



STANDING COMMITTEE ON SOCIAL AFFAIRS

Review of the:

Ministry of Local Government and Housing 2017-2018 Annual Report

**Ministry of Local Government, Housing and Environment 2016-2017
Annual Report**

**Ministry of Local Government, Housing and Environment January – July
2016 Annual Report**

**Ministry of Local Government, Housing and Environment 2015 Annual
Report**



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TABLE OF CONTENTS

| | |
|---|----|
| COMMITTEE MEMBERSHIP | 3 |
| CHAIRPERSON’S FOREWORD | 4 |
| RECOMMENDATION: | 5 |
| 1.0 INTRODUCTION | 5 |
| 1.1 Committee Procedure | 5 |
| 2.0 ABOUT THE MINISTRY OF LOCAL GOVERNMENT | 6 |
| 2.1 COMMITTEE’S OBSERVATIONS | 6 |
| 3.0 ABOUT THE MINISTRY OF HOUSING & COMMUNITY DEVELOPMENT | 9 |
| 3.1 COMMITTEE OBSERVATIONS | 9 |
| 4.0 COMMITTEE RECOMMENDATIONS | 11 |
| 5.0 CONCLUSION | 12 |
| COMMITTEE MEMBERS’ SIGNATURE | 13 |
| APPENDIX | 14 |
| Published written evidence | 14 |

COMMITTEE MEMBERSHIP



Chairperson

Hon. Viam Pillay MP

Government Member



Deputy Chairperson

Hon. George Vegnathan 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 Ministry of Local Government, Housing and Environment for 2017-2018, 2016-2017, January – July 2016 and 2015.

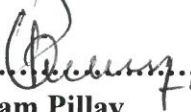
This review was undertaken in accordance with Standing Order 109(2)(b) which mandates the committee to look into issues related to health, education, social services, labour, culture and media. The committee first met to deliberate in April of this year and formulated questions pertaining to the Annual Reports, which were sent to the Ministry of Local Government and the Ministry of Housing for their response. Upon receipt of all relevant information on the committee's queries, the committee compiled its findings and subsequently endorsed its report in May.

Some of the major achievements of the Ministry in the 2017/2018 financial year include the following:

- Three new fire stations were commissioned to serve the people of Taveuni, Seaqqa & Savusavu;
- 73 major developments were approved costing approximately \$324,433,890.00. This included the Wanibuku Subdivision, Seashell Resort & Sun Insurance-Commercial Complex;
- 430 applicants received grants, of which 156 applicants received a \$5,000 grant, and 274 applicants received a \$10,000 grant;
- Garvey Park in Tavua & Ganilau Park in Savusavu were redeveloped with facilities such as convenience, construction of the hall, pavilion, floodlights, etc;
- 1,423 applications were approved for the subdivision of lands;
- 298 Rural Rezoning applications were approved;
- 37 recipients of the fire victim assistance benefitted and \$185,000 was paid; and
- 11 settlement socioeconomic surveys were conducted.

Now, I wish to thank the Acting Permanent Secretary of the Ministry of Local Government, Mr. Shaheen Ali, and the Permanent Secretary for the Ministry of Housing, Mr. Sanjeeva Perera, and their staff for their assistance in this review process. I also extend my gratitude to my Committee colleagues namely: Hon. George Vegnathan (Deputy Chairperson), Hon. Alipate Nagata, Hon. Salote Radrodoro 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.

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Hon. Viam Pillay
Chairperson

RECOMMENDATION:

The Standing Committee on Social Affairs has conducted the annual review of the Ministry of Local Government, Housing and Environment for 2017-2018, 2016-2017, January – July 2016, and 2015 and recommends that the House take note of its report.

1.0 INTRODUCTION

The 2015-2018 Annual Reports of the Ministry of Local Government, Housing and Environment were tabled in the February 2022 Parliament sitting 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

We first met in April to deliberate on and formulate questions pertaining to the 2015-2018 Annual Reports of the Ministry of Local Government, Housing and Environment. These clarifications were sent to the Ministry of Local Government and the Ministry of Housing for their responses.

