



## **Parliamentary Response**

**Minister for Housing and Local Government,  
Honourable Maciu Katamotu Nalumisa**

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**Parliamentary Response: 31 March 2023**

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**Parliament**

**31 March, 2023**

**Government Buildings**

**SUVA**

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### **Written Question**

**“ Hon. Sashi Kiran to ask the Minister for Housing and Local Government – Rates are an important source of revenue for Municipal Councils, however, over the past years the collections by Councils have been in dire arrears, as reported by the previous Auditor-General’s reports – Can the Minister inform Parliament on the following –**

**(a) The arrears of annual situation for each Municipal Council spanning the period January 2007 to 23 December 2022; and**

**(b) Current strategies being put in place by the Ministry to improve rates collections, and when the Ministry anticipates seeing some turnaround.”**

**Mr. Speaker Sir,** rates is a major revenue stream of the Municipal Councils, as rightly pointed out by the Hon. Member in her question. If all Municipal Councils were collecting all the rates, they would be able to undertake a lot of investments in their municipalities and enhance the service delivery to the ratepayers.

**Mr. Speaker Sir,** Cities and Towns in Fiji have an estimated 44,749 ratepayers with approximately 85% of ratepayers being residential ratepayers. As residents of towns and cities, people of Fiji are required, in accordance to the Local Government Act 1972, to pay town/city rates (rates).

The rates assist the Municipal Councils in providing services, such as solid waste management services, beautification and open space upkeep, sanitation control management, organising national events and the performance of regulatory and enforcement functions inclusive of transport, traffic, building and litter, whilst also investing.

The Municipal Councils are able to use the revenue to improve and enhance services and create an environment to encourage investments and economic activities within the municipalities.

**Mr. Speaker Sir,** the Suva City Council has the highest number of ratepayers, with 9,441 or 83% residential ratepayers, out of the 11,468 ratepayers. Nasinu Town Council comes a close second, with 11,377 ratepayers, of which 10,953 are residential. Whilst Lautoka City Council has the third highest with 8,169 ratepayers of which 91% (7,419) are residential.

The delay in rates payment has severely hindered the service delivery capacity and implementation of the capital projects by the Municipal Council. I wish to re-emphasise that the ratepayers have an obligation to contribute to the costs of running the cities and towns, to be able to receive the best services and have good infrastructure in place.

**Mr. Speaker Sir**, as per section 64 of the Local Government Act 1972, the Councils are required to carry out the sexennial valuation every 6 years to determine the unimproved value of rateable land. It is worth noting, the Councils carried out the sexennial valuation between the years 2007 and 2021 upon the required interval and rates were increased and implemented.

The Municipal Councils implemented the increases in rates. as follows:

- Tavua Town Council increased rates based on the 2002 valuation. Following the 2020 valuation, Tavua Town Council requested the Ministry to implement the rates increase in 2021, but the Ministry had asked them to put it on hold.
- Rakiraki Town Council undertook sexennial valuation in 2012, hence rates increase was implemented in 2013.
- Lautoka City Council and Ba Town Council increased rates in 2021, based on the 2020 sexennial valuation.
- Whilst Nausori Town Councils valuation was done in 2022, but the increase in rates was put on hold, as per instructions from the former Minister.
- Nasinu Town Council undertook the sexennial valuation in 2013 and the rates increase was implemented in 2020.
- Labasa Town Council implemented rates increase in 2017, based on the 2016 valuation. The Council is currently undertaking the valuation, which may have an impact on rates in the future.
- Suva City Council and Lami Town Council implemented the rates increase in 2012, which was a result of the valuation done in 2011.
- Levuka Town Council had the last sexennial valuation done in 2021, but yet to be implemented. The current rates are based on the valuation done in 2013.
- Savusavu Town Council last valuation carried out in 2022 but yet to implement, the rates are based on the 2013 valuation.
- Nadi Town Council undertook the sexennial valuation in 2017 and the rates increase was implemented in 2020.
- Sigatoka Town Council rates are based on the 2013 valuation. The 2021 valuation is yet to be implemented.

