



**Fiji Roads Authority**

*Better Roads. Better Access. Better Business.*

# Annual Report 2014



**September 2015**

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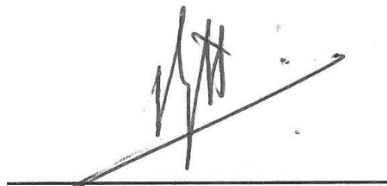
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# New Chairman's Introduction

I would firstly like to say a big thank you and farewell to the FRA Advisory Committee Members. They have steered FRA successfully through its formative years and created a solid foundation for the new board to build on. The Advisory Committee should also be recognised for overseeing the planning, procurement and delivery of an unprecedented programme of work rebuilding our network of roads, bridges and jetties.

Much has been accomplished and there is much more to do. The new Board was appointed in July 2015 and will be very focussed on completing the work of building the FRA as well as delivery of the Government's objectives for the assets of the FRA.

As we look back at the achievements of 2014, we will be recognising the achievements and also seeking to learn lessons so that we can follow a process of continual improvement.



**Dinesh Patel**  
**Chairman**  
**Fiji Roads Authority**

Date: 14<sup>th</sup> October 2015

# Former Chairman's Introduction

2014 was a very important year for the Fiji Roads Authority (FRA) as our newly established Institution made significant inroads in all areas of its work activities. We delved constructively into implementing our ten year plan to maintain, rebuild and expand the infrastructure that connects people, businesses and services.

During the year, there were some changes in the composition of the FRA Advisory Committee. Mr Pio Tikoduadua, the previous Chairman, resigned to stand in the General Elections. Ms Elizabeth Powell and Mr Filimone Waqabaca also left the FRA Advisory Committee. They were replaced by Mr Naipote Katonitabua Acting Permanent Secretary Prime Minister's Office and Mr Shaheen Ali, Acting Permanent Secretary for Public Enterprises and Tourism.

This new FRA Advisory Committee continued to steer and challenge the FRA management in the procurement and delivery of the 2014 work programme. Localisation was one of the Board's key agendas this year. The Board and the management were closely aligned on this and we remained focussed on the two themes of building capacity in the local industry and ensuring opportunity for Fijian companies.

The FRA continued to develop and expand over the course of 2014. We set in motion the final stages of the transition in which FRA will take full control of the remaining core client functions in the management and delivery of Fiji's network of roads, bridges and jetties. As the complexity and size of the task has increased, we responded by initiating a review of the organisation's capability and capacity. This work will help to steer FRA through the next stages of its development.

Emerging from 2014 FRA was well organised, had in place robust governance procedures and systems and remains fully geared to continue to deliver better roads, bridges and jetties for all Fijians.



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**Parmesh Chand**  
**Former Chairman**  
**Fiji Roads Authority**

Date: 14<sup>th</sup> October 2014

# Chief Executive's Review



Fiji's road network is our most valuable built asset. To replace it today would cost over \$5 Billion. Roads enable the movement of goods between ports, airports, factories and shops. They enable people to travel to work, to schools, to health centres and to visit friends and relatives. The road network is the backbone of Fiji's economy.

At FRA we have the responsibility of keeping this vital asset in good working condition. We are also building a modern road network for future generations to thrive and develop. My staff have, over the last year, been working hard with our suppliers and contractors to improve all parts of the network, from the most remote village roads to the busiest urban arterial roads.

Our primary goal has been to push on with our 10 year plan to recover the previously neglected network of roads bridges and jetties. Over 2014 our contractors have completed \$200m work maintaining our network and rebuilding those roads and bridges that are beyond reasonable repair.

We are also building new roads and bridges to provide Fiji with capacity and opportunity to grow. FRA's consultants and contractors completed \$190m of capital works over the last year. This includes over \$150m of work on the major projects for rural and urban road upgrades including: Buca Bay, Sawani/Serea, Nabouwalu/Dreketi, Sigatoka Valley and the road widening projects in Nadi and Suva.

This huge effort has been delivered by an integrated team of FRA staff, local and international consultants, contractors and sub-contractors. One of our biggest priorities has been to nurture and build a Fijian road building industry. We are gradually reducing our reliance on international companies, however this will take time. Fiji needs to focus on training and retaining highly capable engineers. We have to recognise the reality that even countries like Australia and New Zealand need to recruit these professionals from around the world.

Over 2014 and beyond we are seeing the number of customers using our network growing rapidly as mobility is provided, car ownership increases and the economy expands. At FRA we continue to review our structure and performance to ensure that we are responding to this challenge. Earlier this year we initiated a structured review of what we do ourselves and what we outsource to the private sector. This will continue into 2015 and will establish the foundations for the FRA's future.



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**Neil Cook**  
**Chief Executive Officer**  
**Fiji Roads Authority**

Date: 14<sup>th</sup> October 2014

## 2014/2015 Fiji Roads Advisory Committee Members

Dissolved 29<sup>th</sup> July 2015

**Pio Tikoduadua**  
P.S Office of the Prime  
Minister  
Chairman  
*Resigned 31<sup>st</sup> July 2014*

**Parmesh Chand**  
P.S Public Service Commission  
Acting Chairman  
**Appointment as Acting Chairman**  
*05<sup>th</sup> August 2014*

**Elizabeth Powell**  
P.S Public Enterprises & Tourism  
**Resigned 25<sup>th</sup> July 2014**

**Filimone Waqabaca**  
P.S Finance  
*Resigned: 26<sup>th</sup> May 2014*

**Samuela Namosimalua**  
P.S Local Government

**Naipote Katonitabua**  
Acting P.S Office of the  
Prime Minister  
*Appointment: 05<sup>th</sup> August 2014*

**Shaheen Ali**  
Acting P.S Public Enterprises  
and Tourism  
*Appointment: 05<sup>th</sup> August 2014*

## 2015 Fiji Roads Authority Board Directors

Appointed 29<sup>th</sup> July 2015

**Mr Dinesh Patel**  
(Managing Director, RC Manubhai)  
**Chairman**

**Mr Sanjay Kaba**  
(Director HLK Jacob Ltd)

**Ms Preetika Prasad**  
(Acting Director of Lands Dept.)

**Ms Salaseini Serulagilagi**  
(Principal Legal Officer, SG office)

**Mr Aptinko Vaurasi**

**Mr Neil Cook**  
(Chief Executive Officer, FRA)  
**Ex-Officio Member**

## OUR MISSION, GOALS AND PERFORMANCE TARGET

### MISSION

A better land transport network for Fiji.

### VISION

An affordable, integrated, safe, responsive and sustainable network of roads, bridges and jetties.

### GOALS

- (a) To effectively, efficiently and sustainably provide an environmentally friendly land transport network to which people are able to gain easy access and travel on safely, efficiently and comfortably to their destinations.
- (b) To halt the deterioration trend and reduce the value of deferred maintenance and deferred renewals.
- (c) To develop capacity and capability at all levels of the Roding industry such that Fijians are ultimately able to be appointed to any role within the FRA, Principal Engineering Services Provider or Maintenance Contractor organisations.

### 2014 PERFORMANCE TARGETS

See Section 4.

## HOW THE FRA'S MISSION, VISION, GOALS AND PERFORMANCE TARGETS CONTRIBUTE TO FIJI'S OVERALL DEVELOPMENT

The Fiji Government's Key Pillars to which this Mission and Vision and these Goals and Targets contribute are:

- (a) Constitution of the Republic of Fiji 2013 - **Reasonable Access to Transportation.**
- (b) Developing a Common National Identity and **Building Social Cohesion.**
- (c) Enhancing **Public Sector Efficiency, Performance Effectiveness and Service Delivery.**
- (d) Achieving **Higher Economic Growth While Ensuring Sustainability.**
- (e) Developing **an Integrated Development Structure at the Divisional Level.**
- (f) **Reducing Poverty** to a Negligible Level by 2015

## 1. About the Fiji Roads Authority

## ***Better transport infrastructure is essential for Fiji's development***

The success of Fiji's development is dependent on infrastructure that is reliable enough to encourage people and businesses to invest in the future. Reliability means that the service being delivered by the infrastructure is consistently available without interruption. Infrastructure standards are largely driven by the need for reliability.

The core element of this infrastructure is the road network. It provides the means for the movement of people and goods between businesses and local and international markets. Roads enable people to get to jobs, education and health facilities. Without reliable transport these vital connections will remain fragile and Fiji's development will be constrained.

This road network is the probably the most valuable built asset Fiji owns. Years of investment and effort have gone into building up over 11,000 kms of roads and 1,000 bridges and jetties. If this massive infrastructure is going to serve Fiji's future development needs, then two things have to be done:

- improve the safety and reliability of the existing network; and
- expand the network to provide the capacity for sustained growth.

## ***Fiji Roads Authority was set up to fast track the recovery and expansion of the network***

The Fiji Roads Authority (FRA) was established in January 2012 to effectively manage and develop Fiji's road network (See Appendix 'A' for a copy of the "Fiji Road Authority Decree 2012"). Over the last two years we have moved from a standing start to managing a \$450m-plus programme of maintenance, renewal and capital projects.

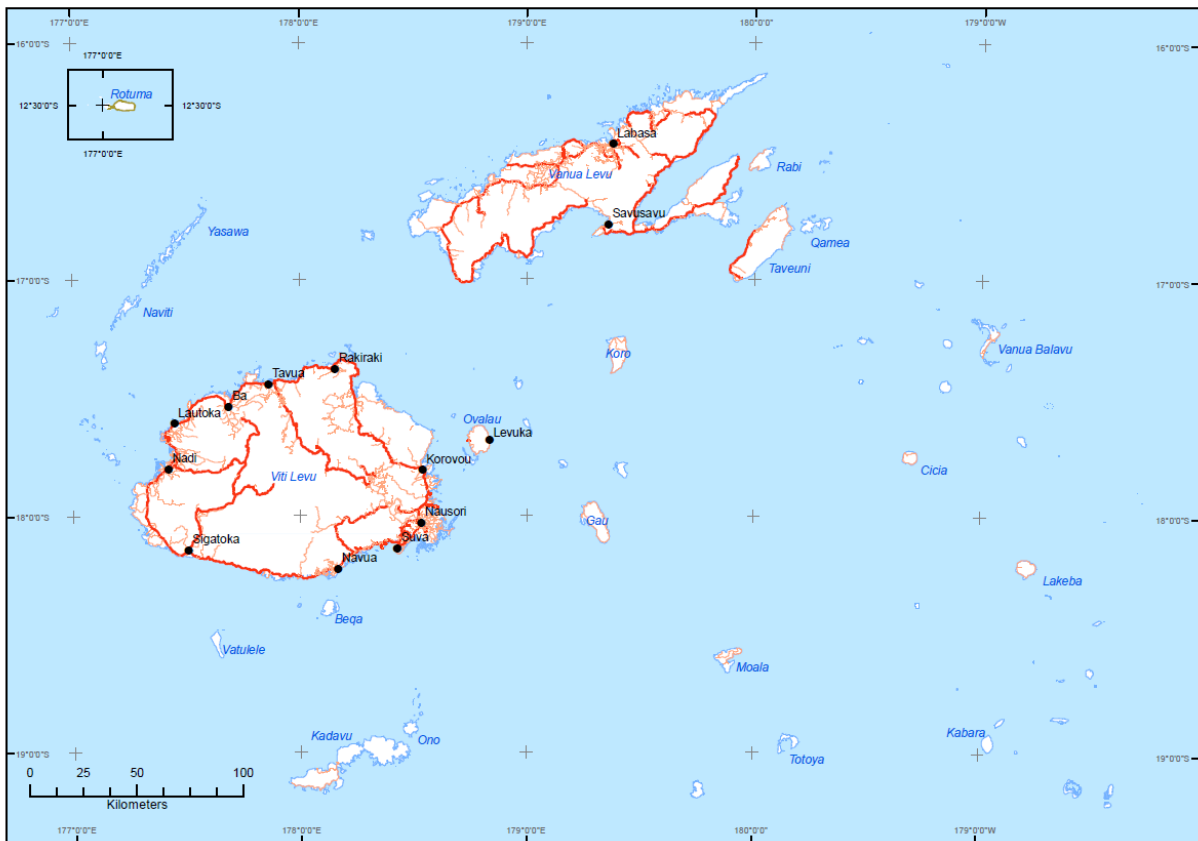
The FRA uses the international best practice of asset management to undertake its function. This is how many other developed and developing countries look after their transport, water, electrical and other infrastructure networks. Asset management involves using long term planning to provide the required service at the best value for money.

## ***FRA is responsible for Fiji's most valuable built asset***

The FRA's 'assets' are all of Fiji's roads, bridges and jetties. This includes the land on which our assets are located, together with all the associated infrastructure such as drainage, street lighting, traffic signals and other street furniture. We also consider our buildings, vehicles and other operational equipment as part of our asset portfolio. They are all managed and maintained using the same principles.

On our latest estimate these assets are worth over \$6billion making the road network Fiji's most valuable built asset. The geographic extent of the FRA's assets are illustrated in Figure 1.

**Figure 1 - FRA assets include roads, bridges and jetties on all of Fiji's islands**



To make the network more manageable, it has been divided into three sections consistent with the administrative Divisions of Fiji. Table 1 shows the length of the sealed and unsealed roads in each Division. These figures are under review as we learn more about the condition and extent of the network. It is expected that significantly more assets will be identified during this review. FRA are in the process of building a GIS-based Asset Management System which will hold a complete description of all of our roads bridges and jetties.

**Table 1 - FRA's Assets**

| Division                 | Roads (Kms)  |              |               | Bridges    | Jetties   |
|--------------------------|--------------|--------------|---------------|------------|-----------|
|                          | Sealed       | Unsealed     | Total         |            |           |
| Central-Eastern Division | 621          | 927          | 1,548         | 276        | 30        |
| Western Division         | 615          | 5,746        | 6,361         | 334        | 13        |
| Northern Division        | 247          | 2,959        | 3,206         | 326        | 4         |
| <b>TOTAL COUNTRY</b>     | <b>1,483</b> | <b>9,632</b> | <b>11,115</b> | <b>936</b> | <b>47</b> |

## ***FRA pro-actively maintains, plans and develops the road network to meet Fiji's immediate and long term needs***

FRA has been given the task of developing a road network which meets the needs of a developing Fiji. Our approach is to focus on two core activities:

1. **Maintaining** the road network to keep it in the desired condition
2. **Expanding and developing** the network to meet tomorrows needs

Maintenance is planned and pro-active. Otherwise, the safety and reliability of the network declines rapidly, or costs spiral out of control. FRA is committed to recovering from the previous decline of the network and getting ahead of the deterioration by carrying out a systematic and routine maintenance programme.

This is standard international practice and is proven to be the only way to bring long term costs under control and provide a safe and reliable network.

We are also engaging in a massive programme of building new roads and widening existing ones. This will provide extra capacity for economic growth as well as connecting isolated parts of the country to economic and social opportunity.

### ***Long term planning is the key to good investment decisions***

Expenditure and investment of this magnitude requires careful long term planning to ensure the money is spent properly and wisely. This is why the FRA was set up as a planning and procurement authority with transparency and accountability underpinning everything we do.

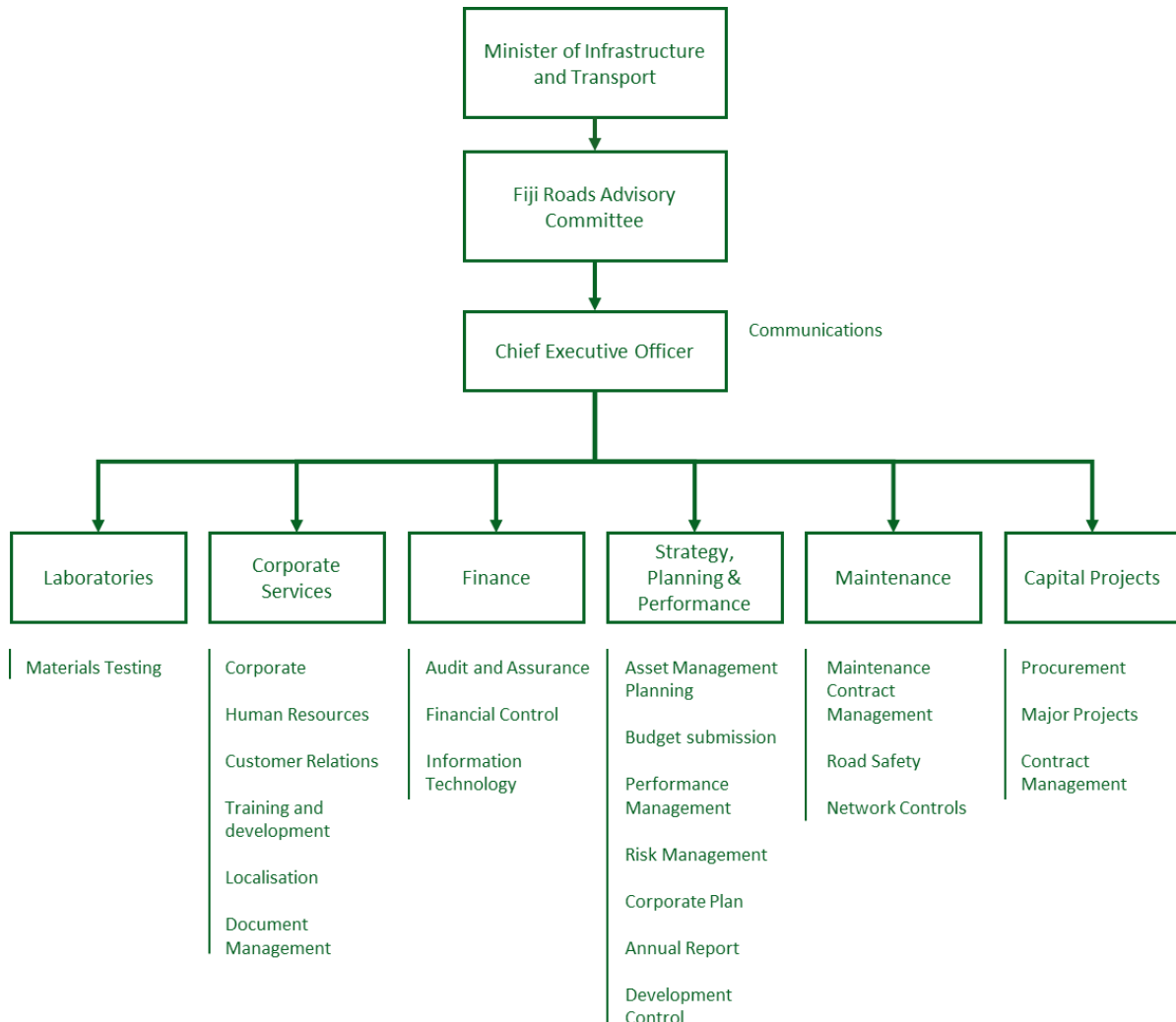
All of our operational practices, planning principles, risk management, reporting frameworks and resource management are set out in an integrated set of manuals. This represents international best practice.

### ***FRA procures all work from the private sector under the scrutiny of a Board***

As a statutory corporate entity the FRA is accountable to the Minister for Infrastructure and Transport through an appointed Board. FRA is currently governed by the Fiji Roads Advisory Committee (FRAC) who oversee all activities and procurement undertaken by the Authority.

Under the CEO there are 6 functional areas, each with a manager reporting directly to the CEO. FRA's structure is illustrated in Figure 2.

