



OFFICE OF THE OMBUDSMAN

PUBLIC REPORT

**ON THE
SALE OF THE PORT VILA MUNICIPAL COUNCIL
LAND AT FATUMARU BAY
TITLE NO.11/OE21/O24**

14th July 2008



REPUBLIC OF VANUATU

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SUMMARY

The Ombudsman is issuing this public Report to show how the Port Vila Municipal Council came to the decision to sell the PVMC land under title No.11/OE21/O24.

In May 2006 the PVMC decided in a meeting to sell the land. It decided to sell the land for any amount between Vt24.7 and Vt37.5 million. In a meeting on 19th October 2006 the PVMC agreed unanimously to sell the land to Sand & Salt Ltd for Vt26 million. An agreement to purchase was then signed by the Clerk of the Council and Sand & Salt Ltd.

On 8th November the Director of Chantilly's on the Bay sent a letter to the Lord Mayor stating that in addition to the Vt16 million that they have already offered they are offering an additional Vt12 million for the land. However, this Vt12 million would be retained for the maintenance, beautification and general up keeping of the parkland between TVL car park and Chantilly's for the period of two years.

On 26th November 2006 the PVMC Town Clerk sought consent from the Minister for Internal Affairs (who is responsible for the municipals) for the Council to sell the land. On 9th November 2006 the Minister for Internal Affairs gave his consent to the Council to sell the land. He stressed clearly that it must be sold to the best bidder.

On 21st November the PVMC met and decided to sell the land to Chantilly's as it made the best offer according to the Lord Mayor in the meeting.

On 24th November 2006 a cheque for Vt16 million was received by the Council from Mason Blake Limited being payment for the piece of the land at Fatumaru Bay.

On 12th April 2007 the land was given a new Title No. 11/OE21/O24 and the lease was reclassified from Special to Commercial lease and transferred to Mason Blake Ltd. The lease was transferred for an amount of Vt16 million.

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1. JURISDICTION

1.1 The Constitution and the Ombudsman Act allow the Ombudsman to look into the conduct of government, related bodies, and Leaders. This includes the Councillors of the Port Vila Municipal Council. The Ombudsman can also look into defects in laws or administrative practices, including the sale of the Port Vila Municipal Council land at Fatumaru Bay in 2006.

2. PURPOSE, SCOPE OF INVESTIGATION AND METHODS USED

2.1 The purpose of this public report is to set out the facts leading up to the sale of the Port Vila Municipal Council land under title No.11/OE21/O24 at Fatumaru Bay in Port Vila.

2.2 The scope of this investigation is to establish the facts about sale of the Port Vila Municipal Council land at Fatumaru Bay under title no.11/OE21/O24 and to determine if the land was sold to the best and highest bidder so that the PVMC got the best return for its asset. Also to determine if proper tender procedures were followed by the Council to sell the land and determine the irregular payments in connection to this land made to the PVMC, the Lord Mayor Mr Paul Avock Hungai and former Chairman of Air Vanuatu Mr Harry Iauko.

2.3 This Office collects information and documents by informal request, summons, letters, interviews and research.

3. RELEVANT LAWS

3.1 Relevant parts of the following laws are reproduced in Appendix A, A1, A2, A3 and A4.

Constitution

3.1 Article 66(1) Any person defined as a leader in Article 67 has a duty to conduct himself in such a way both in his public or private life, so as not to –
(a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties might be compromised;
(b) demean his office or position;
(c) allow his integrity to be called into question; or
(d) endanger or diminish respect for and confidence in the integrity of the government of the Republic of Vanuatu.
(2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engage in any enterprise or activity that might be or has carried out the duty imposed by sub-article (1). (Appendix A)

3.2 Article 67 of the Constitution set out the definition of a leader. For the purposes of this Chapter, a leader means the President of the Republic, the Prime Minister and other Ministers, members of Parliament, and such public servants, officers of Government agencies and other officers as may be described by law. (Appendix A1)

Leadership Code Act of 1998.

- 3.3 Section 5 of the Leadership Code Act No 2 of 1998 set a list of leaders, in addition to the leaders referred to in Article 67 of the Constitution. **(Appendix A2).**

Apart from other leaders as defined in the Constitution, officers of Government agencies and other officers as prescribed by law are leaders. This is further emphasised in Section 5 of the Leadership Code Act. In this regard, elected and nominated members of the Municipal Councils and members and the chief executive officers (however described) of the boards and statutory authorities are all leaders. Therefore Councillors and the Lord Mayor of Port Vila Municipal Council PAUL AVOCK HUNGAI and the former Chairman of Air Vanuatu HARRY IAUKO all fall under the definition of leaders.

The Municipalities Act –Cap. 126

- 3.4 Section 31 of this Act clearly specifies that the Council may with the consent of the Minister responsible for councils sell any lease or interest in a land.

Under Section 57 of the Municipalities Act the Minister responsible for the municipal councils may make regulations for the purpose of regulating the procedure for dealing with tenders. **(Appendix A3)**

The Municipal Councils have no tendering procedure in place to assist the council when deciding to dispose off a council's asset or purchasing of goods or acquiring services.

Section 69 creates an offence and provides penalty for any person who contravenes or fails to comply with any provision of the Municipality Act CAP 126.

The Government Contract and Tenders Act No.10 of 1998

- 3.5 In the absence of a tendering procedure for the municipal councils, and since the Council is a semi government body it is only proper that it follows the Government Contracts and Tenders Act. By definition in Regulation Order No 40 of 1999, the municipal councils are govern by the Government Contracts and Tenders Act and must follow the tender process set out in the Act. **(Appendix A4)**

Part 3 of Order No 40 of 1999 requires that all tenders must be called by open and competitive bidding except where another process is approved by the Tenders Board. Part 4 of the same Order requires also that a notice of an invitation to tender must appear in the press and must be announced by radio.

Note that these procedures were not followed. A Notice of invitation to tender was not made until after the sell but dealings and discussions between interested buyers and the PVMC were done before Notice to the Public.

4. OUTLINE OF EVENTS

- 4.1 **22nd December 2005.** Loic Bernier submitted his own valuation of the piece of land between Chantilly's and Trader Vics to the PVMC. The estimated value was Vt37.5 million. **(Appendix B).**
- 4.2 **14th March 2006.** The Director of Chantilly's, Mr Brian D Blake, wrote to the Lord Mayor of the PVMC confirming their previous discussion that they are interested on that parcel of land at Fatumaru Bay and can pay a premium for the land or can get into other arrangements that suits the PVMC. He further confirmed that they would agree to enter into an arrangement, to maintain and keep beautiful that land and beachfront between Chantilly's and the Telecom Vanuatu limited. Attached to the letter was the map of the parcel of land under title no. 11/0E21/024 dated 16th December 1999. **(Appendix C).**
- 4.3 **22nd May 2006.** The Port Vila Municipal Council met and decided to sell the parcel of land between Chantilly's and Trader Vics. The Council approved that the land was to be sold for any amount between Vt24.7 and 37.5 million. **(Appendix D).** The decision was taken following the receipt of three different valuations that the PVMC had received. Island Property valued the parcel of land for Vt10 million, Caillard Kaddour valued it at Vt37.5 million and De Rosa valued it at Vt24.7 million. **(Appendix D1).**
- 4.4 **19th July 2006.** Wendy Cochrane of Waterfront Real Estate – Vanuatu wrote to the Lord Mayor advising him that following a discussion between Mr Richard Kaltonga and representatives of the PVMC they submit an offer on behalf of her client for Vt26 million for the land. That settlement would take place within 30 days from the date the seller signs the contract. That the offer stood until 5.00pm on 26th July 2006. That their clients intend to develop the site for tourist related accommodation. **(Appendix E).**
- 4.5 **22nd July 2006.** The Clerk of the PVMC sent an e-mail to Ms Wendy Cochrane of the Waterfront Real Estate thanking her for her visit and offer for the land. Mr Takau further advised that the PVMC has to submit the lease document to the minister responsible for the affairs of the municipal council for his consent on the sale of that piece of land.
- 4.6 **25th July 2006.** Ms W Cochrane e-mail the Clerk advising him that they have explained the content of his e-mail to their clients and are looking forward for an update on the matter.
- 4.7 **11th September 2006.** A Lease was signed by the Minister of Lands, Mr Maxime Carlot Korman, as Lessor on behalf of the Government of the Republic of Vanuatu and the PVMC as Lessee of the said parcel of land under title 11/0E21/024. **(Appendix F).**

- 4.8 **28th September 2006.** Mr Richard Kaltonga from Land – Invest wrote to the PVMC Town Clerk telling him that following their discussion that morning, he is pleased that the Minister for Internal Affairs has given his consent for the sale of the parcel of land. That he has obtained confirmation from the principal behind the current offer for the purchase of the land and that they will be happy to assist the PVMC in the maintenance of the park next to Chantilly's as well as introducing some recreational equipment at their discretion for the purpose of additional beautification and enhancement of the park facilities.
- 4.9 **At a unknown date** Y P Reddy, Chairman of Reddy Group, Fiji, and Justin Johnson, Director of New Hebrides Mercantile Services Ltd, wrote to the Minister of Internal Affairs Mr G Wells, saying that a few months ago they were invited by the PVMC to make an offer to purchase that piece of land at Fatumaru Bay between Chantilly's and Nomads Moorings (Trader Vics). That they have completed their own valuation of the property and have begun preliminary work on designing of a 22 room strata title hotel resort. That they have made a formal written offer to the PVMC to purchase the land for Vt27 million. They have been made aware that the land was recently sold to another party for Vt15 million. This is about Vt12 million short under the value of the parcel of land. They believe that the other party did not submit a written proposal to the PVMC for consideration. They believe that the PVMC officers who accepted the offer under valued may have other motives other than to better serve the population of Port Vila. That during a telephone conversation with them, the Mayor stated that his reasons for accepting the other party's offer was because he was instructed to do so by two ministers. That in a letter to the Minister for Internal Affairs from PVMC that he accepts the consent from Reddy Group, Fiji. That the minister suspends the settlement process until a full and transparent study of the situation be made.**(Appendix G).**
- 4.10 **19th October 2006.** The PVMC approved unanimously in its meeting to sell the land to Sand and Salt Limited for the sum of Vt26 million and its deposit of Vt250,000. It agreed also that the Town Clerk was to sign on behalf of the PVMC, the agreement stipulating the offer from Sand and Salt Ltd to purchase the land.**(Appendix H)**
- 4.11 **26th October 2006.** The Clerk of PVMC Mr Noel Takau wrote to the Minister for Internal Affairs, Mr George Wells, seeking his consent for the sale of the land. He also advised him that the Council has received and endorsed an offer for Vt26 million with a draft contract with a refundable deposit for settlement to take place within 14 days as soon as the necessary consent documentation and approvals are in place. That the interested buyer has also agreed to assist the PVMC to take care of the park between Chantilly's and the Telecom Vanuatu Car park. That the contract for the purchase has been checked and approved by the Municipality's legal officer. The contract dated 19th October 2006 was attached to the letter to the Minister.**(Appendix I).**

