

APPENDICES

Appendix I
Written Response by Levuka
Town Council

Levuka Town Council

P.O. Box 70

Levuka Fiji

Phone: 3440014

Fax: 3440288

E-mail: ceolevuka@gmail.com



Our Ref: LTC/nl

Date: 7th October, 2022

The Hon Viam Pillay
Chairperson
Standing Committee on Social Affairs
Parliament of the Republic of Fiji
Suva.

Dear Sir

**RE: CLARIFICATION OF ISSUES - LEVUKA TOWN COUNCIL 2012 & 2013
ANNUAL REPORTS**

Sir, I refer to your letter of 29th September 2022 regarding the above subject and provide here under clarifications on matters raised therein.

Question 1:

1a. How is the Council planning to address the following issues:

Levuka was the hub of the Eastern division and within the ambits of the division were the:

- Lomaiviti Group
- Lau Group
- Rotuma
- Kadavu

Prior to the shift of the office of the Commissioner Eastern to Suva, Levuka administered the total government machinery of the division who then reported to the Minister of Regional Development.

Subsequent to the relocation in Knolly Street Suva of the Commissioner Eastern Office, which also meant the relocation of divisional heads into Nausori and Suva. Levuka slowly but surely spiraled into an economic recession, with examples below:

- Cinema closed down; owner migrates overseas.
- Grocery shops closed down, owners moved into Suva and Lautoka
- Drapery shops closed down
- Joinery shops closed down - owner, not enough business today

ENTERTAINMENT:

Musical groups sold their equipment. Previously, there were three bands in Levuka, today there is none. Reason being not enough patrons.

The social impact was real due to the lack of cash flow to go around until today.

Inflow of new immigrants into Levuka brought with them their own background and cultures that was new to Levuka, for example they do not socialize with the original Levuka citizens. Their social programs are carried out amongst themselves. Example, celebrating weddings, birthdays and funerals or religious services. They do not take part in local sports; soccer is no longer played in Levuka. Although invited, they do not take part in the municipal events, example, decorating shops for Fiji Day celebrations or do not give a helping hand in local festivals.

Whilst the Commissioner Eastern office was based in Levuka, below are some of the activities and festivities in town.

PRIVATE FACILITY	THEN	NOW
Movie theatre	Yes	No
Market under one roof	Yes	Under construction
Grocery Stores	Yes	Reduced in numbers
Drapery store	Yes	Reduced in numbers
Restaurants	Yes	Reduced in numbers
Social Clubs Nos 2	Yes	Re – Opened after 20 years
Hotels/Motels/Resort	500 beds	200 beds
Laundry	Yes – 2	None
Joinery/Cabinet maker	Yes – 5	None
Shoemaker	Yes – 2	None
Men's tailor	Yes – 2	None
Ships Service	Yes	Yes – more services
Air service	Yes	None
Hardware facilities	Yes - two	Monopoly

A large number of the rate payers have either left Levuka for Suva or migrated overseas altogether. The reason being is that there is not enough business.

Levuka/ Ovalau may be geographically isolated however, the town is serviced by about 20 ship services per week. One of the most serviced islands in Fiji.

Old infrastructure has been neglected. However, we hear that some could be repaired and restored soon.

GOVERNMENT FACILITY	THEN	NOW
Hospital	Full facility	Minimum facility
SOP	Yes	No
Visitors Board	Yes	No
Medical seagoing vessel (Vuaicake)	Yes	Fiberglass, outboard (weather permitting)
Infrastructure	Excellent condition	Very deplorable state
Maternity Unit	Full service	Selective service
MEDIVAC to Suva	Rarely	Very often, helicopter for lift
Provision of medicine	Full service	Common drugs only
Infrastructure/ roads PWD	Full time with govt machinery / vehicles	Contractors generally with periodic maintenance
Levuka town main road	Excellent	Poor with OHS issues to be addressed
Agriculture	Very good (most local food was grown on the island)	Domestic use only
Available land for agriculture	Yes	Yes
Poultry/ eggs	Yes	Very poor

No concerted effort made to create interest for farmers to produce.

Levuka is not isolated with people of division doing business or meeting up with families having children at boarding schools on Ovalau meant business for the municipality.

Subsequent to the relocation of the copra buying center into Suva, Levuka was fortunate for having the Commissioner Eastern based there. This person together with other prominent businessmen convinced the Japanese to set up the tuna processing plant in Levuka (Pafco). This is the backbone of the island today, without Pafco, Levuka will not survive.

PROBLEM:

Subsequent to the relocation to Suva of the Commissioner Eastern, in the 1990s, together with the relocation of divisional heads into Nausori and Suva, Levuka slowly went into an economic recession. Due to this relocation, the connection that the Commissioner Eastern business office attracted was lost. The direct connection to the government was lost. This post is now being handled by the Provincial Administrator (PA) which is not effective at all as far as the municipality is concerned.

SOLUTION:

The solution to the downturn of the municipality of Levuka is to relocate the Commissioner Eastern office back to Levuka, together with other heads of government as it was prior to the relocation into Suva in the 90's.

The other three commissioners are all based in the respective divisional towns/cities.

Commissioner Northern - Labasa

Commissioner Central - Nausori

Commissioner Western - Lautoka

Commissioner Eastern - Suva (why?)