**Figure 2 - FRA's Corporate Structure**



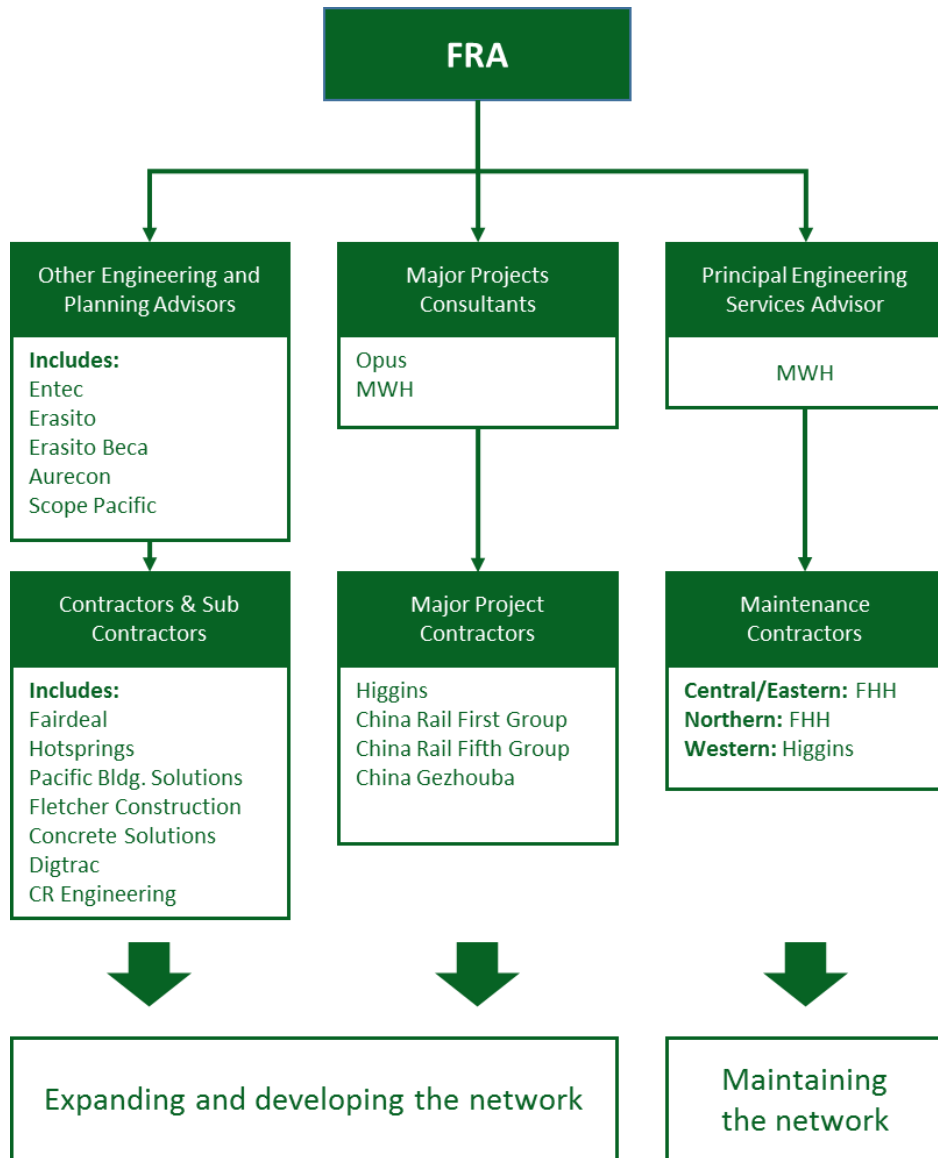
FRA manages the road assets primarily through out-sourced contracts with the private sector. The exception to this is certain maintenance work carried out by Municipal Councils and the management of roads on the Outer Islands which are administered by the Ministry of Rural and Maritime Development under a MoU with FRA.

***A competitive and diverse supply chain maintains, designs and builds the network***

Over the course of 2013 and 2014 FRA has been facilitating the development of a broad supply chain to deliver this outsourced work. We have made good progress in expanding the role of Fijian involvement and Fijian companies in this supply chain and will continue to make this one of our top priorities in 2015.

The structure and functions of the supply chain is shown in Figure 3. The key to delivering value for money from this supply chain is through competition and effective contract management. In 2015 FRA will continue to encourage the entry of new, high quality, participants into our supply chain. We will also be packaging our projects in a way that attracts a diverse range of high quality service providers.

**Figure 3 - Fiji Roads Authority's Supply Chain**



## 2. Overview of FRA's 2014 Programme Delivery

2014 has been a very successful year for FRA. We have delivered nearly half a billion dollar's worth of programme. The vast majority of this effort was physical work, maintaining and improving Fiji's network of roads bridges and jetties.

In this section we explain how our programme is managed and give an overview of how the budget was spent.

## How we manage our work programme

The FRA manages a programme of work which is made up of over 350 items, many of which represent hundreds of separate sub-activities. In order to manage this huge number of different types of activity and expenditure in a coordinated, open and transparent way, we divide the programme up into 13 categories of work and spending.

**Table 2 - Types of Work and Expenditure**

| Activity Area                       | Description   |
|-------------------------------------|---|
| <b>Operations</b>                   |   |
| FRA MANAGEMENT AND OPERATIONS       | The costs of FRA's staff, premises, equipment, vehicles and other items which are essential to the effective operation of the business.   |
| PROFESSIONAL AND TECHNICAL SERVICES | Includes fees for specialist technical and management support including expenditure on IT systems to improve the efficiency of our network management.  |
| <b>Work Programme</b>               |   |
| MAINTENANCE                         | The work done to keep our existing roads bridges and jetties in working order. This includes minor repairs as well as all the routine works such as vegetation control and keeping drainage systems clear.  |
| EMERGENCY WORKS                     | Any work that has to be done to repair damage caused by flooding or extreme weather events. This might include stabilising land slips, fixing bridges or repairing damaged drainage systems.  |
| RENEWALS - ROADS AND SERVICES       | When assets (roads bridges and jetties) reach a certain level of deterioration they become too expensive to keep on fixing and maintaining. At this point it represents better value to rebuild the asset from scratch. Many of Fiji's roads and bridges have reached this point.   |
| RENEWALS - BRIDGES                  |   |
| RENEWALS - JETTIES                  |   |
| NEW CAPITAL (Safety)                | New Capital represents the work we do to extend and upgrade the networks. This includes new roads as well as existing ones that we widen or improve substantially.<br><br>We categorise New Capital according to the primary purpose for building the new asset. For example: projects which are primarily safety fit into that category; projects such as road widening in Suva are primarily about reducing congestion. |
| NEW CAPITAL (Access)                |   |
| NEW CAPITAL (Community)             |   |
| NEW CAPITAL (Congestion)            |   |
| NEW CAPITAL (Tourism)               |   |
| NEW CAPITAL (Resilience)            |   |
| ADVANCE PAYMENTS                    |   |

One of the ways we measure work is through 'expenditure'. Expenditure is the dollar value of the work that has been done. For example, if one of our contractors is building an embankment for a road and moves 1000m<sup>3</sup> of earth for a particular task, then this work is measured and recorded. It is important to understand that our contractors are only paid for the work they have done and formally agreed with our representatives on site.

Under most of our contractual arrangements the physical work that is done is not paid for until 42 days after the claim for that work has been submitted. This means that we have sufficient time to verify that the work has been completed to the required standard. It also means that, at any time, there is a difference between what we potentially owe and what has been paid and committed. This is why we use 'expenditure' to manage our work - to ensure that all our potential liabilities are captured in our programme management.

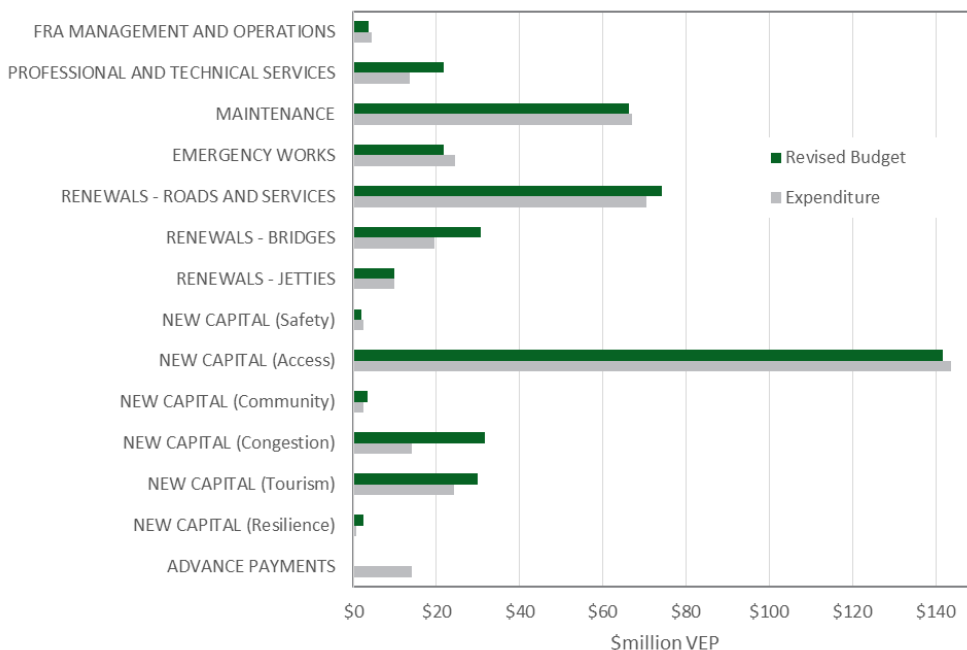
### ***In 2014 FRA completed 94% of budgeted work***

Early in 2014 we revised the original 2014 budget in agreement with our board. Most of this was fine tuning the planned expenditure on individual items as the anticipated costs became clearer. However we also increased the overall budget from \$476m to \$489m (see note below).

The expenditure (work done) against the revised budget is shown in Figure 4. Overall the expenditure against each category was close to the revised budget. There were 3 areas of notable under expenditure:

- Bridge renewals - \$10m under-expenditure. A proportion of this was due to holdups with land acquisition. However there were also several projects where the contractor or consultant was slow to complete the work.
- New Capital Congestion - \$18m under expenditure. Some of this was due to delays on these complex urban projects (NASRUP major projects). However the required advance payments for these contracts offset most of the unspent budget
- New Capital Tourism - \$6m under-expenditure due to delays on the Nadi NASRUP major projects.

**Figure 4 - Summary of the work we have done in 2014**



Note: The 2014 budget, as reported in the 2014 Corporate Plan, was revised to reflect the achievable work programme for the year. The following contributed the changes to the original budget of \$476,058,000:

Expenditure accrued in 2013 and paid in 2014 (Capital Grant) – budget reduced by \$28,947,000;

Additional funding approved by Ministry of Finance – budget increased by \$35,000,000;

Funds made available from encashment of Blacktop bonds – budget increased by \$1,712,000;

Fund received from other agencies for various projects – budget increased by \$5,465,000;

### 3. FRA's Statement of Service Performance

FRA is a corporate entity made up of about 30 staff. The FRA itself is responsible to Government for maintaining and building roads bridges and jetties across Fiji. We plan the work programme and make sure it gets done to the right standard, on time and within budget. All the technical and physical work that needs to be done is carried out by consultants and contractors through formal contractual arrangements.

The FRA operates as a business and has all the corporate, finance and programme management structures in place to perform its function. In this section we review the FRA's work over the course of 2014.

### 3.1 FRA's Operations

FRA was first established in 2012 by decree. At that time all the functions of looking after Fiji's network of roads bridges and jetties were being carried out by an interim change manager. Since that standing start the FRA has come a long way and is now a fully functioning business. The transition continued over the course of 2014 and the FRA has now taken responsibility for almost all the anticipated roles.

FRA's operations covers costs which are associated with the running of the FRA itself. This includes supporting the planning and implementation of the 2014 work programme.

**Table 3 - FRA Management**

| <b>FRA Management</b>                             | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b> |
|---|------------------------------|-----------------------------------|--------------------|
| <b>Budget and Expenditure</b>                     |                              |                                   |                    |
| Salaries  | \$2,416,774                  | \$2,130,410                       | \$2,335,628        |
| Other Costs                                       |                              |                                   |                    |
| (a) Recruitment                                   | \$20,000                     | \$20,000                          | \$49,923           |
| (b) Accounting and Finance (including Audit Fees) | \$75,000                     | \$75,000                          | \$79,770           |
| (c) Vehicles' Hire and Operation                  | \$36,000                     | \$36,000                          | \$97,439           |
| (d) Office Expenses – Power, Travelling etc.      | \$309,550                    | \$309,550                         | \$555,134          |
| (e) Rent  | \$178,080                    | \$178,080                         | \$172,856          |
| (e) Legal Fees                                    | \$150,000                    | \$150,000                         | \$135,818          |
| (f) Insurances                                    | \$163,000                    | \$163,000                         | \$93,555           |
| (g) Archives – Storage                            | \$6,396                      | \$6,396                           | \$26,499           |
| (h) Communications (including website)            | \$130,000                    | \$130,000                         | \$290,199          |
| (i) Data Improvements                             | \$50,000                     | \$50,000                          | \$70,936           |
| (j) Asset Management Improvements                 | \$100,000                    | \$100,000                         | \$64,339           |
| (k) Training and Development                      | \$203,200                    | \$203,200                         | \$60,654           |
| (l) Establishment Costs                           | \$60,000                     | \$60,000                          | \$95,242           |
| (m) Contingencies                                 | \$150,000                    | \$150,000                         |                    |
| (n) Realised Gain/Loss                            |                              |                                   | -\$130,845         |
| (o) Interest Expenses                             |                              |                                   | \$499,206          |
| Value Added Tax (VAT)                             | \$244,684                    | \$244,684                         | \$268,855          |
| <b>Total FRA Management</b>                       | <b>\$4,292,684</b>           | <b>\$4,006,320</b>                | <b>\$4,765,209</b> |

Professional and Technical Services include a range of support services provided to FRA for improving the range and quality of data and various other activities such as work development and programme monitoring. This account also includes provision and expenditure against various taxes.

**Table 4 - Professional and Technical Services**

| Professional and Technical Services               | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure         |
|---|-----------------------|-----------------------------|---------------------|
| <b>Budget and Expenditure</b>                     |                       |                             |                     |
| Professional Services (Management Activities)     | \$2,700,000           | \$2,700,000                 | \$3,028,223         |
| Tax Expenses - WHT                                |                       | \$2,000,000                 | \$3,564,510         |
| Asset Management System and Data Maintenance      | \$1,000,000           | \$1,000,000                 | \$946,573           |
| Historical Claims                                 | \$6,300,000           | \$6,300,000                 | \$2,819,641         |
| Blacktop Creditor's                               |                       | \$2,700,000                 | \$3,093,063         |
| Release of Retentions (Historic)                  | \$2,961,000           | \$2,961,000                 |                     |
| Municipal Council Loans Repayment & Loan Interest | \$2,000,000           | \$2,000,000                 |                     |
| Quarries  |                       |                             | \$11,790            |
| Laboratories'                                     | \$74,000              | \$74,000                    | \$36,028            |
| Value Added Tax (VAT)                             | \$1,955,316           | \$2,607,059                 | \$1,427,544         |
| <b>Total Professional and Technical Services</b>  | <b>\$16,990,316</b>   | <b>\$22,342,059</b>         | <b>\$14,927,372</b> |

**Table 5 – Funding sources for FRA Operations**

| FRA Operating Funding        | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure         |
|------------------------------|-----------------------|-----------------------------|---------------------|
| Government Grant - Operating | \$17,083,000          | \$16,796,636                | \$11,338,609        |
| Government Grant - Capital   |                       | \$6,700,000                 | \$6,657,573         |
| Municipal Councils           | \$2,000,000           | \$2,000,000                 |                     |
| Loan Fund                    |                       |                             |                     |
| Value Added Tax (VAT)        | \$2,200,000           | \$2,851,743                 | \$1,696,399         |
| <b>Total FRA Management</b>  | <b>\$21,283,000</b>   | <b>\$28,348,379</b>         | <b>\$19,692,580</b> |

### 3.2 Maintenance of our Assets

Planned routine maintenance of our assets was completed for 2014.

**Table 6 - Maintenance of Assets**

| Maintenance  | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure         |
|--|-----------------------|-----------------------------|---------------------|
| <b>Budget and Expenditure</b>                      |                       |                             |                     |
| Sealed Roads – Pavements and Surfaces              | \$25,876,522          | \$26,700,064                | \$25,889,453        |
| Sealed Roads – Pavements and Surfaces MC           | \$2,403,478           | \$2,403,478                 |                     |
| Unsealed Roads – Pavements and Surfaces            | \$9,000,000           | \$13,000,000                | \$16,046,572        |
| Traffic Services (Signs and Road Markings etc.)    | \$7,353,000           | \$3,353,000                 | \$3,288,316         |
| Street Lights - Power Charges                      | \$3,300,000           | \$3,300,000                 | \$1,473,523         |
| Street Lights - Maintenance                        | \$940,000             | \$1,870,000                 | \$1,902,998         |
| Traffic Lights                                     | \$453,000             | \$453,000                   | \$393,674           |
| Environmental Maintenance                          | \$1,698,000           | \$1,698,000                 | \$2,328,651         |
| Bridges and Structures                             | \$4,000,000           | \$4,000,000                 | \$5,909,351         |
| Fees - Bailey Bridge                               |                       |                             | \$3,967             |
| Fees - Bridge Inspections                          |                       | \$550,000                   | \$1,069,273         |
| Fees - Repairs                                     |                       | \$450,000                   | \$281,992           |
| Physical Works                                     |                       | \$3,000,000                 | \$4,554,119         |
| Jetties  | \$1,000,000           | \$1,600,000                 | \$1,201,940         |
| Fees   |                       | \$350,000                   | \$353,926           |
| Physical Works                                     |                       | \$1,250,000                 | \$848,014           |
| Drainage   | \$4,000,000           | \$4,000,000                 | \$4,583,859         |
| Other Government Agencies                          | \$500,000             | \$250,000                   | \$354,116           |
| Professional Services                              | \$3,300,000           | \$3,300,000                 | \$3,145,969         |
| Investigation and Independent Verification Testing | \$500,000             | \$250,000                   | \$480,787           |
| Value Added Tax (VAT)                              | \$9,649,000           | \$10,166,631                | \$9,376,913         |
| <b>Total Maintenance</b>                           | <b>\$73,973,000</b>   | <b>\$76,344,173</b>         | <b>\$76,376,122</b> |
| <b>Funding</b>                                     |                       |                             |                     |
| Government Grant - Operating                       |                       |                             |                     |
| Government Grant - Capital                         | \$61,920,522          | \$63,774,064                | \$66,999,209        |
| Municipal Councils                                 | \$2,403,478           | \$2,403,478                 |                     |
| Loan Fund  |                       |                             |                     |
| Value Added Tax (VAT)                              | \$9,649,000           | \$10,166,631                | \$9,376,913         |
| <b>Total Maintenance</b>                           | <b>\$73,973,000</b>   | <b>\$76,344,173</b>         | <b>\$76,376,122</b> |

### 3.3 Emergency Works

Most of the planned work under this account was completed. Work on Cyclone Kofi repairs was delayed in order to put it out to market instead of appointing the maintenance contractor. Kasavu Slip work was held up due to the lack of availability of rock and will be finished in 2015.

