partners will, of course, push for their returns in terms of their investments. Have you also considered that it will impact on your current rental pricing and current obligations according to your legislations, and you will move outside of your norm? Can you just go to the slides on the Raiwaqa Low Cost Housing Projects that you have highlighted, to be able to complete those Projects ...

DEPUTY CHAIRPERSON.- Excuse me, can you, please, switch on your microphone. Thank you.

HON. A.M. RADRODRO.- ... the Similar Low-Cost Housing and the New Town Low-Cost Housing, you put estimated cost to this and the source of funding you have also stated there.

MR. P. VEU.- The estimates are done by our development team in-house, but we are talking with International Funding Corporation (IFC) with regards to the PPP concept, I think that is part of the World Bank Group.

HON. A.M. RADRODRO.- Is it also part of your SDG commitment?

MR. P. VEU.- It is in the initial stages.

HON. A.M. RADRODRO.- Can the PRB able to bear the cost alone with Government assistance?

MR. P. VEU.- These are the costs that we estimated that we can do, it may be in-house but the PPP concept will come up with the costings, may be from the contractors that they will engage and we hope that what we have estimated is within.

HON. A.M. RADRODRO.- May be OAG can enlighten us whether the balance sheet of PRB is able to give us a further insight into these estimated costs, whether the balance sheet is strong enough to provide this funding? What is your assessment?

OAG REP.- Thank you, Honourable Member. I will just discuss on the Financial Statement ending 31st December, 2017. Also, we can confirm that Government grant was given for the Simla Project. It is reflected in their financial statement as deferred grant. Also, this will be brought into account when the project has been completed and it will be reflected as Government revenue when they depreciate those assets.

In terms of their financial stability to fund or to carry out those projects, I am really not in a position to comment on that but ....

HON. A.M. RADRODRO.- Just a question to the Acting General Manager: New projects such as these, do you also allow for areas of economic activities where the tenants can go to in terms of shops and other economic activities that would allow ....

DEPUTY CHAIRPERSON.- Excuse me, can you, please, switch on the microphone.

MR. P. VEU.- ... where they will have eateries, supermarkets, et cetera, and then housing. I believe the International Finance Corporation (IFC) may slightly have a different idea of having shops somewhere in the buildings and rental as well. We have isolated that in our plans to have the commercial activity on one corner.

HON. A.M. RADRODRO.- Just in terms of this going forward to help you generate more revenue for the organisation.

DEPUTY CHAIRPERSON.- Yes, Honourable Member.

HON. RATU N.T. LALABALAVU.- The Office of the Auditor-General, you mentioned depreciation on the projects, can you elaborate a bit more on that depreciation?

OAG REP.- The capital grant was given to PRB to construct the Simla Project. I am just talking on that point. According to the system of accrual accounting that most of the entities in Fiji adopt, it was recorded as deferred grant. Initially, when it depreciates, the capital grant will now reflect as a revenue. The "depreciation" is a mathematical calculation based on the estimated useful life and also ....

HON. RATU N.T. LALABALAVU.- That is the point of my question. Here, we are dealing with land and you are talking about a capital grant.

OAG REP.- Yes, the capital grant was given for the construction of the units, not on the purchases of land. The land does not depreciate, it appreciates over time.

HON. RATU N.T. LALABALAVU.- Yes that is the point of my question. Thank you.

OAG REP.- Thank you, Sir.

DEPUTY CHAIRPERSON.- Thank you.

HON. RATU N.T. LALABALAVU.- I rest my case.

HON. V. PRAKASH.- Mr. Chair, through you, my question maybe quite different but it could be important as well. How about the law and order situation in your PRB flats? Do you have any data where you see that you do not have any law and order problem there or you do not have any places for extra people to come in and then they stay around in those flats? I think it is quite important as well for the law and order situation because of the dynamic approach that you have got to see that homeless people from there will own a home, so we want to know the status of those people there, whether they are serious about it or you will still find that law and order and try and sort of get in more people into these homes, et cetera. Can we get some clarifications on that? Thank you.

MR. P.K. VEU.- Thank you, Honourable Member. Sometimes we have problems with the tenants where they breach the tenancy agreement but for critical ones, they are given the notice to vacate. At the moment, we have three at Mead Road whom we have given notices to vacate for serious breach of the tenancy agreement. They have failed to move out and the case is before the court through our solicitors to try and address that but, yes, we continue to emphasise to the tenants to abide by the tenancy agreement that is there. Sometimes they ....

HON. V. PRAKASH.- It would be interesting for us to know maybe in writing about the number of illegal activities operating from those places of importance and the number of people that are charged. It is important for us to know the people who are given very genuine assistance to own a property, whether they are mentally, physically and socially prepared for it or they are abusing the system because like for basic needs, everyone needs clothes, food and their own home. So only with the right type of people will we be able to do that and this is something we can know if you have your statistics. The communities in Raiwaqa, Savusavu are something we can all be proud of if they are crime-free areas, there are no people charged from there, they abide by the rules for a thousand days which is needed in order for them to have a house. They are really looking forward to it.

These are the things so that we can set an example to the other ones. So, if you have those kinds of statistics, I think we can all be proud to see that. People who are there, they take matters seriously as I said, they are prepared to own a house. It is sort of business-like, it is not becoming a burden to the nation. Thank you, Deputy Chairperson.

MR. P.K. VEU.- Thank you. We will be able to submit the number of breaches, including some of the serious breaches that we have actioned through giving them notices to vacate. The last thing that we want to do is put someone on the street but we cannot really avoid that. We normally give them the notice to vacate and, yes, we will take note of that and submit the number together with the other queries.

DEPUTY CHAIRPERSON.- Thank you very much. Can you, please, sum up your presentation? I think there are two slides left and can you go over that and then we will conclude.

MR. P.K. VEU.- Thank you, Deputy Chairperson, Honourable Members and officials from the OAG's Office, the media personnel, I would like to thank the Committee for the deliberation this afternoon. There are a few things that we have learned and we will be able to take on with us through your comments. We thank you so much for the opportunity and we hope to better it the next time around that we present to you. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much for your deliberation and I am now requesting Honourable Members to make their concluding remarks. From this side, the Honourable Prakash.

HON. V. PRAKASH.- Through you, Deputy Chairperson, Sir, I think it is a privilege to sit down with you because the work that is ahead of you is something very challenging and a very positive thing

in our society, and I think the organisation is to be quite dynamic and should be an example to the whole nation.

We thank you for all that you are doing and we would like to see that there are improvements and there are a lot of things changed there because this is a very special way where God has prepared you to come and lead that organisation and you have a very big responsibility. I think our best wishes are with you and I thank you for whatever you have done and we would like to see next time that we will be very happy when you come. Best wishes and thank you.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, I request Honourable Lalabalavu, Sir, if you can make your concluding remarks.

HON. RATU N. LALABALAVU.- Thank you, Deputy Chairperson. Thank you, Sir, Madam, for availing yourselves for this afternoon's meeting. It is not an easy task, especially the PRB. The word "profit" is a word that does not exist for that Board because of its role.

I am an outcome of one of the four-storey flats that used to be in Raiwai before, that is why I am raising all these.

The last question that was raised by Honourable Vijendra Prakash was after hearing your proposed future plans to go into shopping and that. It kind of reminds me of the social problems that emanate from these high density kind of development. I am wanting to give a word of caution there, as you take a new direction, to be income-generating, how will that affect your core role, at the same time, how is that going to sustain the social impact or the social problems that you are already placing high cost on, to help in the subsidy of cheap housing for the lowly paid workers?

We look forward to the data that you have promised to provide, so we can provide you better feedbacks as to the views of the Committee on how funds are being properly expanded. Thank you.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. Honourable Radrodro.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson, I would just like to thank the management of Public Rental Board for their presentation to the Committee today and I understand the challenges that you have, facing demand for better housing and better rental while at the same time, we hope that you will do your proper cost-benefit analysis to address all these issues that have been highlighted here and also commitments to SDG 11 where you will probably with these new projects here have to be much more energy efficient and sustainable going forward. Thank you.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. I give time to the Honourable Chairman of the Public Accounts Committee, Sir.

HON. A.A. MAHARAJ.- Thank you, Deputy Chairperson, for leading us through this submission. I would like to thank the team from Public Rental Board who are here to present on the Auditor-General's Report this afternoon. Basically, what we see is the social obligation that Public Rental Board has been performing for the past number of years and the future prediction that you people have.

Just a suggestion on this particular slide that is before us, Raiwaqa is a very prime area, sometimes we need to take some crucial decision in order to try to help others. That can be a major source of revenue for the Public Rental Board; a place where you can generate revenue and help many more others because that is a very prime area rather than actually going for a low-cost housing in that particular area. But I do believe that you people are bounded by your own policies and stuff, but that does not mean that policies cannot be changed.



One such complex like that will generate revenue whereby you can have six or other seven places where you can build low-cost housing for other people. That is something that the Board might want to take into consideration.

Once again, thank you very much for availing yourselves to present and enlighten us with all these things that you people are doing. Vinaka.

DEPUTY CHAIRPERSON.- Thank you, Sir, on behalf of the Honourable Chairman of the Public Accounts Committee, I take this opportunity to thank Pat and Shalin from the Public Rental Board for availing your time for this deliberation and we look forward for future collaboration.

Thank you, Honourable Members and members of the media fraternity. We will adjourn here before we take in another submission. Thank you very much for your attendance.

The Committee adjourned at 2.30 p.m.

The Committee resumed at 2.55 p.m.

Interviewee/Submittee: Fiji Meat Industry Board (FMIB)

In Attendance:

Mr. Vimal Chand : Chief Executive Officer (CEO)

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DEPUTY CHAIRPERSON.- Good afternoon, everyone.

On behalf of the Honourable Chairman of the Public Accounts Committee, the Honourable Maharaj, I welcome each and everyone of you to another submission. Today, the Fiji Meats Industry Board (FMIB) would be making a public submission. I would like to welcome the members of the media fraternity. Before we move on, let me introduce to you the Honourable Members of the Public Accounts Committee.

(Brief introduction by Deputy Chairperson of Committee Members, OAG and Secretariat)

Before we begin, we request the representative from the OAG, Director of Audit, Moshin Ali, to please, brief us all before we can begin on our deliberations today.

MR. M. ALI.- Thank you, Honourable Deputy Chairperson. The FMIB's accounts for the Financial Year 2016 that is before us for discussion. Just to provide a few briefing points, the result of the audit was an unmodified opinion, in other words, "an unqualified audit opinion".

For the financial performance of the Board, the Company recorded a net loss in 2016, compared to previous years as a result of the decrease in revenue from its Abattoir Operations, increase in Operating Cost.

A few of the Operating Cost which increased were mostly related to staff salary and also the General Operation Cost of the Board.

The other reason was the high number of cattle been slaughtered due to tuberculosis, high chemical expense and the utility cost and other maintenance of the abattoir equipment. The reason for the increase in operation cost of the Abattoir is basically of the age that it is currently in, and is requiring a lot of maintenance cost.

Looking at the balance sheet side, the balance sheet in our opinion, there was a decrease in net assets compared to prior years, largely due to low cash at year-end. There was less cash in-flow and decrease in term deposits held. We believe that there were some withdrawals from term deposit and repayment, because there is a repayment of term loan which resulted in the decrease in liability. So what happened is, the Board had made some good payments for their repayment of loans so as a result, you would see that there is a big decrease in their loan amount which has been subsequently paid in 2016.

Other significant matters, I believe, are before us for discussion and if there are any specific questions, I am happy to answer those.

DEPUTY CHAIRPERSON.- Thank you very much. Just to the CEO, Mr. Vimal Chand, for the purpose of information, you may be interrupted from time to time by the Honourable Members who would ask questions and you may respond, and also, if there is any given point in time when you wish to give a written response later on the questions asked, you have the liberty to do so.

With that in mind, I request you to begin with your submission. Thank you.

MR. V. CHAND.- Thank you, Mr. Chairman. I think I was given a set of questions to answer, so I will start off with the first one.

The Committee notes that the Board is in the process of reviewing the accounting manual. We have already reviewed the finance and accounting manual. We have a revised manual with us. That is the answer for the first question.

The second question, the Board has been complying with the requirements of the accounting procedures manual as far as procurement of goods and services are concerned.

Is the Board complying with the accounting and finance procedures manual? The answer is, yes. Before revising the manual, we already have a manual and every five years, it is revised. When this manual was being revised, we already had a manual which we were following.

Is this issue repetitive of the 2017 audit? Provide confirmation. This year we have been able to revise the manual so in the next audit, this issue should not be there.

The Committee notes that the changes in the approved prices for *magiti* sales were made without proper documentation and approval of the CEO. Has the Board addressed this issue?

For the Committee's information, every time there is a change in the *magiti* prices, it requires the CEO's approval and I have got copies of approvals from the CEO that came from the *magiti* supervisor for the CEO's approval, so that is happening. That used to happen. Just in a few cases, that was missed by the supervisor and because of that, there was an issue and we have rectified that. Now, all changes are going through the CEO's Office, approved and then the changes take place.

The other question is on internal controls. The assessment of the Board's internal controls note significant deficiencies. What has the Board done to strengthen internal controls? How often does the Board review the internal controls and address the weaknesses?

We have the audits done annually and when the auditors recommend changes to the controls, we assess and quickly implement that. Apart from that, we have a new Board now which was appointed last year. The Board has given a directive to the Management to put in more policies and procedures.

I think on internal controls, the Board is in the process of formulating additional policies. The Board had decided to further fine tune the finance manual, together with the following policies and these policies are; operational policy for FMIB, communications policy, public disclosure policy, company vehicle usage policy, procurement policy, human resources management policy, occupational health and safety policy, sexual harassment policy, corporate governance policy and internet and social media policy. So these are the additional policies which are being drafted by Management and once the drafts are completed, we will hire a consultant from outside, who will look at it, fine-tune it before it is approved by the Board.

So, we are very mindful of the additional controls that we need to put in place and by mid next year, we will have a set of additional policies that are mentioned in Question No. 4.

DEPUTY CHAIRPERSON.- So, it will be implemented early next year?

MR. V. CHAND.- It will be presented to the Board once approved by the Board, it will then be implemented.

DEPUTY CHAIRPERSON.- Thank you. You may move on.

MR. V. CHAND.- The last one, Deputy Chairperson, is the quality of draft financial statement by authorities and the question was, the Committee notes that the extent of audit adjustments made to draft financial statements indicate ineffectiveness of the Board's internal review process before accounts are submitted.

We are happy to inform the Committee that this has never been an issue for FMIB because all accounts that were presented to the auditors from the Board did not have any major audit adjustment. That means our accounts did not need much changes before it was finalised. I think the Director, Audit will also confirm that to the Committee that our accounts have never had any substantial changes.

I think I missed out on one, that is the timelines of Draft Financial Statements. The question was, what was the reason for the delay in the submission and what mechanisms have the Board put in place to ensure that the Draft Financial Statements are submitted on time?

We have always strive to submit the accounts on time but due to some unforeseen circumstances, sometimes we are late. For example, last year, we did not have a Board until June so when we did the draft Financials, it went first to the Board, it was approved by the Board then we gave it to the auditors for audit. So, this is noted by the Board and we would take measures that the accounts are submitted on time. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much. Any question, Honourable Members?

HON. A.M. RADRODRO.- A question regarding the introduction by the Auditor-General on the Abridged Financial Statements about the impending loss for the year, loss for Fiji Meat. We note that the revenue has been consistent around \$3 million but the only major change that happened in the expenditure was the raw material and consumables used which led to the loss for the organisation of \$127,000.

The question, CEO, is in terms of the raw material where you have a consistent flow of revenue but your cost has gone up. What really has changed?

MR. V. CHAND.- Thank you, Deputy Chairperson. Just to answer that question, our slaughter fee was last reviewed in 2006 and from 2006, the expenses have increased two or three times. Although our income is consistent, we have applied for an increase in slaughter fee which will push our income up when comparing it with our expenditure.

In terms of raw materials and consumables, they comprise of firewood that we use in the boiler, salt and chemicals that the Abattoir uses for cleaning up to make it hygienic.

The usage has not increased but the prices of these consumables have increased. For example, for the firewood, before we were buying *dogo* or the mahogany off-cuts for \$23 to \$25, the price has increased to about \$35 per cubic metre. So, the usage has not increased, it is the price for these inputs or the consumables which have increased and which has led to the increase in the cost.

The other is because of the implementation of the new employment laws where minimum wages went up, so we implemented that, and our wages cost also went up, in line with the labour laws we had

implemented and this increase in the minimum wage for our workers, the wages has also gone up. Combined with the increase in the cost of doing business and our staff costs, our income has remained consistent which means that there was no major increase in the income, therefore, we ended up in a loss.

The Board has already put in a Cabinet Paper to the Ministry of Agriculture requesting for an increase in the slaughter fee and this paper is with the Ministry. They are considering it before it goes to Cabinet for approval which should happen within few months' time so that we are able to combat this loss situation.

DEPUTY CHAIRPERSON.- Thank you. Are there any other questions?

HON. A.M. RADRODRO.- The high cost referred to by the Office of the Auditor-General's comments is the increase in cost which is also due to the high number of cattle being slaughtered for tuberculosis. Can you just advise the Committee about this exercise, whether you were compensated or Government subsidises FMIB for this activity in terms of tuberculosis?

MR. V. CHAND.- Thank you, Deputy Chairperson. Last September, when the mass slaughter of TB cattle started, we signed an MOU with the Ministry of Agriculture. Under this MOU, the compensation for the farmer is done by FMIB. So the compensation part, FMIB compensates and for the cattle that is fully condemned, we recover the cost of the cattle from the Ministry of Agriculture.

Those cattle that are good for consumption and go through the Abattoir, we sell it to the butchers and then whatever money that comes from that, we then compensate. There is a fixed price of \$4 per kilogramme which the farmers get compensated with.

Before, the butchers used to pay about \$3.00 to \$3.50, now there is a fixed price of \$4, so all farmers are receiving \$4, whether the cattle is big or small. We have taken the responsibility to help the Ministry of Agriculture eradicate TB and we are helping the Government and Ministry of Agriculture in streamlining the compensation part and also the sale of the cattle. We buy all the cattle and we sell them. It is a non-commercial activity for us. We are not making much money out of it but it is our responsibility to help the farmers and the Ministry to eradicate the TB situation.

The other, when we signed the MOU last September, the understanding was that the Ministry will also provide or help us with the chemicals and cleaning equipment. They will also provide transport in terms of transportation of TB-infected cattle, that is, transport is provided by the Ministry of Agriculture to FMIB. As a team with Ministry of Agriculture, we are helping the nation eradicate TB and at the same time also help the farmers in terms of ease of payment, et cetera. So we have an MOU and the costs and payments have been sorted out from last year.

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

MR. V. CHAND.- We are also subsidised by the Ministry of Agriculture. We have been provided with a revolving fund of \$150,000. We have a separate account from 2018 whereby we have a fund set aside which will help the farmers in terms of payments.

We will pay from that fund to the farmers and it will be revolving and then from the Ministry of Agriculture, we will recoup whatever we have spent to replenish it back so that it keeps on going because we do not know when this slaughter will finish. Therefore, I think this MOU that we have with the Ministry of Agriculture is working and farmers are happy that they are getting payments when the cattle are slaughtered. They do not have to run around to get the payment, but they know that once it is slaughtered, FMIB will pay the following week and they will get their payments. Thank you.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Deputy Chairperson, through you, we thank you for assisting the cattle farmers and giving payments, but I think all meat are not paid for. Those TB cases that are condemned will not receive any single cent.

MR. V. CHAND.- For cattle that are fully condemned, they also get \$4, this is how it works. Those cattle which are fully condemned, FMIB does not get anything out of it, but FMIB compensates the farmer with \$4 compensation.

HON. V. PRAKASH.- I think it should be corrected because I am a cattle farmer.

MR. V. CHAND.- This MOU was signed last September, so that started from September, not before that.

HON. V. PRAKASH.- Before that, those that were condemned were not paid.

MR. V. CHAND.- Then the farmers had to then go to Ministry of Agriculture for compensation.

HON. V. PRAKASH.- No, no.

MR. V. CHAND.- But when we signed the MOU, we have helped the farmers and we identified these were the problems, so from September last year, all the carcasses that are fully condemned, we pay the farmers \$4 per kilogramme and the Ministry of Agriculture then compensate us for that \$4. So that is now ongoing from last September.

Before that, there was no MOU and the cattle that were only fit for consumption were then paid and the condemned ones were not paid. I can confirm that from last September, FMIB is compensating so for any TB cases, FMIB does the compensation for the cattle and then we get it back from the Ministry of Agriculture.

HON. A.A. MAHARAJ.- Honourable Deputy Chairperson, through you, I can also confirm this because when FMIB appeared before the Standing Committee on Justice Law and Human Rights for the Public Enterprise Bill, that was the time they also confirmed that they now do pay for the TB-infected cattle that were slaughtered at the Abattoir. Before September, it was not there.

HON. A.M. RADRODRO.- That is a positive information, Honourable Deputy Chairperson, because I think that is a result of our lobbying in Parliament for the condemned TB-infected cattle.

But the question on the operations of FMIB, your role is regarding slaughtering of cows and pigs. Regarding the availability of your service throughout Fiji, you only have one Abattoir, that is in Nakasi. So how do you effectively carry out your work in terms of all those slaughtering outside, in the Western Division, Northern Division and Eastern Division, who are also involved in slaughtering of *magiti*, but without the supervision of the FMIB?

MR. V. CHAND.- Thank you, Honourable Deputy Chairperson. We have two Abattoirs; one in the West, that is, in Vuda, it looks after the Western side. For the Nasinu Abattoir, most of the cattle that come to Nasinu are from the Northern Division. The reason why most of the cattle come this side is that the market is in the Central Division.

As for the Northern Division, I think the Ministry of Agriculture has given permits for slaughterhouses under the Meat Act, where permission is given for butchers who can slaughter a couple of cattle, and slaughterhouse licences are given by the Ministry of Agriculture. I think there are a couple of slaughterhouses in the Northern Division to cater for the market in the North.

DEPUTY CHAIRPERSON.- Thank you. Any other questions, Honourable Members?

HON. V. PRAKASH.- I would like to thank the CEO for your activities, et cetera. The current Abattoir at Nakasi, we have seen that the area is developing quite fast. There is a hospital beside that and then we have seen the board for the Fiji Police Force headquarters. Also, the Fire Station and residents there are normally asking if there is a plan for the Abattoir to be shifted to a suitable location where there is limited population. I am sure you have got a plan for that.

MR. V. CHAND.- Thank you, Deputy Chairperson. I have just been appointed as the CEO (last month), we also have a new Board and the Board is mindful of the fact that we are in a residential area.

We have about 74 acres of land that we own which is prime land. Constructing a new abattoir costs a lot of money which the FMIB does not have at the moment, so the first thing that we are doing is, we are trying to refurbish and update the Abattoir to a better standard.

Also, there are talks that we will still have our head office in Nakasi and maybe in future, we will move our operations outside of the area. There are talks whether we will have an abattoir in the North and we will just bring the carcasses to Nakasi for bone out or maybe, we can have it somewhere near Tailevu where most of the cattle come in the boat and are offloaded there. Also, the cattle coming from Tailevu and Rakiraki can stop there.

It is still less than one year that we have a new Board and they are deliberating and still trying to see how best we can organise this service so that we can provide hygienic slaughtering service to the public and at the same time, we can run a profitable business.

Just to inform the Committee and I think most of the Honourable Members know that the slaughter numbers at the Abattoir is on the decline from the 1980s when we had 20,000 cattle being slaughtered, it has come down to about 7,000 to 8,000 annually.

Our core function is slaughtering and our core income is slaughter fee. As everyone knows, we cannot just charge a huge, substantial amount of slaughter fee for cattle, pigs, goats or sheep. If we do that, people will start to slaughter elsewhere, probably in their own backyards, which is something we do not want because there are lots of diseases out there now. We want people to slaughter through an Abattoir where meat is checked for hygiene and quality so that people do not get sick when they consume the meat. So, because there is a decrease in the cattle numbers and the throughput, we are also facing difficulty in running the operations.

The FMIB is an entity which runs on its own, we do not get any operational grant. We have never received any operational grant in terms of operations, apart from some capital grant that we have received. But, we are very positive that we will work together with the relevant Ministries, in trying to work out a solution as to know whether it would be better for us to refurbish and have an Abattoir which can be run in a residential area without affecting the people or move the operations only, still having the Head Office and Sales Department at Nakasi. Those things are still being looked at by the Board and we are constantly having discussions with the Ministry of Agriculture in this regard. I think very soon, we will know what the situation would be.

HON. V. PRAKASH.- Deputy Chairperson, as per the audit report, I think your internal control, there are so many policies that are due and we have seen the manual too. It is very interesting. I think it must have come just recently but the policies there is quite a lot, including OHS and I see there, “sexual harassment”.

MR. V. CHAND.- That is a very common Policy, Deputy Chairperson, that we must have in all organisations and this is a common trend, especially with the Internet Policy we must have.

The other policy is the Sexual Harassment Policy which most of the companies now are including in their policies because these are quite common things that occur in workplaces and if things happen, we must have a policy which we can fall back on and then take relevant actions. So, that is one of my KPIs that the Board has given. I must develop those policies within the next six months.

DEPUTY CHAIRPERSON.- Thank you very much. Any other question, Honourable Members.

HON. A.M. RADRODRO.- Deputy Chairperson, just in addition to the plans for Fiji Meats Industry Board: There is a big challenge that is confronted by the general public which is the foul smell that is coming out of the operations of the Fiji Meat Industry Board, especially for those residential places living around those areas. The question is, what is the Board doing about containing the foul smell that is coming out of the operations of the Fiji Meat Industry Board?

Secondly, in terms of value-adding activity for the Fiji Meat Industry Board, there used to be a leather and hide operation that used to be there before for the manufacturing or value-adding. This is in terms of leather that is coming out of the skins of the cows. I do not see that as part of your income anymore. Can you just advise us, what is the current plans in terms of the facilities that are there for hides and leather? Also, going forward, will you be localising those activities to Fiji Meat Industry Board or are you going to give it out to some other operators?

MR. V. CHAND.- Thank you, Deputy Chairperson, I will first talk about the smell. Many people do not know why there is a smell and what smells in the Nakasi area when we operate. Looking at our financial situation, our income is about \$3.5 million, and about \$1.5 million is our slaughter fee. Now, \$1.5 million is not sufficient to run an abattoir where we have a staff cost of about \$1 million. We have huge cost of electricity bill which is about \$25,000 per month, water bill is about \$40,000 per quarter, so because the abattoir business needs big refrigeration, big mottos to run too, so the cost are high.

The smell is because we get most of the fish waste from Suva, we collect that and we get it for free. We cook that and we make it into fish powder which is called “fishmeal”, which is a very important ingredient for livestock feed and lots of people are buying from us because it has very high protein content. So, they use it as livestock feed, chicken feed and they also use it as manure.

In order to supplement or increase our income because we are getting fishmeal or offcuts fish for free, we cook that and we make it into feed. We get about \$0.5 million worth of income from these activities which we can do without but because we do not have the revenue coming in from our core function, that is slaughtering, we have to look for some other avenues which we are doing.

For a couple of months, the smell has been contained and the new Board has approved for us to purchase a brand new cooker which will arrive by the end of the year. That should also ease or reduce the problem of smell. On one hand, we are helping the farmers by giving them feed because if we do not do that, farmers will end up buying imported feed which would be three times costlier.



The other is, it is giving us also our income. The smell that is coming from the abattoir is not from its normal operational activity. The fish companies they bring fish in the night, the fish is kept overnight at the abattoir and when you cook it the next day, because fish easily smells and when it is cooked, it smells bad but it is a very important income and also a very important ingredient for the farmers. That is why you must have seen that the smell is mostly in the afternoon or in the night because that is the time when the fish is cooked.

The other, Deputy Chairperson, is the leather and hide. At the moment, because of the downturn in the worldwide economy, there is no market for the hide, which is the cattle skin. Some people think we burn the cattle skin, we do not but we export that.

There is a general downturn in the hide market, and at the moment, our buyers even do not want the cattle skin for free because there is a worldwide glut in the skin market and because there is a slowdown in the worldwide economy, people are buying synthetic leather, they do not want to buy the cattle leather because it is very expensive. And because of the decline in the demand, our cattle skin in Fiji has lots of problems because people put a lot of branding.

If you brand the cattle and it becomes a defective hide, obviously it will be counted as a 'C' or 'D' grade hide, therefore you do not get good price for it. Our cattle in Fiji are very small, so smaller hides earn less per kilogramme, and because now there is a downturn in the demand, Nike and Adidas now you will see that the Nike shoes that we get are all made of cloth or synthetic leather, and that is why they have become cheaper because that is not made of genuine leather.

Mostly, the cattle skin is used as leather in the vehicles and people now are saving money, they are going for cheaper option, they are going for fabric. So the demand has gone down and because of that, the buyers who buy the cattle hide, they only want good hides and we do not have that, so we do not have market for that at the moment. Up until last year, we used to sell but this year, there is a complete shutdown in the hide market and according to the buyers, it will take another year or so for the market to pick up.

The other abattoirs have also shared with us that they are facing the same problem. Vanuatu also has lots of hides, they cannot dispose that because no one wants to buy it, and there are lots of other buyers that we have contacted and they do not want it for free to dispose. So there is no use salting it because when we salt the hides then we pack it on the pallets and when we export that, we used to get about \$20,000-\$30,000 per container.

And so we use labour, we use expensive salt (there is a special salt that is used to salt the cattle hides) and it has additional expenses. So if we cannot sell it, it is better to wait for the market to improve and then we will start salting the hides again.

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

MR. V. CHAND.- At the moment, we are disposing, we are burying all the cattle skins. Lots of people think we are burning the skin and that is why there is a smell in Nakasi. It is not the skin, it is the fish waste that we do that smells.

HON. V. PRAKASH.- You said that there is big decline in beef market in Fiji ....

MR. V. CHAND.- Yes.

HON. V. PRAKASH.- ... at the same time we see that the prices of pork has decreased which means the pork market is increasing and then the beef market, there is a decrease, is there any factor? You see that there is a huge decline and places like Yaqara and other stations that were producing are lying idle. Waidradra is one very good example, it is totally idle and I do not know about the other parts of Fiji where there was a beef scheme and the land with very nice pastures. Can we have an answer to that, as there is a very sharp decline?

MR. V. CHAND.- Thank you, Deputy Chairperson, just to answer that question. There is a sharp decline in the cattle numbers, there is a problem. Why the pork numbers are going up and the demand is going because for pigs, we have three or four major piggeries who do production in large scale and we are doing about 14,000 to 16,000 heads per year because we have got commercial piggeries and then we have other small holder farms and we buy from them and provide them with market.

HON. MEMBER.- (Inaudible)

MR. V. CHAND.- Yes, so the pig farms are producing quality pigs and it is ending up in the hotel market. In terms of beef in Fiji, most of the cattle that come to the abattoir, they would have already done their life on the sugarcane farm and when they come to the abattoir, the meat that comes from that is very hard and the quality of the meat from those cattle are not good. Because of that reason, our beef is not renown, except for Yaqara and few other small farms. There are no big farms that rear cattle for meat and this is one reason why most of the hotels import beef for their customers.

If in Fiji we have about 5 or 10 pig farms like Yaqara and the beef is just bred for meat, we will have that quality and then that quality beef, the one that Yaqara has, if we have plenty of that that can go and then offset the imports of beef that we have. So at the moment most of the cattle that is coming through our abattoir are cattle that are working bullocks, they are working on the farm and the meat is very hard. So we need a lot of or more farms that rear cattle just for beef meat for consumption and because of the quality then you can go to the hotels and then market the products.

At the moment, only Yaqara is selling to some of the butchers and that is not enough because there is a big market out there, that is the hotel market which we can capture if we have the quality. So the question of why pork is going up and beef is not, it is because pork is done in a commercial way and the quality is there and the meat is ending up in the hotel market too and for beef, we are not able to enter into that market because we do not have the quality.

HON. V. PRAKASH.- FMIB, through your new appointment, I think you should also be investing into farms where you can produce beef. The saying is that, if the stakeholder is in the industry, he should be the one who should know also because there is a big decline in beef production and hardly farmers are interested in it. Do you have any plans?

MR. V. CHAND.- Thank you, Deputy Chairperson. The other thing I forgot to mention is that cattle are long term crops, it takes three to four years. I think there is one reason too why farmers are not very interested to do cattle farming.

The other one is, a lot of thefts too happen, people get discouraged when cattle go missing, that is another reason. FMIB going into farming, the Board is of the view that first, we want to upgrade our abattoir and we should first try to fulfil what our core function is, which is slaughtering. Once we can efficiently do our slaughtering function, if we are able to perform that function then the next step for the FMIB would be to then get into farming or the other would be to also buy from farmers and get into contracts with hotels, provide the market for them.

At the moment, we are doing that for small holder farmers. But then we can also go into large scale buying and then supplying to hotels. What we are also trying to do in the future is, after slaughtering we value-add, we bone out and supply boxed meat to butchers and supermarkets. I think that is what we want to do in the long term, and to also go into production. The buyers also want security of supply so if we have our own supply then we can get into contracts because we will be sure that we have enough to supply, that is in the long term plan.

HON. A.A. MAHARAJ.- Deputy Chair, through you, just a clarification, Honourable Members, for your knowledge, we cannot have two public enterprise competing with each other. The FMIB has its own function and obligations to abide by and as far as livestock is concerned, we have one public enterprise, which is the Yaqara Pastoral Farm, which is supposed to be responsible for providing livestock. I believe both of these entities under the new Public Enterprise Act, I think the operation now is quite simpler compared to one that was actually being practiced under the Public Enterprise Act 1996, which has allowed them to bring in more operational reforms to the current structure they have. So both the Yaqara Pastoral Farm and the FMIB were struggling public enterprises. It is nothing to hide but with these reforms coming in, both are trying to revamp themselves. The Yaqara Pastoral Farm is trying to revamp itself so as to produce meat for consumption.

DEPUTY CHAIRPERSON.- With the backdrop of Sustainable Development Goals (SDGs), in reference to gender equality and women empowerment, can you give us a breakdown on the gender equality and all those things?

MR. V. CHAND.- We provide equal opportunities for everyone, whether it is male or female. We practice gender equality but given that our job on the slaughtering floor is manual, it takes effort and energy because we are still doing the rail slaughter, which is done manually. So, mostly, we have male workers in the operations with few females in the operations in terms of quality control and other areas.

In the office too, we have both male and female staff, we do not discriminate. If a worker is fit to work on the floor, whether a male or female, we do not discriminate when hiring workers for the FMIB. When we get applications, we look at it objectively and anybody who meets the minimum qualifications required and is fit to work in the abattoir, gets the job, we do not discriminate anyone.

DEPUTY CHAIRPERSON.- Thank you very much for that response. Any other question, Honourable Members.

HON. A.M. RADRODRO.- Mr. Chair, can I just get a clarification from the CEO regarding the financial statement: There is interest-bearing borrowings that is there of around about \$1 million. Can you just enlighten us, what are these borrowings for?

MR. V. CHAND.- Thank you, Chair. These borrowings were made from the Fiji Development Bank in 2006 by the Board and at that time, the Board was invested in a leather tanning plant. However, at that time when this investment took place, the mad cow disease outbreak took place, and it was virtually impossible to import hides from other countries. So the Board had a big plan to import from all the island countries and tend the leather here in Fiji and export, because of that, they could not get the hides from other countries to process here.

Fiji had about 8,000 cattle, and 8,000 hides is not economical to run a tannery plant. So with the high cost of chemicals and expertise that is used in a tannery business, the Board at that time decided to cease the business or stop tending leather because the tannery business was in carrying huge losses because they could not import the hides, tan it and export it elsewhere.

In 2012, with the approval of the Cabinet, machines were sold and then part of the debts were paid.

When I joined in 2009 as the Manager, Finance, my first job was to restructure that loan and we refinanced that loan with Bred Bank at a very low interest rate of 5.75 percent and till last year, our loan has almost declined to half of that amount, it is sitting at about \$500,000.

The intention of the business was good but because of unforeseen circumstances, did not go as planned but the current management is repaying for that loan, that is \$12,000 per month. With the constraints that we are already facing, we are able to meet that obligation that we have.

In a couple of years' time, we should completely finish that loan and apart from that, FMIB does not have any other major loan. Thank you.

DEPUTY CHAIRPERSON.- Any other questions? Yes, Honourable Member.

HON. A.M. RADRODRO.- ... it is about more than five acres?

MR. V. CHAND.- It is 74 acres. That is taking out, Deputy Chairperson, the ones that we have sold to the Ministry of Defence, that is for the Fiji Police Force, the National Fire Authority and Ministry of Health.

HON. A.M. RADRODRO.- That is basically the line of my next question. Is that a leasing arrangement or it is allowed arrangement that is done with most capital projects that are developed around your land area?

MR. V. CHAND.- Thank you, Deputy Chairperson. For these three projects, we offered the land to the Government because it was of national purpose and it was an outright sale.

HON. MEMBER.- (Inaudible)

MR. V. CHAND.- Yes, for the Ministry of Health, we sold it for \$350,000 for one acre, and we sold to the Fiji Police Force for \$900,000, and NFA, that piece of land actually did not belong to us, it was still under the Ministry of Land's name, so we had nothing to do with that land. So we needed that funds to do some capital expenditure and I think that would be reflected in the 2018 Accounts.

HON. MEMBER.- (Inaudible)

MR. V. CHAND.- Yes, the Fiji Police Force sale was done last year.

HON. MEMBER.- (Inaudible)

MR. V. CHAND.- The valuation was done by our valuers, the Fiji Police Force did their own valuation then a separate independent valuation was done by the Ministry of Finance, so that we could come up with a true market value and therefore we settled for \$900,000 which was the market value.

DEPUTY CHAIRPERSON.- Thank you very much. Are there any final questions, Honourable Members, before we sum up? There is none.

Thank you very much, Mr. CEO, for your timely deliberation. Any concluding remarks, Honourable Members, that you would like to make?

HON. V. PRAKASH.- I would like to congratulate the newly elected CEO, and we definitely look forward for more improvement and more priority given to the residential areas, those who are around there, for what they have been complaining about for many years, and we wish you all the best and we know that with your experience and expertise, you will be doing quite well. Definitely, that industry is a very important industry, not only to the farmers but to our visitors as well who need that and both of them are growing.

I think we need to go back to the 1980s when this was a really vibrant industry. We know that right up to Monasavu areas, there were beef farmers and the land is lying idle now, if those areas can be identified, and Bua and other areas and FMIB can work with the Ministry of Agriculture to assist those farmers. We have seen that normally the female and the male births are equal, but we do not know where these males are going.

Mostly, in the Central Division, we do not have any bullocks now because there is no one using bullocks, because of restructure and other things, but could be, that *magiti* market is attracting more of those and so I think that is a challenge, but I think there is way that you can work out, and they have some very good farmland with fresh water and very nice grazing areas that can be identified and you can come back to that original level. Thank you very much, Deputy Chairperson.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. I just want to congratulate Mr. Chand for your appointment as the CEO and I hope that you resuscitate the beef industry back in Fiji back to its original status.

DEPUTY CHAIRPERSON.- Thank you very much. I give time to the Chairperson of the Public Accounts Committee, Honourable Maharaj, to sum it up.

MR. CHAIRMAN.- I thank you, Deputy Chairperson. Thank you, CEO, I would like to echo the sentiments of my members as well in congratulating you on your new appointment.

Yes, we do believe there is a lot to be done when it comes to the Fiji Meat Industry Board and the business aspect of it. All the very best and I would like to thank you for availing yourself this afternoon here to enlighten us with regards to the Auditor-General's Report that is before the table, and we will definitely echo some of your sentiments in our Report as well. *Vinaka*.

The Committee adjourned at 3.53 p.m.

**STANDING COMMITTEE ON**  
**PUBLIC ACCOUNTS**

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*[Verbatim Report of Meeting]*

**HELD IN THE**

**COMMITTEE ROOM (WEST WING)**

**ON**

**MONDAY, 23<sup>RD</sup> SEPTEMBER, 2019**

**STANDING COMMITTEE ON**  
**PUBLIC ACCOUNTS**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (WEST WING)**

**ON**

**TUESDAY, 24TH SEPTEMBER, 2019**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON TUESDAY, 24TH SEPTEMBER, 2019 AT 1.05 P.M.**

**Interviewee/Submittee: Fiji National Sports Commission**

In Attendance:

- |                      |                            |
|----------------------|----------------------------|
| 1) Mr. Peter Mazey   | Executive Chairman         |
| 2) Mr. Joji Liga     | Sports Development Manager |
| 3) Mr. Shalendra Ram | Finance Manager            |

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DEPUTY CHAIRPERSON.- Good afternoon everyone. On behalf of the Chairman of the Standing Committee on Public Accounts, I as Deputy Chair welcome you all to today's proceedings. It is a Committee hearing in relation to the Report of the Auditor-General for the Republic of Fiji and the first part is Fiji National Sports Commission. We welcome you and before we move on let me introduce you to the Honourable Members of PAC.

(Introduction of Honourable Members and Secretariat by the Deputy Chairperson)

Before we move on, as a matter of information while you are presenting, maybe you would be interjected from time to time by the Honourable Members so you are expected to respond. Should at any given point in time feel that you want to give a written response later on, you have the liberty to do so.

So without further ado, I request the Chairman to proceed with his deliberation. Thank you.

MR. P. MAZEY.- Thank you very much Honourable Deputy Chairperson. Honourable Members, we are very proud to present our Annual Report for 2016 and 2017. We are pleased to be able to respond to your questions and we have presented the documentation which I hope that everyone has received. In brief....

DEPUTY CHAIRPERSON.- May I interject here. It would be nice if you introduced the members of your team?

MR. P. MAZEY.- Sorry, I thought they were already been given. My Finance Manager, Sir, Shalendra Prasad and Joji Liga is the Sports Development Manager for Fiji. I apologise for that, Sir.

As a brief, the Sports Commission, I have included under Appendix A a copy of the Decree which in July 2016 became an Act. It is now an Act of Parliament and this clearly



spells out the functions of the Commission. Do you want us to answer questions as we go through each, Sir? Answer any question, Sir, on the Decree if there are any questions?

DEPUTY CHAIRPERSON.- Honourable Members will ask the questions. You may move on, they will interject from time to time.

MR. P. MAZEY.- All right then, thank you. The first question presumably asked was on the process of providing sporting grants. We are very keen and have always been, because we are dealing with Government funding that this is a very transparent process. As such every year we host an Annual Conference with all the National Sporting Organisations (NSO) and we submit to them all the information in regards to sporting grants and we have discussions on it. Appendix B is just a diagram that we presented to that conference just on the process going through. Principally, we ask all NSOs to submit their requests. This is done, we send a letter out to every NSO and in this fiscal year that we are looking at, this was the first of the full year after we had a six-month accounting period from January 2016 to July 2016. So, because of the timeframe and the notification through Parliament that the new fiscal year had changed, this letter did not go out until March of that year. We requested under the next appendix, you can see a copy of Appendix C of the letter that went out from that date. Apologies it is the 29<sup>th</sup> March, 2016 it went out advising all the NSOs to make their submissions by 30<sup>th</sup> April, 2016.

The process now though is that this letter is sent out in January/February of each year and we now have to have all grant applications by 28<sup>th</sup> February. So, this letter went out and all the grant application templates, we had a number of grants that are given by Government. All of these grants have been in place except for the International Coaching Grant since the 1990s actually was when the first grants were made.

These templates are all on our website and available for all sports to take. I have included the templates in each of the NSOs give us. This is a short term expert grant which is allocated to assist National Sporting Organisations or NSOs to acquire overseas experts on a short term basis, to assist in the training of our athletes, coaches, referees and administrators. We also under that the grant provides Sports Development Officers and pay the salaries for those NSOs that would like to have a Sports Development Officer. Generally, that is a standard salary of \$15,000 per sport.

The Sports Scholarship Grant – Appendix E. This is given to our elite athletes for high level training and to coaches, referees and umpires for overseas training and attachment but it is only on a short term basis.

The hosting of international tournaments – Appendix F is the grant which we allocate to any NSO that wins a bid to host an international event such as the recent World Weightlifting Tournament we hosted and that funding is generally fully provided by Government.

The Overseas Sports Tours – Appendix G, these grants are allocated to send our national team overseas. Elite athletes who are competing in tournaments or competitions and generally it is for those that participate in world ranking or qualifying tournaments but it also includes the Olympics, World Cup events, Pacific Games, Pacific Mini Games,

Commonwealth Games and the World Youth Games. Those grants I have just mentioned have been in place for some time, Sir.

The International Coaching Grant is a new one that was introduced in 2013 and this grant is allocated for the provision and full funding of an international coach to an NSO, and it is for the development and training of the national team. I will address that later in the next question, Sir if there is anything on that.

The processes on the receipt of all these grants is that every NSO must complete a form for each individual grant. So if they have a number of grants they require, they fill in every form they require, sometimes it can be three or four for one overseas tour, for example.

We then go through each grant application, review them and make comments on their eligibility and ensure that every NSO has already acquitted any prior grants and we must have to reports on previous grants.

This is put into a summary, a large spreadsheet which is prepared. Every grant is listed that we receive from an NSO. We then go to the Ministry of Economy in the first initial meeting to show them what we have. That form can mean that generally in this period with round about \$5 million for overseas tours, for example, but we only get allocated a small amount of that, not all of it. For example, this year was quite crazy in fact that we had sporting events require \$50 million. That was the grants that came in. So, our initial meeting with the Ministry of Finance is very much, “Peter, we cannot do that and can you go back to all the NSOs and discuss it further”, and that is exactly what happened. But of that \$50 million, \$30 million was just for Rugby Union for their planned bid for the HSBC Sevens. So, it was very easy to realise that that was where we had to look at.

After we have gone to the Ministry of Economy and they give an indication of what sort of funding they can look at, we then go back to the Grants Committee which is made up of the Board, National Sporting Organisations, Government representatives from the Ministry of Economy and the Commission representatives. And we review recommendations put through and we then start reducing the request after meeting with NSOs. We meet with all NSOs to discuss how best we can give them the most amount of money and analyse that they can also contribute.

And then we come to a final figure at that time, which we then go back to Ministry of Finance and show what we had done and then so we await for the Budget announcement. Once we have the Budget announcement from Parliament and it is approved, we know what funding is available definitely for each particular grant and then the full Board makes based on Budget announcement a funding provided and the recommendations of the Grants Committee. So, it is transparent. But we also encourage all NSOs to, if they have a late request or an event occurs that could happen within the fiscal year, they can submit more request for funding. What we find, Sir, is that we constantly have a number of sporting bodies will request funding and then the event is either cancelled or they do not need so much funding because they get sponsorship or their international sporting body will contribute substantial amounts. In that case that money

is then redistributed to sporting bodies who have later request, after the budget period, and generally all the funding at the end of the financial year is used up.

We, of course advise all the NSOs on the grants allocated and they have the option to come back and talk to us if they want to and generally we will come to a compromise or we can advise them that if funding comes available later we will do our best to assist. I have on the second page included, Sir, how we consider grants and NSO to be considered for any grant funding must be first certified by the Commission as an eligible national sporting organisation and be able to certify that it can provide a portion of all budgeted expenditure and had clearly demonstrated that it is transparent, accountable and practices good governance principles. The grant template forms I have already shown in the appendices, they have to be fully completed.

Special request for one-of-grants can be included and we will go to Cabinet, for instance to get Parliament to approve any special one-of-grants and generally that is a special we might need for the Olympics or for a special event that may be a major international event that the country can host and will depend on funding coming from Parliament.

The most important thing we have to do and this is where our auditors are very diligent in is that, all NSOs must fully acquit every dollar that is given to them. That acquittal must always include invoices, LPOs and receipts; invoices are detailed and I give you how we check that.

For an NSO to be an eligible body, Sir, they have to really practice good sports governance. We require all NSOs to submit their annual accounts, they must submit their Minutes of their AGMs and we regularly meet with them to assist in this, because a lot of our smaller NSOs cannot afford to have audited accounts.

Nowadays the audit for an account can be more than what some of this working bodies are earning in a year or income, so we have now made a regulation and that is that any sporting body that has an income over a \$100,000 a year, a full income from any source must have audited accounts. Any under will only go to audit if we find there is something wrong.

We are now finding that the majority of our supporting bodies are eligible. When the Commission was first set up in 2013, we only had about four eligible supporting bodies and that did not include our major sports bodies; larger ones. So that will be an eligible sporting body.

I then go onto the next question, Question 3....

DEPUTY CHAIRPERSON.- Excuse me, there is a question by the Honourable Member. Honourable Lalabalavu, you may ask your question, Sir.

HON. RATU N.T. LALABALAVU.- Thank you, Sir, for the opening briefing. On this issue of NSOs and the various grants that you have, it is quite informative the way you let it

out here. My question is, given all these, you have this short-term grants for coaches, expert grant, and then you have the most recent one, the eligibility.

My question relates to this period, I look at it as the preparatory period for World Cup, Olympics and the recent Pacific Games - 16 and 17 report. In what you have highlighted, Sir, how come despite what we have here, volleyball was not represented at the recent Pacific Games and you made a statement in the media (TV) that they did not fulfil the requirements as laid down here.

The second one is weightlifting, that controversy saw to the loss of this lady. I declare my interest here, she hails from my province and it is a plus for Australia and I do not know about us. But this is just to do with the differences that the NSOs had representing weightlifting, I do not know about volleyball. What I am trying to say here Sir, even with all these, Deputy Chairperson, we still have these kinds of problems surfacing and it affects the very target group that we are trying to target which is to uplift the talent and it becomes what you have indicated here, Sir. It becomes something that they can rely upon in terms of sustaining their future. So, the question is how can we best address this?

MR. P. MAZEY.- Thank you. It is a very very good question. Volleyball, we are very pleased, yes we are having major issues and major problems. We actually worked with volleyball and our accounting department assisted them in putting together their accounts to such an extent that we were able to give them funding for preparation for the Pacific Games. So, while we gave them the funding for the preparation of the games, FASANOC who is the Olympic body that looks after the teams going to the Olympics and to the Pacific Games and are responsible, they demand a levy be paid by each national sporting body. And as such, volleyball was the one sport that could not pay that levy and that was why that was refused by FASANOC. It was not turned down by the Commission at all. We had already given funding to go through.

However, what has happened since, Sir, the Commission has lawyers that work with us to ensure and sought out problems with sporting bodies and to ensure they are following their own rules and regulations and their own constitution, and as such, just recently, the Permanent Secretary of Youth and Sports, the CEO of FASANOC and I acted as observers at the Volleyball Annual General Meeting. The initial AGM did turn out into a bit of a disagreement among the members and there were not many members present.

We then recommended to the existing committee that they call a Special General Meeting and that we would facilitate that and assist in getting all members from Labasa, Western Division, Northern Division and around Suva and that was held. We were very pleased that it totally followed their constitution and a new president and a new executive team and already we are seeing the results of that. The new president has gone around the country meeting with everyone and raising funds.

So, on volleyball we are very hopeful that what happened in the past would not happen again. It is the second Pacific Games that volleyball could not come up with any levies or any

funding to assist the team even though Government had provided the preparation grants, so the team was well trained. The first was the PNG Games and we worked with the Prime Minister's Office and actually managed to get their levy fees from the Chinese Government to pay that so they could attend in PNG. This year we were not so lucky, I am afraid.

With weightlifting, yes, I think it is very, very sad, I had a lot of meetings, and the Commission, the Board and various other members met with the Levuka weightlifters but we could not get world weightlifting and Fiji weightlifting to look at any changes and Fiji weightlifting had followed their own constitution. Fiji is producing so many good athletics and in a large number of sports, we are losing them all the time. The loss of Eileen to Australia and weightlifting I am hoping, we are still working, we may be able to change that. But the opportunities for sports people in Australia, New Zealand, America and Europe is a lot more than we give here in Fiji. We put together a substantial funding for Eileen and for the other weightlifters, we paid for them to go on the short-term expert on the scholarship grants to train in Noumea but then when it came down to personal grievances, I do agree, one of our big problem is between executives of National Sporting Organisations and looking after their athletes and that is a constant battle, Sir. But I think the economy of the country with the estimate of how much in remittances these sports people we send overseas send back home makes it very worthwhile that Government contribute more money into sports.

DEPUTY CHAIRPERSON.- Thank you very much. Are there any other supplementary questions? Yes, Honourable Prakash.

HON. V. PRAKASH.- First of all, I would like to congratulate the Chairman of Fiji Sports Council for your hard work. When we see you after so many years you are looking younger and very energetic.

You mentioned that for any amount below \$100,000, you have a policy where the account cannot be audited. Is that all the sporting bodies with \$100,000 plus income have to be audited?

MR. P. MAZEY.- Yes, Sir that is correct.

HON. V. PRAKASH.- Anything below that?

MR. P. MAZEY.- No, they do not have to get it audited. They just have to present their income and expenditure statements.

HON. V. PRAKASH.- Is it a policy that you have made?

MR. P. MAZEY.- No, Sir.

HON. V. PRAKASH.- What is the reason?

MR. P. MAZEY.- The reason, Sir, is because we found that sporting bodies were becoming un-eligible because we could not get their audited accounts and we have a lack of auditors in Fiji so it was becoming very hard for them. The cost for the sporting bodies would be anywhere from \$10,000 or more to have those accounts audited. They were not able to afford to pay us.

HON. V. PRAKASH.- The question here, Sir, is the auditing of accounts. We know that auditing of accounts can be at a cost but at the same time, we know that it can be at a much lesser cost as well. The question here is that accounts needs to be audited because so many sporting bodies who earn less than \$100,000, if they are not accountable, they are in a mess. Accountability of funds is very important. The standard of auditing - to have the account audited by a reputable person who knows about accounting. For the account to be audited, it should be the considered as important of any organisation in terms of accountability, otherwise smaller bodies which have less income and would like to have a big sporting event will die out. Funding is very important.

We also handle funds for our school accounts. Every year we have to get the accounts audited before we get the grant released. So we have people who audit the account and they audit to a standard that the Government appreciates. We do not have to pay \$10,000, but there are personnel who are able to audit the account as per the expectation of the Government to allow accounts to not be audited. I think we are taking a very high risk for the development of such sports.

MR. P. MAZEY.- Yes, Sir, I take on board what you are saying and that was the rule that was in place until we are asked to relook at it because as I said, a number of sporting bodies may only have 10 to 20 members but a financial and their income is way below \$100,000, it could only be \$10,000 to \$20,000 as I said before.

