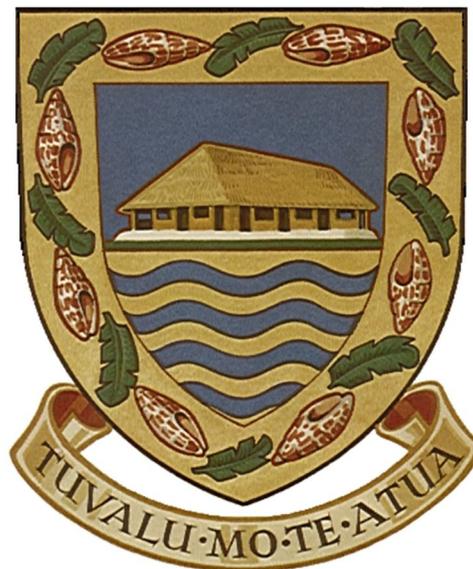


Report of the Public Accounts Committee on the:

- Performance Audit Report on Managing Sustainable Fisheries;
 - Performance Audit Report on Access to Safe Drinking Water; and
 - Performance Audit Report on the Management of Solid Waste in Tuvalu.
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TUVALU PARLIAMENT
Public Accounts Committee
Office of the Parliament
Vaiaku, Funafuti
TUVALU

1 August 2013

Honourable Speaker of Parliament
Office of the Speaker of Parliament
via Clark to Parliament
Parliament of Tuvalu
Vaiaku

Dear Sir,

Report of the Public Accounts Committee on the:

- **Performance Audit Report on Managing Sustainable Fisheries;**
- **Performance Audit Report on Access to Safe Drinking Water; and**
- **Performance Audit Report on the Management of Solid Waste in Tuvalu.**

The report on the findings and recommendations of the Public Accounts Committee arising from the consideration of the Auditor General's Performance Audit Reports on: Managing Sustainable Fisheries; Access to Safe Drinking Water; and Management of Solid Waste in Tuvalu has been completed.

We present the report to you as a paper for tabling as required under section 49(9) and section 51 of the Parliamentary Rules of Procedure.

Nineteen (19) bound copies of the report are provided herewith for distribution to all Honourable Members of Parliament.

Sincerely,

Handwritten signature of Monise Laafai.

Monise Laafai
Chairman
Public Accounts Committee

Handwritten signature of Namoliki Sualiki.

Namoliki Sualiki
Member
Public Accounts Committee

Handwritten signature of Taukelina Finikaso.

Taukelina Finikaso
Member
Public Accounts Committee

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1 Introduction

This is the PAC's report on the Performance Audit Reports:

- Performance Audit Report on the Management of Solid Waste in Tuvalu;
- Performance Audit Report on Access to Safe Drinking Water; and
- Performance Audit Report on Managing Sustainable Fisheries.

These reports have had a focus on the environment for the following reasons:

- Fisheries are an important resource for Tuvalu as a food source and in monetary terms. It contributes to over 23% of the Government's revenue. Given the exploitation rate of fisheries has been increasing over the past 20 years, the audit was aiming to ensure that the amount of fishing effort is sustainable, to ensure future revenues and food sources for Tuvalu.
- Access to safe and adequate supplies of drinking water is fundamental for human health and well-being. Countries in the Pacific Region are constantly faced with drinking water supply problems.
- Disposal of solid waste is a major problem for Tuvalu, as conventional methods of disposal are not feasible in Tuvalu, given the size and composition of the islands. A range of liquid wastes pollute fresh water systems, aquifers, ground water lenses and enclosed coastal waters. The threat to water quality from poor solid waste management, particularly in atoll islands poses a major environmental threat.

We are already feeling the impact of the lack of management of environmental issues, including, increased risk of Ciguatera poisoning through fish stocks, increased pollution of ground water and increased nitrification of the lagoon.

