



PARLIAMENT OF THE REPUBLIC OF FIJI

STANDING COMMITTEE ON SOCIAL AFFAIRS

REVIEW OF THE UNIVERSITY OF THE SOUTH PACIFIC 2018 ANNUAL REPORT



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TABLE OF CONTENTS

COMMITTEE MEMBERSHIP.....	4
CHAIRPERSON'S FOREWORD.....	5
LIST OF ACRONYMS	6
RECOMMENDATION	7
INTRODUCTION	7
PRINCIPAL ACTIVITY OF THE UNIVERSITY OF THE SOUTH PACIFIC.....	7
ISSUES RAISED.....	8
Challenges in Staff Recruitment and Retention.....	8
Recommendations.....	8
Allegations of Mismanagement and Abuse of Office at USP.....	8-9
Recommendations.....	9
Commercial Rezoning of USP Laucala Land.....	9
Recommendation.....	9
Outstanding and Delayed Government Grants to the University.....	10
Recommendation.....	10
Communications Building Fire.....	10
Recommendations.....	10
Need to Strengthen Monitoring on the Proper Use of Student Book Allowance	11
Recommendation.....	11
Value Added Tax on Contributions Received from Fijian Government (1992 – 2007)...	11
Recommendation.....	11
GENDER ANALYSIS	12
CONCLUSION.....	13
COMMITTEE MEMBERS' SIGNATURE	14

APPENDICES

Witnesses	15
Published Written Evidence	16

COMMITTEE MEMBERSHIP



Chairperson

Hon. Viam Pillay MP

Government Member



Deputy Chairperson

Hon. George Vegenathan MP

Government Member



Member

Hon. Alipate Nagata MP

Government Member



Member

Hon. Salote Radrodoro MP

Opposition Member



Member

Hon. Dr Ratu Atonio Lalabalavu MP

Opposition Member

CHAIRPERSON'S FOREWORD

I am pleased to present the report of the Standing Committee on Social Affairs on the annual review of the University of the South Pacific (USP) for the year ended 31 December 2018.

In accordance with its established Annual Report review process, the Committee examines Annual Reports of agencies, in order to investigate, inquire into, and make recommendations relating to the agencies' administration, legislative or proposed legislative programme, budget, functions, organisational structure and policy formulation. As part of this process, the Committee conducted public hearings to gather additional information.

The process has proven to be an effective means of gauging its progress and maintaining a high level of scrutiny of the agencies under review.

This review was made in accordance with Standing Order 109(2)(b) which mandates the committee to look into issues related to health, education, social services, labour, culture and media.

The review looked at nine key areas covering the period from 1st January to 31st December 2018, conducted into: The University's administration; structure; budgetary allocation; programmes and activities; policies; challenges; highlights; priorities for the coming years; and its implementation of the Sustainable Development Goals.

At this juncture, I also wish to thank the Vice-Chancellor and President of the University of the South Pacific, Professor Pal Ahluwalia, and his staff for their assistance in this review process. The committee is confident that under Professor Ahluwalia's robust leadership, USP will be able to achieve its mission and vision through the implementation of its Strategic Plan 2019 – 2024.

I also extend my gratitude to my Committee colleagues namely: Hon. George Vegnathan (Deputy Chairperson), Hon. Alipate Nagata, Hon. Salote Radrodro, and Hon. Dr. Ratu Atonio Lalabalavu for their contributions as well as to Hon. Simione Rasova for availing himself as an alternate member for those Members who were unable to attend the committee meetings. Finally, I thank the Secretariat, Ms. Sheron Narayan, Mr. Tevita Tuivanuvou, and Ms. Atelaite Leba for the assistance provided during the committee's deliberations.

I, on behalf of the Standing Committee on Social Affairs, commend the *University of the South Pacific 2018 Annual Report* to Parliament and request all members of this August House to take note of the committee's Report.



Hon. Viam Pillay
Chairperson

LIST OF ACRONYMS

BDO	-	Binder Dijker Otte
FRCS	-	Fiji Revenue and Customs Service
HR	-	Human Resources
SDGSs	-	Sustainable Development Goals
USP	-	The University of the South Pacific
VAT	-	Value Added Tax
VCP	-	Vice-Chancellor & President

RECOMMENDATION:

The Standing Committee on Social Affairs has conducted a review of the Annual Report of the University of the South Pacific for 2018 and recommends that Parliament take note of its report.

INTRODUCTION

The 2018 Annual Report of the University of the South Pacific (USP) was tabled in Parliament during the September 2019 meeting and referred to the Standing Committee on Social Affairs for its scrutiny.

Standing Orders 109(2)(b) allows Standing Committee on Social Affairs to examine matters related to health, education, social services, labour, culture and media.

