

STANDING COMMITTEE ON SOCIAL AFFAIRS

Review of the:

Suva City Council 2006 – 2015 Annual Reports
Ba Town Council 2006 – 2018 Annual Reports
Nadi Town Council 2004 – 2015 Annual Reports
Tavua Town Council 2006 – 2014 Annual Reports
Nausori Town Council 2005 – 2014 Annual Reports
Rakiraki Town Council 2011 – 2018 Annual Reports
Lautoka City Council 2006 – 2014 Annual Reports
Sigatoka Town Council 2005 – 2019 Annual Reports
Savusavu Town Council 2005 – 2010 Annual Reports
Lami Town Council 2004 – 2014 Annual Reports
Levuka Town Council 2005 – 2011 Annual Reports
Nasinu Town Council 2009 – 2010 Annual Reports
Labasa Town Council 2009 – 2010 Annual Reports



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COMMITTEE MEMBERSHIP



ChairpersonHon. Viam Pillay MP
Government Member



Deputy ChairpersonHon. George Vegnathan MP
Government Member



MemberHon. Alipate Nagata MP
Government Member



MemberHon. Salote Radrodro 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 review of the following municipal council Annual Reports:

- ➤ Suva City Council 2006 2015 Annual Reports
- ➤ Ba Town Council 2006 2018 Annual Reports
- ➤ Nadi Town Council 2004 2015 Annual Reports
- ➤ Tavua Town Council 2006 2014 Annual Reports
- ➤ Nausori Town Council 2005 2014 Annual Reports
- ➤ Rakiraki Town Council 2011 2018 Annual Reports
- ➤ Lautoka City Council 2006 2014 Annual Reports
- ➤ Sigatoka Town Council 2005 2019 Annual Reports
- ➤ Savusavu Town Council 2005 2010 Annual Reports
- ➤ Lami Town Council 2004 2014 Annual Reports
- ➤ Levuka Town Council 2005 2011 Annual Reports
- Nasinu Town Council 2009 2010 Annual Reports
- ➤ Labasa Town Council 2004 2017 Annual Reports

This constitutes 126 Annual Reports, which the committee has assiduously examined. The committee was referred these Annual Reports over multiple parliamentary sessions. Our plan was to read the more recent reports and formulate pressing questions to be sent to the municipalities for their responses. However, equal attention was also paid to the more dated Annual Reports and the operational and financial anomalies they contained.

During the scrutiny of the Annual Reports, extensive communication was made with the town/city councils either in-person through the undertaking of site visits or via emails and correspondences. Upon receipt of all relevant information on the committee's queries, the committee compiled its findings and subsequently endorsed its report in May.

This review report highlights the challenges faced by our municipalities and proposes recommendations to address them. In particular, we observed the colossal financial impact of the COVID-19 pandemic on the operations of the councils, some of whom were facing financial difficulties even before its onset. Consequently, councils have had to delay the construction of some of their capital projects due to the diversion of funds to other urgent activities at the time. The pandemic has also resulted in many ratepayers defaulting on their payments due to financial constraints. This has resulted in further accumulation of rate and rental arrears for the municipalities, which is highlighted in this report.

At this juncture, I wish to thank the Chief Executive Officers of the respective municipalities and their staff for availing themselves to assist in this review process. 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 during the committee's deliberations.

On behalf of the Standing Committee on Social Affairs, I commend this Report to Parliament and request all members of this august House to take note of the Report.

Hon. Viam Pillay

Chairperson

1.0 INTRODUCTION

The Annual Reports of the 13 municipal councils, as outlined earlier, were tabled in various sittings of Parliament 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."

1.1 Committee Procedure

Deliberations on the Annual Reports of the 13 municipalities commenced in mid-2021. This was a comprehensive exercise where the committee read the Annual Reports and prepared clarifications on key issues of interest. These clarifications were then sent to the respective municipalities for their response.