In accordance with rule 49(1)(d) of the Parliament Rules of Procedure, the Public Accounts Committee (PAC) will *consider any report of the Auditor-General on the accounts, finances and properties of any statutory body, commission or organization where a report on the examination and audit of accounts etc. is laid before Parliament.*

Under section 45 of the *Audit Act* and under section 49(4) of the Parliamentary rules of Procedure, the Auditor General's report is considered to have been tabled when received by the speaker to Parliament.

The Performance Audit reports were tabled into Parliament during 2011 and 2012. This report is dealing with the issues which are currently unresolved.

The PAC met during March/April/May 2013 to deliberate on the Audit reports and then held public hearings.

Members of the PAC:

Chairman: Monise Laafai

Namoliki Neemia

Taukelina Finikaso

2 Acknowledgements

We acknowledge the respective departments audited for the provision of their time and documentation. We look forward to reviewing the changes which have been made as a result of the audits performed. The PAC's recommendations for improvement are noted below.

3 Findings and Recommendations Arising from the Managing Sustainable Fisheries Audit Report

3.1 Lack of information and documents relating to Fishing Contracts, Access Agreements and Joint ventures

- A general concern was noted by the PAC over the lack of information and documentation relating to fisheries contracts and access agreements available in the department of Fisheries.
- During the audit, documentation was requested surrounding the two Joint Ventures which Tuvalu has entered into. Documents requested included the signed agreements, financial details, amounts of payments received and the profitability assessment that Tuvalu made before signing the agreements. None of this documentation was provided to audit. This lack of transparency is unacceptable.

Recommendation 3.1

- a. That the documentation is presented to audit for review. Copies should also be presented to the Attorney General's Department and the Treasury.
- b. That the Ministry of Natural Resources particularly the Department of Fisheries keep an updated register of all fishing contracts and access agreements. Copies should also be presented to the Attorney General's Department and the Treasury.

3.2 Lack of consultation with the Attorney-General on fishing licence negotiations and access agreements

- The PAC noted that the Office of the Attorney – General has not been consulted on the negotiations of fishing and access agreements despite it being a requirement under the General Administrative Order (GAO) that all negotiations should be carried out in consultation with the Attorney-General's office.

Recommendation 3.2

- a. That the Ministry and Department of Fisheries strictly comply with the GAO and liaise with the AG's office before entering into any agreement.

3.3 Lack of regulation in Tuvalu to ensure sustainability of marine resources

- The requirements of the Parties to the Nauru Agreement (PNA) which Tuvalu is a signatory to in terms of: minimum mesh-size and closure of the Tuvaluan Exclusive Economic Zone (EEZ) when allocated days have been exhausted, are both yet to be legislated in Tuvalu.
- Purse Seine fishing is the predominant method used within Tuvalu's EEZ. There are a huge amount of by-catch of fish accidentally caught using this method. This poses a concern on the sustainability of this fishing method.

- There are no regulations in place surrounding the implementation of the Vessel Day Scheme. Apart from the PNA, there is no legal framework to prevent the over selling of fishing days by Tuvalu.

Recommendation 3.3

- a. Tuvalu Government establishes a regulation that specifies minimum mesh size, EEZ closure when allocated days have been used and tight management measures to control and minimise by-catch. This will ensure sustainability of marine resources.
- b. Consider adoption of the Western Central Pacific Fisheries Commission (WCPFC) conservation and Management Measures
- c. Establish an effective legal framework (VDS regulations) which restricts TNFD in the sale of days to the number of days allocated by PNA. Adherence to this will create scarcity and put upward pressure on pricing.

3.4 Tuna management development plan (TMDP) to be endorsed and fully implemented

- The TMDP is a high level fisheries policy designed to ensure the full implementation of high level overriding goals and policy objectives. It has not been endorsed by Cabinet.

Recommendation 3.4

- a. TMDP to be endorsed by Cabinet.
- b. The TMDP's key objectives and goals, enforcement on limits of fishing licenses and reporting requirements are fully implemented.