**Table 7 - Emergency Works**

| Emergency Works                      | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure         |
|--------------------------------------|-----------------------|-----------------------------|---------------------|
| <b>Budget and Expenditure</b>        |                       |                             |                     |
| Emergency Response Contingency       | \$8,696,000           |                             |                     |
| Nabukavesi                           |                       | \$1,000,000                 | \$544,739           |
| January 2014 event                   |                       | \$1,750,000                 | \$1,473,450         |
| Cyclone Kofi                         |                       | \$5,000,000                 | \$5,248,235         |
| Bavu                                 |                       | \$180,000                   | \$119,620           |
| Nayawa                               |                       | \$250,000                   | \$233,066           |
| Yadua                                |                       | \$60,000                    |                     |
| Kasavu Slip                          |                       |                             | \$24,969            |
| Wainawi Bridge                       |                       |                             | \$39,628            |
| Vunidawa Culvert                     |                       |                             | \$91,926            |
| December 2014 Event                  |                       |                             | \$779,372           |
| ADB Flood Rehabilitation             |                       |                             |                     |
| (a) Land Stabilisation Lomoloma Slip |                       |                             |                     |
| ADB Share                            | \$1,552,000           | \$1,852,000                 | \$3,656,239         |
| Local Share                          | \$2,755,000           | \$2,755,000                 | \$886,204           |
| Physical Works 12.5%                 |                       |                             | \$700,000           |
| Risk Contingency                     |                       |                             |                     |
| Escalation                           |                       |                             |                     |
| Utilities Relocation                 |                       |                             |                     |
| Land Purchase                        |                       |                             | \$6,375             |
| Engineering Fees                     |                       |                             | \$179,829           |
| (b) Rakiraki Bridge                  |                       |                             |                     |
| ADB Share                            | \$1,555,000           | \$3,955,000                 | \$2,070,211         |
| Local Share                          | \$4,513,000           | \$3,513,000                 | \$5,464,045         |
| Physical Works 12.5%                 |                       |                             | \$4,600,000         |
| Risk Contingency                     |                       |                             |                     |
| Escalation                           |                       |                             |                     |
| Utilities Relocation                 |                       |                             | \$42,695            |
| Land Purchase                        |                       |                             | \$4,646             |
| Engineering Fees                     |                       |                             | \$416,205           |
| Detour Upgrade                       |                       |                             | \$400,500           |
| (c) Fiji Water Authority Works       |                       |                             |                     |
| ADB Share                            | \$1,512,000           | \$1,512,000                 | \$3,388,404         |
| Local Share                          |                       |                             | \$488,808           |
| Value Added Tax (VAT)                | \$3,088,000           | \$2,176,200                 | \$1,454,690         |
| <b>Total Emergency Works</b>         | <b>\$23,671,000</b>   | <b>\$24,003,200</b>         | <b>\$25,963,607</b> |
| <b>Funding</b>                       |                       |                             |                     |
| Government Grant - Operating         |                       |                             |                     |
| Government Grant - Capital           | \$15,964,000          | \$14,508,000                | \$15,394,063        |
| Municipal Councils                   |                       |                             |                     |
| Loan Fund                            | \$4,619,000           | \$7,319,000                 | \$9,114,855         |
| Value Added Tax (VAT)                | \$3,088,000           | \$2,176,200                 | \$1,454,690         |
| <b>Total Emergency Works</b>         | <b>\$23,671,000</b>   | <b>\$24,003,200</b>         | <b>\$25,963,607</b> |

### 3.4 Road Renewals and Replacements

Most of this programme was completed as planned. However, most of the unsealed road re-sheeting/rehabilitation activity for the Northern Division had to be diverted to other Divisions due to the difficulty in obtaining gravel extraction licenses.

Current legislation and government policy requires persons seeking gravel extraction licences to obtain approval signatures from 60% of the registered owners of land in the area and have their application approved by DoE and Lands Department. Finding 60% of landowners is difficult and time consuming as many no longer live on their land. The procedures of the Government Departments are complex and take time to complete. As a consequence contractors awarded re-sheeting or rehabilitation contracts have not been able to obtain all of the required extraction licences.

**Table 8 – Renewals and Replacements - Roads**

| <b>Renewals and Replacements - Roads</b>           | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b>  |
|--|------------------------------|-----------------------------------|---------------------|
| <b>Budget and Expenditure</b>                      |                              |                                   |                     |
| Sealed Roads                                       | \$39,596,522                 | \$38,084,985                      | \$41,229,388        |
| Sealed Roads                                       | \$2,403,478                  | \$2,403,478                       |                     |
| Unsealed Roads' Resheeting                         | \$11,000,000                 | \$11,000,000                      | \$14,689,671        |
| Unsealed Roads' Rehabilitation                     | \$13,000,000                 | \$13,000,000                      | \$5,717,100         |
| Traffic Services (Signs and Road Markings etc.)    | \$750,000                    | \$250,000                         | \$208,384           |
| Street Lights                                      | \$600,000                    | \$1,250,000                       | \$1,244,415         |
| Traffic Signals                                    | \$800,000                    | \$800,000                         | \$721,746           |
| Drainage   | \$2,274,000                  | \$2,274,000                       | \$2,334,875         |
| Ulasila Cane Access                                |                              | \$76,500                          | \$76,500            |
| Service Reinstatement and Renewals                 | \$2,000,000                  | \$500,000                         | \$499,372           |
| Other Government Agencies                          | \$1,000,000                  | \$500,000                         | \$1,137,250         |
| Upgrading of Institutional Roads - FCS             |                              | \$800,000                         | \$178,888           |
| Professional Services                              | \$3,000,000                  | \$3,000,000                       | \$2,349,955         |
| Investigation and Independent Verification Testing | \$500,000                    | \$250,000                         | \$49,208            |
| Value Added Tax (VAT)                              | \$11,539,000                 | \$11,128,344                      | \$9,903,047         |
| <b>Total Renewals and Replacements - Roads</b>     | <b>\$88,463,000</b>          | <b>\$85,317,307</b>               | <b>\$80,339,799</b> |
| <b>Funding</b>                                     |                              |                                   |                     |
| Government Grant - Operating                       |                              |                                   |                     |
| Government Grant - Capital                         | \$74,520,522                 | \$70,908,985                      | \$70,181,364        |
| Municipal Councils                                 | \$2,403,478                  | \$2,403,478                       |                     |
| Loan Fund  |                              |                                   |                     |
| Other Government Agencies                          |                              | \$876,500                         | \$255,388           |
| Value Added Tax (VAT)                              | \$11,539,000                 | \$11,128,344                      | \$9,903,047         |
| <b>Total Renewals and Replacements - Roads</b>     | <b>\$88,463,000</b>          | <b>\$85,317,307</b>               | <b>\$80,339,799</b> |

### 3.5 Bridge and Jetty Renewals and Replacements

Due to the significant public risk factors, an ambitious programme of work was planned for bridges and jetties. A significant proportion of this work was planning and designing replacements for the future year pipeline of projects for construction.

Overall significant progress was made. Nasau, Togo and Masi crossings were completed during 2014. However there were some important areas where progress was held up due to poor performance by contractors.

Stinson and Vatuwaqa fell behind programme partly because of delays by other Government departments in land acquisition. Planned construction work on Nakorosule crossing was not complete due to slow performance by the contractor.

The four long bridges and six short bridges design and construct contracts were let and work is expected to start on these in 2015.

Ramp rebuilding at Natovi jetty and dredging at Oinafa were completed as planned. Urgent repair and strengthening at Lomaloma jetty in Vanua Balavu was also completed.

**Table 9 – Renewals and Replacements – Bridges and Jetties**

| Renewals and Replacements - Bridges and Jetties | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure |
|---|-----------------------|-----------------------------|-------------|
| <b>Budget and Expenditure</b>                   |                       |                             |             |
| Bridges Renewal                                 | \$29,000,000          | \$28,000,000                |             |
| Nasau Crossing                                  |                       |                             | \$318,854   |
| Nakorosule                                      |                       |                             | \$367,594   |
| Togo Lavusa                                     |                       |                             | \$969,571   |
| Vutuni 1  |                       |                             | \$84,942    |
| Masi  |                       |                             | \$1,109,568 |
| Vutuni 2  |                       |                             | \$100,952   |
| Vuadomo   |                       |                             | \$1,015,208 |
| Vanuakula                                       |                       |                             | \$80,208    |
| Wainalimu                                       |                       |                             | \$253,815   |
| Tadraca   |                       |                             | \$24,781    |
| Namuavoivoi                                     |                       |                             | \$537,277   |
| Matewale  |                       |                             | \$6,580     |
| Nabena  |                       |                             | \$94,091    |
| Vaturamulo                                      |                       |                             | \$6,339     |
| Balenabelo                                      |                       |                             | \$4,043     |
| Vorovoro  |                       |                             | \$898       |
| Sote Crossing                                   |                       |                             | \$9,226     |
| Saliadrau Crossing                              |                       |                             | \$3,097     |
| Waivaka   |                       |                             |             |
| Rabaraba  |                       |                             | \$4,819     |
| Nakama Crossing                                 |                       |                             | \$694,391   |

| <b>Renewals and Replacements - Bridges and Jetties</b> | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b> |
|--|------------------------------|-----------------------------------|--------------------|
| Abaca  |                              |                                   | \$3,682            |
| Drauniivi  |                              |                                   | \$2,688            |
| Nadelei  |                              |                                   | \$81,874           |
| Waimari  |                              |                                   | \$66,730           |
| Wauosi   |                              |                                   | \$3,291            |
| Laqere 730   |                              |                                   |                    |
| Kadavu crossings & bridge                              |                              |                                   | \$6,905            |
| Namulomulo   |                              |                                   | \$634              |
| Babrihan   |                              |                                   | \$262              |
| Bavu   |                              |                                   | \$318              |
| Bukuya   |                              |                                   |                    |
| Balili   |                              |                                   |                    |
| Buabua 2   |                              |                                   |                    |
| Raiwaqa  |                              |                                   | \$634              |
| Precast Unit Supply                                    |                              |                                   | \$1,528,460        |
| Renewals work by Contractors                           |                              |                                   | \$1,642,852        |
| Bailey Component Supply                                |                              |                                   | \$2,208,393        |
| Inspection Fees  |                              |                                   | \$1,247,817        |
| Survey & Geotech Investigations - Fees                 |                              |                                   | \$1,440,507        |
| Nasese Bridge  |                              |                                   | \$121,042          |
| Vatuwaqa Bridge  |                              |                                   | \$135,042          |
| Stinson Parade Demolition                              |                              |                                   | \$117,955          |
| Identification & Design of 2015 Bridges                |                              |                                   | \$148,777          |
| Chinese Grant Projects Stinson & Vatuwaqa              |                              |                                   | \$460,310          |
| -Erasito Fees  |                              |                                   |                    |
| Armco Culvert Replacements                             |                              |                                   | \$28,131           |
| Management Fees  |                              |                                   | \$2,218,734        |
| Erasito - Fees   |                              |                                   | \$165,642          |
| Waivaka Pedestrian Bridge                              |                              |                                   | \$264,192          |
| Naleba Crossings                                       |                              |                                   | \$180,055          |
| Four Large Bridge                                      |                              |                                   |                    |
| Vunidilo   |                              |                                   | \$85,052           |
| Vunivaivai   |                              |                                   | \$94,386           |
| Lomawai 1  |                              |                                   | \$193,104          |
| Logeloa FSC 1  |                              |                                   | \$54,727           |
| Four Large Bridge Total                                |                              |                                   | \$427,270          |
| Seven Small Bridges                                    |                              |                                   |                    |
| Wainisusu  |                              |                                   | \$53,142           |
| Vumabox  |                              |                                   | \$51,559           |
| Market   |                              |                                   | \$128,167          |
| Savu 4   |                              |                                   | \$54,773           |
| Navaca   |                              |                                   | \$59,335           |
| Naisogo  |                              |                                   | \$60,816           |

| <b>Renewals and Replacements - Bridges and Jetties</b> | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b>  |
|--|------------------------------|-----------------------------------|---------------------|
| Naganivatu   |                              |                                   | \$209,400           |
| Seven Small Bridges Total                              |                              |                                   | \$617,192           |
| Denarau Bridge   |                              |                                   |                     |
| Contract Amount  |                              | \$2,572,333                       |                     |
| Utilities Relocation                                   |                              |                                   |                     |
| Engineering Fees - MWH                                 |                              |                                   | \$48,187            |
| Engineering Fees - Erasito                             |                              |                                   |                     |
| Historic Costs DCL                                     |                              |                                   | \$563,065           |
| Maintenance  |                              |                                   |                     |
| Survey & Land  |                              |                                   |                     |
| Denarau Bridge Total                                   |                              | \$2,572,333                       | \$611,252           |
| <b>Subtotal - Bridges</b>                              | <b>\$29,000,000</b>          | <b>\$30,572,333</b>               | <b>\$19,416,894</b> |
| Jetties Renewal  | \$20,000,000                 | \$3,450,000                       |                     |
| Natovi   |                              | \$2,650,000                       | \$1,909,958         |
| Oinafa Dredging  |                              | \$1,200,000                       | \$1,077,286         |
| Yasawa-I-rara  |                              | \$2,700,000                       | \$2,000,000         |
| Nabouwalu  |                              |                                   | \$421,220           |
| Savusavu Stage II                                      |                              |                                   | \$362,160           |
| Natovi Stage II  |                              |                                   | \$183,953           |
| Cicia  |                              |                                   | \$82,992            |
| Koro   |                              |                                   | \$136,287           |
| Nawaikama Jetty - Gau- ID 3071J                        |                              |                                   | \$67,648            |
| Totoya Jetty -Totoya Island-3041J                      |                              |                                   | \$34,218            |
| Investigations   |                              |                                   | \$249,719           |
| Complete Inspection Programme - Fees                   |                              |                                   | \$448,297           |
| Urgent Renewals  |                              |                                   | \$1,048,787         |
| Identification & Design of 2015 Jetty Programme        |                              |                                   | \$181,543           |
| Amy Street Retaining Wall                              |                              |                                   |                     |
| Management Fees  |                              |                                   | \$1,585,797         |
| <b>Subtotal - Jetties</b>                              | <b>\$20,000,000</b>          | <b>\$10,000,000</b>               | <b>\$9,789,865</b>  |
| Value Added Tax (VAT)                                  | \$7,350,000                  | \$6,085,850                       | \$4,185,453         |
| <b>Total R&amp;R - Bridges and Jetties</b>             | <b>\$56,350,000</b>          | <b>\$46,658,183</b>               | <b>\$33,392,212</b> |
| <b>Funding</b>   |                              |                                   |                     |
| Government Grant - Operating                           |                              |                                   |                     |
| Government Grant - Capital                             | \$49,000,000                 | \$38,000,000                      | \$28,595,506        |
| Municipal Councils                                     |                              |                                   |                     |
| Loan Fund  |                              |                                   |                     |
| Other Government Agencies                              |                              | \$2,572,333                       | \$611,252           |
| Value Added Tax (VAT)                                  | \$7,350,000                  | \$6,085,850                       | \$4,185,453         |
| <b>Total R&amp;R - Bridges and Jetties</b>             | <b>\$56,350,000</b>          | <b>\$46,658,183</b>               | <b>\$33,392,212</b> |

### 3.6 New Capital Programme

A New Capital programme of over \$200m was planned for 2014. This included the ongoing construction and new starts on major projects as well as the programmes for safety, access, amenity, and congestion improvements. A significant volume of work was completed over the course of the year, however there were a number of areas where the anticipated work was not completed.

As with the rehabilitation programme, delays in access to gravel supplies have disrupted new rural road construction activities in Northern Division. This is a serious concern for our delivery in this region and we will need to focus on finding solutions in 2015.

Qarani Jetty fell significantly behind schedule as a result of problems with the design. However significant progress was made in establishing a prioritised programme for renewals and repairs to jetties across Fiji. Of the major rural road projects, Sigatoka Valley Road and Moto Road projects were finished on time. Very good progress was made on Nabouwalu Dreketi. However Sawani/Serea and Buca Bay projects fell behind programme due to slow progress by contractors.

The Suva 1 and Suva 2 NASRUP projects both suffered delays due to slow progress and services re-location problems. The contract for Suva 3 was not let due to poor quality tenders.

The Nadi 1 NASRUP project suffered from very slow progress due to poor performance from the contractor. Very good progress was made on the Nadi 2 project.

**Table 10 - New Capital Programme**

| New Capital   | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure        |
|---|-----------------------|-----------------------------|--------------------|
| <b>Budget and Expenditure</b>                         |                       |                             |                    |
| <b>Safety Improvements</b>                            |                       |                             |                    |
| Village Treatments                                    | \$313,000             | \$550,000                   | \$577,646          |
| Traffic Management Plans                              | \$130,000             | \$130,000                   | \$94,193           |
| Safety Audits   | \$130,000             | \$130,000                   | \$136,713          |
| Black Spots' Improvements                             | \$474,000             | \$474,000                   | \$303,114          |
| Route Action Plans                                    | \$187,000             | \$187,000                   | \$328,462          |
| Mass Action Plans                                     | \$504,000             | \$504,000                   | \$919,832          |
| <b>Subtotal - Safety Improvements</b>                 | <b>\$1,738,000</b>    | <b>\$1,975,000</b>          | <b>\$2,359,960</b> |
| <b>Access Improvements &amp; Economic Stimulation</b> |                       |                             |                    |
| New Rural Roads                                       | \$8,696,000           | \$12,696,000                | \$7,962,249        |
| School and Health Access                              | \$1,435,000           | \$1,435,000                 | \$1,109,880        |
| <b>Jetty's</b>  |                       |                             |                    |
| Valaga Bay Jetty                                      | \$4,087,000           | \$487,000                   | \$353,433          |
| Qarani Jetty (Gau)                                    | \$2,348,000           | \$11,180,000                | \$2,046,680        |
| Savusavu Waiting Shed                                 | \$104,000             | \$190,000                   | \$234,753          |
| Taveuni Waiting Sheds                                 | \$104,000             | \$18,000                    | \$46,930           |
| Mid Point   | \$870,000             | \$28,300                    | \$74,766           |
| Rehabilitation of King's Roads                        | \$589,000             |                             |                    |
| (a)(i) King's to Lodon - Nadaro to Korovou (Blacktop) |                       |                             |                    |
| • Loan  |                       |                             | -\$200,000         |
| • Local Share   |                       | \$9,000                     |                    |
| (a)(ii) King's to Lodon - Nadaro to Korovou (New      |                       |                             |                    |

| New Capital                                       | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure  |
|---|-----------------------|-----------------------------|--------------|
| • Local Share                                     |                       | \$1,598,095                 | \$2,712,656  |
| • Blacktop Bond                                   |                       | \$1,144,446                 |              |
| • Blacktop Retentions                             |                       | \$567,459                   |              |
| (b) Naqia & Wainiboa Bridges                      |                       |                             |              |
| • Loan  |                       | \$175,643                   |              |
| • Local Share                                     |                       | \$340,000                   | -\$23,011    |
| (c) King's to Lodonu - Wailotua to Nayavu         |                       |                             |              |
| • Loan  |                       | \$2,533,457                 | \$1,360,539  |
| • Local Share                                     |                       | \$510,000                   | \$490,157    |
| (d) Kings to Lodonu - Waito to Wailotua           |                       |                             |              |
| • Loan  |                       |                             |              |
| • Local Share                                     |                       | \$315,000                   | \$340,110    |
| (e) King's to Lodonu - Gravel                     |                       |                             |              |
| • Fairdeal Metal Supply Extras                    |                       | \$307,500                   |              |
| (f) Emergency Flood Recovery Project (WSC 69/11)  |                       |                             |              |
| • Local Share                                     |                       | \$17,500                    |              |
| (g) Regravelling of Lokia, Koronivia & Toga Roads |                       |                             |              |
| • Local Share                                     |                       | \$17,500                    |              |
| (h) Fiji Road Rehabilitation Project (WSC 09/10)  |                       |                             |              |
| • Local Share                                     |                       | \$17,500                    |              |
| (i) Regavelling of Nadarivatu to Monasavu Road    |                       |                             |              |
| • Local Share                                     |                       | \$115,000                   |              |
| Sawani/Serea Road                                 |                       |                             |              |
| • Loan  | \$14,230,000          | \$15,136,000                | \$13,200,000 |
| • Local Share                                     | \$5,406,000           | \$4,291,019                 | \$4,024,209  |
| Works Local Share                                 |                       | \$2,508,768                 |              |
| Risk Contingency                                  |                       | \$150,000                   | \$150,000    |
| Escalation  |                       | \$700,000                   | \$3,100,000  |
| Utilities Relocation                              |                       | \$200,000                   |              |
| Land Purchase                                     |                       | \$232,278                   | \$279,903    |
| Engineering Fees                                  |                       | \$421,174                   | \$465,507    |
| Investigation and Independent Verification        |                       | \$78,799                    | \$28,799     |
| Buca Bay I and II                                 |                       |                             |              |
| • Loan  | \$17,508,000          | \$17,508,000                | \$15,950,000 |
| • Local Share                                     | \$10,500,000          | \$7,500,000                 | \$6,243,935  |
| Works Local Share                                 |                       | \$4,250,311                 |              |
| Risk Contingency                                  |                       | \$200,000                   | \$77,650     |
| Escalation  |                       | \$2,164,194                 | \$4,000,000  |
| Utilities Relocation                              |                       |                             | \$917,827    |
| Land Purchase                                     |                       | \$44,400                    | \$131,212    |
| Engineering Fees                                  |                       | \$794,763                   | \$1,090,676  |
| Investigation and Independent Verification        |                       | \$46,333                    | \$26,333     |
| Personnel Cost                                    |                       |                             | \$237        |