Some repair work needs to be done to the neglected buildings and they should be fine for occupancy. Re-adjustments to housing need to be addressed for junior officers who are currently occupying these residential homes.

Lomaiviti/Rotuma/Lau could be headed by Levuka as these islands are in the shipping lanes of Levuka. It may be easier to control Kadavu through the Commissioner Central.

SPIN OFF:

The relocation of the Commissioner Eastern Officer to Levuka will have many spins offs due to the fact that he or she will connect the division to the Government and as such firsthand information will be available to the decision makers in the budget allocation of the division.

Once the people see the positive influence of his or her presence, I am certain that ship owners will provide a service from Levuka to Koro, Gau, Batiki and Nairai. This will result to the positive economic impact that will benefit the municipality and people which will increase the standard of living on the islands.

Furthermore, establishing a Fiji National University (FNU) Campus in Levuka to cater for the Eastern Division where benefits will be two-fold as follows:

- Contribute to economic activities of the Town through infrastructure development, goods and services provisions and human resources spending.
- Reduce migration to the mainland for Tertiary education by our youths.
- The Eastern Division is the only Division in Fiji where FNU has not established a campus. It is therefore ironic that Levuka being the First Capital of our Nation where development including education begins is being overlooked in this aspect.

This will also have a positive impact on urban drift. If opportunities exist within Levuka and the Lomaiviti group, then there will be less emigration to our already overstressed urban centers.

The presence of Commissioner Eastern will ensure that civil servants perform effectively and KPIs are directly monitored.

1b. How will the Council capitalize on the following opportunities:

Tourism infrastructure is in a very poor condition and as such it is counter productive to bring in tourists into Levuka at this present time. Although Levuka remains the first Capital, the town has very little to offer to tourists apart from offering guided tours to see dilapidated historic buildings sites.

Through proper maintenance and improvements to heritage historical sites and buildings the following will be realized:

- The heritage sites benefit the Council through heritage tourism both locally and overseas. It also assists locals in maintaining culture and a cohesive community spirit through stakeholders' participation in business. The increased shipping services to and from Levuka port daily boosted passenger and goods traffic. Sales of PAFCO products by visitors had been noted especially when the prices are very competitive. Because of Levuka's small and vulnerable economy, Council has urged property owners to upgrade their vacant properties in Town for rental purposes or create additional businesses to boost the local economy.
- Council, in its 2020 to 2024 Strategic Plan has also decided to utilize its idle assets (land) for the purpose of subdividing and building rental flats to cater for the increasing workforce both from the public and private sectors to meet the demand of accommodation rental properties in Levuka.
- The Council plans to established website for local and overseas information. We are also mindful that in establishing sister -- city relationship can auger well for us, benefiting the business community, bringing in people to Levuka thus creating job opportunities for our people.

1c. What plans are in place to mitigate and reduce the impact of the following threats:

Adverse weather conditions:

Plans and protocols are in place to mitigate and reduce impact. Within the Levuka Town, the office of the Provincial Administrator – Lomaiviti is tasked with the responsibility for rural and maritime development and disaster management take the lead, for example if there is a hurricane approaching the EOC TEAM (representatives from each government stakeholder) spontaneously report in to the Emergency Operation Center.

The Levuka Town is planning to have a Disaster Management Plan to be a guide for the Council in terms of operation pre, during and after a disaster. At the moment Council staff and workers are aware of protocols to be followed during such times(disaster). For example, if there is flooding, warnings will be issued to flood prone area, weather update via radio, television and other social media network.

Susceptibility to disaster e.g fire:

Council is in collaboration with the National Fire Authority in Levuka as regards Fire Management plan to ensure adequate management of all aspects of fires, from prevention through to response and recovery. It involves the collaboration of agencies and organizations to ensure that communities are well prepared and understand the risk.

While there is a focus on heritage buildings due to its historical importance and the need for preservation, it also outlines strategies and programs to reduce the likelihood and consequence of structure fires to residential, commercial and industrial properties.

Environmental degradation:

The environmental degradation is the deterioration of the environment through depletion of resources which includes all the biotic and abiotic element that form our surrounding that is air, water, soil, plant, animals and all other living and non-living element of the planet earth. The major factor of environmental degradation is human (modern urbanization, industrialization, overpopulation growth, deforestation, etc.) and natural (flood, droughts, rising temperatures, fires, etc.) causes.

Therefore, the government must enhance filling the gap in the enforcing legal system to avoid illegal activities, (enforcing Litter Act 2008 and Environment Management Act 2005(EMA)

Economic downturn:

Levuka, being a small and vulnerable economy will always require Government financial support and assistance to maintain its infrastructure etc.

Council, however, in its efforts to prepare itself for any economic downturn in the short, medium and long term has, in collaboration with major stakeholders in the business community, Ratepayers, the community at large and Government pursued the following:

- Fully capitalize on Levuka's World Heritage status.
- Urged property owners to upgrade their vacant properties in Town for rental purposes or create additional businesses to boost the local economy
- Council to utilize idle assets and upgrade existing facilities and venture into new projects as a means of obtaining consistent revenue streams.
- Promote the development of spaces allocated under the Levuka Scheme Plan to interested investors.
- The Council has a version of a Risk Management Policy that it is updating for this purpose aligning to the Ministry of Local Government Risk Management Policy.

