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Excellence in Public Sector Auditing



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10 November 2017

Mr. Ashneel Sudhakar
Chairman
Standing Committee – Public Accounts
Government Building
SUVA

Dear Mr.Sudhakar

RE: SAVUSAVU TOWN COUNCIL

Warm greetings from Office of the Auditor General

Reference is made to the Public Accounts Committee meeting held on 7th of November 2017 for Savusavu Town Council. Further reference is made to General Report on Municipal Council of 2014, Section 2, issue 2.5 "Failure to produce documents for Audit"

Office of the Auditor General was asked to assist the Committee by providing some information on the background of the Land sales deposits amounting to \$447,357 for which there was no details or supporting documents to substantiate its validity.

Please find attached to this letter some related and relevant information which has been extracted from some old files maintained at Office of the Auditor General. I hope that this information may assist the Committee in writing up their report or further deliberating on the issue.

Please feel free to contact Mr. Jayant Ram on Telephone 3309032 ext 393217 should you require any further information or clarification.

Yours sincerely

Dineshwar Prasad
for Auditor General

Encl.

Saved Cagimaivei: Savusavu council land deals fraud and corrupt

LAND deals in the Savusavu Town Council appear to be riddled with fraud and corruption, Urban Affairs Minister Vilisoni Cagimaivei revealed last night.

Mr Cagimaivei dissolved the seven-month-old council last week after an internal inquiry found discrepancies in its operation.

He has since appointed a three-member administration team, headed by retired civil servant Hisoni Tabutumatua. Other members include Savusavu businessman Robin Mercer and Local Government Association executive Pusp Ruj.

The three administrators took over the operation of the council on Monday after Mr Cagimaivei met with outgoing councillors.

He described the problem facing the council as enormous.

"The administrators' main job is to get the council back on stream within two years," Mr Cagimaivei said. "It is going to be an enormous task, but we will give it a go."

The council is currently owed 150 thousand dollars in uncollected rates with very little or no effort at all on the part of the councillors and officers to collect overdue rates.

"This is due to the financial position of the council going from bad to worse - reaching a stage where the council has been unable to pay for its services."

"With the administrators taking over and help from the people of Savusavu, we hope to instil a new sense of direction for the council," Mr Cagimaivei said.

While Mr Cagimaivei declined to reveal details of the alleged council land deals, it's understood that a councillor

bought the land from the council at 30-thousand dollars and resold it a week later for something like 300 thousand dollars.

Meanwhile, Mr Cagimaivei said problems facing Lautoka City Council are more of an attitude than financial, as in the case of Savusavu.

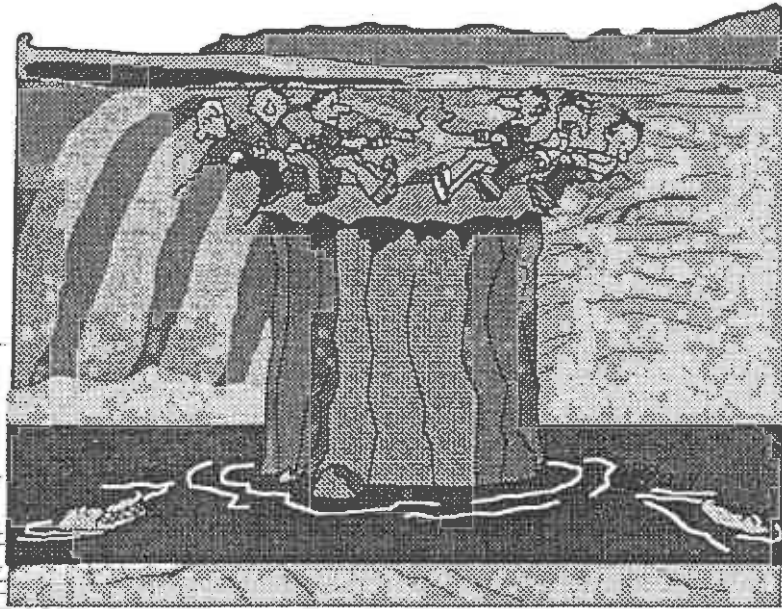
Mr Cagimaivei said he would issue a ministerial order to rescind a recent resolution of the Lautoka City Council allowing councillors free parking.

"This is not in conformity with Local Government regulations and despite warnings from the management that it is illegal, councillors went ahead and approved the resolution."

"It is an attitude problem and I will not hesitate to issue a directive for it to be abolished once I receive an official report on it," an angry Mr Cagimaivei said last night.

Report

Committee of Inquiry



into the affairs of

Savusavu Town Council

January 1997

SAVUSAVU TOWN COUNCIL

INTRODUCTION

Nasavusavu was declared a township in 1972 and has been widely known as Savusavu Town and the Savusavu Town Council was born. It lies on the northern end of Nasavusavu Bay and has a frontal natural unpolluted coastline with hilly background covered with coconuts and lush green vegetations.

The Savusavu Town has an area of about 800 hectares with an approximate population of 4,500. The total ratepayers is about 340.