A lot of them are not even requesting funding from Government, but, we still request them, that we have to monitor their accounts as the National Sports Commission. So that was the reason that was addressed that way, it was not my personal decision, it was a decision of the Board and it was a recommendation that we also received.

HON. V. PRAKASH.- Deputy Chairperson, again on that, I think it would be advisable if there is a public funding involved, no matter how small a sporting body is, if they are doing some fundraising or public involvement, a Sports Council can arrange an auditor at a reasonable cost, a very small cost to go and audit that account, so that we make our sporting body no matter how small or big they are, that they follow the same procedure as far as the funding of money is concerned.

I would recommend, Deputy Chairman that the Fiji Sports Council arrange some auditors at a very reasonable cost to try and even go and audit the account. I am sure that there will be a long way but not to have it audited, to me as a person, I find it difficult to comprehend. Thank you Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you Honourable Member for the question and thank you for your response. Is there any other supplementary question? Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Deputy Chairperson, just to add onto the conservation regarding the auditing of accounts for national sporting bodies.

I think it is a combination of good corporate governance and your role to develop sports in the local rural areas. So the requirements for sporting bodies to submit audited accounts, maybe you can have that reviewed just like the education grant where the National Sporting Commission prepares a template on how sporting bodies can submit their financial request. Like in the Education Grant, I think it is not specifically restricted to be audited by auditors. They can go for a lesser level, I could be corrected on this by the Office of the Auditor-General.

MR. P. MAZEY.- (Inaudible)

HON. A.M. RADRODRO.- You have to consider those criteria otherwise the sporting bodies who have lesser membership and lesser numbers will find it very hard to submit audited accounts, certified auditor level position because that will come at a fee. And even if it is free of charge, they will do it as and when they are free, and that will take a lot of time for them to comply with your requirements. This maybe something that you should consider and probably the Committee can also suggest a revision in terms of their policy for those sporting bodies where they can assist in their submission of request. Audited accounts can be, not specifically by the chartered accountants or chartered auditors but at a lesser level with people with financial understanding as long as it meets your template criteria and what you intend to get out of that request.

MR. P. MAZEY.- Look I am a hundred percent behind exactly what you are saying but the one thing is that we have our national sporting organisations from one extent that we look after and so, we have our clubs at village level and the rural and urban communities and then they go up to an association which will be 12 or 14 villages that have a sports association now. We are monitoring those all the way through and assisting them. We do give them templates on formulating accounts and administration, not only do we do that, we also do give them training.

We go into the communities and I am talking rural and urban and we will stay for a week or two weeks at a time and give training to the participants and the youth. Accounting is part of it and administration of sports bodies. One of the things I have just been requested to do, be a panel major speaker at the Institute of Accountants Conference this year to talk on this very issue, because we have been going to the accounting association to see if we can come up with a compromise so that we can have one or two people and look at even Government funding for someone that is maybe a retired accountant that has auditing and can do it for the sporting bodies.

If we can do that, I think that is good, so if we can get maybe a little push from the Public Accounts Committee, that would be a great way to go.

DEPUTY CHAIRPERSON.- Thank you very much for your response. I think the Committee endorses what Honourable Aseri Radrodro and Honourable Prakash has said and we are serious about it. Do you have an internal monitoring audit team in your organisation?

MR. P. MAZEY.- No, we do not. We are not given any funding for monitoring of other bodies, but we have a finance team within that does go through everyone. They go through the income and expenditure statements and then that is part of what is fully audited by the Office of the Auditor-General too.

DEPUTY CHAIRPERSON.- So, that is one avenue that you can explore as stated by Honourable Aseri Radrodro and Honourable Prakash?

HON. V. PRAKASH.- Thank you very much Deputy Chairman and thank you Honourable Member. I strongly recommend that there are many ways available in the country where your finance team can look into personnel who could assist this smaller sporting body in trying to make them accountable and transparent as far as funding is concerned. That will assist them to grow, as well as, it will assist them to handle things with care and also to try to be very fair according to your template and rules and regulations.

We recommend strongly that your finance team goes back, relooks and you could ask our Deputy Chairperson, who would be very helpful about the Ministry's template. The tax agents do the auditing of school accounts which runs into hundreds of thousands of dollars or even below at a rate of \$200 to \$300. They do that because it is a charity to the school as well and everyone loves sports and I am sure your finance team with its expertise could do that if they have identified people who can be approached to try and do that. As far as we are concerned, I really support our Deputy Chairman and also support Honourable Member that accountability and transparency is very important.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. I think we will take a leaf out of that and then we will deliberate further before making any official recommendation. So we will deliberate and then we will come back to you, but certainly, there will be some recommendations. You may move on.

MR. P. MAZEY.- Thank you, Sir. I can turn you to the next question, Sir that was asked. How does the Commission ensure that the grant has met the objective of promoting sports in Fiji?

All of these grants are made under an MOA between the Commission and the NSO, and that really clearly spells the obligations of both parties. It clearly states that one month after the completion of the event for which the funding has been provided, the NSO must provide a full acquittal of all funds providing inclusive of the invoices receipts and payment vouchers. We must also receive a full report detailing the event, achievements and impacts.



And then of course reimbursement of any unused funds and an income and expenditure statement showing all details relevant to the event.

These are very clearly monitored on all the events because in some of our bigger sports bodies, we found what we call the “double dipping was occurring. Some sports were applying to their international body for the same amount of funding that they were asking us to provide. We got over that and principally by the international bodies did not want this to be happening at all either, so I personally had meetings with the major bodies involved which was international cricket, international football and international rugby, and that we have an agreement now that when request go to them, I get a copy of the request at the Sports Commission and when we get our request, we also submit the same to stop that from happening.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Supplementary question to this answer provided by the Chairman of the NSO. The MOA is signed between two entities, can you just briefly explain what does the NSO intend to get out of that MOA, in terms of sports development, in terms of achievement of that sporting organisation locally, internationally and regionally? If they do not meet those objectives as they stated, what is the plan of action undertaken by the Sports Commission?

MR. P. MAZEY.- Sir, the MOA clearly spells out that when they fill out these templates, it is for a specific event, for the grant request, so they will give us some better part of the template as their budgets. If Government agrees, if the Commission agrees to fund 50 percent of that event or two-thirds of the event which is round about what usually happens, we will identify certain objects, certain parts of that we will fund, which would be like airfares, overseas accommodation or it may be their medical cost (insurance). That all goes into the MOA and that is what they have to acquit against. If they come back and say, for example, like one sport recently did, the executive was trying to claim his travel from another country to an event at the Pacific Games, but it was not in the original agreement on the MOA; we would not accept that. We advise them that the executive concerned would have to pay that funding himself.

We go through very carefully and because we have an MOA, that spells out what we must do in presenting to them this grant and what is it for, it also shows what they must do for us which means that they must do the sports development, preparation for major event, we will spell out that the preparation of that event will go on.

HON. A.M. RADRODRO.- This is for events like Pacific Games, Commonwealth Games?

MR. P. MAZEY.- No, it is for anything, Sir. Even if it is a \$5,000 or \$10,000 grant, every grant is done under an MOA. Those were the instructions of the Solicitor-General and these forms were formed by him. But in that it also shows that they must also promote the

work of the Commission and acknowledge Government and the Commission, they must also report back.

HON. A.M. RADRODRO.- So the Sporting Commission just takes the report as a true status of how the funds was taken? Do you have any monitoring team or how do you monitor that what is actually reported is the actual truth but nothing about the truth?

MR. P. MAZEY.- On the documentation, Sir, for the funding of the cash, they must acquit that money with invoices, LPOs, receipts and they have to present those with every document.

HON. A.M. RADRODRO.- Actually you have a monitoring team?

MR. P. MAZEY.- Yes, we have a monitoring team and then it goes through that. When that document comes back in, it goes through a team of two people within the Grants Committee and then it goes to two people within the Finance Committee who check their work then we have an Internal Audit Committee as well that checks everything. Then it is submitted to the Office of the Auditor-General and they go through the individual grants. Does that answer your question, Sir?

HON. A.M. RADRODRO.- Yes.

MR. P. MAZEY.- The achievements and the impact in the community is that we ensure not only do we get back all the accounts, we get a full report and that report will, of course, we already know the results of major events and that is good especially on the overseas grants which is our biggest grant principally; you can see the results. The results of this, the financial period we are discussing today was, of course, we won the gold medal at the Olympics. Eileen our medal winner won a gold medal in Asia at the Asian Games as well. Those are easy parts to monitor, the success of young athletics that is happening overseas is where we check through their ranking. Individual sports have their own ranking system and so any of our sports people that are competing or our national teams are ranked and that is the global ranking not by us, it is done by the international sporting body. Just as our rugby team at the moment is ranked number 9 in the world and our netball team is ranked number 12, but they also rank the individual athletes. So we can check that out of that report, we get to see what we have achieved and what the impacts are.

We also use our elite assist us in our sports development programmes that Joji is taking up with one of his team. We have officers in all divisions, we have a team about to depart to the Lau Group, we are doing programmes in the Northern Division at the moment and we are running a Train the Trainer Programme in Namosi. These are going on all the time. Our national sports people, we take with us, we have taken and introduced (we call them our mentors) and they are very good with our youth, same with the international coaches, we use them for our programmes.

So the achievements of what we are achieving we are quite proud of but the question brought up is, we are preparing our next Annual Report. I have now instructed the people that prepare it that we want to now identify those people who have succeeded, are talented and to have a special part in the report that will show their achievements and the impacts. We are very pleased with that because we have people that have now gone on, we found a young boy in the Lau Group, for example, who went on to play rugby. We brought him to Suva and he played for Marist. Now he is in New Zealand in one of the provincial teams there; that is the sort of success from people we found in the rural areas. So we are seeing a lot of success and impacts throughout.

HON. A.M. RADRODRO.- Deputy Chairperson, just a supplementary question in terms of your assistance to the national sporting bodies. One of the sports that is seen to be dying at the moment, we used to produce champions before is this sport of boxing. I just wanted to see how the National Sports Commission is assisting or not in that particular sport.

MR. P. MAZEY.- Boxing is now a success story. Winston is now one of our top medal winners and won a silver at the Commonwealth Games but you are quite right. Hopefully, on the ....

HON. A.M. RADRODRO.- Before this assistance, we used to produce world champions.

MR. P. MAZEY.- We had the best.

HON. A.M. RADRODRO.- But I wonder if this assistance will positively impact on producing similar status that we used to produce before.

MR. P. MAZEY.- Sir, if you continue on that, within the next two to three weeks, we are opening the first National Boxing Gymnasium; reopening the old, it has been done up down at Walu Bay. I think everyone, us older people will remember the PWD Gymnasium; that is all being done up. Boxing is taking that over with weightlifting as well and we have got a lot of assistance from the Australian Government on all new boxing equipment coming into the country. The Commission has sent a boxing ring to the Northern Division in Labasa and we have sent one to Nadi. So, we are very much spreading it. Through our sports development programmes, we are now taking boxing trainers to train in the rural areas and in some of the urban areas we are going to. We want to get boxing right back up there again. Yes, we agree. It is one of the sports we can win in.

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu.

HON. RATU N.T. LALABALAVU.- Through you, Honourable Deputy Chair, thank you Mr. Mazey for the explanation you have given. This is just an observation or maybe suggestion so to speak. In terms of the future role of the National Sports Commission because here we are at this very early stage of trying to cultivate and nurture young talents through the

various NSOs with your major policy of how to help them. It is the guidance. Like you have indicated, Sir, the remittances that is now coming from some sporting bodies is huge.

One of my trips to Melbourne quite recently, I had a nice chat with some that used to serve here both in netball and in rugby, Simpson's and few others in Melbourne with the Northern Rebel team, we have two locals playing for the Wallabies team now, Naisarani and Koroibete. The issue here was once they get to that level, it becomes a kind of culture shock. Sisa Waqa suffered, a renowned rugby player from Ratu Kadavulevu School (RKS) straight to League. We were wondering how best could these people or the NSOs help to ensure like this demand for acquittals from qualified people or probably semi qualified people to be able to meet the requirements. But again if they step out, I am a bit worried about another sport which is fast developing; swimming. The support that they have with the facility you have provided, the two capital projects that you have out there in the West and in the North it will be huge. But again once they get up there, it is money and it is business. That is a frontier that most are not prepared for. Semi Radradra, his got a Manager. I even asked the residents from Fiji who live in Sydney, how can we help this guy when he was in trouble? Because of the culture shock, Mr. Mazey. I am raising this issue, how best could the National Sports Commission look into this? Because it is a business thing, it is a big business. Even with your major investments around the country, it is huge. Thank you.

MR. P. MAZEY.- Sir, I agree, sports is huge business now and this year, the European Union hosted the first Pacific Conference on "Keeping Crime out of Sports". The Commission and the European Union got together to hold the conference in Nadi and all the Pacific Island countries came, plus major Australia came with their integrity in sports and we are working right at this moment to try and set up an integrity unit here and that is to look after our sports people.

We have, I think, last count was about 200 athletes in Australia that were in trouble (Fijians). Their lawyers were looking after who had overstayed and various other problems. There are a number of these problems occurring right around the world. We have not been given any funding to work with this, but the Fiji Sports Commission very closely works with the Australian Institute of Sport and with Sports New Zealand and with Canadian Sports. Next week were are working with USA Sports in, they are hosting a week workshop in Nadi and we will be out there with them. No, sorry it is this week, later this week.

You are quite right, Sir, we have problems with our athletes overseas, and we have had cases of suicide occur with some of our top athletes. We are well aware of that. I had to the Minister of Economy several years ago, went to him and said that our athletes are contributing back to the country. We thought the figure at that stage was, we thought it would be around about \$80 million to \$100 million a year in remittances back to Fiji.

I thought it was quite fair if Government looked at, I might get into trouble, because contributing 10 per cent of that back to sports. We were lucky in the last few years, we have been getting that. This year, our budget has been kept as you are aware but we are putting it in those areas that we think we can get the best results. So we are going to continue doing that.

To be able to look after our sports people, we will need additional funding for that because it involves lawyers and we do need it if we are going to do it properly. The sports integrity unit would look after the contracts of our athletes. That is where the problems lie.

There is a sad part that a lot of families will think that AUS\$18,000 which is being offered to young school boys going overseas is a great amount of money. But as Henry Speight said and spoke to me about it when we were over in Canberra. He came and had a meeting with us. His got those boys leaving with him because \$18,000 is nothing in Australia. It is a lot of money to us and our athletes are having to remit a lot of money back to Fiji; are expected too.

So we need an integrity body that can assist and that will have to be fully funded. We have submitted under the new *Vuvale* Agreement to the Australian Government that that be part of the funding for sports. There is quite a bit of sports funding we requested in that too.

DEPUTY CHAIRPERSON.- Thank you.

HON. MEMBER.- (Inaudible)

DEPUTY CHAIRPERSON.- We will just take that as a last comment because we are running short of time, before we give it to Peter to sum it up. Thank you, Honourable Member.

HON. RATU N.T. LALABALAVU.- Just some thought, do not take it seriously.

(Laughter)

MR. P. MAZEY.- I have to.

(Laughter)

HON. RATU N.T. LALABALAVU.- When we were in Government, we were looking at departure tax as one of your major income earners for sports. That was when it was \$30. Now you know how much it has gone up to, I was wondering when will that amount, slice of it be given to sports because you are always looking for funding, it is a never ending story. That is all, Sir.

DEPUTY CHAIRPERSON.- Thank you Honourable Member.

HON. A.M. RADRODRO.- Just a follow on from that, functions of your duty as the Commission is also administering tax rebate incentives. Can you just give us a quick update on the rebate that the Commission is receiving?

MR. P. MAZEY.- Sir, that part of the Decree was a mistake. It was supposed to be reviewed. We were quickly informed by FRCS that they are the only body that can do anything with regard to tax rebates. You are talking about the 150 percent tax rebate?

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

MR. P. MAZEY.- Yes that is correct. The Government had put in place a 150 percent tax concession, they are calling it now for sporting bodies that received sponsorship funding. This year's budget reduced it down to 15 to anyone donating sports over \$15,000. I do not know if the details have gone through Parliament or if it has been passed yet because we are still waiting for what sporting bodies can get those concessions. But on the tax rebate that was put into the Decree, we were advised that it would be getting removed and that was not part of the Commission's job.

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

MR. P. MAZEY.- No, it is got to be under the Fiji Tax and Revenue.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Member. I kindly request Mr. Mazezy to sum up your submission.

MR. P. MAZEY.- I want to clearly spell out that the employment contract of each international coach is actually between the national sporting body and the coach; it is not the Commission. The Commission does not get involve in that. The national sporting body does have an MOA with the Commission to provide funding for the coaches and that is the coach's contract. The only thing that has come out of that lately is that the Commission does pay that money direct to the coach. We pay their salaries direct, I think it is obvious the reasons that was put in place, and we make sure all the taxes are paid because generally on the coaches taxes, they are getting up into the social responsibility levy tax as well.

HON. A.M. RADRODRO.- Hypothetically where does the coach report to?

MR. P. MAZEY.- The coach reports to the National Sports Organisation, but in the agreement between the Commission and the National Sports Organisation clearly spells what the grant is for because the grant can be made up of insurances, salary, accommodation, air fares and we are not talking small amounts of money because some international coaches are very highly paid. So, we keep a close watch on it.

HON. A.M. RADRODRO.- Rugby is in here too?

MR. P. MAZEY.- Sorry?

HON. A.M. RADRODRO.- Rugby in here?

MR. P. MAZEY.- Yes, we pay both the 7s and 15s rugby coaches.

HON. A.M. RADRODRO.- Is there a bonus when they reach the semi-final in this World Cup?

MR. P. MAZEY.- We try to put in the bonuses during budget, but they say no. It has to come back to you in Parliament, Sir. We are passing it back.

DEPUTY CHAIRPERSON.- Thank you very much. You may sum up your submission.

MR. P. MAZEY.- We are very pleased on doing these, thank you, Sir. That is our submission and we are here to answer any question as you wish.

DEPUTY CHAIRPERSON.- Thank you very much. We request Honourable Members to make their concluding remarks before we end our submission.

HON. V. PRAKASH.- Through you, we congratulate you for taking the whole nation to another height through sports. People are asking where Fiji is and they love Fiji. I think that is through your hard work and other sporting bodies who have been sacrificing a lot. It is important that you continue. Like it has been highlighted by our Honourable Members those sports that are dying out, it needs to be given energy so that they can continue. I will not forget wrestling and other things, those were once well enjoyed locally and also well enjoyed at the international level.

We request you to look into that and also at the same time it would be important for us to have the breakdown of all the funding that you provide to the respective sporting bodies so that we are able to know how much your finance team is providing to which sporting body and if some of them are not approaching you, you will encourage them to come to you.

Finally we thank the Government, without the Government's assistance I am sure you would have a lot of difficulties and like all other governments have put in quite a lot to try and see that sports develop and indeed the Government is behind as usual all the sporting events.

My last comment is, when we have some international events, the construction of these sporting facilities are well seen. Once those things go away, when you move around and see those facilities, it is almost empty, no sporting event takes place and this is a big question for us as citizens of this country. There have been a lot of money involved in putting up those facilities so why should those facilities be left idle, left to be a dirty place, placed to rot, a place where grasses grow, a place which becomes an eyesore. We request you through your leadership, we know you Mr. Peter Mazey, you have done quite a lot. But people also have sports at heart, you know Fiji. Those facilities should be well utilised especially the gentleman sitting right here, I think he carries a lot of responsibilities to see that those things are not only well looked after but it is well used. With those comments, I thank you and thank you very much for your deliberation and contribution.

DEPUTY CHAIRPERSON.- Thank you Honourable Prakash. Honourable Ratu Naiqama Lalabalavu.

HON. RATU N.T. LALABALAVU.- Thank you Sir, great work. You kind of done wonders in that particular area, having known you some time, the hotel industry, taking up that challenges is quite, with the rating in the sense that sports has certainly reached a different level now. I am looking at swimming. How the National Sports Commission will able to defuse the problem that they had at one time, the late Mr. Miller was still alive. They had very highly capable people on both sides yet they were fighting for the same thing. But that they have been able to be resolved and swimming has reached a new height now. I think it has surpass athletics, the way I see it, especially in the opening of your new capital projects out there in the West and in the North.

Secondary school it has picked up quite a lot. It is quite encouraging to note that people from schools down in the West like Shri Vivekananda are being represented. They have become Fiji representatives, a thing that used to be unheard of before. Now having raised that level, I think I can say, we wish you all the best. And if special funding is given to ensure your coffers are always full, it will be great because your chairmanship of that Commission transcends everything; politics, ethnicity, et cetera and that should be fully supported. Thank you.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. On behalf of the Chairman, Honourable Maharaj and the Members of the Public Accounts Committee and the secretariat team, Mr. Peter Mazey, Mr. Shalendra Ram and Mr. Joji Liga, thank you very much for availing yourself and you are doing a tremendous and a marvellous job. Our best wishes to you as well. Should there be any recommendations, the Public Accounts Committee will deliberate and let you know in due course. Thank you very much for your attendance, the team from the Office of the Auditor-General, media fraternity thank you so much and we conclude our deliberation today. Thank you so much for your attendance.

The Committee adjourned at 2.16 p.m.



The Committee resumed at 2.23 p.m.

**Interviewee/Submittee:      Film Fiji**

In Attendance:

- |    |                     |                                |
|----|---------------------|--------------------------------|
| 1) | Mr. Jone Tikoca     | Acting Chief Executive Officer |
| 2) | Mr. Sakiusa Bolaira | Board Member                   |

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DEPUTY CHAIRPERSON.- Honourable Members, good afternoon everyone. I welcome the team from Film Fiji to today's Committee hearing with the Public Accounts Committee. I wish to welcome the members of the media fraternity and before we begin, let me introduce the members of our Public Accounts Committee.

(Introduction of Committee Members by the Deputy Chairman)

Before we move on, during your presentation or deliberation, you will be interjected from time to time by the Honourable Members who have supplementary questions and you are expected to give a response. Should at any point in time, you wish to provide a written response later on, you have the liberty to do so.

MR. J. TIKOCA.- Thank you Honourable Deputy Chairperson. Film Fiji was established back in 2002 for the purpose to develop and promote the audio visual industry in Fiji. We have our office at Ground Floor, Civic House. We have complement of eight staff in our current employment structure. You have seen in our response, Honourable Deputy Chairperson, the benefit that the country as a whole. It also shows the level of investments that productions coming from overseas can bring to a country. If I can refer back to our response, Honourable Deputy Chairperson?

DEPUTY CHAIRPERSON.- Yes, you may do so.

MR. J. TIKOCA.- The Film Industry is going through exciting times and currently experiencing growth in terms of the number of productions showing interest to film in the country. Film Fiji considers how much each production spends in Fiji when they come to shoot and the benefits the country gets when film is released promoting Fiji as a tourist destination. The benefits accruing from these productions are reflected in a multiplier effect to the economy via investment and jobs which was determined by an independent study endorsed by both, the Ministry of Finance and the Reserve Bank of Fiji. According to the independent study, the economic multiplier is 2.81, which means that for each dollar spent in the country on local goods and services, this generates 2.81, the value within the Fiji economy.

For the three years, Honourable Deputy Chairperson, from 2016 to 2018, Government has invested \$3.55 million in terms of Government grant given to Film Fiji. Within these three

years, a total of \$787 million of new economic activity was created by productions within these three years. The number of productions that came into the country in 2016 totalled 57 and in 2017 there were 73 productions that were shot here in the country and in 2018 this increased further to 106 productions. From this number, Sir, we have, what we call, rebate productions. These were productions that came here and applied for the tax rebate incentive. So in 2016, eight productions came with the intention of applying for the rebate and in 2017 we had 13 productions that applied for the rebate and in 2018, 14 productions applied for the rebate.

The total value of the budget of these productions that came within these three years, in 2018 the total value was \$264.7 million, in 2017 the total value of these 73 productions was \$308 million and in 2016 it was \$125 million. Fiji Spent, which is something that we always concentrate on, because this is the actual amount that is spent on our local economy; local goods and services. In 2016, the 57 productions spent \$43 million in the local economy and in 2017 we estimated that 73 productions spent \$117.8 million and in 2018 we estimated that the 106 productions spent \$119.6 million. Why we are still estimating for the years 2017 and 2018, Mr. Chairman, we have a verification process that we carry out in the office. At the end of the production especially for those that are applying for the incentive, we will require the production to submit audited financial statements, so we are still waiting for some audited financial statements from productions that came in 2017 and 2018.

So, the new economic activity calculated from the economic multiplier that I mentioned earlier, Mr. Deputy Chairman, for 2016 there is a new economic activity created by the industry of \$120 million, in 2017 the new economic activity created was \$331 million and in 2018, the new economic activity created is estimated at \$336 million.

As well as direct jobs created in 2016 was 800, in 2017 it was 1,744 and in 2018, 1,973 jobs were created from the productions that came into the country.

DEPUTY CHAIRPERSON.- Yes, Honourable Member, you may ask your question.

HON. V. PRAKASH.- Thank you very much for your deliberation. This job creation, is it permanent job creation or on part-time?

MR. J. TIKOCA.- These, Honourable Member, what we term as equivalent permanent jobs which means they were employed permanently when the productions were on the ground here in Fiji.

HON. V. PRAKASH.- After the production is over, so?

MR. J. TIKOCA.- After the production is over, Sir, they can be re-engaged for another production that comes in, but in total this is the total number of jobs that were created by those productions during the year.

HON. V. PRAKASH.- Mr. Deputy Chair, it sounds very interesting and quite encouraging. How about those people, are they still involved in the industry?

MR. J. TIKOCA.- Honourable Members, currently because of the interest shown in the film industry in Fiji, our locals who have worked continuously now on productions, because the production is happening now from January to December and there is no break. So our locals are engaged with one production, when they finish, they jump on to another production that comes in.

I can say, Mr. Deputy Chairman, in 2017, there was a shortage of experienced crew here in Fiji and we had a large production from the West that was sought here. We had to get most of the crew from New Zealand. We were told that nearly half of the film crew from New Zealand were here in Fiji in 2017.

HON. A.M. RADRODRO.- (Inaudible) specialised jobs that is being highlighted here as direct jobs.

MR. J. TIKOCA.- Yes, Sir. This, Honourable Members does not include casual jobs, those that come in on a weekly basis or daily basis.

HON. V. PRAKASH.- What is the Board's share of urban to rural centres, all those areas of people who are getting rural opportunities are involved in this industry?

MR. J. TIKOCA.- That is correct, Honourable Member. If we give our figures Honourable Members, every province or every area that hosted a production, you will see a growth in those local economies. It is because the local people are directly engaged with the production. It is a two-way thing for the production; it is easier for them to engage the locals as they do not have to pay for their accommodation. And also this is something that we encouraged the production to do and give back to the locals, the locations that they used is to engage the locals from those locations.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodru, you may ask your question.

HON. A.M. RADRODRO.- Thank you, Deputy Chair, I thank the Acting Chief Executive Officer for the brief regarding Film Fiji's operations over the last three years. The two issues that I would like to raise and probably bring it as a concern in terms of the involvement of our locals as an employment source. There have been instances where conditions of workers, workers have been short-changed, how does Film Fiji ensure that the workers (local employees) are not sort of abused in terms of their conditions of work, that they be paid proper overtime when it is due that they are not over utilised in the work that they do. What are the mechanisms in place by Film Fiji to ensure that for those productions that engage our locals do not get themselves involved in abusing our local staff?

Secondly, when you said some workers have now been engaged continuously over a period of 12 months, do they have to go through Film Fiji for employment or engagement or can you just enlighten the Committee if there is a process that they have to register their interest

so that production companies select from that platform where they register their interest in engaging with these production companies?

MR. J. TIKOCA.- Thank you, Honourable Member. In terms of the production complying with our labour laws, we have a process in the office. When the production first applies with the intention to come and shoot in Fiji, we scrutinise their application. Once this is approved, we give them what we call a provisional approval. In that provisional approval we lay down all the rules and compliance that they need to comply with. One of those includes the Ministry of Labour law. They need to comply with all these laws if they are shooting here in Fiji. We work closely with the Ministry of Labour on that as well, Deputy Chair.

DEPUTY CHAIRPERSON.- Thank you. Any other supplementary questions?

MR. J. TIKOCA.- I am sorry. With regards to the second question, Honourable Members, we have a database of all the locals who have engaged in previous productions which we keep in the office. Those are for the purposes of releasing those information when the need arise. If the production asks us, can you give us some lighting assistant? So, we will check our database if there are lighting assistants listed in our database, we will give them a list of those to the production but otherwise most of the production that comes into the country they will engage what we currently have as an Audio Visual Agent. (AVA). So, the Audio Visual Agent will work with the productions that are here on the ground in terms of engaging our local. Most of the time, Mr. Chairman, they will advertise for positions that are available in the productions or otherwise the Audio Visual Agents might have their own database. Like I said, because of the number of productions that have already shot in Fiji, they will have the locals who were engaged in the productions that they have engaged in previously.

HON. A.M. RADRODRO.- Just another supplementary question. In terms of economic activities, very encouraging the figures that has been highlighted here and the level of work that is involved in terms of the investments in the film industry.

My question goes to the area of resource ownership. Definitely when these films are shot, they are shot along sea lines or riverbanks that involves ownership from local landowning units resource owners. So how does the film industry, what mechanisms do they have to ensure that they also enjoy the same economic benefit as what is highlighted here in terms of the economy and in terms of employment on a specialised level? As we know some of the work that involves the resource owners, they lack the necessary qualification or necessary specialised skills so they will be involved in unestablished work.

How does Film Fiji ensure that they also benefit in terms of compensation, especially if there is a recent shooting done in the Yasawa where (you can correct me on this) the resource owners are not allowed to fish in their fishing grounds because of the shooting that was there, were they compensated accordingly, rightfully, economically, so that is the gist of the question that I am trying to get at.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member.

MR. J. TIKOCA.- Thank you, Deputy Chair. In terms of the compensation to resource owners, especially our *iTaukei* landowners, we work very closely with *iTaukei* Land Trust Board (iTLTB) and currently they have a charge out rate which is consistent to all the locations that will be used for filming purposes. These rates are applied, like I mentioned across the board while the productions are here in the country.

In terms of compensation for fishing rights, before the production, we will request for the closure of a fishing ground. That will be negotiated first with the fishing owners. Just like I mentioned the provisional approval will clearly state that they must respect all the laws that we have. They must work with iTLTB in terms of the usage of land and other resource owners in ....

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

MR. J. TIKOCA.- That is directly done by iTLTB with the resource owners.

HON. A.M. RADRODRO.- In terms of oversighting, to make sure that no one is short-change in the process of negotiation?

MR. S. BOLAIRA.- If I could add to that Honourable Member. Things are done on a mutual understanding. So there is no short-change, that is something I would like to assure the Committee. Everyone is working on a transparent level, we mean by that everything is negotiated above. Nothing is going under the table, so to speak. What we have been receiving is a lot of people moving to villages, trying to manipulate figures into the negotiations. So, we have been guided by iTLTB and I remember we are working on a standardised pricing system which iTLTB has developed for us. That will standardise because the production are also sensitive to cost, when they come, they move quickly if there is a cost incurring. The landowners will be on the losing end, so we always encourage the landowners when we speak with them, we have to all benefit from this and also they are here to capture our environment. Most of the film done, it is beauty that they would like to see and most of the structures they have done is temporary.

In the Yasawa case they have constructed a road, it was quite good and benefiting the landowners. In terms of Film Fiji as a Commission, we are looking at the law, making sure there is no level of abuse. If there is an abuse then the Commission is duty-bound to report the matter even to the police. We have an Audio Visual Committee within the board of Film Fiji that looks after all these areas in details even the Immigration we consult if anything happens on the ground then we are duty-bound to ensure that our citizens, our resources are protected. Even after the filming, everything has to be protected and looked after.

We have a watchful eye in terms of productions coming in, there are some who are coming overnight, just trying to film in their car and moving out, those are the things that we really need to police as well. However, in terms of the mandate of the Commission, we are looking and ensuring that our citizens, our resources are protected in our own way. I also

would like to reassure the Committee, they are coming in a short span of time, looking at an average of 2 to 3 months and they are out again.

The funding that is being injected into this local economy is huge, it is enormous looking at the maximum economic impact. We are looking at service providers like carrier drivers, church has been changed and painted in Taveuni and it is huge. So, that is the impact that Film Fiji is producing at the moment at a national level and as the Acting CEO has alluded to earlier, the figures there are the figures that we are receiving and I am sure that if you go to these areas, you ask independently, you will see the impact on the ground. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you very much. You may move on with your presentation.

MR. J. TIKOCA.- Thank you Deputy Chairperson. The impact to the economy for the three years was \$697.7 million in budgetary value of productions were hosted in Fiji and \$280.4 million spent directly in Fiji for the three years. Sir, \$787 million in new economic activities were created in these three years and this impacted on local economies of the different locations including Mamanuca Islands, Taveuni, Kadavu, Savusavu, Pacific Harbour, Suva and Western Viti Levu locations and the creation of about 4,517 jobs during these 3 years. That is much ancillary jobs created for vendors and suppliers to the industry.

The values these productions have on the local Fiji economy included:

- injection of large amounts of new foreign money in a short period
- promotion and awareness of Fiji through the showcasing of locations
- creation of employment
- use of service from local vendors
- use of locations
- development and training of our local crew base
- upgrading or installation of local infrastructure.

The returns to Fiji included new economic activities creation with a multiplier effect of 2.81. The new employment creation:

- new business opportunities
- increase in tax revenues from the production company
- increase in tax revenues from the local suppliers and employees
- recognition as a player in the lucrative global film industry
- national infrastructure improvements
- filling up of accommodation plant and aircraft seats during peak periods.

In film tourism, studies show that wherever a successful film has been shot, that location has experienced a growth of 54 percent in tourism arrivals in the following four years. The country as a whole benefits when productions come to film in Fiji. The benefit that productions bring to the country is enormous considering that they are only here in the country

for a short period of time and are spending huge amounts of money on local goods and services including employing locals.

Film Fiji does not receive monetary benefit from all productions but the economy does benefit directly through the usage of these local services. More than 4,500 full time equivalent jobs were created during these three years. Film Fiji was advised that the contribution to GDP by the film industry in 2017 was similar to that of the sugar industry. The film industry can be a real contributor to the nation's economic progress.

HON. A.M. RADRODRO.- The statement of 2017, what is the contribution to GDP; 4.5 percent of GDP or 3 percent?

MR. J. TIKOCA.- It was less than 1 percent, Honourable Members.

MR. S. BOLAIRA.- Honourable Member, that was 2017 so when we update to the latest one you will see the impact. That will reflect also the table which the Acting CEO had alluded to earlier, those are still estimated in the first page of our response. Once everything is audited, we are envisaging a great impact in terms of our GDP because of the economic activity and the multiply effects and so forth. I am sure we will be able to update the Committee when those figures are released.

HON. A.M. RADRODRO.- What we are looking at is 2016. Has the 2017 been audited already?

MR. J. TIKOCA.- Deputy Chairperson, the 2017 is yet to be finalised.

DEPUTY CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- The Fiji Audio Visual, has it had been updated to 2016?

MR. J. TIKOCA.- The 2016 Annual Report, Deputy Chairperson is currently being finalised as well.

DEPUTY CHAIRPERSON.- Thank you.

HON. A.M. RADRODRO.- Because looking at the financial statement, I see a sponsorship for Kula Awards, can you just enlighten the Committee what are the benefits or success stories which has emanated from this Kula Film Awards that you have sponsored over a period of time?

MR. S. BOLAIRA.- Honourable Member, if I could start from Board perspective then I will leave the floor for Acting CEO in terms of operation in terms of your question. The Board created this Kula Award and created it to be a signature event for Film Fiji for the very reason that we have an abundance of local talents but there is no platform created, even sponsored to that level. So Film Fiji is truly committed in creating that platform. What we have seen over

the years, Honourable Members, is an influx of local talents. We are looking at the possibility of opening up the market in terms of the overseas market. We have an abundance locally and that is why we are re-channelling. There are a lot of plans that we have in our Corporate Plan for Film Fiji to actually capture that market from end to end if I could use that, meaning we have local talents, and we create markets in terms of employment opportunities, even submitting one of our film to be screened in one of those international awards overseas sanctioned by Film Fiji.

So the possibility is huge. We at the moment are creating at a phase that we are developing and nurturing local talents. So we are looking at visual arts, we are looking at film, looking at even paintings; we have seen that. We encourage, Honourable Members, when we have the next Kula Awards please come and see for yourself. Dancing is one of the very popular ones now in schools, we are also nurturing that. Part of our big vision is to come up with an academy which we nurture these talents and actually can export it in terms of the film industry. We are looking at an abundance of technical people in entertainment, arts and visual which we could also use in the show business environment. So it could be locally, it could be internationally. So overall, Honourable Members we have an abundance of local talents. The next phase of our development has actually opened up opportunities in terms of employment creation, generating the much needed income for our young people. Maybe our Acting CEO can just go through the operational part of the Honourable Member's question.

DEPUTY CHAIRPERSON.- Thank you very much for your response.

MR. J. TIKOCA.- Thank you, Deputy Chairperson. The Kula Awards is a platform to get our future generation ready for this industry. We are creating a career opportunity for our students, if they can have an option to choose between their careers at least at an early stage they can choose this industry which is why this is being introduced at the secondary level at the moment.

We have some success stories, Deputy Chairperson, most or if not all of the students who go through the Fiji National University Film School had in some way took part in this Kula event. Government saw the need to assist with our university under the Income Tax Regulation. There is a requirement that production must engage students from the Fiji National University in the Film School to be able to qualify for the film tax rebate.

So they must engage students from FNU in order to qualify for the rebate. So these are some of the things that are put in place to support training our locals to become engineers and to become expertise in whatever area they choose in the film industry. To answer the Honourable Members question, yes, the sponsorship was to assist with the cost of hosting the Kula event for the year 2016.

DEPUTY CHAIRPERSON.- Thank you very much. You may move on and then sum up your presentation. Thank you.

MR. J. TIKOCA.- 1.2 Significant Finding:



- Lack of VAT Reconciliation;
- VAT Payable; and
- VAT Refunds.

These are reconciled on a monthly basis against VAT notice of assessments received from the Fiji Revenue and Custom Service. Effective from 2018, yearly VAT reconciliations are carried out against the statement of account for VAT. A copy of the reconciliation is attached. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Any supplementary questions, Honourable Members?

HON. A.M. RADRODRO.- Yes, Deputy Chairperson. Thank you, just a question to the Auditor-General in terms of the treatment of the Government grant that is showing here, but there is a deferred revenue shown in the financial positions of the entity - Film Fiji.

I am just trying to understand the different treatment of Government grant. In some entities, it is taken together as a revenue, especially a Government grant with an amount of over \$10 million, say for entities like FBC. But in this one, it is showing some deferred revenue, can you just clarify what is this deferred revenue and why is it not being consistent with how Government grants have been treated in other entities?

AUDIT REP.- Thank you Honourable Member. In this case this deferred revenue are those revenues that will be used in the next financial year.

HON. A.M. RADRODRO.- Government grant?

AUDIT REP.- Yes, Government grant for the activities. It was not utilised in 2016, it will be utilised in the next financial year which will be matched against expenses. So some of the activities were not done in 2016 for the current year, but it will be conducted in 2017.

AUDIT REP.- Sir, may I add to that?

DEPUTY CHAIRPERSON.- Yes.

AUDIT REP.- In the financial statement according to Accounting Standard No. 20, Government grant is required to be reflected as such. If it is received as operating and used within a year, it is directly reflected as a revenue. If it is deferred, it will be reflected as a liability and when it is brought into account as revenue, it is expensed; the expense matched in that accounting period. So, it is just a matter of reflecting it according to the accounting standards that Film Fiji adopts.

DEPUTY CHAIRPERSON.- Thank you very much, any other supplementary questions? If there is none, I request Acting CEO to sum up your presentation and then the Honourable Members will make concluding remarks and then we will finish off.

MR. J. TIKOCA.- Thank you Deputy Chairperson. As I mentioned in my introduction, the film industry is currently undergoing a major growth. In the last budget announcement, the tax rebate was revised upwards to 75 percent. We thank the Government for the support shown over the years. Without those incentives, we will have a very hard time because we are competing with some countries who have established infrastructure as well as have incentives which they use to lure production especially from Hollywood and Bollywood to their destination.

We thank the Government for the continuous support that has enabled the industry to grow over the years. This year, we can advise the Committee that we will surpass our record for last year. You may have already seen from news that there was a major production in the country in the last three weeks; eco-challenge. That was the biggest production ever to ever come to our shores. It was really huge and with the multiple locations used, it will benefit a lot of our people.

The production was shot across the whole of Viti Levu going over to Lomaiviti and then to the Mamanucas, so all the resource owners that cover those areas will benefit from this one production and the production is being filmed here by MGM with the support of Amazon. It will be released by Amazon and not MGM releasing it on its television channel.

Amazon, Mr. Deputy Chairman and Honourable Members, they have more than 200 million members. These are paid members, so the film will be released in more than 200 countries across the globe, so they will get to see the location. The one good thing about this project is that it shows the different locations that Fiji has to offer and the people.

With that Mr. Deputy Chairman, I would like to reaffirm our commitment as an organisation to make sure that when the productions are here in the country, they comply and our locals will definitely benefit from productions that comes in.

With those words Mr. Deputy Chairman, thank you very much for this opportunity to present to the Committee. *Vinaka vakalevu* Honourable Members.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Members, any concluding remarks?

HON. V. PRAKASH.- Thank you, through you Mr. Deputy Chairman, thank you very much for your presentation. I can see both of you can have multiple roles in any film that will be produced in our beloved country. You both are looking dynamic and I assure you that you will take Fiji to great heights, with a beautiful country that God has given us and with the beautiful fauna and flora that we have, definitely it will take one step ahead. We congratulate you and also thank the Government who has been behind this industry for quite some time. Taking up courses at FNU is another milestone achievement that you have with this industry. Definitely it will go a long way as far as the functions and other things that you want. Please invite us, we can come and participate in future films.

We come also from a place where there are beautiful locations. As you go across the hills from Adi Cakobau right up to the other end towards Monasavu, there are beautiful locations where you can also choose to take with beautiful animals and other birds that you will not find anywhere, you will find it here. We thank you for all that you have been doing. Our future is looking very bright and with this modern technology and the type of people to introduce in the 21st Century and beyond, I think this will befitting your programme in future direction. Honourable Deputy Chairperson we thank you whole heartedly.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Prakash. Honourable Lalabalavu, Sir.

HON. RATU N.T. LALABALAVU.- Honourable Deputy Chairperson, just a comment. I thank you Acting CEO and Mr. Bolaira for your presentation today. From the last meeting we had in our last term, there has been some changes, I have noted, especially from dealing directly with iTLTB, apart from the provincial office, that is a positive step that you have taken. Now, I declare my interest here, my clan and my province has benefitted a lot from the various projects undertaken there. We thank you for that.

Another downstream effect of this is the confirmation and identification of not only the *qoliqoli*, but the land itself, it has kind of resolved this because when projects like these come, there is an urge to lay all sorts of claim. It is good to learn from here, Honourable Deputy Chairperson, that they now have a database. It is the people, , the location and everything that they have and who are the contact persons there. I am so grateful for the way you people are going and I only hope in the next audit we should be able to learn a bit more as to how have you participated in the International Film Festivals, rather than the local one, the *Kula* one. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Member. On behalf of the Chairman of the Public Accounts Committee, Honourable Members, Secretariat team and OAG, namely, Seremaia and Elina, thank you very much team Film Fiji. You are doing a marvellous job and we wish you all the best. We will collaborate in future and we understand there will be future hearings. All the best and thank you very much for attendance and we will conclude our session here.

The Committee adjourned at 3.09 p.m.

The Committee adjourned at 3.16 p.m.

**Interviewee/Submittee: Land Transport Authority (LTA)**

In Attendance:

1) Mr. Irimaia Rokosawa	General Manager Finance & Administration
2) Ms. Makitalena Drova	Acting General Manager Technical Operation
3) Ms. Ashika Narayan	Manager Finance
4) Mr. Gabriel Stevens	Acting Manager Legal
5) Ms. Losalini Qalomaiwasa	Senior Regulatory Analyst
6) Ms. Sherine Pouline	Senior Regulatory Analyst

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DEPUTY CHAIRPERSON.- Good afternoon everyone. On behalf of the Chairman of the Public Accounts Committee, I welcome you all to our Committee hearing and today's submission is from Land Transport Authority.

(Introduction of Committee Members by the Chairman)

Our Secretariat team is led by Savenaca, on my far left we have Mateo and Priya. From the Office of the Auditor-General we have Mr. Seremaia Delana and Ms. Elina Lomaloma, both are Audit Managers. We welcome Una from Hansard, Fiji Parliament and the members of the media fraternity.

And before we move on, one is, while you are deliberating the Members can interject from time to time. For any supplementary question, you are expected to give a response. Should at any given point in time you feel that you want to give a written response later on, you have all the liberty to do so. Before we move on may I request the head of the delegation to introduce the team and then you can begin your presentation. Thank you.

MR. I. ROKOSAWA.- Thank you Honourable Deputy Chairperson.

First of all I would like to take this time on behalf of the Chairman of the Land Transport Authority and the Chief Executive Officer for giving this opportunity to the Land Transport Authority to provide responses and clarifications to queries pertaining to the financials for the 2016 as of 31st July. Before we proceed, Sir, I would also like to take the time to convey the apologies for our Chief Executive Officer, who is not able to be present today. He has got work commitment out of the office.

DEPUTY CHAIRPERSON.- Thank you very much. The other two officers can join at the backdrop, if you want to. Thank you very much, you may begin your deliberation. I understand there might be a written response, so you can start with that. #

MR. I. ROKOSAWA.- Thank you, Deputy Chairperson, with reference to the correspondence that we received on 16th September 2019.

We received queries pertaining to errors in the draft financial statement submitted for audit and there were questions; what measures the Authority has put in place to ensure the draft financial statements submitted for the audit is free from errors? Thank you Deputy Chairperson. We have also submitted our responses to your high office, Sir, and allow me to probably read it out.

DEPUTY CHAIRPERSON.- Yes.

MR. I. ROKOSAWA.- The Authority has taken on board the recommendations on disclosures and accounting treatment highlighted by the Office of the Auditor-General. The Authority has also put in place the following measures to ensure that the draft financial statements submitted are free from errors:

- All adjustments are accompanied with proper explanatory notes to the Financial Statements;
- Postmaster revenue is no longer recorded as receivables as advised by the OAG; and
- The reconciliation for accrual accounts are now carried out on a monthly basis and monitored to ensure only genuine expenses are accrued.

There was a second question with regards to cashier shortage. Allow me Mr. Deputy Chairman, to respond to that. As of July 2016, the Authority recognized receivables amounting to \$21,783 relating to misappropriation of cash by staff at Nadi Town Office in 2013 amounting to \$18,006 and the destruction of Labasa Office by fire in 2014 with a cash loss of \$3,777. The Authority has written off the balance on 21<sup>st</sup> July, 2017 as these receivables could not be recovered. However, the Authority has placed the following measures to ensure that cash is not misappropriated:

- The Authority has signed a Memorandum of Understanding (MOU) with Bank of the South Pacific (BSP) on 17<sup>th</sup> August, 2018 for overnight safekeeping of cash to ensure cash is not misappropriated by theft or fire in the future;
- The Authority has embedded stringent controls in our LTA soft system whereby receipt cancellation has been removed from the system which prevents the Customer Service Officers from directly cancelling receipts without the various levels of checks and approvals by the Branch Managers to prevent staff from fraudulently taking cash through cancelling receipts;
- From 29<sup>th</sup> October, 2018, the Authority has replaced the Regional Managers set up to individual Branch Managers dedicated to respective branches for better control, monitoring and be held accountable for revenue processes and cash handling; and
- The Authority has also reviewed the minimum qualification requirements for Customer Service Officers to ensure that skilled staff are hired with some financial qualifications.

DEPUTY CHAIRPERSON.- Thank you very much. Is there any supplementary question, Honourable Members.

HON. V. PRAKASH.- Deputy Chair, thank you very much for the response regarding this amount that had discrepancies at various locations. The interest here is whether those people who are responsible for that have been identified? What actions have you taken? If they have acted in a way which was against the law or they were just left to be walking free? What was your responsibility in identifying them and if they had committed something wrong, they should have faced the consequences.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member.

MR. I. ROKOSAWA.- Thank you very much, Deputy Chair. Allow me to respond to Honourable Vijendra Prakash's queries. For your information, Sir, we have a very stringent Human Resources Policy and any staff who has proven to be undertaking fraudulent activities, these are first of all referred to our internal audit to, first of all carry out our internal investigations. If there is enough concrete evidence, we refer the matter to the Fiji Police Force or for very serious cases we refer it to FICAC to handle all those cases.

Internally, any staff that has been alleged and found to be conducting fraudulent activities under our HR Policy, they come under the Gross Misconduct Category and they are immediately terminated from the Authority.

HON. V. PRAKASH.- In this case, have you found someone guilty?

MR. I. ROKOSAWA.- For the Nadi case?

HON. V. PRAKASH.- Yes.

MR. I. ROKOSAWA.- Yes, Sir, and actions have been taken.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. Any other supplementary questions, Honourable Radrodro.

HON. A.M. RADRODRO.- Through the actions taken can you just inform the Committee whether the Authority has recovered this amount that was allegedly misappropriated?

MR. I. ROKOSAWA.- Thank you very much, Deputy Chairman. Allow me to respond to Honourable Aseri Radrodro's comments. Sir, we have insurance policy in place and all cases of theft and fraudulent activities are referred to our insurance for insurance recovery.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash?

HON. V. PRAKASH.- I think we have moved into advance technology and Fiji is quite ahead and you said that you have got a very good IT team, I will come back to your HR. How is your IT team? Do you have a centralised system where each of the case that is received is

able to be monitored centrally somewhere by headquarters? In some places they use the receipt system because IT is one of those things that will try to remove these kind of practices.

Once you have a centralised system, anything that comes in, within seconds you can monitor; you can see it coming in, the timing of banking and other things. Fiji has gone ahead. Land Transport Authority is an arm of Government. It should also be quite ahead in those types of things. We want to know how far you are able to have the central system of knowing what is happening throughout the other locations as far as cash received and other things which you face on a daily basis.

MR. I. ROKOSAWA.- Thank you, Honourable Chairman. Allow me to respond to the Honourable Vijendra Prakash's question. For the information of the forum, we have a centralised system known as the LTA Soft. This was introduced into the Authority back at 2015. Also we have a separate financial system, EPICOR, which is our financial software.

All the receipts pertaining to LTA Softs in terms of vehicle registrations or driver license or Traffic Infringement Notices (TINs) payments, they all have a system generated receipts. If you may look through our responses, part of the controls that we put into place we have taken out receipt cancellations. We have seen that that was a loophole in the system. It was given to assist our operational staff on the ground in order to balance off but we have seen that it has been taken advantage off and not into the actual spirit of why it was put in place. So we have taken that out, receipt cancellations and any authority for receipt cancellations has to be approved by the respective branch managers.

HON. V. PRAKASH.- The receipts are issued as you have said. The question is here Chair, the central system of trying to have records that this much earnings have come from various officers, immaterial of where they are located. Do you have that system on a daily basis where you are able to receive information from those who are handling cash on your behalf and have a proper record of it?

MR. I. ROKOSAWA.- Thank you, Honourable Vijendra Prakash. Just to answer your question, yes, our LTA Soft is connected centrally at our IT office which is located at Valelevu. At any point in time after every transaction, it can be viewed online and after every days takings, it is balanced off and it is kept overnight at BSP Branch. Should the respective branches are not able to make that timeline with BSP, they are kept inside an internal safe within the respective branches. The days taking is banked into the Government's Consolidated Fund Account and the pay-ins reconciliation is sent to our centralised financial team for further verifications and reconciliations.

DEPUTY CHAIRPERSON.- Thank you very much for your response.

Any other supplementary question?

HON. A.M. RADRODRO.- The earlier question regarding recovery of the money, \$18,000 has been confirmed to have been received by LTA .

MR. I. ROKOSAWA.- Yes, Sir.

HON. A.M. RADRODRO.- What about the other \$3,700? You have stated that this was written off. Since you have mentioned all the insurance arrangement that has been held regarding LTA cases. Why is this one being written off - \$3,777.

DEPUTY CHAIRPERSON.- That is the amount of cash loss, I think.

MR. I. ROKOSAWA.- Thank you Honourable Aseri Radrodoro. For Labasa, we had received a total of \$1 million for the whole property as it was demolished through the fire. This was also included in the total.

HON. A.M. RADRODRO.- In here it is written off, this cash loss of \$3,777 – these receivables could not be recovered.

MR. I. ROKOSAWA.- Thank you Honourable Aseri Radrodoro. That \$1 million went straight to the Government's Consolidated Trust Fund Account. So, we had to internally do our adjustments in the books to clear it off but the insurance company had paid up the ....

HON. A.M. RADRODRO.- So you are stating in your official reply here that this \$3,700 is a loss? So you wish to change that, to revise that statement that you have here as written off?

DEPUTY CHAIRPERSON.- (Inaudible)

HON. A.M. RADRODRO.- In your reply that is being officially distributed to the Committee, the \$3,777 is a loss and has been written off.

MR. I. ROKOSAWA.- Thank you Honourable Aseri Radrodoro. We can revise our response and we will bring it back to the Committee. We apologise for that.

DEPUTY CHAIRPERSON.- Thank you very much, Sir. Any other supplementary questions?

HON. RATU N.T. LALABALAVU.- I am not basing this supplementary question on the report by the OAG. There are outstanding land issue cases here. It has been highlighted again by OAG that it has been there for, shall I say, donkey's years now; during my time as Minister for Transport, Lautoka, Cuvu these are quite outstanding. We see the report from OAG that nothing has been done, it begs me to raise this question once more in the hope we can get something going on this one here because this has been outstanding.

The second question that I would like to raise through you Deputy Chairperson is, your IT system, LTA soft, et cetera. Have you been able to marry that system together with the registry of courts and the police because the Committee has been getting reports of outstanding



amounts unidentified emanating from fines handled by LTA and they are there in the court system together with the police. These are unidentified; they are revenues. Just following on from the question raised by Honourable Prakash on the system. Have you been able to marry the software that you have now with the ones that the High Court Registry has and the Police in order to clear up all those issues as well. Thank you Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you Honourable Member

MR. I. ROKOSAWA.- Thank you Deputy Chairperson, please allow me to respond to the Honourable Ratu Naiqama Lalabalavu's queries. First of all pertaining to the land titles. We have properties in Valelevu, Cuvu in Nadroga, Lautoka and in Labasa. In May this year (2019), we have received legal titles from the Ministry of Lands pertaining to Valelevu which has been signed off by our Board Chairman, Mr. Vijay Maharaj and this has been given to the Ministry of Lands. In their response they told us that it will take three months for them to process.