Furthermore, Standing Orders 110(1)(c) authorises the Standing Committee to *scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*

PRINCIPAL ACTIVITY OF THE UNIVERSITY OF THE SOUTH PACIFIC

The University of the South Pacific was established by Royal Charter of the University in 1970. It is a non-profit educational institution providing higher education to 12 member regional countries. The University is the provider of tertiary education in the Pacific region and an international centre of excellence for teaching, research and consulting on all aspects of Pacific life.

ISSUES RAISED

CHALLENGES IN STAFF RECRUITMENT AND RETENTION

The committee is concerned with the large number of vacant academic staff positions at USP in 2018. We note that this is a recurring issue from past years that has yet to be fully addressed. As a result of the lack of academic facilitators, the University faced challenges in providing students with the right personnel to teach relevant programmes and courses. However, temporary appointments were made to ensure teaching was not affected. To address this issue, the University is modelling a new approach using a business partner model which has resulted in the decline in the number of vacant positions from 280 to 103.

RECOMMENDATIONS

1. That USP continue to reduce vacancies in key leadership, academic and non-academic staff positions in accordance with its Human Resource recruitment policies.
2. That USP strengthen its Human Resource policies and strategies under the new business partner model.

ALLEGATIONS OF MISMANAGEMENT AND ABUSE OF OFFICE AT USP

The current Vice-Chancellor & President (VCP) of USP, Professor Pal Ahluwalia, in a paper titled 'Issues, Concern and Breaches of Past Management and Financial Decisions', made 26 allegations of mismanagement against the former VCP and to a lesser extent, implicated some members of USP's senior management team who were alleged beneficiaries or decision makers. These allegations primarily related to human resource and remuneration decisions that were made by the former VCP and the senior management team of the University.

This resulted in an independent investigation being carried out by BDO Auckland in early July 2019 at the Laucala campus. Following the conclusion of the investigation, BDO produced a Report on a wide range of findings and made several recommendations to address control weaknesses in the following areas:

- Remuneration policies and control
- Inducement allowances
- Responsibility and acting allowances
- Bonuses
- Consultancy arrangements
- Leadership and oversight of the human resources function

- Succession Planning

The full BDO report, which will be kept confidential, points clearly to a need for greater oversight, control and management of the HR and payroll functions at the USP. The committee is glad to see the University strive to address these issues through the recent appointment of its Executive Director Workforce and People Strategy who is responsible for driving the development and implementation of HR strategies.

Additionally, the USP Council appointed a Commission to implement the findings and recommendations of BDO's Report under the purview of a three-person Committee comprising of the Prime Minister of Cook Islands, Hon. Henry Puna, the Deputy Prime Minister of Samoa, Hon. Fiame Naomi Mata'afa (Chairperson) and the Attorney-General of Fiji, Hon. Aiyaz Sayed-Khaiyum. The Commission was tasked to prepare an Action Plan, which will be made publicly available, to be implemented in the course of this year.

The Social Affairs Standing Committee would also like to acknowledge Professor Ahluwalia's role in bringing to the Council's attention the many irregularities and cases of mismanagement at the University. We look forward to the strengthening of USP's governance system for posterity which the review Commission is tasked to do.

RECOMMENDATIONS

1. That the BDO report together with the Commission's Action Plan be tabled in Parliament as soon as possible.
2. That USP work closely with the Commission in the implementation of the Action Plan.

COMMERCIAL REZONING OF USP LAUCALA LAND

The University has applied for subdividing and rezoning of its Laucala land to be able to venture into commercial operations through Public Private Partnership arrangements. Currently, the proposed sites for commercial development on the Laucala land are on a restricted lease land from the Fiji Government and there is only one lease title (civic lease). The University is awaiting final approval from the relevant Ministry on its commercial lease.

RECOMMENDATION

1. That USP quickly finalize its commercial lease arrangement to forge ahead with the Public Private Partnerships.

OUTSTANDING AND DELAYED GOVERNMENT GRANTS TO THE UNIVERSITY

The committee notes that \$9.9 million Government grant to the University for the 2018/2019 Financial Year was not received. The University has been informed accordingly by the Government that this amount will not be paid. We are also aware of the delays in the disbursement of Government grant to USP and are concerned with the impact this may have on the timely completion of planned programmes and activities which in turn will affect students and staff.

RECOMMENDATION

1. That USP must work closely with the Fiji Higher Education Commission in providing necessary acquittals to enable the timely disbursement of funds.

COMMUNICATIONS BUILDING FIRE

The USP Communications Building at the Laucala Campus was extensively damaged in a fire in November 2018. Following the fire, QBE (insurance company) appointed Shri Singh & Associates (Structural Engineers) to prepare a structural integrity assessment of the Building. The Structural Integrity Assessment Report was provided to USP on 6 June 2019 where it was independently assessed by USP's Project Managers and Structural Experts, NRW Macallan. NRW Macallan's review of the report is a fundamental part of the current negotiations on the claims amount by the USP Claims Management Team. The amount of the damages is yet to be made available.

