

REPUBLIC OF VANUATU
OFFICE OF THE OMBUDSMAN

PUBLIC REPORT
ON
GOVERNMENT AGENCY
CHRISTMAS EXPENSES 2001-2002

28 July 2003

3003/2003/19

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PUBLIC REPORT ON GOVERNMENT AGENCY CHRISTMAS EXPENSES 2001-2002

SUMMARY

The Ombudsman's Office surveyed a number of government agencies about the amount spend on staff Christmas functions for 2001 ad 2002. The information received is summarised in the table below.

Satisf Resp	Agency name	Amt spent - 2001	Amt spent - 2002	No of staff	Comments
✓	SHEFA	?	1000,639	37	Province has no records for 2001
✓	SANMA	Nil	204,045	30	
x	PENAMA	?	?		Refused to provide information
✓	TAFEA	88,540	114,977	40	2002 function also staff farewell
✓	TORBA	Nil	Nil		
✓	MALAMPA	Nil	37,370	60	
✓	VCMB	282,656	Nil	28	Board changed policy for 2002
✓	NISCOL	128,390	262,390		
✓	VMA	Nil	40,890	16	
✓	Luganville Municipality	Nil	Nil		
✓	Port Vila Municipality	675,000	755,000	135/151	
✓	Prime Minister's Office	Nil	Nil		
✓	Office of Ombudsman	Nil	Nil		
	TOTAL	1,154,586	1,515,311		

Findings (see page 6 & 7)

- Christmas expenditure by some government agencies, notably Port Vila Municipality, NISCOL, SANMA, TAFEA and SHEFA Provincial Councils, is excessive.
- The VMA and MALAMPA Provincial Council spent amounts that are not considered excessive, but still constitute a poor use of public or publicly accountable funds.
- The Prime Minister's Office, TORBA Provincial Council and Luganville Municipality are taking a responsible approach to Christmas expenditure, either using staff contributions to fund the even or having no official function.
- PENAMA Provincial Council refused to co-operate with the investigation.

Recommendations (see further page 7)

The Ombudsman recommends:

- The Director of Finance issue a formal directive prohibiting the expenditure of public money on Christmas functions.
- Government agencies not under the direct control of the Ministry of Finance, such as NISCOL, VCMB and VMA, should voluntarily adopt the same position.
- The Office of the Ombudsman prepare a follow-up report in early 2004 to determine whether the attitude of Government agencies has improved as a result of this report.

1. JURISDICTION

- 1.1 The Constitution and the Ombudsman Act allow the Ombudsman to look into the conduct of government and government agencies. This includes the provincial councils, Port Vila and Luganville Municipalities, Northern Island Stevedoring Company Ltd ("NISCOL"), the Vanuatu Commodities Marketing Board ("VCMB"), The Vanuatu Maritime Authority ("VMA").

2. PURPOSE, SCOPE OF INVESTIGATION AND METHODS USED

- 2.1 The purpose of this report is to present the Ombudsman's findings as required by the Constitution and the Ombudsman Act.
- 2.2 The scope of this investigation is to establish the amounts of money spent by a sample of government agencies on staff Christmas expenses in 2001 and 2002 and whether those amounts are excessive.
- 2.3 Although only thirteen agencies were surveyed, the Ombudsman hopes that this report will educate all government agencies about their financial responsibilities in relation to Christmas expenditure.
- 2.4 In the case of NISCOL, a company in which the National and several Provincial Governments holds all issued shares, the money spend on staff Christmas gifts is the company's money, not "public money", however the funds spent are no longer available for distribution to shareholders as a dividend, hence the Government is denied revenue which it might otherwise receive.
- 2.5 This Office collects information and documents by informal request, summons, letters, interviews and research.

3. RELEVANT LAWS

Relevant parts of the following laws are reproduced in **Appendix C**.

4. OUTLINE OF EVENTS

- 4.1 The Ombudsman's Office commenced this investigation in December 2002, seeking the following information:
- The amount spent on the staff Christmas function (or functions) for 2001;
 - The amount spent on the staff Christmas function (or functions) for 2002; and
 - The number of staff for whom the function was, or functions were, organised.
- 4.2 The following government agencies were contacted.
- | | |
|----------------------------|-------------------------|
| SHEFA Provincial Council | VCMB |
| SANMA Provincial Council | NISCOL |
| PENAMA Provincial Council | VMA |
| TAFEA Provincial Council | Luganville Municipality |
| TORBA Provincial Council | Port Vila Municipality |
| MALAMPA Provincial Council | |
- 4.3 The Office of the Prime Minister volunteered information about its staff Christmas spending and information about the Office of the Ombudsman's spending is included in the interests of transparency.
- 4.4 NISCOL and the VMA initially disputed the Ombudsman's jurisdiction to obtain information from them, however both organisations subsequently agreed to co-operate.