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 and supplementary responses from the two Ministries 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 MINISTRY OF LOCAL GOVERNMENT

The Ministry of Local Government is responsible for the overall administration and regulation of Municipal Councils and the oversight of National Fire Authority through the Local Government Act 1972, and the National Fire Services Act 1994 respectively.

Ministry activities include monitoring of the Municipal Councils in line with the specific by – laws of the 13 Municipal Councils. The Ministry also ensures that there are policy reforms in accordance with the needs of the Councils and their communities.

The Ministry’s programs are funded directly through Government grants and are required to ensure services are provided to all Fijians alike. To maintain public safety and security, the Ministry also works closely with the National Fire Authority, issuing operational grants, funding for fire station upgrades and subsidising the purchase of emergency fleet and life-saving equipment.

2.1 COMMITTEE’S OBSERVATIONS

- 2.1.1 We note that the following major projects are yet to be completed and urge the Ministry to prioritise completion of these development works:

Nabouwalu Town Development

The tender was re-advertised as the selected bidder had issued a variation before the signing of the contract. Project is ongoing with civil works, to be completed by the 2023/24 financial year.

Keiyasi Town Development

The Ministry had carried out the necessary studies (physical, social, geological, demographic) in regards to the Environment Impact Assessment. However, approval was received in the 2018/19 financial year. The Ministry had engaged through a tender process for a Consultant to complete the Scheme and Engineering Plans. The construction tender will be advertised in May 2022, and construction is expected to be completed by the 2023/24 financial year.

Korovou Town Development

The Ministry, in consultation with the Lands Department and iTaukei Land Trust Board, had to finalise the Agreement for Lease for Development. The Ministry of Lands has completed the survey works for the Two Sites at Korovou and will be submitting a scheme plan to DTCP for approval. This project is scheduled to be completed by the Financial Years 24/25.

Seaqqa Town Development

The Ministry of Lands in conjunction with the Ministry of Local Government has surveyed the civic sites and will hand over to Labasa Town Council for development purposes by the next financial year.

Lautoka Swimming Pool

A Peer Review is being conducted by the Ministry of Local Government to audit and validate that the works carried out by the Lead Consultant and the Contractor are in line with the scope of works. An independent Consultant has been engaged to carry out the Peer Review. The way forward will be determined once the Consultant submits the final report.

Govind Park

The phase 1 works for the park have been completed and the Council is reviewing the works with the Contractor. The Ba Town Council is currently addressing the defects, in consultation with the contractor. Council will strategize phase 2 works in order to bring the park to operation. We are targeting to complete the project by next financial year 2022/2023.

Sigatoka Riverbank Upgrade - Sigatoka Town

In 2020, the Sigatoka Town Council took legal action against the Consultant for the structural failure and to recover the payment to the Consultant and Contractor. The matter is currently before the court and therefore, sub judice.

- 2.1.2 We noted that in spite of repeatedly highlighted by the auditor in previous audits, necessary internal controls including timely reconciliations were not performed for Drawings Account, SLG 84 Account, Operating Trust Fund, Advances and Salaries Account during the 2017-2018 FY. We asked the Ministry to explain whether these issues had been rectified.

The Ministry informed us that timely completion of underline reconciliation was affected due to high turnover of staff and internal investigations arising from disciplinary issues. Since then, the Ministry has recruited four Accounts personnel; Senior Accounts Officer, Accounts Officer and two Assistant Accounts Officers. This was done to increase the staffing capacity to effectively and efficiently provide financial support services.

The Ministry has also undertaken in-house capacity building within Accounts on procedures and processes pertaining to performance of underline reconciliations.

Specifically, the Ministry undertook the following measures:

- Conducted underline reconciliations and adjustment exercise to ensure the reconciliation report are true and fair.
- Provided FMIS training for Accounts Personnel.
- Conducted in-house capacity building training to motivate staff on procedures and processes pertaining to reconciliations.
- Ensured preparation of timely monthly reconciliation.
- Ensured all reconciliations were verified and signed copies submitted to the Ministry of Economy.