| New Capital  | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure          |
|--|-----------------------|-----------------------------|----------------------|
| Sigatoka Valley Road   |                       |                             |                      |
| • Loan   |                       | \$3,925,700                 | \$1,572,018          |
| • Local Share  | \$3,838,000           | \$2,447,348                 | \$469,615            |
| Works Local Share  |                       | \$550,000                   | \$283,079            |
| Risk Contingency   |                       |                             |                      |
| Escalation   |                       | \$1,527,848                 | \$3,265              |
| Utilities Relocation   |                       |                             |                      |
| Land Purchase  |                       |                             | \$102,630            |
| Engineering Fees   |                       | \$350,000                   | \$71,141             |
| Investigation and Independent Verification                       |                       | \$19,500                    | \$9,500              |
| Moto Road  |                       |                             |                      |
| • Loan   |                       |                             |                      |
| • Local Share  | \$680,000             | \$680,000                   | -\$400               |
| Works Local Share  |                       |                             |                      |
| Risk Contingency   |                       |                             |                      |
| Escalation   |                       | \$617,000                   | -\$106,000           |
| Utilities Relocation   |                       |                             |                      |
| Land Purchase  |                       | \$12,200                    | \$105,600            |
| Engineering Fees   |                       | \$50,800                    |                      |
| Nabouwalu - Dreketi  |                       |                             |                      |
| • Loan   | \$60,706,000          | \$50,465,200                | \$74,400,000         |
| • Local Share  | \$1,757,000           | \$6,000,000                 | \$11,378,764         |
| Works Local Share  |                       | \$50,000                    |                      |
| Risk Contingency   |                       | \$300,000                   |                      |
| Escalation   |                       | \$2,000,000                 | \$9,300,000          |
| Utilities Relocation   |                       | \$600,000                   |                      |
| Land Purchase  |                       | \$300,000                   | \$9,988              |
| Engineering Fees   |                       | \$2,721,204                 | \$2,039,491          |
| Personnel Cost   |                       |                             | \$486                |
| Investigation and Independent Verification                       |                       | \$28,796                    | \$28,799             |
| <b>Subtotal - Access Improvements &amp; Economic Stimulation</b> | <b>\$132,858,000</b>  | <b>\$141,655,667</b>        | <b>\$143,747,283</b> |
| <b>Community Amenity Improvements</b>                            |                       |                             |                      |
| Seal Extensions in Villages                                      | \$1,435,000           | \$1,435,000                 | \$1,426,084          |
| Peri-Urban Footpaths   | \$339,000             | \$339,000                   | \$124,417            |
| Urban Footpaths (incl. Kerb and Channel) - Nasinu                |                       | \$1,304,348                 | \$923,238            |
| Street Light   | \$339,000             | \$339,000                   | \$19,227             |
| <b>Subtotal - Community Amenity Improvements</b>                 | <b>\$2,113,000</b>    | <b>\$3,417,348</b>          | <b>\$2,492,966</b>   |
| <b>Congestion and Capacity Improvements</b>                      |                       |                             |                      |
| Greater Suva Urban Improvements                                  |                       |                             |                      |
| Intersection Improvements  | \$1,000,000           | \$500,000                   | \$651,768            |
| Traffic Lights Improvements                                      | \$722,000             | \$1,222,000                 | \$248,788            |
| Transportation Study Review                                      | \$609,000             | \$609,000                   | \$389,504            |
| Lami Town By Pass Investigations                                 | \$543,000             | \$43,000                    | \$44,744             |

| <b>New Capital</b>                            | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b> |
|---|------------------------------|-----------------------------------|--------------------|
| Kings Road - Samabula - Nakasi Improvements   | \$652,000                    | \$652,000                         | \$510,550          |
| Kings Road - Street Lighting                  | \$261,000                    | \$261,000                         | \$419,499          |
| Khalsa Road Improvements                      | \$500,000                    | \$500,000                         | \$77,464           |
| Princes Road Improvements                     | \$500,000                    | \$300,000                         | \$194,532          |
| Davuilevu Road Improvements                   | \$435,000                    | \$435,000                         | \$68,336           |
| Ratu Dovi Road - Investigation and Design     | \$1,826,000                  | \$76,000                          | \$210,269          |
| CBD/FBM                                       |                              |                                   |                    |
| Subtotal - Greater Suva Urban Improvements    | \$7,048,000                  | \$4,598,000                       | \$2,815,453        |
| General Improvements                          |                              |                                   |                    |
| Queens and Kings Road Speed Limit Increase    | \$374,000                    | \$374,000                         | \$15,059           |
| Queens and Kings Road Passing Opportunity     | \$539,000                    | \$539,000                         | \$239,173          |
| Sigatoka to New Project Start                 | \$91,000                     | \$91,000                          | \$71,914           |
| Nausori Airport Extension                     | \$1,635,000                  | \$5,518                           | \$5,518            |
| Nadi - Lautoka                                | \$478,000                    | \$478,000                         | \$68,890           |
| Labasa By Pass                                | \$548,000                    | \$548,000                         | \$89,292           |
| Nausori to Airport (NASRUP Suva 1)            | \$15,843,000                 |                                   |                    |
| Contract Amount                               |                              | \$8,884,089                       | \$2,469,533        |
| Risk Contingency                              |                              |                                   |                    |
| Escalation                                    |                              |                                   |                    |
| Utilities Relocation                          |                              |                                   | \$517,909          |
| Land Purchase                                 |                              |                                   | \$245              |
| Engineering Fees                              |                              | \$1,105,919                       | \$1,038,103        |
| Personnel Cost                                |                              | \$9,992                           | \$28,676           |
| Subtotal - Nasouri to Airport (NASRUP Suva 1) | \$15,843,000                 | \$10,000,000                      | \$4,054,466        |
| Samabula to Nasinu Four Laning (NASRUP Suva   |                              |                                   |                    |
| Contract Amount                               |                              | \$6,000,000                       | \$3,774,158        |
| Risk Contingency                              |                              |                                   |                    |
| Escalation                                    |                              |                                   |                    |
| Utilities Relocation                          |                              |                                   | \$310,734          |
| Land Purchase                                 |                              |                                   | \$36,301           |
| Engineering Fees                              |                              | \$2,000,000                       | \$948,273          |
| Personnel Cost                                |                              |                                   | \$27,915           |
| Subtotal - Samabula/Nasinu Four Laning        |                              | \$8,000,000                       | \$5,097,381        |
| Nasinu to Nausori Four Laning (NASRUP Suva 3) |                              |                                   |                    |
| Contract Amount                               |                              | \$7,000,000                       |                    |
| Risk Contingency                              |                              |                                   |                    |
| Escalation                                    |                              |                                   |                    |
| Utilities Relocation                          |                              |                                   | \$249,459          |
| Land Purchase                                 |                              |                                   | \$1,370            |
| Engineering Fees                              |                              |                                   | \$1,350,161        |
| Personnel Cost                                |                              |                                   | \$4,334            |
| Subtotal - Nasinu to Nausori Four Laning      |                              | \$7,000,000                       | \$1,605,324        |
| Subtotal General Improvements                 | \$19,508,000                 | \$27,035,518                      | \$11,247,017       |

| <b>New Capital</b>   | <b>Corporate Plan Budget</b> | <b>Revised Budget<sup>1</sup></b> | <b>Expenditure</b>   |
|--|------------------------------|-----------------------------------|----------------------|
| <b>Subtotal - Congestion and Capacity Improvements</b>     | <b>\$26,556,000</b>          | <b>\$31,633,518</b>               | <b>\$14,062,470</b>  |
| <b>Tourism, Amenity and Access Improvements</b>            |                              |                                   |                      |
| Pre-feasibility Study, Viti Levu Cross-Island Highway      | \$100,000                    | \$100,000                         | \$120,525            |
| Nadi Wailoaloa to Denerau (NASRUP Nadi 1)                  | \$30,130,000                 |                                   |                      |
| Contract Amount  |                              | \$19,171,339                      | \$3,541,963          |
| Risk Contingency   |                              |                                   |                      |
| Escalation   |                              |                                   |                      |
| Utilities Relocation                                       |                              | \$487,624                         | \$1,931,769          |
| Land Purchase  |                              | \$227,025                         | \$452,717            |
| Engineering Fees   |                              | \$1,381,221                       | \$1,513,657          |
| Personnel Cost   |                              |                                   | \$41,540             |
| Subtotal - Nadi Wailoaloa to Denerau                       | \$30,130,000                 | \$21,267,209                      | \$7,481,646          |
| Nadi Airport to Wailoaloa Four Laning (NASRUP Nadi)        |                              |                                   |                      |
| Contract Amount  |                              | \$7,997,815                       | \$8,703,378          |
| Risk Contingency   |                              |                                   |                      |
| Escalation   |                              |                                   |                      |
| Utilities Relocation                                       |                              |                                   | \$4,673,290          |
| Land Purchase  |                              | \$608                             | \$315,524            |
| Engineering Fees   |                              | \$747                             | \$2,393,223          |
| Personnel Cost   |                              | \$830                             | \$9,145              |
| Subtotal - Nadi Airport/Wailoaloa Four Laning              |                              | \$8,000,000                       | \$16,094,561         |
| Signs and Information                                      | \$122,000                    | \$122,000                         | \$155,214            |
| Rest Areas   | \$357,000                    | \$357,000                         | \$235,017            |
| Seal Extension Investigations and Implementation           | \$42,000                     | \$42,000                          | \$82,260             |
| <b>Subtotal - Tourism, Amenity and Access Improvements</b> | <b>\$30,751,000</b>          | <b>\$29,888,209</b>               | <b>\$24,169,223</b>  |
| <b>Risk Reduction, Resilience and Asset Preservation</b>   |                              |                                   |                      |
| Flood Damage Risk Reduction                                | \$1,609,000                  | \$1,609,000                       | \$714,809            |
| New Weigh in Motion Weight Stations                        | \$757,000                    | \$757,000                         | \$100,550            |
| Climate Change Adaptation and Policy Dev. and              | \$300,000                    |                                   |                      |
| <b>Subtotal - Risk Reduction, Resilience and Asset</b>     | <b>\$2,666,000</b>           | <b>\$2,366,000</b>                | <b>\$815,359</b>     |
| Value Added Tax (VAT)                                      | \$15,636,000                 | \$17,681,976                      | \$15,076,164         |
| <b>Total New Capital</b>                                   | <b>\$212,318,000</b>         | <b>\$228,617,717</b>              | <b>\$202,723,425</b> |
| <b>Funding</b>   |                              |                                   |                      |
| Government Grant - Operating                               |                              |                                   |                      |
| Government Grant - Capital                                 | \$104,238,000                | \$118,175,489                     | \$80,441,467         |
| Municipal Councils   |                              |                                   |                      |
| Loan Fund  | \$92,444,000                 | \$89,744,000                      | \$106,282,557        |
| Local Government   |                              | \$1,304,348                       | \$923,238            |
| Blacktop related Funds                                     |                              | \$1,711,905                       |                      |
| Value Added Tax (VAT)                                      | \$15,636,000                 | \$17,681,976                      | \$15,076,164         |
| <b>Total New Capital</b>                                   | <b>\$212,318,000</b>         | <b>\$228,617,717</b>              | <b>\$202,723,425</b> |

It is common international practice to make advance payments to contractors. This provides them with funding to help with initial setup costs. Overall this will provide better value for FRA than having to pay the higher interest rates which the contractor would incur by borrowing this funding on the open market.

Importantly for FRA this helps local contractors get into the market by removing their need to finance their establishment costs.

**Table 11 - Advance Payments**

| Advance Payments                                      | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure         |
|---|-----------------------|-----------------------------|---------------------|
| Nausori to Airport (NASRUP Suva 1)                    |                       |                             | \$1,330,467         |
| Samabula to Nasinu Four Laning (NASRUP Suva 2)        |                       |                             | \$1,425,842         |
| Nadi Wailoaloa to Denerau (NASRUP Nadi 1)             |                       |                             | \$3,358,037         |
| Nadi Airport to Wailoaloa Four Laning (NASRUP Nadi 2) |                       |                             | \$6,593,119         |
| Kings Road - Street Lighting                          |                       |                             | \$267,295           |
| Denarau Bridge  |                       |                             | \$1,000,000         |
| <b>Total Advance Payments</b>                         |                       |                             | <b>\$13,974,760</b> |

### 3.7 Summary

**Table 12 - Summary**

|   | Corporate Plan Budget | Revised Budget <sup>1</sup> | Expenditure          |
|---|-----------------------|-----------------------------|----------------------|
| <b>Budget and Expenditure</b>                   |                       |                             |                      |
| Management                                      | \$4,292,684           | \$4,006,320                 | \$4,765,209          |
| Professional and Technical Services             | \$16,990,316          | \$24,342,059                | \$14,927,372         |
| Maintenance                                     | \$73,973,000          | \$76,344,173                | \$76,376,122         |
| Flood Damage                                    | \$23,671,000          | \$24,003,200                | \$25,963,607         |
| Renewals and Replacements - Roads               | \$88,463,000          | \$85,317,307                | \$80,339,799         |
| Renewals and Replacements - Bridges and Jetties | \$56,350,000          | \$46,658,183                | \$34,392,212         |
| New Capital                                     | \$212,318,000         | \$228,617,717               | \$215,698,185        |
| <b>Total</b>                                    | <b>\$476,058,000</b>  | <b>\$489,288,960</b>        | <b>\$452,462,505</b> |
| <b>Funding</b>                                  |                       |                             |                      |
| Government Grant - Operating                    | \$17,083,000          | \$16,796,636                | \$11,338,609         |
| Government Grant - Capital                      | \$305,643,043         | \$312,066,538               | \$281,243,941        |
| Municipal Councils                              | \$6,806,957           | \$6,806,956                 |                      |
| Loan Fund                                       | \$97,063,000          | \$97,063,000                | \$115,397,412        |
| Local Government                                |                       | \$1,304,348                 | \$923,238            |
| Other Government Agencies                       |                       | \$3,448,833                 | \$1,866,641          |
| Blacktop related Funds                          |                       | \$1,711,905                 |                      |
| Value Added Tax (VAT)                           | \$49,462,000          | \$50,090,744                | \$41,692,665         |
| <b>Total</b>                                    | <b>\$476,058,000</b>  | <b>\$489,288,960</b>        | <b>\$452,462,505</b> |

## **4. Levels of Service – Accountability – Achievements Against Performance Targets**

## 4.1 Health and Safety

Table 13 - Health and Safety – Road Accident Casualties

| Health and Safety - Road Accident Casualties |  |   |                    |
|--|--|---|--------------------|
| Code   | Performance Measure  | 2014 target   | Outcome            |
| 1.3  | Less fatal and serious injury accidents – total.               | Continuously reducing five year rolling average (in total initially and when more accurate information available per vehicle kilometre travelled as well) – establish the baseline in 2015. | Not achieved       |
| 1.4  | A reduction in the social cost of all recorded injury crashes. | Continuously reducing five year rolling average. Calculated based on internationally recognised accident costs.   | Partially achieved |

Road accident data is collected by the police and recorded in a database maintained by the Fiji Police. At the time of compiling this report non-fatal casualty data was not available for 2014. We have used this data to undertake analysis of the fatal and hospitalised casualty data (see Figure 5). Comparisons are made on the basis of population as reliable data for vehicles in use are not yet available.

### ***In recent years fatalities have not been decreasing***

We are concerned that there appears to be a slowdown in the trend of reducing fatalities on the roads. In 2014 there was in fact an increase in fatalities from 41 in 2013 to 49 in 2014, although we cannot be certain that this is a trend yet.

The rolling 5 year average has not shown a decrease in 2014, therefore the performance target has not been met in 2014.

### ***There is a much higher fatality rate in the Western Division***

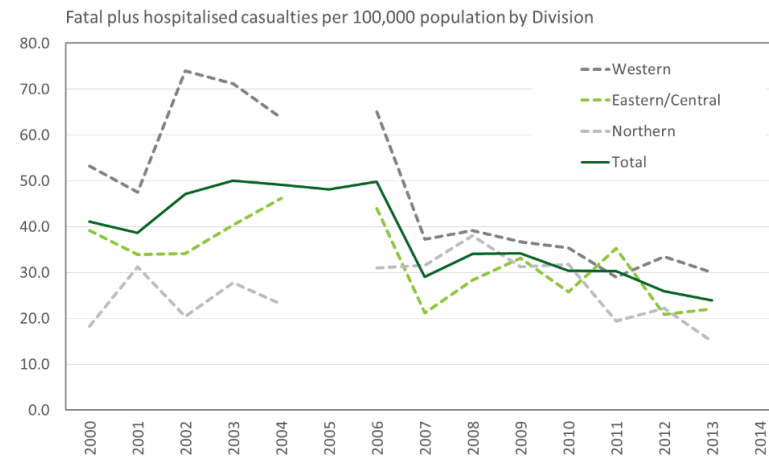
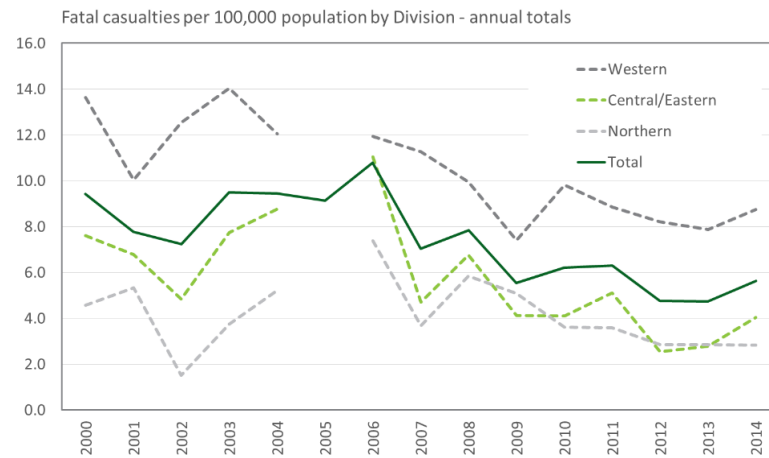
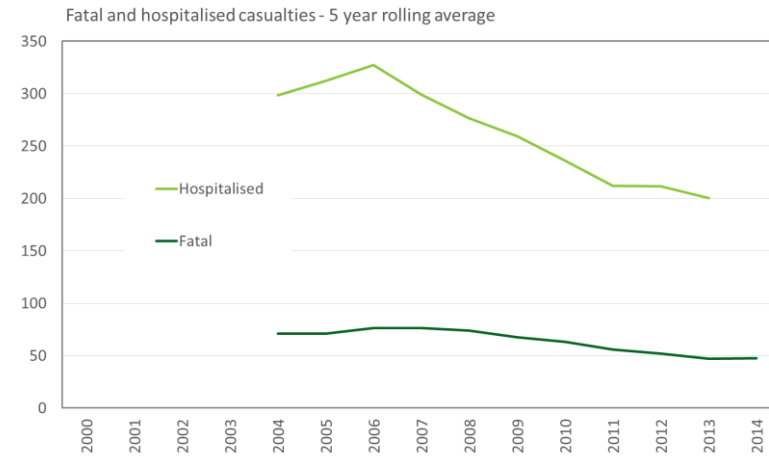
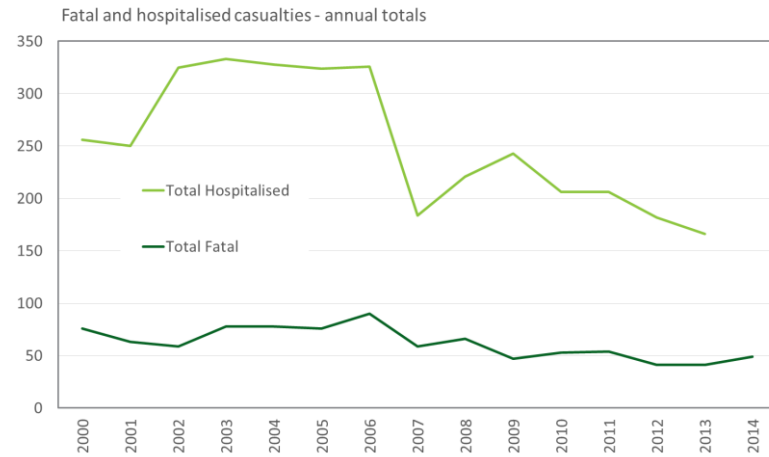
Using population as a comparator, the fatality rate in the Western Division is more than twice that of other Divisions. This difference has been broadly consistent over the last 14 years.