3.5 Annual work plan for 2013 is developed, finalised and implemented

- Fisheries Department has not completed an annual work plan for the years 2008, 2009, 2010, 2011, 2012 and 2013. Without a plan, there is potential that the focus will be on the less important issues, neglecting the bigger issues.

Recommendation 3.5

- a. Work plan for the year 2013 and 2014 is to be compiled to ensure that the focus of fisheries is appropriate. The work plan should be using the TMDP goals.

3.6 Additional funds are allocated in order to achieve the goals in the work plan

- Limited funds are allocated to the Fisheries department to achieve planned activities and goals within the TMDP.

Recommendation 3.6

- a. The Government of Tuvalu to allocate reasonable funds to the Fisheries department in order to achieve planned activities and goals specified in the work plan.

3.7 Additional training and development

- There is limited capacity of staff involved in the management of offshore fisheries. This includes the usage of data systems, understanding of reporting systems and awareness of the legal framework.

Recommendation 3.7

- a. Training and development for key staff involved in the management of fisheries is performed in order to develop capacity and improve quality of work.

3.8 Staff issues running the Vessel Management System (VMS)

- Frequent travelling of VMS staff is an issue as the auditors were unable to obtain VMS documentation.
- As VMS staff members are frequently absent, there are no staff using VMS for monitoring purposes for a significant portion of time during each year.

Recommendation 3.8

- a. Appoint a person to monitor foreign fishing vessels on VMS when VMS staff are away.
- b. VMS records and reports are to be managed and stored in a place where other Fisheries staff can access for them for reference purposes, without having to log onto the VMS

3.9 Performance of monitoring

- Limited usage of the VMS by the fisheries department was noted. Fisheries department relies on the use of the Management Information System by the Forum Fishing Agency (FFA) to warn Tuvalu about exceeding quotas of days consumed by Foreign Fishing Vessels.
- In 2011 Tuvalu exceeded its quota of days. Tuvalu only realised this when they were informed by the FFA. There was no monitoring system in place in Tuvalu to monitor the quota of days.

Recommendations 3.9

- a. Fisheries department to develop a system that monitors fishing days used by FFVs so that TNFD is not relying on FFA for the monitoring. This will ensure that Tuvalu is able to tell when FFVs are running out of days and to ensure that FFVs are not illegally fishing.
- b. Monitoring of the days remaining by each vessel to be performed by TNFD, rather than reliance on untimely alerts from FFA. This should be performed in a timely manner to ensure compliance with PNA limits.

3.10 Monthly reconciliations of fines are performed

- Fishing vessel fines are paid directly into the government general account. There were no evidence provided on the amount of fines received, who has paid their fines and who has not, whether the fines are in accordance with legislation and whether proper procedures were followed.

Recommendation 3.10

- a. A Monthly reconciliation is conducted by the Fisheries department with the Treasury department to ascertain that all seized fishing vessels fines are paid.
- b. Fines should be documented as to include details of the payer, the fine amount, what regulation breached legal procedure followed and amount received.

3.11 Delegation of power

- Audit found that there were no written documentation authorising the Permanent Secretary for Natural Resources to authorise and sign fishing access agreements as stated under Part (5) section 7 of the *Marine Resource Act*. We found that the Permanent Secretary has been signing fishing access agreements.

Recommendation 3.11

- a. Delegation of power by the Minister of Natural Resources to be aligned with requirements stipulated under part (5), section (7) of the *Marine Resource Act* or alternatively the Minister signs each agreement.

3.12 Licensing committee to keep official records to ensure transparency and accountability.

- It was noted that the Access Agreement and Licensing committee only correspond with each other through the internet. Therefore all the negotiations on licenses and access agreements are done on the internet through emails and there were no records kept.
- Access agreements are not being reviewed by the Attorney General before being approved for signature. There is no legal advice sought.

Recommendation 3.12

- a. The Secretary for the Access Agreement and Licensing committee should file official records of decisions made (including printing or saving emails) for transparency and accountability purposes.
- b. Review of agreements is performed by the Attorney General.