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- 4.12 **8th November 2006.** The Director, Mr Brian D Blake, of Chantilly's on the Bay wrote to the Lord Mayor of PVMC confirming that in addition to the purchasing of the land between Chantilly's and Trader Vics for Vt16 million, that as an additional payment, Chantilly's will undertake to spend an additional Vt6 million per year for the next two years, clearing the beach and creating car parking for local people on the park land between Chantilly's and the TVL car park. That they will also maintain and meet the cost of maintenance and upkeep the land and the garden during that period of two years. **(Appendix J).**
- 4.13 **9th November 2006.** The Minister for Internal Affairs wrote to the Lord Mayor and gave his consent for PVMC to sell the property. He however advised that, the Council agree to the best bidder and ensure that development follows immediately rather than leasing a paper lease title to an investor for their own speculations. **(Appendix K)**
- 4.14 **9th November 2006.** The PVMC advertised the parcel of land at Fatumaru Bay between Chantilly's and Trader Vics inviting interested buyers to tender for it. The advertisement was effective as from 10/11/2006 to 17/11/2006. **(Appendix L)**
- 4.15 **21st November 2006.** The PVMC met. The issue of the land between Chantilly's and Trader Vics was discussed under Other Business. The mayor stated that after the Minister had given his consent and the PVMC had advertised the land on 10th November 2006, quite a number of companies have applied for it. From the list however, Chantilly's has made the best offer. The Council approved unanimously to sell the land to Chantilly's. **(Appendix M)**
- 4.16 **21st November 2006.** At its meeting the PVMC agreed unanimously to use the services of a company, owned by Mr Iauko, to deal with issues between the Council and the Government. One of the tasks of using Mr H Iauko was to negotiate the sale of the PVMC land at Fatumaru Bay. **(Appendix N)**
- 4.17 **22nd November 2006.** The Deputy Town Clerk, Mr Henry Naieu, wrote to the General Manger of Chantilly's on the Bay advising him that the PVMC has approved his offer for the parcel of land under title No 11/0E21/024 between Chantilly's and Trader Vics. Mr Naieu however, failed to state the price of the land in his letter and also lied that there were few tenders that the Council had also considered. **(Appendix O)**
- 4.18 **24th November 2006.** The sale was completed. Chantilly's was issued with a receipt by the PVMC after having received a cheque for Vt16 million from Mason Blake Limited for the parcel of land. **(Appendix P)** Part of the money of Vt10,000,000 was deposited into the PVMC account at Westpac and Vt6,000,000 was invested in a term deposit account also at Westpac.
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- 4.19 28th November 2006. Mr Iauko Iaris opened a term deposit account (Account No 0010372002) at the National Bank of Vanuatu (NBV) and deposited Vt1,000,000. He deposited two hundred (200) of Vt5,000 notes. **(Appendix Q).**
- 4.20 30th November 2006. Mr Paul Avock Hungai opened a term deposit account (Account No 0069948001) at the NBV and deposited Vt2,010,000. He deposited four hundred (400) of Vt5,000 notes. **(Appendix R).**
- 4.21 7th December 2006. Richard Kaltonga from Land Invest Limited wrote to the Lord Mayor on behalf of his client in regard to the sale of the land at Fatumaru Bay. He raised his concern that the said land was already sold to Chantilly's for Vt15 million. This is just over half the price which was offered by his client and endorsed by the PVMC. Mr. Kaltonga argued that his client's offer was the only written offer whereas Chantilly's did not make a written offer at the time of consideration by the PVMC. He stated that if the mayor could show that Chantilly's offer was the best, this would mean that Chantilly's offer was more than theirs which is Vt27 million this would justify the PVMC action. If the Lord Mayor is not able to show this then it means that the action taken by the PVMC was not at all proper and there is a serious malpractice within the PVMC in not accepting their offer, which was the highest, as directed by the Minister of Internal Affairs. He reiterates that when his client's offer was submitted, the PVMC accepted a deposit in the form of a cheque for Vt250,000. In that case, the PVMC should have informed him of the situation and given him the opportunity to improve his client's offer. **(Appendix S).**
- 4.22 18th December 2006. The Lord Mayor wrote to the Minister for Internal Affairs Mr G Wells. Amongst other issues, he assured the Minister that the land was sold to Chantilly's for Vt28 million. That Chantilly's will undertake to beautify the land between Chantilly's and TVL car park and to continue maintaining the park land for two years. He continued to say that the sale was completed with highly respectable people who are trustworthy and reliable, rather than people who do not respect or comply with the municipal by laws and ignore their letters. For this reason they accepted the offer from Chantilly's. **(Appendix T).**
- 4.23 2nd January 2007. The Director of Chantilly's on the Bay, Mr Brian D Blake, wrote to the Mayor and attached a drawing of some of the work they would like to carry out on the park land between Chantilly's and the TVL car park. He sought the approval of the PVMC on the following works: **(Appendix U)**
- The cleaning of the beach
 - The installing of the car park for the public
 - The removal of two trees
 - The installing of seatings

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4.24 **23rd January 2007.** The Principal of Waterfront Real Estate – Vanuatu, W.A. Cochrane wrote to the Lord Mayor referring to their letter of offer dated 19th July 2006. She advised the Mayor that their client has advised that they increase their offer to Vt30 million for the parcel of land. This would include ongoing gardening of the nearby park to an unlimited value (until sold or developed by the PVMC). She went on to raise her client's concern as follows: **(Appendix V)**

- 1 They had never been contacted in regard to their first offer, in spite of it being the only offer made through the correct channels.
- 2 They have heard that another potential purchaser offered less than their offer but was granted the opportunity to increase his offer *without the same opportunity being offered to her client.*
- 3 They understand that the second offer by that party was marginally higher, leading them to believe that the other party was made aware of the level of her client's offer.
- 4 Their client had lodged a Caution on the title. They will pursue this property using every means available.

4.25 **13th February 2007.** On a **To Whom It May Concern** note, the Corporate Manager of the PVMC, Mr Georgio CALO stated that the Lord Mayor called him to his office on 15th December 2006 and instructed him to backdate the notice of the sale of the land at Fatumaru Bay to 6th November 2006. The Lord Mayor further told the Corporate Manager to ensure that the tender has to be consistent with the date of the letter of consent of the Minister of Internal Affairs. The Corporate Manager further stated that the sale of the land under title No 11/0E21/024 was sold without going through the proper tender process. **(Appendix W).**

4.26 **13th March 2007.** Concern was raised by Councillor Wenjio Tamau, Chairman of the Finance Committee, during the PVMC meeting regarding the sale price of the land. He insisted that Council had approved the sale of the land at Vt28 million. The Council did not approve the deduction of Vt12 million for maintenance from the Vt28 million. For this reason he made two motions. **(Appendix X)**

1. The Clerk is to write and request Chantilly's to provide a proper plan for maintenance and development of Fatumaru Bay to be presented at the next Finance and Staff meeting.
2. If there be restrictions by Ifira on the shore line improvement, Chantilly's shall pay Vt12 million to the Council.

4.27 **12th April 2007.** The parcel of land was given a new title No. 11/0E21/029 after the re-classification of the lease from *special* to *commercial* lease and transferred to Mason Blake Investment Ltd, Port Vila. Showing the transfer of lease for Vt16 million. **(Appendix Y)**

4.28 **August 2007.** At various dates in August 2007 the following Port Vila Municipal Councillors were interviewed by the Office of the Ombudsman.

Mr Yoan Johnson
Mr Robert Lui Seule
Mr Serge Louis
Mr Wenjio Tamau
Mr James Kalo
Mr Donald Palaud
Mr Joseph Wagon
Mr Donald Kalo
Mr Willie Pakoa

They stated that the PVMC did approve to sell the plot of land but that it must be sold for an amount above Vt24.7 million as recorded in the Council minute. It was revealed that there were no other companies who showed interest to purchase the land, apart from Chantillys and Trader Vics. That the Mayor had indicated in the Council meetings that there were other interested buyers who offer for the land but the mayor did not show them information or documents concerning other interested buyers. The Council did approve the sale of the land to Chantillys for Vt28 million and not Vt16 million. The decision to appoint Mr Harry Iauko as consultant for the PVMC was because there were political issues which the Mayor thought would be handled by Mr. Iauko because he was also the Secretary General of Vanuaku Pati. That the Vt12 million should be paid to the PVMC as it is part of the price of the land. Despite the assurance from Chantillys to maintain the park between Chantillys and TVL, the PVMC is still maintaining the area up to now.

5. RESPONSES BY THOSE WITH COMPLAINTS AGAINST THEM

5.1 Two working papers were provided to those implicated in this report giving them individually the opportunity to respond prior to issuing this public report. The responses received on the first working paper are not included in this report as there were adjustments made on the findings following further inquiries and information received. For this reason the Ombudsman had re-issued a second working paper to those listed below:

Mr Tony Wright	Ms Wendy Cochrane
Mr Donald Palaud	Hon. Maxime Carlot Korman
Mr Wenjio Tamau	Mr Brian D Blake
Mr James Kalo	Mr Jean Marc Pierre
Mr Paul Avock Hungai	Hon. George Wells
Mr Robert S Lui	Merss Y P Reddy & Justin Johnson
Mr Louis S Urelesles	Mr John M Mala
Mr Yoan Johnson	Mr Noel Takau
Mr Joselito Wokon	Mr Richard Kaltonga
Mr Vai Maki	Mr Georgio Calo
Mr Harry Iauko	

5.2 The responses to the second working paper were received and mentioned below.

5.3 Responses were received from the following:

Mr Tony Wright - Port Vila Municipal Councillor

5.4 Mr Wright stated that he only knew that whenever the Port Vila Municipal Council wishes to sell an asset an advertisement is put up in the public. He however, does not have any idea about the Government Contracts and Tenders Act. He further stated that, this is the duty of the administration to find out and to advise the Councillors.

Mr Noel Takau - Former PVMC Town Clerk

5.5 Mr Takau stated that the Public Prosecutor should instigate prosecution against the Councillors as they were responsible for this matter.

Mr Brian D Blake – Former Director of Chantilly’s on the Bay

5.6 Mr Blake stated, via his solicitor, that Chantilly’s has and continues to be solely and exclusively responsible for maintaining, clearing and beautifying of the park along the waterfront leading up to the space opposite TVL, under its agreement with the Port Vila Municipal Council. The PVMC only looks after the opposite side of the park but not the waterfront area.

Ombudsman Comments

5.6.1 The Ombudsman wrote to Mr Blake on several occasions asking him to provide a list of projects and improvements etc, which Chantilly’s has carried out on the parkland between Chantilly’s and TVL car park in 2007 and 2008. The Ombudsman requested that he shows his costs of maintaining the area in 2007 and 2008 so as to justify his reason in retaining the Vt12 million. He was asked also to furnish this office the Council’s approval granting him the right to retain the Vt12 million as per his letter to the Lord Mayor dated 8th November 2006.

Mr Blake has not responded nor provided this information. It is difficult therefore, to accept Mr Blake’s comments.

6. FINDINGS

6.1 **Finding 1: Prima facie breach of the Government Contract and Tenders Procedures Act No 10 of 1998 and Tenders Regulation Order N0.40 of 1999 by PVMC**

6.1.1 The PVMC, as an agency of the Government failed to follow Order 40 of 1999 to comply with the Government Tenders Act. The procedural rule is for the PVMC to advertise the sale of the land through public notice by tender.

6.1.2 The Ombudsman found that notice to the public to submit tenders for the land at Fatumaru Bay was not issued by the PVMC until the general public raised criticisms. To cover up these breaches, Lord Mayor Hungai made a false statement to PVMC meeting that notice to public had been issued on 10 November 2006 and that there were many interested buyers when in fact there were only two interested buyers who negotiated privately prior to the

Notice for Tender. By their omission, the PVMC has breached the Government Contract and Tenders Procedures Act No.10 of 1999.

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6.2 Finding 2: Prima facie breach of Section 22 of the Leadership Code Act by Lord Mayor Mr Paul Avock Hungai

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6.2.1 In its meeting on 20th October 2006 the PVMC unanimously approved to sell the land to Sand & Salt Limited for Vt26 million and a contract agreement was signed by the Town Clerk and Sand & Salt Ltd. The contract was sent to the Minister for Internal Affairs. After PVMC approved this, the Mayor misled the Council on 21 November 2006 that many interested companies had applied but the best bidder was Chantilly's.

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6.2.2 The Lord Mayor's actions in providing false advice statements and giving improper directions to the administrative staff to create false documents to act on them as genuine, showed that the Mayor is not at all concerned about the financial situation of the PVMC. The Mayor has been dishonest and misled PVMC to agree to accept Chantilly's bid above Sand & Salt Ltd. The Mayor has used his position to influence PVMC to act improperly and against the interest of PVMC.

6.5

6.3 Finding 3: Prima facie breach of Section 13 (1)(b) of the Leadership Code Act by the Mayor of Port Vila, Mr Paul Avock in that he had placed himself in a position in which his fair exercise of his public office has been compromised. In doing so he has demeaned his office and position and allowed his integrity to be called into question when he lied to a State Minister.