Upon receipt of all relevant information on the committee's queries, we compiled our findings on the Annual Reports and subsequently endorsed it in the early part of this month.

We received written responses from the 13 City/Town Councils for this annual review. They are available on the Parliament website, at the following link:

http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/

2.0 ABOUT THE MUNICIPAL COUNCILS

The Municipal Councils in Fiji are legislated under the Local Government Act 1972. There are two City Councils and eleven Town Councils proclaimed. The Municipal Councils provide overall policy direction to maintain and improve the quality of services and facilities for their ratepayers. The Special Administrator Chairs and Teams for each Municipal Council have been tasked with reforming their Council administrations into forward thinking and agile organisations focused on customer service. Each of our cities and towns are unique in their quality of lifestyle and range of investment opportunities and over time, a Community Plan and Local Economic Development Strategy will guide each Council.

Types of Service Offered

- Street Trader Permits
- Building Permits
- Health Permits
- Market Services
- Engineering and Town Planning Services
- Solid Waste Collection Services
- Grass Cutting/Drain Cleaning/Street Sweeping Services
- Bus Base/Taxi Base/Mini bus Base/ Carrier base services
- City Beautification services
- Civic Center Facilities
- Library Facilities
- Parks and Open Space Facilities
- Car Park Facilities
- Community Development Projects
- Public Convenience Facilities

3.0 COMMITTEE FINDINGS

3.1 Suva City Council

a. The total rate arrears of the Suva City Council as at 31/03/2022 is \$9.1m in principal.

Year	No. of Ratepayers	Rates Collection			
		Current	Arrears	Total	
2010	11385	10,638,612.00	2,926,172.00	13,564,784.00	
2011	11388	12,482,884.00	3,105,945.00	15,588,829.00	
2012	11395	14,601,346.00	3,343,163.00	17,944,509.00	
2013	11395	14,776,613.00	5,526,966.00	20,303,579.00	
2014	11398	15,263,635.90	2,567,986.35	17,831,622.25	
2015	11398	15,252,008.13	2,929,239.43	18,181,247.56	

b. The total rental arrears is provided below:

Location	2009	2010	2011	2012	2013	2014	2015
Civic House	48,234.39	48,234.39	-	55,381.75	155,262.81	62,678.84	-
Civic Tower	56,982.72	56,982.72	7,178.75	-	251,048.92	85,016.12	10,277.17
Victoria Memorial Hall Olympic Pool	1,361.22 1,822.50	2,471.25	3,066.70 146.00	5,186.70	1,821.10	8,643.38	12,978.13 575.00
Albert Park	-	*	-	594.45	170.00	570.00	5,403.00
Suva Point	-	-	-	-	-	-	-
New Town Hall	3,782.50	3.030.00	3,030.00	1,500.00	20.00	20.00	1,860.00
Total	112,183.33	110,718.36	13,421.45	62,662.90	408,322.83	156,928.34	31,093,30

c. We note that in order to collect outstanding rates, the Council encourages ratepayers to enter into weekly/quarterly/monthly arrangment and source deduction. It has an MOU with agencies to update ratepayer details and improve rate collection. Reminder notices are issued to ratepayers and punitive actions taken against some non-compliant ratepayers including, placing of charge on freehold properties, issuance of 30 day's demand notice, and taking legal actions.

3.2 Ba Town Council

- a. The Ba Town Council is in the process of programming flood mitigation works, which includes drainage upgrading and desilting works. For example, it has already started drain desilting works in Yalalevu Ward which is a low lying area and gets flooded easily.
- b. Information on the rate collection of the Ba Town Council is provided below:

YEAR	NO.OF	RATES	RENT
	RATEPAYERS	COLLECTED	ARREARS
2006	1375	\$483,966.00	NIL
2007	1375	\$419,772.00	NIL
2008	1375	\$404,309.00	NIL
2009	1375	\$370,509.00	\$11,388.38
2010	1375	\$474,704.00	\$1'562.80
2011	1476	\$424,141.28	\$20,709.47
2012	1476	\$588,620.86	
2013	1476		
2014	1476	\$714,461.97	\$39,028.49
2015	1476	\$545,686.00	\$56,682.52
2016	1476	\$474,199.93	\$57,773.28
2017	1476	\$539,597.67	\$67,834.47
2018	1476	\$491,976.50	\$85,906.63
2022	1666	\$539,034.03	\$132,137.09

- c. We note that due to Covid 19, tenants were unable to pay rent on time. The tenants have made arrangements with the Council to clear the arrears through installment payment.
- d. Plans of the Council to collect outstanding rates include:
 - Rates officer visiting the ratepayer door to door for making arrangements on outstanding rates.
 - Deduction at Source.
 - Rates owing less than \$5,000.00, ratepayers are taken to Small Claims Tribunal.
 - Rates owing more than \$10,000.00, legal action is taken.
 - Through emails and phone calls ratepayers are contacted for the arrangement of dues.
 - Ratepayers also are able to do online banking.
 - Irrevocable authority is signed by ratepayers on weekly, fortnightly or monthly arrangement of payments.
 - Demand Notices to be served to ratepayers.

3.3 Nadi Town Council

a. The key challenge that the Nadi Town Council is faced with is the recent Covid-19 pandemic. The pandemic had its major impact in Nadi as the economy of Nadi is greatly dependant on tourism. This led to a reduction in the payment of Town rates and tenants not being able to pay their rents. Businesses also suffered huge losses.

This resulted in reduced collection of town rates thus the budgeted revenue was not collected which led to some projects being put on hold.

These challenges were addressed as follows:

- o Recruitments were put on hold to avoid spending on human resources budget.
- Contracts were revisited and tendered out for 3 years which brought in savings.
 Particularly insurance, air-conditioned servicing, market cleaning and annual accounts preparation.
- o Grass cutting contract was reduced from 2 cycles to one cycle on a monthly basis during the dry spell. The growth of grass during the dry spell is very slow therefore the reduction in 1 cycle led to a savings of approximately \$14,000.00 a month.
- o House to house rates visit was undertaken and people were given opportunity to pay town rates in instalments, through direct deduction by employers etc.
- b. To address the issue of flooding in Nadi, a significant budget will be required which Council does not have. This issue has been continuously raised to the government. A project is being undertaken by the government to address flooding in Nadi. Some of the works that have already been undertaken are the five retention dams built on the upper catchments.

The on-going works are as follows:

- Nadi Flood Alleviation Project (Part A) the components for this part will be the improvements to the Nadi Town drainage systems, dikes, retention catchment for the protection of the town.
- Nadi Flood Alleviation Project (Part B) the components of this part will be the overall protection of town and continuation of the dikes from Part A, retention catchments, river widening and deepening, channel improvements etc.
- o Nadi Flood Alleviation Project (Part C) the components of this part will be the improvement to the catchment area. Improving the farming techniques, rehabilitation of the degraded slopes, and planting of trees on deforested areas.

3.4 Tayua Town Council

a. There are two major challenges faced by the Tavua Town Council:

Funding constraints – the council is now charging fees for some of the services which were previously provided at no cost. For exmaple, fees are now charged for site inspection, health inspection, Council referrals, etc. Additionally, the council will be proposing a Garbage collection fee for Tavua. Also, it has identified a land for its own carpark. We note that these will provide additional income for the council.

Technical expert shortage – the council has engaged in the sharing of resources with the Rakiraki Town Council whereby it has shared the Building Inspector and Health Inspector with Rakiraki. It has also requested the assistance of other municipal councils like the Ba Town Council and Lautoka City Council.

b. The council has rate arrears of \$9,898.78 as at 2014.