The last elected Council was in 1985. Because of the events of 1987 Savusavu Town Council like the other municipalities in Fiji, was run by the Councillors appointed by the Minister for Housing and Urban Development. In September 1993 the Council was again elected by the ratepayers and inhabitants of Savusavu Town. The second set of Councillors were elected on September 28, 1996.

Two groups - the Sunrise and Spade contested the elections. The former group was led by Cr. D M Lal who is now the Mayor and the latter by Cr. Raymond Fong, a former Mayor. The Sunrise group won seven seats and two by the Spade. Two of the Sunrise faction are now siding with the Spade. One of them is the Deputy Mayor.

The Council does not have the ward system for the election purposes and this has been highlighted during the submission.

Savusavu Town Council has an airport and Government had already declared Savusavu Town as a port of entry. Eco-tourism has been established in Savusavu and there are many tourist resorts in the surrounding area. It also has a coconut mill operating near the town.

Almost all the land in Savusavu Town are freehold and Savusavu Town Council owned a number of commercial, industrial and residential lots.

Savusavu Town Council provided, it operates efficiently has the potential to prosper and grow.

THE APPOINTMENTS

In accordance with regulation 3 of the Local Government (Inquiries) Regulations 1977 the Committee was appointed on January 2, 1997 by the Minister for Urban Development, Housing & Environment to do the inquiry into the affairs of Savusavu Town Council.

TERMS OF REFERENCE

The terms of reference for the Committee was to report to the Minister whether, in the opinion of the Committee -

- / a) the resources of the Council are being used in the best interest of the municipality as a whole;
- / b) the administration of the Council is wasteful, inefficient or corrupt; or
- / c) the Council has failed to act in conformity with any of the provisions of the Local Government Act Cap. 125.

1.0 In the report references to the

- "Minister" - means the Minister for Urban Development, Housing and Environment.
- "Ministry" - means the Ministry for Urban Development, Housing and Environment.
- "Act" - means the Local Government Act Cap. 125.
- "Council" - means the Savusavu Town Council.
- "Committee" - means the Committee of Inquiry

2 METHODOLOGY

- 2.0 The Committee's function and activities were advertised in the news media prior to the date of commencement of its inquiry. It commenced its inquiry on 27 January, 1997 and completed it on 31 January 1997.

The Committee commenced with the familiarisation visit of the town boundary including its subdivisions. It also examined Council's minutes, accounting and other records.

2.1 Summons of Witness

Altogether sixteen (16) people including the nine (9) present and four (4) former Councillors together with three (3) staff were summoned to witness. Fifteen (15) of them attended.

2.2 Submissions

- Six (6) ratepayers/inhabitants also gave oral submissions. The list of the persons summoned to witness and persons who gave oral submissions, is attached as annexure to this report.

2.3 In accordance with Reg (4) 1 of the Local Government (Inquiries) Regulations 1977 the Council was invited by the Committee to attend the hearing.

However, the Council was unable to attend.

2.4 Hearing

The Committee took two (2) days to hear all the submissions and it heard seventeen (17) persons in public, five (5) requested to be heard in camera.

2.5 Investigation

The Committee after the hearings had to investigate against the Council's records to satisfy itself on the allegations made or points raised during the hearings.

In most of the cases the people who gave submissions mentioned that the Council was facing financial problems. There were also allegations of improper practices made against the previous and present Council including Councillors.

3 THE COUNCIL

3.0 The Council is comprised of 9 councillors. They were elected on September 28, 1996 to serve a term of three (3) years.

3.1 Standing Committees (Section 27 of the Act)

The Council has the following Standing Committees:-

- a) Finance (9 Councillors)
- b) Building and Health and General Purposes (6 Councillors)

c) Land and Subdivisions (5 Councillors)

d) Board of Survey (3 Councillors)

3.2 Membership - Land and Subdivisions Committee

The Council's above Committee always had a membership of nine (9).

It was noted that the Council at its Finance committee meeting held on October 28, 1996 recommended to increase the membership of the Committee from the existing 5 to 9.

However, it was noted by the Committee that three Councillors gave a notice of motion requesting the Council to rescind the above recommendation.

Subsequently a special meeting of the Council was convened on November 14, 1996 to deliberate on the issue.

At that meeting one councillor sought clarifications for the purpose of the motion. Since he was not satisfied from the explanations the Councillor together with the three other Councillors walked out of the meeting.

4 THE INQUIRY

4.0 Council's Meeting/Procedures/ Minutes

After scrutinising the Council's meeting notices, agenda and minutes the Committee observed that the Council's meetings were called through notices issued by the Town Clerk and in such notices only the agenda was set.

The Committee further noted that the notice of the meetings were not supported by the Town Clerk's reports and recommendations.

The Committee is of the view that Councillors need every guidance and assistance from the Town Clerk in all the meetings.

In the absence of such reports and recommendations from the Town Clerk, it may be difficult for the Councillors to arrive at fair decisions.

The Committee found that the Town Clerk was lagging behind in the reporting aspect to the Council.

The Council in accordance with Section 138 of the Act is required to forward certified copies of all its Committees, Special and Ordinary Council's meeting minutes to the Minister. The Committee, however, found that the Council was not following the requirements.

