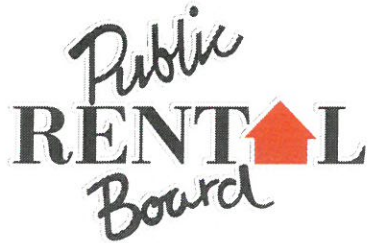


# APPENDICES

## **Appendix One**

### **Written Evidence by the Public Rental Board**



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SUBMISSION OF 2016 ANNUAL REPORT TO THE  
STANDING COMMITTEE ON SOCIAL AFFAIRS

29<sup>TH</sup> JANUARY @1.30PM



## Core Business & Vision

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### Core Business:

The provision and management of affordable quality public rental properties for low income earners.

Explore openings in order to cross subsidize low income earners.

### Vision:

**To be the leading provider of affordable, quality and appropriate rental housing for our customers.**



## Mission

The Public Rental Board will achieve its vision through:

- Facilitate the development of affordable and quality rental housing to meet the socio economic needs of customers.
- Maintain efficient and effective customer service to meet customer expectation.
- Maintain and enhance flats to Public Rental Board standards.
- Empower customers through innovative public relations and community building.
- Providing cohesive communities while enhancing openings that can be used to facilitate win – win opportunity for everyone.
- Undertake profiling and analysis of existing and potential customers.
- Promote innovative development and funding.
- Promote migration to homeownership

## Major Challenges

During 2016 PRB has the following Challenges:

1. Funding for capital development
2. Collection of arrears
3. Large number of waitlisted applicants



## 1. Funding for Capital development

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Continued subsidy assistance from Government.

Capital grants for new constructions or one-off grant.

### Outcome:

Continue assisting financially disadvantaged tenants.

Constructing more flats that are affordable to customers.

## 2. Collection of Arrears

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PRB has taken the following measures to minimize the arrears:

1. Direct deduction from source
2. Estate meetings
3. Consistent follow-up notices to tenants
4. Frequent estate visitation
5. Small Claims Tribunal
6. Eviction

### 3. Large no. of waitlisted applicants

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Currently PRB has 1,638 rental flats.

Moving forward, more information is required on the customer profile and also the demand (current waitlist as at Dec 2018 was 917).

PRB's competitors need to become partners.

**Outcome:**

Better information and better partnerships with other developers of low cost rental accommodation

### PRB's operational challenges

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1. Government and Governance
2. PRB Customer – relationships and Interrelationships
3. PRB Human Resource Management
4. PRB growth and development
5. Procedures and Controls
6. Maintenance Procedure
7. Tenancy Agreements
8. PRB Business/Services

## PRB's Operational Challenges

### 1. Government and Governance

Whether the government will continue to support PRB financially.

Government's efficiency in decision making process / support.

Management transparency and accountability. Every staff member should be aware of management's decision so that they can successfully implement and move PRB in the expected direction.

Good governance, transparency, autonomy, nurtures organizational growth.

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## PRB's Operational Challenges...

### 2. PRB Customer – relationships and Interrelationships

Regular meetings with tenants with innovative agenda and positive approach

Motivate tenants to live in a multi-racial community.

Providing incentives to tenants for enhancing their unit outlook, through competition.

Enhancing Tenant and PRB relationship.

- Sending quarterly statements.
- Formulation of Youth and Women Groups in estates.
- Enhancing educational awareness of tenants through various institutions such .

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## PRB's Operational Challenges...

### 3. PRB Human Resource Management

Up-skilling to provide PRB with efficient and timely decision to support its strategic focus.

Staff Competence – improve staff competence through training and development.

Staff rewards – reward people for their contribution.

Treating employees as internal customers looking into staff welfare.

Better facilities / office environment

Clear organizational procedures and policies

Improved professionalism at work place.

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## PRB's Operational Challenges...

### 4. PRB growth and development

Contract out services – grass cutting.

Enhancement of Performance Management System.

Development of rental flats, upgrade / renovate rental flats, market rental-social cost.

Incentives.

Improvement on existing structure, systems, processes.

Educate tenants.

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## PRB's Operational Challenges...

### 5. Procedures and Controls

#### • Collection of Rent

Collect weekly, fortnightly and monthly without delay.

Allocation criteria

Proper screening of applicants.

#### • Collection of Arrears

Increase direct deduction.

Use the fully integrated IT system to improve collection of rent, arrears.

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## PRB's Operational Challenges...

### 6. Maintenance Procedure

Minimize the number of return complains from tenants.

### 7. Tenancy Agreements

Agreement to be for 3 years and renewal process to be carried out 3months prior.

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## PRB's Operational Challenges...

### 8. PRB Business/Services

Social community needs

- Children playground
- Kindergarten
- Access to services
- Vocational program with Technical College

Associated costs – financial + social.

Sources of employment near PRB estates.

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## PRB Moving Forward – Improvements

1. Customer / Tenant Profile – socio economic profiling
2. Innovative solutions to meeting the demand for low cost rental housing
3. Effective and efficient PRB
4. PRB to drive the public rental property agenda through

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## PRB Moving Forward – Improvements

### 1. Customer / Tenant Profile – socio economic profiling:

- Definition and capacity of the PRB customers / tenants
  1. Analysis of the need / demand for low cost rental
  2. Estimated waiting list 917 families as at Dec 2018
- Provide estates / accommodation that meet the needs of the “customer / tenant”
  - Public rental is a difficult and complex socio environment

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## PRB Moving Forward – Improvements...