As for Cuvu, Lautoka and Labasa, the last correspondence we had with the Ministry of Lands was back in June 2019 and they had requested further information from the Authority which we have tabled with the Ministry of Lands.

For Valelevu we had to pay lease arrears of about \$64,000 in order to have this documentation processed. We are just waiting for Ministry of Lands to finalise the lease agreement and hand it over to the Authority.

With regards to the LTA soft, for your information Honourable Ratu Naiqama Lalabalavu, we have a Memorandum of Understanding with the Fiji Police and also with the Court where they can access our database and look at vehicle details or Traffic Infringement Noticed (TIN) (analytical enquiries only) but this is not harmonised to their own system. Our LTA soft is a standalone system but we have given them authority to access our LTA software.

DEPUTY CHAIRPERSON.- Yes, Sir.

HON. RATU N.T. LALABALAVU.- Supplementary question. Thank you for those answers, it puts us in a clear picture now, again if you cannot harmonise it, then you are still there. We are talking about (inaudible); it is huge. I do not know whether that money should go to LTA or to the Police or the Court. But it emanates from the role that you people play, whereas the Committee is quite concerned as to what will come out of this but it has come out through the interviews we have had.

MR. I. ROKOSAWA.- Thank you Honourable Ratu Naiqama Lalabalavu. I believe those are pertaining to 2018 downwards, because after the change in the LTA Act, all other outstanding TINs are paid at LTA unlike previously when offenders do not meet the timeline for payment at LTA, they are directly directed to the court to be taken through the court system and also to do their own payments at the respective Magistrate Courts where they are summoned.

As for LTA soft, something for the future, we are moving towards mobile application. Currently, we have a mobile application (app) at the moment, but it is only being internally used. We want to venture this by giving it out to the public where every driver licence holder or a vehicle owner can enter into this mobile app and also to enquire about their driver licence details or any Traffic Infringement Notices outstanding in their respective client IDs. *Vinaka vakalevu* Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Thank you very much, that was where I was leading to. Any person who is dealing with LTA, it should just be with a touch of a button on their mobile phone they should be able to know what is happening, whether they are in arrears. We know some of those people were not aware. Their fines have exceeded, something which they will never pay throughout their lives. They have forfeited their licence by not paying the fines. Had that information been given to those offenders, definitely, they would have had the opportunity of employment and other things through driving and all those things.

Deputy Chairperson, running around, when you come to LTA they say, you have to go to Nasinu Court to find out about such and such, then when you go to Nasinu Court, they will say, no this case was heard in Tailevu. Then you have to run to Tailevu to go and find out about the outcome of that.

The issue raised by Honourable Lalabalavu is very genuine and instead of people running, it should be the LTA who should be able to have all the information. Even if the judgement has not been done, the judgement should have come to LTA that this is the amount owing and this has to be done rather than running around in circles. You are doing a great job and the job is recognised because you are controlling so many infringements on our roads. So many lives have been saved because of your officers who are standing in sunshine and other different climatic conditions trying to prevent many disorders that cars and trucks have.

We appreciate all that, but at the same time it is also important that once a customer comes to LTA, he returns satisfied rather than spending time and continue to run from here to there; that is not a customer service. A customer service is where the person should have an answer at the earliest possible of anything that he owes.

Deputy Chairperson, the other concern is illegal activities to legal activities so that people can legally earn and the Government can earn money, so that that money can be utilised in the development of this nation.

There are areas around the rural areas and other places where transport is needed. People need those transport because public transport is limited and they do hire transport to reach one destination to the other or where public transportation is not available. I think instead of rounding up and putting your officers to go and book them, it is sensible that you and your Board, I would have loved to see the new CEO here. Instead of that, they should legalise those

people so that they do not have to run around when you or other people from your office goes there at odd time just to book them time and again. You should try and legalise those places where they can have a system to do those things legally and at the same time they give money to the nation's coffers, so that the nation can develop. A particular instance is, you go to rural areas like Korovou in the night time, go to Vunidawa Hospital and Vunidawa where this small shopping center is, there are people operating. And I think Deputy Chairperson, LTA has information and you just cannot say that you do not have information where people are doing this service to the nation, but, unfortunately they are not doing it right.

It is important because employment is another issue, through you employment will also be generated, people will do things legally. You have a responsibility to those people and their families, there is a demand for those things and that is why they are to do those service. I humbly urge especially the management to see things positively so that these people who are running dodgy, if they be legalised somehow or the other, so that at the end of the day the country benefits and they benefit.

They will be lodging their income tax return and they will be identified as people who are, in their particular time of employment and service to the nation. So I humbly request, Deputy Chairperson, through you and through this Committee that LTA needs to give serious thoughts to this chase and booking game and make it something that is proudly served by our own people. They take responsibility and their vehicles are proven to be worth doing those services that people require. DEPUTY CHAIRPERSON.- Thank you Honourable Prakash for those great words. Your response on that, any comments?

MR. I. ROKOSAWA.- Thank you Honourable Vijendra Prakash. Your comments are acknowledged and we will take that on board. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much.

HON. RATU N.T. LALABALAVU.- Deputy Chairperson, just a follow up to my earlier question, has there been a concerted effort taken to try and regularise this outstanding discrepancy that we have with our Courts, LTA and the Police regarding this unidentified amount that is sitting there with the Registrar of Courts, emanated from LTA, spot on fines and then it ended up in Court. When it reached the courts, everything went haywire. We cannot identify who paid this and that and that happened over the years.

According to the reply given that anything happened before 2018 will be at the back burner, that is the interpretation I get; who will resolve this given that we now have heard that you have a new system in place. Will we be able to pick up these cases, surely you must have references there – just a matter of marrying the two together?

MR. I. ROKOSAWA.- Thank you Honourable Deputy Chairman, thank you Honourable Ratu Naiqama Lalabalavu. You have raised some very valid points. LTA is still very part of general government and we will take the comments on board. We just need a reference point. I believe all those outstanding Traffic Infringement Notices (TIN) with the

court systems have a driver's licence or a vehicle tagged to it. That can be easily traced back to LTA and that will be something we will look into and will thoroughly reconcile and surely those outstanding dues are paid up. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much. Is there any other supplementary questions?

HON. A.M. RADRODRO.- I just wanted to follow on from that question for those outstanding fines issued on LTA Traffic Infringement Notices but are still lying around not being paid. Are they part of your LTA financials, are they part of the receivables of LTA as at the end of the year?

MR. I. ROKOSAWA.- Thank you Honourable Deputy Chairman. Honourable Aseri Radrodro, those are not in our books.

HON. A.M. RADRODRO.- They are not in your books? Any particular reason why, when they are issued with LTA formatted Traffic Infringement Notices and LTA officers are mostly the ones giving it out and those outside of LTA are authorised by LTA?

MR. I. ROKOSAWA.- Thank you Honourable Aseri Radrodro. LTA very much follows Government's cash accounting revenue treatment. Only when revenue is paid and we recognise, we have not ventured into a revenue treatment where it is done on accrual basis.

HON. A.M. RADRODRO.- I get it that all those TINs that are issued on LTA Traffic Infringement Notices, LTA designed, these are issued by LTA officers, Police and the municipal councils. They become an eyesore too at times. All those TINs, and they are not being paid on time (fines), they are basically outstanding and most of them end up in the court system because they have surpassed that period of payment.

DEPUTY CHAIRPERSON.- What probably Honourable Member means is there is a mechanism in place.

HON. A.M. RADRODRO.- No, no, I am just asking about the recording of the issue of the TINs. They are issued under LTA notices, they are your inventory but they are not recorded here or are they recorded?

HON. V. PRAKASH.- I think it is a very technical question Honourable Aseri Radrodro is asking and it is very relevant as well. We should give some time to the LTA officers to go back and give us in writing because that is income. You have got no authority to write-off?

HON. A.M. RADRODRO.- I think the Auditor-General can assist in that one too, whether in their receivables that they are stating here, whether those includes the TINs that are currently in the court system?

AUDIT REP.- Honourable Deputy Chairman, may I?

DEPUTY CHAIRPERSON.- Yes, thank you.

AUDIT REP.- LTA is a statutory authority, so all the fees and charges that they collect is deposited directly to the Consolidated Fund Account. It is not part of LTA's revenue or as debtors. The fees and charges that are owed to Government are reflected as whole of Government debtors in the whole of Government financial statement.

HON. A.M. RADRODRO.- That is your....

AUDIT REP.- It is the same operation as FRCS, all the tax they collect is Government's revenue, so it is the same as LTA, all those are reflected as whole of Government financial statement in the whole of Government financial statement and the debtors as well. But in the financial statement of LTA, they reflect it as an additional note.

HON. A.M. RADRODRO.- ... the Suva City Council officers, why are police issuing LTA formatted things and not their own?

MR. I. ROKOSAWA.- Thank you, Honourable Deputy Chairperson. Honourable Aseri Radrodro, I believe I get where you are coming from. For every issued TIN, it is manually updated into the system so the offender is given a 90-days grace period to pay that off. Should they not comply with the 90 days period there is a 50 percent penalty on top of that. So to answer your question, even the TINs issued by the Police or with the Municipal Councils, they are brought over to LTA for manual updating to the system. I hope that answers your question, Sir.

HON. A.M. RADRODRO.- Because with the ones paid to the Police, that is okay and understandable, as that goes to the Consolidated Fund Account, but the one that is paid to Municipal Councils, that does not go to the consolidated account.

MR. I. ROKOSAWA.- Thank you Honourable Aseri Radrodro. We had given a directive to the Municipal Councils that those are LTA TINs, they cannot be accepting the TINs here at the Local Government. I have seen cases where they have crossed off LTA and they have put SCC. We have directed them that that is a gazetted fee that is liable to be paid to LTA and they are complying with that.

HON. A.M. RADRODRO.- When they cross off LTA and put in the respective municipalities, is it a valid document or is it an invalid document legally?

MR. I. ROKOSAWA.- Probably I will allow our ....

HON. A.M. RADRODRO.- Because we just go by what is there? When they cross off LTA and make the payment to SCC or Nadi Town Council....

DEPUTY CHAIRPERSON.- Thank you Honourable Member for a very good question. You may respond later in writing, but certainly the Committee expects that. If you have the answers, you can respond now.

HON. A.M. RADRODRO.- In line with what we have been raising about the transfer of the respective properties, roads et cetera to FRA, under municipalities, and then they are issuing LTA TINs, but they are collecting those TINs, that is where the confusion comes in. That defeats the explanation by the OAG. It is not consolidated fund when it goes to SCC.

HON. V. PRAKASH.- It is an issue that needs to be addressed.

MR. I. ROKOSAWA.- Honourable Deputy Chairperson, if you will allow the Authority to put a response in writing back to this forum.

DEPUTY CHAIRPERSON.- Thank you very much, that is well noted. Any other supplementary questions?

HON. V. PRAKASH.- Honourable Deputy Chairperson, thank you very much. This is one body I always like, you have got a gender balance here and I hope that in other departments also there is gender balance. Those traffic officers who are trying to also pass the vehicles, I hope that one day we will see that we have got gender balance there too. People are now flying aeroplanes and there are number of females who are engineers, and we appreciate them when we go there. We see smiling faces and there is good change in the workforce. But there are rooms for improvement, Deputy Chairperson.

I had to go to your HR team two years back to tell the HR Manager, “Please, before you recruit any officer, try to train them well on how to speak on the road.” The drivers who are driving on our roads are also very cautious and highly pressured to see that there is no accident. Some of the places where they are trained, I do not know how they are putting the cones, you can easily bump them. So those are the areas where they should be trained in, as that is a high risk area. If there is a traffic congested area with very limited space and then you go and put your cones to try and stop traffic, definitely anyone will be annoyed. Lucky for those who pass by and unlucky for those in those areas if they are parked, asked to stop and the language. If you go overseas and if you commit infringement or anything, the way the officers speak to you, they speak so humbly and nice tone. They will let you know that there is an infringement, and it makes the offender a lesson to learn, rather than defend. It is very important. The way some of them shout at you to go and park at that end and the hand goes the other way, what if a driver takes his hand from the steering wheel and starts doing the same thing. What will happen to that man who is doing that?

Those are the things that HR is responsible for; each and every officer who interacts with the public especially on our roads. They should be well trained officers. It was good he apologised and I asked the HR Manager to fine me and I would pay. I do not want that to be written off, but the way the officers were behaving. I was about to park my car the other way

round and then walk off, because the signal he was giving, you do not know where to park, he was pointing in all directions, shouting at me and I got really offended.

I ended up in an LTA office and I explained my case and I hope those areas still have room for improvement, especially, when you want to stop someone. They are very important things and we appreciate your growth, your customer relationship and the way you try to help us, but that 90 days that you give, please have a time to remind twice or thrice to offenders, not just once. It is written here, legally you issue a notice of fine and then you put that thing into your legal department for action. At least send a reminder twice or telephone them. As for EFL bill and water bill, those people have gone quite ahead and as much as we appreciate the work that you are really doing so well, we need those reminders. I have been talking with people, as I have said before, they will never be able to renew their license, it runs in thousands, because sometimes they got it and forgot and it has escalated to an amount they cannot pay, so they have forfeited driving for good.

If there were constant reminders, you add 50 percent, I know more income will come but your job is to get that which was there the earliest. I request Deputy Chair, if those reminders can come to those people who have been booked rather than only one booking and no reminder and when you go and renew your license then you see that the amount has escalated a lot. Thank you Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Any other supplementary question?

HON. RATU N.T. LALABALAVU.- Thank you Honourable Deputy Chairperson. I hope the issue that I am going to raise now would not be taken in the vein in which it is being said. With respect you being here, ladies and gentlemen, we have just had an audit from some international people regarding the role of PAC. As such, we would really like to see your CEO sitting here so he would be available to provide responses.

Secondly, the issues that we would like to raise, because otherwise it is the same thing all over, come, we have a chat, take it back, sometimes the report never comes back and then new year comes, the new term comes, like I highlighted in my question. That was our last term, that issue about outstanding land leases was identified by the OAG, they have re-identified it again. Rather than us leaving it with you ladies and gentlemen, we understand the hard work you have taken and all that. Again, CEO needs to be present here. That is something that you can take back with you, we will be so grateful. Thank you.

DEPUTY CHAIRPERSON.- Thank you Honourable Lalabalavu. Any other final supplementary question?

HON. A.M. RADRODRO.- Deputy Chair, just a few final comments to the Land Transport Authority executives. Just on the issues that has been raised by the OAG; the shortages of receivables that has been allegedly stolen from the Nadi Office. I think it will be interesting to really dig deep and find the reasons for these issues because at LTA there is a lot of hard cash involvement in terms of the transactions that has occurred throughout the LTA

offices around the country. There is a huge amount of cash involvement especially the high number of vehicles that are now on our Fiji roads. I think it is over a 100,000. Probably, you can confirm that to us.

That also, Deputy Chair, brings into question whether the staff of LTA are properly remunerated in terms of carrying out the work, the very people who are involved in receipting of monies all across the country whether they are being properly remunerated. So, that is why I said it will be interesting to find out the real issues of this allegedly stolen money.

Given the high number of vehicles on our roads and the consistent occurrences of these traffic jams congestions during the morning and afternoon times, it will be interesting to note what LTA is doing to address these congestions as its role in ensuring safety on our roads and steering Fiji safely as is written on your letter head.

Also we note the initiatives that has been undertaken regarding cameras. Can you just confirm for those who are booked by cameras, they are entitled to pay fines and then demerit points that comes along with that fine. Why is it that people that are been caught on camera have to go through those dual penalties? If you check what you have send out to those that are caught by the cameras, there is always a clause there: you pay a fine and demerit. You will be given demerit points on your licence. Is it a mistake or why is it the driver penalised two times and that is probably against the legal process.

The last one is the taxi permit lottery. It is interesting to note how this permit lottery came about and there has been a huge number of people who have applied for taxi permits but are still on the waiting list. Are they also considered in the lottery process? How different is this from the existing taxi permits and Public Service Vehicle (PSV) licences that have been issued given that there was hiccup with the first one in the system. How is that brought about to ensure that there is equal distribution of taxi permits to all those interested people who wish to have taxi permits going forward? How has that been implemented effectively throughout the regions? I note that the answer that you have given, you have now removed the Regional Managers. That is probably your strategy to addressing the cash shortfalls? Is it really working? Can you just give us an indication of how that move improves your responsibility in terms of corporate governance framework of the Land Transport Authority. Thank you, Deputy Chair.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Member. I think there are more than two or three issues. If you have the answers you can give it now, but for the purpose of clarity if we can get a written response on that, but the floor is open to you if you want to.

MR. I. ROKOSAWA.- Thank you Honourable Deputy Chairman. Thank you Honourable Aseri Radrodro. We request if we can provide a written response to the queries that has been raised, remuneration for the staff, secondly on the demerit points and the taxi permit issuance.



DEPUTY CHAIRPERSON.- Thank you very much. Is there any other supplementary question? If not, I request you to sum up your presentation and then Members will make concluding remarks.

MR. I. ROKOSAWA.- Thank you very much Honourable Deputy Chairman. I would like to take the time to thank the forum for giving us the opportunity to come and provide our responses and clarifications. I believe we have a number of written responses that we have to bring back to the forum this afternoon. Firstly on the Labasa issue, we need to probably reword the responses, the remuneration, demerit points, the taxi permit issuance and lottery and also the TINs issued by the Municipal Councils and the Fiji Police.

For your comments Honourable Vijendra Prakash on illegal taxis to legalise them; we will see how best we can assist. We also take those on board. As for the comments by Honourable Ratu Naiqama, we will surely convey the message to the Chief Executive Officer's Office. *Vinaka vakalevu*, Deputy Chair.

DEPUTY CHAIRPERSON.- Thank you very much for your sum up.

Any concluding remarks Honourable Members?

HON. V. PRAKASH.- Thank you very much to the senior management team from LTA. As we appreciate your duty to the nation, we also recognise as we represent the members of the public and other forums where there is a talk of LTA. We believe that there is a lot of room for improvement and we know that you have been doing quite a lot for this nation. Please continue with the service, keep the customer relationship intact and also see our offenders as people who can improve and never offend. There are so many ways you can issue the permit and other things, so that they are operating legally especially in the interior and during off hours when there is no public transport available, but the movement of people are there.

So with those words we thank you for your contribution to the nation and we hope that when we next meet there will be a lot of interesting contribution from your side, plus definitely your IT technology development and reminders to the public. Thank you very much Chair.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Prakash.

HON. A.M. RADRODRO.- Thank you Chair. I thank you very much Mr. Irimai for coming to the Committee this afternoon. Just a few commentaries regarding your road enforcement officers. I think you need to work on their customer service attitude. They are not the law, and neither are they above the law, especially when they are issuing TINs along the Flagstaff area; what is that programme that you have there?

MR. I. ROKOSAWA.- Urban clearance.

HON. A.M. RADRODRO.- They need to improve on their customer service. They do not need to come and park there or wait for people to commit the offence and then come and

issue the TINs especially when they are issuing TINs to people who do not know about the rules of that space. The sign is not visible when you park in front of that chemist, you cannot see the sign. Once you have been booked and then they say, “you have to read the sign” which is 100 metres in front. These are some of the experiences that need to be conveyed to road enforcement officers of LTA to improve on their customer service going forward. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Radrodro.

(Deputy Chairperson – Vote of thanks)

The Committee adjourned at 4.11 p.m.

**STANDING COMMITTEE ON**  
**PUBLIC ACCOUNTS**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**WEDNESDAY, 25TH SEPTEMBER, 2019**



**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD IN THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON 25TH SEPTEMBER, 2019, AT 1.05 P.M.**

**Interviewee/Submittee: Fiji Roads Authority (FRA)**

In Attendance:

1. Mr. Kamal Prasad - Acting Chief Executive Officer,
2. Mr. Apisai Ketenilagi - Policy and Standard Engineer,
3. Mr. Sonal Goundar - Acting Chief Financial Officer,
4. Ms. Sainiana Rokovucago - Acting Manager, Communications and Public Relations.

(The Office of the Auditor-General was also represented at the Meeting)

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DEPUTY CHAIRPERSON.- Good afternoon, Honourable Members. Ladies and gentlemen, welcome to the Public Accounts Committee's hearing in relation to the Report of the Auditor-General of the Republic of Fiji 2016-2017's Audited Report on the Statutory Authorities, according to Parliamentary Paper No. 62 of 2019. First, we have Fiji Roads Authority, we welcome you.

Before we begin further, I also would like to welcome the members of the media fraternity. Let me introduce you to the Honourable Members of our Public Accounts Committee: on my far right is Honourable Vijendra Prakash, we have Honourable Ratu Naiqama Lalabalavu, Honourable Aseri Radrodro, our Secretarial team is led by Mr. Savenaca, with Mr. Mateo on the left and Ms. Priya. To assist us, we have the officers from the Office of the Auditor-General: Mr. Emosi is the Director of Audit, and Ms. Elina, who is the Audit Manager. Also in attendance, Ms. Una from Fijian Parliament for the Hansard record.

Before we give the floor for your presentation, there are two matters of interest:

1. While you are deliberating, Honourable Members can interject from time to time and ask you questions, and you are expected to give a response; and
2. Should you feel, at any point in time, that they have raised issues or questions that you need to clarify now or a written response later, you have the liberty to raise that.

So, before we begin, I will request you to introduce your team and then you can start your deliberations. Thank you.

MR. K. PRASAD.- Thank you, Sir. I am Komal Prasad - Acting CEO for FRA, on my right we have got our Acting CFO - Mr. Sonal Goundar, Ms. Sainiana Rokovugaco, who is our Public Liaison Officer.

DEPUTY CHAIRPERSON.- So you can begin your presentation.

MR. K. PRASAD.- Sir, the question that came to us regarding Section 513, and we have given a written answer so I will just paraphrase that and let you, Honourable Members, know that the ERP that was in the system, we have temporarily shelved that for the main reason that our FRA organisational structure is changing. This is due to the Budget and with the number of Senior Management Staff

changing, we are trying to adopt what we are going to do in our future. So that is the whole reason why ERP has been shelved and we expect this to be re-evaluated, the need for ERP at the end of 2020.

The second part was the asset management systems. That we are running on two platforms at the moment because our core business is operation, maintenance of roads and building new roads so we are using two platforms: One is our geospatial side of it, which is the SRGIS.

The other one is the financial side of it, which is RAM. Those are the two systems we are using at the moment. Prior to this, MWH used to look after these two systems or just over two years ago, it got transferred to FRA and now we are running it ourselves and it is now over two years so we are re-evaluating the need for these software and is it good enough because what we could see that there were three things that we wanted: operation, maintenance and giving us real time value of the asset we have.

At the moment, we see that we will evaluate against how easy it is to have these three things - output, from other software that are around. So we have inherited this thing, we have used it for two years now, it will take us another two years because we want to see what size of organisation we will have and then we will decide on how our asset management system is going to work. So that completes my answer to the question that was raised.

DEPUTY CHAIRPERSON.- Thank you very much for your deliberation. Now I request Honourable Members if they have any supplementary questions with regard to what has been delivered to us. Yes, Honourable Prakash.

HON. V. PRAKASH.- I think the Acting CEO has informed that there are new changes taking place in FRA, and you also mentioned that there are also management changes taking place and you mentioned that this is because of your budget. Can you elaborate further on that so that we are able to know what the new changes are that are taking place?

MR. K. PRASAD.- Thank you, Sir. You will see that the life of FRA is just over six years and there has been many CEOs who have sat in this position, and I think three Boards have gone through these things, so every Senior Management had their own vision of how these things are going to run and the business motto we started off with, now that business motto will change considering what we are supposed to be delivering and how we are aligning ourselves to the 5-Year and 20-Year Development Plan for Fiji (our National Development Plan) and that has brought about a lot of changes in the Senior Management, the local capacity.

So when people are changing, everybody's vision is changing and then now we have got a new set of Board Chairman, a new CEO (well, that is not new now), but he has come in and he has got his vision on how things are supposed to be done.

So in that, now people have changed. There used to be a lot of experts in FRA, now there is a lot of local guys in there. So that is also creating a lot of changes in terms of management and the Vision. So that is bringing about all this, and do we actually need this ERP system for FRA? Is it necessary to have the thing, or we can just use some things that off-the-shelf specific to our core, the RAM using the geospatial, so that is why we are in changing mode and we should be good in about two and a half years' time, we should be knowing where we are going in this matter.

DEPUTY CHAIRPERSON.- Yes, Honourable Member. You may ask your supplementary question.

HON. V. PRAKASH.- Just another supplementary question: It is good to hear that expected positions are being taken over by locals?

MR. K. PRASAD.- Yes, Sir.

HON. V. PRAKASH.- And I am sure they will be fully qualified for those positions that they are going to be in charge of?

MR. K. PRASAD.- Yes, qualification-wise, there is the progression plan for the guys who were up here, the expatriates there, so there were people underneath them learning the skills and trades. We have skills in terms of technical skills, we have got shortage but the managerial skills is there.

So what is happening is we are getting these guys with managerial skills to go up and then if we need expatriate technical skills, we can hire people, but then they do not decide where we go. We have our guys who decide what we want for Fiji and these technical guys provide inputs into our technical side of how to make it happen.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Prakash. Any other supplementary questions, Honourable Members?

Yes, Honourable Radrodro, you may ask your question.

HON. A.M. RADRODRO.- Deputy Chairperson, thank you very much, Acting CEO, for your explanations.

Just a question out of interest, your position as Acting CEO, how long have you been in that position, and where is the gentleman that was there before you? Is he finished?

MR. K. PRASAD.- No, he is still around, he is on a holiday. Mr. Jonathan Moore, he is on a holiday, and I am the General Manager for the Western Division. So just under the progression plan, there are 3 General Managers, two of us are locals. We are given the opportunity to sit in this position and learn the trades that we are supposed to do in the future per se.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. Just out of the responses that you gave, we will start there, this is the ERP system that you highlighted - the financial accounting system?

MR. K. PRASAD.- Because ERP is supposed to be an integrated system in terms of the core functions and also the financial side of it, it should all come out with our deliverables for 10 kilometres of road a year and we have got 6,000 kilometres of road ....

HON. A.M. RADRODRO.- What is it? Is it a financial software or what is it?

MR. K. PRASAD.- We have to write up a ERP, so the financial software they are using is NAVISION, so that is the financial side of it. That controls the entire finance for FRA, the budget we are given. Now, how we spend money is using the Road Asset Maintenance and Management (RAMM) software. That is where all our maintenance finance goes.

There is another one we use is the GIS system where all our assets get populated, how much assets we have got. So, ERP is going to be the culmination of all that and our system is going to be written that all the three of them talk to each other and at the end of the day, we have a report of what is the value of assets that we have got.

HON. A.M. RADRODRO.- When the Auditor-General highlighted about this lack of reconciliation in your ERP system, which system specifically are they talking about?

MR. K. PRASAD.- We will have to step back because the word was donated “assets” and what had happened ....

HON. A.M. RADRODRO.- These are all the assets that were transferred from the respective municipalities?

MR. K. PRASAD.- Yes.

HON. A.M. RADRODRO.- Are those assets, title clearly registered under FRA?

MR. K. PRASAD.- The land is it?

HON. A.M. RADRODRO.- Or is it transferred just by a decree.

MR. K. PRASAD.- Yes, decree. These are done under a decree but the land is still under the Director of Lands. The land where the road sits, still belongs to the Director of Lands but the assets like the road, bridges belong to us.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, for your question. Any other supplementary questions? The Honourable Prakash, you may ask your question.

HON. V. PRAKASH.- I would like to congratulate the Fiji Roads Authority for the new development that has taken place in between Nakasi and the Rewa Bridge. The road is really very high in value and the modern facilities that you have placed there has really put the real estate value of those areas very high.

Indeed, while we were going through before the road was open, there were, I think, nine traffic lights from the junction of Nakasi up to the Rewa Bridge. We thought that it will really take a lot of time to reach there but surprisingly, I think you need to be congratulated that it is being organised in such a way that there is hardly any traffic jam during the peak hours, because it tries to have stages where the traffic flow is accommodated, and also the adjacent roads that link with the highway.

The traffic flow is very, very smooth and we are very happy. All the people who are driving through that road are very happy. Do you have plans for this side of the road from 7 Miles to Suva City? There are still places where there is road congestion and also at the Ratu Dovi Road where some places you will find during the peak hours, there is quite road congestion.

We have seen that this new system really works very fine for the current road users. We just wanted to see whether you have got any plans or ways for those lights to ease the traffic jam?

The other road is the Princes Road also during peak hours. We just want to know about your future plans for those roads. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. You may give your response.

MR. K. PRASAD.- We have plans to upgrade. You may have seen the lights at the intersection of Ratu Dovi and Kings Road. That is the old system and the system that you are talking about is the new



one where they are able to communicate between the six sets of lights that are over there. They are able to talk to each other and you will see there are big squares cut into the roads.

Whenever something parks in there, that is the way it reads - what is flowing through, how many cars are going through, and we have manually also timed this thing for the a.m. hours and the p.m. hours, because you will see in the morning, there are lots of vehicles coming down from Nausori and in the afternoon, from this side. That has been timed in that way, and those lights are talking to each other. Now, the ones from 7-Miles going that way, these are all our own infrastructure.

HON. V. PRAKASH.- (Inaudible)

MR. K. PRASAD.- No, they do not have that. It will be very expensive for us to make things to talk to each other but what we are doing is changing the entire system to talk to each other, like the system that is there now, the new ones will change the thing all the way to Edinburgh Drive, all the way till there in our future programmes so that we use our money in the right place. In some place, it is talking, we are making the manual change so that it just flows through together.

For Ratu Dovi Road, there is a lot of cars, we have to accept that. When people are moving in one direction, they are only going to one place. So, it will come a point where engineering does not work out. It is just that people are going to just one location so they will have to just wait a little bit. Be patient of it and then just go to that place. That is how we will have to work with this one here.

HON. V. PRAKASH.- And the Main Road?

MR. K. PRASAD.- Yes, for the Main Road, we have plans to get the thing because you will see that we have Suva Arterial Road Upgrade Project (SARUP) 2 Programme, it is going on so we will start our works from Valelevu Roundabout coming down this way, so we are doing upgrades to that. So, all those lights will be all upgraded, same as the ones in SV Project.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, for your question and response. Any other supplementary question?

HON. A.M. RADRODRO.- Deputy Chairperson, just further on to the question by the Honourable Member, the issue of traffic jam. This is becoming a concern during peak hours in the morning and in the afternoon. What I would like to ask the FRA, outside of these financials that we have here is whether FRA is considering alternative routes along the Suva-Nausori Corridor, especially with the growing subdivisional developments that are coming along the Suva-Nausori Corridor. Are there plans to have alternative routes?

MR. K. PRASAD.- Sir, yes. There are some studies that have been done in terms of the Greater Suva Area Transportation Study. In that Study, it has shown that we need two roads, one on the seaside regional road that can run from Nausori, behind Kinoya and all that, coming out to Suva.

There is another one on the other side of Tamavua. So, there are two regional roads that are in plan. It is good that people can look forward to but at the moment, we do not have the full loan plan to go ahead with it.

HON. A.M. RADRODRO.- Any expected timeline when you will commence the work on these alternative routes?

MR. K. PRASAD.- I would say, at the moment, we do not have any plans for that to materialise but it will be about 10 years' time when it is going to come in play.

HON. A.M. RADRODRO.- Something be happens.

(Laughter)

HON. A.M. RADRODRO.- In addition to that, the CEO was talking about water alternative modes.

MR. K. PRASAD.- Yes.

HON. A.M. RADRODRO.- Water transportation. Can you just explain to the Committee about this alternative modes, when do you intend to have that in place?

MR. K. PRASAD.- Yes, there are two options, I think: One was from Lami coming up to the Suva City Council Car Park, that was one of the routes, the other one was from Rewa River coming around to, I think, around Suva Point - those were the two routes.

HON. A.M. RADRODRO.- So, the one from Rewa River, starting from where - Nausori?

MR. K. PRASAD.- Nausori, yes.

MS. S. ROKOVUCAGO.- Deputy Chair, just with those routes, considering water, we all have to consider parking lots, where do people come and park their cars to board the boats. So, those were areas we are looking at. When you consider water, you have got to consider parking space. I mean, there was just this thought of if they do come to Nausori, then we could have somewhere along Toga, or somewhere along Syria Park but, no, that is just the initial discussion we had.

DEPUTY CHAIRPERSON.- Thank you very much, any other supplementary questions?  
Honourable Prakash.

HON. V. PRAKASH.- We are really proud of your efforts in the upgrading of roads, it is quite good. Have you also got some plans for some rural road upgrades in the current Budget year or in the near future?

MR. K. PRASAD.- Yes, we have. At the moment there are, I think, five roads that have just been awarded, two in Navosa, so one going off from Nakoro to Navitilevu; the other one is to Vagadra Village from the Valley Road, so those are the two in there.

The other one is down in Wainiyavu, one in Wainilotulevu, that is in Namosi. There is Namuamua, Nukusere, that is in Namosi also, up there. There is Veidrala, which is in Ra, and there is Nanuku, Nalotawa, in between Ba area. So those are six of them that are running at the moment, and I think we have finished quite a few just in the last financial year.

MS. S. ROKOVUCAGO.- Deputy Chairperson, just to add, with our rural roads programme, we work with the Commissioners. The Divisional Commissioners identify the roads, we would then work together to prioritise. Just within the last month, we have completed:

1. Kiuva, Kaba;
2. Namata; and

3. Sevaci, Korotasere in Vanua Levu.

So that is the process, that they identify and we need to prioritise, we do the work and monthly monitoring. They come in with their new list, it gets added to the list that we currently have, just for the rural roads.

MR. K. PRASAD.- There was a MOU in 2015, Deputy Chairperson. I think there is in excess of 140 roads inside in all divisions, so up in the North, in the Western and Central Division. And I think we have almost did most of them. Today, I think there is about 21 left to be done and that was budgeted through the system for us to deliver.

HON. V. PRAKASH.- The highlights for the Eastern Division, especially the roads in those islands in the maritime zones.

MR. K. PRASAD.- Yes, on maritime, we have. There are two projects going on in Kadavu, that is Yawe and Nabukelevu-i-ra, those are the two projects over there running.

We have got the new maintenance plan because we have shifted. It was almost like taken as the child that was not liked by the father, and a lot of the islands were not looked after, so we have now gone into this thing that will have a team that is dedicated for all the islands.

Just to start off with it, we have got all these feasibility studies now going in for the jetties.

I think there are Yasawa, Koro, Moala, Kadavu and Lakeba, so these are five places we need to get our jetties sorted so feasibility is happening now. The next step will be getting it constructed and then following that will be then taking our transport up there to build all those roads. For building road, we have already started deploying FRA staff to be on these islands and they are running the contractors.

So we have surveillance on sight by FRA personnel and what is happening, it is not just we travelling from Suva but now they are all stationed in the locations, so we have got Ovalau, Lakeba and Levuka. There are about six phases we are in, I think, in the Eastern Islands.

DEPUTY CHAIRPERSON.- Thank you very much.

HON. V. PRAKASH.- What a good place also is the beautiful Island of Taveuni, because economically it is trying to assist the country in many ways, the road is there also.

MR. K. PRASAD.- Taveuni has got a very big project. We just resealed, I think, about 45 kilometres of the road, and there is a big programme to change, I think, four bridges over there. We are just getting a re-design of it because initially, our consultants were working, they had a single lane, so we want to put two-lane bridges everywhere. There are, I think, four bridges over there to be upgraded.

DEPUTY CHAIRPERSON.- Thank you. Honourable Lalabalavu.

HON. RATU N. LALABALAVU.- Thank you, Honourable Deputy Chairperson. Acting CEO, thank you so much for the explanations given so far. We congratulate you on this Acting appointment of yours, because we firmly believe and we always believe, locals can do it.

The question that I would like to raise is on your assets management system. We understand that Roads owns a very major part of any government's investment. In assessing your ERR on the roads that are under your name, and for the roads that have come through by way of some decree yet the road still remain under a separate body, how do you see that, as a CEO, in ensuring that the investments are properly

taken on the face value of the document that you have? Because there may come a time when roads will go back or revert to the town councils, what happens in that case in terms of having investments being given here, would there be some kind of a trade-off or what?

I am just raising that issue because that is the drastic issue that we have encountered so far with town councils, municipalities. The confusion it creates that goes for waterways as well, the drainage. You, as the CEO now, in establishing your ERR, this major investment of any government, how do you foresee that, will you be classing them as a separate class of roads or what?

MR. K. PRASAD.- What I believe is this, the roads should stick with the highways agency, FRA. It should stick with FRA because the know-how to deliver the operation and maintenance is currently with FRA and we should draw everyone to the business model that is of FRA, and should take into account in drawing the local capacity, so the know-how will be in FRA, so as the roads will always be with FRA.

Now to shift the thing around to the municipalities, then we will have to go back around the same circle to teach those people how to do this thing and we might lose valuable time and money in trying to train people once again on how to look after their assets and then there will be a lot of marking up the divisions, who is looking after what, because at the moment, there are a few sticky things like that we are going through. It is about drainage systems and then I firmly believe that it should stay with FRA on the road side of it, because we are developing people and it should all stay in one location and the municipalities look after the beatification of the area, and hence serving the public in terms of rubbish-picking and the building side of the road.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. Any other supplementary questions?

HON. A.M. RADRODRO.- Deputy Chairperson, just a question to the Acting CEO regarding the operations of Fiji Roads Authority, it is in the 2016 Seven-Months Financials. The funding that has been received by FRA and the process in which it conducts its operation where it awards contractors to conduct the work. Probably, the OAG can advise where does this reflect in their Financial Statements of the FRA, the contracted works been given out, outsourced to the respective companies and in terms of the after-service sort of maintenance of the workers.

We have seen a lot of depots around the country that used to be used by PWD and now they are lying idle. What are FRA's plans on these depots? Does it have any plans on the way to effectively utilise these depots? One good example is the one in Pacific Harbour (Taunovo), if you go there now, it is an eyesore from the road side. It has lost its status when it was under PWD. It is overgrown and the quarters that were there are sort of rundown. I do not know what the FRA is trying to do. Are those part of the asset that has been transferred to FRA? And if it is, then FRA is not doing a good job to maintain and upkeep all these facilities that used to come under the PWD.

In terms of your road maintenance, whether you have done an assessment on how the maintenance people carry out their maintenance, why is it that what used to be done it used to be given to the respective communities to conduct the maintenance? Now, it is no longer that. You can see the roadsides overgrown. It might create a road accident along the way and it becomes very deadly.

For the work of the FRA on the new constructions, some of the roads, even though there are plans to be constructed fully, but it has now been highlighted several times but it is still not being completed.

The Sawani-Serea Road, when is the Naluwai portion to Serea going to be completed? Is that still part of your plan or is it no longer part of your plan? Because that road is usually known as Sawani-Serea Road.

The other question is regarding your development that is going on now – FRA's Road Developments and Road Initiatives. How has FRA aligned itself to the Sustainable Development Goals (SDG) No. 9, in terms of resilient infrastructure development? Has FRA taken that into account, and in terms of gender, I know there is a woman there for female executive. So, whether that is part of the ongoing plan of FRA in terms of commitment to SDG on gender, whether FRA will recruit more, not only women but more locals, in terms of engineering capacity, engineering capability and other aspects of the works of FRA?

MR. K. PRASAD.- Thank you, Sir, and thank you very much for that question. That depot question, you will see that we have already started moving all our staff back to the depots. You will see that it is slowly starting in the Central Division. We have already built the Road Depot down in Navua, in Taunovo, we have already started moving up FRA personnel to that. You will see from Sigatoka Depot, Nadi - Navakai Depot, Lautoka - Waiyavi Depot, Ba - Namosau Depot, and Rakiraki, all filled with FRA staff.

HON. A.M. RADRODRO.- Nadarivatu Depot?

MR. K. PRASAD.- There is a few people who wanted the piece of land, I think the Ministry of Agriculture wanted that because it had not been used for a long period and this is also the whole thing about the management who were there at the beginning of FRA, how they looked at those things, and how we are looking at it now.

Our plan is to go and populate all these places where depots were. Firstly, it saves us money, because somebody created the infrastructure and our operations budget, it can be that we can save the money that we are paying to stay in other buildings.

So we have already started with these plans to move out. We have got people in Samabula Depot now and there are plans to actually move the entire HQ to Samabula Depot and that is slowly happening now, we are getting all our maintenance and buildings put in there. So that is what we are doing in terms of our depot.

Now, the maintenance side of it, there used to be a bit of (I do not know when it changed to FRA), the contractors were actually leading us, because we are the clients and then the contractors, but contractors decide what would happen and how will the maintenance be carried out, how will the finance be prioritised? What has happened now, we have taken hold of this finance now and saying, 'No, you do what we tell you to do and how you use the money and where you use the money.'

So this has now slowly started to see the quality of works that is happening and the value for money. It will not just come out right away, it will take two to three years where we will actually see that our guys who have learnt the trade, they can take hold of the finance and actually go on site and understand how to actually build the road and they will look at the quality and actually tell the contractors to re-do the job if it is not to what we are paying for.

These things are happening, a few contracts we are not paying. Just because we ask for an apple and they are trying to give us three quarter of an apple and something else.

(Inaudible)

MR. K. PRASAD.- Yes, but that is the thing, they did things and we are looking at some reports like how did they go through but it has happened now, we have to make it straight.

In terms of Naluwai Extension, we do not have any plans on it yet, but I am sure we have got a Seal Extension Programme that we think we are trying to reach in sixty years, we are trying to reach 50 percent of the population in the rural areas to do extension of that much.

So we have done some exercise, I do not have the exact length of road that we are going to do, but I think it takes six years for us to actually economically do the thing without putting a lot of pressure on the resources that is available.

In terms of development and getting the SDG goals of gender and also the environmental side of it, now our projects are, just an example would be the Tamavua-i-wai Bridge we are building. That Bridge is 1.5 metres above the existing bridge. The soffit of it is, because JICA did a study and they said, the surge, the size and everything, so we are getting that into our system.

So the bridges, especially the bridges especially in new roads, we are trying to build above the flood level. On our standards, we have just finished one bridge in Balenabelo Village, that is 1.2 metres above the high water mark, which is our standards now, and that is how we are going to go because we did not have proper data so it is anecdotal information and we are building 1.5 metres above those things.

For gender, we have the first one was our Kings Road Project where we had a proper look into these things. We would like to do about 55 kilometres of Kings Road between Malabe Village and Ba because the middle of the road is really bad at the moment. We are trying to do upgrades and we did a major stakeholder consultation where we focused mainly on the women's groups so that they can give their side of the story - what they want.

We have got out in the middle, Rabaraba Crossing, so we have spoken to the people around there and they need light near the bridge plus access way for women to go down into the river bed and do the washing. So, we are creating steps for women to go down. Those are some of the things that we have slowly started to get into our design development. Have I missed anything, Sir?

HON. A.M. RADRODRO.- Thank you, Acting CEO. Just in addition to the roadblocks, traffic congestions. One of the regular happenings that are occurring is the FRA initiated roadblocks where your workers sort of when they are doing potholes with no regard for the road users, where it creates unnecessary roadblocks, and you know what comes with it.

Then you have in the Suva City areas, everywhere are all the yellow lines and that means no parking. That is causing unnecessary concern to the people that bring in their vehicles because when they park there, they get booked. So, how does FRA, first of all, under the first one, communicate so that the general public, pedestrians are aware that there is work done by the FRA people in this particular road, at this particular time so that they are aware, and not just get caught up as and when they are confronted with your workers doing pothole maintenance and other road work activities.

Secondly, with these yellow lines that you are creating, marking around the municipality areas. Are you creating any available parking space for people to park in, or what is your intention in creating all these yellow lines where people can park freely? Instead of now, they cannot park, they have to find a parking space and it is very hard to find parking space around towns and cities.

MR. K. PRASAD.- Thank you, Sir. In terms of, first the traffic management these guys are creating, for the works and the pothole patching crew, they are not supposed to be there for extended period.

For the bigger works, we are advertising in the media that we will be there in this location, this time, this road closed, et cetera, but for the pothole patching, there is no extended time. It takes them about 10 minutes to 15 minutes to shift each TMP.

I think, we should be honest and for the public too to understand if they would like their vehicles not to be damaged, they should have a little bit of patience to see that “Let these guys do the job and tomorrow they won’t have broken tyres and nuts and bolts falling off, et cetera.”

So, I understand if that is taking like a day for them to go and do a pothole, now that is a problem and we will deal with our contractors if they are doing that but for just for pothole patching, if they are more than half an hours not shifting, then there is something wrong with that. We can actually talk to these guys and look at the methodology of how they are actually working over here because they are not supposed to keep the traffic management, especially for pothole to be stationed at one place for an extended period.

For the yellow lines, there is a catch over here in two ways; either we have traffic jams or we create car parking spaces. Car parking spaces in FRA do not earn any revenue or anything from that. It is the Councils who create car parking spaces. We create easy access for the general public but we are working together with the Councils, we talk to them like “If you do this, where can you find parking”. There is an example in Nadi Town actually where we did all this traffic management and we ended up creating so many parking spaces, not in the location where the shops are, however, maybe another 200 metres from that, we have created parking spaces.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Listening to these continuous repairs and maintenance, does the FRA have a monitoring platform into monitoring when the workers are actually doing the work to ensure that they do not take longer than your designated time like for potholes. Because most of the time, they usually do the pothole activities like around afternoon time. When people are going back, and there they are on the road, doing some repairs and maintenance on the potholes.

MR. K. PRASAD.- We have a strict guidelines in terms of hours of work, especially on busy ways, especially in the mornings from 7.00 o’clock until 9.00 o’clock. They are not allowed to set any temporary traffic management and from 3.00 o’clock till 6.00 o’clock, there is no temporary traffic management. You have to leave the road open, then even in the time in the middle and in the night to do the job.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other supplementary questions? Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Deputy Chairperson, just another question to the FRA regarding pedestrians. A lot of people are doing jaywalking along the roads. Does FRA have any plans for overhead walkways to help pedestrians cross from one side of the road to the other? Are there any plans for overhead crossings?

MR. K. PRASAD.- At the moment, no.

HON. A.M. RADRODRO.- I think you should consider that going forward in terms of overhead crossings, especially along busy roads.

MR. K. PRASAD.- There are two sides to it, Sir. One is the space available to us - the developed areas. We will have to look for space to actually get people to go and we create our steps up to the walkover and also, we have to make sure that we also allow for this gender thing that we have spoken of or the disabled facilities also.

In order to get everyone to go and use that, we will have to put fences in places, actually we have to get people to go to other things. I grew up in Fiji and I know that sometimes we do not like following the rules and going up to the stairs and going the other side, we just have to put fences and that is what we do not want to end in for now. I think for now getting pedestrian crossing late controlled people start to use that and I think we should be going to the next step on having overhead crossings.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson, just one last question from my end regarding new initiative taken by FRA where it is charging road users who are breaking road furniture along the Nausori, Nakasi Highway, is it only for that specific area?

MR. K. PRASAD.- No, it is all over.

HON. A.M. RADRODRO.- Can you just advise the Committee on how the FRA is going to ensure that the right person is basically charged on these damages that they caused on the road furniture on the roads. How does FRA ensure that you are charging the right people doing the damage, and not the wrong the people?

MR. K. PRASAD.- I think for the vandalism, we do not have that because we do not know who may have done it but any Road Traffic Accidents (RTAs), we have Police record then we work off the Police report. So once we get the police report, we check on the person who was driving, who the vehicle owner is, then we go on from there, sending demand notice through that.

HON. A.M. RADRODRO.- Do you charge people that make damages to the Nausori-Nakasi Highway?

MR. K. PRASAD.- Yes, they have started doing the demand notices to all of these guys, but the clock starts when we receive the police report, because the police is the first attender, we cannot just jump in there.

HON. A.M. RADRODRO.- You wait for the police report?

MR. K. PRASAD.- Yes, when the police report comes in, then we go from there.

HON. A.M. RADRODRO.- And if the person refuses to comply?

MR. K. PRASAD.- Then it goes to the court.

HON. V. PRAKASH.- The contractors especially, constructing new roads and repairs, we are glad that we have got some very high standard professional contractors locally available now which, in fact, was not available during the past 20 years. Can you elaborate or tell us how many local contractors are involved with you currently with Fiji Roads Authority, and also the overseas contractors that are currently working?



MR. K. PRASAD.- There are subcontractors and contractors in here.

HON. V. PRAKASH.- ... figures for both, I do not think there are many?

MR. K. PRASAD.- Yes, Sir. When we look at it, there is quite a few of them. What we will do, we can send a written list on all the contractors we have got, and the subcontractors and then present that.

HON. A.M. RADRODRO.- OAG, can you just show us what we requested from you earlier - how the contracted cost is reflected in the financials.

OAG REP.- Thank you, Honourable Member. I think if you look at the financial performance, I think it is recorded in the maintenance which is close to \$51 million, say, for seven months. I think for 2015, it was close to \$115 million. I think that is where the maintenance of roads expenses are recorded.

MS. S. ROKOVUCAGO.- Deputy Chairperson, will that be just for that financial year or do you want it?

DEPUTY CHAIRPERSON.- Yes.

MS. S. ROKOVUCAGO.- I just wanted to know the list of contractors, was it just for that financial year or up to date?

HON. V. PRAKASH.- (Inaudible)

MS. ROKOVUCAGO.- Okay.

HON. V. PRAKASH.- I am very proud, we have got some very high standard contractors that can match even expatriates and even better than that, so that is the thing that we are really interested in.

MR. K. PRASAD.- We will get the thing all written to yourself.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Member.

HON. A.M. RADRODRO.- I just have a question.

DEPUTY CHAIRPERSON.- Yes, Honourable Member.

HON. A.M. RADRODRO.- For the construction at Nakasi-Nausori, what is the total cost of that construction? And what is the distance covered between that particular area - from Nakasi to Nausori?

MR. K. PRASAD.- It is around \$50 million and it is about 10 kilometres of road.

HON. V. PRAKASH.- As you have explained, the travellers are very satisfied with the flow of traffic, especially during peak hours. This is something new for us and I really appreciate the initiative and engineering design, the modern technology that you have used. You have made Fiji very proud with the Nausori Airport upgrading coming up. I think, we really feel proud, thank you.

DEPUTY CHAIRPERSON.- Any further supplementary question before we wrap up?

HON. A.M. RADRODRO.- Honourable Deputy Chairperson, just a further question on that particular earlier question: Has the FRA conducted any evaluation assessment of how effective the outsourcing arrangement that is currently being undertaken?

MR. K. PRASAD.- Sir, this is the whole reason why we have stopped the shelving of all these ERPs, shelving of all these re-evaluation of our Standard Operating Procedure (SOPs) of how we are doing the job, and we have already started in one way, in terms of planning and design. It is one thing that we have already come up with and we can save a lot of money just doing things in-house, doing the planning and design by ourselves, take a little bit more effort now, just to develop our people to understand actually how to work at international standards and making sure things are safe for producers.

That is something that was already identified when the new management came in, and they realised that this is not the way we should be going, especially putting everything out to the market, rather there are some things where we should be in control and planning and design is the first one we have taken in, and it is slowly happening, so we started designing our own fixtures abroad on bridges. We have got some expatriates in our office and they have got two to three people underneath them who are learning the trade. We have already identified one part of it, the remainder of them will keep re-evaluating how we can better use the money.

DEPUTY CHAIRPERSON.- Thank you very much for your response. If there is no other supplementary question, I request you to sum up your presentation before I allow members to give their final concluding remarks.

MR. K. PRASAD.- Thank you very much, Honourable Members of Parliament. We are honoured to be here, thank you very much, and I hope these answers we have given are satisfactory to you, *vinaka vakalevu*.

DEPUTY CHAIRPERSON.- Thank you very much. We expect the written response soon. Honourable Members, may I request Honourable Radrodro, for your concluding remarks.

HON. A.M. RADRODRO.- Thank you, Honourable Deputy Chairperson, I just would like to thank the Acting CEO and the Executive members for coming and presenting these FRA audit issues that were requested by the Committee to be clarified and, hopefully, you could also take in some suggestions that will improve hopefully the operations of the organisation.

DEPUTY CHAIRPERSON.- Thank you very much. Honourable Prakash?

HON. V. PRAKASH.- Thank you very much. I think our road users are people who either enjoy their drive or sometimes they really feel that it is quite tiring but, I think, currently, we are seeing that a really good development has taken place on our roads all throughout Fiji, and we thank the FRA for that.

However, there are some concerns as we hear about the limits of weights, and I think there are special policies for that, to try and see that our road is always made safe and that it is not to be damaged. I think more education in that area is quite important because some of the trucks that have come in to our country can carry very heavy loads and I think that is the concern of those people who own those type of trucks and they are only allowed to carry half of those things. So, for them, I think, it is not economical to buy. Before they bought that, those things must have been very clearly spelt-out to them so that the investment does not go because it is a private partnership also there for Fiji Roads Authority, because there are people who have invested to see that they are able to assist the Fiji Roads Authority and the country as a whole, to the Government too.

Another area that is quite important is the gender balance in your organisation and we see that it is coming up but I think that there is still a challenge. We see now in other developing and developed countries, our female members are as good engineers as the male ones. They are very useful to the new designs and the bypass roads, and I think that area needs to be look into as well because of our female population, I think it surpassed the male population in this country. So, in the job market, we will appreciate that those things are accommodated. Gender balance is something that we always look forward to for leaders like all of us who are sitting here, an opportunity provided also to people to update challenges, especially in the infrastructure (road sections) where people can get their education and can join us.

From our side, I think I am happy that the investment of the Government in Fiji Roads Authority is able to be seen now and members of the public are trying to see that. We know that we cannot satisfy everyone but at least, with the good way that our roads have been signing up, not only here in the Central Division but throughout Fiji is something that we appreciate and we thank you all for that, but as Honourable Members have said, there are rooms for improvement and, I think, taking all that into consideration, there will be a new direction for Fiji and we would like to thank you.

DEPUTY CHAIPERSON.- Thank you very much, Honourable Prakash. Just to add on to that, I understand that whatever plans we will make, that has to be aligned with our National Development Plan (NDP) and which you are working on.