The difference between Divisions is much less for total casualty rates (fatalities plus hospitalised). This could indicate that there may be a severity problem in the Western Division. More work is urgently required to develop a better understanding of the reasons for this so that appropriate solutions can be quickly implemented.

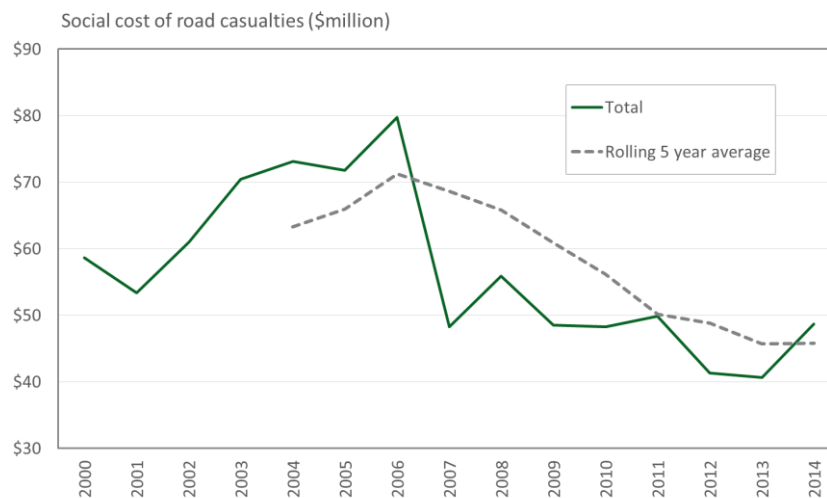
### ***Road casualties represent a social cost to Fiji of \$50million per year***

The iRAP methodology uses per capita GDP as a basis for establishing the value to society of reducing fatal and serious accidents. Unfortunately the available dataset excludes the numbers of serious casualties for 2014.

However if we were to assume that 2014 casualties would be close to the average for 2011 to 2013 then there may have been a significant increase in the social cost of road casualties in 2014 (Figure 6). The 5 year rolling average, on the other hand, shows a very slight decrease in 2014, however the downward trend is much less pronounced than in previous years.

**Figure 5 - Road Casualty Analysis**


**Figure 6 - Social Cost of Road Casualties in Fiji**



**Table 14 - Health and Safety – Other Outputs and Outcomes**

| Health and Safety - Other Outputs and Outcomes |  |  |                                  |
|--|--|--|----------------------------------|
| Code   | Performance Measure  | 2014 target  | Outcome                          |
| 1.1  | The number of lost time injuries.  | No lost time due to injury by any person engaged on roading activities.                      | Not achieved                     |
| 1.2  | The number of health and safety incidents.                                 | No health and safety incidents on the roads or within the FRA office.                        | Not achieved                     |
| 1.5  | Less fatal and serious injury accidents – road a contributing cause.       | Continuously reducing five year rolling average – establish the baseline in 2014.            | Not measured                     |
| 1.6  | A reduction in the number of black spots (crash clusters/crash locations). | Annually reducing – establish the baseline in 2014 and then adopt a more targeted programme. | Baseline still being established |
| 1.7  | 100% safety improvements planned for the year completed                    | Yes  | Partially achieved               |
| 1.14   | >---% of the network above the skid resistance threshold level.            | Later – when more accurate data available.   | Not measured                     |
| 1.15   | >---% of the network meets texture depth standards.                        | Later – when more accurate data available.   | Not measured                     |
| 1.17   | The percentage of non-performing lights at any time.                       | <5%  | Not achieved                     |

Health and safety is our highest priority, however it will be several more years before we have established a fully measurable and transparent performance measurement regime at this secondary, output based, level. Consequently we are not yet able to report comprehensively against all of these indicators.

***Of the four indicators we are able to measure against now, one was achieved and three were not.***

Our maintenance contractors maintain health and safety record for each of the area contacts. The type of records kept are not yet consistent across all three contract areas.

FHH Northern reported one serious injury which required medical attention and time off work.

**Table 15 - Fulton Hogan Hiways – Safety Incidents 2014**

| <b>Fulton Hogan Highways - Safety Incidents 2014</b> |                |                 |
|--|----------------|-----------------|
| <b>Type</b>  | <b>Central</b> | <b>Northern</b> |
| Utility Strikes                                      | 7              | 1               |
| Bitumen related incidents                            | 9              | 2               |
| Traffic Management incidents                         | 23             | 2               |
| Reversing incidents                                  | 9              | 3               |
| HIPO (near miss)                                     | 12             | 3               |
| Property and vehicle damage                          | 51             | 16              |
| Unsafe acts  | 32             | 7               |

The maintenance contractor for Western Division (Higgins) reported a total of 60 days of lost time injury for one employee who was injured while performing stop/go duties. Our streetlighting and traffic signals contractor (Prime Fiji) reported no lost time injuries across Fiji.

There have been no health and safety incidents reported within the FRA office. However there was one vehicle accident within our Laboratory Business Unit. A minor injury was sustained. FRA vehicles are fitted with GPS tracking devices which warns the driver and transmits a message to head office if the vehicle is being driven too fast. This system was installed in the late 2014 and is expected to add significantly to our ability to keep accidents to an absolute minimum.

***We will need to speed up delivery of safety improvements to help reduce the road casualty toll***

Safety improvements to the value of \$2m were planned for 2014. By the end of the year expenditure (value of the work completed) exceeded this by 20%. However there were two areas of slow delivery in this programme: preparation of traffic management plans; and accident blackspot treatment. Both of these activities will be completed in early 2015.

***Improving streetlighting will need to be a priority over the next few years***

The condition of streetlights is currently short of the target of less than 5% not functioning. The current stock of lights is close to being fully depreciated and we estimate that more than 30% are not currently working. Streetlight renewals will be a major part of FRA's programme for 2015, 2016 and 2017 and we will be able to improve significantly on this performance indicator as this work is rolled out.

## 4.2 Risk Management

**Table 16 - Risk Management**

| Risk Management |  |             |          |
|-----------------|--|-------------|----------|
| Code            | Performance Measure  | 2014 target | Outcome  |
| 2.1             | No unforeseen risk events (excludes natural hazard events) | None        | Achieved |

An unforeseen risk event is a discrete, specific occurrence that negatively affects a decision, plan or the work of the FRA in some way – that should have been foreseen and managed but wasn't. In 2014 there were no unforeseen risk events.

## 4.3 Asset Stewardship

**Table 17 - Asset Stewardship - Outcomes**

| Asset Provision, Development, Maintenance and Renewal (Asset Stewardship) – Outcomes |  |  |                    |
|--|--|--|--------------------|
| Code   | Performance Measure  | 2014 target  | Outcome            |
| 3A.1   | An annual reduction in the value of deferred maintenance/ deferred renewals.   | Yes (See Tables 3.7.1 & 3.7.2 Asset Management Plan) | Achieved           |
| 3A.2   | The percentage of planned new capital and renewal projects completed.  | 100%   | Partially achieved |
| 3A.3   | An annual reduction in the number of pothole complaints.   | Yes  | Achieved           |
| 3A.4   | The percentage of planned maintenance work completed.  | 100%   | Achieved           |
| 3A.5   | Proven satisfactory progress in building local skills' capacity:<br>- FRA<br>- MWH<br>- Maintenance Contractors<br>- Capital Works Contractors | Yes  | Achieved           |

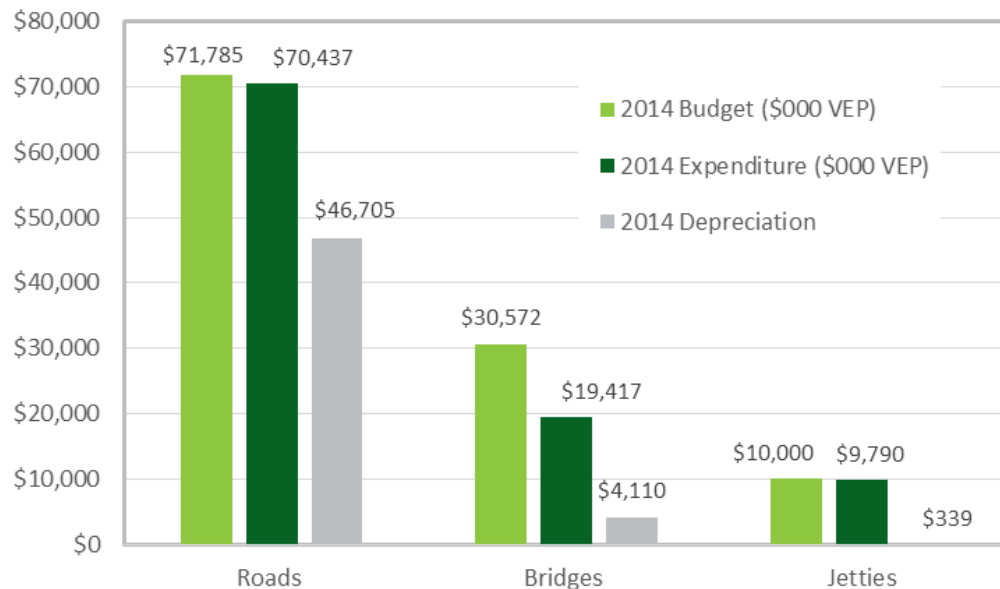
### ***We are investing twice as much in renewing the network as the annual depreciation provision***

The sufficiency of the FRA's annual maintenance and renewal budget is determined by comparing the depreciation provision (the extent to which the assets are being 'consumed' or continuing to wear out every year) with the annual renewals and replacement expenditure.

If the two are 'in sync' over time the current state of the network is being maintained. If renewals expenditure is less than depreciation provision, the network is continuing to deteriorate (and the 'backlog' will have increased). If the renewals expenditure exceeds the depreciation provision (as it has since 2013) the network is being improved.

In 2014 FRA invested nearly \$100million in renewing the assets. This was twice the depreciation provision, so it could be concluded that the backlog is decreasing and the network is recovering (see Figure 7). However this assessment is based on a very early estimate of the depreciation from 2013. FRA will undertake a revaluation of the assets in 2015 which will provide a more accurate picture of the depreciation.

**Figure 7 - Renewal investment and depreciation for FRAs 3 main asset classes**



***The capital works programme was successfully delivered although there were a few exceptions***

From a standing start in 2012, FRA has built up a \$356m programme for New Capital and Renewals. This includes a number major rural and urban projects of substantial complexity.

Overall, in expenditure terms, the New Capital and Renewals work programme was successfully delivered with over 90% of budgeted work having been completed.

Measuring the number of planned projects completed is more difficult as many of the projects are multi year. A number of capital projects are also non-physical work items for 2014. These are projects which are in the development pipeline for later construction. Consequently we have assessed performance on the basis of completion of planned work on projects, rather than project completion.

Including the investigation and design items there were nearly 130 New Capital projects in the 2014 programme. We estimate that the planned work on 70% of these projects was fully completed. Therefore this very onerous target of 100% has not been achieved, however, given the ambition of this large programme we consider that we have had a successful year.

***Complaints about potholes declined by almost 40%***

At FRA we record all complaints received into our Service Request (SR) system. These complaints are directed to the responsible officer and then progress to resolve them is tracked within the SR system. Previously, in 2013, FRA received 567 pothole complaints. In 2014 the number of complaints about potholes was substantially reduced to 310.

### ***All planned maintenance work was completed***

For 2014 \$64m of maintenance work was budgeted and \$67m was completed. The increased effort was required to deal with the effects of heavy rain throughout the year. 17,000 km of grading and 510 km of drainage cleaning works were carried out.

### ***Considerable work is being done to build local skills and capacity***

In mid 2014 FRA produced a consolidated record of the “Building Local Capacity through Knowledge Transfer” programme. This documents the significant effort in upskilling across FRA, our consultants and maintenance contractors. It clearly demonstrates FRA’s continuing commitment to building local skills and capacity.

In addition, the FRA staff training and development manual has been developed in order to enhance local capacity and capability development at all levels. FRA’s training objective is to offer training and development opportunities to all staffs to maximise and utilise skills as effectively as possible, to increase the organisation’s skills and experience base, to improve existing levels of performance and to maximise staff service retention. Training is classified in 3 categories- technical, proficiency and development. All staff fill in a training needs analysis form and also during performance assessment the needs are identified and appropriate trainings are identified for staff to participate.

On all contracts worth more than \$500,000 tenderers are required to state their recruitment and training plans for locally recruited staff.

At the end of 2014 more than 60% of the active participants in our supply chain are ‘home grown’ Fijian companies. These include:

- Consultants, who design our roads bridges and jetties
- Contractors who repair and build them
- A broad range of equipment suppliers

Much of the progress in building local skills has been seen to come about as a result of local sub-contractors learning from the bigger international contractors. Some of these local contractors are now bidding for contracts on their own.

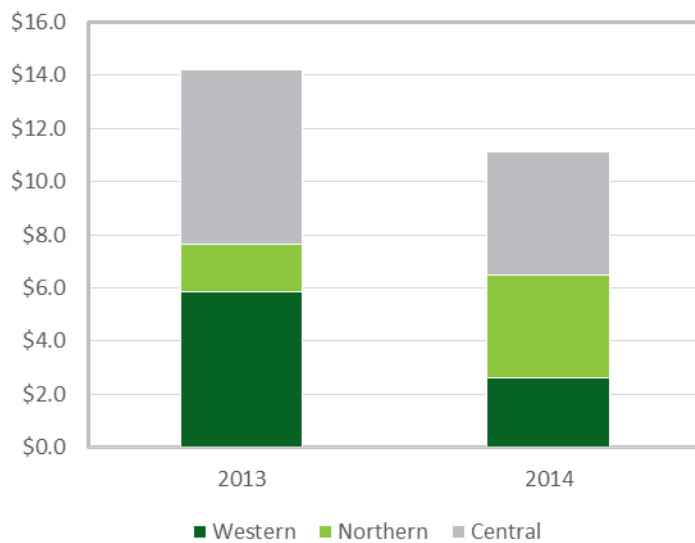
**Table 18 – Asset Provision, Development, Maintenance and Renewal**

| <b>Asset Provision, Development, Maintenance and Renewal (Asset Stewardship)</b> |   |   |                    |
|--|---|---|--------------------|
| <b>Code</b>  | <b>Performance Measure</b>  | <b>2014 target</b>  | <b>Outcome</b>     |
| 3.3B   | An annual reduction (over the previous year) in the cost of pothole repairs.      | \$3m  | Achieved           |
| 3.3C   | Work done to reduce the risk of flood/slip/costal failures                        | 20kms   | Not measured       |
| 3.4  | Not less than ___ kms of sealed roads resealed annually.                          | 100kms  | Achieved           |
| 3.5  | Not less than __ km of sealed roads rehabilitated annually.                       | 50kms   | Not achieved       |
| 3.5A   | Not less than __ kms of unsealed roads reconstructed annually                     | Northern Division - more than 70kms<br>Central/Eastern/Western - more than 30kms  | Partially achieved |
| 3.5B   | Not less than __ kms of roads in village/settlement areas rehabilitated annually. | Kms to be determined<br>100 Villages and Settlements  | Not measured       |
| 3.6  | Bridges' condition improved as evidenced by the categorisation changes:           | 80 High Priority<br>300 Medium Priority<br>456 Low Priority   |                    |
| 3.6A   | New rest areas provided on Kings & Queens Road                                    | 2   | Achieved           |
| 3.7  | Less substandard jetties.   | Yes - a more precise indicator and target to be developed when the condition and remaining life of jetties is better understood | Achieved           |

***The cost of fixing potholes has been reduced by over \$3 million***

In 2014, 280,000 potholes were fixed. This was down from nearly 500,000 in 2013 and reflects the improving condition of the network. The annual cost of repairing potholes was also reduced by just over \$3 million. When considered alongside the substantial reduction in complaints this would indicate very real progress in this area and a significant saving in the cost of this activity.

**Figure 8 - Cost of pothole repairs for each maintenance division, \$million 2014**



***We had mixed results in the area of road renewals and rehabilitation, some of this was due to factors beyond our control***

In 2014 we were not able to achieve all our targets for the road renewals and rehabilitation activities. The resealing target was easily achieved, however delivery under rehabilitation of sealed and unsealed roads fell short.

The unsealed road rehab programme in the Northern Division fell well short of expectations due to difficulties in obtaining licenses for gravel extraction. This issue is of great concern and it will need to be a priority for 2015 to unlock this supply constraint.

**Table 19 – Road Renewal and Rehabilitation Outputs 2014**

| Road Renewal and Rehabilitation Outputs 2014 |        |          |         |                     |         |
|--|--------|----------|---------|---------------------|---------|
| Type   |        | Northern | Western | Central/<br>Eastern | Total   |
| Resealing                                    | Target |          |         |                     | 100 kms |
|  | Actual | 24 kms   | 45 kms  | 34 kms              | 103 kms |
| Sealed road rehabilitation                   | Target |          |         |                     | 50 kms  |
|  | Actual |          |         |                     | 32 kms  |
| Unsealed road rehabilitation                 | Target | 70 kms   | 30 kms  |                     | 100 kms |
|  | Actual | 6 kms    | 23 kms  | 77 kms              | 106 kms |
| Village/Settlement road sealing              |        |          |         |                     | 1.3 kms |

FRA’s consultants had inspected 798 bridges at the end of 2013. By the end of 2014, 254 more bridges had been inspected (see Table 20). It is therefore very difficult to assess the degree to which condition of the assets has improved, based on this data.