4.1 Meeting By- Laws

- The Council had no meeting by-laws as such it may be wise for the Council to introduce one for its use.

5 VALUATIONS

- 5.0 The Council's last sexennial general revaluations were carried out in 1980. Another one was due in 1987 and due to the events during that year it had to be deferred.

The Minister's approval was sought to defer the revaluations till December 31, 1990 only.

Since then the Council has not caused any revaluation of its properties nor sought the Minister's approval. This is contrary to Section 64 of the Act.

The Council has 340 lots assessed in the existing valuation roll (1980).

There has been an increase of about 16 prime industrial lots at Naqere subdivision since 1983 and 9 prime commercial lots at Foreshore reclamation area since 1992. These lots have not been valued for rating purposes thus depriving rate income for the Council.

The Committee observed from the records available that the Lands Dept. had requested in its letter of May 7, 1996 for an initial deposit of \$3,000 (revised from \$5,000) from the Council to commence the valuation work.

The Council does not have the necessary fund to pay the deposit and therefore the work could not be done and there is no indication when the work would be undertaken as well.

6 FINANCE

6.0 Income - Rates

The Council's main source of income is rates.

Tabulated below please find the actual rates received against its estimated for the period 1990 - 1995. (Figures have been obtained from the Council's approved estimates and draft financial statements.)

None

(Total Rates only)	1990	1991	1992	1993	1994	1995
	\$	\$	\$	\$	\$	\$
Estimates	173,810	217,810	252,360	272,360	339,360	159,360
Collected	<u>61,400</u>	<u>43,710</u>	<u>38,880</u>	<u>55,890</u>	<u>63,420</u>	<u>47,500</u>
	<u>112,410</u>	<u>174,100</u>	<u>213,480</u>	<u>216,470</u>	<u>275,940</u>	<u>111,860</u>
% Collected	35.32	20.06	15.40	20.52	18.68	29.80

The rates collected are far below average and all efforts has to be made to improve the collection procedure. The Town Clerk in his submission stated that it is very difficult to take legal action as the Council would request him to "go slow" in instituting legal action.

The Council's rate arrears position at the end of the years were as follows:

1994	-	\$253,612
1995	-	\$189,210
1996	-	\$131,722

Approximately 45% of the rate payers were in arrears. The Committee could not sight the list of the arrears.

The Committee noted that the general rate was not increased since 1992. Similarly the Fire rate was not increased since 1991 and as for other rates there has been no increase at all.

Whenever the Council intended to increase the rates there had been resentment from the ratepayers.

The Committee found that the Council had not increased its rates for a number of years and therefore has failed to provide the necessary services. The Committee is of view that the Council did not comply fully with Section 88 of the Act.

6.1 Recurrent Income and Expenditure General Fund (Cash Basis)

The recurrent income and expenditure summarised for the period 1990 to 1995 is shown below. The figures from 1991 are unaudited and obtained from the draft accounts prepared by an accounting firm.

Income Pfr

Year	Income	Expenditure	Deficit	Remarks
	\$	\$	\$	\$
1990	79,680	104,390	(24,710)	
1991	183,080	312,440	(129,360)	Sale of land 135,700
1992	148,830	159,260	(10,430)	Sale of land 68,860
1993	118,280	183,210	(64,930)	Sale of land 25,500
1994	117,380	150,290	(32,910)	Sale of land 53,695
1995	<u>109,180</u>	<u>158,400</u>	<u>(49,220)</u>	Sale of land 22,640
	<u>756,430</u>	<u>1,067,990</u>	<u>(311,560)</u>	

It could be seen from the above records that the Council had a deficit situation every year and this trend would continue in the years ahead. This itself is the indication that the Council has not been in a position to improve its financial position.

6.2 Loan Repayment Account

Similar to General Fund the revenue and expenditure account for Loan Repayment Account also had a deficit situation, as summarised below for the period 1990 - 1995.

Year	Income	Expenditure	(Deficit)
	\$	\$	\$
1990	5,440	29,500	(24,060)
1991	7,120	34,350	(27,230)
1992	5,480	42,710	(37,230)
1993	5,460	40,100	(34,640)
1994	5,710	39,810	(34,100)
1995	<u>7,630</u>	<u>51,680</u>	<u>(44,050)</u>
	<u>36,840</u>	<u>238,150</u>	<u>(201,310)</u>

It is obvious from the above figures that the Council could not raise sufficient rates or utilise the money received from the sale of land (lots) to repay the loan and as a result deficit has accumulated.

The expenditure has been exceptionally high in the General Fund and as well as the Loan Rate Fund when compared to the income.

6.3 Accumulated funds in deficit

The summary of accumulated funds in deficit as at December 31, 1995 were as follows :

General Fund	-	\$384,000
Street Lighting	-	\$ 20,360
Loan Repayment	-	<u>\$199,110</u>
		\$603,470
Less : Monies held in deposits and surplus		<u>\$ 77,200</u>
Total accumulated fund in deficit	-	<u>\$526,270</u>

This is an alarming situation as despite using the monies held in deposits there is a large accumulated fund in deficit.