### 2. Innovative solutions to meeting the demand for low cost rental housing:

- Options / alternatives for providing public rental accommodation that is affordable
  - Partners in providing housing / include incentives. Government subsidising construction cost.
  - Cost effective, quality housing which is affordable; use innovative method and materials for construction.
- Exploring financing options for construction.
- Exploring innovative designs, innovative methods and innovative materials for construction that is cost effective for PRB
- Public private partnership

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## PRB Moving Forward – Improvements...

### 3. Effective and efficient PRB:

- Develop business plans that are realistic and demonstrate cost benefits with and without community subsidy
- Business continuity
  - Risk & asset management
  - Self sustainability

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## PRB Moving Forward – Improvements...

### 4. PRB to drive the public rental property agenda through:

- Accurate socio-economic profiling
- Coordination of the numerous entities providing affordable rental and low cost housing services on behalf of Government, including:
  - NGO's e.g. PCN, Habitat for Humanity
  - Informal settlers via Dept. of Housing
  - HART
  - Housing Authority
  - TLTB
  - Provincial Development and others
  - Municipal councils

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## Capital Projects:

- Completed Construction of Savusavu LCHP in October 2017
- Completed Construction of Kalabu LCHP in May 2018
- Complete construction of Simla LCHP by December 2019.

### New initiatives:

- Newtown Development project (94 units) :
  - Constraints:
    1. funding (12m)
- Nadera (800 units) (56m)
- Vunimoli –Labasa (40 units) (2.8m)
- Davuilevu (200 units) (14m)
- Tavakubu (150 units) (10.5m)
- Votua (200 units) (14m)

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## PRB's Achievements

- Completed Vakatora and Naodamu General Maintenance within the budget allocation.
- Successfully reviewed the weekly rent charge for Vakatora and Naodamu.
- Reduced the number of maintenance complaints by 10% as compared to 2015.
- Successfully reviewed the 2010 government subsidy allocation criteria.
- Started the Kalabu General Maintenance with the in-house team
- Completed the demand survey for PRB rental estates.
- Submitted proposals for further taxi bases at Newtown rental estate as part of income diversification.
- Referred existing tenants whose income has exceeded the \$16,500 threshold to HA for home ownership assistance.

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Thank you

## PUBLIC RENTAL BOARD

### SUBMISSION OF 2016 ANNUAL REPORT TO THE STANDING COMMITTEE ON SOCIAL AFFAIRS

1. Brief the committee on the functions of the Public Rental Board.

**ANS:** PRB was established in 1989 to manage the rental portfolio of Housing Authority.

Our Vision is to provide affordable, quality and appropriate rental housing for the financially disadvantaged Fijians and to realize the vision we are mandated with the following mission:

- Facilitate the development of affordable and quality rental housing to meet the socio-economic needs of customers.
- Maintain efficient and effective customer service to meet customer expectation.
- Maintain and enhance flats to Public Rental Board standards.
- Empower customers through innovative public relations and community building.
- Provide cohesive communities while enhancing openings that can be used to facilitate win – win opportunity for everyone.
- Undertake profiling and analysis of existing and potential customers.
- Promote innovative development and funding.
- Promote migration to homeownership

2. Provide an update on the status of the Kalabu and Savusavu Housing Projects which were expected to complete in 2017. Please also update us on the status of the Simla housing project and whether it has been completed.

**ANS:** Both Kalabu and Savusavu projects were fully funded by the government.

- I. Kalabu LCHP (36 flats, \$2,241,344) commenced construction in 2014 and was completed in May 2018 and officially opened on the 16<sup>th</sup> July 2018 by the Hon Prime Minister.
- II. Savusavu LCHP (48 flats, \$3,872,171) commenced construction in March 2015 was completed in October 2017 and was officially opened on 4<sup>th</sup> July 2018 by the Hon Prime Minister.
- III. Simla LCHP (36 flats, \$3,646,870) is also fully funded by government and work is in progress which officially commenced in October 2018 and is expected to complete by December 2019.

3. Provide and update on the outcome of the tenancy agreement review undertaken by the Board to achieve 100% valid tenancies at any given time.

**ANS:** The Board has a three-year tenancy agreement with the tenants. A good number of tenancies expired at the end of 2018 hence the validity is around 58% as at January 2019 and 50% in December 2018.

HHI survey are being undertaken and expected to complete in March 2019 whereby tenancies will be renewed accordingly. Our valid tenancy agreement target for 2019 is 100%.

## PUBLIC RENTAL BOARD

### SUBMISSION OF 2016 ANNUAL REPORT TO THE STANDING COMMITTEE ON SOCIAL AFFAIRS

4. Inform the committee on the key challenges PRB faces whilst trying to achieve its strategic objectives and how it is planning to overcome these challenges.