**Mr. Speaker Sir,** when there are outstanding rates it attracts 11% compound interest rate, as per Section 78 of the Local Government Act 1972. Compound interest does not apply interest rates fairly for the ratepayers.

The Ministry of Local Government is working on reviewing the 11% compound interest to ensure that the application of interest is changed from compound to simple.

**Mr. Speaker Sir,** one of the factors for massive arrears in rates is the Covid-19 Pandemic. The pandemic has not only affected rates but also other aspects of economic growth.

**Mr. Speaker Sir,** another reason for the increase in arrears is the new subdivisions and rezoning of lands/spaces in the respective municipalities. The new subdivisions and change of zones mean that the rates will have to be imposed on the subdivided lots and a new rate to be imposed on the new zoning of the lot rezone.

**(a) The arrears of annual situation for each Municipal Council spanning the period January 2007 to 23 December 2022;**

**Mr. Speaker Sir,** the collection of rates is the most critical issue. All the Municipal Councils records reveal that at the end of 2007, they were owed \$28.3 million in rates. This indicates that over 50% of ratepayers in the country have some outstanding rates and charges.

**Mr. Speaker Sir,** I wish to highlight three municipalities that have the highest amount of rates arrears. Due to the arrears prior to 2007, approximately \$2.3 million has been accumulated in interest rates due to the compounded interest rate of 11%.

Suva City Council has the highest outstanding rates. However, the collection rates (arrears and current year) for the last 16 years ranges between 80%-99%. The Council has a good collection for the current year's rate.

Suva currently has approximately \$32 million in outstanding rates. It is important to note that for 2023, the invoiced amount was \$18.5 million and Suva has collected \$15.3 million.

**Mr. Speaker Sir,** Nasinu Town Council being a Medium Council has the second highest outstanding rates of \$12million as of 2023. While Lautoka City Council's outstanding rate is \$11.5 million or the third highest.

**Mr. Speaker Sir,** I wish to highlight that the Small Councils, such as Savusavu, Sigatoka, Tavua, Rakiraki and Levuka are performing well in rates collection, both current and arrears. It is important to note that rates are the source of revenue for Small Councils and they ensure that collection is done on time. Comparing outstanding rates from years 2007-2012, the arrears had decreased.

However, due to changes in rates, following the sexennial valuation and compound interest, the arrears started increasing from 2013.

The arrears were increased significantly in 2020 and 2021 due to the Pandemic. This affected the rates collection by the Small Councils, as ratepayers faced difficulty in paying the rates. After recovery from the pandemic, the Councils are back on track with innovative ideas and strategies in place for collection.

(Please refer to **Annex 1** for the Municipal Council Rates Information from 2007 to 2022).

**(b) Current strategies being put in place by the Ministry to improve rates collections, and when the Ministry anticipates seeing some turnaround."**

**Mr. Speaker Sir,** the Municipal Councils in consultation with the Ministry have prepared their rates plan that will assist ratepayers facing financial difficulties. We have witnessed job losses in our country due to the pandemic. Hence, the plan will accommodate those financially affected given that ratepayers liaise with their relevant Councils on the way forward.

**Mr. Speaker Sir,** to ease the burden of rates arrears, the Ministry of Local Government has provided 3 rates amnesty periods (one in 2017 and two in 2019).

During the amnesty period all compound interest on arrears was waived if any residential ratepayer paid their principal amount of rates in the given time. This arrangement allowed residential ratepayers to pay off their principal rates in arrears and at the same time, enabled Municipal Councils to clear their books.

The Ministry of Local Government intends to provide rates amnesty in 2023, which will be in two phases. This will be submitted to the Cabinet in the next sitting for consideration.