Thank you very much. On behalf of the Honourable Chairman of the Public Accounts Committee, Honourable Maharaj, and Honourable Members, the Secretariat Team, Office of the Auditor-General and Una from Hansard Office, I wish to thank you very much for availing yourselves and giving your precious time to this Committee. Our collaboration will continue in the future and thank you very much. We wish you all the best.

Before we leave, may we have one photo shoot and then we will round off things. Thank you so much.

The Committee adjourned at 2.08 p.m.

The Committee resumed at 2.19 p.m.

**Interviewee/Submittee: Maritime Safety Authority of Fiji (MSAF)**

In Attendance:

1. Captain Phillip Hill - Acting CEO
  2. Ms. Shivani Devi - Acting Manager Finance
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DEPUTY CHAIRPERSON.- Honourable Members, Ladies and Gentlemen, welcome to our Public Accounts Committee (PAC) Hearing in relation to the Report of the Auditor for the Republic of Fiji 2016/2017 Audit Report of Statutory Authorities which is Parliamentary Paper No. 62/2019.

Today, we have the Maritime Safety Authority of Fiji (MSAF) making their submission. I also welcome the members of the media fraternity. Before we begin, may I introduce the Honourable Members of the Committee.

(Introduction of Committee Members, Secretariat Staff and OAG Staff by Deputy Chairperson)

On behalf of the Honourable Chairman of the Public Accounts Committee, I welcome you. Before we begin, may I request you to introduce yourself and then just as a matter of interest, while you are deliberating, Honourable Members can interject and ask questions from time to time and you are expected to provide a response. You can be given a point in time for the field that you want to provide any response later on in written, you have the liberty to do so.

So without further ado, I now give the floor to you to introduce yourself and then start your presentation. Thank you.

CAPT. P. HILL.- Thank you, Honourable Chairman. Good afternoon Honourable Members. I am the Acting CEO of MSAF. My name is Phillip Hill and on my left is my Acting Manager Finance, Shivani Devi.

We will go through the questions that were submitted, Honourable Chairman. We will begin with the overstatement of assets. The first question on the expected lifespan of the lighthouse, with what is submitted from the Director of Buildings and Government Architect who designed our lighthouses, there is a 50 year lifespan.

On investigation, yes, we conduct investigations on lighthouses that were damaged after construction, that were either completely destroyed or partially destroyed. We were not told that we could present on powerpoint, however, we had prepared powerpoint slide but later on we were told...

DEPUTY CHAIRPERSON.- We can arrange for that now.

CAPT. P. HILL.- Unfortunately, Deputy Chairperson, we did not bring our pen drive, but if you have the handouts, on the lighthouses, if you just go back slightly to the arrangement that was done previously with Government in 2011, we were approved \$9 million throughout the span of three years to upgrade or reconstruct Aids to Navigation which includes lighthouses and beacons.

The first picture on the top right, Kurachore Rock Lighthouse, was one of the lighthouses that fell into the water but was reconstructed by the Ministry of Infrastructure and Transport in 2012 and the existing is what you see there in a tripod that is painted white in structure, so that one has been replaced.

The other one is Cakaumomo on the bottom right of the handout, which was built in 2013. However, on the same year, we had a report that it has disappeared. So, over the page, the collapsed lighthouse after the underwater inspection (we did underwater inspection with our gazetted underwater Diver, and those are the pictures. Although they are small, we can also bring the soft copies so that you can view it, maybe if you would like to view it more clearly.

DEPUTY CHAIRPERSON.- We expect that.

CAPT. P. HILL.- So with Cakaumomo, it was rebuilt. On the top right, there you can see the rebuilt structure. If you note, the initial structure there was a single pile which fell into the water, but the replacement there is a tripod structure with three legs, so that is a more stronger structure.

The other damaged lighthouses that also fell into the water, if you refer to the same page, on the bottom right, which is Narara Lighthouse, Narara Island is towards Waya in Yasawa on the East side of Waya, so that also fell into the water after maybe only three months or four months because we could not ascertain after how many months it fell. We waited for reports from the seafarers, then we went and inspect, but our inspection was after about six months from construction. So, it could have fell one month after construction or two months after construction, but that structural failure, you will note, is repeated through the structures.

If you look at Tivua Lighthouse, it is a similar design to Narara and Cakaumomo but fortunately Tivua is still leaning, it has not fallen, perhaps because there is less wave action in that area, it is quite shallow. It is about less than 2 metres but it has been leaning since 2015, and operational. That lighthouse is operational, however, it is not safe for access. We have been fortunate that the light that we fit on that structure are all new LED lights and they have a five-year lifespan.

DEPUTY CHAIRPERSON.- Can you hold on, there is a supplementary question by the Honourable Member.

HON. A.M. RADRODRO.- Thank you, Acting CEO. I have a question arising out of the status of lighthouses which were built and then in their current status, some have collapsed, some are leaning, et cetera. Does that bring into the question the workmanship that was involved in the construction of the lighthouse? If it involves workmanship, how is MSAF going to address this issue or is it coming under the Ministry of Infrastructure?

CAPT. P. HILL. - Thank you, Honourable Member, that is a very relevant question. Yes, from our investigation, we found that it was both - there was design failure and also construction failure. If you look at some of the photos, you might find out that although it is really small, this single pile structure has only one H beam that is anchoring it on to the seabed. So, with the weight that is on top, it is liable to bend that H beam from the forces of nature - the wave, the wind and as we know the wave actions are from all directions, especially when there is a structure that is standing in the middle of a reef or on a shoal.

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

CAPT. P. HILL.- The responsibility of construction comes under the Ministry of Infrastructure and Transport. We are their clients. They have constructed the structure on our behalf. Also, the designs are from the Ministry of Infrastructure and Transport, Director Building and Government Architect.

Some of the construction inferiority methods that were used which we noticed after doing the diving investigation was, for example, the pouring of concrete into the foundation. If you look at the structure it is encased by culverts. So, these culverts, first of all, do not have any penetration into the seabed. It is just sitting on the seabed, so if the seabed is not level, and there was some very inferior methods used where they used sandbags to pack the side of the culvert that is sitting on the seabed.

And then the pouring of concrete, because there is no sealing and no penetration to the seabed, you cannot pump out the seawater. The normal method is to pump in concrete so that it displaces the seawater upwards but with the method they used, they mixed it and they had, sort of, a corrugated iron that is directed down to the culvert and they poured the concrete.

By the time the concrete mix reached the base, all the cement has dissolved so there was no binding with the aggregate and the concrete, until when they managed to displace the water and there was some binding. And the binding improved as it went up so there was no solid foundation below with the weight that is on top so that acted against the structure. That was what we found out when we did the investigation.

HON. A.M. RADRODRO.- A question again to the construction of this beacon. With all these reports that you had and the current status, has the Ministry of Infrastructure been notified on the current status, especially the role that MSAF plays to ensure the safety use of the sea?

For Yasawa, the structure has collapsed as you have highlighted here, but in your report you said that MSAF was consulted on the design phase only, not on the construction. How do you intend to be sure that you play your part in terms of maintaining safety at sea by having all these up and running?

CAPT. P. HILL.- Thank you, Honourable Member. With our current lighthouses that are going to be constructed, we also have marine construction companies, companies that specialise in building in the marine environment, to also assist the Director Building and Government Architect in the designs that we have. So once they submit the designs, we have an independent architect to analyse the designs that they have submitted. So those are some of the measures that we have put in place.

Also, we put out tenders so that we can attract outside companies that are capable, instead of providing it directly to the Ministry of Infrastructure. At that time, we used Ministry of Infrastructure because we were directed to use the Ministry instead of sourcing it from outside.

DEPUTY CHAIRPERSON.- Yes, Honourable Ratu Naiqama Lalabalavu, you may ask your question.

HON. RATU N.T. LALABALAVU.- Through you, Deputy Chairperson, thank you Captain Hill and thank you Madam. I understand that we are members of certain maritime treaties. What I am trying to ask here is this hot topic of climate change, the pros and cons of it and money that is involved. All we have heard so far is infrastructure, villages going underwater, wharf damages, we have heard very little of this. How many lighthouses are working and how many lighthouses are not working up to this point in time? What is the Department doing in regards to getting their fair share of whatever is going to come our way the – the climatic changes, especially for this because this is very important?

We are an island nation and we rely heavy on moving across our waters. At the same time, international tourism companies are plying our waters as well. There is a danger to that as well if this very important tool of navigating is not available - its damage or it is leaning, et cetera, and as you have said, it seats on uneven base and the procedure adopted is unethical but it all leads to that. It will affect the way we move, especially as a maritime nation, so that is the question I am trying to raise here, Deputy Chairperson.

CAPT. P. HILL.- Thank you, Honourable Member. Through you, Deputy Chairperson, that is definitely a very important point that you have raised on aids to navigation, it is important for the safety of ships that travel our waters.

It is not only the safety of ships but also the safety of our marine environment because if any of these ships run aground, they will spill oil that can also damage our marine environment. So that is why MSAF is focussed on ensuring that there is a network of aids to navigation that is operational and sufficient to support our maritime shipping routes.

With regards to the number of lighthouses, Sir, we initially had 64 lighthouses. From 2011, we had 64 registered lighthouses and as we speak today, we have 82 registered lighthouses.

It was initially 84, but we have lost these two lighthouses, so we have come down to 82. If I may add on the lighthouses that were lost, this was the route that I had intended to open, coming through Viwa in Yasawa, so that was the shorter route - to come through Viwa and down to Lautoka, and it was more kind in weather for ships to come through that route.

Unfortunately, we lost two lights, so we have put in plans to replace those lights through navigational buoys. These are international buoys which are about three metres in height and all we do is, we anchor it onto the seabed, which is probably more feasible for us and safer for the mariners, that there is an operational aid to navigation in that route.

However, just going back to that route, Sir, previously I was a hydrographic surveyor. So I did hydrographic survey from Tokoriki all the way up to Yasawa-i-Rara, which is on the West Coast, in trying to open that shipping route. Now the survey is completed and the Fiji Navy at the moment is trying to develop a chart to finalise a chart of the area. We are still looking at putting in the aids navigation to open that route. At the moment, the route is not used by international shipping, but they are still used by our local domestic ships.

With the other two at Mali Passage, that was the other route that I had put in aid to navigation to have that route a 24/7 route. Previously, it was only a daylight sailing route, now they can do 24/7, but still have that Mali Passage lighting that is leaning, which we need to rectify.

However, those two leaning lights are operational, but, for the other main shipping routes, we have sufficient aids to navigation lighthouses, beacons. We have about 1,500 beacons which we are now replacing with a new designs. We have started from Ba River to Lautoka, we have put in 12 as a pilot project and that has worked really well. Those beacons are now lit, it is not like the beacons before where it only had a blacktop mark or a white top mark. Now we have a proper top mark.

We also work with the standard by the International Association of Lighthouse Authority (IALA). They set the standard on aids to navigation, so we are following that standard. So we are phasing out our beaconing Fiji standard, we are putting in the IALA standard and for us here in Fiji, we follow Region A. There are two regions. Region A is where the red is on our left when we enter the passage and whatever is green we keep it on the right. But Region B is what they have in America, it is the opposite. If you

going into American port, it is green on the left and red on the right. Those are the two different streams of aids to navigation.

However, what we have now existing, Sir, is sufficient for our current major shipping routes, especially the domestic routes. For this year, we plan to light up the Natovi to Nabouwalu and Buresala shipping routes, because at the moment we have five ships operating out of Natovi and there are other interests from, at least three, other companies to operate out of Natovi. So we really need to put in these aids to navigation before the ships start to increase in number and also before the jetty is improved at Natovi. That is basically, Sir, what we have been putting in place.

DEPUTY CHAIRPERSON.- Yes, you may move on with your presentation.

CAPT. P. HILL.- We go on go the second question on qualifications, the Authority had only transferred the total sum of \$584,921. In addition, the Authority has book receivables of \$435,531. Payable to Ministry of Economy is amounting to \$234,769.

There are multiple issues that is causing this, however, there is no loss, it is only the books are not balancing because for our receivables, we invoice the companies. One of our major revenue contributors are the shipping agents for international ships. These shipping agents have a different way of operating. After the ships come in for the month, then they bill the principles. The principles pay them in and then they pay us for our revenue, so that imbalance is there all the time because we provide the invoice as receivables amount but funds are coming in progressively, it does not come in at the same time.

What we have done is when it is delayed, may be more than a month, we call in the agencies, we have meetings and then arrange for, at least, the payment of 50 percent until they get in their new budget from the principles and they pay off. Those are some of the measures that we have put in place. Also, we are trying to look at our SOP, systems and processes, to see how else we can improve on this imbalance in our books.

DEPUTY CHAIRPERSON.- Is there any question, Honourable Members? There is none so you may proceed.

CAPT. P. HILL.- Thank you, Honourable Deputy Chairperson. We go on to income tax exemption status, that has been resolved. We have the exemption letter from Ministry of Economy, so this one was resolved.

DEPUTY CHAIRPERSON.- Thank you.

CAPT. P. HILL.- We go to the next one on the establishment of the Marine Spill Pollution Advisory Committee; the current balance of the Environment Pollution Fund is \$848,736.25 as at 31st August, 2019. However, we have a term deposit with an invested figure of \$6.46 million. So, the Pollution Fund that we have at the moment is \$7.2 million, which is in total.

But having said that, Deputy Chairperson and Honourable Members, if there is a major oil spill, this money can be used completely. We were fortunate with the *MV Sothern Phoenix* that sunk in our foreshore that, that ship had Protection and Indemnity covered. So, we managed to contain the oil, remove the oil and finally removed the wreck through Protection and Indemnity insurance cover. So, we did not touch our Oil Pollution Fund.

However, if we do use our Pollution Fund and then the shipowner does not have any insurance cover, it is like a one way street, sort of, using the Fund, there is no returns to the fund until we build up



the Fund again. But in the legislation between the Minister for Transport and Minister for Economy they can provide a ceiling on what would be the reserve amount in this Fund. Like I said at the moment, we have \$7.1 million as of 31st August.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro, you may ask your question.

HON. A.M. RADRODRO.- Deputy Chairperson, just a question regarding this Marine Spill Pollution Advisory Committee. I noted in your response that you have yet to get the confirmation of the appointment of this Advisory Committee. Now, that you have said that the Fund is there and you can attend to any oil spill but in situations where the Advisory Committee is yet to be appointed, do you have the necessary authority to utilise this Fund with the formation of the Advisory Committee?

CAPT. P. HILL.- There are two things there, Honourable Member, through you Deputy Chairperson, the Advisory Committee is purely advisory for the Chief Executive Officer. However, they do not make any decision on the usage of the Fund. So, theirs is an advisory role, so if they are not appointed at the moment....

HON. A.M. RADRODRO.- Section 155 of the Auditor-General's Report, on this particular issue says that the formation of the Committee is to give advice to the Authority on the use of the environmental levy.

CAPT. P. HILL.- Yes, that is correct. We have made a few reminders to the Ministry on the importance of getting this Advisory Committee appointed. The Advisory Committee is made up of the stakeholders, those who pay in the levies - Local Shipowners Association, Overseas Shipowners Association, National Fire Authority and all the stakeholders that will be involved in responding to the oil spill.

We have written letters to the Ministry, unfortunately, during the time of our writing, there was also a change in the Ministerial portfolio. So, we have followed up through the Chair of the Board on the pending issues and which one of it was the appointment of the Advisory Committee.

HON. A.M. RADRODRO.- It is the Minister for.....

CAPT. P. HILL.- Minister for Infrastructure, Transport, Disaster Management and Meteorological Services.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, you may proceed further.

HON. A.M. RADRODRO.- The other issue is, in your response you have stated that you have put this money that you have collected on a term deposit. The question that I would like to ask is whether you have the authority to put this money on term deposit?

CAPT. P. HILL.- The term deposit through you, Deputy Chairperson, has been approved through the Board as safekeeping also earning funds to supplement what revenue we are bringing in for the Pollution Fund, and also through our Finance Policy.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member, for your question. Since there are no other supplementary questions, you may proceed further.

CAPT. P. HILL.- Thank you, Deputy Chairperson. The incomplete ships systems software database, we had a completely new system that was bought into the Authority without any fields at all. It

was just a blank system. So it took long because we had to, first of all, try and identify what sort of fields we need to put in.

There were fields put in, however, when we had to transfer from the old database to the new database, these fields were not matching. So we had to re-input the fields and then manually input or manually transfer the data. We had, at the time, about 3,000 registered ships.

With these 3,000 registered ships, there are 15 fields that need to be inputted for each so in all, about 45,000 data points that need to be entered. And we did not have staff to do this, we had only one staff who was our data entry operator. He had inputted this until late 2017 when we completed the whole 3,000 ships so now, we are inputting whatever new registration that has come in. And then our surveyors and our clerks who look after statutory documents - printing for ships, they are using this online now. So now we have a system that is fully working.

The software version is BMC, Footprints version 12.1.09 Build 44.9 and installed in 2016. With the way the system is working at the moment, there is no need to upgrade the system, it is sufficient for what we are doing at the moment.

HON. A.M. RADRODRO.- A question to this software database, is there a specific criteria for ships to be recorded in your database or what is the database for, all the ships, including the smaller punts?

CAPT. P. HILL.- Thank you, Honourable Member. Yes, it records all the ship particulars – ship length, the gross tonnage, the length, the year of built, what type of ship it is, et cetera.

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

CAPT. P. HILL.- Yes, type of construction is also included.

We have two registration; Registration B which looks after ships that are 50 metres in length or less; or 50 metres in length or more. So they have all those particulars included.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member for your question Yes, Honourable Lalabalavu, you may ask your question.

HON. RATU N. LALABALAVU.- Captain Hill, just a point of interest; you have mentioned that the boat that sank in the Harbour had a Protection & Indemnity Cover. Is that a standard requirement for shipowners to have?

What I am trying to say here is, if that is the case then Goundar Shipping have been mentioning a lot about having cover from Lloyds, et cetera, what sort of standard to have shipowners come in with those cover because I take it from that incident that it gave you a, kind of, good freeway into the expenses that was incurred?

CAPT. P. HILL.- Thank you, Sir. Yes, that is definitely correct. With the Protection and Indemnity Insurance cover, all international ships have that cover but for our domestic ships, they do not have any insurance cover. In our current legislation, it is not mandatory for them to have a cover but I have been suggesting to the Ministry if there can be a directive or a policy through Government whereby these ships have to have insurance cover because at the end of the day, if they sink or they run aground, they can declare bankruptcy, they leave the ship. And then it is the Government's responsibility to remove the ship from preventing damage to the environment.

A good example is the *MV Suilven* that sunk within the Harbour. It is over four years now that, that ship is still there, it has not been removed because they do not have insurance cover. Whatever insurance cover they have is for the benefit of the owner. They only have haul and machinery cover. Some of them have cargo cover, but not on wreck removal. That is one of the important things that needs to be introduced that these ships have wreck removal cover and also cover for any environment damage.

HON. RATU N. LALABALAVU.- A supplementary question to that, now you are on the verge or contemplating going on route licensing, et cetera, that has been mentioned several times by your current Minister. Would you see that along what you have just explained, something similar is done, like we now have with LTA, third party cover, et cetera, now being paid by people who have cars, straight to LTA rather than the insurance company? Along similar lines, do you foresee that, because I am looking at the protection of people moving in and out?

CAPT. P. HILL.- Thank you, Sir. I foresee that, and that is also one of the criteria that we will put prior to the issuance of sea route licence into any companies. This is one of the requirements that we thought we will include, before issuing the sea route licence to companies. They should have insurance cover, they should have cover for passengers in case there is any delay, similar to what the aircraft does.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. Are there any other supplementary question?

HON. V. PRAKASH.- Thank you very much for the information that you have given to us. Now, the serious concern is what the Honourable Ratu Lalabalavu has highlighted, the insurance cover and the protection of the travellers on the ship. I feel that licence should not be issued to ships who carry passengers at first, if they do not comply with all the rules and regulation, including insurance. How come they are unable to do all those things, even insurance which is important for passengers and they have been issued a licence to operate.

CAPT. P. HILL.- Thank you, Sir, like I have mentioned before, we do not have any provisions in our current legislation to make it mandatory for ships to have insurance cover. Our legislation at the moment is just focussed on the safety of the ship, on getting that ship seaworthy for it to trade but it does not have any provisions in the legislation to say, "Alright, this ship should also have an insurance cover."

This insurance cover also can be targeted by Fiji Ports because they have jurisdiction within the port boundary. So if they are assessing the risk from these ships if they sink in the harbour, then it becomes Fiji Port's responsibility, like the wrecks that are already there, and they can demand that ships that come into our demarcated Port boundary has to have insurance. So that is the other angle that can be taken.

HON. V. PRAKASH.- But has there been any written explanation or a written request given to the line Ministry or the other stakeholders, who provide licensing that this is quite important and necessary rather than just been a talk.

CAPT. P. HILL.- Thank you, Sir. In our meeting with the Ministry, we have raised this issue, that there is a need for these domestic ships to have insurance cover. They are getting bigger by the day. Before, we have small boats where passengers come in with copra bags or other cargo but now, you have roll-on-roll-off ferry that are carrying 500 passengers at one time. So it is a demand on the Government's infrastructure.

In case, if anything happens, how do we evacuate, apart from having insurance? Those are the things we are looking at, even working with the Ministry of Defence on certain rescue procedures and how we conduct massive evacuation from not only our domestic ships but even the tourist ships or cruise

liners which carry about 3,000, going to places like Dravuni. If any mishaps happen there with that distance, how soon can we respond? These are, sort of, risks that we are looking at and thinking about how we can attend to these accidents and incidents with the current infrastructure that we have.

HON. V. PRAKASH.- In the near future, you are able to break through?

CAPT. P. HILL.- I definitely hope that we can see the light at the end of the tunnel and there is a risk that exists and we need to do something.

HON. MEMBER.- (Inaudible)

CAPT. P. HILL.- That is right, Sir.

HON. A.M. RADRODRO.- Deputy Chairperson, will all the discussions about insurance cover for vessel owners, the commitment of Fiji Government to Instruments, like Safety of Life At Sea, where do we place ourselves in terms of commitment to those particular Instruments locally when insurance covers are not being made mandatory to the vessel owners?

CAPT. P. HILL.- Thank you, Sir. Through you, Deputy Chairperson, with insurance cover, the minute you talk about insurance cover to shipowners, they said, "oh, it is too much." Definitely, it will be too much because the age of ships is already over 30 years, so that means the premium will be high. But what I am saying is, there needs to be a stand by Government to ensure that these ships have cover and it has to be mandatory.

HON. A.M. RADRODRO.- Instruments?

CAPT. P. HILL.- Yes, Sir.

HON. A.M. RADRODRO.- Is the MSAF ready to request for assistance to ensure that these ships are covered through Government funding or Government rebate subsidies?

CAPT. P. HILL.- We are asking through our line Ministry if there can be something submitted to Cabinet or to Parliament to approve that it has to be mandatory for these ships to have insurance cover. Before they bring the ship into Fiji, they should have insurance cover. Even the current fleet should have insurance cover.

HON. A.M. RADRODRO.- Premium is because the age of the ship.

CAPT. P. HILL.- Because the age of the ship, the older the ship the higher the premium that will....

HON. A.M. RADRODRO.- Was there a standard set for certain age of ship that can be brought into the country?

CAPT. P. HILL.- Thank you, Sir. We have a 20 year limit, but this now has been opened whereby any ship that is more than 20 years, the CEO of the MSAF, after conducting his due diligence on the ship that is to be imported will make recommendation to the Minister for Infrastructure and Transport, for the import of the ship. At the moment, under our legislation the powers to import anything over 20 years is with the Minister.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson. My question is a follow on from the discussion of Safety of Life at Sea since now we are approaching the festive season. We know that a lot of people will be moving around in terms of overloading of ships, missing ramps in high seas, is MSAF ready to oversee that overloading and missing ramps do not reoccur, now that we are approaching the festive season?

CAPT. P. HILL.- Thank you for that question, Honourable Member. Through you, Deputy Chairperson, yes, we definitely have put in measures with our Standard Operating Procedures in consultation and discussions with Fiji Ports Corporation Limited which is the port operator, we have an operation ready for this peak period. I will give you an example.

Most of the islands, especially to our relatives in Lau, when they come and bid farewell there will be maybe about 150 bidding farewell to 50 passengers. So all these 200 go into the wharf. What we are doing now, we have access control as part of our procedure for the peak period.

Access control means only those with boarding pass enter through the wharf and this reduces the risk in the wharf because we have trucks moving around in the wharf and we also have marked pedestrian walkways for getting into the wharf. We had these problems in the late 2017 but after we put in these measures from 2018, we have reduced.

The overloading side, we have our enforcement officers who are there 24/7 in most of the key ports - Suva, Lautoka, Natovi, Nabouwalu, Savusavu and Taveuni. For Kadavu, we usually put our enforcement officers on board, that is to supervise and check the loading from Kavala and other ports in Kadavu.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Members. Are there any supplementary questions from Honourable Members?

HON. A.M. RADRODRO.- Deputy Chairperson, my last question regarding SDG commitment of MSAF, can you just enlighten us on your commitments towards gender equality? Probably on SDG 9, the resilient of infrastructure; are you putting yourselves towards those SDGs?

CAPT. P. HILL.- Thank you very much, Honourable Member. Definitely, yes, SDG 5, if you have not seen the awareness programmes that has come through, we have on Friday this week the World Maritime Day Celebration with the theme, 'Empowering Women in the Maritime Community'. So definitely, yes, we are looking at gender equality within, and creating more awareness to our young women to join the maritime industry.

At the moment, we have 92 qualified women seafarers under our registry. Also that is a small percentage compared to the male qualified seafarers, but it is increasing. Also, with other shore-based entities that is connected to the maritime industry, they also have their focus on SDG 5, in particular with the theme, "Empowering Women in the Maritime Community" during the World Maritime Day Celebration.

For Friday's event, we have 18 awards altogether and these awards are all for female. So we are recognising the female in the maritime industry this Friday. You are all welcome to attend, if you have free time, and come down to Sukuna Park. Definitely, we are looking at, at least, trying to get 20 percent of female into our maritime industry, that is, seafarers.

HON. A.M. RADRODRO.- ...(Inaudible)... SDG 5 in terms of the administration of the maritime workers, usually the last people who are talked about but are the very important people in the

maritime industry. In terms of making sure that they are not overworked, underpaid and they meet the required international maritime standards in terms of ILO, can you just enlighten us on how MSAF is addressing this issue, to ensure that workers in the different shipping companies are not supposedly abused in terms of their work environment?

CAPT. P. HILL.- Yes, definitely. In the maritime industry, we are party to the Maritime Labour Convention and we have a draft Maritime Labour Convention for our domestic ships. This, unfortunately, is still under discussion with the Ministry of Labour and we are trying to refine how we factor in the salary component for seafarers.

As you know, our minimum wage guideline does not fit well with seafarers because seafarers are qualified people. They have Certificate of Competencies or they have Certificate of Proficiencies. Gone is the time where you can get anyone from the community or from the village to go and join a ship. They have to have certain qualifications to go on board and the minimum qualification they need is a Safety Certificate which enables them to survive in case anything happens on board. That is the way we are going, Honourable Member.

HON. A.M. RADRODRO.- When do you intend to have this finalised, the local version of the ILO Maritime Convention.

CAPT. P. HILL.- We hope to finalise it before the end of this year. At the moment, we are really pushing with Ministry of Labour and right now, we are working on the salary component, where the salary is common to all types of ships.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you, Honourable Member. If there is no further questions, then I may ask you to wrap up your presentation before I give the floor to our Honourable Members, if they want to make any concluding remarks. So you can now sum up your presentation.

CAPT. P. HILL.- Perhaps, just to also enlighten the Honourable Members again of the function of MSAF. Our core function is safety, security and protection of the marine and air environment. Previously, it was only marine, now it also includes air environment because of our commitment to the reduction of Green House Gas (GHG).

Recently, we had an approval for Coasting Trade Licence which has gone from one year to 20 years, but this will be progressively even. Not all ships will have 20 years Coasting Trade Licence because it will depend on the age of the ship.

That is basically an awareness again, very briefly, on the functions of the MSAF. Thank you, Deputy Chairperson and Honourable Members.

DEPUTY CHAIRPERSON.- Thank you very much for your deliberation. On behalf of the Chairman, Honourable Maharaj, and Honourable Members, team from the OAG, Una and the secretariat team, I thank you very much Acting CEO and Shivani for availing yourselves and giving us a very good overview of what we have asked. Our collaboration will continue in future and I hope your future plans and budgeting is aligned to the National Development Plan.

In future, there will be more collaboration and we will meet soon. So, our best wishes from the PAC and we will end our presentation here. Before we go, may we have a photo shoot.

CAPT. P. HILL.- Thank you very much, Sir.

The Committee adjourned at 3.16 p.m.

The Committee resumed at 3.25 p.m.

**Interviewee/Submittee: Investment Fiji**

In Attendance:

1. Mr. Ritesh Gosai - Acting General Manager, Investment Fiji
  2. Mr. Kamal Chetty - Manager Investment/Trade
  3. Mr. S. Narayan - IT Manager
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DEPUTY CHAIRPERSON.- Good afternoon, Honourable Members, Ladies and Gentlemen and members of the media fraternity. On behalf of the Chairman of the Public Accounts Committee (PAC), Honourable Maharaj, I welcome you all to our Committee Hearing today. I would like to welcome Investment Fiji.

Before we move on, I would like to introduce the Honourable Members of our Public Accounts Committee.

(Introduction of Committee Members, Secretariat Team and Office of the Auditor-General)

Before we move on, I request you to give your presentation and then questions will come later on. Before you proceed with your presentation, I request that you introduce yourselves and then you can begin your presentation. Thank you.

MR. R. GOSAI.- Thank you, Sir.

(Introduction of Officials from Investment Fiji)

DEPUTY CHAIRPERSON.- Thank you very much. You may proceed with your presentation.

MR. R. GOSAI.- Thank you. The Deputy Chairperson of the Public Accounts Committee and Honourable Members, good afternoon to you all. It gives me great pleasure to present and respond to the 2016-2017 Audit Report questions.

The first question: Provide background of CRM System and how has it improved operations of investments Fiji?

If I do start on the core question that has been put on us, I would like to also introduce what Investment Fiji does, as to give a brief idea of our key roles and core functions.

As an organisation, Investment Fiji operates independently as a facilitation arm of the Fijian Government, providing services and assistance to promote and stimulate investments and exports. Our main Divisions are the:

1. Investment Promotion Division;
2. Investment Facilitation Division;
3. Investment Registration Division; and
4. Exports Division.



The Investment Promotion Division identifies the ideal fit between the economic benefits of Fiji and the business opportunity for investors and potentially, place the crucial role of attracting investors into Fiji.

The Investment Registration Division issues the Foreign Investment Registration Certificate and any amendments to the Foreign Investment Certificate, a regulatory requirement as stipulated under the Foreign Investment Act.

The Investment Facilitation Team enables and assist investors to set up and grow through comprehensive objectives of business facilitation, market expansion and the key activities includes; site visits and inquiries.

Lastly, the Exports Division works with new and established exporters in upskilling and promoting their products and services, both locally and overseas. Investment Fiji deals with potential and existing investors and exporters, private organisations, business houses, Trade Offices, Embassies, international organisations and Government agencies.

So coming back specifically to the audit question, Customer Relationship Management (CRM), if you see in the slides, basically that is a copy and saying, 'What is a CRM?'

A CRM software typically stores key company information and records all interactions with customers, tracks progress towards goals and generates performance reports. In the case of Investment Fiji, customers are defined as investors and exporters both, foreign and local.

Since the commencement of the transform to perform strategic change programme in 2015, Investment Fiji has been revived and revising its workflow and processes and developed a relationship management model.

One of the solutions of the relationship management model was the adoption of the Customer Relationship Management (CRM). Investment Fiji engaged with TechnologyOne, an Australian company, to design the CRM System. The whole scope was divided into three phases: the pre-engagement phase, the test phase and then the production phase.

The CRM system for Investment Fiji is designed to capture information on investors and exporters, and their projects that allow the organisations to better coordinate and facilitate both, foreign and domestic investors. The main aim in the establishment of the CRM is to capture investment, employment, re-investment and compliance of registered projects and ultimately in the future perhaps, assist in creating or establishing investment policies.

CRM assists efficiently and effectively capturing information, such as context for business, for individuals and for agents. It also gives Investment Fiji the ability to capture inquiries with individuals, client interaction, there is a scheme called Engagement Planning which I will elaborate on in the seventh slide, tasks, site visits and also undertake regulatory objectives, in addition to the time series analysis that can be done in order to understand the life of exporter and the investor, the geographical source of investment, movement of investment, record and maintain client contact details and track client interaction. This, Honourable Members, shows the length of time that Investment Fiji has engaged in undertaking from initial deployment to the test environment to the production environment.

Investment Fiji commends the engagement with the vendor in November 2016, with the initiation of the test phase between July 2017 and 13th February, 2018. The production stage was initiated on 14th

February, 2018, meaning that we started our production last year and focussed on the inputs of two types of data which are currently launched in the CRM System.

The first data, if I could inform you, was historical data, which was data prior to 2018. When Investment Fiji started way back in 1980s, it was very imperative or important that we capture all the information as to establish what real investment has happened, which was not previously been given the opportunity without sharing.

The second data was the GoLive where we could process the issuing of the Foreign Investment Registration Certificate, any amendments to the Certificate, progress report and events management.

HON. A.M. RADRODRO.- Deputy Chairperson, can we request the physical copy of these slides.

DEPUTY CHAIRPERSON.- Yes.

MR. R. GOSAI.- Actually, I did send a soft copy.

DEPUTY CHAIRPERSON.- That was what I was inquiring with our Secretariat, if you have it, please, can you present it to us.

MR. R. GOSAI.- I have nine copies here.

DEPUTY CHAIRPERSON.- Thank you very much, you can continue.

MR. R. GOSAI.- Deputy Chairperson, my apologies for that.

So, moving forward, the solution provided by the vendor has the ability to store details of business and individuals. Again, in the case of Investment Fiji, customers are defined as exporters and investors who are foreign and local, investment, export, employment variables, licence and lease acquired by investors and record all interactions with customers, track progress towards goal and generate performance reports. In addition to the forefront issues, such as data gathering, the CRM System assists in follow up and tracking of customers.

Investment Fiji is tasked with regulatory monitoring functions that can also be undertaken in the CRM system. As such, the CRM system also needs to track backend paperwork and processes. Central to the function of the system is the ability to remember a company's history which is the greatest detail that all open issues are followed up in a timely manner. For example, if an investor was registered with Investment Fiji in the 1990s and he or she came back and wanted to register and they had certain history of non-compliance or non-implementing so by feeding in the data, we can really know the behaviour of the investor which previously we were not able to do it. To date this is a graphical interpretation of how much data we have put into the system. To date, eight years of data comprising of 2,345 files or 232,589 pages has been digitalised.

All new FRC and amendments are entered into the CRM System. Historical data, as I mentioned earlier, has been captured or are in the process of being captured by 12 designated CRM Data Entry personnel. A total of 8,471 file still needs to be entered. If you see, at the moment, since going on live, we have just been able to capture 22 percent of the records that are at Investment Fiji.

The first graph also shows the number of contacts that we have made, it is around 12,000. The contact inquiry means how many times we have met a customer, what we have done, we have talked

about investment and then the FIRC Issuance is the regulatory objective that, that is the number of certificates we have issued and all other bar graphs represents other functions. The total cost for the CRM project was around \$413,000.

This graph here is a snapshot of what we really show in the system. It is not clear, but perhaps I should talk about important things as, how does Investment Fiji maintain our data integrity? How does the quality of CRM remain as in people? The CRM database sources adding into data whether they are putting in the right things. These are the important things.

DEPUTY CHAIRPERSON.- Yes, Honourable Member you may ask your question.

HON. A.M. RADRODRO.- Just a question to the Acting CEO on this CRM project that you have highlighted to us and the information that you have, does this contain investment information since its inception?

MR. R. GOSAI.- Well, at the moment, we are trying to do so, Sir. At the moment, we have eight years of data there.

HON. A.M. RADRODRO.- From?

MR. R. GOSAI.- From 2019 backwards, so it is 2011.

HON. A.M. RADRODRO.- So it is 2011?

MR. R. GOSAI.- Our intention is to go back as 1983.

HON. A.M. RADRODRO.- Just a supplementary question on that, with this function here, I do not see anything there where it indicates the realisation - the actual implementation of the investments?

MR. R. GOSAI.- What I will do in the next slides, Sir, since this is just a snapshot, I will show their ability to sight what is really happening. This is just a portal of what really happens. So if you could see the orange icons, it represents only functionality. This functionality depends on when you click and you enter data, but it does not show what you are after - the accumulation of such. I agree on that but before that, if I could finish this slide.

To maintain data integrity upon completion of the relevant checks in place, the IT Team at Investment Fiji because we very strongly believe as part of our project management, that these data are very confidential. And we have to go to all avenues and at all levels to make sure that the data that is, first of all, entered into the system is of quality and then whatever is entered into the system does not leak out. So the IT Department at Investment Fiji ensures that errors are managed and resolved within a timely fashionable manner. If there is a scenario, we liaise with our vendor and that we should not have any situation of such scenario.

There is a hierarchical permission set up at different levels. As I mentioned, in one of the functions that Investment Fiji does in the Go life process is issuing a certificate. The hierarchical order sets the approval process so if an Investment Officer had an opportunity to meet an investor, they have the ability to enter that. Once they have done that, if there is an application of such, we have the ability to approve it. Who approves it? It goes to certain levels, there is a checklist, there is requirements, there is attachment that we feed in and what the system does is, as soon as it goes to different levels, a different checking mechanism does start. And the CEO has the ability to sight every information. At the security

level, looking at Investment Fiji's network and firewall, data is secured from external parties that ensures that CRM is protected against viruses.

For data quality, the team assesses the quality of data entered to ensure accuracy, once the file is scanned and entered. What I really meant is that, we have really got physical files and each file on average maybe around 100 leaflets or 100 pages. So one team sets and scans all the documents, once it is scanned, we put all the information into the system and it is not easy, it is tedious. If there are errors occurring, then we make sure that whatever goes into the system is of correct quality. It has been checked and been audited.

We have four types of audit process, that is, there is a scan check, we check the data, we audit what has been scanned and also put in data, once the Audit Team checks and is satisfied with all the data entered, the Manager ensures for final approval before it goes to the CEO and the hard copy file is closed. That is where our digitalisation begins.

Again, these are snapshots on the ability to approve and decline a certificate. We ensure that if an investor does apply, it comes to our dashboard and even if I am overseas or if there are certain officers not on the field, the show does not stop. We can approve all the certificates online and not being in the station necessarily.

This is something that I would like to highlight as, Sir, has asked. What happened is that, CRM is a database and, of course, we have two things happening there. One, is the entry of information which is around 15 percent of the work and 85 percent is to try and analyse what information comes out in what format. Second and more importantly, what do we do with that information? Investment Fiji staff attended a training to fully understand the dynamics of Power BI.

At the moment, our CRM is linked to the Power BI which we have access to in our mobile phone to see what investment is happening and where is it happening, and the Power BI solution creates dashboard reporting. The purpose of the Power BI is to support better business decision making, it provides historical current predictive viewers of business operation, often using data that we have entered. It is a smart way of reporting through pivotal, table analyses and statistical data mining.

If you look at the next slide, that is how it comes out in our font or in a tablet, depending on what your range is. I think this is actual data, 346 projects during this period. So if you look at this data (346 projects), and you can do it in all projection, but at the moment we are more advancing into this training. So if someone wanted to know....

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

MR. R. GOSAI.- That is the number of projects registered.

HON. A.M. RADRODRO.- Registered?

MR. R. GOSAI.- Yes, project registered.

HON. A.M. RADRODRO.- Have they been actually implemented?

MR. R. GOSAI.- Implemented, one of those figures is there, Sir. I cannot see it from here but we can show you that figures as well, that is:

- implemented;

- registered by sector;
- implemented by sector;
- what country; and
- how much does a project create, not only in employment as in approval but how much they are actually bringing in employment.

At the moment, we use it internally.

HON. A.M. RADRODRO.- Can you be able to tell us within the last five years, how many actual projects have been implemented and the value of those projects?

MR. R. GOSAI.- Yes, we can tell you two variables, that is, the value of the projects, the number of projects, their employment in registration and out of that, how many has been implemented. We can show that, but previously it was very difficult. We can show it for five years, 10 years, and we have the ability there.

HON. A.M. RADRODRO.- Can you tell us now?

MR. R. GOSAI.- No, Sir, this is not live data that I am showing, this is just a snip.

HON. A.M. RADRODRO.- I think that is the main purpose of the organisation.

MR. R. GOSAI.- Of course.

HON. A.M. RADRODRO.- The graph that you have shown there and all the processes that you have highlighted there needs to become a reality.

MR. R. GOSAI.- Of course, Sir, agree.

HON. A.M. RADRODRO.- That was basically what we wanted to find out with all these explanations and the CRM reporting over the last five years or eight years, how many of that has actually been implemented to become a reality project? That is what we wanted to know.

MR. R. GOSAI.- The question is there and we have provided the background of CRM and how it has improved, Sir. So that is how we had focused on that but there should not be a problem of providing the information on a different note.

DEPUTY CHAIRPERSON.- I suggest you could come and present it later on or give a written response to what the Honourable Member is seeking and that means we all are seeking that. Thank you. You may move on.

MR. R. GOSAI.- Yes, whether we use an Excel sheet or CRM, I do truly agree with you, Sir, because the main throughput, Investment Fiji is defined by the conversion. Whatever we register today should be converting into investment. We have the ability to check that, and the other thing is to present it.

HON. A.M. RADRODRO.- Just a question, Honourable Deputy Chairperson, when you issue a certificate (as you mentioned in your process), what does that mean to the investor or to the local economy?

MR. R. GOSAI.- The first step for an investor is to acquire the certificate and we have a standard checklist. They provide their business plan, their investment and employment proposal. It does not mean that investment would eventuate. It is just providing them the certificate to start a business, not do a business, but start a business. Then they go to other Government agencies to get their approval.

Our role comes when the *modus operandi* has really changed on how the Investment Fiji has to function, it is not that we used to just issue them the certificate and say goodbye, no. We have what we call a designated division. That is why I said that slide one, is to show more into what the Facilitation Division does.

Yes, we do still report to our Board the number of projects that have registered and we also have a very specific KPI - out of those projects, how many have been implemented? To have impact on the economy was the one that has been implemented, that is the main one, the throughput. We get confirmation from RBF for investment, we get confirmation of employment through FNPF but the certificate at point one is, as it is just getting a paper, Sir.

HON. A.M. RADRODRO.- Honourable Deputy Chairperson, just another question. All your reporting that you have done, the CRM reporting, is commendable with \$460,000 cost. In terms of investment opportunity priorities sectors of the economy, there have been concerns about declining productivity in certain sectors of economy. With this CRM reporting, are you able to inform the Committee which sector is your priority for investment in terms of going forward, such that you would like to bring it in and it becomes reality?

MR. R. GOSAI.- Sir, I agree. At the moment, there are certain priority sectors that had already been established by the Government and also according to the Trade Policy Framework, there are eight or nine sectors that are identified as priority sectors, for example, tourism services, manufacturing, ICT, et cetera.

However, if you see in one of the slides or in my notes, I had mentioned that at the moment we are trying to gather information. Once all information is gathered, say about for five or six years, we should have the ability to say that this is where investment works, this is where it does not really work, this is the region where it should work, so we may have in future one or two years to be able to get that information. The most important thing I had mentioned as well is to influence investment policy. That is where we want to be, not only just having the system and showing or advocating that we have the ability to have this data.

HON. A.M. RADRODRO.- Honourable Deputy Chairperson, I have another supplementary question. I take note of the Acting CEO's comments, but in terms of the sector investments, there are certain policies of Government where they have created tax free zone incentives. Maybe, you can advise whether Investment Fiji has taken steps to make sure that investments in those particular tax free zones, for example, in the Ra area, what sort of investments have become a reality there, whether you have also issued certificates for investors to invest in those tax free zone areas?

MR. R. GOSAI.- I agree, Sir, on that. Moving forward, we can say which area has the most implementation of projects and should investment go there or not, is the main question. Let us say, all of a sudden or assumingly, Lautoka became very good in the implementation, and I am not talking about registration because it is....

HON. A.M. RADRODRO.- Have you conducted anything on the tax free zone incentives in Ra?

MR. R. GOSAI.- Not yet, Sir, not in the system.

HON. A.M. RADRODRO.- Any particular reason why Investment Fiji did not ....

MR. R. GOSAI.- Well, Sir, the main thing is, the system is at its infant stage at the moment just, one year of entering data, and how could you make a policy with one year of data? That is the issue we have.

HON. A.M. RADRODRO.- The policy of Government that you have .....

MR. R. GOSAI.- Yes, but again, the system is infant and we are trying to feed in the data. Perhaps, next year when we do a presentation, this question will be very valid and the main thing is that, out of this \$460,000 that you have spent, does it really work on policies, then I will agree on that then.

HON. A.M. RADRODRO.- So, this system just highlights the processes involved?

MR. R. GOSAI.- Well, it does highlight the process, the data that we have, the export information, where the investment, what is really happening out there in terms of foreign investment.

One of the things that I would like to also highlight, Sir, is that, although we do not register local investors, we do assist them and slowly but gradually we have the list of all the local investors as well here. Eventually, we may be able to see how the total investment does work.

HON. A.M. RADRODRO.- Deputy Chairperson, just another question.

DEPUTY CHAIRPERSON.- Yes, you may ask your question.

HON. A.M. RADRODRO.- The terms of this system that you have newly established, whether this system can also accommodate in terms of your organisation's commitment to SDG 5 - gender and SDG 8 – decent work and economic growth, whether you can show them here and that they are also part of your system?

MR. R. GOSAI.- Well, in our KPI, one of the things that we do also to look at this local employment generation. So, one of the things that we could see here is whether the investment that any investor has proposed is really generating an employment or not. So, we have that ability.

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

MR. R. GOSAI.- Yes, but our is more into about employment at the moment, Sir, and we may have the ability to do so. It will be able to know where the investment is and where the employment is by sector and by region.

In conclusion, sharing CRM deployment journey for Investment Fiji has assisted in managing client interaction or customer interaction. Did we know our exporters or did we know our investors? This system slowly but gradually helps us understand that; whether they are spending, whether they are bringing in money, this system does help us. How? There is a designated platform where we put information.

With its wider approach of analysing data against clients' history and the intention of business relationship with customers specifically driving investment, export and reinvestment.

With the ability to digitalise information, Investment Fiji has the ability to enter numerous information about the business and rather have a leap from the traditional platform of generating revenue.

In conclusion, I would just like to highlight certain elements or benefits that we are raising right now.

With the CRM System, customers are served better on the day to day process and with more reliable information. Eight types of benefits were recognised and this included:

- the enhanced ability to target the type of customers;
- the integrated assistance through across channels, especially with respective Government Divisions;
- importantly since we are still issuing the Foreign Investment Registration Certificate, it has to some degree, also risen the labour productivity of processing officers;
- improve customer services, individual-wise events management, such as seminars, Prime Minister's International Business Awards;
- connect customers with channels and single platform via our certain module; and
- follow up with investors and exporters for implementation of projects.

In simple terms, if the investor would have come to Fiji and had not been have implemented or started their project, we would be following the traditional way. What is really happening? We will send emails and some respond and some do not respond. The system has the ability to, first of all, establish history and chase investors and exporters whether you have implemented your project or not, and that is the main thing that we are after. So apart from the good things that we are seeing right now, perhaps in the future, we may have the ability to influence policy and for the good. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much for your presentation. Are there any questions or comments from the Honourable Members?

HON. A.M. RADRODRO.- From the financials of Investment Fiji, I see that there are some payable amounts listed as liability to the Ministry of Finance, can we just get a clarification as to what are these payable amounts to the Ministry of Finance - \$5,045 in 2016 and, again, \$522,500 in the same year?

Office of the Auditor-General?

MR. R. GOSAI.- Are you asking me, Sir?

OAG REP.- Deputy Chairperson, the payables to the Ministry of Finance are the FIRC - the certificates that are receipted at Investment Fiji and are deposited into the Consolidated Fund Account.

HON. A.M. RADRODRO.- So what happens to all these things - are they deposited or are they received?

OAG REP.- Those were received, but yet to be paid to the Ministry of Economy.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other questions, Honourable Members?

HON. A.M. RADRODRO.- Back to the third last slide, do you have interested investors from all these areas - North America, South America?

MR. R. GOSAI.- Yes, Sir. That geographical graph does show the area of interest who have come over, so from Asia, South America....



HON. A.M. RADRODRO.- Even New Zealand is here?

MR. R. GOSAI.- New Zealand is there also. Although this is a snip, we can rotate that as well.

HON. A.M. RADRODRO.- Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Member, for your question. There seems to be no other questions.

General Manager, Mr. Gosai, thank you very much for your presentation. I request if you can sum up your presentation before we wrap it up.

MR. R. GOSAI.- I am quite happy. We had a meeting to be done on Monday, and my apologies, so the Committee has allowed for me to come on Wednesday and talking specifically about the system.

The system, at the moment, has the ability to capture a lot of things. But I very strongly believe that if you cannot measure, you cannot manage, and at the moment, we are trying on establishing a measuring tool. It is at an infant stage, slowly but gradually we will be able to spread it across investment, across sectors.

Our role is not only to attract investors, but also make sure that the investors implement the project. For some time, it is a huge question there because we did not have the ability to measure what is really happening. We did not have the time series data, we did not know what is really happening with the clients. The only thing was that, we communicated with them through emails on certain things, we went for site visits.

The system now, even if I leave this organisation or any of the staff leaves, it is embedded. The system will make sure that things do follow. So, it is also part of our ISO Certification that we may opt for in the future, that this is there.

We are starting to train all the staff, we have made videos for induction and the beauty about it is, the type of data you want can be projected it is around 99 fields or more in the CRM. So we can choose what investor from what country, what sector, which place in Fiji gave how much investment.

We could do it for, not only for one plant, we can do it for hundreds and collectively inform that as well. But at the moment, eight years of data does not give much as regression, it has to be populated. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much, Mr. Gosai. Any concluding remarks from Honourable Members?

HON. A.M. RADRODRO.- Deputy Chairperson, first of all, I would just like to thank the Acting CEO for making the presentation to the Committee this afternoon. We hope that the software that is produced will be able to make informed decisions on it, especially when the investment legislations have recently been reviewed where the so-called restricted activities that are reserved for locals are no longer there, and then there is an open field for investors. We hope that the investors that you will attract will not deprive the locals who invest in the areas that are usually reserved for them, especially restaurants, hair salon, et cetera. This is where we see a lot of overseas investors taking over activities that are usually reserved for locals.

MR. R. GOSAI.- Locals can do or undertake.

HON. A.M. RADRODRO.- Hopefully, in your reporting framework you will be able to capture that and also in your software, to ensure that you give a complete picture of investment opportunities in Fiji both, for overseas and locals, and how best you can entice locals and overseas investors through joint ventures, et cetera, that used to happen. Hopefully, you can reinstate those incentives to ensure the locals are not missed out in the investment world.

Deputy Chairperson, lastly, tax free incentives in the province of Ra is probably where you will need to concentrate on in terms of utilising those tax free incentives for investors to ensure that economic activities are generated out of those tax free incentives. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you very much, Honourable Member, for your concluding remarks.

Honourable Members, ladies and gentlemen, we have come to the end of our presentation and deliberation. On behalf of the Chairman of the Public Accounts Committee and Honourable Members, the Secretariat team, I wish to thank Investment Fiji for your timely presentation and in availing yourselves. I understand you are very busy with your own schedule so the Public Accounts Committee values your contribution today, and hope we will work in collaboration to understand all your future plans and budgeting is in line with the National Development Plan.

I would like to thank Mr. Moshim Ali, the Director of Audit and Ms. Elina, the Audit Manager. Thank you very much for your presence, as well as Ms. Una Matairakula from Hansard, thank you very much.

HON. V. PRAKASH.- I really am thankful to your good presentation as the Honourable Aseri Radrodro has mentioned the investment in the tax free zone. I think the Government has identified those areas where investment is needed and, indeed, if those areas are not looked into by Investment Fiji, then I think the policies and the reasons why we declare those areas to be tax free will not serve the purpose of the people who are living in those areas. And there will be an imbalance of employment opportunities and also investment by the resources owners in those areas.

I think it is very important the number of projects that you do in that area so that it coincides with the Government policy of seeing that people are not neglected in those areas and they are the ones who are being assisted through your programme. That is one thing I really request from you, when you come back next year we would like to see how much investment has taken place in those areas.

The other thing of concern to me was that you directly deal with the exporters and other people, but I think you should also have a link with the backbone of investors, the real people who are producing things and are exporters as well. Your area should not limit only to people who export things, normally the people that export things maybe not be the direct producers of those things. So, I request you to also try and have linkage between those people who are working at the grassroots level, the backbone, those exporting materials that bring in foreign earnings because Investment Fiji has a very important role to play.

I think it is very prudent to also make an outreach programme to go and meet those people who are handling things that are being exported and your encouragement and your plan also so that one day, they can become exporters also because otherwise, we will just rely on people who will act as middlemen whereby they try to gain profit which may be more than what the people that are at the grassroot level are investing and giving hard labour. Maybe at a very minimum profit, they are doing this but they are adding a dollar value to this country. I think it is important that one of your department also look into those areas where we have people who are initially involved in producing things that are exported.

As Deputy Chairperson mentioned, I thank you for allowing me to comment because this is my concern, about this investment areas in the Government tax free zone. If those areas do not have those factories, et cetera, that need to be established there, then I think the whole purpose will be defeated. We cannot just congest the urban centres where I think we have got very less office space and also think of the environment. We need to take our interest out so that the whole thing is not congested at one area. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Prakash.

MR. R. GOSAL.- Deputy Chairperson, if I could reply to that, Sir.

DEPUTY CHAIRPERSON.- You may do so.

MR. R. GOSAL.- So, you talked about two important things. One was the tax free region and the ability of Investment Fiji to assist potential exporters, predominantly that is what you are meaning. So, well at the first instance, the tax free status or regions have been set and Investment Fiji does not play a role in that. We are the ones that promote this tax free region.