Question 2:

How often are safety inspections carried out to historical structures?

Fire inspections are carried out twice a year by the National Fire Authority Levuka (1) every six (6) months) and for structural inspection is carried out as and when required by owners of each historical site. In case of any alterations or extension in a historical structure, the Council always requests for an Engineers Report.

Question 3:

What was the total rental and rate arrears as of 31st December 2013? How is the Council vigorously pursuing the collection of all outstanding rate and rental arrears as per its recovery plan? Provide a list of absentee landlords (if any) who are defaulting on the rate payments. How is Council working with the Ministry of the local Govt to address this issue?

The total rental and rates arrears as of 31st December 2013 was \$54,214.00. Council confirms that there are only two (2) absentee landlords who reside overseas with outstanding rates.

Council has taken the following processes to locate and recover outstanding rates.

1. Acquire their latest titles
2. Contact their next of kin
3. Acquire their addresses, telephone numbers, emails updates
4. Advise them of the outstanding rates and ways to clear them.

Due to the inconsistency in the methods of rental and rates collection over the years, which is a major challenge, Council, has therefore reviewed its system of collection and improved the shortcomings through the following processes:

- Ageing of Debts for current and outstanding debts
- Compilation of monthly Debtors listing
- The above processes have assisted Council in its monitoring responsibilities with the following improvements made in its collection strategies.
- Quarterly reminders to Ratepayers
- Home visitations
- Emails and phone calls
- Warning as a last resort
- Punitive action taken as laid under the Local Government Act 1972 and its Subsidiary Legislation.

In some instances, the above punitive measures have been found to be costly and time consuming than the strategies stated which has borne results.

Council has proposed to its line Ministry, the Ministry of Local Government for the review of Local Government Act Cap 125 Section 84 which deals with the payment of rates and arrears as it is not conducive to the effort to reduce or clear rates

arrears since on one hand rates arrears are being reduced whilst current rates accumulate.

Question 4:

How is the Council in consultation with Ministry of the Local Govt, MCTTT, Ministry of Lands, ITLTB, and other stakeholders streamline the process of obtaining approval for rezoning and subdivision of lands?

Subdivision and Rezoning is received in the council office and vetted within 3 to 7 days. Once everything is in order, it is then forwarded to the Department of Town and Country Planning for Approval. The Town Planning Department will then forward the applications to various departments during assessments or for clarifications.

Financial Statements for the Year Ended 31 December 2013:

5. We note that the Councils operating deficit for the year was \$64,071 (2011: \$49,639). Provide a breakdown of the loss-making activities and how is Council planning to increase its revenue.

The following activities had resulted in the loss:

- i) Property Maintenance
- ii) Roads and drains maintenance
- iii) Street light maintenance
- iv) Street maintenance
- v) Salaries and wages for the above activities

Major maintenance of Council properties such as the Council grounds, buildings etc. were undertaken and did not correlate with the revenue earned for the year. Activities (ii) to (iv) have since been taken over by the Fiji Roads Authority (FRA)

In Council's efforts to increase its revenue, it has therefore, reviewed its system of collection and has improved the shortcomings through the following processes.

- Ageing of debts for current and outstanding debts.
- Compilation of monthly Debtors listing
- The above processes have assisted Council in its monitoring responsibilities with the following improvements made in its collection strategies:
 - Quarterly reminders to Ratepayers
 - Home visitations
 - Emails and phone calls
 - Warnings as a last resort
- Due to the increase in the cost of goods and services, Council has recently reviewed its cost of services upwards by 25% effective from the financial year 2022 - 2023

Question 6:

Page 6 and 7 of the Financial Statements (Basis of Disclaimer of Opinion) – We note the 10 issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls instituted within the Council to prevent their recurrence.

Question 7:

Page 8 of Financial Statements (Emphasis of Matter): We note the 2 issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls instituted within the Council to prevent their occurrence.

Question 8:

Page 8 of Financial Statements (Other Matters) – We note the 5 issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls instituted within the Council to prevent their recurrence.

Question 9:

Given that there were a lot of issues identified by the Auditor General on the accounts of the Council, inform us of the capacity of the Council's Accounts Officers in carrying out their required duties and ensuring that the necessary financial guidelines and regulation are complied with at all times.

Council agrees to the findings of the Auditor General and regrets to advise that the anomalies raised in Questions 6 - 9 have not been rectified due to the following reasons:

- Council Accounting Staff lack the expertise not only to maintain the accounting books and records under the Cash Accounting System they operate on but also the knowledge to translate this information into the International Financial Reporting Standards for SMEs (IFRS) which operates under the Accrual Accounting System.
- No training programs were conducted by Council or the Ministry of Local Government over the years to enable staff to fully understand and acquaint themselves with both the Cash and Accrual Accounting Systems in line with the Manual of Accounts for Municipalities.
- The lack of funds by Council to appoint qualified accounting staff and transit to the Accrual Accounting System is another contributing factor.
- As regards to Internal Controls, the lack of staff resulted in the non-segregation of duties which is a major challenge especially bearing in mind the increased Government Grants and donor funds which correspondingly increased the workload without staff increases to support and oversee internal control processes and operations.
- These anomalies will continue to occur if the above concerns are not fully addressed.