Furthermore, **Mr. Speaker Sir,** the Ministry has been continually providing waiver on interest and rates for cases where the ratepayers have been facing genuine hardship as per the Local Government Act 1972.

**Mr. Speaker Sir,** the Councils are now improving in its rates collection after recovering from the pandemic. The Councils overall have managed to collect 74% from the current rates billing.

**Mr. Speaker Sir,** the Ministry together with the 13 Municipal Councils, conducted a Rates Profiling exercise to ascertain the total outstanding rates and to identify the challenges in rates recovery processes faced by the Councils. By identifying these challenges, the Councils have been working on strategies to improve rates recovery and enforcement powers.

The Rates Profiles compiled by the Councils will provide important data to the Ministry to provide policy direction to the Municipal on rates recovery. The provisions will have simple and practical methods to collect rates arrears and interests therein.

**Mr. Speaker Sir**, the Councils has implemented strategies to encourage rates payments, these include:

- Extension in the discount period (5% to 7%)
- Payment of rates by installments under an agreement
- Liaising with the Ministry of Lands and Housing Authority as landlords of a large number of ratable lots.
- Online payment is already in place on MPaisa platform and with BSP Bank.
- Issuing reminder notices once invoices are raised [quarterly basis]
- Attornment of lease – relevant to commercial properties
- Small Claim Tribunal – less than \$5,000
- Placing of charge or caveats on properties
- Deduction at source [payroll]
- Arrangements with Law Firms [transfer of properties to settle rates].
- Arrangements with Banks [client to arrange settlement of rates whilst seeking loans]
- On-line banking options and M-Paisa- agreement to be drawn with Vodafone and Banks.
- Legal Actions to recover rates- e.g. sale of properties.

In addition, **Mr Speaker Sir**, positive steps have been taken by the Councils to ensure that all developers will now be required to clear their rates owed to the Council prior any further development being approved. This is now a mandatory check prior to accepting building applications.

Whilst some Councils already have the requirement to have all the rates cleared before any development permit approval is issued, the other Councils are in the process of including this requirement in their checklist for developments.

The Councils are to ensure to strengthen the collection powers to meet the obligations. However, there is also lack of diligence in collecting and we feel that oversight of this important process has been neglected over the years. This issue is considered of national importance and should be the highest priority given to support the collection processes.

**Mr. Speaker Sir,** the Ministry will also review Local Government Act 1972 to identify outdated sections that can be improved to assist Councils in rates collection. Furthermore, an amendment to the Act is also being considered, which will require property owners to take consent from their respective Councils before transferring of land.

**Mr. Speaker Sir,** during my Council visits around the country, I have reiterated to the Councils to change the way they do business. Municipal Councils must adopt a more customer focused, service-oriented approach and be commercial minded, instead of operating in a bureaucratic regulatory environment. The institutions, systems, processes and policy frameworks need to be improved to enhance quality of service to the community.