Historically, we tried to put in the system as well and we have a map of Fiji as what the world map shows there. We have the spread of how investors are in the Nadi tax region, in Rakiraki or perhaps in the Northern side, Naitasiri, and if there is a prioritisation towards this area, we emphasise and even before Kamal goes out and promote these areas, we specifically identify where a land is in the tax free region or even in the rural areas.

Although ultimately it is the onus of the investor to decide where they want to be, we try to influence that. We have a good association with the Commissioner Western, Commissioner Northern and Commissioner Central, at the community level, and we try to tell the investors, "There is potential land here, you could also be based in the tax free region and need be we could assist you further." So, that is how we have done that and like for the last two years to three years, we are getting very strong in it.

The second thing is the export potential. I mentioned in the starting that, yes, we have our Export Division and we do not just liaise with the one who are just exporting. Our thinking, our forte is based predominantly on also assisting through capacity building programme, financial programming to potential exporters and this could be in all types of agriculture products or manufacturing, how to design business plan, how to really export one on one.

Although we do not have the financial capacity to do so, we liaise with them. Again, our relationship with the community level, with the resource owners and we also have a regional office. We are getting a lot of gains in there as well. But obviously nothing is immediate, and we are slowly but gradually going towards it. I mean, this is just a thought that we are working on it. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much. Just to recap on what I was saying, for your future plans, et cetera, I understand you are basing that on our National Development Plan but maybe for next year's presentation, if we can get some snapshots from there also.

Thank you very much for your attendance, Sir, thank you very much members of the media fraternity.

The Committee adjourned at 4.09 p.m.

# **STANDING COMMITTEE ON** **PUBLIC ACCOUNTS**

## **2016/2017 AUDIT REPORT ON STATUTORY AUTHORITIES**

**[Verbatim Report]**

- 1) Fiji National Council of Disabled Persons (FNCDP)**
- 2) Consumer Council of Fiji**
- 3) Fiji Revenue and Customs Service (FRCS)**
- 4) Fiji Higher Education Commission (FHEC)**

**THURSDAY, 23RD JANUARY, 2020**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON 11TH OCTOBER, 2019 AT 12.30 P.M.**

**Interviewee/Submittee: Fiji National Council for Disabled Persons (FNCDP)**

In Attendance:

- |                               |   |                   |
|-------------------------------|---|-------------------|
| 1) Ms. Kaushaliya Devi Prasad | - | Executive Officer |
| 2) Ms. Karishma Singh         | - | Accountant        |
- 

DEPUTY CHAIRPERSON.- On behalf of the Honourable Chairman of the Standing Committee on Public Accounts, Honourable Members and Secretariat, I as the Deputy Chair would like to welcome the representatives from Fiji National Council for Disabled Persons. Let me introduce the members of our Committee.

*(Introduction of Committee Members and Secretariat by the Deputy Chairman)*

Before I begin, I request you to introduce yourself and then you can begin your submission. I also welcome the members of the media fraternity. While you are deliberating the Honourable Members can interject from time to time and if you asked questions, you are expected to give a response and should at any given point in time you wish to give a written response later on, you have the liberty to do so. So without further ado, I give the floor to you to introduce the members of your team and deliberate. Thank you.

MS. K. D. PRASAD.- My name is Kaushaliya Devi Prasad, people know me as Kush. I am the Executive Officer for the FNCDP. I have been with the Council for almost 25 years since its establishment. I take this opportunity to apologise that our Executive Director could not make it due to some illness, severely he is on dialysis right now, so he is unable to make it and I hope his being pardoned and I have our Accountant, Ms. Karishma Singh.

DEPUTY CHAIRPERSON.- Thank you very much. I also acknowledge the presence of Mr. Amit Raj from Hansard. You may begin your deliberation now.

MS. K. D. PRASAD.- Thank you very much. In fact, I was tasked to give an overview of the Council. In the paper that I have submitted to the Parliamentary Standing Committee is a bit of a background on the existence of the Council. We have come in place since 1993 by an Act of Parliament, Act No. 21 of 1994 which was later repealed. Now we are governed by the Rights of Persons with Disability Act No. 4 of 2018. In very short form, this Act talks about different areas in making disability inclusive for people with disabilities. We have eight advisory committees which specifically look at disability development and then we have 18 districts that are around the country. We have the District Officer or the Provincial Administrators who chair the District Committee and the Secretariat is supported by the line Ministry responsible for disability which is the Ministry for Women, Children and Poverty Alleviation. At the Advisory Committee levels, we have the Council (Board), the Chairperson comes out of the Council's Board Members.

To-date, the Council has its implementation plan endorsed early this year and there is a five-year strategic plan which is in the process of being implemented from this year.

Our Vision and Mission statements that is already in our report. In fact, the definition of disability to everyone in the Committee is that disability includes those who have a long term physical, mental, intellectual or sensory impairment which interactions the various barriers, may hinder their full participation in the community or in the society.

Our Vision is the nation to advocate for the empowerment of persons with disabilities. We have a set of mission statements which we need to follow to achieve our goals. I am sorry, I am not reading in details I hope all of you have the full document.

The roles and functions of the Council, we are the national coordinating mechanism put in place by the Government to be the umbrella body for all disability service organisations in the country. So we get our annual grant from the Annual Budget and the NGOs and the DPOs that are affiliated to the Council get their NGO grant.

I have within the structure there the Committee Members and the Financial Report for the term ending 31st July, 2018. We received a grant of \$227,500, we had a reimbursement of \$6,000 from FBTTTC, cash refund of \$108, bank interest of \$134. We have a complex at Brown Street, it is a one stop shop which houses eight other NGO organisation and they pay a fee (not really rent, you could call it) more to keep us going, it is \$50 per room. These are disabled people's organisation, we collect rent from the eight other offices and to that term we had collected \$2,650, in donation, \$6,457 in miscellaneous, \$320 overall. In total cash inwards for that year was \$243,169 and then we have payments for that year? Under SEG 1 we have salaries and wages, we have travel and communications....

HON. V. PRAKASH.- Deputy Chairperson, through you.

DEPUTY CHAIRPERSON.- Yes, Honourable Member.

HON. V. PRAKASH.- On payment, Deputy Chairperson, there is a drastic reduction in salary compared between 2015 to 2016. Can we know the reason for that?

MS. K.D. PRASAD.- Yes, Sir, a good question. I knew I would be given that question. You would remember that we had changed the financial term this is only a six-month term.

DEPUTY CHAIRPERSON.- You may continue.

MS. K.D. PRASAD.- Travel and communication, maintenance and operations, purchase and goods and services and then we have special expenditures. The special expenditures are the activities and programmes of the main programmes that we run for the Council. So at the end of that financial term, we had an expenses of \$223,343 that left us with a surplus of \$19,826. This is only for six months.

(Inaudible interjection)

MS. K.D. PRASAD.- I remember this is the year where we changed the Financial term from January to December to August to July so we had to break it to six months.

DEPUTY CHAIRPERSON.- Thank you. Any other questions, Honourable Members? Yes, Honourable Ratu Naiqama Lalabalavu.

HON. RATU N.T. LALABALAVU.- Thank you, Madam. I just seek some clarification. The total receipts is \$243, 169 as against the total payments. That has been the trend?

MS. K.D. PRASAD.- Come again, Sir.

HON. RATU N.T. LALABALAVU.- Is that the trend from 2015 to 2016? Your revenue is less than the ....

MS. K.D. PRASAD.- We are completely reliant on the Government grant, we are lucky if we get donations. The only other funds that we receive fixed is, rent. Unless we get projected amount funds that we write to donor agencies then our amount will go up or it will remain.

HON. RATU N.T. LALABALAVU.- .....(Inaudible) performance in your core targets to help the needy and all this when so much is just like this; the Australian Commission - FJD\$9,000 per annum. It used to be \$11,000 and these are affiliations.

MS. K.D. PRASAD.- F is a signatory to the United Nations eight conventions which is on the Rights of Persons with Disabilities. We received operational grants, we are supposed to be looking for funds with the donor agencies. We have done so with the European Union previously, but however if you know that the donor agencies goes more towards charitable organisations then to a semi-government organisation, so it does affect.

You can speak to me about it, I can tell you, it does affect our operations, not only operations in the deliverables. Fiji still has a lot of barriers being faced by people with disabilities and right now with the funds that we receive, we are more focused on empowerment of people with disabilities and creating a lot of awareness. I hope that we can get a bigger budget to do a lot of work because I would say that, now we have the implementation and the five-year strategic plan that would require a lot of funds to do this activity.

I guess the Government is giving those funds to different ministries to enforce the implementation plan, however this year we did have a cut of 50 percent. I have been having quite a lot of difficulties trying to draw out a budget forecast plan. It is not an easy task, but, yes, there are difficulties in terms of financial. Sometime, I would like to say in here if this forum is the right forum, I do not know, but being very straight forward, I do not know, I probably just going to say it, we like to put in a lot of documents to say, we are going to do this and do that, we need to also put the money to walk our talk and that is the constraint of the council.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro, your question please.

HON. A.M. RADRODRO.- Thank you Mr. Deputy Chairman, thank you Madam for the presentation. Just a question regarding your financials that has been audited by the Office of the Auditor-General. The issue of disclaimer of opinion, which is a very serious issue which basically states that the national council is not keeping its records up to date.

MS. K.D. PRASAD.- Which record?

HON. A.M. RADRODRO.- The records that you prepare for auditing. Have you seen a copy of audited reports?

MS. K.D. PRASAD.- Yes.

HON. A.M. RADRODRO.- And what have you done to work on improving this disclaimer of opinion?

MS. K.D. PRASAD.- Which part of that are you specifically point at, Sir?

HON. A.M. RADRODRO.- That is the part that we discussing today, Madam.

MS. K.D. PRASAD.- Alright, I will let my Accountant explain that. Explain it please Karishma, while I am looking for it.

MS. K. SINGH.- The first issue was for non-adoption of IFRS system. Basically the Council has a cash basis system which consists of receipts and payments, and it was advised to us that since it is a small entity, IFRS system is not suitable for this organisation.

In fact we are using the payroll pay maker system that looks after our payroll and it is directly linked to FNPF and FRCS and it gives us various kinds of reports.

The second ....

HON. A.M. RADRODRO.- What about previous years, has this been a reoccurring issue, this auditing disclaimer of opinion.

MS. K.D. PRASAD.- Yes.

HON. A.M. RADRODRO.- It has been reoccurring from previous years. We would like to know what the Council is doing to address this issue, or is it that the request of the auditing is too much for the Council to adhere to. Has the OAG found out a way in which it can better improve this reporting or they have no other choice but to adopt the reporting standards to IFRS?

AUDIT REP.- Thank you Honourable Chair. I would like to clarify that currently all the financial statements prepared in the country are either full IFRS or IFRS for SMEs. That is the standard issued by the accounting standard board.

HON. A.M. RADRODRO.- What about the National Council for Disabled Persons?

AUDIT REP.- Yes according to the standards issued by them, they need to comply with the IFRS for SMEs.

HON. A.M. RADRODRO.- Have they been notified?

AUDIT REP.- Yes, we have raised them with their draft audit report and in the final management letters as well. Based on that, we are not able to express an opinion on the financial statements of the Council.

HON. A.M. RADRODRO.- What about previously when the reporting standard was not in compliance with IFRS where the Fiji Institute of Accounting standard was in use. Were they also facing a similar problem?



AUDIT REP.- I believe the Council has been preparing cash basis all this time. But when the adoption of the IFRS for SMEs, it has been required by the Council to adopt IFRS for SMEs.

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

AUDIT REP.- Yes.

HON. A.M. RADRODRO.- Mr. Deputy Chair, I just wanted to know whether they are going to comply? Because if they are not, then this is a very serious issue for the executive to take note off.

DEPUTY CHAIRPERSON.- Can you give an opinion on that, please?

HON. A.M. RADRODRO.- To comply with the recommendations of the Auditor-General where you have to report according to IFRS?

MS. K.D. PRASAD.- If you look at the payroll system that we have taken on board, we are taking on some of the recommendations that are coming on board. We have tapped on avenues where we needed to put all these matters in place. But I think, yes, we will need to be doing that, we will take it to the Council for them adopt a new way.

HON. A.M. RADRODRO.- Honourable Chair, we note the comments made by the Executive Chair.

HON. V. PRAKASH.- Chair not only that, I think it is very important to have a written explanation from the Head of the organisation who is not here (I think he is sick today), if they can give in writing that they have to comply with the recommendation of Auditor-General's report no matter how small or how big the account is, that is one.

Number two, since you rely on more than 80 percent or 90 per cent of your fund which is Governments grants, that means you are answerable to taxpayers as well. On the other hand, your standard for following the correct accounting system as suggested by the Auditor-General will also assist your organisation in transparency, accountability so that other donor agencies can come on board and assist you. Not in particular for expenses that we have seen today, but, some of those funds are going towards real people who are disabled, like a percentage of funds for their training, a percentage of funds to make them useful citizens of this country and that they are able to be on their own and continue their lives as other successful people around them. I have seen that account, and I see the expenditures that you have shown payment, hardly there is anywhere where I can see that these disabled people are given so much attention to make them able-bodied people who can stand on their legs and do the work. As you know even those who are not part of your team, those who may be in the village or somewhere else may be doing better than what those that are under your care because some of them have other skills that they can be on their own and support themselves.

So, the reason is, it is important that the expenditure that we see here must also show the percentage of your annual expenses, how much you are trying to do to improve the lives of those disabled people. This is very important.

MS. K.D. PRASAD.- Yes. Let me answer you Sir. In here this is a six-month report so it is not reflected here however, the Council has conducted grass root training on skills with people

with disabilities and has even supported them with the tools to start their small micro business in different districts. That was successful due to the \$100,000 funds that we had received, not during this period but yes we are doing that. We are working with our branches that is affiliated to the Council at the grass root level and we have taken skills to them and most of them have started their own small scale businesses.

HON. V. PRAKASH.- Deputy Chairperson, I have a big heart for the duties that you are doing, whether it is a six-month period record or a one-month period record. The focus should be the lives of those who are disabled. On a monthly basis or on a daily basis how much are you putting in. You are doing a very noble cause that God has called you to do. Our concern is to also see as a taxpayer and Government funding there and we also know that this is not so sufficient for you to carry out all your duties but definitely if there is a proper accounting system which will be appreciated by international organisations, such constraints that you may be facing one day you will be able to have some income. We would also want to see if there are some activities that could bring some income to your organisation rather than donations.

MS. K.D. PRASAD.- Yes, let me brief you on that. Even the Council, managers the only vocational technical training centre that is under the Council, we enrol students with disabilities. This year I think we have about 70 students enrolled there and they learn skills from the centre in Brown Street and we have a centre in the Northern Division. It is more of a day care centre where people with disabilities come in to learn skills and this is another place or avenue where they learn to do small business and they sell their products for themselves and they generate income from there. We also place them on jobs and follow-up on their performance. We placed them into the bank, garment factories. Just recently we had established a café where they learn to run a coffee business where the open market opportunities would come for them. We have just opened a car wash where deaf youth are running a small business for training and also to generate income for themselves and learn to pay something back to the organisation in terms of the usage of electricity, et cetera. So, yes we are doing a lot, in terms of skilling people with disabilities to make them walk away from charity and be more self-reliant.

HON. V. PRAKASH.- If that could be reflected in your next account so that we are able to  
....

MS. K.D. PRASAD.- Yes Sir, it is normally reflected with the funds that we receive.

DEPUTY CHAIRPERSON.- What the Honourable Member is seeking, has that been captured in the annual report?

MS. K.D. PRASAD.- Yes, it will be captured in the Annual Report. The funds had come in 2018 for this activity.

DEPUTY CHAIRPERSON.- It will be?

MS. K.D. PRASAD.- Yes, Sir.

DEPUTY CHAIRPERSON.- Thank you.

MS. K.D. PRASAD.- We do issue newsletters that captures all these and if we have your contacts we will forward them to you so you will have a first-hand information on what the Council

has been doing. Quite honestly everything that you have said, Sir that needs to be delivered, is being delivered.

DEPUTY CHAIRPERSON.- Thank you for your response. Honourable Lalabalavu, Sir.

HON. RATU N.T. LALABALAVU.- Yes, Honourable Deputy Chair, through you. I seek some clarification from the finance personnel.

Would you be able to elaborate a bit more on the statement that you made just a while ago that for smaller organisations such as yours, there is no need to adhere to the statement made by the OAG? Can you elaborate a bit more on that? Why, I am raising this, Honourable Deputy Chair and Madam is, you are presenting before this Committee. As such we would really love to see any backing towards those kind of statements otherwise the statement coming from the OAG is a bit different from what you have just stated. Thank you.

MS. K. SINGH.- Yes, Sir. Thank you. Before, when they recommended for us to use the International Financial Reporting Standards (IFRS), we sought advice from the experts. They actually told us that just because it is a small entity, it is not suitable.

MS. K.D. PRASAD.- That is why we had in bought the payroll system so at least that ....

(Interjection by Honourable Member)

HON. V. PRAKASH.- Deputy Chair, I think they have given us the undertaking that we will have a written ....

MS. K.D. PRASAD.- Yes, we will give you a written explanation and ....

HON. V. PRAKASH.- And adhere to the recommendation by ....

MS. K.D. PRASAD.- Yes, we will do that.

HON. RATU N.T. LALABALAVU.- OAG, any comment on that.

AUDIT REP.- Chair, the accounting standards in Fiji are released by the Fiji Institute of Accountants and if you can see our report, we have made it very clear. We have a copy of the snapshot from the FIA release states that smaller entities will follow the FIA adoption of the IFRS for Small and Medium-Sized Entities (SMEs) standard from 1st January, 2001 and need to comply with that standard. The old Fiji Accounting Standards has been withdrawn so FIA has made it very clear that entities need to comply with IFRS for SMEs. We are just quoting from the FIA's release. Thank you.

DEPUTY CHAIRPERSON.- Any other question?

HON. RATU N.T. LALABALAVU.- Yes, I hope ....

MS. K. SINGH.- Yes, apologies for that, Sir. We will try to ....

HON. RATU N.T. LALABALAVU.- Hopefully you will take note of that.

MS. K. SINGH.- Yes. So, a written . . . .

HON. RATU N.T. LALABALAVU.- Come again.

DEPUTY CHAIRPERSON.- Can we have that . . . .

MS. K. SINGH.- A written advice will be given.

DEPUTY CHAIRPERSON.- Yes, we need a written explanation addressed to the Committee. Thank you.

MS. K. SINGH.- Yes, thank you, Sir.

DEPUTY CHAIRPERSON.- Thank you. Honourable Radrodro.

HON. A.M. RADRODRO.- Can we just get a confirmation on what is the latest year of auditing that currently is with your office from the FNCDP? What year is the latest?

AUDIT REP.- Chair, we have completed the audit of the FNCDP for the year ended 31st July, 2016. We have received the accounts for 2017. A team has been allocated and probably they will be going into the audit in December this year.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro. Do you have any other questions?

HON. A.M. RADRODRO.- Yes, Chair. Just looking through the report that has been submitted before us. There are a lot of Committees that have been formed within the FNCDP and you also have the National Disabilities Act that is now effective.

Can you just advise the Committee, with the limited funding that you received and you are hoping for more funding, provided you improve on your financials and better reflection of how you utilise your funds - on the progress on each committee, it is a wide ranging committee and probably you could advise us on the challenges and how have you now addressed the challenges especially on transportation and buildings that you have in your report?

MS. K.D. PRASAD.- (Inaudible)... challenges like we mentioned is funding which is one of the major challenges in life.

(Laughter)

I am retiring soon anyway.

The challenges we have right now is after the Act had come in place, we had a lot of delay in appointments of the structure which is the Advisory Committee and the District Committee which took almost a year to appoint them.

It is more of a vetting relaxed method of having it done. It is we who will have to run around and it is not done, sorry, I just wish the media was not here, I would be more open.

DEPUTY CHAIRPERSON.- No, you can. You have the liberty to do so.

MS. K. D. PRASAD.- However, it does get done. If the appointments came in late, but, we are there now. Our funds come in late; this is a new quarter, we are have not received funds till today. We are under the line Ministry of Social Welfare.

HON. A.M. RADRODRO.- Social Welfare.

MS. K. D. PRASAD.- Yes, which means the Ministry for Women, Children and Poverty Alleviation; now it is October.

So it is more of acquittals being submitted, auditors do our books, but, we have now got an Audit Disability Unit which does more audit work than the Auditor-General's work. So it is thoroughly checked by them then it goes through the Ministry of Economy and then they sit on it and the grants get signed. I think quite honestly there should be a lot more faster work done on the desk of our civil servants so that we at the bottom level could execute our activities faster.

I am sorry, I probably should not be saying this, but, this is a fact. The delay in getting our grants and delay in executing the programmess and activities. We are already a quarter late, so that was one reason why we got our grants cut because they said we are not using our funds. How can we use our funds when funds are coming late?

HON. A.M. RADRODRO.- Deputy Chairman, just on...

DEPUTY CHAIRPERSON.- Can you just hold on?

HON. A.M. RADRODRO.- Has the Auditor-General also been notified of these things? Because they will highlight it in any of their report.

MS. K. D. PRASAD.- They will be notified now, but, at least we are talking about this.

HON. A.M. RADRODRO.- Yes.

MS. K. D. PRASAD.- From this time it was our okay, it is like now when the unit (inaudible).

(Inaudible interjection)

MS. K.D. PRASAD.- It is very important, I know. But this has caused hindrance to our performance, but, if we have the money then we can do the job.

HON. A.M. RADRODRO.- The Advisory Committees that you have highlighted here, one is Education, Housing, Transport and Environment, Sports Vocational, Legislation and Health.

MS. K. D. PRASAD.- Okay.

HON. A.M. RADRODRO.- So have all these Committees been filled?

MS. K. D. PRASAD.- Yes, we have just sent out their appointments and we are still awaiting for them to confirm their acceptance.

Some of them are dropping in, but, this has just gone out one month ago because of the appointments that were delayed for almost a year due to the vetting system. And then you know, I had a series of meetings with reference to those sitting on the Board, why and now we have got that appointment done. We need to be calling meetings with them, that is a pending issue and we need to have the money to continue doing that.

HON. A.M. RADRODRO.- Maybe Deputy Chairperson, this can be part of the Committee's recommendation.

DEPUTY CHAIRPERSON.- Yes, definitely.

HON. A.M. RADRODRO.- Recommendation of this Committee and implementation of the policies that you were supposed to do. Thank you.

DEPUTY CHAIRPERSON.- Also with reference to the Disabilities Act 2018, what has been the progress so far in its implementation?

MS. K. D. PRASAD.- The implementation plan was the first thing that we did; that was a great achievement in fact a mile stone achievement for the Council. After that we did a five-year strategic plan which is in place right now.

So once we have the appointments, it is then given back to the District Advisory Committee and the District Committees are to do their business plans.

DEPUTY CHAIRPERSON.- Thank you. Yes, Honourable Prakash.

HON. V. PRAKASH.- The FNCDP Board members are senior civil servants and the Chairperson is the Permanent Secretary of Ministry of Social Welfare.

MS. K. D. PRASAD.- Yes.

HON. V. PRAKASH.- The problem that you have highlighted now with the Board Chair being the Permanent Secretary, I hope those things are resolved while the Board meeting is taking place and there are very senior civil servant sitting on that.

MS. K. D. PRASAD.- Yes, Sir.

HON. V. PRAKASH.- Because it is important to see that such constraints does not come your way since you are having a senior civil servant being a member and very distinguished national figures on the Board. I hope the right information is given to the Board and the Board will be able to see that you are able to carry out your policy; that is one.

Secondly, it is also important that while the Auditor-General is trying to audit your account, your challenges, constraints and happiness are shared, so that the whole picture can be seen by this noble Committee which is responsible to the State and its people.

MS. K. D. PRASAD.- Yes, very true. We need a lot of commitment, especially the decision makers, that is, from different Government Ministries to ensure that disability becomes more visible and our society is more inclusive and we break down barriers. I guess, like we said, "There will be no fast-tracking, we are just finding it right now." But if you would look at Fiji as

a whole and you compare our development with neighbouring countries, you will find that Fiji is in the lead. We have done quite a bit, we have a legislation, structure, implementation and strategic plan. It is more of an enforcement right now.

HON. V. PRAKASH.- I am happy to hear that comment from you and I wish that you will be growing and you will be the best around the world to try and see that.

MS. K. D. PRASAD.- Yes, we have set examples for our regional Pacific island countries to follow (copy/paste) what we are doing, quite honestly, I am proud of that. Like I said, when the Council was established in December 1994, those who remember Mr. Jokatama Toga, he was a Fiji prop-player, he was the Executive Director then, two months later I joined him from one table, two chairs to a Centre in Labasa, one-stop shop in Brown Street and a Western Centre coming up, having legislations and having a structure, we have done quite a bit.

DEPUTY CHAIRPERSON.- Thank you. With reference to SDG and NDP, how have you aligned yourself? How has your organisation aligned itself to this?

MS. K. D. PRASAD.- Our implementation plans are aligned to it.

DEPUTY CHAIRPERSON.- Thank you.

MS. K. D. PRASAD.- Just give us the funding. Our Executive Director, are you from QVS?

HON. V. PRAKASH.- In fact he should have declared interest. He is a gold medallist from QVS.

HON. V.K. BHATNAGAR.- If you know Dr. Sitiveni Yanuyanutawa.

DEPUTY CHAIRPERSON.- Thank you very much. If there is no other question, I would like you to sum up your presentation. We have three more submissions to go.

MS. K. D. PRASAD.- I pretty much summed it up, unless someone else has another smart question for me.

DEPUTY CHAIRPERSON.- Thank you very much for the lively presentation. We appreciate it.

MS. K. D. PRASAD.- Of course. You might be seeing a new Minister in soon, coming up years.

DEPUTY CHAIRPERSON.- Thank you very much for your time. Honourable Members, any concluding remarks?

HON. V. PRAKASH.- Thank you very much, you are a very strong person. I would like you to continue and when we meet the next time, PAC will be able to have a better picture and as I said that you are doing a very noble job.

MS. K. D. PRASAD.- Yes. I am 55, I need to go. You want to change the legislation to keep me.

HON. V. PRAKASH.- I think you should not worry about that because you are a ....

MS. K. D. PRASAD.- They are already telling me to go.

HON. V. PRAKASH.- When you go, leave a very good footmark so that others can follow that.

MS. K. D. PRASAD.- I will make sure.

HON. V. PRAKASH.- Secondly, it is also very important for you to see, we really want to know how much disabled people are made able in our society, how they compete.

MS. K. D. PRASAD.- Sir, I have pioneered a lot of things for Fiji. We have people who just endorse and take credit. Let me tell you, where Fiji stands with disability, I have led it to that and when I leave, I will make sure no one brings it down. I mean it.

HON. V. PRAKASH.- Thank you very much, I was making my concluding remarks and you have added to that. I wish you all the best.

MS. K.D. PRASAD.- Thank you very much.

The Committee adjourned at 1.14 p.m.



**Interviewee/Submittee:****Consumer Council of Fiji**In Attendance:

- |                      |   |                                    |
|----------------------|---|------------------------------------|
| 1) Ms. Seema Shandil | - | Executive Officer                  |
| 2) Mr. Tevita Vuibau | - | Manager of Campaigns & Information |
| 3) Mr. Kavitesh Pal  | - | Finance Officer                    |
- 

DEPUTY CHAIRPERSON.- On behalf of the Chairman of the Standing Committee on Public Accounts, Honourable Alvick Maharaj and Honourable Members, I as Deputy Chair, welcome to the submission by the Consumer Council of Fiji.

*(Introduction of Committee Members, the Secretariat and the media by the Deputy Chairman)*

Ms. Seema, can you please introduce the members of your team and you can start your deliberation but before that there are two matters for your information:

1. During the course of your presentation the Members can interject from time to time; and
2. They will ask questions where you are expected to give a response. Should at any given point in time you feel you want to give a written response later on, you have the liberty to do so.

So, without further ado, I give the floor to you for your deliberation. Thank you.

MS. S. SHANDIL.- First of all let me thank you all for giving us an opportunity to present our audited report and before we go further into that let me introduce my team.

*(Introduction of team from Consumer Council of Fiji by the Executive Officer)*

DEPUTY CHAIRPERSON.- Thank you.

MS. S. SHANDIL.- So, before we actually go into the financial figures I would just like to talk a bit about our organisation - what is Consumer Council; what is our role and what is our function? Just a few words about the organisation.

The Consumer Council of Fiji is an independent statutory body that was established under the Consumer Council Act 1976. The Council very well-known as the watch dog protect the rights and interest of the consumers in Fiji, trying to promote a fair and just market.

The Ministry of Industry, Trade and Tourism elects our Board members, which is our line Ministry who then elects the CEO. In 2016 we had seven board members and one resigned in December 2016. We have three offices, the Headquarters being in Suva and we have two regional offices one in Labasa and the other one is in Lautoka. In 2016, we had a total of 31 staff.

What is the role of the Council? As stipulated in Section 6 of our Act, the Functions – the Council shall be to do all such acts and things which it may consider necessary to ensure that the interest of consumers, of goods and services are protected.

The functions, first and foremost we are the leading consumer advocacy organisation. We create awareness on consumer issues that affect the consumer's on grounds. We also advice the Minister on matters that affect the consumers and we do research and investigations and the findings through these research are used to lobby with the policy makers so to bring about reforms that positively impact the consumer's life.

The services offered by the Council. We have three divisions. One as I have said, it is Campaigns, Media and Information Services Division, we have a Research and Policy Analysis Division, Consumer Advisory and ADR services. We also have a Debt Management and Consumer Advisory Services that was formed in 2016. The National Consumer Helpline was a Government initiative that was launched in 2016 to help them to communicate with the Council from the comfort of their homes. If they are at home, they can just call and lodge the complaint if they are faced with any issues on the ground or at the market place.

Moving on, to deliver the targets the Council received a Government grant of \$661,587 VIP for 7 months. The Service Level Agreement (SLA) was signed with the Ministry of Industry, Trade and Tourism and then we received, as I said, the total grant of \$661,587 out of which \$587,587 were for operational and \$74,000 was for motor vehicle purchase.

The Government grant for 2016, what we have to realise here is that if we want to make comparison because the 2015 was for 12 months, the 2016 because that was the time when all the Ministries and the statutory bodies re-adjusted their financial year and now as we all know that our financial year is from August to July 31st. So this is the time when we switched and what we noted was, there was an increase of 31 percent per month in the Government grant that we received and mostly it was because of the \$74,000 that we received for our motor vehicle purchase.

DEPUTY CHAIRPERSON.- Honourable Member you may ask your question.

HON. V. PRAKASH.- Mr. Deputy Chairman through you, that means the Government grant that you received for 7 months compared to one year of 2015 which was high because definitely for the remaining five months, you would have received also, so the grant that you received for a year would be higher in 2016 compared to 2015?

MS. S. SHANDIL- Yes it was, I think for the first time the grant that we received, if we take in total was more than a million dollars.

HON. V. PRAKASH.- And then for a 7-month period, the net deficit was higher; there was a \$24,000 loss for the 7-month period compared to 2015, there is a higher loss there. Can we have an explanation on that?

MR. K. PAL.- Thank you Honourable Prakash. We take it to note that for the 2016 financial year, we are also incorporating the expenditure from the donor funded projects. Basically the grants for these donor funded projects were received in 2015, however the project continued in 2016. That is basically the reason that we have high expenditure noted in the year 2016.

HON. A.M. RADRODRO.- Sir, just a clarification on this helpline, is it through one service provider because that is where majority of the expenses incurred in the seven months?

MS. S. SHANDIL.- It is from all the telecalls: Vodafone, Digicel and TFL. We have been assigned special charges

HON. V. PRAKASH.- That is from all the three?

HON. A.M. RADRODRO.- Are you able to inform the Committee what is that special charge that you are getting?

MS. S. SHANDIL.- Can we respond to this question later on because we have their charges with us but it is in the office.

DEPUTY CHAIRPERSON.- Thank you, you may move on.

MS. S. SHANDIL.- Moving on, the European Union grant, we also receive donor funding from different organisations for the projects that we do, and there have been a lot of projects that the Council have worked on previously and we continue to get this grant. If we look at our financials, the \$9,161 is coming from, there was a reimbursement for CEO's travel. Normally all the travels for CEO is paid for, so initially when we do the booking, we have to pay from the Council's fund and then after the submission of tickets and all the expenses, that grant is being reimbursed to us. Then the first instalment for the green action fund that was for a project that the Consumer Council advocated on the harmful effects of pesticides, that totalled \$3,810.00 and there was another reimbursement from donor project workshop - right to redress in financial services which was \$66 that amounted to \$9,161.00.

DEPUTY CHAIRPERSON.- Thank you.

MS. S. SHANDIL.- Moving on, looking at the sundry income. The increase in the sundry income for the 2016 Financial Year was mainly due to the World Consumer Rights Day Celebration, sponsorship by British American Tobacco. They sponsor our project or our workshop every year and also the insurance claim for damaged notebook which was \$1,763, salary payment on resignation was \$1,529.85 and \$365.15 for cash reimbursement during the year. Our policy stated that if an officer resigns, they have to give in a 3 months' notice. So whoever wants to leave the Council beforehand they have to pay the remaining 2 months' salary? That is where the total of sundry income is coming from.

Looking at the total income, we can see an increase of 28 per cent in the monthly total income which was mainly due to the increase in Government grant as I had previously stated.

Financial Performance Expenditure, we also noted an increase here by 32 per cent and some of the expense lines that greatly contributed to this increase were depreciation, national consumer helpline that was introduced in 2016, office expenses such as publication and printing as we print a lot of brochures and we also print consumer watch and advertisements.

As I have said that this increase was due to increase in depreciation, National Consumer Helpline and other expenses. Just briefly a breakdown of this, the National Consumer Helpline as I have said, that was a Government initiative that was effective from 2016 just to provide a platform with the consumers to call the Consumer Council of Fiji from anywhere in Fiji. There were a few calls associated with the setup and then payments were also made to Communications Fiji Limited, Fiji TV and FBC for raising awareness on this particular helpline that was provided to them.

HON. A.M. RADRODRO.- (Inaudible) ... on this particular projects, was this communicated effectively to the consumers?

MS. S. SHANDIL.- Yes it was and we noted a lot of complaints pouring in because of this project. It was very effectively communicated and even now we continuously raise awareness. This year we have been able to rope in some taxis with stickers pasted on in. Whenever they drive, people will see, they can call and ask for advice and assistance from the Consumer Council of Fiji.

DEPUTY CHAIERPERSON.- Thank you. You may move on.

MS. S. SHANDIL.-

Advertisements – again we saw a 77 percent increase, in the advertisement expenditure. This was because there was a significant change in the Consumer Credit Act so a 30-second radio advertisement for donor project which was a right to redress any financial services. Also there were some advert that were run in a cinema for mediation, and Fiji mediation centre. This was a bit expensive, that is why the expenses for advertisements went up.

Depreciation - there was an addition to our Property Plant and Equipment for that particular year which was 2016. That was the very reason why the depreciation expenses went up.

Office Expenditure Print and Publication - Because there were some donor funded projects and fact sheets, brochures, these were developed and handed out to the consumers for their information that showed an increase in the cost or the expenses.

Current Assets – the increase in cash at bank for the 2016 Financial Year was mainly due to that Capex grant that we received from the Ministry which was \$74,000. Even though we received it in 2016, but this was not utilised until we went into the next financial year. So it stayed and then it was utilised in the next financial year.

Other Assets for the 2016 Financial Year mainly accounted for security deposit for rent, electricity and insurance repayments. Because we acquired more assets so the insurance cost went up.

Total Liabilities, we also saw significant increase of total liabilities by 52 percent which was mainly due to the increased in deferred grant and unutilised capital grant. If we look at the ratios, our liquidity ratio for every dollar of current liabilities, the Council has \$1.10 worth of current assets and looking at the operating expense ratio, the operating expense consumes 96 percent of our revenue.

So, finally going through the Audit Report, there were two issues that were highlighted.

1. Timeliness and;
2. Quality of the submission of our accounts.

So, we have taken steps and we have started making timely submissions. The reason was because the Council's financial officer role was in transition period. That was the very reason why the timelines were pushed. For quality, as advised by the Office of the Auditor-General's, the staff were sent on training and development and were up-skilled and educated on timely adjustments of the International Financial Reporting System.

DEPUTY CHAIRPERSON.- Thank you very much. Any questions Honourable Members?

HON. RATU N.T. LALABALAVU.- Thank you Deputy Chairperson, through you, madam thank you so much. Just an issue that I seek your guidance to the Committee on is, you being a statutory body charged with the responsibility of looking after consumer rights, et cetera. Would you just brief the Committee on the core function of the statutory body in as far as upholding the consumer rights as against, what I have noticed here is British Tobacco being one of your top sponsors? I am a bit worried as to the conflict of role that you play there then you are getting sponsorship from British Tobacco in one of your earlier slides. Could you just explain a little bit on that?

MS. S. SHANDIL.- Thank you Sir for your question. Firstly, let me speak on the functions of the Council first. Yes, our role is to fight for consumer rights and make sure that the consumer rights and interests are protected at all times. Having said that, part of their CSR, for all our World Consumer Rights Day we receive \$3,400 for this workshop however, whilst we receive the donation from them, it is a silent sponsorship. We never announce them as our sponsorship. It is a silence sponsorship. They are just assisting the consumers so that we can advocate consumer rights and responsibilities.

HON. RATU N.T. LALABALAVU.- Supplementary question to that. Are you not compromising your role here? We now terming it as a silent sponsor yet it is a very deadly one.

MS. S. SHANDIL.- Having said that as a silent sponsor, we do not take their name as our sponsor. We do not say that they have sponsored this workshop. It is just that part of their CSR, they have continuously assisted us so that we can very successfully conduct this workshop; World Consumer Rights Day celebration.

HON. V. PRAKASH.- You have a Consumer Act upon which you are able to continue your daily functions and I think in the Act you are able to receive donations. It does not prohibit you from receiving donations to carry out your functions more effectively.

MS. S. SHANDIL.- As I have previously said, Sir, that it is not only the Government grant, we also depend on donor funding as well. Every year we receive a lot of fundings from donors not only locally but also from abroad whereby we are able to work on projects, to advocate the consumers on certain issues affecting them, not only on the current issues but also the emerging issues that might affect them moving forward.

HON. V. PRAKASH.- My question was, in the Act you can accept donations to carry out your activities?

MS. S. SHANDIL.- Yes, we can.

HON. V. PRAKASH.- That is the first question. The second is, you also have assured that it does not in any way compromise the Council's functions; stand for consumer's rights and at no way any donation will have any link with the activities that are being carried out.

MS. S. SHANDIL.- Yes, right from the beginning they are told that they cannot expect any favours when it comes to consumer issues. We are here only for the consumers and we will continue to fight for consumer rights.

DEPUTY CHAIRPERSON.- Ms. Seema, I think it is a very technical question. Can you respond to it in writing, as we need a statement on that? Thank you.

HON. RATU N.T. LALABALAVU.- (Inaudible)

DEPUTY CHAIRPERSON.- Yes.

HON. RATU N.T. LALABALAVU.- Private sponsor.

DEPUTY CHAIRPERSON.- It will be advisable that you give it to us in writing as a statement later on.

HON. A.M. RADRODRO.- Maybe we can get a commitment on how effective is the sponsorship, whether there is a reduction in the number of cigarette smokers.

DEPUTY CHAIRPERSON.- Take note of that, Ms.Shandil. Any other questions, Honourable Members.

HON. A.M. RADRODRO.- Thank you, Chair. Just a ....

HON. V. PRAKASH.- Alright, Chair. We appreciate your activities. In fact, you are a household name throughout this nation and that is through the commitment that you have got for consumer rights.

Could you elaborate on the number of people whom you have found to have breached consumer laws? Is there an increase in the number of people who do not follow the laws and increase their selling price? Can you give us some indication that those who break the law are taken care off?

MS. S. SHANDIL.- Sir, in response to that question, yes there are some repeat offenders. That is quite prevalent from the complaints that we receive through market surveillances but one thing that we have to remember is, Consumer Council of Fiji is an advocacy organisation. Having said that, what we do is, we heighten our market surveillances, we do random checks to see that they are abiding by the law but if there any such breach, what we do is, we collect information, we collate all the evidences and then we pass it to the relevant authorities to take further action against them.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Has there been a decline in the number of breaches or have you found that there are still people who continue to breach consumer laws?

MS. S. SHANDIL.- There is a continuation of breach by some. As I said, there are some repeat offenders but there are also some businesses and traders who take heed of our advice and improve their services.

DEPUTY CHAIRPERSON.- Thank you, Honourable Prakash. Honourable Radrodro, yes.

HON. A.M. RADRODRO.- Thank you, Deputy Chair. First of all, I would just like to thank you for the new logo of the organisation. Hopefully that will translate into how effective the organisation is conducting its work.

In terms of your core functions where you advocate for consumer protection and consumer rights, there are certain issues that keep recurring in terms like social issues. Example, tenancy issues with landlords about the rental rate and also other issues of taxi and bus fares operations. Can you just advise the Committee with your current Government grant, how effective have you been in addressing these issues upfront rather than waiting for the consumers to complain to you and then you attend to it.

MS. S. SHANDIL.- What we actually do is, yes, we are now trying to be more pro-active and having said that, Consumer Council has always been proactive in this area. We try to advise the consumers through various media prints which is, as you might see in the weekends in the local dailies, we also go on air and we do feature articles, we talk about that, we advocate and we also talk to consumers and tell them about their rights and responsibilities. Having said that, we are also working with relevant authorities so that relevant laws and regulations can be put in place so that these issues can be taken care off. The FCCC is also working on their self-regulating guidelines which might be out soon. So these are the ways we are trying to curb the problem and at the same time as I have said, as an advocacy organisation, we try to harp on their responsibilities because the demand is there, that is why there are so many rental issues. So consumers too have a sense of responsibility so when they are taking something on rental, as we are talking about that issue only, before taking anything on rent, there are certain things that they need to check on before getting into an agreement.

HON. A.M. RADRODRO.- (Inaudible) ...those issues have been brought to the attention regarding tenancy and landlord issues have been effectively resolved?

MS. S. SHANDIL.- Yes, to some extent we have been able to effectively resolve it. However, if we are not able to then as I said, there are some relevant authorities like Small Claims Tribunals (SCT) or sometimes through FCCC. It is referred to these relevant authorities for further action.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Deputy Chairperson, just on another aspect in terms of consumer protection and consumer rights, the issue of e-ticketing where consumers always face difficulty in adhering at times to having cash in their card all the time. But they also would like to prefer alternative options, whether Consumer Council has also received issues or concerns from consumers regarding this e-ticketing issue?

MS. S. SHANDIL.- Yes, we have and if you want statistics and numbers or anything we can always write back to you and give you because currently we have not brought those information with us.

DEPUTY CHAIRPERSON.- Thank you, we anticipate that. Any other questions Honourable Members? Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- The other issue which is probably a burning issue, in terms of employees, consumers accessibility for financial, since we have a new section there regarding financial loans and lending accessibility.

What does the Consumer Council play in terms of protection of consumers to having accessibility to loans? Given the reforms undertaken by the Government, where the contracts have now been introduced as compare to long term employment. What role does the Consumer Council play in term of ensuring that they are not deprived in accessing financial assistance through the financial institutions? Do you play a part in that since you have a new section there?

MS. S. SHANDIL.- The functions of this Unit is a bit different to what you are saying, Sir. Our function here is, we try to provide advice on financial products because sometimes what we see is that our people get into financial debts.

And their debt is so much of financial difficulty that also affects their family members. So here what we do is we provide financial advice to them in terms of tips for borrowing, what to look for when you are applying for home loans or pre-disclosure statements, the terms and conditions that they sign prior to taking a loan because these are some of the things that is really affecting them.

They do not realise that whatever they are signing is going to have an impact on them later in their lives, because they have not read the default statements that is part of the terms and condition. So these are some of the areas that we assist and if they are in financial difficulty, we assist them to have their debt restructured by liaising with the relevant credit institutions.

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

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- I would like to acknowledge our appreciation on your awareness programmes especially for hidden costs for loans and other things. Do you have any control on money lenders who are registered and they are also charging rates to us?

There are people who do come and tell us that they are in need of money due to certain constraints and then the money lenders are charging quite high. I am asking whether you have got anything in your jurisdiction to see that registered money lenders also have a certain percentage that they can charge or they are open to the market? A lot of people have complained so that is why I want to ask you.

MS. S. SHANDIL.- To that question, Sir, the money lenders can only charge up to 12 percent as per the Money Lending Act. They cannot charge anything more than 12 percent but we have received complaints because people need money, because they are faced with some difficulties, so they end up with people who are lending money and they agree to pay the interest rate more than 12 percent. However, having said that, they can only charge 12 percent, that is the legal amount that they can charge.

HON. V. PRAKASH.- Thank you very much for highlighting that because as Members of Parliament, we do come across people saying that even though that is the arrangement between the lender and the person who needs that money, but as I said people will go to money lenders only in very extreme situations. But the reality is, what you have told us today - 12 percent. It is far more



what a borrower has to pay to registered money lenders and I think it would be very appropriate. That area can be also looked at on behalf of consumers and more workshop or something to be done with the money lenders because that is a very high breach. If someone is not following that, what you have told us today and what they charge is really something totally different. Thank you, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you Honourable Member.

MS. S. SHANDIL.- Thank you, Sir.

DEPUTY CHAIRPERSON.- Another thing is with reference to housing laws; purchase of houses or properties. There are so many hidden costs which the consumer at the end of the business finds out. Is that under your jurisdiction to scrutinise that or to have any authority to deal with that?

MS. S. SHANDIL.- We have seen a lot of issues. As said, there are lot of hidden clauses, fees and charges that consumers only come to know about when they have started making the repayments. Yes, first we have advocated on that. We have tried advocate and raise awareness on that so that the consumers become very prudent and vigilant. Currently we are doing a research on that as well. Once the research is out then we will start working with certain regulatory bodies so that certain changes can be made in those areas.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other question Honourable Members?

HON. A.M. RADRODRO.- Can we get an update in terms of, I think there are some reports of frozen foods being contaminated in one supermarket. Can you just advise the Committee what steps have been taken by the Consumer Council in terms of addressing those issues in that particular supermarket and then going forward so the consumers are not put into health risk in future in other supermarkets or shops as well?

MS. S. SHANDIL.- For the condemnation of that meat product, we worked with the Health Inspectors of Municipal Councils so that all those, as we said that a lot of putrid or rotten meat and vegetables were being sold, so through our market surveillances, as soon as any complaint comes through, what we do is, we get on board the Health Inspectors because our powers are a bit limited in that and then we move with them and make sure that those products are being removed, and moving forward we will be doing the same.

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

MS. S. SHANDIL.- That is out of our jurisdiction, but other agencies like Ministry of Health, FCCC because they are enforcement agencies, they can fine them.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. Any other questions Honourable Members?

HON. A.M. RADRODRO.- Just one last question. Is the grant that you are receiving currently enough to carry out your advocacy work?

MS. S. SHANDIL.- Yes. It is more than enough because we also had savings from previous years so we should be able to manage.

DEPUTY CHAIRPERSON.- Thank you very much. How you have aligned your strategic plan to the SDG and NDP?

MS. S. SHANDIL.- Even all the projects that we work on is aligned to the Government's five-year and 20-year National Development Goals, like what they are doing is to protect our culture, heritage and our environment.

DEPUTY CHAIRPERSON.- Thank you for that.

HON. V. PRAKASH.- (Inaudible) the gender balance in your workforce?

MS. S. SHANDIL.- Yes, we make sure that there is gender balance because we move out to different places where we need males in our team and females as well.

DEPUTY CHAIRPERSON.- Thank you. Any concluding remarks from the Honourable Members?

HON. A.M. RADRODRO.- (Inaudible) your logo? What is the "M" there for? Is it "M"?

MS. S. SHANDIL.- That is a smiley face. It means that when our consumers come to visit us, they should move out happy and satisfied consumers.

MR. T. VUIBAU.- The "M", the two circles above the logo that represents the consumer side and the Council side with the "M" signifying the satisfaction with the smiley face that you have correctly identified, satisfying consumers.

DEPUTY CHAIRPERSON.- Thank you very much. We actually do not have any problem with that, we are happy with that. Thank you very much Seema, you may sum up presentation now if you wish to.

MS. S. SHANDIL.- I think because there are some questions as well that we have not provided the answers for, so we sum up everything in that paper and send it across to the Committee. Thank you very much for giving us this opportunity.

DEPUTY CHAIRPERSON.- Thank you very much to you and your team for your time. We wish the best for your organisation and we will collaborate in future. Before you move on can we have a photo shoot. Thank you members of the media fraternity, the Secretariat team, OAG, Raj and Honourable Members, thank you so much.

The Committee adjourned at 1.51 p.m.

The Committee resumed at 2.00 p.m.

**Interviewee/Submittee:** **Fiji Revenue and Customs Service**

In Attendance:

- |    |                   |   |                                  |
|----|-------------------|---|----------------------------------|
| 1) | Mr. Visvanath Das | - | Chief Executive Officer          |
| 2) | Ms. Fane Vave     | - | Director Corporate               |
| 3) | Mr. Kapil Raj     | - | Acting Director PPLE and Finance |
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DEPUTY CHAIRPERSON.- On behalf of the Chairman of the Public Accounts Committee, Honourable Alvick Maharaj, I welcome the CEO of Fiji Revenue and Customs Service and his team.

*(Introduction of Committee Members, Secretariat and media by the Deputy Chairman)*

First of all we will give you opportunity to introduce the members of your team and then you can make your presentation. During the course of the submission, the Honourable Members will interject from time to time and you are expected to give a response. Should any given point in time you feel you want to respond later on in written form you have the liberty to do so. So, without further ado I give the floor to you to make your submission. Thank you.

MR. V. DAS.- Thank you, Honourable Members. Thanks for the opportunity and we are here just to provide some clarification.

*(Introduction of FRCS team by its CEO)*

So we will go straight into a short presentation providing a bit of a brief background of what we do as an organisation and of course everyone must be quite familiar with it but some of the things that we have done and we would like to share with the Committee here today.

So as an agenda we will just go run through an overview of recent developments and activities and of course the main subject is the 2016 Government Revenue and Overview of the Financial Statement and of course, in the report there were two matters that were highlighted for which we would like to provide some response.

First and foremost to start with, I think we need to very clearly articulate and see the linkage between the 5 and 20-year National Development Plan and how it relates to the Fiji Revenue and Customs Service which then becomes sort of the guiding principle on how we conduct our business trying to serve the Fijian businesses and taxpayers.

So just to set the scene, the Government objective of inclusive social economic development. With that the Government strategy being fourfold increase in GDP for person that for us has a direct impact in the area of revenue. For Fiji Revenue and Customs Service our vision of being a world class organisation, delivering excellence in revenue collection, trade and travel facilitation and border security. So the core areas of our business, this is how we link it to the Government overall direction. So Government debt to be reduced, which is a direct revenue impact protecting culture, heritage and natural environment. That becomes our border function and national security is also part of our border function and national security also is part of our border function.

Transformational strategic thrusts, a new and emerging growth sector, again it is for revenue. For us it directly impacts our core business of revenue, technology, intelligence and compliance space, improving transport and digital connectivity. Again here we are working on single window digital strategy and the new taxpayer information system. These are our business enablers, skill development and demographic dividend and Korn Ferry Frameworks. This is of course, following in the line, we look after our people and our people look after our business, so international benchmark again here for us, we are using the Korn Ferry Frameworks and embracing appropriate and new technology for productivity improvement. I will be able to share some online tools or the new IT system that we are in the process of rolling out and of course for staff competency or organisation capability or online tools in terms of training, et cetera.

Just a summary of what we are, what is today's reality. Of course, it took us 85 years to get to the first billion dollar revenue mark. In the following ten years, so another billion dollar mark and as we are going through the 6<sup>th</sup> year of the third phase, we are looking at the third billion dollar.

Of course, you can see the rate at which the Fijian economy has grown, the development phases sort of accelerated quite a bit and at this juncture, it is only appropriate for me as the head of the organisation and of the tax and customs administration to acknowledge the fact that tax is simply a function of the GDP. So what it means is, taxation revenues are dependent on economic growth. I guess that is where the whole philosophy or rationale that comes into play that we need to provide, facilitate and assist taxpayers because they take the risk, they grow the business, they grow the economy and with the legislative authority that the tax administration has, we then collect taxes. Should the businesses or economy not grow, businesses do not make profit, there is no chargeable income for us to tax and therefore no tax revenues for us.

So this is a mindset change within the tax office that we need to sort of further enhance and grow. At our disposal, we say our businesses is revenue collection, trade and travel facilitation, border protection and security. To effect this business, our resources at our disposal is 860 staff. In terms of financial resources, we spend about 1.8 cents per every dollar of revenue that is raised for the State and to provide this service, we have 10 service centres Fiji wide.

In terms of again probably having a look at the revenue mix, of course, the main topic for discussion today is 2016/2017 revenue, but it is also important that we get a glimpse of the trend that we have. So in 2016/2017, our revenue totalled at \$2.57 billion. The following year grew to \$2.8 billion - \$3 billion and of course 2018/2019 we saw a slight dip but nevertheless not a major variance, but the point being, it is all dependent on the economic growth. So all in all, the second part of the table is just a sort of a glimpse into the fact that by international benchmarks, if you have the tax to GDP ratio going beyond 25 percent, economic theory basically explain that our country should understand that the economy is getting heavily taxed. So we begin to heavily tax the economy. But in Fiji's case, we can see our average at 23.3 percent so that is a good indication that we are in the right space and right balance of economic growth and tax revenue for the State.

HON. V. PRAKASH.- Thank you very much CEO for your explanation and indeed, we all know that you and your entire staff play a very important role in getting revenue for the Government and based on that, we are able to function. There is a decline, though it is not much in your 2018 and 2019, there could be certain factors. Could you highlight what could be international factors and what could be local factors?

MR. V. DAS.- Yes.

HON. V. PRAKASH.- You are predicting that it could be ....

MR. V. DAS.- Thank you Honourable Member. I think you do make a very valid observation. I guess we also need to appreciate the fact that in the recent times Fiji has become quite closely connected with the international arena and therefore, I think it is only prudent for us to be able to understand the fact that of course the global trends we will have more direct impact into our economy. So even if you looked at currently the global economic slowdown has some impact on the Fijian economy as well and therefore as taxes and function of GDP is going to reflect that.