3.13 Recruitment of member from Ministry of Finance to be part of the access agreement and licensing committee.

- As the committee deals with the reviewing of access agreement and fishing licenses, there is a lack in financial oversight within the members of the committee to give financial advice and support.

Recommendation 3.13

- a. The Access Agreement and Licensing committee to recruit a member from the Ministry of Finance to ensure that financial oversight occurs.

3.14 Timely accurate records of the results of reviewing access agreement annually for reference are kept and any updates noted.

- The fisheries department regularly review access agreements at the end of each validation date i.e. the end of a 1 year period. Audit was unable to obtain any evidence of the review process occurring or the outcome of the review process.

Recommendation 3.14

- a. The Fisheries department keep timely accurate records of the results of reviewing access agreement annually for reference and note any updates.

3.15 Sustainability measures set out by Parties to the Nauru Agreement (PNA) and other regional bodies are not being followed

- Tuvalu has not adhered to the sustainability measures set by the PNA. Tuvalu sold vessel days in excess of the number of days fishing effort allocated to them. By over selling the days allocated Tuvalu is not creating scarcity. Scarcity put upward pressure on the price of fishing days.
- At the time of publishing of the audit report, Tuvalu was in negotiations with a fishing company to grant them a fishing licence, without the condition of not fishing in the high seas pockets, in return for a higher price. This is contrary to the PNA.
- In 2011, Tuvalu failed to close the high seas pockets to a Spanish vessel licensed vessel.

Recommendation 3.15

- a. Ensure sustainability measures set out by PNA and other regional bodies are being followed to ensure continuous support from PNA and other regional bodies. Once vessel days allocated to Tuvalu have been exhausted the Exclusive Economic Zone (EEZ) should be closed for fishing for the remainder of the year.

3.16 Regular entering and reconciliation of data

- There is a variety of data which is collected by the Tuvalu National Fishery Department, including weekly logsheets, VMS tracking data, Observers reports, Unloading reports, daily reports. Currently the data collected is not all being inputted into the TNFD database.
- Without inputting all data into the database, the TNFD will not get a full picture on the amount of fish stocks being taken, the type of fish and their location.
- Without entering observers' reports into the database, the TNFD will not be able to reconcile the independent observer reports to the weekly and daily catch reports submitted by the vessel.
- During the audit it was noted that the data in the database was not being updated in a timely manner. It was quite behind. Without timely data, it is difficult to make good decisions surrounding granting of fishing licences and it is difficult to work out the days of fishing effort remaining in Tuvalu.

Recommendation 3.16

- a. All fisheries data should be entered into the database.
- b. Reconciliation should be performed between the data entered to ensure accuracy of the reports. Investigations of inaccurate reports should be performed with potential fines being issued.
- c. The database should be updated on a regular basis to ensure that decisions are based on timely data.

3.17 Reconciliation of the total amount of fishing revenue recorded in TUFMAN to the actual cash received from Treasury

- There is no reconciliation performed between the value and amount of fishing licence revenue in the fisheries database to the amount paid into Treasury.
- Without this reconciliation, the TNFD do not know if they have received all of the payment notifications. They will be unable to tell if a vessel has made payment for their licence.

Recommendation 3.17

- a. The TNFD should perform a monthly reconciliation between the fishing licence revenues in their database to the amount of fish licence revenue within the Treasury department.

3.18 Ensure shares and payments from the US Treaty are recorded and are up to date.

- Under the multi-lateral treaty with the United States of America, share payments are made to Tuvalu. The audit was unable to determine the value received by Tuvalu from the Forum Fisheries Association (FFA) as agreed under the Treaty.
- Without being able to determine this value, it is unknown if Tuvalu has been receiving their fair share of the Treaty or if they are being underpaid.

Recommendation 3.18

- a. The TNFD in conjunction with Treasury should ensure that the shares and payments from the US Treaty agree to the calculations of the share for Tuvalu and ensure that full payment has been made. If full payment has not been made, follow up with the FFA.