**ANS:**

Key Challenges	Initiatives undertaken
Funding for capital developments	Public Private Partnership, Government grants.
Collection of arrears	Direct deduction from source, Estate meetings, Consistent follow-up notices to tenants, Frequent estate visitation, Small Claims tribunal and eviction as the last resort.
Large no. of waitlisted applicants	Graduate tenants to home ownership, Tenants who are above the threshold to give vacant possession of flats.

5. How does the Board ensure that both male and female employees are treated equally in recruitment, training, hiring and promotions?

**ANS:** PRB's recruitment process is always based on merit. PRB has 14 male and 12 female as Salaried staff and 1 female and 15 male in unestablished employment (this is due to the nature of work as Tradesman, Electricians and Plumbers)

The following key positions have been given to female officers which were previously occupied by male officers:

- Manager Finance & Administration and Board Secretary
- Coordinator Finance
- Coordinator Human Resources and Administration
- Assistant Development Officer

6. Does PRB align itself to any of the Sustainable Development Goals (SDG's)? If so, can you further enlighten the committee on this?

**ANS:** SDG 1, 2, 3, 4, 7.

SDG	Goal	Measures taken
1	End poverty in all its forms everywhere	Providing financially disadvantage tenants with decent rental flats through the government subsidy. e.g. Tenants who earn up to \$100 a week pay only \$5 weekly rent.
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Encouraging tenants to do backyard gardening to supplement their food supply in all our estates. This is also an initiative to assist them in saving money and directed to other needs.
3	Ensure healthy lives and promote well-being for all at all ages	Awareness programs are carried out in estates for medical checkup and presentations by medical staff. Inspections are also carried out by PRB reps to ensure flats are in a livable and acceptable conditions.
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	PRB has established two Kindergarten facilities at Macfarlane and Nadera estates, and have lately undertaken an initiative in collaboration with the Technical College to encourage school drop outs and unemployed youths of the estates to undertake vocational training programs.
7	Ensure access to affordable, reliable, sustainable and modern energy for all	PRB has earmarked its headquarters for solar energy as a pilot project 2019 and to rollout to its rental estates in the future.



## PUBLIC RENTAL BOARD

### SUBMISSION OF 2016 ANNUAL REPORT TO THE STANDING COMMITTEE ON SOCIAL AFFAIRS

7. Update the committee on PRB's future plans and initiatives.

**ANS:** In terms of rental flat development to meet the waitlist (917 applicants) PRB is:

- I. Negotiating PPP funding's with FNPf and IFC for the proposed 94 units at Newtown rental estate.
- II. With the Common Board of Directors for Housing Authority and PRB, Housing Authority is allocating land to PRB at Waila and Tavakubu and any other HA land development for PRB rental housing.
- III. Redevelopment of Nadera estate, maximizing the number of flats to cater for the large waitlist applications.

8. The committee notes that one of the Board's mission is to empower its customers through innovative public relations and community building. Please provide further clarification on how this is undertaken.

**ANS:** Scheduled and pocket Estate meetings with tenants are carried out throughout the year to address tenant issues and relate information from PRB and government to tenants. Household income surveys are conducted for better PRB/tenant relationship. PRB encourages and award contracts for estate grass cutting and cleaning to estate committees as part of community building.

9. *Pages 8-9 of Annual Report: General Maintenance (table 2)* – The Committee notes that general maintenance was undertaken in 2016 to the following estates: Mead Road and Kalabu Flats. Brief the committee on the process undertaken to hire the contractor and the type of maintenance that was carried out.

**ANS:** The budget for Kalabu general maintenance was \$244,000.

**Outlined below are the processes involved in numerical order:**

- i. **Scope of work-** A thorough inspection of the estate was undertaken to determine the scope and was compiled to be part of the terms of reference during tender stage.
- ii. **Advertisement-** Tenders were advertised where only 3 contractors responded ranging from \$258,358 to \$558,439.
- iii. **Tender Analysis-** this was done to ensure that all respondents complied with the tender requirements taking into the price, financial and technical capabilities of the contractor.
- iv. **Board Submission-** approval was granted by the Board for the general maintenance works to be undertaken by the inhouse team at the allocated budget of \$244,000. However, the works were satisfactorily completed at a total cost of \$218,957.
- v. **Execution of works-** in-house supervising officer ensures that all works outlined in the scope is carried satisfactorily and a checklist signed off by tenants upon completion of their flat.

**PUBLIC RENTAL BOARD**

**SUBMISSION OF 2016 ANNUAL REPORT TO THE STANDING COMMITTEE ON SOCIAL AFFAIRS**

**Mead Rd Railing Upgrade:**

The Board approved the in-house team to carry out the upgrading works at a total cost of \$39,759. This is due to the urgent need of upgrading the railings for the seven (7) 3 storey block of flats.

10. *Page 10: Sale of Rental Flats* – Provide confirmation on whether this issue has been resolved.

**ANS:** Makoi flat- PRB managed to correct the lease in 2018 whereby the offer has been made to the sitting tenant with an expected settlement by 2019.

**Financial statement of PRB for the year ended 31 December 2016**

11. *Page 33: Other operating expenses* – The committee notes the increase in bad and doubtful debts from \$9,631 in 2015 to \$19,447 in 2016. Provide a breakdown of these debts and inform us of the measures the Board has put in place for debt recovery.