- 4.5 TAFEA Provincial Council did not respond to our initial requests for information, however information was provided in time to be included in this public report.
- 4.6 PENAMA Provincial Council refused to provide the information requested. While the Ombudsman has power under the Ombudsman Act to summons individuals to give evidence, a lack of resources prevented this from happening in the case of staff from this provincial government.
- 4.7 The information gathered is summarised in **Appendix A** and set out in more detail below.
- 4.8 **Port Vila Municipality**
 Amount spent-2001: Vt675,000
 Amount spent-2002: Vt755,000
 Comments: Staff (151 in 2002) received a Vt5,000 voucher and, while it is commendable that it could only be used for food (not alcohol or tobacco), the total is excessive and no effort has been made to reduce spending as staff numbers increase.
- 4.9 **NISCOL**
 Amount spent-2001: Vt128,390
 Amount spent-2002: Vt262,390
 Comments: Expenditure is in the way of gifts and cash to staff.
- 4.10 **SANMA Provincial Council**
 Amount spent-2001: Nil
 Amount spent-2002: Vt204,045
 Comments: Given that only 30 people attended in 2002, the cost per person was Vt6,800 and of the total, Vt129,045 was spent on drinks.
- 4.11 **SHEFA Provincial Council**
 Amount spent-2001: Province does not have records
 Amount spent-2002: Vt100,639
 Comments: The average per person is Vt2,720. The Province has no records of its expenditure for 2001.
- 4.12 **PENAMA Provincial Council**
 Amount spent-2001: Unknown
 Amount spent-2002: Unknown
 Comments: Refused to provide information
- 4.13 **TAFEA Provincial Council**
 Amount spent-2001: Vt68,540
 Amount spent-2002: Vt114,977
 Comments: 2001 expenditure encompassed 40 councillors and staff (an average of Vt1,713 per person), as well as other guests. 2002 function also served as a farewell for an outgoing staff member.
- 4.14 **VCMB**
 Amount spent-2001: Vt282,656
 Amount spent-2002: Nil
 Comments: After spending Vt282,656 for just 28 staff in 2001 (an average of Vt10,100 per person), management took a commendable decision to eliminate spending on Christmas functions for 2002.

- 4.15 **MALAMPA Provincial Council**
Amount spent-2001: Nil
Amount spent-2002: Vt37,370
Comments: Catering for 60 staff (an average of Vt620 per person) the total expenditure in 2002 is not excessive, however Vt15,280 went to alcohol and the Ombudsman asks the Council to return to its previous practice of having a staff-funded function for Christmas.
- 4.16 **Vanuatu Maritime Authority**
Amount spent-2001: Nil
Amount spent-2002: Vt40,890
Comments: An average cost of Vt2,555 for each of the 16 staff. The Ombudsman asks the VMA to consider a staff-funded Christmas function in the future.
- 4.17 **Luganville Municipality**
Comments: No spending in 2001 or 2002.
- 4.18 **Prime Minister's Office**
Comments: Staff raise their own funds for a Christmas function-no public money spent.
- 4.19 **TORBA Provincial Council**
Comments: Staff and councillors make their own contributions for a Christmas function.
- 4.20 **Office of the Ombudsman**
Comments: No spending in 2001 or 2002.

5. RESPONSES BY THOSE WITH FINDINGS AGAINST THEM

- 5.1 Before starting this enquiry, the Ombudsman notified all people or bodies included in the survey and gave the right to reply. Also, a working paper was provided prior to preparation of this public report to give the individuals mentioned in this report another opportunity to respond.
- 5.2 The Director of the Department of Local Authorities wrote to provincial councils and municipalities in response to the working paper (see **Annexure B**).
- 5.3 The secretary-general of TORBA Provincial Council also wrote to the Ombudsman in response to the working paper, confirming the information previously supplied.

6. FINDINGS

- 6.1 **Finding 1: The Ombudsman finds evidence that Christmas expenditure by some government agencies is excessive.**
- 6.1.1 Of the 13 agencies included in this report, six had staff Christmas expenses totaling Vt1,400,334 in 2002. In the current national economic climate, this is excessive.
- 6.1.2 The agencies with the greatest expenditure were Port Vila Municipality, NISCOL, SANMA, TAFEA and SHEFA Provincial Councils.
- 6.2 **Finding 2: The Ombudsman finds that two agencies spent amounts that were not excessive on Christmas functions in 2002.**