Significant stabilisation and support work had been undertaken on the high priority bridges during 2014.

- 13 high priority bridges have had all major defects rectified
- 50 bridges have had immediate actions such as propping completed to reduce immediate risks

**Table 20 - Categorisation of Bridges Inspected at the end of 2013 and 2014**

|              | End 2013   | End 2014    |
|--------------|------------|-------------|
| High         | 75         | 111         |
| Medium-High  | 50         | 90          |
| Medium       | 316        | 380         |
| Low          | 357        | 471         |
| <b>Total</b> | <b>798</b> | <b>1052</b> |

Three new rest areas were constructed during 2014:

- Kings Road Navolau Village
- Kings Road Naivunivuni Village
- Queens Road Coral Coast – Suva Side of Bulu Bridge

The number of jetties with structural and non-structural faults was reduced by 2 in 2014. We are still working to establish a better performance indicator and baseline for jetty condition.

#### 4.4 Environmental Stewardship

**Table 21 - Environmental Stewardship – Conservation, Environmental Protection and Enhancement**

| Environmental Stewardship - Conservation, Environmental Protection and Enhancement |  |             |          |
|--|--|-------------|----------|
| Code   | Performance Measure  | 2014 target | Outcome  |
| 4.2  | All conditions of all Environmental Assessments and of all discharge permits were met throughout the year. | 100%        | Achieved |

FRA takes environmental stewardship very seriously. Over the course of 2014 no 'Stop Work Orders' or Notices were received. Over the course of 2014 FRA undertook screening reports for all planned bridge and jetty projects. We also completed drafting contractor environmental management plans which were approved by Department of the Environment.

## 4.5 Service Quality

**Table 22 - Service Quality : Aesthetics, Reliability, Responsiveness and Capacity**

| <b>Service Quality - Including: Aesthetics, Reliability, Responsiveness and Capacity</b> |  |   |                |
|--|--|---|----------------|
| <b>Code</b>  | <b>Performance Measure</b>   | <b>2014 target</b>                        | <b>Outcome</b> |
| 5.3  | Reduced congestion by route  | To be determined                          | Not measured   |
| 5.12   | Not less than __% of the stakeholders surveyed (periodically) rate the overall service as 'satisfactory' or 'very satisfactory'. | 40%                                       | Not measured   |
| 5.1  | <__% of the network has rutting >20mm.   | Later - when more accurate data available | Not measured   |
| 5.2  | >__% of the network meets the roughness standards.   | Later - when more accurate data available | Not measured   |
| 5.5  | The percentage of service calls resolved within the prescribed times.  | 100%                                      | Not achieved   |
| 5.7  | The total number of complaints and requests for service received monthly didn't exceed:  | 200                                       | Not achieved   |
| 5.9  | The percentage of subdivision & development applications processed in 20 working days.   | 100%                                      | Not achieved   |

### ***Congestion is increasing and will become a priority issue over the coming years as Fiji grows***

As Fiji grows and develops car ownership and use will increase. So will the amount of goods being transported around. Accommodating this growth on the transport networks will be a challenge, especially in the urban areas and the main arterial routes which connect cities, towns, airports and ports.

A degree of congestion on the roads is inevitable and we will have to expand capacity where it is right to do so. However it will also be important for Fiji to recognise that countries across the world have come to realise that building roads alone will not solve congestion. We need to make more efficient use of what capacity we have. This means:

- better and more attractive public transport;
- a more efficient haulage industry,
- reducing the need to travel through initiatives such as teleworking and teleconferencing,
- better integration between land use development and transport,
- peak spreading (encouraging people to travel outside peak times)

At FRA we recognise that congestion is a multi-agency issue. We are engaged in working with other agencies such as LTA, Police, Ports Authority, Town and Country Planning to manage congestion in urban areas. We are also engaged in a major programme of road widening and other capacity improvements in Suva, Nadi and other urban centres and arterial roads. This effort will ensure that Fiji's road infrastructure provides 'headroom' for economic growth. However more innovative solutions will be needed going forward.

It is intended to start to measure congestion levels in 2015. Initially this will be based on journey time surveys in Suva. We intend to expand this survey programme to other urban areas over the following years.

***A road user satisfaction survey will be a key measure of the public perception of our performance***

FRA's customers are all users of roads, including

- pedestrians using footpaths and roads;
- RSL and taxi passengers in rural and urban areas;
- city commuters on buses and in cars; and
- businesses who rely on roads and jetties to get their goods to and from ports and markets

We are committed to engaging with these customers to get their feedback on quality of service. A road user satisfaction survey will provide a key indicator of how people perceive our performance. This survey will be implemented for the first time in 2015 to provide a baseline for monitoring performance over the following years.

***Improvements are needed in the management and responsiveness of our service request processes***

In 2014 we received a total of 3,726 service requests. These covered a whole range of issues including:

- complaints about potholes, streetlights etc
- applications for developments, taxi bases, billboards, road reserve use etc
- requests for road maintenance and new access roads

Only 45% of these were apparently resolved in the prescribed times. However we believe that many of the service requests are duplicated in the system as the requests are often lodged through several different offices of FRA and our principal consultant (MWH) at the same time. More analysis of these figures is required before we are able to confirm the true numbers.

An average of 310 complaints and service requests per month were received over 2014. The highest was in July when we received more than 400.

Despite the issues with the SR system, we recognise that there is a need to improve performance in this area. Firstly, we need to improve the system to ensure that requests are tracked and followed up on more rigorously. Secondly we need to improve our responsiveness. We will be seeking to improve our processes and systems significantly in 2015.

Performance on responding to subdivision and development applications fell below the target of 100% within 20 working days. The main reason for this was the lack of dedicated FRA resource to actively manage and monitor the process. With the appointment of a specialist planning officer we intend to come very close to achieving this target in future years.

## 4.6 Compliance

Table 23 – Compliance: Training, Record Keeping, Data Management & Reporting

| Compliance - Including: Training, Record Keeping, Data Management & Reporting |  |             |              |
|---|--|-------------|--------------|
| Code  | Performance Measure  | 2014 target | Outcome      |
| 6.4   | Compliance with all legislative, regulatory and other requirements.    | 100%        | Achieved     |
| 6.6   | No significant abnormal damage caused to roads by overweight vehicles. | None        | Not achieved |

***We report 100% compliance with all legislative regulatory and other requirements and no known pending non-compliance***

In some areas the legal requirements are unclear because consequential legislative changes are still to be made to other Decrees as a result of the establishment of the FRA – especially relating to transfer of ownership and management of all the municipal roads to the FRA and the FRA’s relationship with the Land Transport Authority.

***Overloading of heavy goods vehicles continues to be a problem that is not fully within FRA’s control***

Illegal overloading and loading exemptions continue to result in damage to roads and structures. We estimate that the cost of this damage is of the order of tens of millions of dollars each year. This effectively represent a hidden transfer subsidy to industries such as logging and sugar which benefit from lower haulage costs. FRA considers that these road damage costs should be managed through better enforcement and compliance, or otherwise captured within the appropriate industry so that better decisions are being made.

FRA’s responsibility for enforcement of vehicle load limits has been removed from the decree (see Appendix). However we are still playing a central role in a multi-agency approach to this problem and will continue to do so with the goal of reducing abnormal damage to roads and structures.

## 4.7 Financial

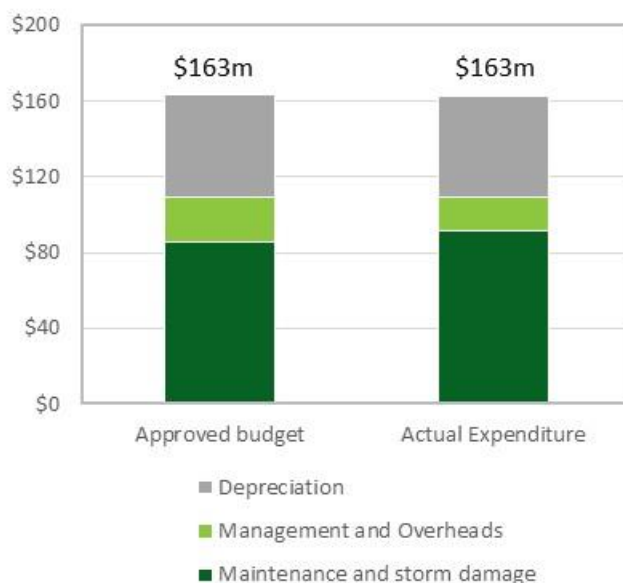
**Table 24 - Financial – Economic Value for Money**

| Financial - Economic Value for Money |  |   |              |
|--------------------------------------|--|---|--------------|
| Code                                 | Performance Measure  | 2014 target   | Outcome      |
| 7.6                                  | Total operating costs were within the approved total budget.   | Yes   | Achieved     |
| 7.7                                  | New capital and renewal projects were completed within the approved total budget.  | Yes   | Achieved     |
| 7.8                                  | The depreciated replacement (current) value of the network is a progressively greater proportion of their replacement value. | Later when a more accurate understanding of the assets and their condition (and consequently value) is known. | Not measured |
| 7.1                                  | An unqualified annual audit opinion.   | Yes   | Not achieved |
| 7.12                                 | No matters raised by Audit as not having been attended to from the previous year.  | None  | Achieved     |

### ***Total FRA operating expenditure was within annual approved budget***

In this context operating costs include the costs of the FRA business unit and the costs of maintaining the network (including storm damage and depreciation). Comparison of budget and expenditure is shown in Figure 9.

**Figure 9 - FRA 2014 operating budget and expenditure (\$million VEP)**

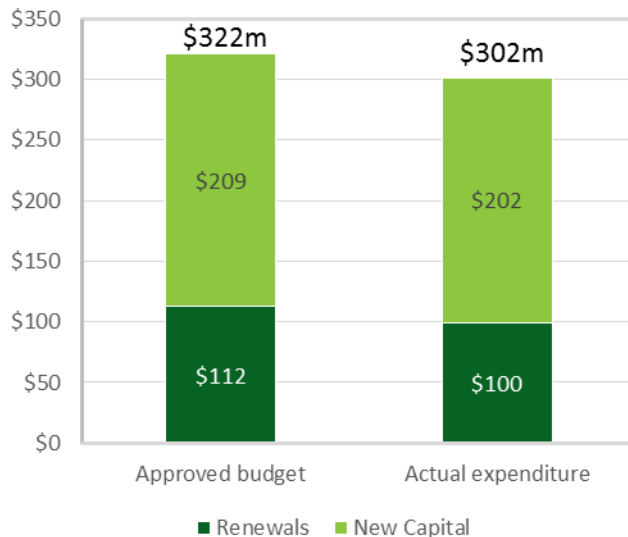


Within this operating budget there was a savings of \$5.7m, mostly in historical claims (including expected release of historic retentions). This money has been held to meet existing and potential historical claims in future.

**Total FRA capital and renewal expenditure was within annual approved budget**

Capital and renewal expenditure was 94% of the 2014 revised budget. This included advance payments on contracts started in 2014. Comparison of budget and expenditure is shown in Figure 10.

**Figure 10 - FRA 2014 capital and renewal budget and expenditure (\$million VEP)**



***It is expected that the qualification on asset values will remain until the next valuation of assets which is due to be completed by November 2015.***

The FRA’s auditors (The Fiji Auditor General) qualified the accounts again this year because they couldn’t be satisfied there are sufficient accounting records and related documents to appropriately account for and substantiate the value of the FRA’s property, plant and equipment at 31 December 2014.

This qualification is as was expected. The quality of the records that the FRA inherited from its predecessor – the Department of National Roads is extremely poor and in calculating the value of the road carriageways, bridges, drains and structures and signs etc it has been impossible to arrive at a figure without making a number of material assumptions. The Auditor’s view is that the number and significance of the assumptions that have had to be made is excessive.

A totally new database is currently being compiled and although good progress is being made we don’t expect to be able to provide a complete and accurate valuation summary until November 2015.

**4.8 Specific Tasks**

***Progress has been made, but performance on specific tasks for 2014 has not been as good as hoped***

We set ourselves a number of specific tasks at the beginning of the year. In Table 25 below we assess the degree to which we achieved these specific performance targets. Although good progress has been made, overall achievement was not as good as we had hoped. Over the course of 2014 FRA was still in the process of building the organisational capacity. The business has been strengthened with a number of new appointments including that of Strategy, Planning and Performance Manager – late in the year.

**Table 25 - Specific Tasks for 2014**

|                   | 2014 Specific Performance Target   | 2014 Performance Result  |
|-------------------|--|--|
| <b>Governance</b> |  |  |
| 1.1               | Submit the Half-Yearly Report to the Minister not later than 30 July 2014.   | Achieved   |
| 1.2               | Prepare the 2014 Annual Report by 31 March 2015.   | Partially achieved - The draft documentation for the annual report was completed in time, however the Audited Accounts were held up in the Auditor General's office awaiting signatures.   |
| 1.3               | Adopt the Corporate Plan and Statement of Corporate Intent for 2015 before 31 December 2014.   | Achieved   |
| 1.4               | Clarify the FRA's Legislative and Regulatory Responsibilities. (Amendments required to the Local Government Act and several other Acts as a result of enactment of the Fiji Roads Authority Decree)                    | Achieved - FRA Decree was Amended in 2014 and the amendments are attached. Work on harmonising with the legislation is under way and FRA is in the process of compiling all gaps with other legislations.  |
| 1.5               | Finalise a Memorandum of Agreement with the Maritime Safety Authority Fiji (MSAF) about the two parties' respective responsibilities re the management of jetties.   | Partially achieved – Draft MOU has been prepared by FRA and now awaiting finalisation with MSAF  |
| 1.6               | Review how well the arrangement with the Ministry of Provincial Development for the development and management of roads on the outer islands is working and update the Memorandum of Understanding.                    | Partially achieved - Revised Memorandum of Understanding was submitted the Ministry of Rural and Maritime Development. This MOU has yet to be agreed to and is a task to be completed in 2105.   |
| 1.7               | Adopt a strategy and the future maintenance and management approach for the jetties that the FRA is responsible for (including a detailed maintenance and renewals programme).   | Partially achieved - While significant work undertaken in 2014 this is still ongoing work. Inspection of all known jetties was completed and programmes for maintenance and renewal developed. Maintenance driven by urgent need. Renewals are being prioritised using Multi Criteria Analysis - this prioritisation work was completed in 2014.   |
| 1.8               | Ensure the Municipal Councils' MOAs are operating satisfactorily.  | Not achieved - FRA is still trying to resolve the situation over Municipal Council MOU. No payment for work carried out on the relevant roads has been received from any Municipal Councils. The work has been funded out for FRA grant.   |
| 1.9               | Ensure provable progress is made re the FRA's key objective to upskill the local workforce at all levels – FRA Management, MWH (the FRA's Professional Engineering Services Advisers) and the Maintenance Contractors. | Achieved - In mid 2014 FRA produced a consolidated record of the "Building Local Capacity through Knowledge Transfer" programme.<br><br>This documents the significant effort in upskilling across FRA, our consultants and maintenance contractors. It clearly demonstrates FRA's continuing commitment to building local skills and capacity. In addition, the FRA staff training and development manual has been developed in order to enhance local capacity and capability development at all levels. |

|                  | 2014 Specific Performance Target   | 2014 Performance Result  |
|------------------|--|--|
|                  |  | On all contracts worth more than \$500,000 tenderers are required to state their recruitment and training plans for locally recruited staff.   |
| 1.10             | Complete a plan for divestment of the FRA's laboratories business by 31 March 2014 – and subsequently achieve the required actions by the target dates stated in the plan. | Achieved - The tender process for the sale of Laboratories business is complete. Opus International has been awarded the laboratories business. The sale process should be complete by mid-year 2015.  |
|                  | 2014 Specific Performance Target   | 2014 Performance Result  |
| <b>Technical</b> |  |  |
| 2.1              | Significantly improve data quality across the Board (including robust roads' and bridges' inventories).  | Achieved – Significant progress has been made in improving the quality of asset inventory data. This work is expected to be completed in 2015. The main area for improvement beyond this is condition information.   |
| 2.2              | Adopt a new Roads' Classification System.  | Not achieved - A review was carried out in 2014 with a new sub category to the Collector Classification proposed. The Fiji National Transport Sector Plan 2014 which is under development will include a proposals for a functional heirarchy for the road network. It is anticipated that FRA will work with the TA consultant to finalise this. The TA work is behind programme and will not be completed until 2015 |
| 2.3              | Establish a programme for review of the technical standards and ensure the work agreed for 2014 is completed.  | Partially achieved - A programme for review was established and some progress has been made. However there are still a number of areas that need to be completed.  |
| 2.4              | Adopt a new Subdivision and Development Policy.  | Not achieved - A formal policy was not formulated over 2014. A new Planning Officer started with FRA later in the year and this work will become a priority in 2015.   |
| 2.5              | Identify on a map the exact rural roads that the FRA has taken responsibility for (and their status).  | Partially achieved - The FRA's asset register is expected to be completed in mid 2015. Surveys being undertaken to complete this database will identify those roads which fall under FRA's responsibility.   |
| 2.6              | Identify the sufficiency of the current controls regarding overweight, over-width and over-length vehicles.  | Partially achieved - The Land Transport Authority requires all one off applications for overweight, over-width and over-length vehicles to be endorsed by FRA prior to approval being granted. There is an ongoing issue with general compliance and licensing based on GVM certification that will be progressed with LTA in 2015 including a Government Briefing on the impacts of overloading.                      |
| <b>Financial</b> |  |  |

|                           | 2014 Specific Performance Target   | 2014 Performance Result  |
|---------------------------|--|--|
| 3.1                       | Identify potential alternative sources of funding for discussion with Government and other affected stakeholders.  | Partially achieved - We have invested in some term deposits. We are now collecting proposals for having interest bearing operating accounts. There is a potential of acquiring overdraft facility with the bank. However since FRA is spending public funds we do not see it fit to invest in activities which incur costs and/or exposes FRA to potential risks.  |
| 3.2                       | Achieve the revenue results forecasted in the Laboratories Business Plan.  | Partially achieved - In terms of revenue, labs performed well, just falling short of \$346k (16%) of the total forecasted revenue for 2014. The reason behind the shortfall was one of the major labs (Lautoka) were without a manager throughout the year and also labs were short of technicians.<br>However when looking at profit of the labs, a net loss of \$36k was recorded for 2014 in comparison to a forecasted profit of \$665k. The shortfall were related to costs incurred in bringing the labs to the required standard. Some of the major costs incurred by labs in 2014 were calibrations of machines, maintenance and repairs of buildings, IT costs and consultancy costs. The results would have been worse had a proper management and overhead costs (such as depreciation) charged to the labs. Such a result by the labs justifies managements' decision for the divestment of labs as it was expected significant investment is required to bring the labs up to the required standards. |
|                           | 2014 Specific Performance Target   | 2014 Performance Result  |
| <b>General Management</b> |  |  |
| 4.1                       | Update the Asset Management Plan to meet the timeframes for the 2015 budget submissions.   | Achieved - The Asset Management Plan revision was completed by October 2014  |
| 4.2                       | Complete the annual review of the 'Operations', 'Staff' and 'Risk Management' manuals.   | Partially achieved - Operations and Staff Manual was updated 2 twice last year. 30th January and 23 July 2014. Review of Risk Management Plan was not completed.   |
| 4.3                       | Refine the performance measures and targets at all levels and ensure the necessary monitoring and reporting processes have been implemented and continue to be managed effectively – with prompt action being taken when the results aren't as intended. | Partially achieved - Significantly work is required in 2015 to refine and improve the performance management framework and practices. There have been improvements in the knowledge of the network and its condition, however these need to be captured in a more systematic way to be of use in monitoring performance.   |

## 5. Financial Statement

**FIJI ROADS AUTHORITY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**FIJI ROADS AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**FIJI ROADS AUTHORITY  
DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**Formation of Fiji Roads Authority**

Fiji Roads Authority was established by the Fiji Road Authority Decree 2012 (as amended by the Fiji Road Authority (Amendment) Decree 2012 ("Principal Decree" - "the FRA Decree"). It was formed as a corporate body with perpetual succession and a common seal as at 5 January 2012.