I think in 2018-2019, I should not rule out the fact that we still need to work in the black economy space. I must say that, in any country, not only for Fiji, any country where there is prevalence of cash transactions, black economy exist and it is a challenge to sort of make an effort to address that. I am pleased to say that at least in our context, Fiji has already taken step into that monitoring system implementation.

Of course there are challenges, there may be some resistance, but all in all, I would like to say that the slight dip, I would attribute to the global trends as well as a little bit of slowdown that we experience and of course we still need to work on the non-compliant areas; non-compliance that still exists.

DEPUTY CHAIRPERSON.- Thank you.

Yes, Honourable Radrodro.

HON. A.M. RADRODRO.- Mentioned on this table, is this linked to the previous one? The graph that was there?

MR. V. DAS.- Yes, of course.

HON. A.M. RADRODRO.- We cannot see the figures in the graph.

MR. V. DAS.- Yes. But the numbers, that is the reason why I put the table there so that it can get clearer.

(Inaudible interjection)

HON. V. PRAKASH.- Deputy Chair, through you.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- I am curious and I cannot hide asking questions to the CEO. Does this also contribute to the slowdown of the economy with rumours and other lies that have been a spread around. They also try and hurt the economy or they in fact help the economy?

MR. V. DAS.- I would rather say, no. In commercial perspective, if I took a very commercial aspect, I think we do understand that for commercial business decisions, investments,

various factors, various variables. Of course, someone can say that the tax regime is very important for the business, of course that is, but this is not the only factor.

I would like to agree that all the business environment or whatever the socio-economic or political environment of the country definitely have an impact on businessman's decisions. Therefore, from a tax administration perspective, it is a businessman's decision into investment and profitability that will have a direct impact on the portion of revenue that I can get.

I can try my level best to co-operate, facilitate and advise and educate taxpayers, but I think the ultimate business decision whether to make an investment or not to make an investment will be dependent on a number of factors.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. Thank you for your response. You may move on. There is another question.

HON. A.M. RADRODRO.- Just a question. I see the percentages of each revenue lines according to the totals. I note that the indirect tax is incurring, it is representing a majority of the taxes compared to the direct taxes.

MR. V. DAS.- Yes.

HON. A.M. RADRODRO.- That is a change from the norm.

Can you just highlight to us the trend over these years that you have highlighted is being consistent, but in 2018 it just reduced a little bit in terms of direct taxes as compared to indirect taxes contribution.

MR. V. DAS.- Very valid observation, Honourable Member. I think here again the table sort of proves a point that Fiji is internationally aligned. The global trend in taxation is a shift away from income taxes into consumption taxes because consumption taxes are more proportionate, it's more like user pay. So whoever uses more pays more.

It might appear to some extent that, I think when you look at a level playing field, fairness and proportionality, so that is the direction. So we are aligned to the global trends and it is actually pleasing to note that direct income tax, direct tax, if you look at 2016 to 2018, it has reduced from 27.1 percent of the revenue share to 24.8 percent. Likewise the 27.3 especially the indirect tax such as VAT, you can see increased to 29, about one-third of the revenue is going there. So, it is user pay kind of principle. Of course you know you can look at trade taxes.

Trade taxes is pretty consistent but of course we have our obligation, the World Trade Organisation and WTO Trade Facilitation Agreement and global commitment to the elimination of trade barriers. So, that is the direction we are gradually progressing, but at the same I think and in the recent times we have seen an increase in duties, et cetera, trade taxes in terms of sin goods. I think in my next slide, I am just trying to give a view of the various tax types that we have and looking at the revenue mix, how incomes are sort of flowing in. If you look at the \$2.813 billion, about \$9 million was from income tax, Value Added Tax and a proportion you are looking at \$833 million. So, aligned to what the Honourable Member is saying, you can see the shift towards indirect taxes and some indication of environmental and climate adaptation levy, a quantum of \$160 million.

DEPUTY CHAIRPERSON.- There is a question by the Honourable Member.

HON. A.M. RADRODRO.- Thank you Deputy Chairperson, thank you CEO for that explanation. Since you have highlighted that we are in line with the global trend. Fiji as a developing nation and trying to align us to developed nations. The consequences of this trying to adopt to the global standards, the cost to the individual taxpayers in trying to adopt to global standards. Have you identified some of those?

MR. V. DAS.- Thank you Honourable Member. I think as much as I agree that it is important for Fiji to sort of align to global trends, but that is where again the Government policy interventions come into play. It is not necessarily that we copy, if I may say, the developed countries' principles but we need to tailor-make it.

If I can probably use an example to probably better express it is would be, we had recently seen Fiji being blacklisted by the EU. Yes. Whilst for us being a developing and that is what our teams argument has been or negotiating points have been, whilst the EU may have an issue with the export income deduction which they are saying is a favourable treatment but in Fiji's developing context, we need to sort of, when we are diversifying our economy, we need to promote export to encourage our businesses (small and medium businesses) to grow because today's SMEs will be tomorrow's big corporates.

So, we need to grow them and of course whilst we are looking at domestic market, I think there is a lot of opportunity in the international market and that is why we need to encourage our businesses to get to that. One point of policy intervention, create that motivation is the export income deduction. By advanced economy principles, they see that as a favourable treatment and that is where the Government policy intervention comes into play to sort of, if I can say, neutralise or create that differential that we need to be mindful of, the fact that we are a developing country and what our per capita incomes levels are.

That is one and the other issue that EU was having with us is of course the ICT incentives; the duty free and tax exemptions on the ICT businesses. Then again, looking at the Fijian population, more than 60 percent of the population being below 40 and looking at the IT savviness of our youth today. We need to, sort of Government policy intention again to promote entrepreneurship; we need to support that.

I think there is a way to create those balances but largely you can again also see the fact that Fiji is a signatory to TFA, Fiji is a signatory to the Multilateral Instrument. Again, when you look at Fiji as a country trying to access into the global market or global opportunities like the World Bank, ADB, EU, there are certain governance and transparency, I would not say impositions but requirements come into play and that is where it becomes a little challenge. I would say the EU situation probably is a classic example of how, what works for us is not perceived as good by them. I think that is how we need to create the balance for our people and our growth.

DEPUTY CHAIRPERSON.- Thank you very much. You may move on with the presentation.

MR. V. DAS.- Thank you, Deputy Chair. Again, in terms of today's reality, I think it is important that we get a glimpse into the institutional arrangements of FRCS. Basically our service provision is through the six directorates or functional areas.

Revenue collection, customer enquiry and taxpayer services. Intelligence, compliance and investigation are the audit aspects. Again, why I chose to highlight this is because I think it is very important and critical for people to understand the fact that we do not operate by principle of victimisation. There is a very systematic framework which is revenue risk identification so we identify risk to revenue and as risk treatments, intelligence, inspection and prosecution. That is sort of conducted in this directorate. This is how we operate.

Of course, the third functional area is border. So, looking at maritime, passenger and cargo, again we have to work with 23 border agencies. Example, the Fiji Police Force (FPF), Biosecurity Authority of Fiji (BAF), Ministry of Health and Medical Services, looking into areas of trade movement, supply chain security and people movement. Basically that area and of course, working with FPF and the relevant authorities in drug space and the like.

To provide three core business areas that we have, we have corporate services and stakeholder engagements. It is very important for legal, internal assurance, ethical standards, and integrity of the organisation, public and international relations. Of course, to create greater efficiency in our business processes in our organisation, we need to employ technology which is the key enabler in today's context in today's world. For any business to grow, you need to be rightly-placed with the right technology so that directorate looks after systems solutions and disaster recovery, et cetera.

Of course, the most important asset of any organisation, any business is people so we have a people and finance directorate whereby we look at people's capability, technical capability, people culture, organisation culture, staff support services and finance. We need to continue to look after our people to develop career paths for them so that there is long-term stability.

Customs and taxes are highly specialised area so all the investment that we do in training, we need to sort of figure out means to retain it and grow it.

HON. A.M. RADRODRO.- Deputy Chair, you had the whistle-blower policy that was in place. Where does that come under your ....

MR. V. DAS.- Whistle-blower policy, effectively that will be sort of executed under the Intelligence Compliance and Investigation Directorate. However, on the ground when it comes to the whistle blower policy, it is all received directly by the office of the CEO. I think it is highly confidential and this whistle blower policy really works well because there is no match to inside information but of course, you need that security and protection around the whistle-blower person.

HON. A.M. RADRODRO.- Those new change in policy regarding the Tertiary Education Loans Schemes (TELS)- student loan schemes.

MR. V. DAS.- Yes, student loan schemes. The FRCS does the recovery, the collection so that comes under revenue, so under our debt management services, we have a unit for TELS recovery.

In terms of our focus areas, we believe in how we want to conduct our business. We focus on four things; people, partnerships, process & legislations and technology. I think we need to have a competent workforce, develop the right relationships, promoting voluntary compliance, I think we will all agree, we do not have all the resources that we can invest, policing all the non-



compliance so we need to work together. I think, if I can take the opportunity, one of the Asian Tax Symposiums I was attending, one of the Asian surveys was done, one of the issues that taxpayers raised was that tax administrations do not deal with respect to the taxpayers. Therefore, gone are the days of enforcement and authority. It is about working together because as I express all the time in forums, is that, the real baking of the cake is done by the businessmen (economy). I just get a bite at it, 20 percent corporate taxes. So I need to look after the people so that they grow their businesses and therefore what we see back in 2016, basically again relevant to the tax year change and the name change that we had gone through, is that from “authority” to “service” and for us we tried to brainstorm as a team to say what does “service” mean to us.

So the service definition that we adopt is to create and add value to stakeholder objectives. We have the Government as our stakeholder, we have the taxpayers, customers and third parties. So we got to look at how the tax office can operate to be able to create value. I think a very simple illustration would be, as businesses import things and if the tax administration and customs takes time and delays, I think it delays the whole economic development. The sooner things get imported, the soon things get cleared, the sooner it reaches the shop shelves, the sooner consumers buy it and then you see VAT and income tax, et cetera start pouring out, so multiplier effect is there.

So we look at it as creating and adding value to stakeholder objectives, of course, we do not support if the stakeholder has an objective of tax evasion and so we do not create and add value to that, but, growing the tax revenue is for us. Again like you know I think ....

HON. V. PRAKASH.- Deputy Chairperson.

DEPUTY CHAIRPERSON.- There is a question by the Honourable Member.

HON. V. PRAKASH.- I was interested in asking a few questions on technology.

MR. V. DAS.- Yes.

HON. V. PRAKASH.- You know technology plays an important role in any organisation during this century and indeed you have got various centres allocated all around Fiji.

I would like to know about your technology and especially your IT whether it is centrally located and how you are able to monitor collection and to try and detect if there is any fraud that can be done within the organisation. Are you fully equipped with the modern equipment and the IT facilities to try and see that everything that is done, is controlled from the central agency or is there a room for improvement?

MR. V. DAS.- Thank you Honourable Member for that question. As you highlighted, I absolutely agree that you need a very robust IT system.

The two core revenues that we administer, of course, track customs and tax. So the customs phase, we have been investing into the ASYCUDA world software that monitors all the movement of goods that are imported and exported. Again this is available to the users on web services or customs agents and importers can access it through the web. So online lodgement of documents and online clearance and the like can be done, and that takes record of all our customs revenue. So all centres all use the system for receipting of revenue, reconciliation reports and the like, and as you have highlighted, if there are some issues with it, we are able to deal with it through the customs business.

In terms of the tax business, of course, everyone is aware that FRCS has invested into a \$48 million IT system. The project has been 20 months on the ground and we are nearing completion of the project. And I for one, I am very much looking forward to seeing this system go live. Again when this system goes live all the tax office services is going to be online and through taxpayer portals.

Online payment facility, our taxpayers can pay, you do not need to come down to the tax office to transact get your business done, to the extent tax clearance applications, et cetera can all be done online. And I guess some of the issues around the fact that Fijians may have is, around the fact turnaround times maybe slow at times with the tax office. We are very much looking forward to the new IT system because that will address that. The new IT system that we are working on, it also has performance monitoring features, so in terms of when you lodge an application to what status of it is, who is looking at that, that access is all going to be available.

So through your own taxpayer portal, each taxpayer through their portal, if I can say just like internet banking, through your tax portal you will be able to sort of track and monitor. And things that are sort of automatically compliant with, that will be sitting in your portals. So at the moment you need to apply for tax compliance certificates, so say for example, I am tax compliant beginning of the financial year, the tax compliance certificate 12 months validity is sitting in your portal, so you do not need to make an application it will be an automatic service that is available to you.

Of course, those who are non-compliant then there has to be workflows, work items done approval processes to be done, but, the good part is that it will be all on the IT system so anyone can track from customers perspective and from organisation administration perspective. My Managers and I can see who is sitting with what and why are things not progressing. I would say over the years we have had challenges with that, but I am very much looking forward to the new system and hopefully in the first quarter of next year, we can have this service.

HON. V. PRAKASH.- Quite encouraging, CEO. Also we have heard from the customers that your system of waiting in the office area has been reduced. People can go and get things within five minutes and come. Are you satisfied with your IT compared to other nations or developed nations, or still there is room for improvement?

MR. V. DAS.- Certainly, I would not say that we are perfect but I can say that we are ahead in the game than many, but we still have to get the system going live. All our team are working on it, the project team working on it, we monitor it through the Steering Committee, and I must say I am too excited. What is happening at the moment is, we are going through the user testing phase. You must have seen in the media our invitations to our customers, so the tax agents group, the accountants group and the individual customers, we are also involving them in the testing phase to be able to, say, "have our system better meet their needs". Of course from the organisation perspective, we can say that we want a system like this, but if it is not user friendly, it does not meet the compliance, the needs of the customers, for example, if I can just relate to you the VAT monitoring system that we have. The tax core system which is the software, it has a portal which allows the registered VAT payer to be able to also access and check if all the transactions are going through.

What we envision is that into the future we can actually get to the state of pre-filled returns. So we can filled VAT returns and income tax returns for taxpayers because we will get all

information on all sources of income, the taxpayer will just have to conveniently put a tick or a cross or what needs to be changed. So that is the vision. I think when you look at 10, 15 or 20 years, that is the vision with which we are working.

DEPUTY CHAIRPERSON.- Thank you. Honourable Radrodro?

HON. A.M. RADRODRO.- I see there is a lot of benchmarks that you have there, can you just enlighten to us which is the one that you are really outlining in terms of international benchmarks?

MR. V. DAS.- All right. If you look at Tax Administration Diagnostic Assessment Tool (TADAT) the first one, that is an IMF developed tool. Technically what happens is that the administrative tool actually covers all the aspects of taxation business. Really what we see as the want of our people or our customers, that all gets covered, I will probably just share. So what the benchmark provides for us? It looks at the integrity of the registered taxpayer base, so everyone who needs to be in the tax net is there; risk management approach, of course we cannot chase after every dollar, you have to risk manage it; voluntary compliance rather than believing that everyone is a sinner and being suspicious about everyone. I think it is an “all saints” approach, so that is where the supporting voluntary compliance comes into play. Again filing of tax returns, that is where all the taxation starts; payment obligations, on time payments; ensuring accuracy of reporting, tax dispute resolution, having an objection review process, a legal process and having a very fair process for dispute resolution. Then also looking at organisation efficiency and effectiveness and of course accountability and transparency. That is why we are aligned to this in terms of taxation business.

When you look at Mercator Programme and the WCO which is the world body that provides all the support and standards in the customs area. So Mercator Programme is about trade facilitation and revenue generation - how do you create a balance whilst we are meeting the WTO objectives, we are also looking at national revenue objectives and creating that balance, free trade and supply chain security, again taking care of anti-terrorism, et cetera. It provides guidance rules around that. That is how Fiji being members of this, we get aligned to this.

When you look at Korn Ferry again we said our focus is people, so people competency we use the Korn Ferry Framework. It is a human resource framework whereby you look at people competency, career paths, how do you create motivation for human resource so that is the standard we use there.

The ISO, this is a global standard we are saying it is very high and transparent. Again probably at this stage one of the things that I would like to highlight as we envision ourself to be a world class organisation, to us at FRCS a world class organisation means when we talk about world class organisations immediately comes to mind are Toyota, GM electric and all those companies. So when you look at those companies it is about having a very robust processes. When we look at FRCS, we are saying having very robust processes is what will continue the business. So people will come and go because human resource is fluid, it flows but processes remain and that is how you develop an organisation. My team and I, we may remain or we may go but the organisation remains. So our contribution would be that we have a very sustainable organisation through processes, so that is where this comes in.

Again when we look at Australian Institute of Company Directors, I think we derived benchmarks for good governance, transparency in that space and Organisation for Economic Co-

operation and Development (OECD) again is like a taxation sort of developed economy, body, association, organisation so we take our heed for developments there.

HON. A.M. RADRODRO.- (Inaudible) to comply with various standards, how come the EU blacklisting is still coming up?

MR. V. DAS.- Again, it is a balancing act that we need to do. Of course, if we followed OECD; OECD is for developed countries but we following their benchmark guidance but we need to create those discounts and that is where OECD or EU demands us to be at this stage but we are saying “we will get there” we are not denying the fact that we will not get there but you need to give us our space and time as a developing economy.

DEPUTY CHAIRPERSON.- You may move on.

MR. V. DAS.- Probably an assessment I would like to share to give a glimpse of the progress that is happening at the Tax Office. This is an independent IMF assessment again this is the benchmark that we had used. So back in 2015 we did an assessment, we got an independent party come and do an assessment of the tax administration in Fiji. So the scores that we got at the time in terms of AB+ and B scores was 8 out of 26. We needed to work on 18 performance measures that would make us of a better class.

So in March 2019 we took another assessment. Three years later we found that we have made progress on eight fronts so giving us a score of 16 out of 26. Again as I said it is a journey of continuous improvement. I think at the Tax Office we are pleased by the fact that our ratings are independent rating, assessing us as an eight-point improvement and I think there are 10 more things that we need to work on and we are very committed to that.

I also would like to share when we were looking at repositioning Fiji Revenue and Customs Service for better service. We extended ourselves to a customer feedback, we conducted a customer satisfaction index survey, so overall FRCS customer satisfaction rated at 2.55. We tried to look at, make it tailor-make it to industries and specific groups industries, so we have seen large businesses, of course that is where the gold cut taxpayer services comes in, the business facilitation that happens, the gold cuts taxpayer service is basically, raises about 65 percent of the revenue. So what it means is just having a clientele base relationship with the customers, 65 percent of the revenue that we collect walks into the Tax Office, we do not have to run after it, it walks into so therefore that way we better focus on resources on the risk areas. So they gave us a satisfaction rating of 2.82.

SMEs, I know this is a growing sector and we need to do more. Nevertheless as we have now launched the SMEs Support Centre, I think with all that in line the rating that we received was 2.55 so that is where the overall SMEs probably. For us it is an indication that we need to work more in that area.

Accountants and Financial Advisors, their satisfaction level was 2.91 and the tax agents of 2.7. So overall, large businesses, accountants and tax agents gave us a high rating than the overall customer satisfaction index but nevertheless again, this is a message, this is an indication that we are here to sort of work with the people in partnership and we want to hear feedback because feedbacks is only what makes us better. Sometimes, we all know the fact that we are not able to sort of look at our own selves. So, we need a mirror to make that reflective image and feedback surveys are one way to do that.

Again, just an indication, how we do risk identify and mitigations. In relation to the 2016. In 2016 and 2017 was the first year. We have launched the first ever compliance improvements strategy. This was the first time in the history of the tax office in Fiji that we went out openly to say, for the next one year, this is the area we are looking at; these are the business sectors we are looking at; this is the risk that we see. If they were not filing returns or if they were filing incorrect returns so in what aspect? So we came out very openly and very transparently and say, “we want to work together, you do not need to run away from the tax office, come and engage with us, we are here to make you compliant, we are not there to punish you.”

Our core business is not making money out of penalties and interest. Our core business is just getting the fair share of the tax revenue which is by State laws is applicable. So, when we looked at compliance improvement strategy, we focussed on nine areas:

- 1) Customer Services;
- 2) Large & international business;
- 3) Tourism;
- 4) Transport;
- 5) Construction;
- 6) Value Added Tax (VAT);
- 7) Customs Revenue;
- 8) Customs Compliance; and
- 9) Border security.

So, there is much more detail in the compliance strategy. We have already reviewed and about to launch the 2019/2021 Compliance Improvements Strategy which we should be doing probably as early as next week or week after.

Again we are saying that there is a systematic approach that we take at the tax office.

Now, our strategic intentions. I think the Honourable Member has already questioned us about this, but this is what is in the pipeline for us. We are looking at self-assessment. We want people to make their tax self-assessments themselves. They know how much tax to be paid and they will pay and grow from the tax paid dollars.

Legislative improvement, we need to continue to do that. We need to look at our customs laws which is a 1986 law. That needs to be reviewed and we are in the process of doing that. Value Added Tax is a 1992 law, we need to also contextualise it to the current e-commerce environment and how the global developments have happened. So, that is definitely on our agenda.

VAT monitoring system, you know we are going to face three. VAT monitoring system is not just limited to VAT. I think we got to realise the fact that it is Electronic Fiscal Device Regulation. It is capturing of transactions real time. I think you look at VAT that is sales turnover, you look at STT that is sales turnover, ECAL that is sales turnover, even to the extent that income tax is related to sales turnover because you got your sales, cost of goods sold profit which is then taxed.

So, I think it is very important that the VAT Monitoring System is implemented and I guess many people feel that this is something not happening so much around the world but as of this morning we were looking at it and there is already like approximately 40 countries world over implementing this process. And just yesterday, I was at an IMF workshop, there again IMF has

also started talking about these things because this is what is creating real value. As the world progresses probably their standards for tax fraud and non-compliance is getting high and of course our new Tax Information System (TIS) which we have already talked about.

So, these are our recent developments. The New Information Tax System (NITS) again the key of that is the taxpayers' portals, on line services. Our aim is to go paperless. I think we have had repeated issues around that fact that you got to lodge things at a tax office ten times. Now, with this new IT system, it will be once only and whichever business unit requires to access it, of course, by authority that will be there in place, the security features will be in place but at least for the customer the convenience is, you do not have to repeatedly lodge the same documents. There is no more risk of documents getting lost at the tax office and I think it will bring greater transparency. Say, for example, this usually happens in our CGT business space is that the lawyers may say the documents are lodged with the tax office, it is sitting there, they are sitting on it but many a times when we investigate, we find that the documents have not been lodged at all. So, I think that online service will sort of eliminate all those blame games and create more transparency. Of course then from manual to online processing, no longer for waiting for weeks, online you can see the processes are being done.

Just wanted to give you a glimpse of the new tax and revenue management system. It is a complete package we are looking at. With chat features, call centre, emails and mobile apps, kiosk will be there and also those people who do not have access to technology in their own individual rights, they can come down to the tax office, there will be kiosks. So that is the whole package and we can look at the layout of security, and it will include financials, interfacing, human capital system and budgeting system.

The core business of our taxpayer registration, return assessment, accounting, debt management, audit risk and compliant. So we are looking at a business intelligence programme there. We are already looking at interfaces with banks and FNFP. We have already made progress with one of the banks in town and the Registrar of Titles. Bringing all the information of an individual taxpayer into one hub and accessing it from there. Just bringing home, probably more focused on the report that is before us.

2016 - Revenue Collections - again, all in all, I think this is very evident in the report itself as well. So overall 5.4 percent overall growth in revenue. Again this is attributable to improved compliance and of course the economic growth that is happening in the Fijian economy.

Total Operating Expenditure - of course we are mindful of the fact that in 2016 we saw the change of the financial year so it is a 7 months report. You can see in terms of operating expenditure or total expenditure being of \$25.9 million and 74 per cent of the total expenditure for us is the employee cost, that is a major cost for us. To the matters that were raised, of course, the Government contingent assets and liabilities, of course the recommendation by the Office of the Auditor-General has been taken to consideration and necessary changes have been made. So the tax arrears is a note for us, effectively it is Government's assets.

Ownership of Land and Buildings - again, we had certain issues with the Ministry of Lands in the issuance of formal lease. That is now progressed and I think it is also good point to be noted that our direction, our aspiration is that our core business is revenue. We are not into core business of properties. So our preference is that we do not invest in properties. We would like to really specialise and achieve excellence in our core business of revenue collection, trade and travel facilitation and border security.

So with that Honourable Members, I would probably be at your disposal with my team. If you need more clarification or we hear some guidance from you as well.

DEPUTY CHAIRPERSON.- Thank you very much for your presentation.

Is there any questions by the Honourable Members?

HON. V. PRAKASH.- Thank you very much for your presentation.

We have heard a lot and we have seen that 74 per cent of your operation cost is staff and salaries and I think they are doing a good job if they collect the right amount of things. So far we have heard about collection and you have done very well. What about those incentives that Government has brought in this budget, like tax concession and other things.

I am asking this question from where I left off when we visited you at your office. Now we are on the second quarter of this budget. There are certain incentives in the agricultural area and in other areas where the citizens can benefit.

Have you been effectively trying to reach people or is there any other way that you see that people are trying to make use of those facilities that the Government of the day has put as an incentives for the economy to grow. What is the status of that?

MR. V. DAS.- Thank you Honourable Member. Yes, from our last discussion, we have sort of put in more effort into creating awareness. We have tried to engage with industry groups as well. Sometimes ago, I had personally actually gone down to Labasa and Savusavu and had presentations to the extent in a market space, we tried to say what is available and how does it apply.

We can see the take-ups happenings, people are beginning to sort of import things which is duty free, agriculture. The recent one we have seen, we have removed age restriction on heavy machinery, et cetera and as long as it is zero for compliant cane trucks and the like. But I must say at the same time, I completely agree that we need to do much more. We are developing some television *advertisements* that our public relations team is looking at so that we can create more awareness.

With our rebranding, we are also in the process of re-organising our brochures, et cetera for creating awareness but the best way for us to reach the people is, of course, going through their association industry groups. So, like for sugar cane farmers, working through the Sugar Cane Grower's Council and the Exporter's Council, we are working with a group of associations in Nadi.

HON. V. PRAKASH.- Dairy farmers really needs those incentives because we are really struggling and also what are the incentives there for those farmers to try and make use of t so that they can revamp those industries that are sliding downward. Also the crop farmers as well.

MR. V. DASS.- Yes of course. Thank you Honourable Member.

HON. A.M. RADRODRO.- Thank you Deputy Chairperson. Just a clarification from the CEO in terms of the operations of FRCS. It is a very important agency of Government, it is a collecting agency; collecting all the taxes. But in terms of communications with Government, the

relevant line agency, because it is where your budget and your collections are determined, where annual budgets are being prepared based on your submission to Government. In terms of the revenue that has been collected, we have aligned ourselves to certain organisations to ensure that we become better in years to come but when Government sets revenue budgets, that is probably coming from your institution, say for example, with the trend that is showing there, there is no indication of collection going over \$3 billion. Revenue has been set at \$4 billion. Can you just enlighten us whether that budget that has been prepared is coming from your end? How do you influence the figure that you have been set or targeted? How do you collect?

MR. V. DASS.- I think the budgeting process is basically looking at the previous year's trends and then extrapolating the numbers for the future and again looking at all the variables in the equation. When you look at economic growth, so you have got to look at Government expenditure, the consumption levels and the like. So, I think if the Honourable Member is referring to the total budget, you will see that tax revenues are one component of the revenue. I think when Government does the budgeting for itself, there is sale of assets and other dividend income et cetera that Government takes into account.

But in terms of the tax and customs revenue, we follow a history, we do an analysis over it. We look at the economic growth rate than that is sort of inbuilt into the achieved numbers and extrapolated to get what we aspire. So, we got to look at the black economy levels as well and the Government policies and incentives, so we try and estimate some numbers in terms of what the numbers will be, what should be produced. And I think that is where probably the Honourable Prakash is driving the point at, the concessions and policies need to be marketed so that it can have that multiplier effect which has been incorporated into the budget.

HON. A.M. RADRODRO.- Thank you. Just a question to the Office of the Auditor-General, do you also see those variances as part of your auditing issues?

AUDIT REP.- Deputy Chairperson, we also look into those revenue budgets and forecast and compare with the actuals. However, when we see those variances we discuss with the client. They have to provide those justifications to us. However, I agree with the CEO, he has rightly mentioned that the total budget prepared by the Government comprises of other revenues which includes other licences, fees, royalties, et cetera together with the tax revenues. Thank you.

DEPUTY CHAIRPERSON.- Thank you for that response. Is there any other question from the Honourable Members?

HON. V. PRAKASH.- I just want to get myself assured that as a country, from whatever revenue we are collecting, we are in a safe place to continue as a growing economy, from you, the CEO.

MR. V. DAS.- I think I already sort of, had a slide up there which indicated that our taxation of the GDP is at 23 percent. So, if you look at that proportion, we are in the safe space. Now, where all the effort needs to go is into growing the economy.

HON. V. PRAKASH.- My question would be, for any layman who might be getting that confidence as a nation where we are.

MR. V. DAS.- Certainly that confidence is there because the economy is growing. You look at the tax revenue trends which is at 23 percent, we are saying it is growing year in, year out.



HON. V. PRAKASH.- And our debt is manageable? Debt level?

MR. V. DAS.- I think that would be for the Ministry of Economy to sort of give a direct response. I am not directly responsible.

HON. V. PRAKASH.- But as far as you know that we can grow in a positive way.

MR. V. DAS.- I am sure that is there and that is how we are working with our revenue, sort of, you know, aspirations.

HON. V. PRAKASH.- Yes.

MR. V. DAS.- So, it is all our effort at FRCS to help and facilitate the economy grow and that is why the motto we have is, “Helping Fiji Grow”.

(Inaudible interjection)

(Laughter)

HON. A.M. RADRODRO.- (Inaudible) institution which changed their logo. Can we just  
....

DEPUTY CHAIRPERSON.- Yes, today there has been lots of question on logos. In the previous submission, there was a question so the same is directed to you. Can you please explain? There has been a change in your logo.

HON. A.M. RADRODRO.- We are in an ocean economy or what.

MR. V. DAS.- Otherwise, it appears like I am bullying my directors by not letting them speak.

DEPUTY CHAIRPERSON.- No, I understand. You may have the liberty to do so.

MS. F. VAVE.- Thank you, Honourable Members. The rebranding of the FRCS just by virtue of background, 20 years ago tax and customs merged as Government merger at the time, that was in 1999. At that time the *tabua* was the iconic symbol for the organisation, 20 years on, much has changed in our environment. I think as an organisation as well, we acknowledge that, even though the two organisations merged 20 years ago, the actual bringing in of functions together actually just happened three years ago where we have both tax and customs teams working side by side when they do audits, intelligence and all those spaces. As part of the change towards a service culture and after much deliberation, the logo that we launched this year has actually been in the process for the last five years.

We have had much consultation within staff. We had an open tender submission and we chose what we thought would be the most fitting for the organisation. So, if you look at the blue logo which you see at the moment, which you actually see different shades of blue, for us there are many different elements, that is even within FRCS and just how all elements need to work together to be able to produce the revenue that all Fijians need to grow Fiji. But also, more importantly, is

us as an organisation, value-adding to our customers, our commitment to better understand the people we work with so that we are able to grow. Obviously the blue is synonymous with the Fiji flag; blue ocean, blue skies and it just shows us as an organisation our commitment to make sure that the future of this country is also sustainable and growing. That is what we believe in and that pretty much represented it in its most succinct manner. So for us, it is about one team. Fiji, working together for all Fijians. *Vinaka*.

DEPUTY CHAIRPERSON.- Thank you very much for the explanation.

MR. V. DAS.- The colour blue, sort of, goes with the sky so we are also motivating our people to say the sky is going to be the limit, and if not, beyond.

DEPUTY CHAIRPERSON.- Definitely. Are there anymore questions, Honourable Members? If there is none, I request you to sum up your presentation before we close this session.

MR. V. DAS.- Thank Honourable Members. Sir, just in conclusion I would like to say that we are privileged to be here and I am sure the other reports of ours will also come before you, but, all in all, I must take the opportunity to thank all my stakeholders that is Government, taxpayers, third parties and businesses that actually makes this happen for us, I think it is the businesses that they grow and the portion that we tax which then we celebrate as our success that we have raised this much revenue. But the real credit goes to each and every Fijian who contributes through business, through spending, through consumption and all that helps grow the economy. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much. Any concluding remarks Honourable Members?

HON. V. PRAKASH.- We all know how important your organisation is and we are really happy to see that it is growing as per the expectation of not only our nation but you are growing with the global economy trend that is trying to facilitate with modern technology and other important training that your staff needs.

We could see that there are changes and customers are also happy. When they went to your office two to three years ago, they used to come out very frustrated, but, now you can see that they are very happy. In a matter of few minutes they are able to get what they want and continue with registration of their business and other things that they are doing. As you know that the percentage of youth in this is growing and a lot of these youths want to take risks into doing business. And you as one of the experienced organisations would like to have certain incentives in your programmes where you would like to attract youths and that they become good businesses from whatever small business they do.

The Department that you look after focus on this youth which will be our future. Their number has really grown and as you see the number of people that is owning business now in Fiji, you will see that they are no longer youths. They have reached their age of retirement which they about to give up and so it is important that you should focus on our youth and have programs to attract them to do business so that they are able to sustain the business that they will try to put in. Yes, we agree that no longer are people are frightened of you, people are very much sort of working hand in hand with you and this is a very big achievement.

Our youths are our future and if you have a programme for them, then try and see that they become good businessmen, it will be good for this nation. Deputy Chairperson. Thank you very much and thank you Members.

DEPUTY CHAIRPERSON.- Thank you Honourable Member. CEO and your team thank you very much for a very lively presentation. This is the only presentation that there has been less talking from our Members.

Honourable Members, before we move on, we will have a photo shoot before we close this session. I thank the members of the media for their availability and attendance. Thank you so much.

The Committee adjourned at 3.03 p.m.

The Committee resumed at 3.19 p.m.

**Submitee/ Interviewee : Fiji Higher Education Commission**

In Attendance:

- |                       |   |   |
|-----------------------|---|---|
| 1) Mr. Julian Moti    | - | Chairman                                |
| 2) Dr. Nikhat Shameem | - | Interim Director                        |
| 3) Ms. Lusia Kafoa    | - | Senior Manager Finance and Data Systems |
| 4) Ms. Shirleen Ali   | - | Senior Manager Corporate Service        |
| 5) Mr. Milan Raniga   | - | Senior Accountant                       |
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DEPUTY CHAIRPERN.- On behalf of the Honourable Chairman of Standing Committee on Public Accounts, Honourable Maharaj and Honourable Members of the Public Accounts Committee, I welcome Fiji Higher Education Commission today. Before that, I would like to declare my interest as the Assistant Minister for Education. I will be impartial. Thank you very much and I also welcome the members of the media fraternity.

*(Introduction of the Committee Members, Secretariat and the media by the Deputy Chairman)*

While deliberating the Honourable Members will interject from time to time and you are expected to give a response. Should at any given point in time you feel you want to give a written explanation later on, you have the liberty to do so. Without further ado I request you to introduce the members of your team and then start your presentation. Thank you.

*(Introduction of team from FHEC by its Chairman)*

MR. J. MOTI.- Thank you Honourable Deputy Chairperson. Honourable Prakash, Honourable Ratu Lalabalavu, Honourable Radrodro, Honourable Committee Members, members of the support staff, ladies and gentlemen, thank you for inviting us today. I appear as the recently appointed Chair of the Fiji Higher Education Commission (recently appointed since July).

DEPUTY CHAIRPERN.- Thank you very much.

MR. J. MOTI.- Mr. Deputy Chairman, may I preface our presentation by making a couple of observations. Firstly, stating that the Annual Reports being considered by your Committee relates to the financial year ending July 2017, stating also that the Commission's membership which I am Chair is brand new. We have just been appointed since July so we have inherited this duty from our predecessors and we are also very cognisant of the delay in its presentation to your Committee. For the record though can I also state our concern about the delays and also our desire to ensure completion in a timely manner? Henceforth there are a couple more reports pending and we have instructed the Secretariat which I at the Commission to duly expedite its submission to your Committee for presentation to Parliament.

Thirdly, I want also to state for the record is to explain that most of the e matters raised by the Auditor-General, because of the delay has already been processed. We have taken on board, I am instructed to action the matters raised but they will be fully canvassed in our response by the Secretariat. So I will handover, if I may, Deputy Chairperson and Honourable Members of the

Committee to the Commission's Interim Director to talk about the technical aspects of the presentation. Dr. Nikhat Shameem.

DEPUTY CHAIRPERSON.- Thank you.

DR. N. SHAMEEM.- Good afternoon Honourable Members. First of all I would like to thank you very much for inviting us here this afternoon to respond to your queries. We recognise what those queries are and we recognise that we do need to justify some of the things that you have raised as concerns particularly the delays.

I would like to point out that as Mr. Moti pointed out, I am the Interim Director. I have been the substantive Deputy Director for the Fiji Higher Education Commission (FHEC) since October last year. The previous Director left the organisation in January after which I became the Interim Director. We are still awaiting an appointment of a substantive Director.

My team members are Ms. Lusia Kafoa and Ms. Shirleen Ali as Senior Managers also joined the team earlier this year. All three of us are new to the position and we are very brave to have fronted up. We tried calling the people who left before but I do not think they wanted to come. So please bear with us if we are not able to answer any of your queries and questions but we are very happy to go way and do any further research that needs to be done. But we do want to thank you very sincerely for this opportunity to present to you some of the things that we have been discussing internally and particularly because we have submitted this Annual Report which we realised was quite delayed.

I am going to start the presentation of, if I may, and I am going to start with the background of the role of the Fiji Higher Education Commission and our mandated functions. Our legislation is taken from the Higher Education Act 2008 and there was an amendment to the Act in 2017. So all the work that we do are mandated by this Act and by the Amendment.

The role of the Fiji Higher Education Commission and I am sure you know this already but I would like to reiterate the role. It was established to work with the Higher Education Institutions in Fiji. There are 69 of them out of which three of them are universities. The Fiji Higher Education Commission works to fund 10 of these organisations again three of which are universities.

We regulate the sector, we also collaborate with partners and stakeholders which includes industry, the commercial arm of many of the employers federation I mean the employer units. We also try and bring in as much of community and the unions particularly the two Teachers Unions, we also work very, very closely with TCLV and we work very closely with Fiji Teachers Registration Authority (FTRA). We answer to the Minister for Education and we are very aware of that as much as possible, we work with her as much as we can and we work very, very closely with the Permanent Secretary for Education. I will allow Ms. Lusia now to continue the rest of the representation. Thank you very much.

MS. L. KAFOA.- Thank you, Dr. Shameem. Honourable Members, just to continue and as highlighted by our Chairman at the beginning of this presentation, the period of audit is from the 1st August, 2016 to the 31st July, 2017. The Commission received an unqualified Audit Report with just one emphasis of the matter that was specified in the Audit Report which mainly related to FHEC not maintaining a record of registration fees paid by all our Higher Education Institutions.

What procedures have we put in place to avoid this situation happening in future? We have created a Standard Operating Procedures in place to ensure that all institutions registered have paid their fees. We also have an updated lists of all institutions that are registered with the Higher Education Commission and the fees that they pay or they are supposed to pay annually.

The next slide is just basically on our funding. So, just to give you an overview of how the FHEC is funded. Mr. Deputy Chairman, 42 percent of our funding is provided by the Government grant that we receive from the Fiji Government; 58 percent is provided by the New Zealand Ministry of Foreign Affairs and Trade. That is basically the grant agreements that we have in place for this financial period.

Just to go into the main statements of our financial performance for this period, our total income as specified on the slide is \$2.25 million which we received. That includes Government funding as well as New Zealand Government funding.

Our main expenditures is highlighted there are salaries, operating costs and other costs which totals \$2.23 million. We ended off the financial year with a comprehensive profit of \$14,640. Just to note that the 2017 accounts .....

DEPUTY CHAIRPERSON.- There is a question by the Honourable Member.

HON. V. PRAKASH.- Deputy Chair, we have seen your presentation on one whole year - 2016 and there is a loss of \$298 million and in the seventh month of 2017 though we have not seen the other part. Now, your operating cost for that whole year was \$615 million and here it is \$787 million. Salaries has gone quite high for seven months compared to the 2016. The salary is quite high. Can you explain on that as to why it is getting quite high?

MS. L. KAFOA.- Thank you. Just to clarify, I had wanted to clarify earlier that the 2017 figures represented the 12-month period and the 2016 figures represented just seven months. The reason why we have that is because the Government financial year changed in 2016 so we had to align to that.

HON. V. PRAKASH.- Another question is again on salaries. Most part of your operating cost is salaries which is about how many percent?

MS. L. KAFOA.- Maybe I will cover that in the next slide, if it is alright with you. I am giving the details of income and expenditure in the next two slides and that will answer your question.

If we go to the next slide, 65 percent of our Government, this is actual income. So the initial income for the grant figures that we showed earlier were budgets, this is actual figures for this accounting period. So, 65 percent of the Government grant was provided to us which is the blue portion. New Zealand funding is slightly a smaller amount, 4 percent even though the grant agreement is significant but this is the time and issue because the money was not received until after the financial periods. And then we have other income which amounts to about 31 percent.

Expenditures – as you, Sir, had asked. Majority of our expenditure is shown in the orange portion which is salaries which amounts to about 60 percent. Operating costs amounts to about 35 percent and other cost - depreciation 3 percent.

HON. V. PRAKASH.- This was what I was saying, salaries ... (Inaudible)

MS. L. KAFOA.- Sure. In the 2017 financial year, there was a restructure done and there was a new Director brought in together with a Programme Manager. This Programme Manager position was brought in, in connection with New Zealand grant. Therefore there was a requirement through the New Zealand grant to hire the Programme Manager. As a result of that, the salaries have gone up significantly, as you had specified.

HON. A.M. RADRODRO.- Sir, just a clarification. Is the appointment of the Director at that time part of the condition of the New Zealand grant?

MS. L. KAFOA.- It was, yes, correct Honourable Member.

HON. V. PRAKASH.- Is the person an expatriate?

MS. L. KAFOA.- Yes, the person was an expatriate, Ms. Lynda Aumua.

DR. N. SHAMEEM.- And to add to that, Sir, the Programme Manager was also an expatriate. So we hired two expatriates for the two top positions.

HON. A.M. RADRODRO.- Deputy Chair, just a question on that. Now that the Director has left, what is the Board looking at in terms of the appointment of the new Director? Is that still part of the New Zealand grant or Fiji grant, or the University grant?

MR. J. MOTI.- Honourable Deputy Chair, the appointment of the Interim Director was supposed to be interim. We had arrived in July with that same situation. We were told that the recruitment of the substantive Director was a process carried out in conjunction with Messrs KPMG, the accounting firm was recruited by my predecessor Commission to do that.

They did come up with some proposals, that has now come to us and we are sensitive to localisation. We are sensitive to the cost issues. We believe there is talent locally and I saw the Minister this morning to process the appointment very shortly bearing in mind the concerns the Committee raises is something that is consonant with ours as well. Thank you Chair, thank you Honourable Radrodoro.

DEPUTY CHAIRPERSON.- Thank you very much for your response.

You may move on.

MS. L. KAFOA.- Thank you.

Financial Position - our total assets for the 2017 financial year was \$2.3 million. Our total liabilities was \$2.03 million and accumulated funds of \$332,000. Just highlighting on the details of that, majority of our assets were current assets and a very small portion on non-current assets which is fixed assets.

Our liabilities are all current. There are no long term non-current liabilities. As highlighted there, most of our assets is basically the Government grant that is received by both the Fiji Government as well as the New Zealand Government. In our liabilities, we have also highlighted

as specified in the audited accounts, our liabilities also include deferred income which is basically relating to the grant agreements as well. That is basically all from us.

DEPUTY CHAIRPERSON.- Is there any question by the Honourable Members?

MS. L. KAFOA.- We are happy to take any questions.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Deputy Chair, in your opening remarks, you did say that there was a difficulty...

(Microphone default)

HON. V. PRAKASH.- In your opening remarks you did mention that the question sent to you, you were unable to reply to us. There were certain concerns also raised by the Auditor-General and any organisation where the Auditor-General is able to have some findings and queries and able to suggest suggestions especially weaknesses in the system, how far have you implemented those comments from the Auditor-General has highlighted because we have not received any written responses from you. We are sort of the mouthpiece for the nation, we want to know and we really want to get assurance with all the comments that the Auditor-General has said. How would you responds to it now so that we are convinced?

MS. L. KAFOA.- Thank you Honourable Member. The audited accounts are in relation to the middle of July 2017. What the Commission has done after that period is we have created policies in place. We have a Financial Operations Policy that was effective from October 2017, we have brought it here with us and the policy specifies a lot of important procedures or policies that need to be followed by the Commission to ensure that Government funding is adequately accounted for and provided for.

We have also done the policies in line with the Financial Management Act and the Government's policy as well. So, we have tried to put in these policies to help us ensure that Government funding is accounted for in a very transparent and accurate manner.

HON. V. PRAKASH.- Deputy Chairperson, for your other accounts that you are preparing, are you liaising closely with the Office of the Auditor-General to see that those issues that were raised are cleared and then it appears in the accounts that we will be receiving in future?

MS. L. KAFOA.- Yes, Honourable Member. So, we have tried to provide a response to each of those issues and moving forward how we would ensure that the issues raised in the audited accounts are not repeated. So, for the registration fees, we had highlighted in our presentation that we have set up procedures in place. So, those procedures are also effective from 2017 together with all our policies that we have set up to ensure that these are addressed.

HON. V. PRAKASH.- What is the breakdown of the revenue that you collect from teacher registration and also from the institution registration? It should all be very clearly stated because as you have assured that it should be a transparent and accountable. We really need those figures and also what disclosures that needs to be done, it has to be done. Thank you Deputy Chairperson.



DEPUTY CHAIRPERSON.- Thank you very much. There is a question by the Honourable Aseri Radrodro.

HON. A.M. RADRODRO.- Thank you Deputy Chairperson, thank you Madam. Just on the audit issues that has been highlighted regarding the grants administered by the Commission. It is highlighted there that the Commission will seek clarification with the Ministry of Economy on this \$50 million grant that has been paid through the Commission. So, has that been clarified? This is the grant to the universities which comes through the Commission?

MS. L. KAFOA.- Just a clarification Honourable Member. So, the grants are given from the Ministry straight to the institutions. It does not come to the Commission. It goes straight from the Ministry of Economy and Ministry of Education straight to the institutions. We only administer the acquittal process which we do on a quarterly basis.

HON. A.M. RADRODRO.- Auditor-General, what are you highlighting here? You non-disclosure?

AUDIT REP.- Deputy Chair, the point we are raising here is in terms of the disclosure of the grants given by the higher education institutions. We understand that the FHEC administers them so it would be just for greater transparency and accountability purposes, a disclosure note would be sufficient.

HON. A.M. RADRODRO.- Has that been settled now going into 2018 and 2019?

AUDIT REP.- We have received the 2018 accounts from the FHEC. We will be following up on our recommendations when we actually go into the audit process.

HON. A.M. RADRODRO.- What about the second one?

AUDIT REP.- This one is resolved, yes.

HON. A.M. RADRODRO.- Deputy Chair, just another supplementary question. On the presentation, it says that the FHEC pays an annual registration fee which is due annually. Is it reflected in the finance of the institution? If it is, how much is levied by individual institutions?

MS. L. KAFOA.- Thank you, Honourable Member. The money that we receive as registration fees goes into the Government's consolidated bank account. We have specified a total amount that we have collected at that financial year and that is specified right at the end of the audited accounts.

We have a listing of all the registration fees that we have collected and we are working with the Ministry of Education to ensure that our reconciliations are tying with the consolidated fund account.

MR. M. RANIGA.- I just want to confirm that the registration fee disclosure is provided in the financial statements for the Commission. In 2017, \$39,770 was collected and in 2016, \$26,025 was collected from registration and renewal fees.

HON. A.M. RADRODRO.- How many institutions?

MR. M. RANIGA.- That disclosure is not here. It is just the amount.

HON. A.M. RADRODRO.- Can we just have a clarification on who pays that fee, Deputy Chair?

DEPUTY CHAIRPERSON.- Yes. You can respond later on in writing.

MR. V. PRAKASH.- Honourable Chair, those who are owing, if they are owing, which amount.

MS. L. KAFOA.- Honourable Members, we will provide that listing on the current listing and the previous listing as well on who is owing and the amounts collected.

DEPUTY CHAIRPERSON.- Thank you very much. You may move on with your presentation. Any other question, Honourable Members. Yes, Honourable Lalabalavu.

HON. RATU N.T. LALABALAVU.- Thank you, Honourable Deputy Chair. Thank you, Chair (FHEC), Madam and members of your team. It is quite reassuring to see a new set of team here compared to the last meeting that we had with your predecessors, so to speak.

There were a lot of issues and why I am raising this, Honourable Deputy Chair, through you, the Chair of the FHEC is that you are the trendsetter. Education is our priority. These are just the basics of it, that has been picked out by the OAG like no agreements in place but, you know, just sitting and I must declare my interest as well, with the Chair of FHEC, if this is the way to go then I think it is only proper that we allow time for you to sit in properly and just do whatever is supposed to be done because quite a lot of interesting cases have come before us and I think you are all in the know now since you have been there for quite some time; very interesting ones. A bit of a political one as well. Quite a lot of questions were raised as to the very institutions that have been registered, but, I have notice from the OAGs Report that these are still to be done; the survey of the institutions that you have got registered. When I said interesting, Deputy Chairperson, some have been partly registered without fulfilling the full requirements of registration yet they are allowed to be receiving money. I do not know about the end part of it, the issuance of certificates, et cetera, were they honest with that or, but these are some of the things that have come before us.

So all that I would like to raise through you, Deputy Chairperson is, it is good to see the new team here. Can we say on behalf of the Committee that it is locally manned and it is so reassuring; that is all I want to say. Thank you for stepping in and taking up the challenge, it is a challenging one.

DEPUTY CHAIRPERSON.- Thank you very much Honourable Member. Any other questions? Yes.

DR. N. SHAMEEM- I just want to respond to those comments. Thank you very much Honourable Member for your encouraging words because we have also recognised the amount of work that now we need to continue to do to certainly address some of the issues that have been brought up here, but, we also have another session next week where we have to address some of those issues.

And I think it is really important for us to recognise that we have your support. It is a very important part of what we are doing and I will not lie when I say that we have not struggled, we

have struggled, we have worked very hard and I take your point about the whole issue of registration. And one of the things that we have done is we have taken on board that we provisionally register some institutions because we do not want to completely cut off their feet.

But what we do now is we actually give them a timeline, so that if they are not able to deliver the goods by a certain point in time, we actually can revoke their registration process. So we do have checks and balances in place now which we are trying to enforce as much as possible. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much. Is there any other question by any other Honourable Member?

HON. V. PRAKASH.- Yes, through you Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- I take this time to congratulate you, Chairman, for the challenging task that you have on your shoulder and Higher Education has come a long way. Even though there may have been discrepancies, but, as it is, it has brought about changes.

Now to foster quality and higher education is really important to this nation and for the generation of people who are looking forward. In your capacity you also are an advisor to the Ministry of Education for future needs. We are very happy to see that there have been institutions setup to try and address the country's shortfall especially not in white collar jobs but jobs that are on demand for our national growth especially the hard labour job like carpentry, plumbing, painters, plaster man, et cetera.

As we grow, those things are really needed in this nation and we commend you, but, I think there is a lot of room for improvement. We are fighting with labour force from other nations as well who are penetrating into our market because they are honest, they are able to deliver better than what we produce, they are able to carry on the task and see that they mean business in doing what they are for and we have got a big gap now.

Higher Education Commission has a big gap to see if it does not prepare the right type of talents that is required and the right type of labourers that our country needs, I am sorry to say the influx of labourers that are available in other parts of the world as you are all aware... you are all aware, there are people who want to go and pick fruits in New Zealand and Australia, there are other parts of the world, people who want to come and build our buildings and they want to do the plaster, joinery as good as any part of the world.

So there is a room for improvement and as I see you. We are very happy to see that the challenge is there and you will be able to address this shortfall now existing especially in the market which is not white collar job. We have produced our leaders, we have produced our people with white collar jobs that can fit in, in any part of this world and Fiji is doing very good in that area. But as far as other jobs, as I have mentioned, we need to have a workforce that is marketable outside, filled with people who are trying to move this nation ahead.

We are talking with contractors, we are talking with people who are ready to employ them, who are ready to keep them in the market, but unfortunately, they are not happy, because they do

not have that skill or trade. If they have the skill, still they are not as competitive as those who are available from outside.

So with these words, I thank you and I can see a good gender balance also in your team. I think you have a very good future especially with job markets and also with the rural development. What is a diplomat, and what if a graduates tries to develop the agriculture system? I am very impressed and I thank you. You are honest with whatever you have said, where there is honesty, things will improve. Thank you, Chair.

DEPUTY CHAIRPERSON.- *Vinaka* Honourable Member.

Honourable Members any other concluding remarks?

Mr. Moti, you can sum up your presentation before we conclude.

MR. J. MOTI.- Thank you Chair and thank you Honourable Members. Thank you for your collective vote of confidence in my Commission and I. It is an honour to appear before you and to be commended for our honesty.

We have taken on board the challenges knowing how vital it is for the nation, how vital it is to make our universities responsive to their own obligations to our community. We are mindful of all those concerns, mindful also about the portability and transport ability of degrees in persons across the world which allow people to come here and the necessity also for making our graduates competitive to entice them to remain here and contribute to the national effort and national productivity.

We also want to thank the Office of the Auditor-General for keeping us honest. It is a pleasure to work with you to respond to your requirements. We hope to continue that collaboration also at a distance because we all have to work under different operating rules and procedures and I hope to appear before you again with better news and more diligent processes being undertaken to redress the deficiencies that you have picked up.

I thank you all this Friday afternoon, a day after our national birthday and wish you a pleasant weekend. Thank you very much for this opportunity on behalf of the Commission.

DEPUTY CHAIRPERSON.- Thank you very much Chair. On behalf of the Chair of the Public Accounts Committee, I also congratulate you on your appointment and you have a wonderful journey, that is our wish and I hope the Commission will step with your deliveries. Thank you so much.

Before we embark on our journey home, can we please come and have a photo shoot.

The Committee adjourned at 3.59 p.m.