6.1

6.3.1 Hon. George Wells was the Minister for Internal Affairs at that time of the sale of the land. His portfolio included decentralisation which also covered Municipal Councils. In a letter dated 18 December 2006, Mr Paul Avock had led the Minister to believe that the land at Fatumaru Bay was sold for Vt28 million whereas he knew perfectly well that it was sold on 24th November 2006 for only Vt16 million.

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6.4 Finding 4: Prima facie breach of Section 31 of the Leadership Code Act by the Lord Mayor for failing to declare this asset of Vt2,010, 000 in his 2006 Annual Return Form.

6.4.1 Under Section 31 of the Leadership Code Act, every leader must complete an annual return for the preceding year setting out details of the leader's assets and liabilities and that must be given to the Clerk of Parliament. Sub – section 5 of Section 31 states that the details in the form must include assets within and outside Vanuatu.

6.4.2 On 5th February 2007 the Lord Mayor sent his 2006 Annual Returns Form to the Clerk of Parliament setting out his assets and liabilities. He however, failed to declare the Vt2,010,000 that he has deposited into his term deposit account on 30th November 2006 in his Annual Return Form

6.5 **Finding 5: Actions subject to prosecution under Section 73(1) of the Penal Code Act and Section 23 of the Leadership Code Act by the Lord Mayor Mr Paul Avok Hungai and former Chairman of Air Vanuatu Harry Iauko for alleged bribery**

6.5.1 On 24th November 2006 Mason Blake submitted a cheque to the Municipal Council for Vt16 million for the land at Fatumaru Bay. On 30th November 2006 the Lord Mayor opened an account at the National Bank and deposited a total of Vt2,010,000 in a term deposit under his name. According to the bank deposit slip the Lord Mayor had opened the account by depositing a total of four hundred and two (402) of Vt5,000 denomination. **(Appendix X).**

6.5.2 On 28 November 2006, Mr Iauko had opened a term deposit account under his name and deposited Vt1,000,000 into the account. The deposit slip showed that Mr Iauko had deposited two hundred (200) of Vt5,000 denomination when he opened the account.

6.5.3 The Ombudsman has received confirmation from the Treasurer of the PVMC that no such amount of vt2,010,000 was paid from the Council funds to the Lord Mayor during the months of October or November 2006. Also that such a large amount of money would only be paid by cheque. There is no clear explanation as yet from the Lord Mayor as to where he got this money from.

6.5.4 The Ombudsman has received confirmation from the PVMC and Air Vanuatu that no such amount was paid to Mr Iauko in October or November 2006. There is no explanation as yet from Mr H Iauko as to where he got the money from. **(Appendix Y).**

6.6 **Finding 6: Defective administrative practices by PVMC**

6.6.1 For the sale of Fatumaru Bay land, the PVMC had involved itself in defective administrative practices to suit the intention and wishes of the Lord Mayor Paul Avock Hungai. The PVMC failed to have a proper and agreed terms of reference for Nitig Apen company an entity contracted by PVMC to deal with Fatumaru Bay land sale, and further that PVMC lacked an efficient secretariat to record and keep proper records of the Minutes of the Council Meeting.

6.6.2 Nitig Apen Company Limited was registered on 12th May 2006 at the Vanuatu Financial Services Commission with 1,000 ordinary shares held by three different people.

On 21st November 2006 the PVMC unanimously agreed to engage Nitig Apen Company to deal with Fatumaru Bay Land sale.

6.6.3 The Ombudsman found that despite making this decision, the PVMC failed to draw up proper terms of reference, specifying the time frame and the costs involved for the company to follow. As a result, the company was paid Vt880,000 representing three days of negotiation work. **(Appendix Z)**.

6.6.4 Furthermore, the Ombudsman found that in the Council minutes, whenever the issue of the sale of the land at Fatumaru Bay was discussed, prior to its sale, no figures were recorded in the minutes. There is no record in any of the council minutes stating the figure of Vt12 million, Vt16 million or Vt28 million. Even when the Deputy Town Clerk, Mr Henry Naieu, wrote to Chantilly's following the Council decision in its meeting on 21st November 2006 approving the sale of the land to Chantilly's, he failed to mention the sale price in the letter. In the absence of this very important information in the Council minutes and the letter, it would appear that the sale price of the land had never been discussed nor agreed upon by the Council. The minute taking of the Council on this particular matter was very poor and is well below the standard expected from such an important government agency as the PVMC.

6.7 Finding 7: Prima facie breach of Section 13(1)(b) and 29(d) of the Leadership Code Act by the PVMC councillors

6.7.1 The councillors have allowed their integrity to be called into question and endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu by agreeing with the Lord Mayor and acting contrary to the Government Contract and Tenders Procedures Act No.10 of 1998

6.7.2 The councillors ignored their duties to check if what they were doing was lawful and in the best interests of the people of Vanuatu. They agreed to sell to Chantilly's following the advice of the Lord Mayor ignoring their prior decision to sell to Sand & Salt Ltd. No proper check was made as to the best offer made.

6.8 Finding 8 Prima facie breach of Section 13(1)(b) of the Leadership Code by Paul Avock Hungai

6.8.1 Following the transfer of lease, the PVMC had never discussed nor decided in any of its meetings in allowing Chantilly's to retain Vt12 million being part of the price of the land, which was to be used to maintain and up keep the park between Chantilly's and TVL. The Lord Mayor failed to put it to the

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Council to discuss and approve the offer made by Mr Brian D Blake of Chantilly's in his letter on 8th November 2008 for Chantilly's to retain the Vt12 million. The arrangement appeared to have been made by the Lord Mayor and the Director of Chantilly's Mr Brian Blake, alone without the knowledge of the Councillors. The proposal by Mr Brian Blake of Chantilly's to keep the Vt12 million and use it as part of the cost of the land has never been discussed in any of the Council meetings. By his actions, the Lord Mayor has allowed his integrity to be called into question and endangered the integrity of the Government as he makes decisions without the Council's approval. The Lord Mayor is in breach of the Council's regulations with respect to collective decision making.

7. RECOMMENDATIONS

- 7.1 The Ombudsman recommends that the Public Prosecutor instigate prosecution under Section 14 of the Government Contracts and Tenders Act, on the Lord Mayor Mr Paul Avock Hungai for breaching Section 3 and 8 of the Act.
- 7.2 The Ombudsman recommends that the Public Prosecutor instigate prosecution against the Lord Mayor Mr Paul Avock Hungai for allegedly misleading the other councillors to believing that Chantilly's offer was the best, despite the fact that this was Vt10 million less than that offered by Sand & Salt Ltd. His action is in breach of Section 22 of the Leadership Code.
- 7.3 The Ombudsman recommends that the Public Prosecutor instigate prosecution against the Lord Mayor Mr Paul Avock Hungai for failing to observe the fundamental principle of leadership under Article 66 of the Constitution.
- 7.4 The Ombudsman recommends that the Public Prosecutor instigate prosecution on the Lord Mayor Mr Paul Avock Hungai under Section 19 of the Leadership Code for failing to declare, in his Annual Return, Vt2,010,000 which he has deposited into a term deposit at the National Bank of Vanuatu on 30th November 2006.
- 7.5 The Ombudsman recommends that the Public Prosecutor instigate criminal charges against the Lord Mayor, Mr Paul Avock Hungai and the former Chairman of Air Vanuatu Mr Harry Iauko, for alleged bribery in connection with the sale of the Municipal land at Fatumaru Bay. That they be prosecuted under Section 73 of the Penal Code Act and Section 23 of the Leadership Code Act.
- 7.6 The Ombudsman recommends that the Public Prosecutor instigates prosecution against the Port Vila Municipal Councillors because they agreed

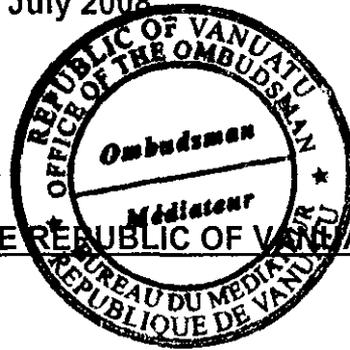
with the Lord Mayor, Mr Paul Avock Hungai, and acted contrary to the procedures as set out in the Government Contract and Tenders Act. As a result of their collective decision, the PVMC has sold the land for Vt10 million less than that offered by Sand & Salt Ltd as already been approved on its 19th October 2006 meeting.

- 7.7 The Ombudsman recommends that the Public Prosecutor applies to the Court for an order to freeze the term deposit accounts belonging to Mr Paul Avock Hungai and Mr Harry Iauko respectively, for alleged bribery.
- 7.8 The Ombudsman recommends that the Attorney General review the dealings with Chantilly's for any issues relating to payments for lease and enforcing agreement for payment of another Vt12 million by Chantilly's.

Dated this 14th day of July 2008



Peter K Taurakoto
OMBUDSMAN OF THE REPUBLIC OF VANUATU



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8. INDEX OF APPENDICES

- A Section 66 of the Constitution of Vanuatu
- A1 Section 67 of the Constitution of Vanuatu
- A2 Section 5 of the Leadership Code Act
- A3 Section 57 of the Municipalities Act – Cap 126
- A4 Tenders Regulation Order No 40 of 1999
- B Loic Bernier valuation
- C Letter dated 14th March 2006
- D Section of Municipal minute of 22/5/2006
- D1 Section of Municipal minute of 22/5/2006
- E Letter 19th July 2006
- F Lease signed by Minister of Land – 11/9/2006
- G Letter from Y P Reddy & Justin Johnson
- H Section of Municipal minute of 19/10/2006
- I Letter dated 26th October 2006
- J Letter dated 8th November 2006
- K Letter dated 9th November 2006
- L Tender notice – dated 9th November 2006
- M Section of Municipal minute of 21/11/2006
- N Section of Municipal minute of 21/11/2006
- O Letter dated 22nd November 2006
- P Municipal receipt No. 24266 for Vt16 million
- Q NBV deposit slip for Vt1,000,000
- R NBV deposit slip for Vt2,010,000
- S Letter dated 7th December 2006
- T Letter dated 18th December 2006
- U Letter dated 2nd January 2007
- V Letter dated 23rd January 2007
- W To Whom It May Concern note
- X Section of Municipal minute of 13/3/2007
- Y Lease register for title 11/0E21/024
- Z Payment for negotiating to Nitig Apen Company

CONSTITUTION OF THE REPUBLIC OF VANUATU

CONDUCT OF LEADERS

- 66(1) Any person defined as a leader in Article 67 has a duty to conduct himself in such a way, both in his public and private life, so as not to—
- (a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties might be compromised;
 - (b) demean his office or position;
 - (c) allow his integrity to be called into question; or
 - (d) endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu.
- 66(2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engage in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by sub article (1).

DEFINITION OF A LEADER

- 67 For the purposes of this Chapter, a leader means the President of the Republic, the Prime Minister and other Ministers, members of Parliament, and such public servants, officers of Government agencies and other officers as may be prescribed by law.

(2)

Appendix A

CHAPTER 10

LEADERSHIP CODE

CONDUCT OF LEADERS

66. (1) Any person defined as a leader in Article 67 has a duty to conduct himself in such a way, both in his public and private life, so as not to—

- (a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties might be compromised;
- (b) demean his office or position;
- (c) allow his integrity to be called into question; or
- (d) endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu.

- (2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engage in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by subarticle (1).

Section of the Republic
of Vanuatu Constitution.

Appendix A 1

DEFINITION OF A LEADER

67. For the purposes of this Chapter, a leader means the President of the Republic, the Prime Minister and other Ministers, members of Parliament, and such public servants, officers of Government agencies and other officers as may be prescribed by law.