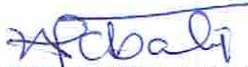
Corrective measures taken by Council:

Whilst Council is mindful of the unsatisfactory way it has conducted and maintained its Accounting System and processes and the lack of funds to fully implement corrective measures to rectify its shortcomings, it has taken the following steps to address the issue where funds permit.

- Council in January 2021 has appointed a qualified Accountant to streamline systems and processes and will also undertake the preparation of its Financial Statements for 2018 and 2019 and beyond instead of outsourcing it to Accounting Firms as in previous years.
The accountant, shortly after appointment has again faced another challenge when Council removed the accounting support staff (Accounts Clerk) from its staff establishment as a cost cutting measure after Covid 19.
- In an effort to address the Internal Control measures, Council has involved the two (2) Special Administrators in the internal control process

We thank you most sincerely for giving us the opportunity to provide information and explanations to clarify issues raised that will assist your Honorable Committee in its deliberations.

Yours sincerely



Nunia Labati
Acting Chief Executive Officer
Levuka Town Council

Appendix II

Verbatim Report

[VERBATIM REPORT]

STANDING COMMITTEE ON SOCIAL AFFAIRS

2012 - 2013 ANNUAL REPORT

SUBMITTEE

INTERVIEWEE: Levuka Town Council

**VENUE: Committee Room; Parliament
Precincts; Government. Buildings**

DATE: Thursday, 13th October, 2022

VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON SOCIAL AFFAIRS HELD IN THE SMALL COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY 13TH OCTOBER, 2022 AT 11.57 A.M.

Interviewee/Submittee: Levuka Town Council

In Attendance:

1. Mr. Ben Naidu - Chair and Special Administrator
 2. Ms. Nunia L. - Acting Chief Executive Officer (CEO)
-

MR. CHAIRMAN.- Thank you Honourable Members. Honourable Members, I declare open this meeting of the Standing Committee on Social Affairs. Today's hearing is open to the public and I welcome the members of the public and media who may be viewing this broadcast on the Parliament television and *Facebook* page.

We are now hearing evidence from the Levuka Town Council in relation to its operational and financial performance for the 2012 and 2013 financial years.

Before we continue, I remind everyone in the hearing room that mobile phones are to be switched off. Witnesses are reminded that the evidence given to the Committee is protected by Parliamentary privilege.

It is important for witnesses to be aware that giving false or misleading evidence to the Committee might constitute a contempt of Parliament. If, at any stage, a witness wishes to give part of their evidence in camera, they should make that request to me as Chairman and the Committee will consider their request.

Today we have with us the Chair and Special Administrator Mr. Ben Naidu: Welcome Sir.

We also have the Acting Chief Executive Officer (CEO) of Levuka Town Council, Madam Nunia L.: Welcome Madam.

We have an hour with you and before we proceed any further, please let me introduce the Committee.

(Introduction of Committee Members; Committee Secretariat team and Hansard)

MR. CHAIRMAN.- The normal procedure is that we invite witnesses to make an opening statement and introduce themselves. After that, we will hear your response to the Committee's queries which were sent earlier, and then you can make yourselves available for questions from our Committee Members.

Also for the benefit of the viewers, please, read the questions which were sent to you, followed by the Town Council's response. So welcome and the floor is yours Sir and Madam. Thank you.

MS. NUNIA L.- Thank you Honourable Chairperson and Honourable Members. We will start straight away with our questions and responses.

Question No. 1: How is the Council planning to address the following issues: Isolation, lack of space for development, transportation, limited economic activities, old infrastructure, migration and unemployment?

Our response, Sir: Levuka was the hub of the Eastern Division and within the ambits of the division were the:

- Lomaiviti Group;
- Lau Group;
- Rotuma; and
- Kadavu.

Prior to the shift of the Office of the Commissioner Eastern to Suva, Levuka administered the total government machinery of the division who then reported to the Minister for Regional Development.

Subsequent to the relocation in Knolly Street, Suva of the Commissioner Eastern's Office, which also meant the relocation of divisional heads into Nausori and Suva, Levuka slowly but surely spiralled into an economic recession, with examples below:

- a. Cinema closed down as owner migrated overseas;
- b. Grocery shops closed down as owners moved to Suva and Lautoka;
- c. Drapery shops closed down; and
- d. Joinery shops too.

Entertainment: Musical groups sold their equipment. Previously, there were three bands in Levuka, today there is none, the reason being not enough patrons. The social impact was real due to the lack of cash flow to go around until today. Inflow of new immigrants into Levuka brought with them their own background and cultures that were new to Levuka, for example, they do not socialise with original Levuka citizens. Their social programmes are carried out amongst themselves. For example, celebrating weddings, birthdays and funerals or religious services. They do not take part in local sports, soccer is no longer played in Levuka. Although invited, they do not take part in the municipal events, for example, decorating shops for Fiji Day celebrations or do not give a helping hand in festivals.

