



STANDING COMMITTEE ON SOCIAL AFFAIRS

Review of the:

Housing Authority 2017 Annual Report

Housing Authority 2016 Annual Report



PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 62 of 2022

August 2022

Published and printed by the Department of Legislature, Parliament House, Government Buildings, SUVA

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COMMITTEE MEMBERSHIP



Chairperson

Hon. Viam Pillay MP

Government Member



Deputy Chairperson

Hon. George Vignathan 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 Housing Authority for 2016 & 2017.

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 May of this year and formulated questions pertaining to the Annual Reports, which were sent to the Housing Authority for its response. Upon receipt of all relevant information on the committee's queries, the committee compiled its findings and subsequently endorsed its report in June.

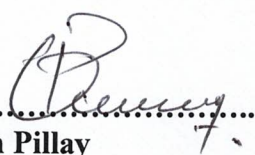
The year 2017 has been another progressive year for the Authority recording a surplus of \$1.701m in comparison to \$1.473m recorded in 2016. The financial performance drivers were revenue from sale of lots and interest income from mortgage loan portfolio. A total of 107 lots in 2017 compared to 381 lots were sold in 2016. 19 customers were assisted under the Social Housing Policy scheme during the year. This scheme is directed to assist qualifying customers who are in financial distress and find difficulty in maintaining their repayments over the years. Total customer debt forgiven in 2017 was \$0.565m.

We note that the major challenges facing the Housing Authority is to provide housing that low-income families can afford. As such, the Authority has strengthened its Land & Housing Development Division and going forward, it intends to pursue Design and Build initiative. This initiative aims to save customers' time and effort in constructing their homes after they have purchased lots.

The Housing Authority strives to ensure that Fijians have access to decent, affordable and quality housing for their families as provided under Section 35 of the 2013 Fijian Constitution. It has set a new platform and strategic direction that will guide it towards achieving its vision of providing affordable homes for all Fijians.

At this juncture, I wish to thank the Chief Executive Officer of Housing Authority, Mr. Ritesh Singh, and his staff for their timely assistance in this review process. I also extend my gratitude to my Committee colleagues namely: Hon. George Vegenathan (Deputy Chairperson), Hon. Alipate Nagata, Hon. Salote Radrodoro and Hon. Ratu Tevita Niumataiwalu who substituted for 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 Housing Authority for 2016 & 2017 and recommends that the House take note of its report.

1.0 INTRODUCTION

The 2016 & 2017 Annual Reports of the Housing Authority were tabled in the May 2022 sitting 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

We first met in May to deliberate on and formulate questions pertaining to the two Annual Reports, which were sent to the Housing Authority for its 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 June.

We received written response from the Housing Authority for this annual review. It is available on the Parliament website, at the following link:

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

2.0 ABOUT THE HOUSING AUTHORITY

Established by an Act of Parliament in 1955, The Housing Authority became an operating entity in 1958. The Authority began operation with the development of rental flats and progressed into the development of lots and the designing and building of homes.

In 1996, Housing Authority was declared a Commercial Statutory Authority and is now required to provide returns to Government. The Authority moved away from the designing and building of homes to concentrate on the production of land lots and the provision of financing in 1997.

With the initial vision to provide affordable housing for low-income earners in urban centers who could otherwise be unable to secure a permanent residence for themselves, the Authority has in recent years expanded its services to include mortgage financing for middle to high-income earners.

3.0 COMMITTEE'S OBSERVATIONS

- 3.1 An update was sought from the Authority on the allocation of vacant space in Wainibuku and Nepani subdivisions for construction of approximately 784 mixed strata units. The Authority informed that while the ground development has been completed, the construction of the Wainibuku & Nepani strata sites have been assigned to the World Bank's International Financing Corporation (IFC) who will work on the design and planning of the construction of these mixed strata units.