**Mr. Speaker Sir,** the above response is submitted. Thank you.



### MUNICIPAL COUNCIL INFORMATION ON RATES 2007-2022

#	COUNCILS	# of RATEPAYERS	YEAR	Percentage Rate Collection	Remarks
<b>LARGE COUNCILS</b>					
1	SUVA	11,468	2007-2011	80-86%	These years from 2007-2011, the Council's outstanding rates ranged increased from \$2m to \$2.5m due to change in new subdivision and introduction of new Unimproved Capital Value (UCV).
			2012-2016	81-99%	The rates outstanding increased from \$2.5m to \$3m in year 2012 was due to the implementation of the increased rates from Sexennial Valuation.
			2017-2022	81-91%	In the year 2020, the rates collection dropped to 81% due to covid and there was an increased in the rates outstanding to \$3.1m. Hence, rates collection increased in 2021 post covid and the rates outstanding reduced to \$2.5m.
2	Lautoka	8,169	2007-2011	65-89%	The councils invoice is around \$2m and the council had around \$820k arrears from previous years. The council had last rates increased in 2009.
			2012-2016	68-98%	The council managed to collect rates from the current and outstanding yet the arrears from previous outstanding increased due to the accumulating compound interest.
			2017-2022	68-83%	The council has a good collection of rates however due to the covid impact and compound interest on arrears have led to vast increase in the outstanding from 2007-2022.
<b>MEDIUM COUNCILS</b>					
3.	Nasinu	11,377	2007-2011		The Council do not have proper records on rates data from 2007-2011.
			2012-2016	58-67%	In 2014 the rates were increased through Sexennial Valuation and this lead to increase to \$8.7M from \$7M
			2017-2022	51-83%	The collection rate reduced in 2019 & 2020 and the outstanding increased to \$12m. The Council have lodge long pending dues with the Court.
4	Nausori	4,554	2007-2011		The Council do not have proper records on rates data from 2007-2011. The figures have been pulled from audited FS which does not show rates collection
			2012-2016		

					separately but collective figure for receipts from customers as the revenue for Council. Thus, the rates increased in 2014 through sexennial valuation.
			2017-2022	46-67%	
5	Nadi	3,022	2007-2011	45-77%	The rates collection increased every year and in year 2011 the Council collected 77% of the rates.
			2012-2016	77-94%	The council again in these years managed to collect good percentage of rates through waiver of interest and ratepayers settled the principal amounts.
			2017-2022	70-85%	The collection of rates reduced in these years due to covid effect yet managed to collect over 50% of the rates. The rates were also increased in 2020 through Sexennial Valuation.
6	Ba	1,666	2007-2011	24-52%	Comparing collection from 2007 till 2011 the Council had gradually increased in the collection of rates
			2012-2016	36-50%	The council managed to collect 50% in the year 2012 however in the next four year the rates collection reduced to 36%. There was increased in the invoicing due sub division and rezoning.
			2017-2022	39-80%	Due to Covid Pandemic the rate collection really reduced to 39% collection and gradually increased in its collection. Also note that the rates were increased in 2021 through Sexennial Valuation.
7	Labasa	1,408	2007-2011	89-93%	Good Collection. Outstanding was around 7-11% of the invoicing amount
			2012-2016	91-95%	Good Collection. Outstanding was around 5-9% of the invoicing amount
			2017-2022	65-93%	The collection had good collection from 2017-2020 ranging between 93-86% however the collection dropped in 2021 to 65% and then increased in to 77% in 2022. The reduced in collection would have been due to the rates increased in 2020 through Sexennial Valuation.
8	Lami	1,220	2007-2011	74-90%	The council had good collection of rates and reduced the outstanding from \$6m to \$1m.
			2012-2016	40-66%	The collection reduction dropped due to the increase in new subdivisions, revaluation of properties, and increase in unit cent and also increased in rates through Sexennial Valuation.

			2017-2022	57-75%	The council collection reduced in 2019 and 2020 however regained its collection to 71% after Covid.
<b>SMALL COUNCILS</b>					
9	Savusavu	634	2007-2011	89%	The Council do not have proper record keeping and documents to determine the percentage collection from 2007-2010. Thus 89% collection indicates for 2011.
			2012-2016	67-90%	
			2017-2022	63-93%	Due to increase in rates in 2016 through the Sexennial Valuation and covid the rates collection fluctuated in these years yet managed to collect more than 50% per year.
10	Rakiraki	527	2007-2011		The Rakikari was declared as Town in 2010, the rates valuation was received on 20 <sup>th</sup> April, 2012 than the awareness was carried out and rates was charged from 2013.
			2012-2016	69-94%	In the initial years of rates, the council collected good percentage from the ratepayers.
			2017-2022	52-77%	Rakiraki being the small town with less facilitates, good percentage of ratepayers are paying the rates. Only in 2020 the rates collection was 52% while other years was around 70% collection.
11	Tavua	311	2007-2011	78-88%	The rates have not increased since 2002.
			2012-2016	72-96%	The Council is performing better in rates collection.
			2017-2022	84-92%	Sexennial Valuation was taken place in 2021 however the rates increase has not been implemented. The councils invoice per year is around \$64k and total outstanding is \$35k from which \$10k is the accumulated interest portion.
12	Sigatoka	249	2007-2011	79-85%	The Council already had an arrears around \$71k and gradually the team improved in its collection and managed to collect 85% of rates by the end of 2011.
			2012-2016	78-88%	The council managed to collection majority of the current rates while the arrears had been accumulating.