Below is a table that shows some of the activities and festivities in town whilst the Commissioner Eastern's office was based in Levuka (what used to be there in Levuka compared to now):

PRIVATE FACILITY	THEN	NOW
Movie theatre	Yes	No
Market under one roof	Yes	Under construction
Grocery stores	Yes	Reduced in numbers
Drapery store	Yes	Reduced in numbers
Restaurants	Yes	Reduced in numbers
Social Clubs (there were two before)	Yes	Re-opened after 20 years
Hotels/Motels/Resorts	500 beds	200 beds
Laundry	Yes - there were 2	None

Joinery/Cabinet maker	Yes - there were 5	None
Shoemaker	Yes - there were 2	None
Men's tailor	Yes - there were 2	None
Shipping services	Yes	Yes - now we have more services
Air service	Yes	None
Hardware facilities	Yes - there were 2	Monopoly

A large number of ratepayers have either left Levuka for Suva or migrated overseas altogether. The reason being is that there is not enough business. Levuka on Ovalau maybe geographically isolated however the town is serviced by about 20 ship services per week: one of the most serviced islands in Fiji. Old infrastructure has been neglected. However, we hear that some could be repaired and restored soon.

The table before you, Sir has some of the comparatives from the government facilities that were there then and now:

GOVERNMENT FACILITY	THEN	NOW
Hospital	Full facility	Minimum facility
SOP	Yes	No
Visitors' Board	Yes	No
Medical seagoing vessels (Vuaicake)	Yes	Fiberglass outboard (weather permitting)
Infrastructure	Excellent condition	Very deplorable state
Maternity Unit	Full service	Selective service
MEDIVAC to Suva	Rarely	Very often, helicopter for lift
Provision for medicine	Full service	Common drugs only
Infrastructure/roads PWD	Full time with government machinery vehicles	Contractors generally with periodic maintenance
Levuka Town main road	Excellent	Poor with OHS issues to be addressed
Agriculture	Very good (most of the local food was grown on the island)	Domestic use only
Available land for agriculture	Yes	Yes
Poultry/eggs	Yes	Very poor

No concerted effort made to create interest for farmers to produce. Levuka is not isolated with people of division doing business or meeting up with families having children at boarding schools on Ovalau meant business for the municipality.

Subsequent to the relocation of the copra buying centre to Suva, Levuka was fortunate for having the Commissioner Eastern based there. This person, together with other prominent businessmen, convinced the

Japanese to set up the tuna processing plant in Levuka (PAFCO), this is the backbone of the island today. Without PAFCO, Levuka will not survive.

Problem: Subsequent to the relocation to Suva of the Commissioner Eastern in the 1990s together with the relocation of Division Heads into Nausori and Suva, Levuka slowly went into an economic recession. Due to this relocation the connection that the Commissioner Eastern business office attracted was lost. The direct connection to the Government was lost. This post is now being handled by the Provincial Administrator (PA) which is not effective at all as far as the municipality is concerned.

Solution: The solution to the downturn of the municipality of Levuka is to relocate the Commissioner Eastern's office back to Levuka together with other heads of the Government as it was prior to the relocation into Suva in the 1990s.

The other three Commissioners are all based in the respective Divisional towns and cities:

- Commissioner Northern in Labasa;
- Commissioner Central in Nausori;
- Commissioner Western in Lautoka; and
- Commissioner Eastern in Suva, why?

Some repair work needs to be done to the neglected buildings and they should be fine for occupancy. Re-adjustments to housing needs to be addressed for junior officers who are currently occupying these residential homes.

The Head for Lomaiviti, Rotuma and Lau could be in Levuka as these islands are in the shipping lanes of Levuka. It may be easier to control Kadavu through the Commissioner Central.

Spin Off: The relocation of the Commissioner Eastern Office to Levuka will have many spin offs due to the fact that he or she will connect the Division to the Government and as such firsthand information will be available to the decision makers in the budget allocation of the Division.

Once the people see the positive influence of his or her presence, I am certain that ship owners will provide a service from Levuka to Koro, Gau, Batiki and Nairai. This will result to the positive economic impact that will benefit the municipality and people which will increase the standard of living on the islands.

Furthermore, establishing a Fiji National University (FNU) campus in Levuka to cater for the Eastern Division where benefits will be two-folds are as follows:

- Contribute to economic activities of the town through infrastructure development, goods and services provisions and human resources spending;
- Reduce migration to the mainland for tertiary education by our youths; and
- The Eastern Division is the only Division in Fiji where FNU has not established a campus. It is therefore ironic that Levuka being the first capital of our nation, where development including education begins, is being overlooked in this aspect.

This will also have a positive impact on urban drift. If opportunities exist within Levuka and the Lomaiviti Group there will be less emigration to our already overstretched urban centres.

The presence of the Commissioner Eastern will ensure that civil servants perform effectively and KPIs are directly monitored. That Sir is our response to Question 1(a).

Question 1(b): How will the Council capitalize on the following opportunities on tourism heritage, cultural diversity, diversification on PAFCO products, cohesive community spirit.

Tourism infrastructure is in a very poor condition and as such it is counterproductive to bring in tourists into Levuka at this present time. Although Levuka remains the first capital, the town has very little to offer to tourists apart from offering guided tours to see dilapidated historic buildings sites.