- Closely monitored the Accounts Team to ensure the procedures and processes are adhered to at all times

Effective from the 2019-2020 financial year, all underline reconciliations were performed on a monthly basis and submitted to the Ministry of Economy before 15th of the following month.

3.0 ABOUT THE MINISTRY OF HOUSING & COMMUNITY DEVELOPMENT

The Ministry of Housing and Community Development is responsible for strategy, policy, funding assistance, monitoring and regulation of Fiji's housing system. It plays a lead role in promoting and facilitating the provision of accessible and adequate housing for low and middle-income households and people living in informal settlements.

The Ministry was established in 2018 as a dedicated stand-alone line ministry with a singular focus on the housing sector bringing together Fiji's long running urban housing programme, previously overseen by the Department of Housing within a wider Ministry for Local Government, and the rural housing programme that was previously overseen by Ministry for Rural and Maritime Development.

The Ministry oversees and contributes to the development and monitoring, of all housing related legislation including the:

- Housing Act 1955
- Fair Rents Act 1965
- Unit Titles Act 1985
- Residential Tenancies Act (draft)

3.1 COMMITTEE OBSERVATIONS

3.1.1 We were informed that the review of the National Housing Policy is still in progress. In 2019, a Policy Advisor was appointed with funding assistance from the New Zealand Ministry of Foreign Affairs and Trade to assist the Ministry. We note that the policy review had reached the consultation phase but was disrupted by the pandemic.

3.1.2 We noted that the auditor issued an unmodified audit opinion on the 2017/18 accounts of the Department of Housing due to an unreconciled variance of \$47,571 between FMIS general ledger and the Department's payroll report for Established Staff. We requested for clarification on whether this issue had been resolved and the internal controls put in place to prevent its recurrence.

The Ministry informed us that a separate Finance team was established under the new Ministry in 2018/2019. All the backlogs have been cleared with proper monthly payroll reconciliation submitted to Ministry of Economy in a timely manner. The Ministry has already submitted the reconciliation up to March 2022.

The Ministry has further strengthened the finance team by recruiting a Manager Finance from April 2022.

- 3.1.3 Furthermore, internal controls over payment process and payroll were generally found to be weak and if not addressed promptly could result in material misstatements and possible financial losses in the near future. The weak payment controls resulted in the lump sum payment of grant contrary to the grant agreement. Weak controls around payroll processes resulted in delays in preparation of payroll reconciliations and the variances in the payroll expenditure.

We note that this has now been resolved through the formation of separate finance team for effective payments in accordance with the Financial Management Act. The Ministry has cleared all the backlogs and is submitting all reconciliation to Ministry of Economy in a timely manner.

This is now further supplemented with the recruitment of a Finance Manager to ensure SOPs are adhered to and reconciliations are submitted before the due dates.

4.0 COMMITTEE RECOMMENDATIONS

1. That the Ministry of Housing & Community Development complete the review of the National Housing Policy which was pending due to COVID-19 pandemic.
2. That the Ministry of Local Government must complete all scheduled capital projects in accordance with the funds allocated.
3. That the Ministry of Local government ensure that the development of the following satellite towns and major projects be completed by the scheduled deadlines:
 - Nabouwalu, Keiyasi, Korovou and Seaqaqa town developments;
 - Govind Park;
 - Lautoka Swimming Pool; and
 - Sigatoka Riverbank Upgrade.

5.0 CONCLUSION

The committee has fulfilled its mandate to review the 2017-2018, 2016-2017, 2016, and 2015 Annual Reports of the Ministry of Local Government, Housing and Environment. As part of its review process, the committee received written and supplementary responses from the Ministry of Local Government and the Ministry of Housing.

In this review report, the committee has highlighted its findings on the Ministries' financial and operational performance during the period under review.

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. Salote Radrodro
(Member)



Hon. Alipate Nagata
(Member)



Hon. Dr. Ratu Atonio Lalabalavu
(Member)

APPENDIX

Published written evidence

Written evidence was received from the Ministry of Local Government and Ministry of Housing and can be viewed on the Parliament website at the following link:
<http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>