Section of the Republic
of Vanuatu Constitution

Appendix A2

LEADERS

5. In addition to the leaders referred to in Article 67 of the Constitution, the following are declared to be leaders:

- (a) members of the National Council of Chiefs;
- (b) elected and nominated members of local government councils;
- (c) elected and nominated members of municipal councils;
- (d) political advisors to a Minister;
- (e) directors-general of ministries and-directors of departments;
- (f) members and the chief executive officers (however described) of the boards and statutory authorities;
- (g) chief executive officers or secretaries-general of local governments;
- (h) the town clerks (or their equivalent in name) of municipal councils;
- (i) persons who are:
 - (i) directors of companies or other bodies corporate wholly owned by the Government; and
 - (ii) appointed as directors by the Government;
- (j) the Attorney General;
- (k) the Commissioner and Deputy Commissioner of Police;
- (l) the Solicitor-General;
- (m) the Public Prosecutor;
- (n) the Public Solicitor;
- (o) the Ombudsman;
- (p) the Clerk of the Parliament;

Section of the Leadership
Code Act.

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Appendix A 3

FINANCIAL REGULATIONS AND TENDER BOARD ORDERS

57. (1) The Minister may after consultation with the Minister responsible for finance make regulations not inconsistent with any of the provisions of this Act for the purpose of—
- (a) controlling and managing the financial business of councils;
 - (b) regulating the procedure and duties of the treasurers, and accounting staff of councils;
 - (c) providing for the receipt, safe-handling, recording, safe custody and disposal of cash or stores;
 - (d) empowering councils to surcharge members of their staff responsible for loss of money or loss of or damage to stores and providing for the manner in which surcharges shall be made;
 - (e) regulating the procedure for dealing with tenders;
 - (f) requiring contracts made by councils to be in accordance with such orders and in particular requiring, in the case of contracts for the supply of goods or materials or for the execution of works to the value of VT150,000 or more or such higher minimum value as the Minister may specify in respect of any council or councils to enter into, the contract shall be published and tenders invited and regulating the manner in which such notice shall be published and such tenders accepted; and
 - (g) generally for carrying the provisions of this part into effect.

- (2) Regulations made under this section may be applied either generally or with respect to any particular council and shall be observed and obeyed by the council to which they apply.

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Section 9 of the Municipal
Act - Cap 126

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Appendix A4

REPUBLIC OF VANUATU

GOVERNMENT CONTRACTS AND TENDERS
ACT NO. 10 OF 1998

TENDERS REGULATIONS ORDER NO. 40 OF 1999

To provide the rules, procedures and methods to be followed in:

- (a) arranging or calling for tenders for Government Contracts and the contracting out of Government services or purchasing goods; and
- (b) approving or recommending such tenders.

IN EXERCISE of the powers contained in paragraph 17(c) of the Government Contracts and Tenders Act No. 10 of 1998, I, JOE NATUMAN, Acting Minister of Finance and Economic Management make the following Order:

INTERPRETATION

1. In this Order, unless the context otherwise requires:

“government agency” includes:

- (a) an office, entity and instrument of the Government other than a 914 ministry or Minister; and
- (b) a Provincial Government Council; and
- (c) a municipal council; and
- (d) any other instrument, council or organisation notified under subsection 1(2) of the Public Finance and Economic Management Act No. 6 of 1998;

“head of a ministry” means the person appointed as Director-General of a ministry under the Public Service Act No. 11 of 1998;

Appendix A 4

- (3) The Tenders Board may approve another tender process for projects where a straight open and competitive tender process may not provide the best result in the opinion of the Tenders Board.
- (4) Any other tender processes may include:
 - (a) two stage tendering (eg. request for information followed by selected request for proposal); and
 - (b) selective tendering (eg. where it is known that limited skills are available to perform the work required); and
 - (c) period contracts for repetitive- purchases.
- (5) Any other tender process used must follow any guidelines or instructions issued by the Director General of the Ministry of Finance and Economic Management.
- (6) An international tender must be called when it is unlikely that goods or services being purchased can be supplied at the best price or quality from within Vanuatu.
- (7) The Tenders Board must decide whether a proposed tender must be put out as international tender and how many countries the tender should be advertised in.

Appendix B

PORT-VILA, 22nd December, 2005

VALUATION OF PROPERTY

Title No 11/0E21/024
Lini Highway – Vila's Bay
Municipality of Port-Vila

VACANT LAND

Total area : 1,875 square meters
Location : between Chantilly's Hotel and Trader Vics
High standard commercial area with water frontage

Estimated market value **37,500,000 VT**

Not being a registered valuer, this valuation is only the opinion of a Real Estate Agent according to the present market in Vila and by comparison with other similar parcels of land for sale.

Loïc BERNIER,

Appendix C

Att:- Rt. Hon. Lord Mayor
Port Vila Municipality
Port Vila
Vanuatu

Chantilly's On The Bay
P.O. Box 279
Port Vila
Vanuatu.

14th. March 2006

Dear Sir,

REF:- LAND BETWEEN CHANTILLYS AND TRADER VICS.

Further to our discussion about the above land. I would like to confirm that Chantilly's would be interested in paying a premium (to be agreed) for the above land, or enter into any other arrangement that suits the Municipality, to acquire same.

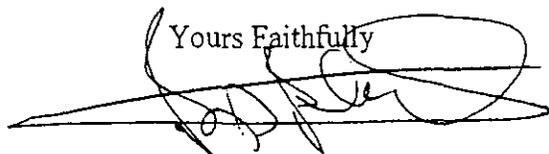
We further confirm that in addition to the above we would agree to enter into an arrangement, to maintain and keep beautiful the land and beachfront of the parkland between Chantilly's and the Telecom car park.

We would emphasize that the two matters, would of course be interdependent on each other being agreed at the same time.

If this arrangement would be agreeable to yourself and the Municipality, I would be available next week to discuss the matter further.

I remain,

Yours Faithfully



Prof. Brian D. Blake (Director).

For and on behalf of:- Chantilly's On The Bay.

[Handwritten notes and signatures]

Appendix D

(b) SALE OF LAND BETWEEN CHANTILY'S & TRADER VICS

Lord Mayor hemi introducem agenda mo hemi se ikat some buyers oli expressem interest long plot of land ia. Council ino kat any plan yet blong developem land ia. Council istap maintenem land ia mo land hemi vacant. Mayor hemi mekem following comments:

- (a) Sale mbae ihelpem cash flow blong council
- (b) Mbae council icollectem property tax taem niu ona hemi buildem wan building long land ia
- (c) PVMC mbae inomo meetem costs blong maintem land ia.

Ikat trifala value we council ireceivem blong land ia. Value we Island Property imekem hemi Vt:10 million, value blong Caillard Kaddour imekem hemi Vt:37.5 million, mo value we De Rosa imekem hemi Vt:24.7 million.

Deputy Lord Mayor hemi move se sales value istap between Vt:24.7 million mo Vt:37.5 million, seconded by councilor Joselito Wokon.

The Finance & Staff committee approved the sale of land between Chantilly's and Traders Vics at an amount not below Vt: 24.7 million unanimously.

Section of Council Minute
g 22/5/2006

Appendix D1

Ikat trifala value we council irceivem blong land ia. Value we Island Property imekem hemi Vt:10 million, value blong Caillard Kaddour imekem hemi Vt:37.5 million, mo value we De Rosa imekem hemi Vt:24.7 million.

Section of Council
Minute of 22/5/2006

Appendix D 1

18/30

Valuation Report

Property
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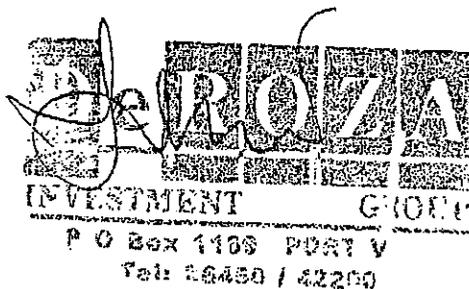
DECLARATION OF VALUE:

In view of the aforementioned valuation, I am of the opinion that the Market Value of the subject property is:-

**TWENTY FOUR MILLION SEVEN
HUNDRED THOUSAND VATU
(VT 24,700,000).**

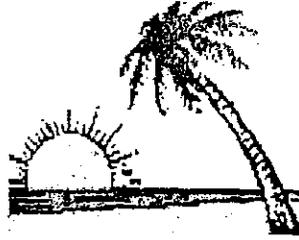
LIMITATION:

The opinion of value expressed in this report shall be used for the purpose of this report only. This firm is not responsible for any consequences arising from the valuation being quoted out of context.



Mr. Levi Tarosa, BA (Land Mngmt & Val), Int Cert (Val),
REGISTERED VALUER

Appendix E



Waterfront Real Estate - Vanuatu
P O Box 7104
Port Vila, Vanuatu
Ph: 54448 Fax: 22053
Email: vanwaterfront@vanuatu.com.vu
www.vanuatuwaterfrontrealestate.com

19th July 2006

The Lord Mayor
Port Vila Municipality
P O Box 99
Port Vila

Attention: Noel Takau - Town Clerk

Dear Sir,

RE: Land situated between Chantilly and Trader Vics

Following discussion between our Richard Kaltongga and representatives of the Municipality and others, I hereby submit an offer on behalf of my client, a Vanuatu Registered Company of excellent repute.

THE OFFER

Twenty Six Million Vatu

SETTLEMENT

Settlement will take place in 30 days from the date of the seller signing the contract, OR within 7 days of registration of the Lease.

DEPOSIT

10% of purchase price payable on written acceptance to trust account of Ridgway Blake.

CONDITIONS

The offer is subject to approval from all relevant authorities for the reclamation of land on the harbor side similar to that approved for the adjacent Trader Vics site.

COMMISSION

Standard commission of 5% of the purchase price plus Vat payable on settlement to Waterfront Real Estate from the deposit held by Ridgway Blake.

ACCEPTANCE

This offer stands until 5pm Wednesday 26th July at which time the Purchasers reserves the right to withdraw this offer.

INTENDED USE OF THE SITE

My clients intend to develop the site for tourist related accommodation, using local builders and providing ongoing and extensive employment for Ni-Vanuatu.

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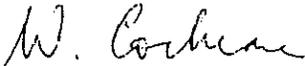
CONTACT

Please contact the writer for any further information or acceptance of the offer.

IN CONCLUSION

Also please note that my clients are somewhat nervous of the impending Harbor development, but at this stage I have been able to appease their concerns. As things progress however, I do feel that the value of this site will be adversely affected as according to my information it will look directly into a residential subdivision.

Yours faithfully



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Appendix F

LEASE (Section 31 and 35)

CLASS **Special**.....

TITLE No.**11/OE21/024**.....

(PLEASE READ THE NOTES ON BACK PAGE BEFORE COMPLETING THIS FORM)

Full name(s)
Description(s)
And address(es)
in Vanuatu

LESSOR(S) The Government of the Republic of Vanuatu by virtue of subsection 9(1) of the Land Reform Act (CAP 123) and Article 80 of the Vanuata Constitution, owns all public Land within the Municipality of PORT VILA and LUGANVILLE, Santo Island. Honorable Maxime Korman Carlot, Minister Of Lands, acting for and on behalf of the Government as the "LESSOR

Full name(s)
Description(s)
And address(es)
in Vanuatu

LESSEE(S) Port Vila Municipal Council,
PO Box 99,
Port Vila.

Delete this paragraph if
Inapplicable



~~1. The lessor(s) has/have received from the lessee(s) the sum of (amount in words and figures) (VT) for the grant of this lease.~~

* Delete whichever
asterisked phrase if
inapplicable

2. The Lessor(s) lease(s) to the Lessee(s) the land *comprised in the above - mentioned title.

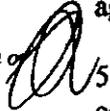
OR

* Shown edge green in the attached plan certified by the Director of Survey and signed by the persons signing this instrument* for the term of... **Seventy Five (75) years** commencing on the **30th of July 2006**.