The directors present their report together with the financial statements of Fiji Roads Authority ("the Authority") for the period 1 January 2013 to 31 December 2014 and the auditors' report thereon.

**Directors**

The names of the Directors at any time during the financial year and up to the date of this report are:

*Present Members:*

Mr. Parmesh Chand - Interim Chairperson (appointed on 5 August 2014)

Mr. Samuela Namosimalua (appointed on 9 December 2013)

Mr. Naipote Katonitabua (appointed on 5 August 2014)

Mr. Shaheen Ali (appointed on 5 August 2014)

*Past Members (resigned during the current year):*

Mr. Pio Tikoduadua - Former Chairperson (resigned on 23 July 2014)

Mr. Filimoni Waqabaca (resigned on 26 May 2014)

Ms. Elizabeth Powell (resigned on 25 July 2014)

**State of affairs**

In the opinion of the directors:

- there were no significant changes in the state of affairs of the Authority that occurred during the financial period under review not otherwise disclosed in this report or the financial statements.
- the accompanying statement of financial position give a true and fair view of the state of affairs of the Authority as at 31 December 2014 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the result of the Authority, its changes in equity and its cash flows for the period then ended.

**Principal activity**

The principal activity of the Authority during the period was that pertaining to the construction, maintenance and development of roads in Fiji.

**Operating results**

The operating deficit for the year ended 31 December 2014 was \$123,797,682 (2013: Deficit of \$134,390,468).

**FIJI ROADS AUTHORITY  
DIRECTOR'S REPORT (cont'd)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**Reserves**

The directors did not recommend any transfers to or from reserves to accumulated funds in the 2014 financial period.

**Events subsequent to balance date**

The following event has arisen in the interval between the end of the financial period and the date of this report:

- (a) At the time of the report, the Authority's laboratory business was being sold by way of tender.

Apart from the above, there has not arisen in the interval between the end of the financial period and date of this report any further item, transactions or event of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority in subsequent financial years.

Dated this 30<sup>th</sup> day of June 2015.

Signed in accordance with a resolution of the Directors.



Director



Director

# OFFICE OF THE AUDITOR GENERAL

*Excellence in Public Sector Auditing*



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## INDEPENDENT AUDITOR'S REPORT

To the Members of Fiji Roads Authority

### Report on the Financial Statements

I have audited the accompanying financial statements of the Fiji Roads Authority, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 19.

### *Directors' and Management's Responsibility for the Financial Statements*

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ("IFRS"), the Fiji Roads Authority Decree 2012 and other statutory requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on my judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, I consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

As discussed in Note 1(a) and Note 1(e) to the financial statements, there were insufficient accounting records and related documents to appropriately account and substantiate the value of property, plant and equipment as at 5 January 2012.

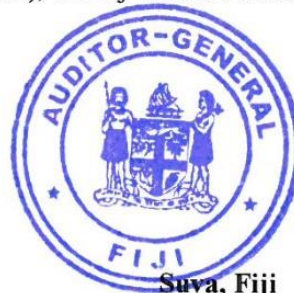
The financial statements consequently included carried forward opening balance for property, plant and equipment of \$4.8 billion (Note 7) based significantly on estimates and assumptions, with uncertainty. I was unable to carry out appropriate audit procedures to obtain sufficient and appropriate audit evidence over these estimates and valuation. As a result, I was not able to determine the effect of adjustments, if any, on the financial position of the Authority as at 31 December 2014, or on its financial performance and cash flows for the year then ended.

### **Qualified Audit Opinion**

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Fiji Roads Authority as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financials Reporting Standards (“IFRS”), the Fiji Roads Authority Decree 2012 and other statutory requirements.



Atunaisa Nadakuitavuki  
for **AUDITOR GENERAL**



Suva, Fiji  
6 July 2015

**FIJI ROADS AUTHORITY**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|   | Notes | 2014                 | 2013                 |
|---|-------|----------------------|----------------------|
|   |       | \$                   | Restated<br>\$       |
| <b>Income</b>   |       |                      |                      |
| Grants and Contributions  | 2 (a) | 27,199,151           | 33,370,264           |
| Amortisation of Deferred Income   |       | 12,033,895           | 201,226              |
| Other Income  | 2 (b) | 1,806,327            | 3,528,295            |
| <b>Total Income</b>   |       | <b>41,039,373</b>    | <b>37,099,785</b>    |
| <b>Expenditure</b>  |       |                      |                      |
| Employee Related Expenses   | 3 (a) | (3,487,267)          | (3,664,568)          |
| Other Operating Expenses  | 3 (b) | (20,134,123)         | (14,556,132)         |
| Maintenance   |       | (87,119,766)         | (96,239,599)         |
| Depreciation and Amortisation   | 7 & 8 | (53,648,237)         | (44,080,993)         |
| <b>Total Expenditure</b>  |       | <b>(164,389,393)</b> | <b>(158,541,292)</b> |
| <b>Deficit for the Period</b>   |       | <b>(123,350,020)</b> | <b>(121,441,507)</b> |
| <b>Other Comprehensive Income</b>   |       |                      |                      |
| <b>Item that will not be reclassified subsequently to profit and loss</b> |       |                      |                      |
| Gain on Sale of Plant & Equipment   |       | 267,030              | -                    |
| Loss on Revaluation of Quarry Assets                                      |       | -                    | (13,642,276)         |
| Loss on Sale of Quarry Assets   |       | (710,505)            | -                    |
| <b>Item that will be reclassified subsequently to profit and loss</b>     |       |                      |                      |
| Exchange Difference in Translating Foreign Operation                      |       | (4,187)              | 693,315              |
| <b>Total Comprehensive Loss for the period</b>                            |       | <b>(123,797,682)</b> | <b>(134,390,468)</b> |

*The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.*

**FIJI ROADS AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | <b>Contributed<br/>Equity<br/>\$</b> | <b>Accumulated<br/>Funds<br/>\$</b> | <b>Capital<br/>Reserve<br/>\$</b> | <b>Total<br/>\$</b>  |
|--|--------------------------------------|-------------------------------------|-----------------------------------|----------------------|
| <b>Balance at 1 January 2013</b>                   | 4,468,589,781                        | 123,172,255                         | -                                 | 4,591,762,036        |
| Total Comprehensive Loss for the year - Restated   | -                                    | (134,390,468)                       | -                                 | (134,390,468)        |
| Transfer to Capital Reserve - Restated             | -                                    | -                                   | 85,217                            | 85,217               |
| Increase in Assets from Equity transfer - Restated | 133,089,281                          | -                                   | -                                 | 133,089,281          |
| <b>Balance at 31 December 2013 - Restated</b>      | <b>4,601,679,062</b>                 | <b>(11,218,213)</b>                 | <b>85,217</b>                     | <b>4,590,546,066</b> |
| Total Comprehensive Loss for the year              | -                                    | (123,797,682)                       | -                                 | (123,797,682)        |
| Transfer to Capital Reserve                        | -                                    | (696,522)                           | 1,083,186                         | 386,665              |
| Increase in Assets from Equity transfer            | 95,692,631                           | -                                   | -                                 | 95,692,631           |
| <b>Balance at 31 December 2014</b>                 | <b>4,697,371,693</b>                 | <b>(135,712,417)</b>                | <b>1,168,404</b>                  | <b>4,562,827,680</b> |

*The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.*

**FIJI ROADS AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

|                                      | Notes | 2014<br>\$           | 2013<br>Restated<br>\$ |
|--------------------------------------|-------|----------------------|------------------------|
| <b>Current Assets</b>                |       |                      |                        |
| Cash & Cash Equivalents              | 4     | 24,661,047           | 1,200                  |
| Receivables                          | 5     | 3,106,786            | 11,234,159             |
| Other Current Assets                 | 6     | 132,846,697          | 45,212,390             |
| Assets Classified as Held For Sale   |       | -                    | 3,822,172              |
| <b>Total Current Assets</b>          |       | <b>160,614,530</b>   | <b>60,269,921</b>      |
| <b>Non-Current Assets</b>            |       |                      |                        |
| Property, plant and equipment        | 7     | 4,998,013,145        | 4,796,220,705          |
| Intangible Assets                    | 8     | 4,393                | 147,543                |
| <b>Total Non-Current Assets</b>      |       | <b>4,998,017,538</b> | <b>4,796,368,248</b>   |
| <b>Total Assets</b>                  |       | <b>5,158,632,068</b> | <b>4,856,638,169</b>   |
| <b>Current Liabilities</b>           |       |                      |                        |
| Book Bank Overdraft                  | 4     | -                    | 2,173,607              |
| Payables                             | 9     | 51,862,641           | 49,133,094             |
| Provisions                           | 10    | 83,863               | 29,705,839             |
| <b>Total Current Liabilities</b>     |       | <b>51,946,504</b>    | <b>81,012,540</b>      |
| <b>Non-Current Liabilities</b>       |       |                      |                        |
| Provisions                           | 10    | 37,715,614           | 7,789,485              |
| Deferred Income                      | 11    | 506,142,270          | 177,290,078            |
| <b>Total Non-Current Liabilities</b> |       | <b>543,857,884</b>   | <b>185,079,563</b>     |
| <b>Total Liabilities</b>             |       | <b>595,804,388</b>   | <b>266,092,103</b>     |
| <b>NET ASSETS</b>                    |       | <b>4,562,827,680</b> | <b>4,590,546,066</b>   |
| <b>Equity</b>                        |       |                      |                        |
| Capital Reserves                     | 19    | 1,168,404            | 85,217                 |
| Other Contributed Equity             |       | 4,697,371,693        | 4,601,679,062          |
| Accumulated Funds                    |       | (135,712,417)        | (11,218,213)           |
| <b>TOTAL EQUITY</b>                  |       | <b>4,562,827,680</b> | <b>4,590,546,066</b>   |

*The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.*

Signed for and on behalf of the Board of Directors.

Director



Director

**FIJI ROADS AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

|  | Notes    | 2014<br>\$           | 2013<br>Restated<br>\$ |
|--|----------|----------------------|------------------------|
| <b>Cash Flows from Operating Activities</b>                |          |                      |                        |
| Grants and subsidies received                              |          | 290,384,630          | 198,430,253            |
| Payments to suppliers and employees                        |          | (107,444,612)        | (53,264,455)           |
| <b>Net Cash provided by Operating Activities</b>           |          | <b>182,940,018</b>   | <b>145,165,798</b>     |
| <b>Cash Flows from Investing Activities</b>                |          |                      |                        |
| Payments for Intangible assets                             |          | (13,279)             | -                      |
| Payments for property, plant and equipment                 |          | (255,284,249)        | (147,987,687)          |
| Proceeds from DNR Assets                                   |          | 1,083,187            | -                      |
| <b>Net Cash provided by Investing Activities</b>           |          | <b>(254,214,341)</b> | <b>(147,987,687)</b>   |
| <b>Cash Flows from Financing Activities</b>                |          |                      |                        |
| Government Contribution through loans                      |          | 98,107,777           | -                      |
| <b>Net Cash provided by Financing Activities</b>           |          | <b>98,107,777</b>    | <b>-</b>               |
| <b>Net increase/(decrease) in cash</b>                     |          | <b>26,833,454</b>    | <b>(2,821,889)</b>     |
| Cash and cash equivalent at beginning of financial period  |          | (2,172,407)          | 649,482                |
| <b>Cash and cash equivalent at end of financial period</b> | <b>4</b> | <b>24,661,047</b>    | <b>(2,172,407)</b>     |

*The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.*

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

Fiji Roads Authority (the "Authority" or "FRA") was established by the Fiji Road Authority Decree 2012 (as amended by the Fiji Road Authority (Amendment) Decree 2012, "Principal Decree") ("FRA Decree") to serve the road system needs of the Republic of Fiji. This decree established the Authority by transferring the operations and assets of the Department of National Roads ("DNR").

The address of the Authority's registered office is Level 1, Building 3, Fiji Revenue and Customs Authority Complex, Nasese, Suva.

The Authority commenced operations on 5 January 2012. The financial statements are reported for the period 1 January to 31 December 2014. Fiji Roads Authority is a corporate body domiciled in Fiji. The significant accounting policies, which have been adopted in the preparation of these financial statements, are noted below.

The financial statements were authorised for issue by the directors on 30th June 2015.

**a) Accounting for the formation of FRA**

By virtue of the FRA Decree, the entity was established to form the FRA with effect from 5 January 2012. Following the 2012 Amendment to the FRA Decree, Fiji Road Authority was renamed to Fiji Roads Authority.

Due to insufficient books and records over property, plant and equipment at 5 January 2012, the property, plant and equipment assets of the Department of National Roads were required to be identified, recorded and valued by independent valuers and the resulting adjustment was recorded in other contributed equity. The assets of the DNR were transferred to FRA on 5 January 2012 for a consideration of Nil under the FRA Decree.

**b) Statement of Compliance**

The financial statements of the Authority have been drawn up in accordance with the provisions of the Financial Management Act 2004 and International Financial Reporting Standards ("IFRS").

**c) Basis of Preparation**

The financial statements are presented in Fiji dollars, rounded to the nearest dollar. The financial statements have been prepared based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The accounting policies have been consistently applied and are consistent throughout the period.

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**d) New Standards and Interpretations not yet Adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Authority, except for IFRS 9 Financial Instruments, which becomes mandatory for the Authority's 2015 financial statements and could change the classification and measurement of financial assets. The Authority does not plan to adopt this standard early and the extent of the impact has not been determined.

**e) Use of Estimates and Judgements**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements includes the note on property, plant and equipment in Note 1(g).

**f) Foreign Currency**

All foreign currency transactions are translated to Fiji currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling at balance date. Gains and losses arising on such translations are recognised in the result for the period.

**g) Property, Plant and Equipment**

Property, plant and equipment comprise land and buildings, plant and equipment (vehicles and general plant and equipment) and infrastructure systems (road and bridges).

***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other International Financial Reporting Standards. Any gain or loss on disposal of property, plant and equipment is recognised in profit or loss.

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**g) Property, Plant and Equipment (cont'd)**

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. A corresponding amount is also reported as deferred revenue under liabilities and amortised over the period of the useful life of the asset.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The cost of assets constructed for own use includes the purchase cost, other directly attributable costs and the initial estimate of dismantling and restoration costs.

***Depreciation***

Items of property, plant and equipment, are depreciated using the straight-line method over their estimated useful lives. Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

|                        | <b>Useful Lives (years)</b> |
|------------------------|-----------------------------|
| Buildings              | 60                          |
| Furniture and Fittings | 5 - 10                      |
| Motor Vehicles         | 5 - 8                       |
| Road Systems           | 12 - 120                    |
| Maritime Systems       | 50 - 80                     |
| Plant and Equipment    | 10 - 30                     |

***Revaluation of property, plant and equipment***

The Authority revalues each class of property, plant and equipment at least three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent professionally qualified valuers. The next revaluation of Authority's non-current assets are due by end of 2015.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value. This is because any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the assets accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**g) Property, Plant and Equipment (cont'd)**

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit Authority, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

**h) Cash and Cash Equivalents**

Cash and cash equivalents comprises of cash at bank, cash on hand and term deposits. Normal at call and short term deposits (generally one year or less) that are not quoted in an active market will typically meet the definition of, and be classified as, cash.

**i) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the period when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**j) Inventory**

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Raw materials and consumables are measured based on weighted average basis and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and distribution.

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**k) Payables**

These amounts represent liabilities for goods and services provided to the Authority and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

**l) Other Operating Expense and Maintenance**

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Authority. Maintenance costs relate principally to road and maritime infrastructure systems.

**m) Maintenance**

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or a component of an asset, in which case the costs are capitalised and depreciated.

**n) Employee Entitlement**

**(i) Defined Contribution Plan**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

**(ii) Short Term Employee Benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**o) Income Recognition**

Income is recognised and measured at the fair value of the consideration or contribution received or receivable to the extent that it is probable that the economic benefits will flow to the Authority and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(i) Grants and Contribution**

Grants and contributions comprising mainly cash and in kind contributions are recognised as revenues when control passes to the Authority and the contractual obligations have been satisfied. In kind contributions (e.g. roads and bridges from Local Councils) are measured at fair value on transfer and recognised as property, plant and equipment (Note 1(g)).

**(ii) Other Income**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be measured reliably.

**p) Impairment**

The carrying amounts of the Authority's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

**q) Accumulated Funds**

The category "Accumulated Funds" includes all current period retained funds.

**r) Other Contributed Equity**

Other contributed equity represents generally assets less liabilities transferred to the reporting entity by the Government of Fiji.

**s) Intangible Assets**

Intangible Assets comprises of computer software and license for its first use. Acquired computer software licenses with a cost exceeding \$2,000 are initially capitalized at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs or consultancy costs which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognized as an expense when incurred.

Computer software and licenses are subsequently carried at cost less accumulated amortization and accumulated impairment losses. These costs are amortized to profit or loss using the straight – line method over their estimated useful life.