- 6.2.1 The expenditure by MALAMPA Provincial Council and the VMA is not considered excessive given the number of staff involved, however the Ombudsman requests that all organisations adopt a practice of staff-funded Christmas functions in the future.
- 6.3 **Finding 3: The Ombudsman finds that some government agencies are taking a responsible approach to Christmas expenditure.**
- 6.3.1 Luganville Municipality, the Prime Minister's Office, TORBA Provincial Council and the Ombudsman's Office all either had no Christmas function or used staff contributions to fund the event.
- 6.4 **Finding 4: The Ombudsman finds that PENAMA Provincial Council refused to co-operate with this investigation.**
- 6.4.1 The Ombudsman sees this refusal to provide information as an indication that PENAMA Provincial Council may be unwilling to reveal how much it spends on Christmas functions.
7. **RECOMMENDATIONS**
- 7.1 The Director of Finance issue a formal directive prohibiting the expenditure of public money on Christmas functions.
- 7.2 Government agencies not under the direct control of the Ministry of finance, such as NISCOL, VCMB and VMA, should voluntarily adopt the same position.
- 7.3 The Office of the Ombudsman will prepare a follow-up report in early 2004 to determine whether the attitude of the Government agencies surveyed has improved in consequence of this report.

Dated the 28th day of July 2003.



Hannington G ALATOA
OMBUDSMAN OF THE REPUBLIC OF VANUATU

8. INDEX OF APPENDICES

- A** Summary of responses
- B** Circular letter from Director, Department of Local Authorities dated 2 May 2003.
- C** Relevant laws.

Appendix A – Summary of responses

Satisf resp	Agency name	Amt spent - 2001	Amt spent - 2002	No of staff	Comments
✓	SHEFA	?	100,639	37	Province has no records for 2001
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✓	Prime Minister's Office	Nil	Nil		
✓	Office of Ombudsman	Nil	Nil		
	TOTAL	1,154,586	1,515,311		

Annexure B

**GOVERNMENT OF THE
REPUBLIC OF VANUATU**

**DEPARTMENT OF LOCAL
AUTHORITIES**

Private Mail Bag 021, PORT VILA
Tel: (678) 22561, 25610, 24659
Fax: (678) 26405



**GOUVERNEMENT DE LA
REPUBLIQUE DE VANUATU**

**SERVICE DES AUTORITES
LOCALES**

Sac Postal Privé 021, PORT VILA
Tel: (678) 22561, 25610, 24659
Fax: (678) 26405

LG: 1/1/1

Date: 2nd May 2003

06 JUN 2003

TO: All Secretary Generals
All Presidents – All Provincial Councils
Town Clerks – Municipalities
Lord Mayors - Municipalities

Subject: CHRISTMAS PARTY EXPENSES – GOVERNMENT AGENCIES

The office of the Ombudsman has undertaken an investigation into the above and has released a draft working paper accordingly of which you should have received a copy. Two (2) Provincial Councils did not respond and have refused to provide information when requested. Most of you have cooperated which I congratulate you for doing so. In executing its investigation, the Ombudsman has taken a Government Agency to be the list attached which includes your institution / council.

It may appear that while you were expending monies for such purposes you were unaware. The Ombudsman has confirmed that such expenses are illegal so you are requested to refrain from doing it in the future. Though it is imperative to have to return a token of appreciation to your staff at the end of each year for the job well done during the year, you are not permitted by law to do so. It is however suggested that we fund raise towards this expenses in the future. I personally see picking monies from staff for this purpose as being irrelevant, the final analysis meaning no parties at the end of the year.

With your agreement, I shall write to the Ombudsman not to release the working paper as a public report but will use the same as an informative note to all concerned and taking this year (2003) as a starting point now that you are made aware of this piece of legislation. I await your verbal instruction.

Yours Sincerely,

B. Loughnan
Director

Cc: Acting Director General
Cc: Ombudsman Office



Appendix C – Relevant Laws

OMBUDSMAN ACT 1998

DEFINITIONS

1. In this Act, unless the contrary intention appears:

...
"government agency" means:

- (a) the Government; or
- (b) a local government council; or
- (c) a municipal council; or
- (d) a department, agency or instrumentality of the Government or a local government council or a municipal council; or
- (e) a ministerial department; or
- (f) a public authority; or
- (g) a state service; or
- (h) a body that is wholly or mainly supported out of the public moneys of Vanuatu; or
- (i) a body if all, or the majority, of the members of the body's controlling authority are appointed by the President, the Council of Ministers or a Minister; or
- (j) a company incorporated under the Companies Act [CAP 191] in which the Government has an interest; or
- (k) an authority, body or service established by or under an Act, that the President, acting on, and in accordance with, the advice of the Council of Ministers, declares by notice in the Gazette to be a government agency for the purposes of this Act;