* Delete as appropriate

3. The lessee(s) shall pay to the lessor(s) the * yearly /* quarterly /* monthly rent of (amount in words and figures) **One Thousand Eight Hundred and Seventy Five Vatu (VT. 1,875)** reviewable in accordance with the provision of the Act and payable on the **30th July (date(s) rent is to be paid.**

Delete if lessee is a single person or
corporation. If paragraph is
not deleted, delete whichever
asterisked phrase is inapplicable



4. This lease is granted subject to the provision of the Land Leases Act and of any rule relating to leases made thereunder and to those agreements and conditions specified in the Schedule hereto

~~5. The lessees hold this lease as * joint proprietors/* proprietors in common in the following undivided shares:-~~

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SCHEDULE

1. This lease is subject to the provision of the Physical Planning Act No.2 of 1986.

2. **RENTAL TERMS:**

(a) For the first five years from the date of the Lease, the Lessee shall pay a rent, the sum of (amount in words and figures).....**One Thousand Eight Hundred and Seventy Five Vatu.....(VT 1,875.....)** every year in advance. The first payment is to be made on the date of execution of the lease.

(b) With effect from the Fifth anniversary of the date of the lease and at five yearly intervals thereafter, the rent shall be reviewed in accordance with the provision of the Land Leases Act No.4 of 1983. (as amended) and the review may be initiated by either the Lessor or the Lessee.

3. The Lessee agrees to use the Leased Land for Special.....

Purpose only and shall construct amenities for recreational activities and beautify the land As a park for use by the public,

such development to commence within five (5) years and to be completed within ten (10) years from the date of the Lease.

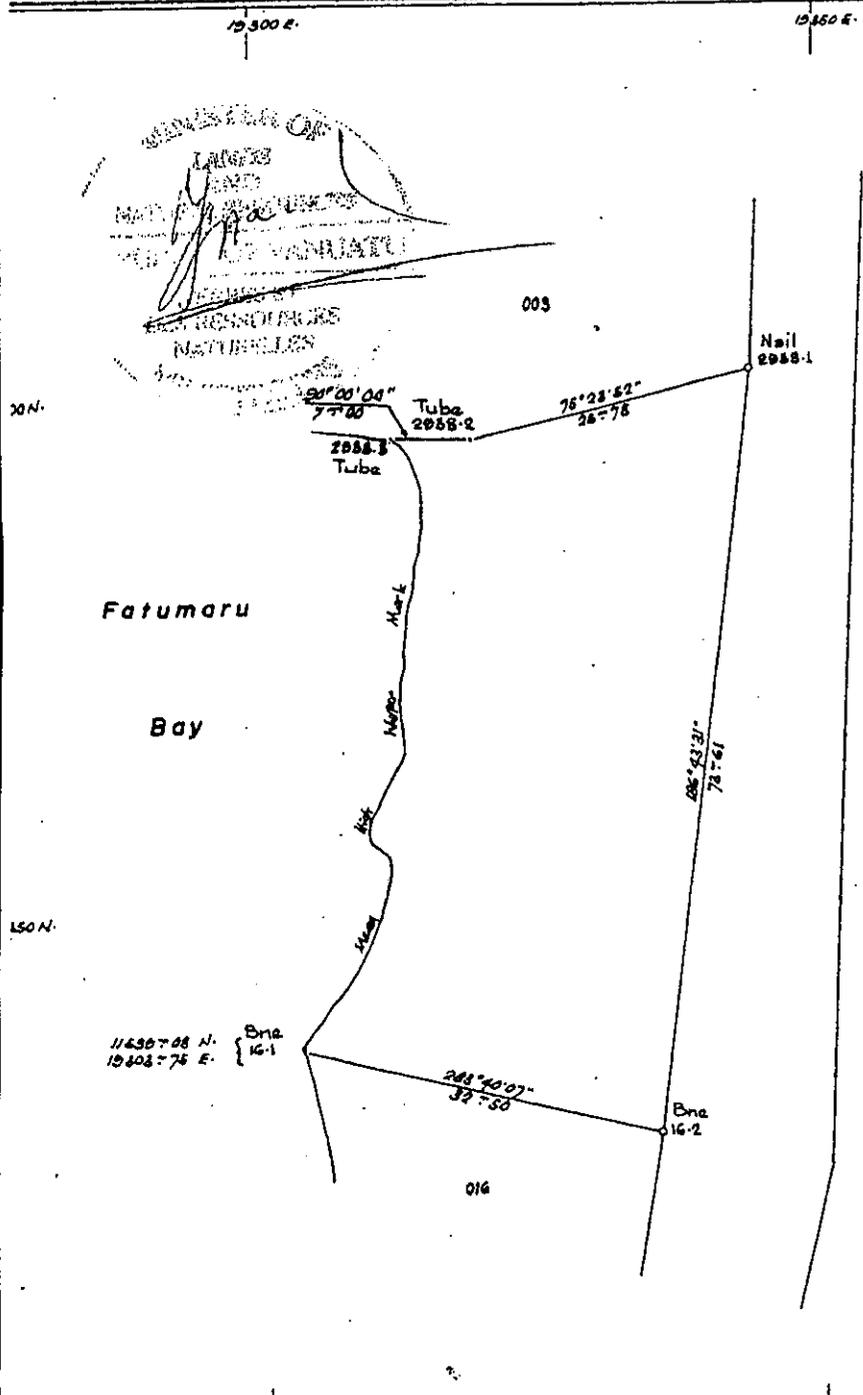
4. The Lessee agrees not to use or permit the use of the leased land for noxious, noisome or offensive act, trade business or occupation or calling or in any such manner as to cause annoyance, nuisance or inconvenience to occupiers or owners of adjacent premises or the neighbourhood

5. The Lessee agrees to insure and keep insured against damage or destruction by fire, lighting, flood, storm, hurricane and earthquake to their full value thereof all buildings and in the event of their damage or destruction to use the money received in respect of such insurance in replacing the same.

6. The Lessee agrees to take the risk of all operation undertaken on the land and to indemnify the Lessor against any claim, cost, damage or proceeding whatsoever caused arising either directly or indirectly from the Lessee's act or omission.

7. In the event of any intended transfer of the Lease, the Lessee in addition to seeking the Lessors consent in accordance with the provisions of the Land Leases Act of 1983, will also notify the Lessor in writing of the price at which the Lease is intended to be transferred and the Lessor shall for the space of six weeks from the date of the receipt of such, have the right or option to repurchase the Lease at the said price, the purchase price being payable within one month of the exercise by the Lessor of its rights to repurchase. **PROVIDED** that in the event that the Lessor does not exercise its rights to repurchase, the Lessee shall not subsequently be entitled to transfer the Lease at a price lower than previously notified to the Lessor without first re-offering the same to the Lessor at such lower price in the same manner as hereinbefore provide.

8. Not to assign, sublease, subdivide, mortgage to part with possession of the leased land or any part thereof without prior consent in writing of the Lessor, which consent shall not be unreasonably withheld. Provided that where the Lessee is a company, no transfer of ownership or control in the Lessee to some other person or persons legal or otherwise shall be made without the prior consent in writing of the Lessor.



Survey of
 Tube and Bne
 Fatumaru Bay

I. EFATE PORT-VILA

Title Titre **11/OE21/02**

Name of Property
 Nom de la Propriété

Area Superficie **0 ha 19 a**

[Handwritten Signature]

PORT VILA MUNICIPALITY
 TOWN CLERK

REPUBLIC OF VA
 SURVEY DEPART
 PLAN APPROV
 M. BAKBOI
 DIRECTOR OF SI

DLS
 ORIGINAL
 PLAN

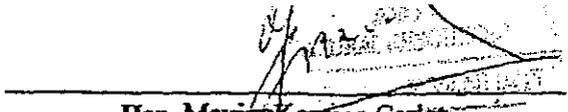
CABINET TOPOGRAPHIQUE ET PHOTOGRAMMETRIQUE
 GEOMETRIQUE
 N. OIS
 D.F. 065 PORT-VILA
 VANUATU

Scale Echelle _____ Date _____

Survey Department		Service
Surveyed by CTF L19 Lidé par	Computed by CTF L19 Calculé par	Checked by Vérifié par
Drawn by CTF 12/99 Dessiné par	Checked by CTF L19 Vérifié par	Approved Approuvé

Service Department
Checked by
Computed by
Surveyed by
Landed by

Signed by the lessor(s)


Hon. Maxime Korman Carlot
Minister of Lands

In the presence of
Signature of witness

Name of witness
Address

I certify that the above (-named)

appeared before me at this day of
.....20.....

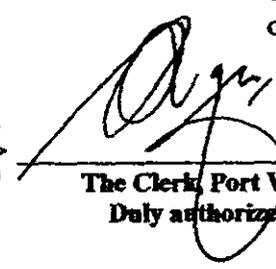
*being identified to me by
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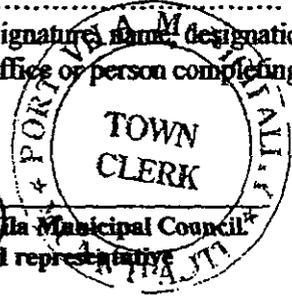
* or being personally known to me and that * he /*she /*they freely and voluntary signed and appeared fully
to understand this instrument.

*Delete the Underlined
Alternative Inapplicable

Signature, name, designation and seal/stamp of
office or person completing certificate

Signed by the lessee(s)


The Clerk, Port Vila Municipal Council
Duly authorized representative



In the presence of
Signature of witness

Name of witness
Address

I certify that the above-named

..... appeared before me at this day
of20.....

* being identified to me by
of

* or being personally known to me and that * he /*she /*they freely and voluntary signed and appeared fully
to understand this instrument.

Delete the Underlined
Alternative Inapplicable

Signature, name, designation and seal/stamp
of office or person completing certificate.

1. **Alterations:** Do not rub or write over any words. If you have made a mistake draw one line through it (so that it can still be read) and write or type clearly above the new words. Everyone who signs the instrument should also sign again at the side near to the alteration.

2. **Signing:** Both parties to the instrument must sign. If a party consist of more than one person and they cannot get to a person authorised to complete the verification certificate at the same time or place it will be necessary for separate verification certificate to be prepared, complete and attached to this instrument. In such cases the persons completing the separate certificate should also sign at the end of the instrument. Persons authorised to complete verification certificates in Vanuatu include secretaries to Local Government Councils, Magistrates, Barristers, Solicitors, Notary Public, Commissioners for Oaths and Managers of Banks. A full list is contained in the Act.

3. **Execution by corporations :** The form should be changed by crossing out the words "Signed by " etc... and substituting the usual form of words recording the affixing of the corporation's seal. No verification certificate is required.

Approved this..... 11thday of... September..... 2006


 Minister responsible for Lands

REGISTERED at..... hour thisday
 of 2006

Director of Land Records.

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Appendix G ^{am}

Dear Sir
SUBJECT
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your inquiry
e h

Y.P. Reddy & Justin Johnson
PO Box 1417
Port Vila, Vanuatu

Honorable George Wells
Minister of Internal Affairs
Private Mail Bag 036
Port Vila

WITHOUT PREJUDICE

Dear Sir,

RE: SALE OF MUNICIPAL PROPERTY - FATUMARU BAY

We represent the company which is currently developing the resort on the Trader Vic's site known as NOMADS MOORINGS and are writing to you in relation to the sale of the municipal property bordering Chantilly's Hotel and Nomads Moorings. Over the past few months we have been invited by the Municipality to make an offer to purchase this parcel of land.

We have conducted our own valuations on the property and have also begun preliminary work on designs for a 22 room, dual key strata-title holiday resort which would be run in conjunction with the Nomads Moorings resort. This development would commence shortly after the completion of the Nomads Moorings resort development already underway.

We have made a formal written offer to the Municipality to purchase the site for 27 million vatu. This figure is based on independent and within bank accepted valuations of the parcel.

We understand that you have granted consent for the Municipality to sell the block on the condition that they sell to the highest bidder and that a development happens in a reasonable timeframe.

It has come to our attention that the parcel has recently been sold to another party for 15 M Vatu - This is about 12 M vatu under the value of the parcel! Further, we believe that the other party did not submit a written proposal to the Municipal Council for consideration and endorsement nor do they have any development plans for the site (to the best of our knowledge).

We have already been threatened by the other party that unless we change the way we run our business that they will build structures on the parcel next to our block which will be detrimental to our business.

At the time of making our offer, we had contracts drawn up reflecting the deal that had been struck. If you would like I can make a copy of this document available to you.