4 Findings and Recommendations Arising from the Access to Safe Drinking Water Audit Report

4.1 Lack of legislation surrounding Water management

- The Water Resources Bill is currently in draft form.
- The National Water Policy is currently in draft form.
- Given these have not been completed and passed by Parliament, there are gaps in legislation which provides management and regulatory tools to ensure access to safe drinking water.
- Without a formalised framework in place, it is difficult to coordinate the functions of key agencies.

Recommendation 4.1

- a. The relevant legislation (as mentioned above) relating to access to safe drinking water once completed should be presented to Parliament to be enacted.
- b. The relevant legislation should include management and regulatory tools as well as defining the functions of key agencies.

4.2 Water and Sanitation committee enabling legislation and budgeting

- Currently there is no National Water and Sanitation Committee legislation governing the authority of the committee.

Recommendation 4.2

- a. That a National Water and Sanitation Committee rules, procedures and authority is included in a regulation, to ensure that it runs effectively.

- b. The National Water and Sanitation Committee submits a budget proposal to the Government, requesting projects and maintenance funding which have been identified as the committee's priorities.

4.3 IWRM plan

- The Integrated Water Resources Management (IWRM) Plan remains in draft form.
- The IWRM Plan does not incorporate the World Health Organisation's (WHO) guidelines on water quality testing.
- The IWRM Plan defines the roles and responsibilities of the key agencies, however, these have not been communicated with the key agencies.

Recommendations 4.3

- a. The IWRM Plan is finalised and distributed to stakeholders.
- b. The IWRM Plan incorporates the WHO water testing guidelines.
- c. The roles and responsibilities of key agencies as defined in the IWRM Plan are communicated, discussed and agreed to by the key agencies.

4.4 Financial support from Government

- The Environmental Health Unit (EHU) within the Ministry of Health has insufficient funding to carry out its activities related to access to safe drinking water within its strategic health plan.

Recommendation 4.4

- a. That Government increase their budget provision for the EHU in relation to access to safe drinking water activities in line with their strategic health plan.

4.5 Management of donor funds

- Multiple donors with overlapping priority areas have led to potentially inefficient allocation of resources. This may result in projects with lower priority or importance being undertaken.

Recommendations 4.5

- a. Funding applications lodged with donors should seek long term funding for the most efficient and effective activities.
- b. Any funding negotiations with donors should be in line with the priorities in the IWRM Plan.
- c. The National Water and Sanitation Committee should prioritise activities by the greatest benefit in the IWRM Plan.

4.6 Documentation of operational procedures

- The Public Works Department in its role in access to safe drinking water did not have any documented procedures surrounding distribution of water and maintenance of utilities.

Recommendation 4.6:

- a. Detailed procedures should be developed, documented and followed to ensure that a high level of service is provided. This will ensure that water is distributed and allocated according to needs rather than on an ad hoc basis.

4.7 Agencies work together

- It was found that there was little communication and reporting of information among key agencies. Individual agencies are carrying out activities independent of each other, rather than working together.

Recommendation 4.7

- a. There is greater coordination between the agencies to ensure that there is no duplication of effort. The National Water and Sanitation Committee when formed should assist in this role.

4.8 Bench marks and traffic light reporting to be created to monitor progress

- There are no benchmarks by which the key agencies' performance can be evaluated.
- There is currently no assessment of the performance of the key agencies.

Recommendation 4.8

- a. Benchmarks to monitor the progress of water management are developed and are included in the IWRM Plan.
- b. Performance of the key agencies' benchmarks should be monitored on a regular basis with explanations for poor performance being required.
- c. The National Water and Sanitation Committee could use traffic light reporting to summarise the progress made against benchmarks. This would simplify the reporting requirements and make it easier to assess progress.

4.9 Improvement of database systems surrounding water management

- Currently the database to monitor the quantity of water stored and distributed is paper based. This means that statistics are less easily available and makes it difficult to create a backup.

Recommendation 4.9

- a. An electronic database is kept to monitor the quantity of water stored and distributed to ensure that statistics are easily available and that it is easily backed up.