3.5 Nausori Town Council

a. The key challenge facing the Nausori Town Council is in relation to financial constraints. The invoiced revenue is less than Expenditure as shown in the table below. The Council cannot operate without the Fijian Government operational grant. Currently, the Council receives Solid Waste (\$200,000) and Korovou Satellite Town (\$50,000) grant.

Revenue (Invoiced for one year)	\$4,345,578
Rates	1,339,254
Garbage Fees	321,660
Markets	1,209,653
Commercial Properties Rental Income	422,274
Base Fees & Parking Meters	217,101
Others	835,636
Expenditure (Current on accrual basis)	\$5,127,794
Solid Waste Collection Service	771,675
Grass Cutting and Drainage Cleaning	504,185
Market Operations including Loan Repayment	1,919,134
Council Other Operational Exp	1,932,800

- b. The plan to address this challenge is through:
 - Increasing the Garbage Fees and finding other creative ways to reduce cost.

- Increasing the Rate levy. The current rate levy is 0.01 x Unimproved Capital Value of the rateable property. The Council is in the process of completing the sexennial valuation, which will increase the rate levy.
- Looking for new revenue streams such as parking meters, new markets, sporting facility, commercial investments. The Council is currently working to procure solar parking meters and working with the community/stakeholders to develop the facilities/commercial complex.
- Conscious spending and curbing unnecessary costs. The Council has strengthened this area since 2019.
- Explore more shared services options with Suva and Nausori Town Council. This will help further reduce the cost of doing business/providing services.
- c. The council's total arrears up until the present time is \$4,214,794.35

3.6 Rakiraki Town Council

- a. The total rate arrears of the Rakiraki Town Council as at 28/03/22 is \$1,900.
- b. We note that rate recovery includes follow-ups with ratepayers who are doing instalment payment. Those rate payers who have outstanding rates since 2013 have been taken to the Small Claims Tribunal while those who have tenants, the tenants will have to be approached to pay their rent in order to subsidise the Landlord's outstanding rates.
- c. Rakiraki is a true agricultural community and the council has managed to build a modern market, which has a women's accommodation, conference room, and it is in the process of building office/rental spaces on the first floor.

3.7 Lautoka City Council

- a. There are three major challenges faced by the council and these are as follows:
 - Planning & Development Service Delivery With the inclusion of the Extended Rural Service Areas formally under the Lautoka Rural Local Authority for Development, Permit Management has substantially increased work load in the Planning & Development Department. To address this, the council is in the process of recruitment of additional staff for the Department.
 - To fast track approval process, the Ministry of LG and MCTTT has started working on the Digitalization of online submission of applications for ease of doing business and has formed a Building Permit Assessment Committee to process investment

project applications in excess of \$1M value. The council will need to upgrade its IT system accordingly.

- Capital Projects Progress and expenditure on capital works were put on hold for Government grant funded projects, however as the contracts were between the Council and the Consultants/Contractors, a lot of pressure is being put on Council to pay for works done, but were not paid due to no budgetary allocations by Government.
- b. Total arrears of the Lautoka City Council up until the present time stands at \$6,711,681.74. The breakdown of the arrears is as follows:
 - Agricultural \$2,114.83
 - Commercial \$388,247.22
 - Residential \$6,321,319.69

3.8 Sigatoka Town Council

- a. We note that the Sigatoka Town Council does not have enough revenue to meet its objectives.
- b. The council is now working on its plan on having properties that will boost economic return to the council. These projects include: the construction of Office spaces at its vacant property in Lawaqa, Riverside dvelopment for cafes, restaurants/bars and kiosks, and amphitheatre, allocation of new parking spaces at the Tramline, and the construction of a new market and bus stand at the Etuba land to accommodate the increase in market vendors and buses.
- c. The council is also working with the Special Administrator Board to develop a master plan for Sigatoka town.

3.9 Savusavu Town Council

- a. The Savusavu Town Council faces the following major challenges:
 - Council's Financial Status: The Council was on overdraft from the year 2005 to 2010, which made it difficult to meet its objectives.
 - Revenue generating projects: In the years 2005 to 2010, the Council has no on-going revenue generating projects. This has caused impediments in the achievement of the Council's objectives.