We are concerned that the Municipality officers who have accepted this undervalued offer might have other motivations other than to "better serve the population of Port Vila".

Over a period of six weeks we were repeatedly approached by the Lord Mayor with various propositions to help facilitate the progress of the transaction.

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We believe that in accordance with various valuations, we have submitted a fair and reasonable offer and our reluctance to make payments outside of the disclosed offer as tendered and endorsed by the Municipal Council is, we suspect, the sole reason that our proposal has not been successful.

Last week the Lord Mayor stated in a telephone conversation with me that his reason for accepting the other party's offer was because he was instructed to do so by the two ministers concerned. As this is we believe utterly in contradiction with your written instructions to the Lord Mayor, I doubt its accuracy.

We understand that the Municipality, in a letter to your office asking for your consent to the sale, recommended that our offer would be accepted by them.

We believe that your consent to the sale has been used inappropriately and that your advice and conditions have not been met. We request that you immediately suspend the settlement process for this parcel of land so a full and transparent study of the situation can be made.

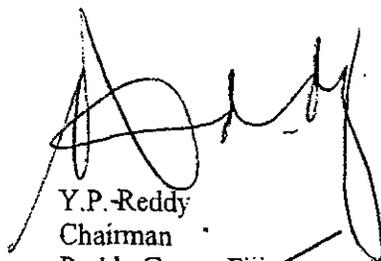
Unless this matter can be resolved quickly we intend to challenge this poor decision with all of our resources in order that we may receive the due, fair and just consideration reflecting the principles of transparency and good governance as is regularly promoted by government.

We are seeking advice and assistance from various individuals and institutions in order to clarify what we consider to be the extremely questionable circumstances that have arisen in relation to this land transaction.

We are prepared to meet with yourself and officials from the Ministry with the Lord Mayor to discuss this issue further and seek a satisfactory solution which will be in accordance with what we believe to have been your instructions to the Municipality and in line with the principals of transparency and good governance.

Your kind and urgent consideration would be most sincerely appreciated and gratefully accepted.

Yours sincerely,



Y.P. Reddy
Chairman
Reddy Group, Fiji



Justin Johnson
Director
New Hebrides Mercantile Services Ltd

CC Hon. Maxime Carlot, MP – Minister for Lands
CC Valuer General
CC Hon. James Bule, MP – Minister for Tourism
CC Ombudsman's Office
CC Lord Mayor
CC First Political Advisor – Ministry of Internal Affairs

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Appendix H

CONTRACT FOR LAND BETWEEN CHANTILEY'S AND TRADER-VICS

land and Salt Limited i mekem offer blong pem above land through sales contract agreement to be signed between Port Vila Municipal Council and land and Salt Limited. Offer hemi Vt: 26 million, deposit Vt: 250,000. agreement ia hemi allowem other investors to make offer either higher or lower. Purpose of this agenda hemi blong committee iapprovum contract agreement and blong forwardem offer iko long Minister of Internal Affairs. Councilor Donald Palaud hemi move that Port Vila Municipal accept the offer and sign the contract agreement, seconded by deputy Mayor.

The contract agreement stipulating the offer to purchase Municipal land between Chantily's and Trader Vics was approved unanimously for the clerk to sign on behalf of the Port Vila Municipal.]???

Section of Council
Minute of 19/10/2006

Appendix I

(26th October 2006)

Ref: MC 176/13/mk

Port Vila, 26th October 2006

The Honorable George Wells,
Minister for Internal Affairs,
Government of the Republic of Vanuatu,
PMB 9086,
Port Vila.

This land is the subject of 1 parcels (the boundaries are held
354 and is the subject of
Justin Johnson
14th February 2007

Dear Honorable Minister,

[Signature]
Secretary for CATER, VANUATU

The above mentioned land is the subject of 1 parcels (the boundaries are held
354 and is the subject of
Justin Johnson
14th February 2007

sell the above mentioned asset as soon as possible in order to generate funds that will help in reducing the massive debt incurred during previous Port Vila Municipality administrations.

The registration process in relation to the land is now complete and the Municipality in its last Finance & Staff Committee meeting on Thursday and Friday of the last week discussed offers from parties interested in the above land.

Valuation carried out by two prominent local real estate agents suggest any price between Vt:24 million and Vt37 million. Therefore the offer already received by my office.

The council received and endorsed an offer for Vt:26 million with a draft contract with a refundable deposit for settlement to take place within 14 days as soon as possible as the necessary consent documentation and approvals are in place and conditions adhered to. The interested buyer has also agreed to assist the Port Vila Municipality to take care of the park between the Chantilly's and the Telecom Vanuatu Car Park. The contract for this purchase has been checked and approved by the Municipality's legal officer and is attached for information.

Since the Vih is now registered under the Port Vila Municipality, the important aspect of this matter is that with the firm offer that has been received, the Port Vila Municipality can clear all its long term outstanding debt with some funds left over for other Port Vila Municipality initiatives.

Accordingly we would very much appreciate your assistance and consideration in providing your endorsement of the prompt implementation this initiative.

Your kind consideration and assistance would be most sincerely appreciated.

Thank you.

Yours truly,



Noel TAKAU HUNGAI
Town Clerk

cc: Lord Mayor, Hon. Paul Avock HUNGAI
File

Appendix J

Chantilly's ON THE BAY

Rt. Hon. Lord Mayor
Port Vila Municipality
Port Vila
Vanuatu

8th November 2006

Dear Lord Mayor,

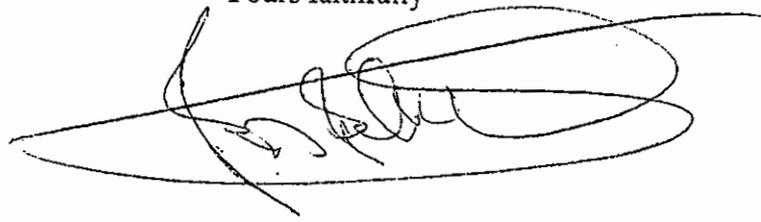
Re: Purchase of land between Chantilly's on the Bay and Trader Vic's

This letter is to confirm that in addition to purchasing the above land for 16 million Vatu. That as additional payment, we Chantilly's will undertake to spend an additional 6 million Vatu per year over the next two years clearing the beach and creating car parking for local people on the parkland between Chantilly's and the TVL car park and that we will during these two years undertake the maintenance and the cost of that maintenance and upkeep of the land and the gardens, as part of this 6 million per year.

This agreement is of course to commence with the purchase of the above land and is subject to that purchase being completed.

We hope the above meets with your approval, and assure you that we will endeavor to complete as soon as you are ready.

Yours faithfully



Brian D. Blake (Director)

GOVERNMENT
REPUBLIC

MINISTER
INTERIOR

Private
PC
Tel: 2225

MIA/ N

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Appendix K

20/30

RECEIVED

GOVERNMENT OF THE REPUBLIC OF VANUATU

GOUVERNEMENT DE LA REPUBLIQUE DE VANUATU

MINISTRY OF INTERNAL AFFAIRS

MINISTERE DE L'INTERIEUR

Private Mail Bag 036 PORT VILA Tel: 22252 Tel/Fax: 25768

Sac Postal Privet 036 PORT VILA Tel: 22252 Tel/Fax: 25768



MOIA/101/1/02 Date: 9/11/6

Mr. Paul Avock HUNGAI Lord Mayor Port Vila Municipality

Dear Lord Mayor,

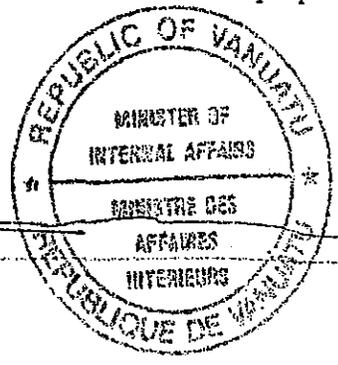
RE-SALE OF MUNICIPAL PROPERTY – FATUMARU BAY

Please refer to our discussions of yesterday on this issue. The Ministry's concern remains that due care must be taken with regards to sale of Municipal properties and assets, particularly prime spots in the Waterfront area and CBD.

However, having said that the Ministry is very much aware of the financial status of the Municipality and ways and means by which you are attempting to gather all resources possible to meet some of your priority commitments and better serve the population of Port Vila. I would advise that the Council agree to the best bidder of this property and ensure that development follows immediately, rather than simply leasing a paper lease title to an investor for their own speculations.

I now hereby agree to give consent for the PMVC to sell this property under the conditions outlined.

Sincerely



George A Wells Minister of Internal Affairs

Cc: Ministry of Lands DG MOIA DPA Ch/fi

Appendix L

24/35

MUNICIPALITÉ
DE
PORT - VILA

Boîte Postale 99
Tél: 22113 / 24017 / 24016
Télécopie: 25002
Email: lamairie@pvmc.gov.vu



MUNICIPALITY
OF
PORT VILA

PO Box 99
Tel: 22113 / 24017 / 24016
Facsimile: 25002
Email: lamairie@pvmc.gov.vu

Port Vila, 9 November 2006

AVIS D'APPEL D'OFFRE

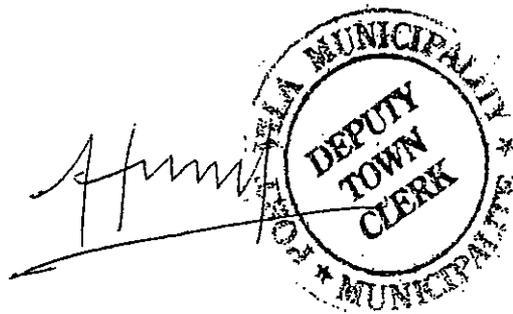
Dans la capacité de ses fonctions selon les Lois de la République du Vanuatu – Municipalités - CAP 126 - PART VII – 31 ; La Municipalité de Port Vila a le plaisir de lancer un appel d' offre concernant sa propriété se trouvant au front de mer situé à Fatumaru Bay entre Chantilly's et Trader Vicks, Titre No. 11 / 0E21 / 024. Les dossiers doivent être adressés à La Mairie de Port Vila, Boite Postale 99 à partir du 10/11/06 jusqu'au 17/11/06 à 4.30 pm, date et heure de la fermeture des dossiers.

TENDER

The Port Vila Municipal Council under the Laws of The Republic of Vanuatu – Municipalities – CAP126 – PART VII – 31; wish to tender a land property, Title No. 11 / 0E21 / 024, situated at the sea front in Fatumaru Bay between Chantily's and Trader Vick's.

Applications must be submitted to the Port Vila Municipal Council Private Mail Bag 99 from 10/11/06 to 17/11/06 at 4.30 pm, the closing date of submissions.

Mr. Henry NAIEU
Acting Town Clerk



7. Other Business

Appendix M

Chair : Sale blong property blong Council we I situate long Fatumaru Bay between Chantillys mo Trader Vicks, Title No.11/0E21/024. After we Minister I givim concern blong hem mo advertisement we Council I putumout long 10 November 2006 I bin gat plante Company I bin apply I come mo folem list blong ol company ia but Chantillys now hemi givim best offer.

MJW : Mi ting se hemi clear nomo blong yumi mas appruvum Chantillys olsem buyer blong plot ia especially wetem ol reason we Chairman I just talemaout so mi stap move se yumi pasem proposal ia.

V.Chair : Mi satp secondem
Committee I passem unanimously.