Through proper maintenance and improvements to heritage historical sites and buildings the following will be realised:

- The heritage sites benefit the Council through heritage tourism both locally and overseas. They also assist locals in maintaining culture and a cohesive community spirit through stakeholders' participation in business. The increased shipping services to and from Levuka port daily boosted passenger and good traffic. Sales of PAFCO products by visitors had been noted especially when prices are very competitive. Because of Levuka's small and vulnerable economy, the Council has urged owners to upgrade their vacant properties in town for rental purposes or create additional businesses to boost the local economy.
- The Council, in its 2020 - 2021 Strategic Plan, has also decided to utilise its idle assets (land) for the purpose of subdividing and building rental flats to cater for the increasing workforce both from the public and private sectors to meet the demand of accommodation rental properties in Levuka.
- The Council plans to establish website for local and overseas information. We are also mindful that in establishing sister city relationship can augur well for us benefitting the business community bringing in people to Levuka, thus creating job opportunities for our people.

Question 1(c): What plans are in place to mitigate and reduce the impact of the following threats; adverse weather patterns? Plans and protocols are in place to mitigate and reduce impact. Within the Levuka Town the office of the Provincial Administrator Lomaiviti is tasked with the responsibility for rural and maritime development and disaster management and take the lead, for example if there is a hurricane approaching, the Emergency Operation Centre (EOC) team representatives from each government stakeholder spontaneously report into the Emergency Operation Centre.

The Levuka Town is planning to have a disaster management plan to be a guide for the Council in terms of operation pre, during and after a disaster. At the moment, Council staff and workers are aware of protocols to be followed during such times, for example, if there is a flood, warnings will be issued to flood prone areas, weather update via radio, television and other social media network.

Susceptibility to disaster, example fire: Sir our response is that, the Council is in collaboration with National Fire Authority Levuka as regards fire management plan to ensure adequate management of all aspects of fires from prevention through to response and recovery. It involves the collaboration of agencies and organisations to ensure that communities are well prepared and understand the risk.

While there is a focus on heritage building due to its historical importance and need for preservation, it also outlines strategies and programmes to reduce the likelihood and consequence of structural fires to residential, commercial and industrial properties.

Environmental degradation: the environmental degradation is the deterioration of the environment through the depletion of resources which include all biotic and abiotic elements that form around our surrounding that is air, water, soil, plant, animals and all other living and non-living elements of the planet earth. The major factor of environmental degradation is human that is modern urbanisation, industrialisation, overpopulation growth, deforestation, et cetera, and natural causes such as flood, drought, rising temperatures and fires.

Therefore the Government must enhance filling the gap in the enforcing legal system to avoid illegal activities, that is enforcing Litter Act 2008 and Environment Management Act 2005.

On economic downturn, Levuka being a small and vulnerable economy will always require Government financial support and assistance to maintain its infrastructure, et cetera. The Council however, in its efforts to prepare itself for any economic downturn in the short, medium and long term, has in collaboration with major stakeholders in the business community, ratepayers and community at large and Government pursued the following:

- Fully capitalised on Levuka's World Heritage status;
- Urged property owners to upgrade their vacant properties in town for rental purposes or create additional businesses to boost the local economy;
- The Council to utilise idle assets and upgrade existing facilities and venture into new projects as a means of obtaining consistent revenue streams;
- Promote the development of spaces allocated under the Levuka Scheme plan to interested investors.
- The Council has a version of a Risk Management Policy that it is updating for this purpose aligning to the Ministry of Local Government Risk Management Policy.

Question No. 2: How often are safety inspections carried out on historical structures? Our response, Sir: fire inspections are carried out twice a year by the National Fire Authority of Levuka once every six months and for structural inspection is carried out as and when required by owners of each historical site. In case for any alterations or extension in a historical structure, the Council always requests for an Engineers Report.

Question No. 3: What was the total rental and rate arrears as of 31st December, 2013? How is the Council vigorously pursuing the collection of all our outstanding rate and rental rates as per its recovery plan? Provide a list of absentee landlords (if any) who are defaulting on the rate payments. How is the Council working with the Ministry of Local Government to address this issue?

Our response, Sir, the total rental and rates arrears as at 31st December, 2013 was \$54,214. The Council confirms that there are only two absentee landlords who reside overseas with outstanding rates. The Council has taken the following processes to locate and recover outstanding rates:

1. Acquire their latest titles;
2. Contact their next of kin;
3. Acquire their addresses, telephone numbers, emails updates; and
4. Advise them on the outstanding rates and ways to clear them.

Due to the inconsistency in the methods of rental and rates collection over the years, which is a major challenge, the Council has therefore reviewed its system of collection and improved the shortcomings through the following processes:

- Ageing of debt for current and outstanding debts;
- Compilation of monthly debtors listing;
- The above processes have assisted the Council in its monitoring and responsibilities with the following improvements made in the collection strategies;
- Quarterly reminders to rate payers;
- Home visitation;
- Emails and phone calls;
- Warning as a last resort; and
- Punitive action taken as laid under the Local Government Act 1972 and its Subsidiary Legislation.

In some instances, the above punitive measures have to be found to be costly and time consuming than the strategies stated which have borne results.

The Council has proposed to its line Ministry (the Ministry of Local Government) for the review of the Local Government Act Cap 125, Section 84 which deals with the payment of rates and arrears as it is not conducive to the effort to reduce or clear rates arrears since on one hand rates arrears are being reduced whilst current rates accumulate.