- However, the Council is currently addressing the issues by trying to increase its revenue generating projects particularly, in respect of implementing paid car parks, public convenience, parking meters, constructing a new market with SME vendors, and retail outlets.
- There are more revenue generating projects in the Council's Strategic plan, which the Council will be implementing in coming years to overcome its challenges.
- b. The Council's total arrears up until the present time stand at \$810,555.00. \$78,026.00 of the arrears is under FICAC investigation.
- c. Landfill issues: Ratepayers of Naqere have raised to the Council that they are witnessing increased fly population due to the rubbish dump. As such, the Council carried out spraying to control the fly population. However, it is now looking into this matter and has written to the Ministry of lands for relocation of the rubbish dump to the interior area of Savudrodro village.

3.10 Labasa Town Council

- a. The major challenges encountered by the Labasa Town Council include:
 - Natural disasters such as, cyclones and flooding.
 - Profiling as some defaulting ratepayers are residing overseas.
 - Property transfer without notifying council no transfer notices are given to council.
 - Council to adopt to SME's according to the current IFRS.
- b. The total rate arrears of the council up until the present time stands at \$1,841,845.33 and this includes some of the informal settlements located within Vatia Ward at Batanikama.

3.11 Lami Town Council

- a. The total rate arrears of the Lami Town Council as at 12 April 2022 stands at \$12,173,35. To recover this amount, the council has issued demand notices and the tenants have arranged with the council to clear the arrears with monthly rentals. The major reasons given for the default payment is the impact of COVID-19.
- b. The main causes of rental arrears were due to tenants seeking time to clear the arrears due to financial difficulties. Monthly follow-ups are needed to reduce rental accumulation.

c. Key challenges faced by the Council are the lack of diverse revenue streams and poor governance resulting in financial loss. The abuse of office/fraud has been reported to FICAC and is under investigation.

3.12 Levuka Town Council

- a. The total rate arrears of Levuka Town Council as at 31 March 2022 stood at \$97,178.
- b. We note that one of the Council's pressing needs is for greater revenue generation due to the limited number of ratepayers and for this reason, it resorts to the government and NGO's for assistance. It is also looking at some of its properties for leasing arrangements and other developments in order to increase revenue. The council has completed its sexennial valuation and will implement it soon.

3.13 Nasinu Town Council

a. Financial constraint is the key challenge of the Nasinu Town Council as it has very little funds for services such as grass cutting, drain cleaning, health, enforcement, repairs to Council properties/infrastructure, etc. The Council informed us that it cannot operate without Government operational grant.

The plan to address this issue is through:

- Increasing the Garbage Fees and finding other creative ways to reduce the cost.
 The current garbage fee is \$78.48. Currently, the Council has outsourced the solid
 waste collection to Suva City Council. The solid waste services require good set
 of fleets, which was challenging for Council to procure because of its financial
 position.
- Increasing the Rate levy. The current rate levy is 0.006 x Unimproved Capital Value of the rateable property. The Council did a proposal to increase the rate levy cents in a dollar to 0.01 but it was not approved considering the COVID-19 impacts on the ratepayers. The Council is currently working to conduct the sexennial valuation, which will result in increment of rate levy.
- Exploring new revenue streams such as parking meters, new markets, sporting facility, and commercial investments. The Council is currently working to procure solar parking meters and is collaborating with the community/stakeholders to develop facilities.

- Conscious spending and curbing unnecessary costs. The Council has strengthened this area since 2019.
- Exploring more shared services option with the Suva and Nausori Town Councils. This will help further reduce the cost of doing business/providing services.