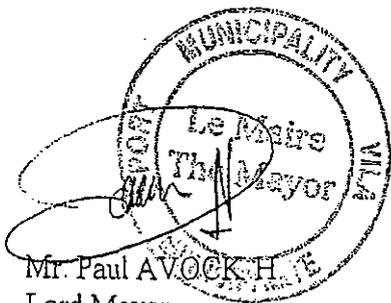
Section of Council
minute of 21/11/2006

Appendix N

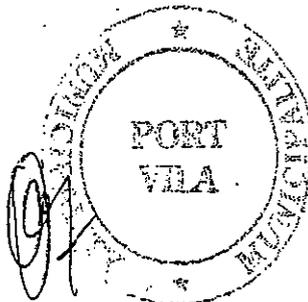
- V. Chair : Hemia hemi one Company we hemi own by Harry Iaouko mo I stap providem ol consultancy services.(Appendix 3)
Mbai I deal mostly wetem issue between Government mo Council wetem aim blong makem sure se I mas gat dialogue between tufala parties mo stop blong stap go long Court from we I stap reflectem one nogud picture.
- MWT : Questionem purpose blong usum one service olsem from se wetem actual structure blong Council nogood mbai yumi stap duplicatem work so mbai yumi stap mekem annecessary expences backagain. Mi stap mekem ol comment ia always wetem interest blong protectem finance blong Council.
- Chair : Hemi must clear se ol consultant I no blong yumi stap usum long one full time hemia oli work under ol contract time we necessity I come so nowia we yumi gat problem wetem Government especially Ministry blong responsible long yumi mo knowing backaround blong owner blong Company ia yumi sure se mbai oli save passem ol obstacle between yumi mo government blong mekem se ol request we yumi stap asken long Government olsem increasim allowance blong yumi mo any other projects I mas carrem full support blong Government.
- MRS : Talk inline mo supportem long ol comments raise by MWT.
MJK : Mi stap move se yumi passem issue ia.
MJW : Secondem.
- Committee I passem unanimously.

Chair : tankio long every one long presence blong olgeta mo participation long discussion mo stap declare se meeting hemi officially close.

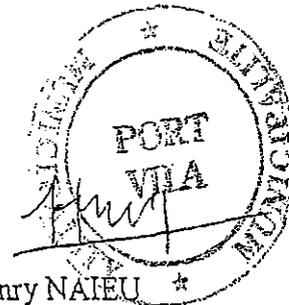
MSU : Closing prayer.



Mr. Paul AVOCK-H. E.
Lord Mayor
Chairman



Mr. Tony WRIGHT
Councilor
Vice Chairman



Mr. Henry NAIEU
Acting Town Clerk

Section of Council Minute
of 21/11/2006

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Tél: 2211

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MUNICIPALITÉ
DE
PORT - VILA

Boîte Postale 99
Tél: 22113 / 24017 / 24016
Télécopie: 25002
Email: lamairie@pvmc.gov.vu



MUNICIPALITY
OF
PORT VILA

PO Box 99
Tel: 22113 / 24017 / 24016
Facsimile: 25002
Email: lamairie@pvmc.gov.vu

MC 1/2/3 HN

22nd November 2006

General Manger
Chantilly's On the Bay Hotel
PO Box 189
PORT VILA
Vanuatu

Dear Sir/Madam,

Re: Approval of Sale of Land Title # 11-0E21-024

I hereby write to advise you of the Port Vila Municipal Council decision regarding the above reference. The Finance and Staff Committee meeting no. 9 of 2006 has consider tenders for the purchasing of Council Land Title No. 11-0E21-024 opposite Chantilly Hotel.

According to few tenders considered Council have approved your tender for the purchase of the Land title no. 11-0E21-024. It is our great honor to lend this land title to your business industry and hope you make use of it and prepare necessary arrangement with PVMC for other logistic arrangement before working process for developing the Land.

PVMC wish your company success in your business carry and all the best for future expansion in Port Vila and Vanuatu. Since Christmas is just around the corner I would like to also wish you and your staff's Merry Christmas and Happy New Year 2007.

Thank you for your kind understanding and cooperation.

Yours faithfully,

Henry NAIEU
DEPUTY TOWN CLERK



Cc: Lord Mayor
Town Clerk
ALL Managers
Legal Officer
File

Appendix Q

2/3

Branch No.

AFCO

SAVINGS ACCOUNT DEPOSIT



Note: This deposit will be transferred under the Bank's internal procedures. The Bank is not responsible for delays in transmission. Proceeds of cheques etc. will not be available until cleared.

Please record details of cheques on the reverse.

VT 5000	X 200
VT 1000	
VT 500	
VT 200	
Coin	
Cash Total	1000.00

Date	28 / 11 / 2006
Account No.	0101103720102
Cash	1000.00
NBV Cheques	
Other Cheques	
Total Deposit	1000.00

Paid in By (Signature)

[Handwritten Signature]

For Credit of

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Appendix R

SAVINGS ACCOUNT DEPOSIT

National Bank
Vanuatu's Own Bank

VT 5000	402	Date	30 / 11 / 2006
VT 1000		Account No.	0069948001
VT 500		Cash	2,010,000
VT 200		NBV Cheques	
Coin		Other Cheques	
Cash Total	2010	Total Deposit	2,010,000

This deposit will be transferred under the Bank's internal procedures. The Bank is not responsible for delays in transmission. Proceeds of cheques will not be available until cleared.

Please record details of cheques on the reverse.

in By (Signature) *[Signature]*

Credit of *Paul Arock Edley*

No. of Chqs Teller *ul*

AUTH. *[Signature]*

Printed by Colorize Graphic Printers

OP *[Signature]*

Deposit of Cheques, etc. to be completed by customer

LAND-INVEST

Hour
4

Telephone: (678) 23410 / 23634

Facsimile: (678) 23405 / 22260

Mob: 100-

Registered Offices: Pacific International Trust Company, International Building, P.O. Box 301,
Port Vila, Republic of Vanuatu

Mr. PAUL AVOCK HUNGAI,
Lord Mayor,
Port Vila Municipality

Appendix S

7th December 2006

Dear Lord Mayor,

Re: Sale of Municipality Property - Fatumaru Bay between Chantilly's and Trader Vic's.

I write on behalf of my client with regards to the sale of the above property. As you were aware, my client had submitted a written offer for the said property which reflected what we considered was a true value taking into account the work that needed to be done in the future.

I have been informed that you have sold the property to Chantilly's for a sum of Vt 15 million which is **just over half** of what was offered by my client and endorsed by the Municipality.

When our offer was submitted to the Municipal Council, I was informed that my client's offer was the only written offer in the form of a contractual undertaking which was endorsed by your legal officer prior to submission to the Council for consideration whilst Chantilly's offer was only Vt10million and not in written form at the time of consideration by the Council and was submitted by you orally without being properly vetted by your own legal officer or the Municipality administration.

When I came to see you at your office, you informed me that the Ministry had been approached by some interested parties. I now have had it confirmed by members of the Ministry that this was not the case. As the Port Vila Municipality is a public institution and subject to the transparency and good governance requirements under the laws of Vanuatu. It would seem to me that there is a question of serious and unfair malpractice

Of course if you can show that the offer by Chantilly's was the best offer which would mean that it would have to be more than Vt27 million then of course this would justify the Municipality's course of action. If this was not the case, then there is the question of serious malpractice within the Port Vila Municipality in not accepting the best offer as required of you in the Minister's consent letter of 9/11/6 ref: MOIA/101/1/02.

Please remember that when my client's formal written offer was submitted, the Port Vila Municipality accepted a deposit in the form of a cheque for Vt 250,000. In such case, proper protocol requires that the Port Vila Municipality is obliged to inform me or my client as to the situation and give us the opportunity to improve on our offer.

I am especially disturbed by information received that you may have been pressured into making sure that the property was sold to Chantilly's. Whilst I do not wish to be tedious in this matter I would very much like to be sure that the terms of the Municipality's agreement with Chantilly's were better than those offered by my client, as then I will know whether my client has been treated fairly or unfairly.

I will be taking the matter up with the Ministry of Internal Affairs, the Ministry of Lands and other state institutions to obtain their input on the matter as well as requesting an investigation by the Ombudsman's Office. I will await your response on this matter.

Your kind consideration and assistance would be most sincerely appreciated.

Thank you.

Yours Sincerely,



Richard Kaltongga,
LAND-INVEST LIMITED

cc: - Hon. George Wells, MP – Minister for Internal Affairs
- Hon. Maxime Carlot, MP – Minister for Lands
- Joe Carlo – First P/A – Ministry for Internal Affairs
- Valuer General – Ministry of Lands
- Ombudsman's Office

MUNICIPALITÉ
DE
PORT - VILA

Boîte Postale 99
Tél: 22113 / 24017 / 24016
Télécopie: 25002
Email: lamairie@pvmc.gov.vu



MUNICIPALIT
OF
PORT VILA

PO Box 99
Tel: 22113 / 24017 / 24016
Facsimile: 25002
Email: lamairie@pvmc.gov.vu

Hon. Minister of Internal Affairs
George A Wells
Private Mail Bag 036
Port Vila

Appendix T

18th December 2006

Dear Minister,

Re: Sale of land at Fatumaru Bay.

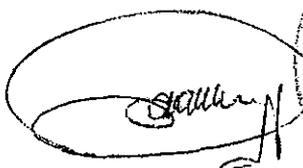
I am in receipt of your letter of the 06/12/06 and I respond accordingly.

1. I have to say that it deeply disturbs me and I take strong offence to the implied insinuations contained in Mr. Reddy's and Mr. Johnson's undated letter concerning the above transaction.
They have in the past shown a complete lack of respect for the authority of the Municipality and their officers by their refusal to comply with our bye laws even after we wrote to them telling them to abide by our bye laws regarding late night rights, they completely ignored us and continue to do so.
2. When choosing to sell Municipality assets, the prime objective is of course to maximize the value received to ourselves. Equally the future use of this asset for the long term development of our country is also of prime importance. Therefore the ability of the new owners to develop it to its maximum benefit for our community and the belief, based on their previous track record, that they can be trusted to do that, has at all times to be considered, and we believe we did this.
3. The mistakes contained in the letter from Trader Vic's are extensive, so to put the record straight we detail below the value received.
 - a. The land was sold to Chantilly's on the Bay for a value of 28 million + Vatu. With Chantilly's undertaking, over the next two years (starting immediately), to beautify the land and beach between Chantilly's and the TVL car park and to continue to maintain this parkland during those two years. Mr. Blake also guaranteed that he personally would ensure this work would be completed even if he retired. Everyone knows him to be a man of his word. You will of course remember that he sponsored the building of the waterfall on the opposite side of the road for my predecessor.

- b. Chantilly's have agreed to extend their complex onto the purchased land. For your further information the original architect of Chantilly's has, we understand from Mr Blake been instructed to do the plans for the extension, incorporating a row of shops as well as hotel units. The shops will help to eliminate road noise to the hotel units. The shops will of course help to extend our town centre, and generate substantial income for the Municipality.
- c. The agreement to sell this land to Chantilly's for the value mentioned above was arrived at a long time ago, and was only delayed waiting for the Municipality having a lease of the type that could be sold.
- d. We believe that the sale has been completed with highly respected people who are trustworthy and reliable, rather than people who do not respect or even comply with our bye laws, and ignore our letters. We did not believe that we could trust the future development of this important part of our capital to these other people so we accepted Chantilly's offer instead. You will Minister, I know, understand that it is my job to do the best that I can with limited resources, to continue upgrading our capital, and maximizing our assets to the best of my ability. I believe in this instance, that I have shown that I am doing that, by being at all times, conscious of my responsibilities.
- e. The decision to sell the land was taken on the 22nd May 2006. The Minister of Internal Affairs gave his consent on the 9th November 2006. The tenders were opened 10th November 2006. On the 21st November 2006, the decision to sell to Chantilly's was taken and approved by the council. On the 24th November the sale was completed to Chantilly's.

Finally Minister, I hope the above now clarifies, and closes this matter once and for all. I'm sure that you will agree, that this has been a very sound decision by the Municipality, and will have many long term benefits for the future.

Yours Sincerely




Paul Avock Hungai (Lord Mayor)

- CC Hon. Maxime Carlot Minister of Lands
- First PA Minister for Lands
- Valuer General Ministry of Lands
- Ombudsmans Office ✓
- Hon. James Bule
- First Polical Advisor Ministry of Internal Affairs

Appendix U

Chantilly's ON THE BAY

Hon. Paul Avock Hungai.
Lord Mayor
Port Vila Municipality
PO Box 99

2nd. January 2007

Dear Lord Mayor,

Further to our agreement to maintain the parkland between Chantilly's and the TVL car park. We enclose a drawing of some of the work we would like to commence as soon as possible.