**ANS:** Bad and Doubtful debts are based on vacated arrears.

- i. Bad and doubtful debts are those debts which tenants leave behind after vacating flats. It increased to \$19,447 in 2016 from \$9,631 in 2015 due to increase in charge of provision for doubtful debts during the year.
- ii. Stringent measures were undertaken in our recovery process which decreased bad and doubtful debts to \$10,317 in 2017.

Measures in place for debt recovery are:

- a) Direct deduction from source,
- b) Estate meetings,
- c) Consistent follow-up notices to tenants,
- d) Frequent estate visitation,
- e) Recovery through Small Claims tribunal
- f) Eviction as the last resort.

## **Appendix Two - Supplementary Response**



## PUBLIC RENTAL BOARD

### RESPONSE TO ADDITIONAL QUESTIONS ON SUBMISSION OF 2016 ANNUAL REPORT TO THE STANDING COMMITTEE ON SOCIAL AFFAIRS

1. Can PRB list some of the obstacles on the issues of graduating tenants and how are they tackling them?

ANS:

Obstacle-:

- Tenants are reluctant to move from the estate as they build communities within the estate.
- Tenants are not willing to own mortgages.
- Insufficient affordable accommodation from housing providers
- Tenants enjoy the subsidy given by the government and affordable rent.

PRB Mitigation criteria-:

- Continuous consultation with tenants through estate meeting with stakeholders and housing providers.
- Enforcement of the tenancy agreement.

2. The Committee was informed of some of the measures PRB is taking to minimize rental arrears including conducting frequent estate visitations, transferring cases to Small Claims Tribunal etc. How effective have these measures been in reducing rent areas?

ANS:

Measures in place for debt recovery are:

- I. Compulsory Direct deduction for new tenants from source,
- II. Consistent follow-up notices to individual tenants on one to one basis,
- III. Regular estate meetings,
- IV. Daily estate visitation,
- V. Recovery through Small Claims tribunal,
- VI. Eviction through the court as the last resort.

The above measures taken to minimize rental arrears is effective as there are reductions of 11% and 32% noted for 2017 and 2018. The table below shows the details of the reduction made:

Year	Active	Vacated	Taxi	Total	% Change
2015	110,527	24,858	5,364	140,748	
2016	127,998	28,497	1,355	157,850	12%
2017	107,534	29,345	3,429	140,308	-11%
2018	64,640	27,244	2,899	94,783	-32%

3. In terms of negotiation for funding through Public Private Partnership, are there indications that PRB will receive the necessary funds from FNPF to fund the proposed projects?

ANS:

PRB is in a progress of securing fund from FNPF for the proposed project. PRB have met with FNPF on several occasions for the above and there are some indications that FNPF will provide the funds with a yearly partial grant from the Government.



## **Appendix Three - Verbatim Report**

**STANDING COMMITTEE**  
**ON SOCIAL AFFAIRS**

**[Verbatim Report of Meeting]**

**HELD IN THE**

**COMMITTEE ROOM (EAST WING)**

**ON**

**TUESDAY, 29TH JANUARY, 2019**

**VERBATIM NOTES OF THE STANDING COMMITTEE ON SOCIAL AFFAIRS HELD IN THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY, 29TH JANUARY, 2018 AT 1.23 P.M**

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

In Attendance:

- |    |                     |   |                        |
|----|---------------------|---|------------------------|
| 1. | Mr. Pat Kostino Veu | - | Acting General Manager |
| 2. | Ms. Shalini         | - | Manager Finance        |
| 3. | Mr. Maloni Daurewa  | - | Manager Properties     |

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MR. CHAIRMAN.- Thank you, Honourable Members, and welcome back. Also I would like to welcome the team from Public Rental Board (PRB). Mr. Pat Veu, Acting General Manager and team from the PRB, thank you, Sir, for coming in and welcome to today's meeting.

You will be presenting to the Committee in regards to the 2016 Annual Report and soon after the presentations, the other supplementary questions will follow. I believe the Secretariat team has sent you some questions that we have already formulated before. The time is yours, Sir, you can start off with the presentation and then we will ask Honourable Members to raise their questions.

Thank you and welcome once again.

MR. P. VEU.- Thank you, Honourable Chairman and Honourable Members, thank you for this opportunity to present to you the 2016 Public Rental Board Annual Report.

(Inaudible)

On the 2016 Annual Report, however, we have included up-to-date reports on where we are right now.

On the Vision, we believe that the Board's vision addresses the core business of the entity - to be the leading provider of affordable, quality and appropriate rental housing for our customers. We continue to struggle in meeting the demand that is out there and we believe that the Mission statement states the issues that we can be able to achieve the vision of the Board.

We have major challenges as stated funding for capital development. I must say that the Board does not have, in-house, the ability to finance its own rental development and we have been depending on Government for funding all the projects that we have done in the past and also the current projects.

Rent collection or recovery of arrears is one of the challenges that we face. We look at the issues that we have come up with to, sort of, improve in that area and the large number of wait-listed applications that are knocking at our doors daily.

Funding of capital development; we have completed just two major projects of 48 units in Savusavu and 36 units in Kalabu through Government funding. There is a project that is currently under construction right now of 36 units in the West which is fully funded by Government. And then we have the subsidy allocation grant that Government continues to allocate to the Board since 1991.