**STANDING COMMITTEE ON**  
**PUBLIC ACCOUNTS**

**2016/2017 AUDIT REPORT ON STATUTORY  
AUTHORITIES**

**[Verbatim Report]**

- 1) Fiji Teachers Registration Authority**
- 2) Fiji Competition & Consumer Commission**

**TUESDAY, 15TH OCTOBER, 2019**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD AT THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON 15TH OCTOBER, 2019 AT 2.00 P.M.**

**Submitee/ Interviewee: Fiji Teachers Registration Authority**

In Attendance:

- |    |                 |   |               |
|----|-----------------|---|---------------|
| 1) | Mr. Pranil Deo  | - | Assistant CEO |
| 2) | Mr. Avinesh Lal | - | Accountant    |
- 

DEPUTY CHAIRPERSON.- Good afternoon everyone. On behalf of the Honourable Chairman of the Standing Committee on PAC, Honourable Alvick Maharaj, I the Deputy Chairperson would like to welcome you to the second submission, which is by the Fiji Teachers Registration Authority. Before we begin, let me declare my interest as we will be interviewing the Fiji Teachers Registration Authority (FTRA) reports to the Ministry of Education, and I am an Assistant Minister for Education as we speak.

*(Introduction of Honourable Members, Secretariat and OAG)*

Mr. Deo I request you to introduce the members of your team and then you may begin with the deliberation. As a matter of interest, while you are deliberating the Honourable Members may interject from time to time and ask certain questions in which you are expected to respond. Should at any given point in time you feel that you want to give the response later on in written form, you have the liberty to do so. Without further ado, I request you to introduce the members of your team and start your deliberation. Thank you.

MR. P. DEO.- Thank you Honourable Deputy Chairperson, Honourable Lalabalavu, my high chief from Cakaudrove, Honourable Radrodro and Honourable Prakash, representative of the OAG, the Secretariat staff, media personnel and other dignitaries that may be present here. Fiji Teachers Registraion is represented by, as I have been introduced, I am the Acting CEO, and I have with me Mr. Avinesh Lal, who is our Accountant. Sir, today marks a very significant milestone in my life coming from a very humbled teaching background as I stand before the Standing Committee on PAC. I had never imagined that I would be presented such an opportunity to present in front of such seasoned and dignified personalities. Indeed it is a milestone for my career. These personalities I have only seen on television or I have read about them in the *dailies* or articles. I would like to say I am so inspired by your service to the nation and Parliament of Fiji. My hearty salutations and *bula vinaka* to you all.

Kindly note that my presentation is based on the Audit Report for financial year 2015 and 2016 as these were presented in Parliament on 13th May, 2019. I had erroneously sent a presentation in 2016 and 2017. My humble apologies for the oversight. I hope you all have the new presentation copies, I had forwarded it to the Secretariat. I have some copies with me

if you do not have it. With your kind permission, Honourable Deputy Chairperson, I shall now move onto the presentation.

DEPUTY CHAIRPERSON.- Thank you, you may do so.

MR. P. DEO.- The FTRA is a statutory body of Ministry of Education Heritage and Arts. It started in 2009, born out of Ministry of Education as a Special Project Unit and from there we divested as a statutory body by Cabinet Paper 13/61. The principle activities of the Authority during the course of financial year, we had to register all teachers in Fiji as well as all the educational institutions. Other activities included induction of final year students in all five teacher training institutions, awareness and professional development programmes for teachers in terms of registration, educational upgrade and teacher standards.

DEPUTY CHAIRPERSON.- Mr. Deo, there is a question by the Honourable Prakash.

HON. V. PRAKASH.- Just to add clarification Honourable Deputy Chairperson. FTRA is also responsible for orientation for the first year and third year teachers to have training in their classrooms and which institutions do you liaise with?

MR. P. DEO.- Thank you Honourable Prakash. It is a very good question. However, I believe it is from the previous presentation that I was talking to you about.

Sir, I would like to respond to that question. FTRA conducts the inductions for all the teachers who are in their final year of preparation, just before they sit for their final examination, because after that they will be absorbed into schools around Fiji. So induction is specifically for those teachers or who are about to be teachers in their final year of teacher preparation.

Orientation is a new project that started in 2016 in which we go and talk to the first year teacher training institutions as they are enrolled. There is a difference between the two. The main aim is to introduce them to the teaching sector. We have found that when we go and speak to them right towards the end of their education, it is very late for them to make constructive changes. However, if the expectations are highlighted in their first year of teacher training then they have two or three years to develop the skills that we want and these are the two programmes we are taking, Sir.

HON. V. PRAKASH.- Does it include all teacher training institutions?

MR. P. DEO.- Yes, Sir. The five-teacher training institutions that are operational in Fiji, they are all in there.

HON. V. PRAKASH.- That includes also Fulton College and Corpus Christi Teachers College?

MR. P. DEO.- FNU, USP and University of Fiji.

HON. V. PRAKASH.- Not the Fiji College of Advanced Education, that is FNU, sorry.

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu?

HON. RATU N.T. LALABALAVU.- Just a clarification, thank you Acting CEO. Just on the registration of all educational institutions, what is your role there plus what is the role of the Fiji Higher Education Commission in registering? Are there two bodies registering institutions or is it just only one? Thank you.

MR. P. DEO.- Thank you Honourable Member. When we say registration of all teacher training institutions in Fiji, we are coming from the point that they need to be registered with us in order for their teachers to go on training. So, basically when we register teacher training institutions, these are the sanctioned institutions that can send their students into schools in Fiji for the purpose of teacher training and practical.

HON. A.M. RADRODRO.- As per your slide there it should read, “teacher educational institutions”?

DEPUTY CHAIRPERSON.- Probably that is something that can be added on. Thank you .

HON. A.M. RADRODRO.- Something is missing there, because the way I read it, it is in line with the question?

DEPUTY CHAIRPERSON.- Probably there has been oversight, what the CEO meant was what Honourable Radrodoro was seeking ....

MR. P. DEO.- I do apologise for the oversight.

DEPUTY CHAIRPERSON.- Thank you, you may move on.

MR. P. DEO.- This, ladies and gentlemen, is the overview of FTRA, I am so sorry, it may be a little small.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a supplementary question on that. Are all teacher education institutions, this also comes under register of all teachers and educational institutions. These are higher education institutions – universities, et cetera.

MR. P. DEO.- Yes. The teacher training institutions are the five institutions that are providing teacher training programmes.

HON. A.M. RADRODRO.- They can also be related as higher education institutions. These institutions also come under the Fiji Higher Education Commission. The question is, do your two organisations work together in terms of the type of deliveries expected from the



institutions by your expectations and also the expectations of the Fiji Higher Education Commission. How do you synchronise your two's role to ensure that the work that you do is not compromised in terms of the product that you wish to give out in terms of teacher registration?

MR. P. DEO.- Thank you Honourable Member. It is a very nice question, thank you for that. The Fiji Higher Education Commission (FHEC) is the only accrediting body for all higher education courses in Fiji. But where FHEC and FTRA meet is when it is in the matter of teacher training. FTRA and FHEC have developed a very good working relationship and a very good collaboration because whenever they are called to accredit a teaching course or a teacher training programme they invite us as industry representatives and we provide our requirements, our standards and in fact I personally have been part of at least three panels that have accredited the programmes in Fiji. Coming back to that point, FTRA does not accredit by itself, FHEC is the only authority that accredits but it works closely with FTRA in the accreditation process of teachers.

HON. A.M. RADRODRO.- In terms of performing your role as accrediting teachers in certain areas in which there is a demand for teachers, especially in the science subject area, mathematical subject area, what role does the FTRA play to ensure that these gaps in these specific areas are filled up and there is no continuation of that gap going forward?

MR. P. DEO.- Thank you, Honourable Member. That is a very nice question. FTRA directly does not have any influence on it, however we do meet in our teacher quality meetings with FHEC, the teacher training institutions and the Ministry of Education whereby we do training needs analysis and we submit to TELS who is also part of that Committee, our recommendations on the number of scholarships that may be allocated to priority areas, for example, mathematics and physics which is of ....

DEPUTY CHAIRPERSON.- Mr. Deo can you just hold on. Just for the purpose of clarity to the OAG, I think they referred to Page 19 where it says, "In the 13- month period ended by July 2016," and I think the header says, "2016/2017 Audited Report." So which one are we referring to, which year?

MR. M. FEROUZ.- Honourable Deputy Chairperson, we are referring to the financial year ending 31st July, 2016.

DEPUTY CHAIRPERSON.- Thank you, you may move on.

MR. P. DEO.- The organisational structure we have, Minister for Education, the FTRA Board, the CEO, the Manager Registration and Manager Professionals supported by three Clerical Officers, a Driver and an IT Support Officer. This is the first time we are appearing in front of a Public Accounts Committee so we thought of introducing them to the broad structure of FTRA.

HON. A.M. RADRODRO.- Just a clarification, where does the Assistant Minister for Education come in in that.

DEPUTY CHAIRPERSON.- When that was drawn up, the Assistant Minister was not appointed and previously I was not an Assistant Minister.

MR. P. DEO.- Thank you Honourable Deputy Chairperson. The functions of the Secretariat, basically our Secretariat is divided into three units; the Registration Unit that actively pursues the registration of all the and the renewal of all the teachers; the Corporate Service that looks after the day-to-day functions of FTRA and the Professional Standards Unit that looks after the standards that we want our teachers to meet.

The teacher registration summary of 2015 is also presented there, these are the number of teachers. We registered in total 8,706 teachers for the 2015 period. The financial performance of FTRA ....

DEPUTY CHAIRPERSON.- There is a question by Honourable Prakash.

HON. V. PRAKASH.- These teachers include primary and secondary?

MR. P. DEO.- Yes, Honourable Prakash.

HON. V. PRAKASH.- What about the pre-school?

MR. P. DEO.- They are listed as Early Childhood Education (ECE) - 976.

HON. V. PRAKASH.- So from ECE right up to secondary education?

MR. P. DEO.- Yes.

The financial performance of FTRA - the total revenue as at July 2016 is \$467,304 which comprised of Government grant and amortisation of deferred revenue. Total expenses as at 31st July, 2016 was \$405,110 for which the breakdown is provided in the next slide. The interest and expenses was incurred through the purchase of a FTRA vehicle in 2015 from Merchant Finance which is still under repayment. The breakdown of expenses is given in this slide.

Depreciation expenses - \$17,317, introduction of IFRS accounting for Small and Medium Enterprise and procedure for accrual accounting brought for the recognition of depreciation for fixed assets. Employee benefit expenses - \$299,384 which includes the salaries of staff and management of FTRA and along with FNPF, travelling and subsistence allowances for induction, awareness and professional development that FTRA does. Administration expenses - \$88,409, 2015 saw a large cost in administration cost due to the setup of FTRA to a new office. Previous to this year, we were in the Senikau House but now we have moved to the Harbour Front Building, Level 2. The purchase of stationery, computer, peripherals and

other administration cost, FTRA was relocated to Harbour Front Building so the administration cost was high. In interest expense - \$4,239, relates to interest paid on purchase of motor vehicle for FTRA.

HON. A.M. RADRODRO.- Where is this Harbour Front Building?

MR. P. DEO.- That is the 1929 Burns Philip Building right opposite the market where we have the Courts store.

DEPUTY CHAIRPERSON.- You may move on.

MR. P. DEO.- The current assets as at 31st July stood at \$58,864 which comprised of cash at bank and cash on hand in form of petty cash, and other payments for motor vehicle comprehensive insurance. Total assets held by FTRA was \$142,704. Liabilities as at 31st July was \$34,749. This comprised of trade and other payables which included the audit fees, the staff annual leave, obligations under finance lease for motor vehicles and deferred revenue for purchase of fixed assets. The net assets of the Authority was \$57,955. That Honourable Deputy Chairperson is a brief report on finances of FTRA.

DEPUTY CHAIRPERSON.- Thank you very much. Are there any supplementary questions or remarks?

HON. RATU N.T. LALABALAVU.- Thank you Honourable Deputy Chairperson. Acting CEO, thank you so much for the presentation you have given. Just a question. Given the position you are in regarding the authority you have and the registering aspect of it, how do you place yourself within the region in as far as the teaching profession? Why I am raising this question is, teaching profession is quite a historic one, but given our position within the region, (that is where I am coming from the question), how do we place ourselves within the region, given the institutions that we have now we have being registered? Thank you.

MR. P. DEO.- Thank you Honourable Ratu Lalabalavu for the question. It is a very important question. Fiji has been a leader in teaching profession around our Pacific neighbours and I am pleased to also share that we have formed closed alliances with our counterparts from the different small island States; Vanuatu, Solomon Islands, PNG, Kiribati and Tonga. Delegations from these countries have already visited FTRA in information gathering exercise to set up a body of similar nature in their own countries. We have developed the professional standards for teachers in Fiji which they have also shown great interest in developing for their own context and countries. Our teachers are regarded as very highly skilled in the region. Thank you.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other questions Honourable Members?

HON. A.M. RADRODRO.- Honourable Deputy Chairperson, just regarding the organisation structure, can you just advise the Committee the one below the Minister, is that the Board?

MR. P. DEO.- Fiji Teacher Registration Board.

HON. A.M. RADRODRO.- Is that a Board sitting there or is it just a ....

MR. P. DEO.- It is a Board appointed by the Honourable Minister; a nine-member Board, the changes were made in 2018 whereby a nine-member Board is appointed by the Honourable Minister.

HON. V. PRAKASH.- Supplementary question. It is good that our Deputy Chairperson comes in between the first two, I am interested with the FTRA Board, I want to know who are the members here? They have got management representation also on the Board or what type of people are represented on this Board?

MR. P. DEO.- Thank you Honourable Prakash. The FTRA Board currently is yet to be formed. In fact, the Honourable Minister is, I have been told in the final stage of forming the Board. I will not be able to answer who the members are right now because it is the prerogative of the Minister. However, I have been informed that in a week or two we may have a formal enactment of the Board. Under the amendments that were done in Parliament in 2018, the FTRA (Amendment) Act, the Minister now has the sole prerogative of appointing any nine members that he or she feels is appropriate for the Board.

HON. V. PRAKASH.- Honourable Deputy Chairperson, thank you very much. Management is one of the most important stakeholders of the education system. Why I ask this question, I believe you may have educationists, you may have other members as being selected at the prerogative of the Honourable Minister. My question is, to have Board members representation from a stakeholder, which is the onus of the institution from the management side would be an asset. That is what I would like to recommend.

DEPUTY CHAIRPERSON.- Thank you Honourable Member for that question. Any other questions?

HON. V. PRAKASH.- What about those citizens of our country who try to go abroad and get their education and come back and join the teaching profession? Like, I was unfortunate to join USP during my learning career. So many like me, we had to go to India to obtain our graduation at our own cost. We came back and we were sort of absorbed into the education system and from there we were able to fit in. Under this organisation of yours, where do those teachers, who gain their education from abroad, they do not belong to any of the institutions that you have highlighted, how would you accommodate them?

MR. P. DEO.- Thank you Honourable Prakash. That is a very important question. There are no problems on the number of institutions that are locally operating, they are all

accredited by FHEC. Not actually a problem but when they are coming from abroad, for example, Australia, New Zealand, India or Pakistan, it is very important for FHEC to see where their qualification fits in Fiji's Qualifications Framework (FQF). When they come to us, we first and foremost send them to FHEC for international verification of qualification and of course the placing of the qualification in FQF because that allows us to assess what is the band level from one to nine and what is the band level of that qualification. Different qualifications from different countries can be fitted in different bands, although both had diploma or degree. A degree from India may not equate to a degree from Fiji because that is for the FHEC to ascertain. Once FHEC does the two processes of verification as well as fitting it against the FQF and ascertaining where it falls, once these are done, then they send a letter to us saying that this is a recognised qualification, the institution that is issuing this qualification is also a legitimate one. Once that is presented to us by the FHEC then we go ahead and register the teacher.

HON. V. PRAKASH.- Last one from my side, do you have sufficient teachers now as far as the student ratio is concerned in schools around Fiji or is there also room for more teachers?

MR. P. DEO.- Honourable Member, I think that is for the Ministry of Education to decide. I will consult them and I wish to communicate this to you in writing later on.

DEPUTY CHAIRPERSON.- Honourable Radrodro?

HON. A.M. RADRODRO.- Just a question regarding the registering of teachers. In subjects such as Music and PEMAC, there are those who have come out of Nasinu Youth Band Programmes and are currently used by certain schools to undertake PEMAC subjects, but they are facing difficulties in being recognised as teachers or as formal recognised qualifications. Does your institution have anything in place to ensure that those who have finished from the Nasinu Youth Band, which is also a part of the Ministry of Youth and Sports, they get recognised in terms of the qualifications that they get out of there; the certificate from the Youth Band to be part of your registering process to become recognised teachers in the subjects that they are teach in, especially in the PEMAC areas, which is also very important for student development?

MR. P. DEO.- Thank you Honourable Radrodro for the question. It is a very thoughtful question that applies to a number of areas even beyond music. As the custodians of teachers in Fiji, our first priority is recognising those who have gone through formal teacher training and there are only five registered teacher training institutions in Fiji currently, the ones that I mentioned. However, in cases of shortages, we do have mechanisms to absorb these skilled personnel so they may be skilled in a particular area, but they may not be having necessarily teaching credentials. So, in that case, we have a category of registration called Limited Authority to Teach under which on a need base we can register these teachers provided that there is a shortfall of teachers in that area, and then they can be employed or deployed to wherever their services are needed.

DEPUTY CHAIRPERSON.- Honourable Radrodro?

HON. A.M. RADRODRO.- Honourable Deputy Chairperson just another question regarding the teacher registration process. Your core role is to register the teachers but after registration, teachers do come across difficulties in terms of security of employment, in terms of consistency of pay. Does the organisation play a role since you are registering them as registered teachers in terms of, after being registered and the administration of their employment, consistency of pay and getting the right pay? Do you play a part after the registration process?

MR. P. DEO.- Thank you Honourable Radrodro. After registration, it becomes an employment matter and it would not be prudent for me to comment on it, but I could always get back to you.

HON. A.M. RADRODRO.- So what is purpose of registering them if you cannot look after them?

HON. V. PRAKASH.- (Inaudible)

HON. A.M. RADRODRO.- It is something that you could also explore. There are issues regarding teachers who do come up regarding their pay, their employment when they get contract signed, probably you can also play a part in terms of ensuring that they are not victimised because they are now registered under your organisation. So I think you should play a part too in terms of looking after them after the registration process. That will also ensure that your commitment to the Ministry of Education's SDG 4 – Quality Education, that you also play a big part in terms of ensuring the students and pupils of Fiji get quality education.

MR. P. DEO.- Thank you Honourable Radrodro. I believe that is a very good suggestion that FTRA takes some consideration into looking after the welfare of teachers. I would be honoured to share the idea with the Board members as soon as our Board is formed so that they could form some policies around it.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash?

HON. V. PRAKASH.- In line with Honourable Radrodro's suggestion which is quite an important one, it is also important to try and find out the needs of the type of professionals in the classrooms, especially, I think as we have seen Fiji has been quite well promoted in the sports arena and qualified PE teachers or recommendation by this organisation to train qualified PE teachers from locally and abroad, attached with professional institution would be a credit to this nation. One good example is Cawanibuka. I think he is still teaching at the age of 70 in FNU and he was a product of one of the well qualified institutions. He was sent on a scholarship in India in Gwalia as a PEMAC teacher and he came out with the amount of things he has done for the country. Are you looking into that area also to try and advise the needs of teachers in the areas where it is important. Secondly, the counsellors. These days professional counsellors are very important in institutions since children are facing various types of

problems. Just try and listen to media reports and other forms, the amount of activities that goes around amongst the school children. It is quite challengeable to teachers based on subjects or teachers who are trained to teach them, it is beyond, so to have professional counsellors in the classroom would be an added advantage. Are you also going to advice or try and let the Ministry of Education know the various needs that are there?

MR. P. DEO.- Thank you Honourable Prakash. That is a very thoughtful question or suggestion. We do talk about the need for good PE teachers and the counsellors in our quality meetings and our consultations with the Ministry of Education. I personally believe that we must have a robust mechanism for counsellors to be in our schools and the same applies to the PEMAC teachers as well. We are a nation that is so focussed on sports with the PEMAC classes especially the PE classes. And I believe that your suggestions would be taken on board and in my further consultations with the Ministry, we will drive strongly the points that you have raised with us. Thank you.

DEPUTY CHAIRPERSON.- Honourable Radrodro.

HON. A.M. RADRODRO.- Yes, Deputy Chairperson to the Auditor-General's Office just a clarification so to speak on the reporting timeline that you have here.

You have stated that this financial statements is reported on a 13-month period, that is an exception reporting timeline period, usually it is 12 months or 6 months, but, now it is 13 months, is there any reason why on 13 months and in particularly which accounting standards are you using to report on this 13-month period?

AUDIT REP.- Thank you Honourable Member, please note that FTRA's financial statement for the Financial Year ended 31st July, 2016 was the first one.

You can see on Page 19 which says that the authority commenced to manage its own affairs from 1st July, 2015 and has been audited for the first time. So this was the first set of financials and so we thought of to prepare the first financials as at 31st July incorporating 13 months.

HON. A.M. RADRODRO.- Still left with your rules and regulations?

MR. P. DEO.- Moving forward the financials are now prepared for a 12-month period for FTRA since it was the first year of operations, we did not wish to prepare a one-month account, so we include it together with the 12 months.

DEPUTY CHAIRPERSON.- Honourable Lalabalavu.

HON. RATU N.T. LALABALAVU.- Just a supplementary question Deputy Chairperson to the OAG and to the Acting CEO, according to the papers that are before us, this body was established as a statutory body 2013.

Now you are saying it finally started at 2015, that is the first audited account and the full board has not been appointed when the Act came into being in 2017. So how have you been operating all this time? All began in 2015, no board?

MR. P. DEO.- Thank you Honourable Lalabalavu. I would request my Accountant here to answer that, please.

MR. A. LAL.- Thank you. Honourable Lalabalavu, in 2013 when FTRB came into action, they were under the Ministry of Education. They were based in Senikau House, they were given a grant to operate, but the financials of the FTRB at that point in time were incorporated within the Ministry of Education's accounts. So in 2015 when the Parliament then decided to give autonomous status to FTRA, then relocated them to Harbour Front building with a bank account and a separate grant altogether. So that is the time FTRA became independent in terms of operations and FTRA had a board up to July 2017 when the Board lapsed and after that at the moment the vacancy exists.

DEPUTY CHAIRPERSON.- The whole board lapsed?

MR. A. LAL.- The tenure expired actually and so after that we are still awaiting the appointments, Sir.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other last supplementary questions?

HON. A.M. RADRODRO.- Deputy Chairperson, we will recommend the Committee that the Board needs to be filled as soon as possible.

DEPUTY CHAIRPERSON.- That is noted. I will request CEO to go back to the Honourable Minister and to give us an update when the Board shall be established, that is well noted. Thank you.

HON. RATU N.T. LALABALAVU.- Through you Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, Sir. It is noted, Sir.

(Laughter)

DEPUTY CHAIRPERSON.- Honourable Members, ladies and gentlemen, we have come to the end of our submission today by the Acting CEO of Fiji Teachers Registration Authority. Mr. Deo, would you like to sum up your presentation or do you have any concluding remarks?

HON. A.M. RADRODRO.- The fees they have to pay, how much is a teacher registering himself into your organisation needs to pay, is it on an annual basis or six monthly basis or five yearly basis, what is the rule of the game?



MR. P. DEO.- Thank you Honourable Radrodro. There are different fees for different categories for limited authority to teach, it is \$15 for two years, these are prescribed in the FTRA Act.

For provisional registration, it is \$30 per year and for full registration it is \$90 for three years. When a person gets full registration, he is expected to renew his registration on a three-year basis that is why it comes to \$90.

DEPUTY CHAIRPERSON.- Thank you very much CEO. Any other final concluding remarks or questions? If there is none, you may sum up your presentation or give the final concluding remarks.

MR. P. DEO.- Thank you Honourable Nand, the Deputy Chairperson of the Standing Committee on Public Accounts.

I feel that I have interacted with a lot of great minds here as I said in the beginning, it has been a privilege for me to appear before the Committee. I really do not know whether it will be within my career to appear in front of a Committee of higher stature than this, so I will take it as a personal milestone. I have learnt a lot from the discussions that the Honourable Members have generated and of course the advice they have given.

And I would also like to thank you again from the bottom of my heart for accommodating us and for generating us in good discussions and giving directions to us. Thank you very much Honourable Members.

DEPUTY CHAIRPERSON.- Thank you very much, Mr. Deo. On behalf of the Public Accounts Committee, the Chairman, I wish your organisation the best for the future. Thank you very much.

MR. P. DEO.- Thank you very much Honourable Deputy Chairperson and Honourable Members. *Vinaka.*

The Committee adjourned at 2.45 p.m.

The Committee resumed at 3.00 p.m.

**Interviewee/Submittee: Fijian Competition & Consumer Commission**

In Attendance:

- |    |                  |   |                         |
|----|------------------|---|-------------------------|
| 1) | Mr. Joel Abraham | - | Chief Executive Officer |
| 2) | Mr. Amit Sen     | - | Manager Finance         |
- 

DEPUTY CHAIRPERSON.- Honourable Members, I already have declared my interest, so I request Honourable Vijendra Prakash to chair this meeting as there is a conflict of interest.

*(Deputy Chairman stands down from the Chair)*

ACTING CHAIRPERSON.- Thank you very much. On behalf of the Public Accounts Committee, I would like to welcome the members from the team from the Fiji Commerce Commission. We also have representatives from the Office of the Auditor-General here.

*(Introduction of Honourable Members, Secretariat and media by the Acting Chairperson)*

Thank you very much for this afternoon and we welcome you. We now request the members from Commerce Commission to continue with your presentation. Thank you.

MR. J. ABRAHAM.- Thank you Honourable Prakash. Honourable Members of the Standing Committee, I am here on behalf of FCCC to share some light on the 2016-2017 Annual Report.

The Fijian Competition or Consumer Commission or formerly known as the Fiji Commerce Commission was established in July 2010 pursuant to Section 7 of the Commerce Commission Act. The Fiji Commerce Commission was a consequence of a merger between three departments mainly the Commerce Commission, Fair Trading Department and the Prices and Incomes Board. On 1st August 2017, the Fiji Commerce Commission was rebranded or changed to now the Fijian Competition and Consumer Commission with a new logo to signify transformation and our forward looking plans to a new and improved Commission.

Under Section 7 of the FCCC Act that states that:

- the Commission is an independent statutory body established to promote effective competition and informed market places;
- encourage fair trading;
- protect consumers and businesses from restrictive practises; and

- control prices of regulated industries and other markets where competition is lessened or limited.

The FCCC follows the high level principles outlined in the CMDA principles of good corporate governance that was issued by the Reserve Bank. Some of the principles that I would like to highlight while we look at all the principles, but for the purpose of this, the principles that I would like to highlight today would be:

- Principle 1 - The establishment of clear responsibilities for Board oversight. The FCCC Board has responsibilities for strategic guidance of the entity and effective oversight of management. The decision-making depends on the balance of votes and no single individual has autonomous power in decision making;
- Principle 2 – Constitute an effective Board in terms of composition, size, and commitment and effectively carry out responsibilities. FCCC has a provision of a maximum of six Commissioners. Furthermore, the Board has established various sub-committees to deliberate on key matters in detail and report to the full Board for decision making. Currently there are five sub-committees such as Finance and Audit, Human Resources, Legal Risk and Governance, Regulations and Competition and Compliance;
- Principle 3 – On the appointment of a CEO with a clear demarcation between responsibilities of the Board and Management. The CEO being myself is responsible for the operations of FCCC;
- Principle 4 – Which is to have a Secretary to ensure that roles are established clearly and performed effectively; and for the purpose of audit
- Principle 9 – Accountability and audit, FCCC is audited by the Office of the Auditor-General annually.

Apart from this we also have established an internal audit function that carries out quarterly audits and reports to the full Board. Honourable Members, there is a direct reporting of the internal auditor to the Board, so it does not report to the CEO. The current composition of the Board of Commissioners is:

1. Ms. Joann Young (Commissioner);
2. Mr. Isikeli Tikoduadua (Deputy Chairman);
3. Mr. Vimlesh Sagar (Commissioner); and
4. Mr. Romil Patel (Commissioner).

For you today we had a corporate video that will give an idea of what FCCC does in a nutshell. May I ask it to be played?

(Video footage)

MR. J. ABRAHAM.- Thank you Honourable Members. I will move on to talking about the financial year that was 2016. The report of FCCC is divided into two. First, the financial year consists of seven months which is January to July 2016.

This is because in 2016 the Fijian Government had changed its financial year which now runs from August to July. The FCCC deemed it prudent to align our financial year that with Government because FCCC was funded through Government grant. As such, these seven months formed the transitional period during which FCCC changed the financial year from January to December to August to July.

In comparison, 2015 was for a 12-month period and this was the main reason for significant differences in balances between the two years. The cash balance increased in 2015 due to collection of spot fines of over \$409,000 which has been remitted to Government in 2017. There were certain matters that were highlighted as part of the audit such as:

- Two receipt books were not furnished for audit – the records had generally been maintained properly and these were furnished for audit. However, these two receipt books in question were in anomaly. FCCC’s headquarters moved from Garden City in Raiwai to Gorrie Street in 2017 and due to this it proved difficult to locate the receipt book. The auditors subsequently verified receipting through bank statement reconciliations;
- A Journal voucher system was not maintained – FCCC has always maintained compliant to basic bookkeeping in appropriate and a timely manner. However, using basic modules in the financial software had limited scope. The software has been upgraded to the latest version and a journal voucher system has been implemented. Both external and internal auditors have verified this;
- Anomalies in provision for annual leave – in 2016, FCCC did not have a proper software such as a Human Resources Information System (HRIS) for keeping track of various leave categories. However, a manual system was maintained for record keeping. FCCC has now acquired specialised HRIS that captures all information regarding human resources including leave; and
- Tagging of assets – In 2016, FCCC financial software did not again have a fixed asset module. However, a fixed asset register was maintained manually and updated for financial reporting purposes. Later, in line with the best practise, we have upgraded the version of our financial software, all assets have subsequently been tagged for the purpose of reporting fixed assets and is now systematically maintained. This is in compliance with IFRS for Small to Medium Enterprises.

The Financial Year of 2016-2017 - Net assets had increased by \$420,000 mainly due to unutilised grant that had subsequently been used to replace old computers, purchase new vehicles and fund FCCC Headquarters basement fit-outs. Fixed assets and deferred income balances increased due to the movement of FCCC Headquarters from Garden City to Gorrie Street that required office fit-out on ground level.

Update on matters in the Financial Year -

- Payroll internal control deficiency – In 2016-2017, at that time FCCC was using an outsource payroll software maintained by Daltron. While this was in compliance with

FRCS and other statutory obligations, what we have done is later we acquired a payroll software that is linked with our financial and HR software's that has automated this process. There is no longer a manual entry being put in;

- Failure to reconcile fuel records for fuel payments – new procedures have been rolled out at FCCC whereby fuel receipts are verified against usage, travel and monthly supply statements. FCCC has also acquired a vehicle monitoring system to maintain oversight of vehicle usage and ensure there is no abuse of FCCC vehicles;
- Payment records not stamped as “Paid” – all FCCC official documents are archived for future references. This includes all financial documents, official correspondence, costing, review papers, board papers, complaint files, stakeholder submission, payment vouchers, tender papers and flying minutes, et cetera. Furthermore, all payments vouchers are stamped now and verified monthly in compliance to our Financial Manual. This is audited quarterly through an internal audit process and has now been implemented;
- Long outstanding other receivables – FCCC has reconciled other receivables account and later appropriate entries were passed to correct this in the financial system; and
- Tagging of asset that was raised in 2016 subsequently that has also been done and it is in compliance with IFRS.

Some key highlights during this period Honourable Members, that I would like to highlight is:

- FCCC name change and the branding – the Commission's name changed from Fiji Commerce Commission to the Fijian Competition and Consumer Commission effective from 1st August, 2017. With the change in name the Commission launched its new logo and shifted its offices in Suva and Lautoka to more prominent location for better awareness and to serve people better and also to ensure access to persons with disability;
- Five-year Strategic Plan was done – this is the first time ever we have had a strategic plan and the Commission Board actually embarked on a development of a strategic plan through technical assistance from the Asian Development Bank. The plan was finalised and adopted in 2018;
- Also in order to keep up with market practises, FCCC conducted a Job Evaluation Exercise (JEE) that was conducted by PriceWaterhouseCoopers (PWC) reflecting the Commission's desire to create a workplace that is fair, equitable and a provider of equal opportunity, not only that but also to ensure that we are able to compete in the market to retain the best people. The Commission's Board accepted the recommendation of the JEE and implementation commenced in phases in 2016. The first phase enabled FCCC to align our salary structure to market rates; and
- During this period we also undertook investigations of Bogus Travel Agents – Commission investigated a number of agencies that had obtained money from members of the public for overseas work visa, but, had not provided the service. These agents had been under the Commission's spotlight and were very evasive. They have since been brought to Court and at least two of them are behind bars; and

- Investigation of Online Traders – A number of online traders were using *Facebook* as a platform to conduct businesses and this was investigated by FCCC. One such trader was identified for multiple online store fronts with different names, namely “Desi Fashion”, “Fashion Palace” and “Pink Windows Creation”. The trader was subsequently investigated and charged for soliciting money and not supplying the items.

There were some challenges also faced by the Commission during this period such as:

- There was a change in executive management – the former CEO, Mr. Bobby Maharaj had resigned sometimes in June and subsequently I was appointed in late September 2016. The Commission undertook this exercise and the Board was involved in it and according to them it was very important to get the right candidate for the role;
- There were capacity constraints – many roles were not filled and a major recruitment drive was held to fill vacant roles. Also the capacity constraints in terms of the technical nature of the work that FCCC does; and
- Shift of Headquarters from Garden City, Raiwai – this was necessitated by expiry of lease and the intention of the landlord in Garden City to carry out development works. The office had to be shifted to Gorrie Street and since then we are there.

We have also attached a copy of the organisational structure in our submission which has people to post, so Members can view that at their pleasure. Apart from this Honourable Members, FCCC is in full compliance with IFRS for SMEs and we ensure that it is maintained. This is verified in our quarterly internal audit process and various Finance and Audit Sub-Committee Meetings. Quarterly internal audit function covers all areas of finance and operations and these findings are then presented to the full Board.

As part of ensuring that recommendation from this internal audit process is taken seriously, we have also factored that as part of key indicators for our Managers to ensure that audit recommendations are adhered to.

FCCC has also upgraded the version of its financial and HR software that have enabled more efficiency in the payroll function, leave management, human resource, asset tagging as well as monthly reporting for better decision making. FCCC has also invested in an electronic pricing portal that enables traders to make submissions online for pricing decisions. The turnaround for product pricing decisions has reduced from a fortnight to approximately two days provided all information is available.

Another major enterprise resource planning software that FCCC has invested in is the “Case Management System”. The software captures complaints on the time it is lodged with FCCC and keeps track of it through investigations, right through to closure or lodging the matter with Court for hearing. This brings more transparency, accountability and efficiency in compliance and enforcement of the FCCC Act.

FCCC has also recently been allocated the technical regulation under the Electricity Act. This has seen FCCC become a regulator of stakeholders in the electricity industry. FCCC also has a disaster recovery plan that focuses on business continuity and regular upgrades of hardware and software, anti-virus, database, storage and most importantly succession planning. Discussions are currently underway for offsite data storage, such cloud or third party.

Furthermore, the FCCC Act is also under review with the aim of evolving and strengthening the Act to address changing market conditions.

Honourable Members, ladies and gentlemen, FCCC has achieved quite a lot but there is a lot more yet to be done as FCCC continues to evolve and to grow. The objective is to foster a dynamic and competitive market in Fiji for the benefit of all Fijians. *Vinaka*.

ACTING CHAIRPERSON.- Thank you very much for your presentation CEO. Honourable Members now the floor is open to ask any question.

HON. A.M. RADRODRO.- Thank you Acting Chairperson and thank you CEO for the presentation. Just a clarification, the staff structure that you have at the back as appendix, you have only listed four Board Members.

MR. J. ABRAHAM.- Yes.

HON. A.M. RADRODRO.- Can you just provide a background of the respective Board members from the Chairperson to the Deputy Chairperson right up to the other two Board members.

MR. J. ABRAHAM.- Sure, Sir. Our Chairperson is Ms. Joann Young, she is currently the UNFAO Assistant Officer Representative to Fiji. She has got a background in policy as well as economics. Mr. Isikeli Tikoduadua is our former banker.

HON. A.M. RADRODRO.- The Chairman is from where?

MR. J. ABRAHAM.- Ms. Joann Young, she is a Fijian. She currently works for the UN Food and Agriculture Organisation (UNFAO), has a background in trade policy as well as economics. Our Deputy Chairperson Mr. Isikeli Tikoduadua is a former banker as well as has expertise in banking finance as well as in governance.

Mr. Sagar is the CFO at FBC, he has expertise in finance and Mr. Patel is an entrepreneur and has expertise in a wide range of areas including compliance. We are now building capacity here for Commissioner Patel in competition related matters.

HON. A.M. RADRODRO.- Thank you Acting Chairperson.

ACTING CHAIRPERSON.- Thank you. Any other question Members? Change of name is quite attractive, the name that you have got now. Can you elaborate on the name itself?

MR. J. ABRAHAM.- Sure, Sir, the name change was changed from the Fiji Commerce Commission to the Fijian Competition and Consumer Commission given that the focus of the organisation is basically to ensure that markets for goods and services in Fiji are competitive.

It is in line with our vision that has always existed to create a dynamic and competitive market in Fiji, but, also it complements our vision which is fostering and competitive informed, efficient and fair market place to enhance the welfare of all Fijians. The idea, Sir, is to ensure that the focus on competition and consumer protection is not missed out and that we are also mindful that when we are looking at regulatory practises, we are also mindful of balancing regulatory practises in ensuring that there is no burden of compliance. We do not put excessive compliance burden on the private sector but at the same time ensure that markets work well. So that was the reason where there was a change of name to look at FCCC; competition. It is also in line with the other jurisdictions where you have got the ICCC in PNG and ACCC in Australia.

ACTING CHAIRPERSON.- Thank you very much, any more question? Honourable Radrodro.

HON. A.M. RADRODRO.- Thank you, Sir, I note the key highlights that you have highlighted here. Investigation of Bogus Travel Agents and the work that you undertake to ensure that these bogus travel agents are brought to Court. There are certain issues regarding real estates that has sprung up here and there and specifically for university who have reviewed their rental, I think I brought it to your attention ...

MR. J. ABRAHAM.- Sure.

HON. A.M. RADRODRO.- ... against the regulations where the people are not allowed to increase or review rental. I just wanted to know what is current status is of those issues that have been brought to your attention taking from these highlights here that most these cases you brought to the Court?

MR. J. ABRAHAM.- Yes.

HON. A.M. RADRODRO.- Status of USP, not only USP but some other real estate agents.

MR. J. ABRAHAM.- Sure, Sir. What we found is not only real estate agent but there are certain landlords and not only landlords, but caretakers.

We found not only issues of illegal rent increase, but, there were other issues that were ongoing in the market, one of which was failure to keep agreements. As such the tenants were left at the mercy of landlords. Failure to issue receipts, so when the tenants would come and seek redress, let us say receipts were not provided and the landlord would just deny because there was no agreement and not receipts, so how do you prove that the person had actually



stayed there. That was a bit challenging in certain instances to establish that there was a causality or commercial relationship between the landlord and the tenant.

So we went on looking for issues, we found other issues in the market. There was some issues of discrimination as well, there was one where we took the matter to Court and the caretaker was subsequently fined, the caretaker had put out signs that only people of a certain race were allowed in that house and so we took the matter to Court. And that was a landmark decision, which was the first time where there was a cross over between Trade and Commerce and Human Rights, so basically looking at anti-discriminatory statements that were put out.

We also looked at issues surrounding the universities where students not only from Fiji but from other regional countries that do come. We have assisted students from other regional agencies, we have also had discussions and deliberation with the various Head of Embassies for these other Pacific Island countries that are here so that there is a focal point for them to raise concerns and grievances to us.

The other issue, Sir, that we noted is when we do investigations, there are certain times when we look at landlord and tenant issues, the tenants are only keen on pursuing the matter to the point where they get the redress, so if the landlord has increased the rent by \$50 and they get their \$50 back, Sir, they do not wish to come back and give statements and they do not participate in the process in terms of taking matters to Court. And as such we are put in a very awkward situation where we take the matter to Court and the witnesses do not turn up. Also it becomes rather difficult given that some of these accommodations are temporary stayers, so they are in one place for some time and then they move.

Having said that, we have also reached out and had some discussions with the Tertiary Loan Scholarship Board (TLSB) to look at the students that are registered with them to see how we can foster some exchange of information. As such, Sir, we have been working along with the stakeholders, we have also been working with the universities, the embassies and we have been giving out regular feedbacks and reminders as well as articles and creating more awareness on this matter so that these issues are highlighted and where the issues are highlighted and we have enough merits in the case, the matter is pursued and taken to Court and subsequently fines are imposed.

HON. A.M. RADRODRO.- So specifically for cases that rental increase in university that was brought to your attention, what is the end result of that?

MR. J. ABRAHAM.- Yes, Sir. Sir, I will need to check and get back to you with the matter that you specifically raised, but, where matters are raised and we find that there is enough evidence, we pursue the matter for the right to Court.

HON. A.M. RADRODRO.- Secondly, the staff organisation that you have here, there are some vacant positions yet to be filled.

MR. J. ABRAHAM.- Sure, Sir.

HON. A.M. RADRODRO.- Are these going to be filled soon given the high cash balances that you had in 2016 and also the work that you do in combining the Price Incomes Board, Commerce Commission and Fair Trading, in terms of ensuring that the consumers are properly looked after and they are not hoodwinked in terms of prices and the quality of goods that they do sell especially in supermarkets.

MR. J. ABRAHAM.- Sure, Sir. What we have done is, we have also taken other measures not only limiting ourselves to the system of going out and checking shops on a daily basis, simply because there has been a growth in the number of traders as well as existing chain of supermarkets have been opening up further stores.

You have seen companies like Nayan's that was hardly there. The time when I used to go to university, it used to be a small corner shop, now there is a chain of supermarkets. There is quite a lot of competition that has come around in the supermarket area and what we are doing, Sir, is looking at other systems of compliance. In the urban areas we are pursuing the voluntary compliance framework where we are trying to integrate the requirements under the FCCC Act into the internal governance system of various businesses.

Currently there are discussions with a prominent supermarket, a chain of supermarket that will soon be making an announcement that will be signing on the voluntary compliance framework. Apart from that, Sir, with the rural and maritime areas, we find that generally when our people go and do the inspection, the prices during the time when inspections are done, as soon as our officers leave the prices tend to change. So what we have done is, we have signed a MOU with the Ministry of iTaukei Affairs, in fact our team was out in Cakaudrove just last month, training the village headman, *Turaga ni Koro* to undertake surveillance on behalf of FCCC.

We are also now in the process of translating some of these requirements into the *iTaukei* language so that it can be given to shops as well as people. And through these mechanisms, we are raising a lot more awareness and people are coming forward and registering complaints and raising issues. Most of these issues when they are raised, they are solved at store level, however if there are still issues, they can report it to the *Turaga ni Koro* who will then put a report to the Divisional Officers who will undertake an enforcement check. That ensures that, one, we are always present and the access, the consumers are not burdened to travel all the way to our offices to lodge complaints, they can do it right there in their villages, Sir.

ACTING CHAIRPERSON.- Thank you very much CEO. How about SDG 5 on gender equality in your organisation?

Are you trying to say that you would be one of the organisations that will be fulfilling these requirements that is important and realising also that members of our female community are more in number in Fiji and at the same time they are as good as anyone. They are able to

do a lot of education uplift and perform very important duties to our nation. In your organisation, how you would like to fit that in?

MR. J. ABRAHAM.- If I may, Sir, when you looked at 2016 the period in question we had 10 officers in total, now we have 37 females.

If you look at the three tiers of management at FCCC, when I joined there were 14 people within the management structure of technical managers, senior managers, spot team as well as executive management. When I joined, there was one female and 13 males, today it is all sitting at a 50 percent balance. In fact, having said that, Sir, earlier this year FCCC was probably the first public sector organisation ever to be recognised as employer of choice for women in business. I do not suppose any other public sector organisation has ever won that award and we went up against the private sector and we have come up with best practises.

We have got quite a lot of policies and practises, not only women but also to keep in mind that we have got male champions and keeping things that are important to families. So we are constantly encouraging a culture of family, just recently we have installed baby changing stations at FCCC as well. We have got flexibility in terms of working mothers who have newborns, we have got a children's play area, we have in fact, also one of the reasons I guess we won the employer of choice is that we were one of the first organisations to provide free sanitary pads to our female officers. It is available in the office for their use in case they do not have any.

We keep in mind that it is important that we look after women and look after members of our organisation, but, also to give them equal opportunities, ensure that there is growth for them. So when we do our training plan and whenever there is a training session that is held, we ensure that we look at equal participation, we give them equal opportunities and then we leave it out for them to battle it. Again just because they do not get preferences, so we do not have quarter system, but, we find that women are quite up there, they are resilient and in terms of Managers, they are very reliable Managers as well.

That has been a change from 2016, so when I walked in as CEO, we had only 10, now there are 37. So having said that, we still face some difficulties in terms of monitoring officers where we find that generally women do not apply because this requires them going out and having day to day inspections, working out in the sun, taking boat rides, going out to the villages, to the interiors and having to spend time there. So it does still pose a challenge but we constantly encourage women and we have most recently hired an assistant monitoring officer who is a female and she is doing a wonderful job.

ACTING CHAIRPERSON.- From your earlier comments regarding the landlords and tenants relationship, you know that both of them play a very important role. You also know that sometime the tenants are a problem to the landlords and you also know sometimes landlords are also becoming a problem. Now knowing that every centre requires this needy association between landlords and tenants and they also need those facilities to be near to their workplace. Do you have any standard type of agreement form because most of the tenants as

you know, those who may not be up to that knowledge or maybe sole member of their community providing those service so that they can have that standard agreement forms which they can sign and they have a sort of permanent relationship. They know that within the law they are able to assist because most of the time when there is no agreement, there are a lot of conflicts and there are a lot of bad publicity. I would just like to ask, do you have anything of that standard or would you like to implement such important relationship that is needed especially in the urban centres?

MR. J. ABRAHAM.- Sure, Sir. What we have done is, way back in 2013 and 2014, we had done a self-regulating guidelines for landlords and tenants and that is available on the FCCC website. That has got a standard agreement attached to it, so anyone can go, print it of the website and all they need to do is fill the names and sign at the end. The standard clauses in terms of the requirements under various laws are part of that agreement including condition report, the inspections of landlords, when can landlords come in and inspect, what are the rights of landlords, responsibilities of landlords and also what are the rights and responsibilities of tenants. So they are all outlined in the sample agreement that is available on our website.

ACTING CHAIRPERSON.- Thank you very much. Also you would realise even in urban centres now there is a a need, especially for civil servants who go and serve in those areas. There is a shortage of Government quarters, so would you recommend that there should be a standard sort of living facilities in those areas where our civil servants go. Also people living in rural areas, if they want to invest, they can invest and bring about a lot of savings to the Government as well.

MR. J. ABRAHAM.- Sure, Sir. In fact I hear what you are saying Honourable Member, but, one of things that we are look at in terms of housing stock and the provision of housing services or standardised housing services. One of the things that is there is opportunities exist in the market for private sector investment to take up these opportunities of providing standardised houses. You have recently seen that Government policies have come with strata titles because there is only so wide you can build. So now the idea is that you built upwards and the provision of all these services via making policies on strata titling, I think it is one of the manner in which we can tackle this. The other thing to do, Sir, is also to look at the opportunities that exist in some of the areas where there are people who are coming in from say the rural and maritime areas.

I, in fact can say that I have travelled almost all islands that people stay in Fiji including upper Lau, southern Lau, I have been to Rotuma twice on the boat, I have been to the Yasawa's and to Mamanuca 's because I firmly believe you cannot make policy decisions sitting in the office. I personally take it on myself to travel to all these places and to talk to the people and get an idea of what is happening on the ground. One of things that is happening that is good to see is that there is a lot of micro and small enterprises and people participating in economic activities which then keeps them in these areas.

Now specifically to do with workers and civil servants, indeed as the largest employer, I am not sure what is the policy stance on providing Government quarters, but, definitely

enough market forces exist in terms of determinants of rental price and I have previously said this in my interview to the media as well that sometime it is a high degree of collusion between landlords and tenants to beat systems like the rent freeze.

I will give certain examples, at least one instance where we noted that when we did the inspection, the landlord said the rent was \$500, the tenant said the rent was \$500 and the receipt was \$500. In fact two weeks later the landlord's wife hung her dirty doormat where the tenant's wife had put her bed sheets, some sort of dispute erupted and the tenant came and complained that they were paying \$700 all along; the \$200 was not accounted for.

So when there is this high degree of collusive practises, it poses a challenge for enforcement agencies like FCCC to effectively monitor this because the demand side of the market has enough power to be able to send signals to the supply side of the market now. Having said that, Sir, there needs to be consumer solidarity in terms of sticking to what is right. What happens is, generally we find there are four or five of us and we are looking for houses and four of us will go and say, "no, we will not pay the higher rent because it is not right", the fifth one will say, "do not worry I will pay for it."

There is a system of beating it and tenants are equally responsible for this. As landlords there is a high degree of unethical behaviour that goes on here to the point where there is an instance where someone called me and they said, we have been staying here for the last so many years and the landlord is causing some trouble, we want to come and lodge a complaint. I said, "Sure come in and lodge your complaint."

And I said, "but you know the rent freeze is on." He said, "yes, yes but we are paying for the rent and it is like depositing into our account, so when we move out we will come and lodge a complaint." I said, "if you do that, Sir, we will charge you for aiding and abetting because the FCCC allows us to charge tenants as well for aiding and abetting in the violation of the FCCC Act. And because it was for an unknown number, we could not trace it and the person never called back. Unfortunately, Sir, that is the problem, the lack of consumer solidarity is a problem and it comes to the rental market.

HON. A.M. RADRODRO.- Acting Chairperson, just another question to that, I think the landlord tenancy arrangement is always a very enterprising situation to counter in terms of carrying out your duty. Where landlords increase rent while tenants are still existing, they still residing in the premises for reasons like we are doing renovations, given that there is a land rate freeze in place. How does FCCC view that increase?

MR. J. ABRAHAM.- Well, Sir, the order on the rental restriction is quite clear, it is fixed on the premises so there can be no increase until and unless, there is one provision where if someone has done a renovation and what they can do is make an application and the Minister has powers under the Act to give an exemption. However, no one has been given that exemption, yet.

HON. A.M. RADRODRO.- So with that existing tenant, they can still get it.

MR. J. ABRAHAM.- No, even if a new tenant comes in, there is no review. Currently there is freeze in place which means the rent that was on from 2nd March, 2007, you cannot increase the rent, it is quite clear.

ACTING CHAIRPERSON.- Thank you very much CEO. Which National Development Plan indicator or pillars does FCCC with the Ministry of Industry, Trade and Tourism fit into?

MR. J. ABRAHAM.- Sure, Sir. What we do is, there are certain areas, we do not normally look at the NDP we look at the SDGs as well. There are certain SDGs that relate directly to FCCC. I will give you an example, what we do is we constantly look at collaborative practises in terms of talking with the private sector to ensure that we get solutions to some of these issues. One such solution that we have been discussing was with telecourse with the access of data. In this day and age where technology can also be used to breach the inequality in society, if access and affordability does not exist, what happens is, it can serve as an impedance for a larger inequality to exist and as such, it is important that the continuous investments need to be made and what FCCC does is continuously monitors these as part of the regulatory pricing mechanism.

So we have got a system of what we call, “The Regulated Asset Base”, so we look at the investment in assets by various different entities. Now in terms of looking at the National Development Plans, there are definitely targets, none of them are directly hinged on FCCC simply because we are an independent institution that sits separate from Government.

Now having said that, some of the things that we are doing in terms of when we do our exercises, we undertake consultation and we look at the various areas of the National Development Plan. I can give you an example, most recently we are looking at the electricity tariff review and we looked at the requirements under the NDP in terms of ensuring affordable and access of electricity into various areas and that is why we looked at approval of a Kapex plan for Energy Fiji Limited to ensure that they are making investments into the infrastructure.

Apart from that, if you look at Goal 7, we are also looking at things like affordable energy, we constantly look at the pricing mechanisms that exist. In fact when there were some rumours that prices will soar overnight because of the attack in Saudi Arabia by rebels, I think Fiji was probably the only country that reduced the price. Today is the 15th, as of today, we have reduced the price for LPG gas as well simply because we have previously taken proactive measures to ensure that we reduce the supply stocks to the Fijian market. Now having said that, Fiji is a price taker so what happens in the international market will definitely come to Fiji, but, having these additional stocks piled up allows to actually allow for Fijian consumers and businesses to adjust their consumption patterns. In terms of Goal 8, we are talking about decent work and economic growth. Decent work in terms of, it is not only limited to consumer protection but we also look at it in terms of various businesses, in terms of how do they deal with their workers. So a lot of people do not know this but there is a section in the FCCC that talks about certain misleading conduct in relation to employment which means you cannot lie

to someone and get them to work for you. So those provisions also exists. What we do is, when we do our consultations like every other stakeholder. When we call for public submissions, we receive submissions say from the Ministry of Economy, Ministry of Industry and Trade on certain matters and they outline how the National Development Plan fits into their role so that is being done.

We look at the SDG's benchmarking, we look at what is there in the National Development Plan, what is there in terms of our Strategic Goals in making markets competitive and so we move on from there. Also in terms of ensuring access to justice, we are constantly ensuring that we are able to provide justice to consumers, to small businesses even to large businesses that victims of restrictive or unfair trade practices and as such we continue to do that now. Specific to that, you will not find any indicators, however you have got general macro-economic indicators about economic growth, and you will find indicators to do with some specific sectors like water and sanitation, energy. So when we do undertake reviews in these areas we look at what the National Development Plan has, given that that is a general direction that the country is looking or aspiring to head towards.

We not only look at what is written in the National Development Plan, we look at the intention and we look at the principles and the good policies that we can take out from there and we compare that to the SDGs as well and to make sure that Fiji is on its way to meeting some of these commitments while ensuring that consumers are protected, welfare of Fijians is safeguarded and also ensuring that businesses make an equitable return.

ACTING CHAIRPERSON.- (Inaudible) ... recent media sort of debate between your organisation and Fiji Buses Association. Are you able to come to some ....