6.4 Bank Overdraft

As at December 31, 1995 the Council had a bank overdraft of \$78,380, this was reduced to \$48,660 on December 31, 1996 but on the other hand the Council was holding the sundry creditors payments amounting to over \$101,000. In some cases the cheques have been written but not paid. There is constant pressure from the creditors demanding the payment but the Council can not effect the payment due to heavy overdraft situation and lack of fund.

6.5 Overdraft Limit

Year	Actual Overdraft	% of the Gross Est Rev.
1991	\$72,810	10.78 %
1992	\$98,710	13.20 %
1993	\$83,140	13.30 %
1994	\$79,380	13.10 %
1995	\$78,380	11.31 %

The above overdraft have exceeded 5% of the recurrent estimate gross revenue of the Council. The approval of the Minister in terms of section 40-1(a) of the Act, had not been obtained.

Also the Council has been operating on bank overdraft for a long time and no one seem to pay any special attention to the deteriorating situation.

6.6 Outstanding Account and Sundry Creditors

The Committee observed that the Council had owed quite a large sum of money for the services Council had obtained, outstanding dues to government and FNPF, deposits held to be refunded and so on, which amounts to about \$101,000.

The Committee feels that the following list would give a more meaningful picture :-

	\$
(1) S Lal Gabage Service	36,410
(2) Refundable Deposit - Foreshore Reclamation	16,450
(3) Gulab Dass Ltd	9,710
(4) Inland Revenue/FNPF	7,480
(5) Adrian & Company	6,880
(6) Inoke Consultants	6,160
(7) Lands Department	3,000
(8) FEA	2,750
(9) Telecom (Fiji) Ltd	1,800
(10) Auditor General	1,595
(11) FNTC Levy	1,450
(12) Jai Lal	1,420
(13) Street Light Maintenance	1,160
(14) PWD	1,000
(15) Madhwan printing	870
(16) Nasekula Hardware	770
(17) Fong's restaurant	520
(18) Mohammed Kamal (Drain)	500
(19) Others	<u>1,075</u>
TOTAL	<u>\$101,000</u>

6.7 Surcharge/Penalties

Unless the Council continues to pay its dues to Inland revenue, Vat Unit, FNPF and FNTC on time the Council could be surcharged which would be an extra financial burden, besides the legal actions which could be instituted against the council.

6.8 Improper Use of Revenue by Replacement Cheques

In the Submissions received the Committee found that the Council was using its cash received to meet daily payments, instead of depositing the cash in the bank. To meet the balance and keep the records accurate Council replace the cash used with an equivalent amount by its cheques which they kept in the Council safe for a long period.

The Committee found that this system was practised because the Council was in a large overdraft situation and the bank on the other hand was reluctant to accept the Council's cheques.

This is contrary to Section 39 of the Act.

6.9 Affect of Cash Flow on Services

Due to the cash flow problems the Council could not carry out the services such as maintenance work and therefore some of the ratepayers are angry and are reluctant to pay rates and other dues.

This has really aggravated the existing situation on cash flows to an extent.

The Council has to gain the confidence of the ratepayers only then the situation on arrears of rate payments could improve.

6.10 Annual Accounts

It was noted that the annual accounts for the period 1991 to 1994 prepared by the private accountants were forwarded to Auditor-General on February 20, 1996 and the accounts were being audited as at the date of the inquiry. The draft annual accounts for 1995 were also prepared but not sent to the Auditor-General.

The Council had breached section 57 (1) of the Act.

The Committee found that the Town Clerk was incapable of preparing the annual accounts of the Council thus the Council had to incur additional expenses by engaging a private accounting firm to do the work.

The Committee also noted that the Council owed a sum of \$6,880 to that private accounting firm for preparing the accounts and \$1,595 to the Auditor-General for auditing of accounts up to 1990. X

The Council's inability to pay the private accountants delayed the preparation and release of its financial statements.

6.11 Audit

The Auditor-General is also held responsible for taking that long, nearly a year to audit the Council's accounts. In the absence of the Auditor-General's report the Committee could not fully satisfy itself on the allegations and issues pertaining to the Council's operations. The Committee however, believes that the financial state of the Council is in a mess.

6.12 Annual Reports

Due to the pending audited financial statements the Council could not submit its annual reports to the Ministry. This is another breach of the Act i.e. Section 19-1(c).

6.13 Estimates

The Council has been preparing its annual estimates and tabulated below please find the general fund estimates of income and expenditure.

	1992	1993	1994	1995	1996	1997
	\$	\$	\$	\$	\$	\$
Income	747,270	624,870	603,720	692,930	666,120	680,570
Expenditure	<u>259,450</u>	<u>384,120</u>	<u>359,870</u>	<u>338,100</u>	<u>337,370</u>	<u>306,910</u>
Surplus	<u>487,820</u>	<u>240,750</u>	<u>243,850</u>	<u>354,830</u>	<u>328,750</u>	<u>373,660</u>

The Council's accounting system is on cash basis and while it approved a very large surplus budgets, the actual performance was somewhat as reported in item 6.2. The actual figures in fact revealed that the Council always ended up in deficit situations.