In 1996, Government increased the allocation to \$1 million and in the budget last year, the allocation for subsidy grant was also increased to \$1.3 million. And this is to assist those financially disadvantaged tenants to be able to afford a rental flat. The large number of wait-listed applications is the one that I had mentioned we had struggled to try and accommodate those applications that are wait-listed with us.

On the funding of capital development, we are thankful to Government for that and we will be looking into our future proposals for project developments for the Board.

Collection of arrears; the PRB has taken the following measures to minimise the rent arrears which we believe is quite effective.

Direct deductions from source; ideally we would like to have tenants on deduction from source. However, we are looking at the lower end of the market and we do take allocate flats to tenants who cannot deduct - tenants who are self-employed. Tenants who are working for the garment factory and small employers. We see that the number is around 20 percent of our total tenants and they owe around 80 percent of the total arrears that the Board has, but I believe that is a challenge that we try and reduce rent arrears. We do that by estate meetings, consistent follow-up with individual tenants, tenant/PRB discussions and frequent visitations to the estates.

Last year, we referred 62 tenant cases to the tribunal and we saw it as a bit effective. That is after we have done all the follow-ups and eviction of our tenants is the last thing that we do.

On the wait-list; right now, Mr. Chairman, we have in the West - 395 flats, in the North - 205 and in the Central - 1,038. We have flats in the Suva-Nasinu corridor, Levuka, Votua, Korolevu and the West, we have as far as Namaka, and in the north we have flats in Labasa and Savusavu.

We believe that proper profiling of tenants and partnering with our competitors and other stakeholders will help in us trying to accommodate the 917, as we speak, application, that are wait-listed.

There are PRB operational challenges, we have listed 1 to 8.

Governance; the Board can only hope that Government continues to assist us with the grant. Otherwise, we will have to charge market rent to the tenants and as we look after the lower-end of the market, it will be more or less impossible for most of the tenants to afford a PRB flat.

Transparency and Accountability is important in order to successfully move PRB in the right direction.

The other issue is on PRB customer relationship. We schedule meetings every year, twice a year, to cover all our 28 estates that we have, and also pocket meetings as and when the need requires. As and when we feel that there is a need to have a meeting with our estate tenants, we do that.

We also promote beautification programmes in our estates to increase our tenant participation and we encourage our tenants to form women, men and youth groups. Our women and youth in some of our estates have been registered with the various Government Departments. We feel also that encouraging men is a bit difficult. Sometimes they meet in our community halls and discussions are more or less not focussed on the positive issues but just on the grog bowl and is not really effective.



On the human resource management, we believe that human capital is very, very important in an organisation. Staff competency and staff reward in line with the PMS framework that we have is also important.

We are reviewing our organisation procedures and policies to better tackle the work that is in front of us.

On the PRB Growth and Development, we have been contracting and encouraging our tenants to take on the contracts for cleaning of our estates and also the grass cutting annually. There are some estate committees that have taken up contracts with us and we believe that that is much, much better than contracting out to the contractors or the individuals because our tenants in the estate, they ownership of the work and they do it not only once a month but as and when the need arises.

We also give incentives to the tenants in terms of beautification and improvements in the estates. We also educate the tenants to abide by the tenancy agreement and to take ownership of the units that they live in.

On rent collection, this is an area that we believe is a challenge to us for the reason that we are looking after those who are in the lower-end of the market. Some of them are more or less hand to mouth tenants. So, once we leave them they do not prioritise the rent payments. What we need to do is to look at the allocation criteria that we have to improve on that, and also to screen the tenants properly before they come in. I had mentioned that we would like to have everyone on Direct Debit (DD) but just because we are looking at the lower-end of the market as well, unfortunately we cannot really do that.

On recovery of arrears, there is an effort to increase the deduction from source. I think it is about 15 years ago, our arrears level has been hovering around \$0.5 million. For the year 2016, arrears as you look into the report is around \$156,000.50. For last year, we managed to reduce it further to \$91,000, so there is a new target for this year which will, sort of, lower further the arrears.

On maintenance, I think we have also reduced the number by 10 percent in the year in question. For urgent maintenance, such as water and electrical complaints, we try our very best to rectify within 24 hours. For other complaints, we look at least three days to rectify other complaints from tenants.

We have a three-year tenancy agreement which is in place and we are working towards having the agreement valid before expiry.

On PRB business, we believe that the community needs is important, especially the children and youth. We provide little spaces for playgrounds and we have established two kindergarten schools at our Nadera Community Centre, as well as our McFarlane Community Centre and the teachers are being paid by Government.

We have also placed wi-fi in some of our estates as services to our tenants and we invite the police, health people, our technical college staff to try and create awareness to our tenants during estate meetings.

Moving forward, Honourable Chairman, we have listed four issues and we carry out household income surveys annually to determine the tenants' earning capacity and also to profile our tenants correctly.

Relocating of existing tenants who have earned during the period of their stay with PRB, we had tried to relocate them to the right flats and also promote them to Housing Authority (HA), graduate them to HA for home ownership, and that gives space to our wait-listed tenants to be allocated the vacant flats.

