

**REPUBLIC OF VANUATU
OFFICE OF THE OMBUDSMAN**

PUBLIC REPORT

ON THE

**ETHICS AND LEGALITY OF THE
TRADE-IN OF THE MINISTRY OF
FINANCE CAR - G188 MOF**

10 February 1999

PREAMBLE

" I charge thee before God that these observe these things without preferring one before another doing nothing by partiality."

Timothy 5 v 21

This report gives evidence of a particularly offensive kind of betrayal of trust - ie: those involved in high responsible positions have violated the very laws which they apply to other people - people making financial decisions which they apply to other people, while benefiting and profiting from evading the laws themselves. All the CRPs ever devised can only fail if those in high places continue to act in devious and shameful ways for their personal desires.

SUMMARY

Late in 1996, the Ministry of Finance decided to trade-in the Ministry's car registration no. G188 MOF which was then 4 years old. The trade-in was done with a motor vehicle dealer (company X). The person involved at Company X sales representative was Mr Daniel Bule who was also Chairman of the Board of the National Bank of Vanuatu. This trade-in was negotiated by Mr Bule and the first Secretary of the Ministry, who was also a Board member of NBV Mr Willie Reuben Abel.

The decision for trading in the public car was made by Mr Abel, and the Director General of Finance Mr Jeffrey Wilfred apparently verbally approved the transaction. On March 1997, Mr Abel was terminated at the Ministry and soon after was appointed by the NBV Board as NBV General Manager.

There was no Board of Survey appointed to survey the car. Mr Abel had Company X a private company who was buying it, valued the car instead of a Board of Survey. Mr Bule of Company X at Vt.400.000, excluding repairs and spare parts needed.

There was also no tender put out for the purchase of this new car which was worth more than Vt.1 million. Section 361 (3) of the Financial Regulation states clearly that where the cost of a specific work or service exceeds 1 Million Vatu, at least three (3) written tenders must be obtained. In this case there was no tender.

The transaction was done with the knowledge of Mr Wilfred the Director General of Finance and the then Minister of Finance Mr Shem Nokaot . Despite this, the procedures set out in the Financial Regulations were ignored. The Director of Finance Mr Wilfred went ahead and approved payments.

On 19 December, 1996 an invoice No. 00345 was issued to the Vanuatu Government for Vt.1,757,800 as the balance amount to pay for the new car. The trade-in was made in the following manner: Company X supplied the Ministry of Finance with a new car worth Vt2,157,800 (including Government Tax and number plates). The Ministry of Finance in return traded in the old car for Vt 400.000.

Upon enquiry of this invoice, Mr Abel explained that he had expressed an interest in purchasing the vehicle from Company X for himself personally. Financing of this purchase was sought from the NBV by Mr Abel, resulting in the invoice being issued to the Bank.

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