The committee notes that USP is currently in a difficult situation where the two sets of engineers after the fire are effectively in dispute. The insurers and the engineers are of the view that the building can be rebuilt on the same structure that existed. USP engineers, however, feel that the 42-year old building has dangers associated with rebuilding on it. USP is expecting a speedy resolution with the insurers on this issue.

RECOMMENDATIONS

1. That USP attend to planned general maintenance of its campuses in a timely manner.
2. That USP further pursue the negotiations with the insurance company (QBE) in the best interest of the University.

NEED TO STRENGTHEN MONITORING OF THE PROPER USE OF STUDENT BOOK ALLOWANCE

The committee notes that the student book allowance provided by the Fijian Government is now being paid directly to students' bank accounts whereas previously this was paid to the Book Centre for distribution through book purchases or associated course materials. However, some students do not spend the allocated funds on purchasing books and instead opt to use the library or derive copies online which possibly may result in a decrease in Book Centre revenues in future. We observe that there is an absence of a monitoring mechanism by the Tertiary Scholarship and Loans Board to ensure that student book allowances are used according to their intended purpose.

RECOMMENDATION

1. That a monitoring mechanism be put in place to ensure that book allowances are properly used.

VALUE ADDED TAX ON CONTRIBUTIONS RECEIVED FROM FIJIAN GOVERNMENT (1992 – 2007)

The committee was informed that the Fiji Revenue and Customs Service (FRCS), in a letter dated June 2007, had advised the University that it may be liable to pay VAT on contributions received from the Government of Fiji since 1992. The University is making an effort to close the matter with FRCS and has yet to come to a resolution on this issue. Accordingly, no provision for liability has been made in the financial statements. Agreements with the Government of Fiji subsequent to 2007, however, specify that contribution amounts are exclusive of VAT.

RECOMMENDATION

1. That USP and FRCS continue to negotiate and come to an amicable solution to this issue.

GENDER ANALYSIS

Gender is a critical dimension to parliamentary scrutiny. Standing Order 110 (2) requires committees to consider gender equality and ensure that the impact on both men and women is explored in all matters.

The committee is pleased to note that the University has accepted its recommendation to reflect the breakdown of sex disaggregated data for all positions in its 2019 Annual Report and onwards.

CONCLUSION

The Standing Committee on Social Affairs has fulfilled its mandate approved by Parliament which was to examine and review the University of the South Pacific's 2018 Annual Report.

In 2018, the University continued to maintain its strong financial position and recorded positive financial results, achieving an operating surplus of \$12.4m.

This report highlights some of the pertinent issues emanating from the University's operations in 2018 and sets out recommendations to address these issues. As part of its scrutiny process, the committee also had the opportunity to undertake a site visit to the Laucala campus in order to obtain a better understanding of its operations.

The review of the University's Annual Report was conducted in a very tactful and comprehensive manner. This has enabled the committee for Social Affairs to submit to Parliament a more reliable and a cohesive report.

COMMITTEE MEMBERS' SIGNATURE

We, the Members of the Standing Committee on Social Affairs, hereby agree with the contents of this report:



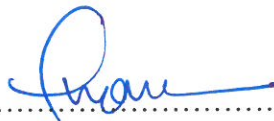
Hon. Viam Pillay
(Chairperson)



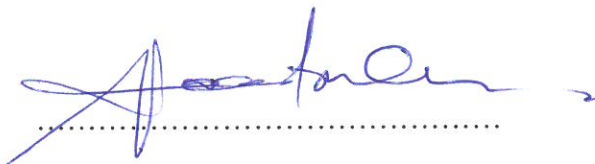
Hon. George Vegnathan
(Deputy Chairperson)



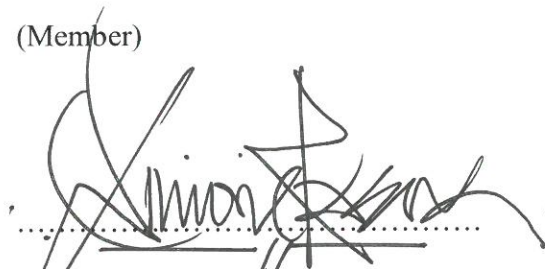
Hon. Alipate Nagata
(Member)



Hon. Salote Radrodro
(Member)



Hon. Dr. Ratu Atonio Lalabalavu
(Member)



Hon. Simione Rasova
(Reserve Member)

APPENDICES

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Parliament website at the following link: <http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>

Monday 25 November, 2019

The University of the South Pacific

Professor Pal Ahluwalia, Vice-Chancellor and President, **Dr Masasso Giulio Paunga**, Vice-President, Regional Campuses and Estate and Infrastructure, and **Kolinio Boila**, Executive Director Finance.

Published written evidence

Written evidence and supplementary information was received from the University of the South Pacific and can be viewed on the Parliament website at the following link:
<http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>