Furthermore, the other key challenge was the poor governance resulting in financial loss. The abuse of office/fraud cases have been reported to FICAC and is under investigation.

b. Total arrears of the Council till 31st March 2022 was \$11,067,410.85

4.0 COMMITTEE SITE VISITS

- 4.1 As part of the its scrutiny of the municipal councils' operations, the committee undertook visits to the following city/town councils:
 - Suva City Council;
 - Lautoka City Council;
 - Nausori Town Council:
 - Nasinu Town Council;
 - Lami Town Council:
 - Rakiraki Town Council;
 - Tavua Town Council;
 - Ba Town Council:
 - Nadi Town Council:
 - Savusavu Town Council; and
 - Labasa Town Councils.
- 4.2 Several of the issues raised during the site visits have been captured earlier in the report. We observed the following cross-cutting issues across our city/town councils:
 - There exist several financial anomalies in the accounts of the councils for the period under reivew. This is attributed to weak internal controls and inefficient processes in place, lack of financial expertise, and need for good governance. We observe that the Councils are making progress in recruiting qualified and competent staff with financial background and Special Administrators have been appointed to oversee the management of councils.
 - Rate and rental collection is a historical issue and with the onset of the COVID-19 pandemic, councils have accumulated even greater arrears. However, we note

that measures have been created by all of the councils to recover the arrears. It is now the responsibility of each council to stringetly implement these measures and ensure that all outstanding rates are collected.

- City/town councils need to restrategise their operations and devise innovative and creative ways to expand and diversify their revenue streams.
- Flooding and poor drainage was an issue that consistently arose during the committee's tour. The Councils need to adopt a multi agency approach in idnetifying the causes of these frequent floods and create solutions that are both resilient and sustainable.

5.0 COMMITTEE RECOMMENDATIONS

5.1 The committee recommends that the:

- municipal councils, through the Ministry of Local Government, adopt a holistic and multi agency approach with relevant agencies like the Ministry of Waterways, Fiji Roads Authority, Ministry of Environment and Ministry of Health to resolve the issue of poor drainage and frequent flooding.
- municipal councils vigorously pursue the collection of all outstanding rates and rental arrears as per their recovery plan.
- municipal councils, through the Ministry of Local Government, relevant government agencies, and other stakeholders explore ways of reducing traffic congestion in towns and cities.
- municipal councils, in efforts to address financial constraints, pursue new income streams.
- municipal councils, in consultation with the Ministry of Local Government, MCTTT, Ministry of Lands, iTLTB, and other stakeholders streamline the process of obtaining approval for rezoning and subdivision of lands.
- municipal councils, with the assistance of the Ministry of Local Government, strengthen their internal controls and processes including good governance practices.
- municipal councils, in close consultation with the Ministry of Local Government, identify and explore opportunities to venture into shared services with other town

councils particularly in the areas of rubbish collection and dumping, and technical expertise.

- municipal councils must complete all scheduled capital projects in accordance with the funds allocated.
- municipal councils work with the Ministry of Local Government to put stringent measures in place against absentee landlords who are defaulting on rate payments.
- municipal councils, in collaboration with the Ministry of Agriculture, SPCA and Animals Fiji, address the issue of stray dogs.
- Savusavu, Rakiraki, Tavua, and Labasa Town Councils, together with relevant government agencies and other stakeholders, relocate their rubbish dumps to a more suitable location.

6.0 CONCLUSION

The committee has fulfilled its mandate to review the Annual Reports of the 13 municipal councils before it. As part of its review process, the committee received written and supplementary responses from the councils.

This review report has highlighted the challenges faced by our municipalities and proposed recommendations to address them.

COMMITTEE MEMBERS' SIGNATURE

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

Reery,

Hon. Viam Pillay

(Chairperson)

Hon. George Vegnathan

(Deputy Chairperson)

Hon. Salote Radrodro

(Member)

Hon. Alipate Nagata

(Member)

Hon. Dr. Ratu Atonio Lalabalavu

(Member)

APPENDIX

Published written evidence

Written evidence was received from the municipal councils and can be viewed on the Parliament website at the following link: http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/