This trend is being continued and neither the Council nor its administration could correct the position of the so called inaccurate reporting.

The Committee found that the approved copies of the annual estimates were not sent to the Minister, which is contrary to section 46 of the Act.

6.14 Taxi/Carrier/Buses

The Council has about 70 taxis, approximately 60-70 carriers and 10 buses operating from the town.

While the operators are charged business licences they are not charged with base fees as other municipalities are doing.

The Council could have earned revenue approximately \$16,000 per annum if it would have charged even \$10.00 per month per taxis (70) and per carrier (65).

This is a neglect on the part of the Council and its administration both. A substantial amount of revenue has been lost in this area and the Committee feels that the Council will continue to loose the same in future unless appropriate remedial action is taken forthwith.

6.16. Accounting Manual

The draft accounting manual prepared in 1992 by Mr. Tamesar Bhim, a former Auditor-General should be implemented for the Council and may be for all the other municipalities as well.

This would assist the Council such as Savusavu to an extent where the staff lack the training, knowledge and experience in financial management.

7. LAND DEVELOPMENT

- 7.0 To subsidize the rate income the Council undertook to reclaim, develop or acquire land for subdivisions with the intention of selling and making profits and utilising the same for the Council's operating account.

7.1 Foreshore Reclamation Work

The Council in 1985 commenced reclamation of foreshore area in stages. By the year 1989, 9 lots were developed and allocated to various individuals.

According to the records available it had cost the Council \$183,240 to reclaim the stage I, and the Council derived income of \$159,000, one lot had to be given to the Tikina of Nasavusavu free of charge as a part of the land deal. There has been a shortfall of about \$24,000 in revenue.

The Council maintains that due to the events of 1987 it could not earn much from the subdivided lots as there was a slump in real estate.

The Council by the year 1991 had reclaimed the remaining portion of the foreshore land and had to spend another \$63,000.

This portion of reclamation was subdivided into 2 large lots and sold to -

- a) Lot 1 - SO2441 Savusavu Bay Investment Ltd at \$80,000 of which \$25,646 is still outstanding. The sale took place in 1994. There is a dispute on this lot between the purchaser and the Council.
- b) Lot 2 - SO2441 Kilowen (Fiji) Ltd at \$220,000 in 1994. The applicant had paid a deposit of \$75,000 and a balance of \$145,000 is still outstanding.

The agreement between the Council and the purchaser whereby the purchaser was supposed to pay interest of \$4,350 at quarterly intervals from April 1994 and from the 4th year the purchaser has to pay the principal of \$18,125 per quarter together with the interest.

The money has to be fully paid no later than 5 years from the date of agreement. That is to say that the full settlement has to be made by 1999.

7.2 Summary

Total Cost of Foreshore Development = \$246,300

Proposed Sales	-	\$459,000
Income Received	-	<u>\$308,450</u>
Balance		<u>\$150,550</u>

The Council in books would make an overall profit of \$212,700
(\$459,000 - \$246,300)

However it should not be forgotten that the Council had taken an initial loan of \$150,000 in 1985 to fund the reclamation works and as at December 31, 1996 the loan remained outstanding as \$133,060.

In the absence of the current files on Foreshore reclamation and other records it could not be established as to how much interest and principal had already been paid over the 10 year period.

In simple mathematics one can determine that the Council could not make profit from this development.

The Council by its resolution on February 27, 1991 had given the mandate to the Mayor and the Town Clerk to negotiate, decide on pricing of lots and to handle all transactions in respect of land matters. This was dangerous precedent and improper practice.

This has been a subject of criticism by some of the people who gave submissions.

The Committee noted that the Council failed to invite tenders for allocating of the above lots and this was highlighted during the submissions.

8 Nakama Subdivision Lot 1, DP. 3264, CT9197 Previously - Narain Construction Co. Ltd and FNPF

- 8.0 The Council had purchased a large parcel of freehold land from FNPF (Mortgagee Sale - Sethi Narain) in 1991 at a price of \$350,000 of which FNPF provided a loan of \$300,000.

There are over 50 sitting tenants on part of that land now known as Nakama Subdivision. The other part of the land which was vacant at the time of purchase is known as Narain Heights, where 27 prime lots were sold to individuals.

As for Nakama subdivision the Council intends to subdivide the area and then allocate the lots at a price of \$7,000 each. The Council had already taken deposits totalling \$75,750 from the sitting tenants in 1991.

The scheme plan for the Nakama Subdivision was approved on November 24, 1996 in which 60 residential lots have been plotted.

The Council took almost 5 years to have the scheme plan approved and no one knows how long it would take for the survey plan to be sealed and lots allocated.

The residents are suffering as there are no proper roads and utility services such as water and electricity.

As for the other part of the area called Narain Heights (prime vacant lots) the Mayor and the Town Clerk were once again authorised to negotiate with individuals and sell the lots in 1991.

Altogether 27 lots were sold to the value of \$200,500 through this procedure.

Tenders were again not invited.

The Council had also agreed to sell the above lots to the interested councillors and staff at a special rate to be fixed by Mayor and Town Clerk. This is direct pecuniary interest and is contrary to Section 17 of the Act.

when?