We believe that it is more economical to graduate tenants. At the moment our turnaround number is around 200 or less than 200 a year, but if we can step it up to say, 400 to 500 a year, it will impact our wait-listed this year and it is much more economical to do that rather than construct new flats which is, at the moment, the cost of construction is very, very high.

Innovative Solutions; construction methods conventionally is very, very high and we need innovative solutions, such as methods or designs and also the materials to be able to reduce the cost and be within the building standards. We also believe that insurance companies play a huge role in the building standards. I am not saying that we should not design and build buildings to meet the standards but, at least, we can reduce the cost if there is proper innovative designs and materials that will be used for the construction of our buildings.

Right now, we are looking at exploring our financial options. Government has taken the initiative for us to go on Public Private Partnership (PPP). For our proposed projects, we are looking at FNPF to fund the projects. We have our plans for a new town of about 94 units which has been approved, pending the funding which we are going through the PPP partnership.

Effective and efficient PRB; we believe that developing business plans that are realistic and demonstrate cost benefits with or without the subsidy. The other area is the business continuity, risk and asset management and to be self-sustainable.

PRB to drive the public rental property agenda; we have a common board at the moment where we liaise closely with HA. There is a board that sits on the HA as well as the PRB. So every development that the HA does, there is an allocation of land for the PRB.

We are also discussing very closely with the Housing Assistant Relief Trust (HART). Those tenants who can graduate to PRB and *vice versa*. Those who should go to HART from PRB, we are doing that with the organisations. We would like to look at the other stakeholders and work closely so that this problem can be, at least, resolved of the number of wait-listed that we have.

On the Capital Projects, the three on the top are those that had been completed last year and also the previous year, and there is one in Simla that is in progress right now. The new developments, down the line, we are looking at Newtown awaiting funding and also Nadera, Vunimoli, Davuilevu, Tavakubu and Votua. Those are the areas that we have earmarked to develop for the rental flats.

Mr. Chairman, those are our achievements as in the 2016 Report as stated. I think that is the last slide. Honourable Members, I thank you for the opportunity and we will now answer questions. For those queries that we cannot answer here, we will try and formulate the answers and bring it back to the Committee. Thank you.

MR. CHAIRMAN.- Thank you, Mr. Veu, for that presentation. A lot of information has been shared. We had sent you some questions. I believe the answers are here. If you can also take us through that and then we will allow the Honourable Members for their questions. Yes, of course, if you are not able to provide some information here, you can always sent it back to our secretariat team.

MR. P. VEU.- We have submitted the answers to the questions raised.

Question No. 1: Brief the Committee on the functions of the Public Rental Board; I think the presentation also covered the core functions of the Board. PRB was established in 1989, separating it from the HA to manage the rental properties of the HA. We believe also that, that was after a study undertaken by the World Bank. Our Mission Statement, we believe, addresses the Board's vision.

Question No. 2: Provide and update on the status of the Kalabu and Savusavu Housing Projects which were expected to complete in 2017? Please, also update us on the status of the Simla Housing Project and whether it has been completed?

Yes, we have fully completed the projects in Savusavu – 48 units and in Kalabu – 36 units. The flats have all been allocated to tenants. The cost of the Kalabu Project is \$2.2 million and the Savusavu Project of 48 units of \$3.8 million. The Simla Project is currently under progress of 3.6 million and it is expected to complete by the end of this year.

Question No. 3: Provide an update on the outcome of tenancy agreement review undertaken by the Board to achieve 100 percent of the tenancies at any given time.

We have in the Report as at the end of 2016 slightly over 90 percent, but as of last year after the expiry of a number of tenancies, it came down to 50 percent. As we speak, we have 58 valid tenancies that expired last year and we have revalidated around eight percent. Our people are carrying out surveys to allow us to renew the tenancies. We believe that it is an area that we really need to work harder on so that before tenancy lapses, it is revalidated.

Question No. 4: Inform the Committee on the key challenges PRB faces while trying to achieve its strategic objectives and how it plans to overcome these challenges?

The funding of capital developments, we continue to request the Government through Public Sector Investment Programme (PSIPs), however, the new initiative that was pointed out to us by the Government is to go PPP, which we are pursuing with the FNPF and World Bank.

Collection of rent arrears; the DDs is something that we ideally want to happen but like I had mentioned earlier, we are dealing with low income earners and we cannot just leave just part of the community, so that is the challenge for us to collect.

The large number of wait-list; we want to continue to graduate as many tenants as possible to HA or to other housing providers so that the space can be provided to address the wait-list that we have.

Question No. 5: How does the Board ensure that both, male and female employees are treated equally in recruitment, training, hiring and promotions?

We have listed some of their positions that were initially and until the female ladies have taken over, right from the inception of the Board, were occupied by males.

Question No. 6: Does PRB align itself to any of the Sustainable Development Goals (SDGs)? If so, can you further enlighten the Committee on this?

There are SDGs that we have provided, as well as our measures taken to address those. I think they are SDG 1, 3, 4 and, and the measures that we have taken.

Question No. 7: Update the Committee on PRB's future plans and initiatives.

In terms of the rental flat development, to meet the wait-list 917 applications, we are negotiating for funding through PPP and we have a common board that looks after PRB and the HA. We have been allocated land now in every development that Housing Authority carries out. We would like to look at one of our estates to be re-developed and I think we want to look at a Singapore concept that will address the chunk of our waitlist. That is sort of a direction that the Board will want us to go forward.