MR. J. ABRAHAM.- Thank you, Honourable, Sir. My position on that has always been clear that I owe the duty of care to all Fijians to ensure that we check, we make the right amount of scrutiny that we do our due diligence. In fact one of the examples I give is, Honourable Sir, even when you pull up to the pump at the service station, I think no one gets off and checks what the price is on the pump. What are you paying by litre, no one says "give me a \$1.80 worth of fuel". No. People just say, "\$10, \$20 Unleaded, or Super", no one goes and checks what the dollar value that is written on a per litre basis, which is what the FCCC does. We do the due diligence so Fijians can rest and Fijians can be rest assured that someone has done the checks and the same applies to any other industry.

In fact, I see that there is a need for accountability and a need for transparency. I only said to the Bus Operators Association was open up your books, show us the numbers, justify your case. Of course we understand that the bus fares have not been reviewed for the last 10 or so many years, however, just because it has not been reviewed, it does not mean there is a need for an increase. It means you still need to justify, a lot of dynamics in the market could have changed. Perhaps an increase could be justified or a reduction could be justified, we are not sure, the thing is I am not sure.

So that is why we had asked them to give the details. In fact, currently one of the things that we noticed is that there is not an effective regulatory system currently put in place. So the bus industry is also unaware of when the price change will happen and how it will happen. Currently we are in the process of trying to work out a regulatory mechanism and we will work with LTA which is the sector specific regulator in this matter.

We come in from a consumer protection perspective but also given that FCCC's expertise in undertaking regulatory pricing decision at a national level. And so we were party to that and we had done some work but subsequently done up a report and discussed it with various stakeholders, members of the Review Committee. We have asked them to give some further information that was asked of them. Now we are in the phase of actually building up a proper system around that and once that system is completed, I am sure LTA will come up with something.

HON. A.M. RADRODRO.- Deputy Chairperson, just a clarification. CEO regarding bank charges that are levied to credit card holders. Some institutions still charge, say when you use credit card, they still charge bank fees on this.

MR. J. ABRAHAM.- We checked this with the Association of Banks in Fiji, the exemptions for fees and charges were on local debit cards. There are some people who hold international debit cards that is supported by Visa or MasterCard or their credit cards and they still will attract bank fees because the exemption of fees was on local debit cards. There are other issues that we are looking at.

HON. A.M. RADRODRO.- (Inaudible) ...must be in local debit card and the credit card issued by local banks.

MR. J. ABRAHAM.- The difference would be, Sir, the local debit cards issued by banks here in Fiji and the international debit cards or international credit cards are issued by or supported by the Visa or MasterCard. If you want, I can show you the cards; that is the difference between the cards.

HON. MEMBER.- (Inaudible)

ACTING CHAIRPERSON.- We would like you to sum up today's meeting. I think we are very impressed with the response that you have given and we hope the country will benefit as a whole and definitely your role will be able to reach many corners of this country. They have not realised how important it is. I am sure your awareness programme in all three languages would benefit both consumers and also those who are doing business. In the end both parties are able to win and they will be able to have a relationship. So CEO and the gentleman accompanying you, we thank you both and would like to have a final remarks unless if the Office of the Auditor-General has anything to say.

AUDIT REP.- Thank you, Honourable Prakash we do not have any questions.



ACTING CHAIRPERSON.- The floor is yours for your concluding remarks.

MR. J. ABRAHAM.- Thank you Honourable Members. I would like to take this opportunity to thank the Honourable Members, the Office of the Auditor-General for doing a wonderful job.

Also, to our Manager Finance, as one of the questions that was asked is, some positions, in fact we got him from Asco Motors. He is well qualified and he was managing some of their Pacific operations as well. So one of the things that we are now doing is looking at getting the best people so that we are able to deliver. We also thank the Government for looking at the allocations to FCCC.

We exist to help all Fijians whether you are the President or a farmer, everyone is a consumer and being the enforcement agency that can come out and look at issues, provide solutions to market failures, we thank the support that is there. We also would like to have a special thanks to our Board of Commissioners, you rarely see them but the amount of time that they spend in looking at regulatory decisions, sometimes we have Board meetings that last longer than 8 hours. There are a lot that we do, FCCC also looks at various areas, not only consumer protection, rental, we look at various industries that are regulated, we look at competition in the market, under competition we look at merger clearances as well and merger and acquisitions in the market.

I am glad to have a good team at FCCC who are passionate, we are testing the bonds, we are also implementing newer things. We are benchmarking; we have benchmarked with the Business Excellence Framework. Last year FCCC was awarded with an Achievement Award, we also participated in the innovation symposium and won an Excellence Award. We recently participated in the National Quality Convention and won an award for the Innovative Project for the Electronic Pricing Portal. We constantly assist our Pacific brothers - Samoa, Vanuatu, Solomon Islands, Tonga, Kiribati. We also have a strategic partnership with the New Zealand Commerce Commission and the ACCC given that there is no comparable agency in Fiji that we can really benchmark with and the nature of work is quite technical in terms of competition, regulation and consumer protection.

There are some capacity constraints but we do mitigate this by having strategic partnerships. We also constantly work with various other agencies like the Food and Safety Unit to look at issues of deteriorating meat quality, we are working with other agencies like FRCS in terms of referring issues where we find that there are some issues of transfer pricing that we identify in regulatory pricing decisions, we work with the Financial Intelligence Unit, the Reserve Bank of Fiji to look at the Financial Services Sector. We do look at high level principles in terms of benchmarking so if I can use the banking industry as an example. We use the G20 high level principles on financial consumer protection and then we look at other jurisdictions; we look at jurisprudence in these areas and then we continue to regulate but at the same time we ensure that there is no excessive cost of regulation. So our approach has really been collaborative, working with the private sector hand in hand but at the same time I have always said that where people do wrong, they need to be worried and what we do is we

use a risk-based approach now in looking at identifying non-compliance and remedying them in the market.

With that, I thank the Public Accounts Committee, the Opposition and Government for their support and let us continue to keep Fijians protected.

ACTING CHAIRPERSON.- Thank you very much. I request you to have a photo session with us.

The Committee adjourned at 3.40 p.m.

**STANDING COMMITTEE ON**  
**PUBLIC ACCOUNTS**

**2016/2017 AUDIT REPORT ON STATUTORY  
AUTHORITIES**

**[Verbatim Report]**

**Civil Aviation Authority of Fiji**

**FRIDAY, 18TH OCTOBER, 2019**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON 18TH OCTOBER, 2019 AT 1.06 P.M.**

**Interviewee/Submittee: Civil Aviation Authority of Fiji (CAAF)**

In Attendance:

- |    |                      |   |
|----|----------------------|---|
| 1) | Mr. Ajay Kumar       | Acting CEO                                    |
| 2) | Mr. George Tudreu    | Controller Air Safety                         |
| 3) | Mr. Rigamoto Aisake  | Controller Aviation Security and Facilitation |
| 4) | Ms. Theresa Levestam | Controller Ground Safety                      |
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DEPUTY CHAIRPERSON.- On behalf of the Honourable Chairman of the PAC and Honourable Members, I as the Deputy Chairperson, would like to welcome everyone to the public hearing today from the Civil Aviation Authority of Fiji (CAAF). At this time, we also welcome the members of the media fraternity, Mr. Ajay Kumar, the Acting CEO.

*(Introduction of the Members and Secretariat by the Deputy Chairman)*

Ladies and gentlemen, just a matter of interest, while you give your deliberation, the Honourable Members can interject from time to time and we will ask certain questions where you are expected to give a response. Should at any given point in time you want to give a written response later on, you have the liberty to do so. Without further ado, I request the Acting CEO, Mr. Ajay Kumar to introduce the members of his team and begin with his deliberation. Thank you.

MR. A. KUMAR.- Thank you Deputy Chairperson for according us this opportunity to be here.

*(Introduction of CAAF team by Acting CEO).*

DEPUTY CHAIRPERSON.- You may begin with your deliberation.

MR. A. KUMAR.- Deputy Chairperson, we have got two parts to it. One is the PowerPoint presentation and the other is the two questions raised as part of the audit query. We will be guided by you whether you want us to go through this presentation first.

HON. A.M. RADRODRO.- Sorry. You just introduced your executive team, can you just allow them to enlighten us on what is their basic role in terms of position that they have?

MR. A. KUMAR.- Thank you, Deputy Chairperson.

MR. G. TUDREU.- Deputy Chairperson, *bula vinaka*, ladies and gentlemen. I am in charge of Air Safety Department in CAAF. My role and responsibility involves the oversight and management of airlines, certification of airlines, certification of pilots, engineers and medicals.

DEPUTY CHAIRPERSON.- Thank you.

MR. R. AISAKE.- Honourable Deputy Chair, I am the Controller Aviation Security and Facilitation specifically responsible for the implementation of ICAO and .... 17 requirements pertaining to the standards and recommended practices governing aviation security globally. Part of my responsibility also include the certification of oversight of certification processes to do with the aviation security stakeholders which we oversight as part of the requirements.

DEPUTY CHAIRPERSON.- Thank you very much.

MS. T. LEVESTAM.- Good afternoon Honourable Deputy Chairperson and Honourable Members of the Committee. My name is Theresa Levestam and I lead the Ground Safety Department of the Civil Aviation Authority of Fiji which looks after two main areas and one of them is Airports or Aerodromes and the other one is Air Navigation Services which is Air Traffic Control, Flight Information Service and the Air Navigation Aids in Fiji.

DEPUTY CHAIRPERSON.- Thank you very much. Mr. Kumar, you may begin your presentation.

MR. A. KUMAR.- Deputy Chairperson, we have divided the presentation according to the expertise my staff hold, so we will start with Captain Tudreu and go through the PowerPoint slides.

MR. G. TUDREU.- *Vinaka*, Honourable Deputy Chairperson. I will just give you an overview of the presentation we have with regards to Part 1 which deals with Fiji's obligations to international civil aviation. So just check in brief what is this overview in Part 1 covers, it is the Convention on International Civil Aviation, the International Civil Aviation (ICAO) structure, the Regional Offices, the Aviation Training Centres in relation to ICAO where Fiji sits in the Asia Pacific Regional which is the sub-region, the Safety Oversight System which we are subjected to in terms of oversight and eight critical elements relating to the International Civil Aviation.

In terms of the Convention on the International Civil Aviation, very briefly we refer to as the Chicago Convention. We signed the Chicago Convention on 5th March, 1973. In this Convention there are 96 Articles which we are obliged to comply with, two of them that you actually see on the PowerPoint slide, just put up for your information in terms of responsibilities that the Civil Aviation Authority of Fiji has with regards to Articles 28 and 37. Article 28 is relating to Air navigation Facilities and Services and Article 37 in relation to the adoption of what is known as the International Standards and Procedures or practices.

In terms of....

DEPUTY CHAIRPERSON.- Hold on, there is a question from Honourable Ratu Naiqama Lalabalavu, you may ask your question.

HON. RATU N.T. LALABALAVU.- Thank you Honourable Deputy Chairperson through you, thank you, Sir, and for the team that is here. Just a question on the international standard that we have to adhere to. Given the number of accidents that we have recently had, and a question was raised in the House regarding the adherence to policies regarding first light, last light especially on medevac, the helicopter that got lost which landed in Taveuni on the

way back, it was dark. We are wondering how you adhere to the standards that you have just alluded to and the number of accidents we have had. Is that a normal thing?

MR. G. TUDREU.- Thank you Honourable Deputy Chairperson, thank you Honourable Ratu Naiqama Lalabalavu. We set the standards, we oversight, we regulate according to the standards which we set. At the end of the day, Sir, we stop short of holding the hands of the people that we certify in terms of the activities that they conduct. The rules are in place, we enforce the rules that are in place.

In this particular case, I would have to take some caution because there is an accident investigator who is conducting his investigation, who will come up with a list of recommendations but there are instances where operators step out of line; that is a fact of life. The main thing that the Authority is concerned with is, ensure that there it has got enforcement processes in place when they step out of line. Not only enforcement but awareness and education.

So in this particular case, you are correct. There are provisions on last light, first light operations. At the end of the day the responsibility lies with the operator who has been certified and licenced to comply with the laws. If they do not, that is where we step in.

DEPUTY CHAIRPERSON.- Thank you Honourable Member, thank you for the response, you may move on.

MR. G. TUDREU.- Thank you, Mr. Chairman. In terms of the ICAO structure, there are 193 contracting states worldwide that have actually signed on to the Chicago Convention, the latest being 2017 which was the State of Tuvalu being one of the later states. The General Assembly that was formed meets every three years. We have just recently returned from the General Assembly that was conducted at the ICAO Head Office in Montreal two weeks ago. So that activity is conducted every three years and that is where all the contracting states including the council that has been appointed meets to discuss international level standards and requirements.

There is a Secretariat that runs the day to day administrative affairs of ICAO and there are technical commissions which consists of all the subject matter experts worldwide that determine what the standard should be throughout the world.

Could we move on to the next slide please, are there any questions? In terms of regional offices, I apologise if the diagram is a bit difficult to see. The regional office that Fiji reports to is in Bangkok, Thailand. We are part of the Asia/Pacific Region, so the regional office in Bangkok and the head office is in Montreal. Just to give you an awareness, you will get the list of names further on in the slides. There are about 48 countries in APAC region.

First to give you an overview. Fiji on the recent, we underwent an audit by the International Civil Aviation two months ago, we were subjected to an audit. In that audit, the vetting process, will be formalised very shortly.

We have come out eleventh out of the 48 countries so in terms of the standards and in terms of our aviation industry that we regulate, our effective implementation rate went up from the last audit which was in 2006, which we were at 63 percent, we are at 78 percent compliance

now with ICAO, considering the size of our country and our industry is something worth noting.

HON. RATU N.T. LALABALAVU.- Just a point of clarification Mr. Deputy Chairman, through you, thank you Tudreu. On subjecting ourselves to this audit, what sort of improvement have we done on the black listing that was given to Nausori Airport at one time? Has that improved?

MS. T. LEVESTAM.- Honourable Deputy Chair and Members, if I may answer that because it comes under aerodromes. So, basically the blacklisting of Nausori Airport was lifted several years ago and that had to do with specific arrival procedures into Nausori Airport because of the narrow width runway. So, that has actually been lifted.

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

MS. T. LEVESTAM.- Yes, they comply with majorities. So at the moment they are undergoing a runway upgrade programme which will be completed at the end of next year, which should see it compliant with all areas of aerodromes.

DEPUTY CHAIRPERSON.- Thank you for your response.

MR. G. TUDREU.- Honourable Deputy Chair, ICAO has 35 Aviation Security Training Center Networks globally and they are allocated in the five different ICAO regions as on the slide. These aviation security trainings centre networks specifically have a material-based training which all contracting states aviation security service providers undergo as part of the training for aviation security and in the conduct of aviation security work. This is in material based training which these 35 ICAO centres provide for ICAO contracting states, the 193 states and this training is provided in six ICAO languages; French, Russian, Spanish, English, Chinese and Arabic.

So, we are part of the APAC region and Hong Kong, Auckland and Kuala Lumpur including Singapore provide this standard material based training as part of Aviation Security Training in the centres for Fiji. Thank you, Deputy Chair.

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu, you may ask your question.

HON. RATU N.T. LALABALAVU.- Thank you, Honourable Deputy Chair. Another point of clarification there regarding, I do not know whether it is honour to raise question on air spaces here because it is to do with safety and the role that we have in the region plus the role of New Zealand, do they still have an overlapping role on the role that CAAF plays here over our airspace?

MS. T. LEVESTAM.- The Honourable Deputy Chair and Members, if I may answer that on as airspace comes under my department. With regards to airspace, in 1992 New Zealand had taken a portion of the airspace that Fiji was looking after but that actually belonged to Tonga and Samoa. So it was their prerogative to actually give the airspace over to New Zealand but Fiji still maintains and manages Air Navigation Services within the current six and half million square kilometres that we do have and there is no overlap at the moment with New Zealand.

HON. RATU N.T. LALABALAVU.- (Inaudible)

MS. T. LEVESTAM.- That all goes to Fiji Airports and then Fiji Airports, there is a particular formula whereby they distribute it to the states that are within our FIR. Say for example, Kiribatis, Tuvalu, Port Vila and Noumea, so part of it is distributed to them and the rest is utilised by Fiji Airports.

DEPUTY CHAIRPERSON.- Thank you for your response. You may move on. Honourable Radrodro you may ask your question.

HON. A.M. RADRODRO.- Deputy Chair, on the grounding of Boeing 737 MAX. Is it coming under your compliance organisation?

MR. G. TUDREU.- Deputy Chair and Sir, yes, it comes under the organisation. The certification of that particular aircraft is under the Civil Aviation Authority of Fiji..

HON. A.M. RADRODRO.- As part of the Civil Aviation Authority of Fiji ?

MR. G. TUDREU.- Yes.

HON. A.M. RADRODRO.- Can you just update the Committee what is the current situation now going forward. Will it be reviewed?

MR. G. TUDREU.- Currently that particular aircraft type is worldwide still sitting on the ground essentially. The original state of design and manufacturing authority obviously still has a lot on its plate to be satisfied. So, at this moment we in Fiji as the regulatory authority are following suit. At this moment in time, there is no intention for that aircraft to come back online. We are following what our, if for lack of better terminology, what the bigger boys in the industry are doing. There are plans for that aircraft to be relocated to a place to be stored until this whole issue is satisfactorily resolved. Thank you, Honourable Deputy Chair.

DEPUTY CHAIRPERSON.- Thank you very much. Are there any other questions?

MR. G. TUDREU.- Thank you, Honourable Chair. The next slide is basically just giving you an overview. Again, sorry, if it is too small for you to see. On giving you a list of states in the Asia/Pacific Region under which Fiji belongs. We are in the Pacific sub-region. There is nothing much to say on that one except that, out of that list, we are currently 11th.

On the next slide is the actual list of what is called the International Civil Aviation Organisation (ICAO) annexes which Fiji is obligated under the Chicago Convention to comply with. There are 19 annexes in total. These 19 annexes translates in various means and forms into our legislative system under which all the operators are required to comply with.

So, from Annex 1 – Personnel Licensing to Rules of the Air (Annex 2), Meteorology, Operation of Aircraft, Aircraft Nationality and Registration Markings, all the way to Security, Safe Transport of Dangerous Goods and Safety Management. In total, there are approximately 10,000 standards which have to be translated into national law for compliance by the industry.

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu, you may ask your question.



HON. RATU N.T. LALABALAVU.- Yes, on Annex 17 – Security. On a recent visit to the Western Division, we have noticed the development that is occurring within the fringes of the aerodrome. I understand there used to be a certain radius for certain developments to take place and the height. We have noticed developments going right up and how is that being looked at in terms of the safety of the aerodrome because of that big, high-rise building near McDonald's there and the ones that run almost not too far off from the runway now.

MS. T. LEVESTAM.- Honourable Deputy Chair, if I may answer again. Basically that comes under airport developments. The CAAF works with Fiji Airports and other stakeholders that have an interest in the building around the area. We have had lots of queries with regard to the Nalagi Hotel and all of it has been done using specific ICAO criteria and it is all within the requirements of any buildings that are surrounding the airport.

DEPUTY CHAIRPERSON.- Thank you for your response. Any other questions?

HON. A.M. RADRODRO.- What about at the back, new developments on the beachside, Wailoaloa Beach.

MS. T. LEVESTAM.- Yes, that is correct. Where the runway is situated, the height of that particular surface above mean sea level is much higher than all the other buildings in the surrounding area. So, with the ICAO requirements, we use above mean sea level so then the height of the ground level is taken based on that. Most of the hotels around the Wailoaloa area are all much lower than the actual altitude or height of the actual airport itself.

HON. RATU N.T. LALABALAVU.- Deputy Chair, a supplementary question on that because I remember cases that existed then where Pullman is now, that was a long outstanding legal case there. However, Civil Aviation Authority of Fiji Islands (CAAFI) had to take a very strong stand in ensuring that we complied with safety. But again, things have changed and as you had stated, Madam that that is another development that the CAAF is conducting with AFL now.

MS. T. LEVESTAM.- Yes. Basically, CAAFI does its own independent assessment, Fiji Airports does its own as well taking into account their master plan and so based on all of that, we give our own assessments to the Department of Town and Country Planning, then they go ahead and give the approvals after that. So we basically coordinate with the Director of Town and Country Planning on all our approvals. We have always maintained that if anyone wanted to come in and have a look at the calculations utilised, what standards we have used, the books are always open.

HON. RATU N.T. LALABALAVU.- Given that all these lands were under CAAFI, what sort of revenue has come your way regarding this prime new town areas and all that?

MR. A. KUMAR.- Deputy Chairperson, the airport land was transferred to Fiji Airports in 1999 without any consideration. Area revenue, whatever it is sitting on now is accruing to Fiji Airports, so all of that land has been transferred. The Authority only maintains about 85 acres of freehold land in Wailoaloa and that is agricultural land and they are sitting tenants on it. The revenue that accrues from there will be seen in the financial statement which is very low and we are sort of stuck with that. That land was acquired for future developments of the Nadi Airport Runway. They did not eventuate, now we have lost that to Fiji Airports, we do

not need it, the land is owned by CAAF, it was for a purpose but the activities now on to the Fiji Airports.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro?

HON. A.M. RADRODRO.- A question regarding those developments. If I hear it properly, the CAAFI had taken a stand against the developments to be held in those areas where the new hotels are. But now things have changed, what has changed, have the risks changed or has the interpretation of the International Civil Aviation Organisation (ICAO) has changed? What has changed from then to now to allow development to come through?

MR. G. TUDREU.- Deputy Chairperson, I do not believe anything has changed, our mandate and the requirements that we have as indicated on the board with regard to annexes, , we are required to fulfil, meet or if not exceed the requirements. In fact, if I could just share a comment on this. The amount of requests that are actually coming in to build higher than what is currently in place, the list is quite big. We have had to put our foot down with regard to the developments because there is a standard that needs to be complied with. With regard to the runways that have been established, it is not only within the vicinity, there are plane lands that divert out of the runways, and beside the runways that needs to be met, just in case an aircraft has an emergency situation and has to, where the performance is degraded. I am not really sure, I cannot substantiate the comment that has been made that the standard have been lowered. I can say that in our tenure ship, the standards have been maintained, if not, made even more stringent. Thank you, Deputy Chairperson.

HON. A.M. RADRODRO.- You are reconfirming to the Committee that those developments possess no risk at all? They currently stand where they are and pose no risk at all to your compliance to the ICAO?

MR. G. TUDREU.- Thank you Deputy Chairperson. I think if I can qualify it, everything has got a risk when we walk out the door, tomorrow there is a risk something might happen to us. What I can attest to, substantiate and confirm is that the obligations that have been placed on us by our signatory to the Chicago Convention by the standards that have been set, we have met them. What that standard is, is just giving a baseline. We meet the standard, we are safe, it does not guarantee us 100 percent safety. Like what Honourable Ratu Naiqama rightly mentioned the helicopter in Savusavu. Our oversight activity based on the resources that we have, we can be considered, we have been told, we are too overbearing and too regulating but even then the issue like Savusavu happened.

I can only talk on the standards that have been set in place and the obligations that are put on the Authority that those developments that are happening around the airports, they are to ICAO standards. Thank you, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Yes, Honourable Aseri Radrodro.

HON. A.M. RADRODRO.- Just a clarification on Annex 8 - Airworthiness of Aircraft that also includes helicopters that you certify?

MR. G. TUDREU.- Honourable Deputy Chairperson, yes, Sir, that also includes helicopters. All aircrafts in Fiji, aircrafts being from helicopters to drones, to large wide-body jets to float planes; all aircrafts.

HON. A.M. RADRODRO.- The airworthiness certificates given to helicopters are up to a standard and they are not like rejected or second-hand helicopters that have been rejected by our neighbours, Australia and New Zealand.

MR. G. TUDREU.- Honourable Deputy Chairperson, yes, Sir. I can confirm that all aircraft that actually make its way onto the Fiji register are actually, again for lack of a better word, live aircraft from other States. So in another words, the process that is involved is that aircraft must be actually on the register and active in a foreign state before it comes into Fiji.

The aviation industry and the aircraft which operate within the aviation industry is, if we were to implement the same standards to motor vehicles and to marine, suffice to say most of them would be actually grounded. There is, for example, a life to certain parts that are put on aircrafts especially with the helicopters before they even fail, they are replaced. So, yes, we can confirm that the aircraft that are on the Fiji register are not rejects. Having said that, if continue from there, there are quite few aircrafts in Fiji that are second-hand that are leased as in any transport industry. The way it works is, the older the aircraft the more stringent the oversight, the more stringent the certification requirements and the more expensive. Because the older the aircraft gets, the more rare the parts become so it will become more expensive to maintain. Thank you, Honourable Deputy Chairperson.

DEPUTY CHAIRPERSON.- Thank you. You may move on.

MR. G. TUDREU.- With regard to the slide that is on the PowerPoint at the moment, this is basically compartmentalising or separating it to various components, the annexes that we just saw earlier. So, this is what is termed to be the ICAO Safety Oversight System. This is what the Fiji Civil Aviation Authority was subjected to during the Audit by the International Civil Aviation between August and September 2019.

The next slide is just giving you an overview of the eight critical elements that are required to be established and implemented in a State's oversight system, as you can see that circle is split into two; one being establishment and implementation.

Basically the previous slide that had all the list of annexes and had the different compartments, each of those standards translate into the eight critical elements that we see here. So back in 2006 when ICAO came and audited CAAF, they looked at these eight and in between 2006 and today, they audited the establishment element which is CE 1 to 5 and it culminated in their visit to Fiji in August this year to have a look at the implementation side. So when they came and audited, they audited CAAF and they also had a look at the industry in which CAAF regulates an oversight.

So they had a look at Fiji Airways, they had a look at Fiji Link, they had a look at local operators, they had a look at the national airport operator and they also had a look at the Meteorological Service. So that is just an overview of the eight critical elements.

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu.

HON. RATU N. LALABALAVU.- I seek some clarification Mr. Deputy Chairman, through you, Sir, your items 4 and 6, as a regulator, do we have people manning these very important positions in ensuring that the licensing aspect, the maintaining of standards is filled

by very highly qualified people because I remember we got former 747 pilots and all that at one time to man these positions. Are we still continuing that?

MR. G. TUDREU.- Mr. Chairman, yes, we have, for example in the Air Safety Department for which I am responsible for, we have 16 inspectors consisting of ex-747 Captains, ex-Chief Pilots, General Managers and experts from industry. Having said that, if I can just tangent off your comment, our industry is growing and it is a good thing it is growing because its contribution to the economy is quite important.

With its growth comes the challenges, and that is one of the challenges that is faced by our organisation is sourcing; appropriately, qualified and skilled expertise to look after. At this moment in time, yes, we do, but looking into the future, we will need to take care of that as well; cater for that as well.

Yes, we do have the ....

HON. RATU N.T. LALABALAVU.- (Inaudible) .... s that we have been having, we have noticed that we have been getting people from abroad to come and do the assessment. What about the ones that we have developed here, is that not sufficient enough?

MR. G. TUDREU.- Thank you Mr. Deputy Chairman, Sir, there is a reason why we have had to bring in overseas expertise and one is to maintain the integrity and ensure there is no conflict of interest issue with regards to Civil Aviation Authority. We do have very skilled and qualified people within our organisation. The thing with accidents is there can even be elements contributing to the accidents that can come from the Civil Authority of Fiji; the way that we regulate, the way that we oversight, the rules that we have in place.

Having an independent investigator gives the ability for the State to ensure that if such shortcomings exist that they have got the forefront. So, I am not saying that my organisation and my people if they do the investigation will sweep things under the carpet, it just makes good governance to ensure that whoever is coming to do an investigation on an accident is from an independent source so that they can have a look at the whole aviation system.

HON. RATU N.T. LALABALAVU.- Thank you.

DEPUTY CHAIRPERSON. Thank you very much, you may move on.

MS. T. LEVESTAM.- Honourable Deputy Chair and Members. The first part that my colleague covered basically focussed on the international and regional areas of aviation and the second part will focus on Fiji. So, the first slide that is being put up here just provides you a depiction of where the main aviation stakeholders stand including CAAF and their reporting lines to Government.

Then in the next slide shows you more particularly Civil Aviation Authority of Fiji. So, we report to the four Controllers who are sitting here, we report to a Chief Executive Officer and at the moment the Chief Executive Officer role is vacant but is currently filled by our Manager Corporate Services as our Acting Chief Executive Officer and he then reports to the Board who reports to the Minister responsible for Civil Aviation.

HON. A.M. RADRODRO.- Deputy Chair, just a supplementary question.

DEPUTY CHAIRPERSON.- Yes, Honourable Radrodro, you may ask your question.

HON. A.M. RADRODRO.- It is a very important organisation in terms of regulating work that you carry out. When do you intend to fill this very important position in the organisation; the CEO position?

MR. A. KUMAR.- Deputy Chair, this position became vacant in April 2017. There was the first round of advertisements and shortlisting but due to the length of time it took from the board to the Minister and fixing on the ramp, it fell on the way side. So, what is happening now is the Board has started this process again. That is a very specialised position, you cannot just get any Chief Executive Officer. We need a person there who has technical knowledge as well. It is not only an administrator role but the person has to have a good appreciation of technical aviation matters.

DEPUTY CHAIRPERSON.- Thank you. Honourable Prakash, you may ask your question.

HON. V. PRAKASH.- Since 2017 the Chief Executive Officer position has been vacant and since then you have been on that position. As you have stated that the position needs someone well qualified. As far as Fiji is concerned, do you see any locals who could be able to fill that position that includes you?

MR. A. KUMAR.- Thank you, Deputy Chair. Yes, we have retired ex-Civil Aviation executives who are around here and would be suitable. If not, then we could get retired people from abroad. You cannot get an active CEO from overseas because they are very, very expensive. So, those who would be attracted would be retirees from overseas or even there are people locally available here.

HON. RATU N.T. LALABALAVU.- Honourable Deputy Chair, I seek further clarification on that, for you as acting CEO now, what sort of plans do you have now for that particular position? This is great to see locals filling in the four or five executive positions here. At one time there used to be a lot of expatriates there but now you have these four but the main one and what is the plan that you as acting CEO have in ensuring that there is this plan that can always fall back on, in terms of ensuring that there will not be these gaps all the time.

MR. A. KUMAR.- Thank you, Deputy Chair. I would be supporting and I am also the Board Secretary, so I will be advising the Board as well, but the ultimate decision of who they select would be, it is supposed to be on merit and I cannot go anything beyond that because it is their selection. But as a Board Secretary, I will be providing administrative support and advice to this appointment.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Thank you very much. What we heard from the previous presentation is that we have got very well-qualified personnel who are able to fit in, in the general operation of the services that is provided in Nadi and also other areas where our flights are, including our local destinations.

Was there any succession planning to see that training is also given to people who could be able to take over positions that are vacant for so long? It is good to hear from you that there are people available, which we are very proud of and as far as the other leaders are sitting here, it is very satisfactory to see that they are able to fulfil international level of service that is required. The question is, was there any succession planning put forward to see that we also have someone from Fiji.

MR. A. KUMAR.- Honourable Deputy Chair, thank you. Yes, we have a succession plan and if I may say something, we had a succession plan and the person who was closer to the position had left our organisation and joined someplace else. With that position, we do not have a lot of people. We had a few but unfortunately that person left for another organisation, so there is a gap and this is one of the reasons that there is a delay.

HON. A.M. RADRODRO.- A point of interest, the last CEO, Mr. Waqa. What happen to his employment status with CAAFI?

MR. A. KUMAR.- Thank you, Honourable Chair. Yes, Mr. Waqa served in that position for over 10 years as the CEO and then towards the 9th and 10th years, his contract renewals were shortened to 12 months then to six months, to three months and the last contract renewal was for one month only. Definitely that was not a satisfactory state of affairs, so he decided to leave and since then the vacant position is existing there.

HON. A.M. RADRODRO.- A supplementary question to that. I would hate to link the absence of the CEO, filling of that very important position to the accidents in Delaikoro and the helicopter one because there is no qualified head sitting there. In terms of the Board, do they also have the same qualification merit as you request on the position of CEO?

MR. A. KUMAR.- Honourable Deputy Chair, unfortunately no. We do not have at the moment any aviation expert on the board. We have had this vision at some back on the Board but this current board which is in its fourth year does not have any aviation personnel.

HON. A.M. RADRODRO.- (Inaudible) ... CEO who needs to meet that qualification criteria.

MR. A. KUMAR.- That, Honourable Deputy Chair, I cannot answer.

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

MR. A. KUMAR.- We will give advice to the Board, true.

DEPUTY CHAIRPERSON.- Honourable Prakash, you may ask your question.

HON. V. PRAKASH.- I think it is very interesting. It is not necessary I think in this modern day to have a board that could be selected, there could be agents involved who have the expertise in selecting the right person and advising the Board. Like in our days, most of the independent agents were hired to select personnel suitable for certain jobs. So, I think as far as we have the right person to run an organisation; 2017 to 2019 - two years, you are doing very well.

HON. A.M. RADRODRO.- (Inaudible) ... contract administrative that is why he had left. Maybe, Deputy Chairperson we can, as part of the Committee's recommendation to recommend that this position be filled as soon as possible because of the degree of oversight that this organisation has and probably we can move it up to the Board level requirement as well. What about the previous Board, did they have the necessary technical qualification?

MR. A KUMAR.- Deputy Chairperson, no. The previous one had retired aviation people on Board.

DEPUTY CHAIRPERSON.- Honourable Member, that is taken note of and we will make our recommendation. Thank you, that has been noted. Honourable Prakash we will take that up as a recommendation?

HON. V. PRAKASH.- Like accidents, aviation is one of the areas where very less accident takes place compared to other types of travelling that is done throughout the world. It is not the Board, it is a whole operation that starts from the ground level up to the pilot, et cetera. It involves very highly trained intellectuals to try and see that a safe landing is done throughout the world. That is why you will find very less accidents in the air compared to other travelling that happens.

In fact, it should not happen, we should not anticipate any accident. It is known throughout the world in various advanced nations, you will also find accidents taking place but as far as I think Nadi and Fiji is concerned, we are proud of the team work that we have got for safe landing. I think we can put our hats off to the whole team. But yes, as our Member has expressed, we should have the right people at the right positions. It involves many people to see that a safe landing takes place. It does not normally involve the Board or the Chief Executive Officer. I feel there are other agents or personnel also, very important to see that there is safe landing and accidents do not happen.

DEPUTY CHAIRPERSON.- Thank you. That will be taken up as recommendation. You may move on.

MS. T. LEVESTAM.- Thank you. The next slide just gives you a snapshot of CAAF's legal mandate or primary legislation which stems from the Civil Aviation Act 1976. That empowers the Honourable Minister to put out regulations to fulfil our obligations to Chicago Convention and the Civil Aviation Authority of Fiji Act which actually establishes the Authority and provides for the functions and the performance of the civil aviation and by what means we get our funding. Just on the Civil Aviation Act .....

DEPUTY CHAIRPERSON.- Yes, Honourable Lalabalavu.

HON. RATU N.T. LALABALAVU.- Looking at that, I stand to be corrected, Sir, if what I am about to raise is not correct. I asked a question earlier on and the reply from Mr. Tudreu was that it comes under Fiji Airports in terms of the air services agreement and the revenue that used to generate that used to come to CAAFI before. Now given the expertise for all that is within CAAFI, they have shifted it to the business arm; Airports Fiji Limited.

MR. G. TUDREU.- Thank you, Deputy Chairperson. Back in 1999, there was a reform where a reform Act was put out that actually split the two entities; Fiji Airports and CAAF. The function and role of CAAF now is actually correct in that, we are only involved in the

regulating and oversight. Previously, we also render airports and we also managed the air space. It is a bit of the left hand fighting the right hand because one is we are regulating certified....

DEPUTY CHAIRPERSON.- Thank you. You may move on.

MS. T. LEVESTAM.- On the Civil Aviation Authority Act 1979, we just highlighted the three sections within that Act that deals with CAAF Finances, for your attention.

The next slide just touches on the Corporate Statement for the Civil Aviation Authority of Fiji which is our Vision is to be a model aviation regulator. The Mission is to promote effective aviation safety and security in Fiji and the region. Our Values which are professionalism, accountability, commitment and integrity in our conduct.

The next slide (the case is very small) so basically it just covers what you had asked us to, when we introduced ourselves in the beginning, tell you what department we were responsible for and the oversight areas. So this slide basically depicts that.

The next slide touches on our staffing numbers across the various departments within CAAF. So according to our structure, we should have 71, currently we have eight vacancies. We have 52 local employees and two expatriates.

DEPUTY CHAIRPERSON.- Yes, Honourable Prakash.

HON. V. PRAKASH.- Eight have yet to be filled. Are they on managerial level – the vacancies that exist?

MS. T. LEVESTAM.- Honourable Deputy Chairperson and Honourable Member, no the eight vacancies pertain to the inspectors at Inspectorate level.

HON. V. PRAKASH.- (Inaudible)

MS. T. LEVESTAM.- Yes, we have been putting out advertisements, there is ongoing advertisements. Again that is one of our main challenges within Civil Aviation Authority is actually being able to lure in or bring in to our organisation young people that want to work. Mostly the retired ones will come, again it has got to do with remuneration. Most of them say, for example, say for example, pilots still want to fly whereas if you come across to CAAF you are mainly doing oversight inspection and a shortened flying time per year and the same thing with air traffic controllers. So we have been finding issues, we are trying to fulfil our vacancies but that has not stopped us from continuously putting out advertisements and offering capacity building to try and bring them in.

HON. V. PRAKASH.- Just in the area of operation. Do they get training here or overseas? And if they are getting it here who is responsible to train those personnel? Like for the pilots, I believe you have training facilities and there are a lot of people interested in piloting. You have got more than enough pilots now. But the other areas, as you said, you having a structure where there are training facilities offered and people are interested to take up those positions or you think there are still gaps?



MS. T. LEVESTAM.- So mainly with all our vacancies, in order for you to become a Safety Oversight Inspector, ICAO requires you to be equal to or better than the people you oversight. So you cannot go into the industry and get someone at a junior level. Yes, so basically when they come in, they have got the industry training, so then we are responsible for the Safety Oversight Training and we send our people to Singapore Aviation Academy, all different institutions around the Pacific including scholarships where we can get them and that is how we train our people and ensure capacity building takes place so that their qualifications, when they audit they are better than the people that they audit.

MR. A. KUMAR.- Honourable Deputy Chairperson, the aviation training does not come cheap and we do not have a lot of training institutions which provide this training. As Theresa mentioned, one is Singapore Aviation Academy but what we are now doing is because of this course, we are trying to get training done here so that we get experts who come to come to Fiji and train. In that way we train more than one staff. If we send them overseas, we send one or two but if we bring them here than we train more.

HON. V. PRAKASH.- Mr. Deputy Chair, exactly that is what I was interested in. Like in Fiji we have got institutions and higher education facilities to fill in many important areas. I think your organisation has grown enough, matured enough, it has financial potential also to try and attract those trainers and it be done here, not only for our own requirements but also for the region.

It should be your future that you should be looking into, because shortage in that area should not be. There should be sort of some sort of extension to a programme where you have the facilities to have better trainers here of a standard and then you can utilise our young talents who may be interested and also send anyone or privately to go and do those trainings overseas would be next to impossible because of the cost that is involved.

So once those things are available here, Deputy Chairman, through proper planning, definitely we will be able to attract lot of our own talents and also we can service the region as well, knowing very well our position in the region. And also how important Fiji could be to other neighbouring island countries who would be heavily dependent on us compared to other nations where such training could be very expensive. I am proud that you are saying that the facilities are now available or you should be looking into to try and see that it can be done.

MR. G. TUDREU.- That facility is specifically for Fiji Airways purposes but I believe in the long term there are plans to expand its scope and capability.

If I could just add further to the query on the comments that have been made by my colleagues with regards to the pilot training. Now with the A350 coming in very shortly, what happens with that is that the inspectors for CAAF actually trained along with the pilots and engineers of the operator, so that our people are also skilled and qualified on the aircraft type. That is all I just wanted to add.

DEPUTY CHAIRPERSON.- Honourable Radrodro?

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a clarification, you said that vacant positions are not filled partly due to the high salary demand that they put through to the organisation?

MR. A. KUMAR.- Honourable Deputy Chairman, it is not only their salary, it is also the scarcity and the availability because as my colleagues shared, if they are pilots, they want to fly. We only get pilots as regulators once they retire, otherwise you cannot grow a pilot within because as soon as he gets a basic licence, he wants to go and fly, so he leaves. And some of the gaps that we have due to vacancies, we sometimes use consultancy from overseas to fill those gaps.

HON. A.M. RADRODRO.- Asking those questions and reading through your financial positions, you have got a lot of cash availability there in terms of cash and investments, so I do not see payment of salary would be a problem.

MR. A. KUMAR.- Mr. Deputy Chairman, the large amount that we have been looking at is for a long term sustainability plan, so we do not want to just use it for everyday expenses and that is why it is put in at Unit Trust and not in the banks.

DEPUTY CHAIRPERSON.- Thank you very much, you may move forward.

HON. V. PRAKASH.- Before that, the gender balance, how would you say SDG 5's position in your organisation?

MR. A. KUMAR.- Mr. Deputy Chairman, yes, we take cognisance of the fact that we need to have a gender balance and also as per ICAO's 2020 initiative that we should have 50/50. So we are moving towards that, but it is not always possible, like you said in various specialised positions, you cannot consider a male for a female if she is not qualified. But we are very mindful of SDG 5.

HON. MEMBER.- (Inaudible)

MR. A. KUMAR.- Apart from the technical staff, we have administrative staff.

HON. V. PRAKASH.- (Inaudible) ... undermine our female colleagues during these days.

MR. A. KUMAR.- Deputy Chair, understood, yes, we are not undermining that but sometimes there are constraints in very technical areas.

DEPUTY CHAIRPERSON.- Thank you. You may move on.

MR. G. TUDREU.- Thank you, Deputy Chair. I will just take us through the next slide which is referring aviation documents that the CAAF issues and renews from time to time. The slide there just gives you a summary of the documents that we get involved with and in all day to day basis.

On the next slide is giving you an overview of the numbers of licences that we have issued to date. Industries, still relatively small.

The next slide gives you an overview of the number of aircrafts that is on the Fiji register and that we oversight and regulate. In total there are 119; 74 of them have valid Certificate of Air Worthiness; 45 not operational. There are 9 Foreign Registered Aircrafts operating.

HON.V PRAKASH.- Can we have an explanation, Deputy Chair for the 45 non-operational ones?

MR. G. TUDREU.- The reasons that they may not be operational are varied. Some are sitting on the ground because they do not have valid share of air due to parts; non-availability of parts. There are quite a few aircrafts that have been left over from legacy operators that are no longer operating.

HON. V. PRAKASH.- Deputy Chair, the number is quite big.

MR. G. TUDREU.- Just to clarify the numbers that you are seeing there are, it is not like the motor vehicle industry where they were are operational, they are not licenced and can be operated covertly. This basically no longer operational due to either lack of availability of parts, they have had a failure of parts so they are sitting on the ground temporarily.

HON. V. PRAKASH.- What is the future of such non-operational?

MR. G. TUDREU.- Eventually most of them find they were back into the system after they have had the parts are sourced from overseas. The operator who operates that aircraft basically installs whatever needs to be replaced and calls CAAF into do a final check before they are released to service again.

The number seems large but it is not as alarming as it should be as it appears to be. This is just giving you an indication out of the total number of aircrafts, which aircraft are actually not in service and they are sitting on the ground. Immediately you can look two that are sitting on the ground right now due to the issues going on overseas with regards to MCAS or with regard to the 737 MAX. Those two aircrafts, if you look at it from air worthiness perspective, everything is fine but there in one particular element of it relating to certification why it is not operational at the moment.

HON. A.M. RADRODRO- So, they all in their respective different places where they are parked or in terms of logistical counting that you do in terms of the 45.

MR. G. TUDREU.- Each of the 45 aircrafts, they would be sitting with the operator that actually has it. We do not have like a central storage, facility or place for it.

DEPUTY CHAIRPERSON.- So, for how long, many of the aircrafts have not been in operation mode. Any reason? Can you give us the number of years or months that they have not been in operation?

MR. G. TUDREU.- We certify every single aircraft that comes into the Fiji register, we certify on an annual basis, they are certified every 12 months. Every 12 months they go through a full rigorous inspection process. That includes a new aircraft as well. That includes the new 350s that are coming in, regardless of the age, they are certified for 12 months. But if

you are looking at in terms of age of aircraft, we have the latest one, latest technology which is more or less manufactured yesterday.

I am going to scare you a bit about the oldest aircrafts we have in our system that is over 60 years old. It is still in operation, still in operating status meaning the maintenance, the inspections on a daily basis, it is still there. Operationally, we are looking at strategically like having a bit more control over the age of the aircrafts that are coming in our systems because we have to balance it with regard to our ability to oversight and the ability for the operator to properly maintain the aircraft. So, range, yes, from the most modern fly-by-wire LED screen aircraft right down to pulleys and wires, we have got that.

HON. V. PRAKASH.- It is good to hear your explanation that there are 74 in operation now, 45 more which could be coming in but there is no current problem. But as far as spare parts are concerned, spare parts is the cause of getting an airline to be grounded. What facilities do you have in Fiji in getting the required spare parts that is essential in the operation of aircrafts. Like motor vehicles and other things, there are many ways we can get the spare parts. You said that you are finding difficulties in getting spare parts and because of that, some of the planes are not effective. You do not have any backup service from any other aviation throughout the world? How do you get your spare parts, that is the main thing and what is your future in that?

MR. G. TUDREU.- This particular subject area, even down to the spare parts and even down to those that actually manufacture the spare parts, the quality control of those is quite stringent. So it is not like you can go and pick something off the shelf to replace a part with.

The parts manufacturers themselves have actually got approvals from the State of the manufacturer. For example, for Boeing, Boeing itself will manufacture the parts but they also have third-party vendors who must meet the same manufacturing standard and criteria that Boeing has to meet. So, it is not like you could go and pick something off the shelf and replace the part with.

In fact, if I can just give a brief story here. We had an accident back in early 2000 with a helicopter off Vuda where after the accident investigator came in and investigated, who incidentally is the same investigator that is currently doing the Delaikoro and is currently doing the latest one. What was found from that was the operator had actually sourced a spare parts from a manufacturer that was not approved. The reason why the accident happened was that part failed and the part that so happened to be the main rotor blade. So, that is just giving you a story about the other part.

Our industry and we, as a regulator, this is not something that we are experiencing in isolation. Every single operator around the world and regulator is going through the same challenge. We talked about the resources, we are going through the same challenges like any other industry in the world. It just so happens for us here, it is a bit more critical because we are isolated, we are a small island State. I think one of the things that we are looking at, moving on to the future 10 years, 20 years or 30 years down the line is, as a State, it would be in our interest to at attracting the manufacturing side of this industry, finding ways to attract them here to Fiji. That in a way could, one assist with the challenges that we are facing here and two, also help with our economy.

Other than that, our mandate, we as part of the original certification for operators in Fiji, that is one of the things that they have to satisfy us with is, how they intend to continue here with a sovereign aircraft, how they intend to maintain it. Thank you, Deputy Chairperson.

DEPUTY CHAIRPERSON.- I think you may move on. We have two other submittees waiting, so if you can finish these slides and then we can ask questions. Thank you.

MR. G. TUDREU.- Thank you Deputy Chairperson. Just looking at the next slide which is to do with the number of operators, maintenance providers and training institutes in Fiji. That is giving you an overview of who we have, and all these operators' maintenance providers and institutes we regulate and oversight and we certify.

MR. R. AISAKE.- Deputy Chairperson and Honourable Members, the next slide covers the areas of aviation security in the industry.

The Aviation Security Service Organisation, basically there are four organisations that provide security at the airport in terms of physical security, static security and screening of cabin bags and whole baggage.

The regulated agents, we have 12 in total. These are cargo agents that receive consignments for export and have an agreement in place with an operator. They have to implement security controls of their cargo consignments bound on board the aircraft and as such for all cargo in Fiji that is sent abroad or export cargo, they need to go through a regulated agent.

Catering service provider – we have four, these are the service providers for flights in terms of meals and refreshments.

The Ground Handling Service Provider – we have four now, previously we had one which was only ATS, responsible for all aspects of the aviation security travel, beginning from passenger check-ins, passenger services, you have screening of cargo, whole baggage cargo, cabin baggage, catering service as well as air cargo operators.

The Air Cargo Operator, we have one. This is specifically a cargo operator that receives export consignments from a regulated agent. In Fiji, only the air cargo operator can receive consignments from a regulated agent, that is part of the ICAO standards and recommended practices where all cargo that goes on board the aircraft needs to be 100 percent screened.

In the absence of equipment, what is done is, we have the regulated agent system in place where cargo is protected from source, the time it is uplifted, the time it is packed, the time it is stored in a secure facility, transported in a tamper evident vehicle and then handed over to the air cargo operator which actually uplifts the cargo and sends it to the airline.

Certified security screeners - perhaps the most important persons in the front line of aviation security. They deal with customers on a day-to-day basis. They screen cargo, passengers, whole baggage and cabin baggage to ensure that no improvised explosive devices or prohibited items go on board that aircraft. Whilst saying they are critical, you may have the best pilot, perhaps, you may have the best engineers, you have a screener who allows an improvised explosive device to go on board the aircraft, that aircraft is going to crash.

Lastly, we have concessionaires, we have two concessionaires Tappoos and Motibhai. They also provide good and services that are actually used in the sterile area of the airport, that go on board the aircraft. Thank you Honourable Deputy Chairperson and Honourable Members.

DEPUTY CHAIRPERSON.- Thank you. You may move on.

MS. T. LEVESTAM.- So the next slide depicts the number of aerodromes we have got in Fiji. So there is a total of 24 with two being the international aerodromes (Nadi and Nausori) and the rest are made up of domestic and privately owned aerodromes. Out of the 24, 22 aerodromes are certified and two have not been certified or re-certified to-date.

MR. A. KUMAR.- Honourable Deputy Chairperson, the next slide has to do with funding. We noted that after the 1999 reform, we lost a lot of funding sources that is landing fees, air navigation and concessions. What we are now left with is the main source of income provided to CAAF is from departure tax of \$5 per departing passenger. In fact that \$5 is VIP, we end up getting only \$4.59. The other source is Government grant and fees and charges. So these are the three main sources of funding for the Authority and how it is expanded on, the major cost is on personnel emoluments, salaries and wages and then insurance of 23 percent, 9 percent is on consultancy, depreciation, staff training is 12 percent and the rest is 1 percent. That is our funding and distribution, revenue and expenses.

DEPUTY CHAIRPERSON.- You may move on.

MR. A. KUMAR.- Honourable Deputy Chairperson, the next slide is also dealing with the same financial performance.

Honourable Deputy Chairperson, there is a slide on Service Charter. The Authority has a Service Charter where it measures 78 activities over all the departments and this slide shows our achievements against the targets. You can see the average target for the 78 activities and what we have achieved. This measurement is done independently by a QA section and in the last few years you will notice that it is 100 percent achievement.

Honourable Deputy Chairperson, the next two slides deals with challenges and the major projects in progress of the Authority. Thank you.

DEPUTY CHAIRPERSON.- Are there any other questions, Honourable Members?

HON. A.M. RADRODRO.- Deputy Chairperson, just a re-confirmation of the percentage share of the departure tax.

MR. A .KUMAR.- Honourable Deputy Chairperson, is \$5 per departing passenger which is a VIP.

HON. A.M. RADRODRO.- Only \$5?

MR. A. KUMAR.- Only \$5 per departure.

HON. A.M. RADRODRO.- And what used to be before? Is it based on percentage or just \$5?

MR. A. KUMAR.- It is \$5 straight, VIP which translates into \$4.59 VEP. So what we actually get is \$4.59.

HON. A.M. RADRODRO.- With the \$200 departure tax now you only get \$5?

MR. A. KUMAR.- Mr. Deputy Chairman, \$200 plus departure tax is per passenger, we only get \$5 out of it. I think \$190 goes to Government and the rest goes to Fiji Airports.

HON. A.M. RADRODRO.- Thank you.

DEPUTY CHAIRPERSON.- Any other questions, Honourable Members? Any concluding remarks from our Honourable Members, Honourable Prakash?

HON. V. PRAKASH.- Deputy Chairperson, Air Fiji Limited and all these subsidiary bodies, you have come a long way from where we were and we congratulate you. It is good to see that the Standing Committee on Public Accounts is facing the local community and it is a proud day that you are doing it. As we have said, the extension of other airports that are in progress plus a very high standard renovation work done at the Nadi Airport, whenever we fly in, it makes us as Fijians really proud. As we have said, that this is a very challenging task that any dynamic organisation faces. As we have heard, you are going to face many challenges but it is good to see that your security system is of a very high standard internationally and well recognised and you are able to also get people who try to test you. I think the whole world knows that it is not that easy to come through Nadi International Airport, even though there are other agencies from overseas who are part of this success.

As far as extension, we still feel that Nadi Airport needs to have more space because definitely there will be more flights coming in and going out. Now I have a bit of concern about the arrangement that was there between Fiji Airways and Qantas and now Qantas is flying in. I do not know how it will affect the organisation, but I must say that it will affect all citizens of Fiji.

So you must have some contingency plan to try and see that our income does not go down as we see that you said that you are having a lot of good income for future investments.

The good way forward is to try and make facilities above the standard, the 45 aeroplanes that are sitting there, the numbers should reduce and then is more expansion for our airport.

Recently, we have come across a lot of changes and we applaud you for all that and now you said that you have been to make 100 percent achievement for a few years and we congratulate you for that. *Vinaka.*

DEPUTY CHAIRPERSON.- Thank you very much Honourable Prakash. I think in his deliberation he mentioned Airports Fiji Limited, actually he is referring to Civil Aviation Authority of Fiji, so apologies on his behalf. Thank you very much, you may sum up your presentation.

MR. A. KUMAR.- Thank you Mr. Deputy Chairman, we do not have a detailed summation but just to thank the Honourable Member for the good compliments. We are at the back end of aviation safety, we are not an entity that is liked by the industry because we are

very stringent and rest assured that aviation safety is our main concern and we try to uphold it all the time. So yes you can be confident that in your landing, you will land. Thank you very much.

DEPUTY CHAIRPERSON.- Thank you very much Acting CEO, a big thanks to you George, Theresa and Aisake, thank you very much for being in attendance and we wish you all the best. Before you leave, may we have a photo taken before you embark on your journey home.

The Committee adjourned at 2.33 p.m.