Furthermore it was raised in the hearing that no proper planning and feasibility study was carried out prior to undertaking the above project.

8.1 Summary

Total purchase price of the land		<u>\$350,000</u>
Income		
Sale of 27 prime lots	\$200,500	
Deposits received from Nakama subdivision	<u>\$ 75,750</u>	<u>\$276,250</u>
Outstanding at Nakama subdivision		<u>\$266,000</u>
Total proposed sales		<u>\$542,250</u>

To obtain the balance outstanding on Nakama subdivision the Council has to do a proper subdivision for which no approximate cost was available. The more delay the Council does on its subdivisions the more will be the cost.

Eventually the Council will not be able to make any profit from the sale of lots keeping in view the escalating figure on its original loan of \$300,000 which stands at \$425,450 (as at 31.12.96) and unknown subdivision cost.

At the end the Committee is of the view that the total proposed sale of \$542,250 will be offset by the outstanding loan \$425,450 plus unexpected developments costs. It simply means an exercise in futility which is only draining the Council funds with no future guaranteed return.

Submissions were also made on the above especially on the delay of project and suffering by sitting tenants.

9. OTHER LAND DEALINGS

9.0 The Council had the following other land dealings.

9.1 Subdivision Lot 3 DP. 3523, CT.21153 & CT. 9197. This lot was acquired in 1995 by the Council from Shell Co. Ltd, to use it as an excess for Nakama Subdivision. The lot was purchased at a price of \$25,000, subdivided and allocated to three (3) people at \$16,500 each. The total expected income from this is \$49,500 of which 1/3 has been already received.

As at January 1, 1996 only scheme plan had been approved. There is no indication as to when the Council will finalise the work to derive the balance of 2/3 of the sale price.

9.2 Land at Verevere & Vunikoka

About 10 lots have been sold at about \$66,250. Balance outstanding was \$6,250.

9.3 Land at Navaqiqi and Natutu subdivision

There are 6 residential lots in the above subdivision for which scheme plan has been approved on January 19, 1996. The Council has already obtained deposits from the applicants to the value of \$45,000 and balance of \$64,500 is to be collected once the leases are allocated.

All deposits received from the land sales has been used in the recurrent operating account.

9.4 Land For Subdivision

The Council has land at Navaqiqi and Nakama yet to be subdivided.

10 RECORD OF SUBDIVISIONS AND SALE OF LOTS

The Committee is of view that appropriate, up to date and readily available records were not kept by the Council for the Committee to ascertain the true position on development costs, sales and profits of all its subdivisions.

11 SCHEME PLAN FOR THE TOWN OF SAVUSAVU

The Council does not have a proper scheme plan, the one held in the office was a draft prepared in 1980. This matter has to be expedited for the proper development purposes of the town.

12 MAYOR AND TOWN CLERK - ACTING ULTRA-VIRES AND NOT DECLARING INTEREST

12.0 Reaching an Agreement without full Council's approval/declaring interest.

The Council's Land and Subdivisions Committee at its meeting held on November 22, 1996 agreed to reduce the price of a lot allocated to one Ravindra Kumar Lal (Lot 2, DP. 3523) from \$22,000 to \$16,500.

This recommendation was not confirmed by the Full Council as at January 31, 1997 and yet the Mayor and Town Clerk had signed an amended sale and purchase agreement with the purchaser. This is ultra-vires under Section 27 of the Act.

It was also noted from the minutes of the meeting of November 22, 1996 that the Mayor was present during the discussion on this issue.

Furthermore it was noted that the purchaser is the son of the Mayor. Therefore the Mayor should have declared his pecuniary interest let alone his vested interest in accordance with Section 17 of the Act. This matter was also raised during the submission.

13 ALLEGATION AGAINST THE MAYOR - CR. DAVID MANOHAR LAL

13.0 During the hearing some councillors and ratepayers alleged that the Mayor was in arrears of substantial rates and had not paid his business licence for operating a garage, a joinery shop and motel/guest house in the town. This was found to be true.

In their submissions they stated that the Mayor being a sitting tenant on Lot 1 Nakama Subdivision did not pay his required deposit of \$2,000.00 as others had done.

The Mayor in his submission stated that he was holding a sale and purchase agreement from Narain Construction and as such he was not supposed to pay the deposit to the Council.

The Committee sighted a copy of the sale and purchase agreement which was undated and does not seem to be a proper one. The Committee was advised during the hearing that the Mayor Cr. Lal was a former employee of Narain Construction Co. Ltd which he confirmed in his submission. Before he was elected to the Council Cr. Lal was requested several times to produce the original agreement to the Council and at as the date of inquiry he was unable to do so.

- The ratepayers are also complaining that when the first citizen was not paying his dues to the Council why should they pay theirs.

It should be noted here that Savusavu is a small place and this issue has a lot of bearing in the minds of the people.

14 OTHER ALLEGATIONS

There were allegations against a sitting councillor who was operating an illegal garage which he continues to operate.

Ironically this particular councillor is also the chairman of Land and Subdivision Committee.