Question No. 4: How is the Council, in consultation with the Ministry of Local Government, MCTTT, Ministry of Lands, ITLTB and other stakeholders, streamlining the process of obtaining approval for rezoning and subdivision of lands? Subdivision and rezoning are received in the Council office and vetted within three to seven days. Once everything is in order, it is then forwarded to the Department of Town and Country Planning for approval. The Town Planning Department will then forward the applications to various departments during assessments or for clarifications.

Question No.5: Financial Statements for the Year Ended 31st December, 2013: We note that the Council's operating deficit for the year being \$64,071 and in 2011: \$49,639. Provide details of the loss-making activities and how is the Council planning to increase its revenue:

The following activities have resulted in the loss:

- Property maintenance
- Roads and drains maintenance
- Street light maintenance
- Street maintenance
- Salaries and wages for the above activities

The major maintenance of Council properties such as the Council grounds, buildings, et cetera, were undertaken and did not correlate with the revenue earned for the year. Activities (ii) to (iv) have since been taken over by the Fiji Roads Authority (FRA).

In the Council's efforts to increase its revenue, it has therefore reviewed its system of collection and has improved the shortcomings through the following processes:

- Ageing of debts for current and outstanding debts
- Compilation of monthly debtors listing

The above processes have assisted Council in its monitoring responsibilities with the following improvements made in its collection strategies:

- Quarterly reminders to ratepayers
- Home visitations
- Emails and phone calls
- Warning as a last resort

Due to the increase in the cost of goods and services the Council has recently reviewed its cost of services upward by 25 percent effective from the financial year 2022 and 2023.

For Question 6 - 9: Sir, Pages 6 and 7 of the Financial Statement (Basis of Disclaimer of Opinion) - We note the 10 issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls intuited within the Council to prevent their recurrence.

Question 7: Page 8 of the Financial Statements (Emphasis of Matter) - We note the two issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls intuited with the Council to prevent recurrence.

Question 8: Page 8 of the Financial Statements (Other Matters) - We note the 5 issues raised by the auditor. Confirm whether each of the issues highlighted have been rectified and internal controls intuited within the Council to prevent their recurrence.

Question 9: Given that there are a lot of issues identified by the Auditor General on the accounts of the Council inform us of the capacity of the Councils Accounts officers in carrying out their required duties and ensuring that the necessary financial guidelines and regulations are complied with at all times.

Our Response, Sir: The Council agrees to the findings of the Auditor General and regrets to advise that the anomalies raised in Questions 6 - 9 have not been rectified due to the following reasons:

- Council Accounting Staff lack the expertise not only to maintain the accounting books and records under the Cash Accounting System they operate on, but also on the knowledge to translate this information into the International Financial Reporting Standards (IFRS) for SMEs which operate under the Accrual Accounting System.
- No training programs was conducted by the Council or the Ministry of Local Government over the years to enable staff to fully understand and acquaint themselves with both the Cash and Accrual Accounting Systems in line with the Manual of accounts for Municipalities.
- The lack of funds by Council to appoint qualified accounting staff and transit to the Accrual Accounting System is another contributing factor.
- As regards to Internal Controls the lack of staff resulted in the non-segregation of duties which is a major challenge especially bearing in mind the increased Government Grants and donor funds which correspondingly increased the workload without staff increases to support and oversee internal control processes and operations.
- These anomalies will continue to occur if the above concerns are not fully addressed.

Corrective Measures taken by the Council: Whilst the Council is mindful of the unsatisfactory way it has conducted and maintained its Accounting System and processes and the lack of funds to fully implement

corrective measures to rectify its shortcomings, it has taken the following steps to address the issues where funds permit:

- The Council in January 2021 has appointed a qualified Accountant to streamline systems and processes and will also undertake the preparation of its Financial Statements for 2018 and 2019 and beyond instead of outsourcing it to the Accounting Firms as in previous years. The accountant, shortly after appointment has again faced another challenge when the Council removed the accounting support staff (Accounts Clerk) from its staff establishment as a cost cutting measure after COVID.
- In an effort to address the Internal Control measures, the Council has involved the two (2) Special Administrators in the internal control process.

We thank you most sincerely for giving us the opportunity to provide information and explanation to clarify issues raised that will assist your honourable Committee in its deliberations.

MR. CHAIRMAN.- Thank you Madam Acting CEO for your response to the questions which were sent. We will now give the opportunity to our honourable Members for questions, starting with honourable George Vegnathan, your question please.

HON. G. VEGNATHAN.- Thank you Mr. Chairman, Sir and thank you the team from Levuka who is here to make the submission.

Yes, I can see this is 2013 Report and according to the Report you have made your submissions and I am sure there are a lot of changes that have come about just like as you said you have now a qualified Accountant who is now appointed to look at the preparation of the financial statements and look at the finances as a whole so I think you have made some changes.

Going back, as you were saying that the Commissioner Eastern has moved to Suva, the administration position has moved to Suva and there is a decline but according to the 2013 Report, it also notes that the decline in business was also due to;

1. The movement of the capital from Levuka to Suva in 1801;
2. Economic depression of the mid 1930s; and the final blow was
3. The loss of the copra trade and I can also see as you have mentioned the hounding of German business during World War II according to this report. I think these are also the contributing factors to the decline in the economic status of Levuka as a whole but to follow-on from there I am just asking a question as to what government offices do you have in Levuka now?