The initial projection for Strata units is provided in the table below:

Project	Units	Estimated (SVEP)	Cost
Nepani Strata	608	100M	
Wainibuku Strata	176	33M	
Total	784	133M	

- 3.2 We also enquired the Authority on the progress made to the Tavakubu, Davuilevu, Nepani, Veikoba and Tavua projects and their projected cost. We were informed that these projects are assigned to IFC. Relevant details of the four projects are captured in the following table:

PROJECT	NEPANI	TAVAKUBU	DAVUILEVU	KORONISALUSALU	TOTAL
Budget (\$)	14,090,952	24,863,706	46,872,096	6,939,072	92,765,827
Utilised (\$)	10,493,293	24,822,591	35,194,138	6,490,472	77,000,494
Balance (\$)	3,597,659	41,116	11,677,958	448,600	15,765,333
% Utilised	74%	100%	75%	94%	83%
Govt Grant Received (\$)	4,026,761	2,752,294			6,779,054
Project Status					
• Civil Work	Completed in Jul 2018	Completed	97% Completed	Completed in Aug 2021	
Lot Yield/Zoning	Lot Counts				
Residential Class D	44	6	50		100
Residential Class C	89	263	321	71	744
Residential Class B	39	149	149	38	375
Duplex			42		42
Strata (Land parcel)*	5		3		8
PRB**		1	1		2
Civic	3	3	3	1	10
Commercial	1	3	4	3	11
Total Lots(Excluding Strata & PRB)	176	424	569	113	1282
*Strata (No of Units)	608		544		1152
**PRB (No of Units)		77	160		237

Source: Housing Authority written response

3.3 Financial performance highlights of the Authority for 2016 & 2017 are as follows:

- A profit of \$1.701m against a budget of \$2.040m was achieved for the year.
- Return on Equity achieved was 3.10% against target of 3.40%.
- Total operating expenses decreased by \$8.89m from \$19.91m in 2016 to \$11.02m in 2017 due to reduction in sales.
- Interest income increased by \$0.14m from \$7.40m in 2017 to \$7.26m in 2016.
- Interest expenses reduced by \$0.08m from \$4.48m in 2017 to \$4.56m in 2016.
- Total Performing Loans portfolio increased by \$6.95m from \$83.24m in 2017 to \$76.29m in 2016.
- Borrowing portfolio decreased by \$8.71m from \$109.67m in 2016 to \$100.96m in 2017.

4.0 COMMITTEE RECOMMENDATIONS

1. That the Housing Authority provide an update on the negotiation timelines of design, planning and construction of the Nepani, Wainibuku, Tavakubu, Davuilevu and Tavua construction projects which have been assigned to the International Financing Corporation of the World Bank.
2. That the Housing Authority continue to pursue partnerships with alternative funding agencies to finance its capital projects.

3. That the Housing Authority consult with the Ministry of Housing to amend the Housing Act to legislate the merger of the Public Rental Board and Housing Authority.
4. That the Housing Authority revisit the Village Housing Scheme and consider new programmes to finance home constructions in villages and rural areas in close consultation with the iTaukei Land Trust Board.

5.0 CONCLUSION

The committee has fulfilled its mandate to review the 2016 & 2017 Annual Reports of the Housing Authority. As part of its review process, the committee received written response from the Authority.

In this review report, the committee has highlighted its findings on the Authority's financial and operational performance for 2016 & 2017. Recommendations have also been made for the Authority to consider in the further improvement of its work.

COMMITTEE MEMBERS' SIGNATURE


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



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Hon. Viam Pillay


(Chairperson)



.....

Hon. George Vegnathan


(Deputy Chairperson)



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Hon. Salote Radrodro

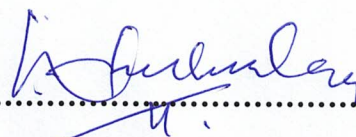
(Member)



.....

Hon. Alipate Nagata

(Member)



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Hon. Ratu Tevita Niumataiwalu

(Alternate Member)

APPENDIX

Published written evidence

Written evidence was received from the Housing Authority, which together with the transcript of the public hearing, can be viewed on the Parliament website at the following link:
<http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>