15 ADMINISTRATION

The Council has the following staff and employees ;

Town Clerk
Secretary/Typist
Recorder Clerk
Market Master
Rates Clerk
Unestablished Employees - 7

There is no organisation chart of the Council and also no duty statements for the staff. When questioned about this in the hearing the Town Clerk stated that he was just following the past "practices".

The Committee believed that all staff need training and exposure on the day to day running and operation of the Council.

The Town Clerk is not capable of preparing the annual accounts and reports of the Council. Even the certified minutes of all the Committees including the Special and Full Council's meeting since 1993 have not been sent to the Ministry. These defaults have already been mentioned in the report.

The day to day administration of the affairs of the Council needs a lot of improvements. In this respect the Town Clerk and Council have to get together and quickly formulate procedures to be followed.

16 OFFICE ACCOMODATION

The present set up of the Council's office accommodation was very badly done. The rates clerk sits in the Council Chambers. Whenever there is a Council meeting he has to vacate his chair and look for somewhere to sit.

16.0 FILES

At random glance of the Council's files the Committee found that files were not numbered and the files are kept in a cupboard in the Council's Chambers.

Councillors and Citizens have the easy entry to the chamber and there is a great security risk.

17 NATIONAL FIRE AUTHORITY

The above authority is occupying the Council's premises and had the authority contributed its share of rent, it would have helped the Council to some extent in improving its cash flow.

18 GOVERNMENT ASSISTANCE

A number of people who gave submissions stated that the central government had neglected Savusavu with regards to infrastructure and other facilities. It had been stated that the government did not contribute much towards the Council when compared to a town like Tavua where initial grant was given when Tavua was declared a town.

19 FINDINGS

- a) Whether the resources of the Council are being used in the best interest of the municipality as a whole.

The Committee has included the following headings i.e.

- Human
- Finance
- Asset

Human : This is the most important aspect of any organisation. Therefore in the opinion of the Committee the Council, councillors and staff are all part of human resources.

The Committee will confine itself to the present council/councillors and the administration. The Council is now divided into two factions . Although on the surface they appear to be amicable and respectful to each other, there is a strong under current of differences between these two groups. Immediately after the September 1996 election two Councillors who belonged the Sunrise group crossed over to join the second group because of the differences of opinion with regards to serving of ratepayers. These differences of opinion will ultimately have an effect on the ratepayers. There seems to be continuous allegations and counter allegations among the Councillors and it is very unlikely that the Council will be able to carry out its functions properly under the Act and more particularly when the Council is facing an acute financial problem. Resulting from the infighting between Councillors, the Town Clerk and his staff could be unwittingly dragged into this quagmire and thus the Council affairs will suffer.

Finance : From the submissions and from the observations of the Committee it could be seen that the financial position of the Council had not been healthy at all.

It can be seen on paragraph 6.2 of the report that the Council has been in deficit since 1990 or maybe before . In fact the minutes of the Finance Committee since 1980's indicated the Council had been operating on deficit budgets.

The Council had all the opportunities and avenues to boost its income such as levying the base fees from taxis, carriers and bus operators which it failed.

It could have easily increased its rates and also caused valuations to the newly added commercial and industrial lots and to improve its rate income.

Any responsible Council will try to adjust its income to match the expenditure or commitments. The Council very badly lacked proper financial planning and if it continues in the same direction then its position will deteriorate further.

It is rather very difficult for the Council to progress any further as there is virtually no funds.

The Council lacks the foresight.

Assets : As follow up to the above the Committee again wishes to point out that the Council and the Town Clerk were aware of its poor financial position when the Council had embarked on Land -Subdivision projects yet it did not do feasibility studies to assess whether or not the Land-Subdivision projects undertaken by the Council would be viable.

Naviqiqi and part of Nakama Subdivisions are hilly and gully and the cost of developing these two land could cost more than what the Council expects as return for sales.

Moreover after developing and selling the lots the Committee is of the opinion that the Council may not derive any profits. This may be an exercise in futility.

These are only some of the resources of the Council. The Committee is of the opinion that whilst the Council has been trying to use its resources in the best interest of the municipality as a whole, the poor and improperly planned projects has continuously drained out its resources.

b) Whether the administration of the Council is wasteful , inefficient or corrupt?

The Committee is of the opinion that the administration of the Council is wasteful and inefficient. This has been highlighted in our observations above. However, the Committee in the absence of any substantial evidence is unable to offer any useful comment on corruption.

c) Whether the Council has failed to act in conformity with any of the provisions of the Act.

The Committee on numerous occasions has found that the Council had failed to act in conformity with the Act. Listed below for easy reference are some examples :

Section of the Act breached		Subject
1	17	Pecuniary Interest
2	19	Annual Statements and Reports
3	27	Committees
4	39	Bank account
5	40	Overdrafts
6	46	Estimates of Expenditure
7	49	Transfer of Funds
8	51	Audit
9	57	Statements
10	64	Sexennial Valuation
11	88	General powers and the duties of the Council
12	138	Minutes etc. to be provided

20 CONCLUSION

The Committee is of the firm belief that the Council's financial position and its general administration have been in a real mess for a very long time. The present Council somewhat inherited this mess. However, they must endeavour to work together and put the position of the Savusavu Town Council, both administratively and financially in good order. Failing which the Council will be insolvent.