MS. N. LABATI.- Thank you honourable Member, we have the Provincial Administrator (PA) who is in Levuka and also the Provincial iTaukei at Nasova.

HON. DR RATU A. LALABALAVU.- Thank you Mr. Chairman, Sir, thank you very much Acting CEO Ms.Labati and Mr. Naidu. Just before I ask a question out of background can I ask where do both of you originally come from?

MS. N. LABATI.- Thank you, honourable Member, I am actually from Matuku, Yaroi in Lau and have maternal links in Dreketi, Qamea.

MR. B. NAIDU.- Thank you honourable Member, I come from Levuka, born and bred in Levuka.

HON. DR. RATU A. LALABALAVU.- Thank you Mr. Chairman. Sir, the reason for my question was that you have provided an in-depth analysis on the range of issues which are affecting Levuka Town Council and rightly so you have brought them to this Committee as an oversight in terms of legislating and on approving budgets. In terms of these issues, have you also raised it up with the Ministry that is looking after the Town Councils or with your Commissioner Eastern and what has their response been?

MR. B. NAIDU.- Mr. Chairman, Sir, yes our line Ministry of Local Government is actively assisting us. At this point in time we are in the process of being facilitated with the new market and the new market is under construction. They have also assisted us in upgrading the Governors House where we intend to do a small art gallery and the coffee shop that will boost income for the Council. We are also in the process of doing up our Cession site which is in a very bad situation right now. So yes, the Ministry of Local Government is assisting us very much.

HON. A.T. NAGATA.- One of the highlights of the year in review is when the Levuka Town Council was inscribed in the World Heritage Listing on the 22nd of June, 2013. This is indeed a historic milestone achievement and I must commend all those who have worked hard and lobbied tirelessly for the World Heritage Classifications.

Since the listing, has the Levuka Town Council experienced an increase in visitors arrival or what sort of benefit has this brought about to the Town Council.

MR. B. NAIDU.- After being enlisted we found an upsurge of business in Levuka but as my colleague has alluded to the Members earlier on that our infrastructure is not in a very good state and as such it is very unfortunate that businesses did not pick up in as far as being enlisted.

Apart from that there were a lot of restrictions that were placed in the buildings and the homes of the dwellings of the people in Levuka so it made it very hard for the people of Levuka to spend or to be benchmarked to the other world heritage sites, the cash flow was not there.

MR. CHAIRMAN.- You have also mentioned Acting CEO that there are more ships providing services to Levuka than it was before. Surely, it will mean more economic activities, more people and cargoes coming in, can you elaborate more on that? More shipping services mean more passengers or cargoes coming.

MR. B. NAIDU.- I can answer that, Mr. Chair and I would like to declare my interest here: I am a shipowner myself. I do three services a week, three run trips per week and we have got Goundar Shipping providing the other services. He just recently come in, in the last six months or so in to Levuka and he is supplying and providing two services per day. He is consistently supplying and providing services to Levuka in the anticipation that business will pick up. Really it has not picked up but although it has not picked up, Goundar Shipping is continually supporting Levuka.

HON. RATU T. NAVURELEVU.- I must thank you for your response in detail about Levuka Town Council and the story of the challenges faced by the Levuka Town Council. It looks like that you are taking us to Levuka Town.

I wish to ask the question in regards to your argument in the decentralisation of the Government Administration like Commissioner Eastern.

Do you really believe that if the Commissioner and other Government Heads are stationed in Levuka will that restore all the activities you said have gone from Levuka Town?

MR. B. NAIDU.- Thank you honourable Member. Can I be given a couple of minutes?

MR. CHAIRMAN.- Okay, honourable Members, if you remember well during our report for Fiji Roads Authority (FRA), you have seen some pictures of the roads that are done around Levuka. Your response Madam CEO on that?

MS. N. LABATI.- We are very fortunate that the roads have been upgraded but not all, especially the main road in town.

MR. CHAIRMAN.- You can respond to that later or even send us an email on that. Any other final questions?

All good, thank you.

Thank you honourable Members. That concludes our examination of officials from Levuka Town Council as witnesses. We understand the challenges and also looking at the Report for 2012-2013 definitely a lot more work must have been done till now and that also can continue in future.

On behalf of the Standing Committee on Social Affairs, I thank the team for their appearance and support, appreciate the support provided to the Committee in its scrutiny process. Should we have any further queries Sir, together with that question and if you would like to respond, the secretariat will get in touch with you.

Do you have any final comments to make, Chair Special Administrator?

MR. B. NAIDU.- Yes Mr. Chairman. I would like to invite all of you honourable Members to come to Levuka and visit us and see for yourselves what my colleague has just mentioned or as he has just alluded to. It is very important for all of you to come. For the two of us to explain here in this House is very difficult and it will be hard for you to picture what we are talking about so I would love to see you in Levuka. I am reachable by phone at any time.

MR. CHAIRMAN.- Thank you once again Acting CEO and the Chair and Special Administrator, thank you for your presence and honourable Members, thank you all. We will now adjourn proceedings. Thank you and vinaka.

The Committee adjourned at 12.38 p.m.