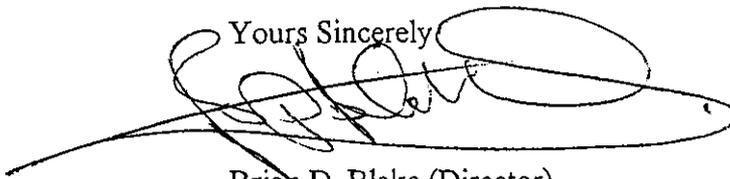
We would like your approval to the following works.

1. The cleaning of the beach as shown
2. The installing of the car park for the public
3. The removal of the two trees
4. The installing of the seating.

We would also like you to confirm that you do not need Ifira's permission or if you do that you will get it and advise us.

We look forward to hearing from you so we can get started.

Yours Sincerely

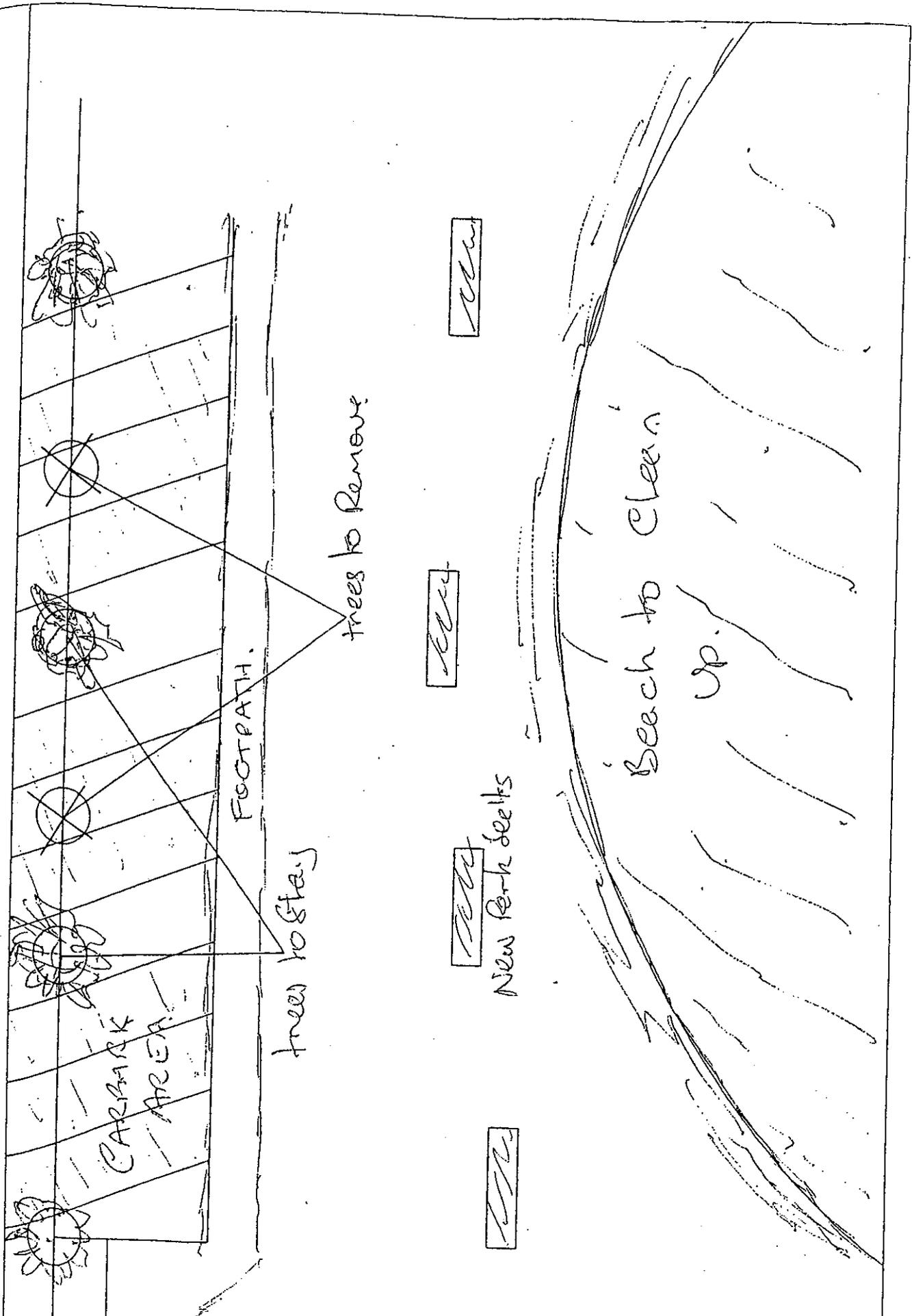


Brian D. Blake (Director).



We

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CARPARK AREA

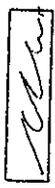
FOOTPATH

trees to stay

trees to remove

Beach to Clean up.

New fern belts





Waterfront Real Estate - Vanuatu
P O Box 7104
Port Vila, Vanuatu
Ph: 54448 Fax: 22053
Email: info@vanuatuwaterfrontrealestate.com
www.vanuatuwaterfrontrealestate.com

23rd January 2007

The Lord Mayor
Port Vila Municipality
PO Box 99
Port Vila

Appendix V

Attn: Mr Noel Takau Hungai – Town Clerk

Dear Sir,

RE: Land adjacent to Chantilly and Trader Vics

We refer to our letter of offer dated 19th July 2006, (copy attached) in which we made an offer for the above property on behalf of our clients.

I AM INSTRUCTED TO INCREASE THEIR OFFER TO:

30,000,000 VATU (Thirty Million Vatu)

PLUS: ONGOING GARDENING OF THE NEARBY PARK TO AN UNLIMITED VALUE (UNTIL SOLD OR DEVELOPED BY THE MUNICIPALITY.)

Our clients are concerned that due process does not seem to have been followed and have requested that we pass on their deepest concerns as follows:

1. They were never contacted in regard to their original offer, in spite of it being the only offer made on contract through the correct channels.
2. They have heard on good authority that another potential purchaser offered less than their offer (16m vatu) but was granted the opportunity to increase his offer without the same opportunity being offered to our clients.
3. They understand that the second offer by that party was marginally higher, leading them to believe that the other party was made aware of the level of our clients offer.
4. Our clients are serious in their intentions, and accordingly have lodged a Caution on the Title. Our clients will continue to pursue this property using every means available.

Our clients are only seeking a level playing field, which will assure all citizens of the Port Vila Municipality that they have been compensated fairly for the sale of the site.

Yours Faithfully,


W.A. COCHRANE
Principal

cc: Director General of Internal Affairs

Appendix W

TO WHOM IT MAY CONCERN

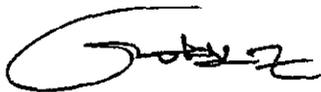
I, undersigned Mr. Georgio CALO as at that time the Corporate Manager of the Municipal Council certify that the tender for sale of the land title number 11/OE21/024 of the Port Vila Municipal Council have never followed the exact tender process.

The Lord Mayor called me to his office and instructed me on the 15 December 2006 to backdate to 6 November 2006 the tender for the sale of the above mentioned land title to be included in the file.

The Lord Mayor has indicated to me that he has to make sure that the tender go in line with the date of the letter of concern of the Minister of Internal Affairs and also mentioned to me that the Land has already been sold to Chantilly's.

This is my true and correct statement made on the 13th day of February 2007.

Georgio CALO.



Appendix X

CHANTILLY'S MAINTENANCE PLAN OF FATUMAURI BAY

Councilor Wenjio Tamau presented the agenda with two motions:

- (1) Clerk to write and request Chantilly,s to provide proper plan for maintenance and development of Fatumauri Bay to be presented at next Finance & Staff Committee meeting.
- (2) If there appear to be restriction by Ifira on shore line improvement, Chantilly,s shall pay the 12 million Vatu to the council.

Cr. Wenjio insisted that council only approved the sale of 28 million vatu, the council did not approve deduction of 12 million for maintenance from 28 million vatu.

Lord Mayor in his response said the second motion to pay 12 million to the council, the council must wait for the approval of the maintenance plan that Chantilly,s will submit to the council to consider. He further said the council lawyer will prepare a contract for Chantilly,s to provide maintenance of the parkland between Chantilly,s and TVL car park to be signed between the council and Chantilly,s. It should be included in the contract that if Chantilly,s fail to provide maintenance according to the contract, Chantilly,s shall pay 12 million to the council.

The motion was seconded by Charlie Zakaria.

This agenda was approved unanimously.

Section of Council
minute of 13/3/2007

TITLE No. 11/022/02
(Formerly)

PART A - PROPERTY SECTION

12th APRIL 2007
Date Opened

Appendix Y

LEASE REGISTER

Edition No. 1
 Date Opened 12th APRIL 2007

PART A - PROPERTY SECTION

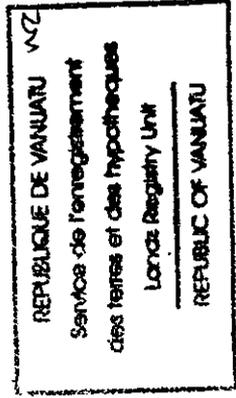
Location PORT VILA
 Leasor(s) THE MINISTER OF LANDS and NATURAL RESOURCES
 Lessee(s) PORT VILA MUNICIPAL COUNCIL
 Term 75 YEARS from 30th JULY 2006 to 30th JULY 2081
 Rent 168.750 VT. P.a.
 Class COMMERCIAL
 Approx. Area: 0 ha, 18 a, 75 ca.

Easements Appurtenant



PART B - PROPRIETORSHIP SECTION

Entry No.	NAME AND ADDRESS IN VANUATU OF PROPRIETOR AND RESTRICTIONS AFFECTING RIGHT OF DISPOSITION	Applic. No.	Date		Nature of Instrument Consideration ect...
			Year	M D	
1	Restriction : No disposition by the proprietor shall be registered without the written consent of the Lessor	1117/07	2007	04 12	Lease Ss 35 and 47 (2) Land Leases Act No. 4 of 1983
2	PORT VILA MUNICIPAL COUNCIL P.O. BOX 99 - PORT VILA ENTRY CANCELLED - TRANSFERRED 	1117/07	2007	04 12	Lease.
3	MASON BLAKE INVESTMENT LIMITED - P.O. BOX - PORT VILA.	1118/07	2007	04 12	Transfer of Lease for 16.000.000 VT.

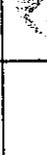


Appendix Y

LEASE REGISTER

PART C - ENCUMBRANCES SECTION

TITRE No 11/0E21/029

Entry No.	Nature of encumbrance	Applic. No.	Date			FURTHER PARTICULARS	Director's Signature	Surrenders Cancellations
			Year	M	D			
1	Obligations incident to lease	1117/07	2007	04	12	<p>The agreements, liabilities etc. contained or implied in the lease</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <p>REPUBLIQUE DE VANUATU Service des l'emregistrement des terres et des hypothèques Lends Registry Unit REPUBLIC OF VANUATU</p> </div>		

Name
Address
City
Phone

Qty

||

Recommended
for approval
[Signature]
4/12/06

Appendix Z

NITIG APEN COMPANY
P.O.Box: 1073
Port Vila
Tel:(678) 52460
E-mail: nigig_apen@yahoo.com.au

Invoice No. 1

INVOICE

Customer

Name Port Vila Municipal Council
Address P.O.Box 99
City Port Vila State ZIP
Phone (678)52460

Date 12/4/2006
Order No.
Rep
FOB

Qty	Description	Unit Price	TOTAL
	Negotiation & Transfer of Municipal Land to Chantilly Hotel with the Ministry of Lands		880,000vt
SubTotal			
TOTAL			

Payment Details

- Cash
- Check
- Credit Card

Name
CC #
Expires

Office Use Only

Insert Fine Print Here

Insert Farewell Statement Here

approved for
le secretaire general adjoint

approved for
part payment of
50,000vt