			2017-2022	77-94%	The councils collection dropped in 2020 due to covid to 77% thus regained its collection to 82% in 2021. The rates also increased in 2021 through Sexennial Valuation.
13	Levuka	144	2007-2011	48-81%	The Council already had an arrears around \$110k and gradually the team improved in its collection and managed to collect 81% of rates by the end of 2011.
			2012-2016	83-91%	The council managed to collection majority of the current rates while the arrears had been accumulating.
			2017-2022	77-93%	The Council had an increase in rates in year 2021 through the Sexennial Valuation.

## Summary of Rates Arrears 2007 - 2022

Years	Suva	Lami	Nasinu	Nausori	Sigatoka	Nadi	Lautoka	Ba	Tavua	Rakiraki	Labasa	Savusavu	Levuka	Total
2007	\$ 2,127,288.00	\$ 4,989,658.00	\$ 7,099,784.00	\$ 1,824,290.00	\$ 64,804.81	\$ 2,426,764.17	\$ 836,481.00	\$ 1,119,495.00	\$ 17,588.00	\$ -	\$ 68,802.25	\$ 178,683.00	\$ 110,455.00	<b>20,864,093.23</b>
2008	\$ 1,823,253.00	\$ 5,418,595.00	\$ 8,949,581.00	\$ 2,239,186.00	\$ 69,158.45	\$ 2,706,815.38	\$ 852,546.00	\$ 1,131,938.00	\$ 28,073.23	\$ -	\$ 40,654.50	\$ 191,412.00	\$ 82,618.00	<b>\$ 23,533,830.56</b>
2009	\$ 2,543,285.00	\$ 6,010,140.00	\$ 9,440,877.00	\$ 2,132,528.00	\$ 65,173.55	\$ 2,046,755.86	\$ 4,945,701.00	\$ 1,161,971.00	\$ 25,886.74	\$ -	\$ 41,897.50	\$ 222,233.00	\$ 73,937.00	<b>28,712,394.65</b>
2010	\$ 2,500,499.00	\$ 1,230,642.00	\$ 10,260,604.00	\$ 2,080,517.00	\$ 61,302.77	\$ 2,006,038.49	\$ 5,188,779.00	\$ 1,183,349.00	\$ 29,486.51	\$ -	\$ 47,482.50	\$ 271,192.00	\$ 74,573.00	<b>\$ 24,934,465.27</b>
2011	\$ 1,996,954.00	\$ 1,201,684.00	\$ 8,153,841.29	\$ 2,261,131.00	\$ 69,857.35	\$ 1,984,760.19	\$ 4,860,809.00	\$ 530,684.00	\$ 4,068.94	\$ -	\$ 41,836.50	\$ 321,513.24	\$ 112,234.00	<b>21,539,373.51</b>
2012	\$ 3,230,683.00	\$ 1,164,944.00	\$ 7,820,383.32	\$ 2,261,131.00	\$ 73,215.68	\$ 1,309,074.21	\$ 5,113,540.00	\$ 631,471.00	\$ 6,114.82	\$ -	\$ 68,475.20	\$ 389,349.42	\$ 104,453.00	<b>\$ 22,172,834.65</b>