5 Findings and Recommendations Arising from the Management of Solid Waste in Tuvalu Audit Report

5.1 Lack of understanding of legal policy framework for Solid Waste

- There is a lack of dissemination and education of stakeholder's responsibilities as outlined in the Waste Operations and Services (WOS) Act.

Recommendations 5.1

- a. That the Waste Operations and Services Act is provided to key agencies and their roles and responsibilities are clearly outlined to them.

5.2 Lack of regulations in force, in the management of solid waste

- Tuvalu has undertaken to manage solid waste under various international conventions and agreements. The current regulations which are aiming to ensure compliance with these requirements are still in draft form.
- These include the Draft Environmental Protection (Litter and Waste Control) Regulations; Draft Regulations surrounding the WOS Act ; and the Draft Solid Waste By-Law

Recommendations 5.2

- a. That the draft regulations are made final and are implemented.

5.3 Lack of Waste Management Strategy

- A Waste Management Strategy for the entire of Tuvalu has not been developed. The integrated waste management strategy developed by the Asian Development Bank (ADB) is being used as a substitute, however, this is for Funafuti only.

Recommendations 5.3

- a. A national waste management strategy is developed in line with the requirements of the WOS Act that:
 - a. Clearly defines roles and responsibilities
 - b. Provides appropriate oversight, including a functional and active steering committee
 - c. Establishes achievable and measurable targets; and
 - d. Educates the community on the requirements of the WOS Act.

5.4 Lack of clear roles and responsibilities surrounding green waste

- The current WOS Act is not clear on the roles and responsibilities of agencies surrounding green waste.

Recommendations 5.4

- a. When developing the National Waste Management Strategy, roles and responsibilities surrounding green waste should be defined

5.5 Integration of resource reuse and recycling into the National Waste Management Strategy

- Section 28 of the WOS act requires adequate resource reuse and recycling

Recommendation 5.5

- a. Ensure that the new waste management strategy identifies and adequately resources reuse and recycling activities, in compliance with the WOS Act.

5.6 Requirements of the WOS Act not being complied with

- The WOS Act requires that a steering committee surrounding solid waste be established. A steering committee has not been established.
- The WOS Act requires the development of environmental and public health standards and also establishes the monitoring requirements by agencies. There are no Public Health Standards in place.

Recommendations 5.6

- a. A steering committee is established and is responsible for the oversight of the framework outlined in the WOS Act.
- b. Environment and Public Health Standards are developed and monitoring arrangements are performed.

5.7 Lack of funding, processes and capacity in waste collection

- There is inadequate funding given to the agencies that are to implement the WOS Act. With the enactment of the WOS Act, there should have been additional expenditure in order to implement it. Without reliable funding, solid waste services will not improve.
- There are no documented process for waste collection
- Fees collected by the Kaupule have not contributed significantly to the operating cost of collection. This lack of fee collection has impacted on the collection of waste.
- Currently there is a lack of capacity of staff in effectively managing solid waste equipment and facilities.

Recommendation 5.7

- a. Adequate funding is given to the agencies in order to implement the WOS Act
- b. Waste collection processes are established, documented and enforced.
- c. Fee collections for removal of waste is improved
- d. Capacity building programs need to be in place for staff, in order to improve management of solid waste.

5.8 Quality waste management data is not being collected

- There is limited reporting on the quantity and type of waste, being recycled and going to landfill.
- The data currently being recorded is vague and was unable to be quantified.
- This data is required by the WOS Act to be kept.

Recommendation 5.8

- a. The Kaupule keeps statistical data which is properly documented, including volume of waste, disposal area and type of waste. This could be in the form of truckloads of waste delivered to the dumpsite daily.
- b. The Kaupule reports this data to the Waste Management Department on a regular basis to ensure that proper data on levels of waste in Tuvalu are kept. This can be used to monitor if there is an increase or decrease in.
- c. The Waste management department uses this data for future planning of waste management activities.