Empowering of our tenants. We have scheduled meetings that are mentioned; two schedule meetings every year and we have pocket meetings as and when the need arises.

Question No. 9, page 8-9 of the Annual Report – General Maintenance: The Committee notes that general maintenance was undertaken in 2016 to the following estates:

- Mead Road; and
- Kalabu Flats.

In fact Honourable Chair, the Kalabu general maintenance was undertaken in 2016. The breakdown of what we did in order to award the contract is outlined below, however, the Mead Road was not a general maintenance, it was the upgrading of the railings. I think there was an incident in Mead Road where the Board directed us, it is about \$32,000 works that we did it in-house.

We have a maintenance team in-house that undertakes works if the contractors are too expensive and we have the core from the permanent unestablished and we hire workers and then they are laid off after the contract is completed. We believe that it is more economical, the standard of work is good and that is what we actually did in Kalabu; the Kalabu maintenance. That is presented to the Board and approved.

On Question No. 10, we have during the past, mandated to sell off the assets, sell of the rental properties to finance the loan that was transferred to us by Housing Authority. We have sold a number of our estates. For this particular pending one, there is a problem with the lease, it was not correct so we tried to correct the lease and last year we managed to do so, so it was offered to the sitting tenant and we are waiting supplement on that particular case.

On the bad debts, because of the arrears increase in that year, that is why the provision increased as well comparing it to 2015.

MR. CHAIRMAN.- Thank you, Mr. Veu for that information. I believe you have responded to the questions that was raised during our session and forwarded to you. Honourable Members, it is question time, and Mr. Veu if you have anything that needs to be sent back to us, our Secretariat team will be in touch with you, but otherwise, Honourable Members time for questions starting off from Madam, Honourable Salote Radrodro.

HON. S.B. RADRODRO.- Thank you, Honourable Chairman and thank you Mr. Veu for the presentation. Listening to your presentation, I can feel the challenges that you have, being the sort of the provider for housing needs to the low income earners in our country, I believe the problem is far beyond Public Rental Board's capacity, because when you talk about arrears, I automatically think of unemployment or casual employment which means the problem of rental arrears will sort of be part of Public Rental Board's operational challenges always. I also noted that you had mentioned the new initiatives and I added that up, the new initiatives, it comes to about \$109 million and also you had mentioned that your sole provider is Government, and it only gives you \$1.3 million from \$1 million to \$1.3 million now.



You mentioned that you are sort of pushing for the Public Private Partnership agenda or strategy and you had also mentioned that you are looking at FNPF and the World Bank. But, my question is, what actions or what plans are there in place between Public Rental Board and the Ministry of Housing in regards to strengthening this PPP arrangement because I see that Public Rental Board does not really have the clout to negotiate effectively with FNPF and World Bank. That is where the Ministry comes in. Can you enlighten us on what is there in place by the Ministry to be able to sort of implement the Public Private Partnership and also in terms of that \$109 million that you would need to implement those new initiatives? How is your Ministry that you are aligned to, that is, the Ministry of Housing, going to assist and how are you linked in to the Government's developmental plan in regards to those housing needs to implementing the new initiatives?

MR. CHAIRMAN.- Thank you, Honourable Member.

MR. P. VEU.- The subsidy grant is \$1.3 million, but, for our previous project that has been completed, the Government has been allocating a grant, I think for Savusavu is \$3.6 million and \$2.4 million for Kalabu. We went to Government last year presenting a PSIP for Newtown of around \$11 million.

The Ministry of Economy has facilitated these discussions with the FNPF and the World Bank for us to discuss. In our last enquiry with FNPF, they had advised us that they are finalising it with World Bank. So that is where we are right at the moment and you note that in the presentation, most of our projects are along that line; to go PPP. We have been meeting with the IFC Members, through the initiative of Government.

MR. CHAIRMAN.- Thank you, Mr. Veu. Honourable George Vegnathan?

HON. G. VEGNATHAN.- Thank you Mr. Chairman. I appreciate the hard work of the Board in trying to meet demands of the housing of our communities. It is just that I picked up from the Chairman's report on something here which states, "major investment plan" that was to be undertaken was Raiwaqa Property Development. Can you highlight if there has been anything undertaken or what is the progress on that?

MR. P. VEU.- All our future initiatives we have tabled it in the presentation. You will note, Sir, that we have earmarked all projects for PPP. We have outlined designs done for the Raiwaqa, there are two sites in Raiwaqa; Raiwaqa Ex-Four Storey and Raiwaqa Ex-Sewer Side which is at the rear and these two sites have 10 acres. The first presentation that we have done to the Board, they had wanted us to increase the yield. So we have done the amendments and we are now with the PPP to take on the concepts. We will come back to Government on the outcome especially the design that is there. We want to increase the yield and we want to do a mixed development for the sites.

MR. CHAIRMAN.- Thank you, Sir, for that information. Honourable Dr. Ratu Atonio Lalabalavu?

HON. DR. RATU A.R. LALABALAVU.- Thank you, Mr. Chair. *Bula vinaka*, Mr. Veu. Thank you for that very informative presentation. My question will be more in line with Honourable Salote Radrodro with regards to the private partnership programme.