2013	\$ 75,975.66	\$ 1,196,773.00	\$ 8,153,841.29	\$ 1,836,120.00	\$ 78,926.36	\$ 1,502,543.54	\$ 5,575,704.00	\$ 637,102.00	\$ 6,574.69	\$ 23,805.45	\$ 65,318.41	\$ 464,793.44	\$ 122,231.00	<b>19,739,708.84</b>
2014	\$ 2,700,971.85	\$ 1,211,176.00	\$ 8,126,483.40	\$ 2,314,262.00	\$ 59,963.23	\$ 1,764,334.91	\$ 5,681,960.00	\$ 756,436.00	\$ 9,898.78	\$ 54,743.11	\$ 99,021.41	\$ 411,857.20	\$ 132,675.00	<b>\$ 23,323,782.89</b>
2015	\$ 2,119,184.23	\$ 1,368,152.00	\$ 8,862,593.49	\$ 2,385,187.00	\$ 61,892.78	\$ 1,851,987.62	\$ 5,011,035.00	\$ 829,977.00	\$ 21,060.44	\$ 92,321.00	\$ 58,426.81	\$ 491,549.20	\$ 130,352.00	<b>23,283,718.57</b>
2016	\$ 2,380,608.84	\$ 1,558,625.00	\$ 8,772,569.80	\$ 2,655,349.00	\$ 60,215.68	\$ 1,822,587.97	\$ 5,716,490.00	\$ 967,780.00	\$ 31,260.95	\$ 141,098.55	\$ 83,849.21	\$ 494,443.21	\$ 173,078.00	<b>\$ 24,857,956.21</b>
2017	\$ 2,414,760.54	\$ 1,489,577.00	\$ 9,225,672.19	\$ 2,670,443.86	\$ 75,256.69	\$ 1,513,484.20	\$ 5,739,606.00	\$ 899,746.00	\$ 26,361.34	\$ 134,739.41	\$ 81,944.17	\$ 381,872.99	\$ 134,562.00	<b>24,788,026.39</b>
2018	\$ 2,150,831.66	\$ 1,587,542.00	\$ 9,195,428.00	\$ 2,497,314.29	\$ 79,684.29	\$ 1,617,347.80	\$ 5,734,321.00	\$ 897,609.00	\$ 30,676.37	\$ 49,338.62	\$ 183,975.21	\$ 428,596.41	\$ 102,000.00	<b>\$ 24,554,664.66</b>
2019	\$ 2,060,159.48	\$ 1,481,014.63	\$ 7,657,680.00	\$ 2,689,534.05	\$ 69,993.71	\$ 1,485,106.05	\$ 4,331,116.00	\$ 750,091.00	\$ 24,922.95	\$ 86,262.83	\$ 211,205.07	\$ 488,046.23	\$ 123,435.00	<b>21,458,567.00</b>
2020	\$ 3,146,253.82	\$ 1,565,565.02	\$ 9,147,158.00	\$ 2,732,861.25	\$ 78,236.36	\$ 1,881,745.61	\$ 4,904,568.00	\$ 848,599.00	\$ 32,395.83	\$ 95,975.71	\$ 168,760.06	\$ 583,944.34	\$ 145,000.00	<b>\$ 25,331,063.00</b>
2021	\$ 870,279.51	\$ 1,665,316.42	\$ 10,311,742.00	\$ 3,162,456.88	\$ 54,895.36	\$ 644,652.26	\$ 4,989,216.00	\$ 984,571.00	\$ 38,128.10	\$ 91,800.61	\$ 330,234.43	\$ 649,970.77	\$ 129,886.00	<b>23,923,149.35</b>
2022	\$ 2,597,230.88	\$ 1,591,036.27	\$ 11,754,069.00	\$ 3,533,036.39	\$ 49,623.32	\$ 683,732.94	\$ 3,673,339.43	\$ 1,362,452.00	\$ 37,901.87	\$ 107,425.13	\$ 289,354.66	\$ 747,204.38	\$ 94,062.55	<b>\$ 26,520,468.82</b>