The submissions from the present and previous Councillors the Committee heard a lot of accusations, counter-allegations and mud-slingings.

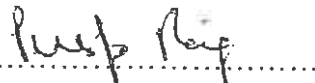
To make things worse the Committee also heard from submissions that the present Councillors started searching for old records, looking for loopholes and drawbacks of the past Council and Councillors as soon as they were elected.

The present Council has a division from the second month after its elections due mainly to land matters, illegal operations, outstanding debts and vested interests of members of the Council.

The division is now well known to the ratepayers and inhabitants of Savusavu and is beginning to bring disrepute to the Council.

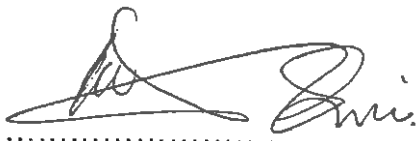
On the surface their relationship appear to be calm but this is in doldrums. A storm is brewing and unless the Council/Councillors work together Savusavu Town Council cannot survive.

The Committee is of the firm opinion that the present Councillors will not be able to come to a comprise and therefore the ratepayers and inhabitants of Savusavu Town will greatly suffer.



Pusp Raj

Chairman



Manoa Doboui

Member

February 20, 1997

ANNEXURE

List of persons summoned to witness and those who voluntarily gave submissions in order of their hearings.

- | | |
|--------------------------------|-------------------------------------|
| 1. Cr. Raymond Fong - | Former Mayor |
| 2. Mr. Abhay Chand - | Former Councillor |
| 3. Mr. Bas Deo Lakhan - | Former Deputy Mayor |
| 4. Cr. David Manhor Lal - | Mayor |
| 5. Cr. Sant Lal | |
| 6. Cr. Sharda Nand Gokal | |
| 7. Cr. Hemant Kumar | |
| 8. Cr. Shiu Shankar Singh | |
| 9. Cr. Manikam | |
| 10. Mr. Dharmendra Lal - | Accounts Clerk |
| 11. Mr. Samuela Bainikoro - | Rates Clerk |
| 12. Mr. Narendra Singh - | Ratepayer |
| 13. Mr. Waisea Suliwaliwa - | Former Cr./Deputy Mayor/Mayor |
| 14. Mr. Satrugan Lal - | Savusavu Ratepayers Association |
| 15. Hon. Satish Gulabdas - | Former Mayor & Member of Parliament |
| 16. Mr. Surendra Rama, J.P. - | Former Councillor |
| 17. Cr. Gopendra Narayan | |
| 18. Mr. Amzat Ali - Ratepayer | |
| 19. Mr. Bharat Lal - Ratepayer | |
| 20. Cr. Sakiusa Naulu - | Deputy Mayor |
| 21. Mr. Ravindra Lal - | Ratepayer |
| 22. Mr. Vimal Prasad - | Town Clerk |

ACKNOWLEDGEMENTS

Our sincere thanks goes to all the Ministry's Officials for their guidance and assistance.

Similarly, we also wish to record our appreciation to the District Officer, Savusavu for allowing the Conference Room as venue for the public hearing and for all other assistance.

Our special thanks goes to His Worship the Mayor of Savusavu, Cr. David Manohar Lal, Councillors (past and present), the Town Clerk and his staff for furnishing all information and assistance the Committee required.

We also wish to record our appreciation to the Hansard Reporters Wati Kinibaravi and Ms. Agnes Gibson for their services and co-operation.

Last but not the least a big 'Vinaka Vakalevu' to the Committee's Secretary Mr. Subhan Ali who did a wonderful job in providing services to facilitate the Committee's operation.

Savusavu town clerk resigns

SAVUSAVU Town clerk Vimal Prasad has resigned from his position after about 24 years.

This was confirmed by the Government-appointed chief administrator Vilisoni Tabuatamata yesterday.

Mr Tabuatamata said senior accounts clerk Dharmendra Lal would act the position until Mr Prasad's successor was confirmed.

Mr Prasad handed in his resignation letter last Thursday while he was still on a month's leave.

The Savusavu Town Council was dissolved early this year by the Housing and Urban Development Minister Vilisoni Cagimaivei because of allegations of mismanagement of funds.

Mr Cagimaivei appointed Mr Tabuatamata, Savusavu businessman Robin Mercer and acting Lautoka town clerk Pusp Raj as council administrators.

Efforts to seek comments from Prasad were futile.

"I really don't know his reason for quitting the job. All he said was that he was calling it a day and that's all," said Mr Tabuatamata.

The council has investigated several allegations of mismanagement of funds including land deals that eventually led to the collapse of the previous council.

Mr Tabuatamata declined to give any information but that the council was making progress in its investigation.

"I know people are disappointed that their money had been allegedly used for some other purpose instead of the blocks of land they had paid for," he said.

"We are still verifying the records and if we don't make any headway then one possibility is we might simply have to return their money," said Mr Tabuatamata.

He has asked ratepayers who owe the council large sums to settle their debts.

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17, 1994