When you will be involving FNPF, World Bank as you have mentioned in your presentation for more cost effective construction design and materials. My question is, will that change the core business of the Public Rental Board? The reason why I ask this is it because an ongoing issue with Public Rental Board is arrears and you have come to some strategies such as doing direct deductions,

but still some provisions for those that cannot meet that criteria; that is where you have been flexible. With FNPF coming in and the World Bank, will it change the standard with regards to the core business?

MR. CHAIRMAN.- Thank you Honourable Member.

MR. P. VEU.- For the designs that we put in-house, we are still looking at the standards where we look at the market that we serve. Maybe with some improvements on the designs so that we continue to cater for the lower end of the market. I did mention that the Government is subsidising the rent to make it affordable to those low income earners. With this current budget, they have increased it to \$1.3 million; from \$1 million to \$1.3 million.

Subsidy is in twofold, one is the social cost where, for example, our Savusavu flats were valued by a valuer that the rent should be around \$80 per week, but because Government wants us to charge a rent that is affordable, our maximum ceiling is \$50, so that variance of \$30 is met by the social cost subsidy. Those tenants who cannot afford the rent of \$50, they are allocated flats but the rent is subsidised further according to their income. So, for example, if a tenant earns, say \$150, he may only have to pay \$30, not the full \$50. Those who earn over and above \$250 per week, they pay the full rent. The criteria is such that the maximum earning capacity is \$250.

On the projects, we look at the category of tenants that we serve and designs are in line with that. Going to DPP is an initiative that Government has placed for us. Our projects will be phased out over the years. You will note that in the spreadsheet, we have the projects that will be completed on the various years.

MR. CHAIRMAN.- Thank you, Mr. Veu. I have seen, apart from the subsidy, that you have been given from 1 to 1.3 and the commitment through the Ministry of Housing in as far as the construction of the structures like Kalabu, Savusavu and Simla. There is already a lot of commitment there but the demand is really high and a lot of people are not able to meet that, but as you said, there are even subsidies, they were not able to pay \$50, that is going down to \$30. So, hopefully with the Public Private Partnership (PPP) and the continued assistance from the Ministry or Government, you will find ways out on how to provide the housing assistance to our people.

HON. A.T. NAGATA.- *Vinaka Vakalevu*, Mr. Chairman. I have a question in regards to your Nairai Road properties. Are there plans to build more similar properties in the future?

MR CHAIRMAN.- Thank you, Honourable Member.

MR. P. VEU.- Yes, we plan to maximise the yield because of the scarcity of land. We cannot really build above four-storeys without a lift. I think the requirement is that every building up to and above three-storeys must have a lift but for us, the local authorities are giving us the leeway that we can construct four-storeys without the lift.

For our outline plans for Raiwaqa, we are looking at four-storeys as well. We are looking at Nadera to maybe raise it up but that is still in the outline planning process. Yes, we want to maximise that.

MR. CHAIRMAN.- Thank you, Mr. Veu. As you said, you are building four-storey flats and other things. Do you also have tenants who are disabled?

MR. P. VEU.- In every 100, I think there is a Board directive that we must provide two flats for disabled.

MR. CHAIRMAN.- So they are staying right on the ground - first floor?

MR. P. VEU.- Yes, Mr. Chairman.

MR. CHAIRMAN.- Thank you, Honourable Salote Radrodro.

HON. S.V. RADRODRO.- Thank you, Mr. Chairman. Just a question on linking up to Honourable Doctor Ratu Antonio's question on your core responsibilities or mission. You had mentioned that you are going to emulate the Singaporean model. If you can enlighten us on that, bearing in mind that we are a developing country, Singapore is classified, in my view, as a developed country.

You had mentioned your many challenges in terms of the rental arrears and that is keyed in to the unemployment or casual employment. So, can you sort of brief us on how we are going to be sort of emulating the Singaporean model bearing in mind the different economic status that the two countries are in? I will be interested on how this will come about.

MR. CHAIRMAN.- Thank you, Honourable Member.

MR. P. VEU.- Thank you, Madam. I think the concept is just on the thinking pad at the moment. We have not really placed it on paper but that is something that we want to move forward to exploring how can we copy that and be able to be effective in terms of the demand that is out there. We want to address that demand because there is a lot of referrals from Government; a lot of people knocking every day and we want to at least look at the problem of rental housing.

MR. CHAIRMAN.- Thank you, Mr. Veu. I believe you are still exploring on things on how to get more housing flats from different countries. Honourable Members, do you have any other questions?

Thank you very much, Honourable Members and Mr. Veu, for your time and the team from PRB. Should the Committee need any other clarifications, our secretariat will write to you and I know that you will respond to those e-mails and the information we will need.

On behalf of the Standing Committee on Social Affairs, thank you very much, Mr. Veu and the team.

MR. P. VEU.- Thank you very much, Mr. Chairman and Honourable Members, for the opportunity to highlight our 2016 Public Rental Board Annual Report and other issues that we face at PRB. Thank you so much.

MR. CHAIRMAN.- Thank you, Honourable Members, the Committee will resume at 2.15 p.m. tomorrow.

The Committee adjourned at 2.17 p.m.