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|   | 2014              | 2013               |
|---|-------------------|--------------------|
|   | \$                | Restated<br>\$     |
| <b>2. INCOME</b>  |                   |                    |
| <b>(a) Grants and Contributions</b>                                       |                   |                    |
| Government of Fiji - Operating Grant                                      | 16,767,810        | 23,762,000         |
| Loan Funds  | -                 | 9,608,264          |
| Other Agencies  | 10,431,342        | -                  |
|   | <u>27,199,151</u> | <u>33,370,264</u>  |
| <b>(b) Other Income</b>   |                   |                    |
| Lab Revenue   | 1,036,378         | 1,091,085          |
| Quarry Revenue  | 189               | 333,058            |
| Other Revenue   | 766,744           | 2,104,152          |
| Interest Income   | 3,016             | -                  |
|   | <u>1,806,327</u>  | <u>3,528,295</u>   |
| <b>3. EXPENDITURE</b>   |                   |                    |
| <b>(a) Employee Related Expenses</b>                                      |                   |                    |
| Salaries  | 2,943,362         | 3,205,009          |
| Contribution to Fiji National Provident Fund                              | 205,531           | 295,658            |
| Allowances  | 338,375           | 163,901            |
|   | <u>3,487,267</u>  | <u>3,664,568</u>   |
| The number of employees at the at the end of the financial period was 62. |                   |                    |
| <b>(b) Other Operating Expenses</b>                                       |                   |                    |
| Consultancy Costs   | 5,721,642         | 4,833,860          |
| Leasing of Plant  | 139,355           | -                  |
| Materials   | -                 | -                  |
| Travel and Communications   | 347,680           | 369,197            |
| Other   | 13,925,446        | 9,353,075          |
|   | <u>20,134,123</u> | <u>14,556,132</u>  |
| <b>4 CASH AND CASH EQUIVALENTS</b>  |                   |                    |
| Cash at Bank  | 23,298,436        | -                  |
| Petty Cash  | 1,600             | 1,200              |
|   | <u>23,300,036</u> | <u>1,200</u>       |
| Term Deposits   | 1,361,011         | -                  |
|   | <u>24,661,047</u> | <u>1,200</u>       |
| Book Bank Overdraft   | -                 | (2,173,607)        |
|   | <u>24,661,047</u> | <u>(2,172,407)</u> |

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|   | 2014                 | 2013                 |
|---|----------------------|----------------------|
|   | \$                   | Restated<br>\$       |
| <b>6 OTHER CURRENT ASSETS</b>   |                      |                      |
| Grants & Interest Receivable  | 82,277,823           | -                    |
| Prepayments   | 40,564,313           | 43,433,366           |
| Advances & Deposits   | 7,895                | 1,184,854            |
| VAT Receivable, net   | 7,996,666            | 594,170              |
| Securities  | 2,000,000            | -                    |
|   | <b>132,846,697</b>   | <b>45,212,390</b>    |
| <b>7 PROPERTY, PLANT AND EQUIPMENT</b>  |                      |                      |
| (a) Property, plant and equipment are stated at cost and have been included in the financial statements on the following basis: |                      |                      |
| <b>Land and</b>   |                      |                      |
| At Cost   | 194,672,358          | 194,652,551          |
| Accumulated depreciation  | (4,055,376)          | (3,331,233)          |
|   | <b>190,616,982</b>   | <b>191,321,318</b>   |
| <b>Motor Vehicles</b>   |                      |                      |
| At Cost   | 2,447,069            | 1,504,828            |
| Accumulated depreciation  | (681,259)            | (396,093)            |
|   | <b>1,765,810</b>     | <b>1,108,735</b>     |
| <b>Furniture and Fittings</b>   |                      |                      |
| At Cost   | 815,562              | 444,889              |
| Accumulated depreciation  | (212,311)            | (85,171)             |
|   | <b>603,251</b>       | <b>359,718</b>       |
| <b>Road Systems</b>   |                      |                      |
| At Cost   | 5,207,772,782        | 5,094,554,705        |
| Accumulated depreciation  | (883,663,886)        | (807,295,350)        |
|   | <b>4,324,108,896</b> | <b>4,287,259,355</b> |
| <b>Plant and Equipment</b>  |                      |                      |
| At Cost   | 2,082,360            | 2,510,927            |
| Accumulated depreciation  | (413,531)            | (429,338)            |
|   | <b>1,668,829</b>     | <b>2,081,589</b>     |
| <b>Maritime Systems</b>   |                      |                      |
| At Cost   | -                    | 47,632,010           |
| Accumulated depreciation  | -                    | (24,220,862)         |
|   | -                    | <b>23,411,148</b>    |
| <b>Work in Progress</b>   |                      |                      |
| At Cost   | 479,249,378          | 290,678,842          |
|   | <b>479,249,378</b>   | <b>290,678,842</b>   |
| <b>Net Book Value</b>   | <b>4,998,013,145</b> | <b>4,796,220,705</b> |

**FIJI ROADS AUTHORITY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**7 PROPERTY, PLANT AND EQUIPMENT (cont'd)**

(b) Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out as follows:

|                                  | Land and<br>Buildings | Motor<br>Vehicles | Furniture &<br>Fittings | Road Systems  | Plant and<br>Equipment | Maritime<br>Systems | Work in<br>Progress | Total         |
|----------------------------------|-----------------------|-------------------|-------------------------|---------------|------------------------|---------------------|---------------------|---------------|
|                                  | \$                    | \$                | \$                      | \$            | \$                     | \$                  | \$                  | \$            |
| At 31 December 2013 - Restated   | 194,652,551           | 1,504,828         | 444,889                 | 5,094,554,705 | 2,510,927              | 47,632,010          | 290,678,842         | 5,631,978,752 |
| Additions                        | 19,807                | 1,033,165         | 370,672                 | 71,586,067    | 277,970                | -                   | 188,570,536         | 261,858,217   |
| Disposals                        | -                     | (90,924)          | -                       | (6,000,000)   | (706,537)              | -                   | -                   | (6,797,461)   |
| Transfers                        | -                     | -                 | -                       | -             | -                      | -                   | -                   | -             |
| At 31 December 2014 - Restated   | 194,672,358           | 2,447,069         | 815,561                 | 5,160,140,772 | 2,082,360              | 47,632,010          | 479,249,378         | 5,887,039,508 |
| <b><u>Depreciation</u></b>       |                       |                   |                         |               |                        |                     |                     |               |
| At 31 December 2013 - Restated   | 3,331,233             | 396,093           | 85,171                  | 807,295,350   | 429,338                | 24,220,862          | -                   | 835,758,047   |
| Depreciation charge for the year | 724,143               | 315,559           | 127,140                 | 50,921,921    | 177,293                | 1,225,753           | -                   | 53,491,809    |
| Disposals                        | -                     | (30,393)          | -                       | -             | (193,100)              | -                   | -                   | (223,493)     |
| At 31 December 2014              | 4,055,376             | 681,259           | 212,311                 | 858,217,271   | 413,531                | 25,446,615          | -                   | 889,026,363   |
| <b><u>Book Value</u></b>         |                       |                   |                         |               |                        |                     |                     |               |
| As at 31 December 2013           | 191,321,318           | 1,108,735         | 359,718                 | 4,287,259,355 | 2,081,589              | 23,411,148          | 290,678,842         | 4,796,220,705 |
| As at 31 December 2014           | 190,616,982           | 1,765,810         | 603,250                 | 4,301,923,501 | 1,668,829              | 22,185,395          | 479,249,378         | 4,998,013,145 |

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

|                                 | 2014                | 2013                  |
|---------------------------------|---------------------|-----------------------|
|                                 | \$                  | Restated<br>\$        |
| <b>8 INTANGIBLE ASSETS</b>      |                     |                       |
| <b><u>Software License</u></b>  |                     |                       |
| <b>Gross Carrying Amount</b>    |                     |                       |
| Balance as at 1 January         | 238,104             | -                     |
| Additions                       | 13,279              | 238,104               |
| Balance as at 31 December       | <u>251,383</u>      | <u>238,104</u>        |
| <b>Accumulated Amortisation</b> |                     |                       |
| Balance as at 1 January         | 90,561              | -                     |
| Amortisation for the year       | 156,429             | 90,561                |
| Balance as at 31 December       | <u>246,990</u>      | <u>90,561</u>         |
| <b>Net Amount</b>               | <u><b>4,393</b></u> | <u><b>147,543</b></u> |

Software licenses are made up of the Authority's Navision Financial Management Information System and the Payroll PayGlobal System. Computer software is capitalised at the net invoice cost plus any related consulting and/or training costs associated with the initial software implementation (including the initial license cost) and amortised by an impairment charge over its remaining life to arrive at the carrying amounts.

**9 ACCOUNTS PAYABLE**

|                   |                          |                          |
|-------------------|--------------------------|--------------------------|
| Accruals          | 16,562,981               | 21,915,735               |
| Other Payables    | 2,117,899                | 2,034,256                |
| Retention Payable | 13,536,700               | 12,605,227               |
| Trade Payables    | 19,645,061               | 12,577,876               |
|                   | <u><b>51,862,641</b></u> | <u><b>49,133,094</b></u> |

**10 PROVISION**

|                                |                          |                          |
|--------------------------------|--------------------------|--------------------------|
| Employee Benefits              | 76,062                   | 54,945                   |
| Other Provisions (refer below) | 37,723,415               | 37,440,379               |
|                                | <u><b>37,799,477</b></u> | <u><b>37,495,324</b></u> |
| Apportioned as:                |                          |                          |
| Current                        | 83,863                   | 29,705,839               |
| Non-Current                    | 37,715,614               | 7,789,485                |
|                                | <u><b>37,799,477</b></u> | <u><b>37,495,324</b></u> |

**FIJI ROADS AUTHORITY**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (cont'd)**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**18 CHANGES IN ACCOUNTING ESTIMATES AND ERRORS (cont'd)**

|   |                      |
|---|----------------------|
| <b>(c) Assets Classified as Held for Sales</b>  |                      |
| Balance reported as at 31 December 2013   | 6,429,997            |
| Impairment Loss on Revaluation of Quarry assets   | (2,607,825)          |
| Restated balances as at 31 December 2013  | <u>3,822,172</u>     |
| <b>(d) Loss on Revaluation of Quarry Assets</b>   |                      |
| Balance reported as at 31 December 2013   | (11,034,451)         |
| Impairment Loss on Revaluation of Quarry assets   | (2,607,825)          |
| Restated balances as at 31 December 2013  | <u>(13,642,276)</u>  |
| <b>(e) Other Contributed Equity</b>   |                      |
| Balance reported as at 31 December 2013   | 4,565,087,175        |
| Changes in Accounting Errors [Note (i)]   | 36,591,887           |
| Restated balances as at 31 December 2013  | <u>4,601,679,062</u> |
| (i) Unrecorded advance payments from loan fund in prior years.  |                      |
| <b>(f) Advance Payments to Contractors</b>  |                      |
| Balance reported as at 31 December 2013   | 3,279                |
| Changes in Accounting Errors [Note (i)]   | 43,430,087           |
| Restated balances as at 31 December 2013  | <u>43,433,366</u>    |
| (i) Unrecorded advance payments from loan fund and reversal of repayment of advance recorded against Work in progress in prior years. |                      |

**19 CAPITAL RESERVES**

|  | 2014             | 2013          |
|--|------------------|---------------|
|  | \$               | \$            |
| Sale of Quarry Assets (i)                | 696,522          | 85,217        |
| Sale of Covec Plants and Machines (ii)   | 451,925          | -             |
| Sale of items from Sigatoka Valley (iii) | 19,957           | -             |
|  | <u>1,168,404</u> | <u>85,217</u> |

This reserve consists of:

- (i) Proceeds from sale and disposal of equipment from the Fiji Roads Authority Quarry Operations.
- (ii) Proceeds from sale and disposal of equipment remaining after the Departure of China National Overseas Engineering Cooperation (COVEC).
- (iii) After the completion of the Sigatoka Valley Project, the office and House items used by the contractor were sold off.

The funds will be utilised by Fiji Roads Authority on future establishment costs.

## 6. Other Financial Information

For further information about the way the FRA manages its financial affairs see FRA's Operations Management Manual (Green Book).

## 6.1 Cost of Service

**Table 26 - Cost of Service Statement**

| 2014 Revised Budget (\$000) | Item                                     | 2014 Expenditure \$000's | 2013 Expenditure \$000's |
|-----------------------------|--|--------------------------|--------------------------|
|                             | <b>Operating Expenditure</b>             |                          |                          |
| \$25,497                    | FRA MANAGEMENT                           | \$17,996                 | \$10,547                 |
| \$66,178                    | MAINTENANCE - ROADS, BRIDGES AND JETTIES | \$66,999                 | \$68,240                 |
| \$21,827                    | EMERGENCY WORKS                          | \$24,509                 | \$13,593                 |
|                             | LOAN INTEREST                            |                          |                          |
|                             | DEPRECIATION                             | \$53,648                 | \$45,179                 |
| <b>\$113,501</b>            | <b>Total Operating Costs (VEP)</b>       | <b>\$163,153</b>         | <b>\$137,559</b>         |
|                             | <b>Capital Expenditure</b>               |                          |                          |
| \$74,189                    | RENEWALS - ROADS AND SERVICES            | \$70,437                 |                          |
| \$30,572                    | RENEWALS - BRIDGES                       | \$19,417                 |                          |
| \$10,000                    | RENEWALS - JETTIES                       | \$9,790                  |                          |
| <b>\$114,761</b>            | <b>Renewals sub-total</b>                | <b>\$99,644</b>          | <b>\$87,620</b>          |
| \$1,975                     | NEW CAPITAL (Safety)                     | \$2,360                  |                          |
| \$141,656                   | NEW CAPITAL (Access)                     | \$143,747                |                          |
| \$3,417                     | NEW CAPITAL (Community)                  | \$2,493                  |                          |
| \$31,634                    | NEW CAPITAL (Congestion)                 | \$14,062                 |                          |
| \$29,888                    | NEW CAPITAL (Tourism)                    | \$24,169                 |                          |
| \$2,366                     | NEW CAPITAL (Resilience)                 | \$815                    |                          |
|                             | NEW Capital (Advance Payment)            | \$13,975                 |                          |
| <b>\$210,936</b>            | <b>New Capital sub-total</b>             | <b>\$201,622</b>         | <b>\$122,144</b>         |
| <b>\$325,697</b>            | <b>Total Capital Expenditure (VEP)</b>   | <b>\$301,266</b>         | <b>\$209,764</b>         |
|                             | <b>Tax</b>                               |                          |                          |
| \$50,091                    | VAT                                      | \$41,693                 | \$28,975                 |
|                             | <b>Total Tax Provision</b>               | <b>\$41,693</b>          | <b>\$28,975</b>          |
| <b>\$489,289</b>            | <b>Total Expenditure</b>                 | <b>\$506,111</b>         | <b>\$376,298</b>         |
|                             | <b>Income</b>                            |                          |                          |
|                             | Unfunded depreciation                    | \$53,648                 | \$45,179                 |
| \$377,520                   | Government Grant                         | \$333,859                | \$227,385                |
| \$97,063                    | Loans                                    | \$115,397                | \$93,118                 |
| \$7,528                     | Contribution - Municipal Councils        |                          | \$10,616                 |
| \$3,966                     | Contribution - Other Government Agencies | \$2,147                  |                          |
| \$1,500                     | Contribution - Local Government          | \$1,060                  |                          |
| \$1,712                     | Other                                    |                          |                          |
| <b>\$489,289</b>            | <b>Total Income</b>                      | <b>\$506,111</b>         | <b>\$376,298</b>         |

## 6.2 Roads in Municipal Council Areas

Up until 2012 whilst some of the main routes in the municipal council areas were maintained by the former Department of National Roads, most of the roads (in those areas) were maintained by the councils - funded from their rates. The ownership and responsibility of all roads transferred to the FRA in 2012 – with the councils being required to continue to contribute to their annual costs based on the amounts each had been allocating for roads' maintenance in 2012.

In 2013 the total sum the Councils were expected to pay (VEP) was \$6.8m. None of the Councils made any payment to FRA over the course of 2014 and the work was funded from FRA's SEG 10 grant. Table 27 shows the value of work undertaken by FRA on these ex-Municipal Council roads. The figures illustrate the significantly higher investment that is needed to renew and maintain these roads to achieve a suitable level of service.

**Table 27 - Estimated value of maintenance and renewal work undertaken by FRA on ex-Municipal Council roads**

| <b>Council</b> | <b>FRA work on Municipal Roads 2014</b> |
|----------------|---|
| Ba             | \$1,419,000                             |
| Labasa         | \$903,000                               |
| Lami           | \$1,055,000                             |
| Lautoka        | \$12,389,000                            |
| Nadi           | \$4,464,000                             |
| Nasinu         | \$4,306,000                             |
| Nausori        | \$1,068,000                             |
| Savusavu       | \$308,000                               |
| Sigatoka       | \$805,000                               |
| Suva           | \$11,953,000                            |
| Tavua          | \$324,000                               |
| <b>Total</b>   | <b>\$38,994,000</b>                     |

## 6.3 Laboratories

The FRA operates two permanent and three site (or project) laboratories. The laboratory services include soils', bitumen, concrete, and aggregate testing and site investigations. The permanent laboratories perform services principally for the FRA and Government agencies but also perform testing on a charge basis for the private sector. The project laboratories are funded by the relevant projects and their purpose is to complete independent testing of the contractors' materials.

The FRA has transitioned the laboratory operations into a single business with the intention of selling this business to the private sector. Currently the decision to complete the sale rests with the FRA Board. This is an important decision and the Board has chosen to undertake further consultation early in 2015. The 2014 operations account for the laboratories is included in Table 28.

**Table 28 - Laboratories operations account**

| Item                          | \$000 (VIP)        |
|-------------------------------|--------------------|
| <b>Revenue</b>                |                    |
| Materials' testing            | \$1,538,544        |
| Project laboratories' revenue | \$327,262          |
| Other revenue                 | \$2,333            |
| <b>Subtotal</b>               | <b>\$1,868,139</b> |
| <b>Expenses</b>               |                    |
| Cost of sales                 | \$54,438           |
| Payroll and related costs     | \$1,239,229        |
| Staff travelling              | \$40,446           |
| Motor vehicle expenses        | \$27,766           |
| Office expenses               | \$217,195          |
| Electricity                   | \$13,352           |
| Rates                         | \$0                |
| Water charges                 | \$811              |
| Plant/vehicle hire            | \$11,164           |
| Repairs & Maintenance         | \$299,765          |
| Supplies                      | \$0                |
| <b>Subtotal</b>               | <b>\$1,904,166</b> |
| <b>Net Loss</b>               | <b>-\$36,027</b>   |

#### 6.4 Projects Funded by the Malaysian and Chinese EXIM and the Asian Development Banks

The FRA has several road upgrading and flood damage repair projects that are funded by loans from the Malaysian and Chinese EXIM Banks and from the Asian Development Bank.

**Table 29 – Loan Funding**

| <b>Bank</b>                   | <b>2014<br/>Expenditure<br/>\$000's</b> | <b>2013<br/>Expenditure<br/>\$000's</b> |
|-------------------------------|---|---|
| <b>EXIM BANK OF CHINA</b>     |   |   |
| Buca Bay                      | \$15,950,000                            | \$20,339,199                            |
| Moto Road                     |   | \$8,695,770                             |
| Sikatoka Valley               | \$1,572,018                             | \$6,886,304                             |
| Nabouwalu - Dreketi           | \$74,400,000                            | \$45,482,561                            |
| Sawani - Serea                | \$13,200,000                            | \$19,522,442                            |
| <b>Subtotal</b>               | <b>\$105,122,018</b>                    | <b>\$100,926,276</b>                    |
| <b>EXIM BANK OF MALAYSIA</b>  |   |   |
| Queens Highway                |   | \$5,389,396                             |
| <b>Subtotal</b>               |   | <b>\$5,389,396</b>                      |
| <b>ASIAN DEVELOPMENT BANK</b> |   |   |
| Waitoa - Wailotua             |   |   |
| Kings - Lodonu                | \$1,360,539                             | \$8,328,684                             |
| Lomaloma Slip                 | \$3,656,239                             | \$1,167,151                             |
| Rakiraki Bridge               | \$2,070,211                             | \$989,131                               |
| Fiji Water Authority Works    | \$3,388,404                             | \$1,157,447                             |
| FRUP - ADB                    | -\$200,000                              | \$3,452,928                             |
| <b>Subtotal</b>               | <b>\$10,275,394</b>                     | <b>\$15,095,342</b>                     |
| <b>Total</b>                  | <b>\$115,397,412</b>                    | <b>\$121,411,015</b>                    |

## 6.5 Asset Values

Table 30 summarises the assets at the end of 2014 based on the valuation undertaken by MWH New Zealand Ltd in July 2012. Due to the lack of reliable data this valuation was based on a number of assumptions, some of which were considered to be significant. FRA is currently building a database to enable a reliable valuation to be undertaken in 2015.

**Table 30 – Asset Values**

| Asset Categories         | Replacement Cost       | Depreciated Replacement Cost | Accumulated Depreciation | Annual Depreciation |
|--------------------------|------------------------|------------------------------|--------------------------|---------------------|
| <b>Property</b>          |                        |                              |                          |                     |
| Lands                    | \$186,056,338          | \$186,056,338                |                          |                     |
| Formation                | \$2,951,557,753        | \$2,951,557,753              |                          |                     |
| <b>Sub Total</b>         | <b>\$3,137,614,091</b> | <b>\$3,137,614,091</b>       |                          |                     |
| <b>Carriageways</b>      |                        |                              |                          |                     |
| Sealed Road Surfing      | \$188,397,205          | \$57,922,966                 | \$130,474,239            | \$12,091,879        |
| Sealed First Coat        | \$178,340,151          | \$79,598,669                 | \$98,741,482             | \$3,190,469         |
| Sealed Base              | \$170,730,716          | \$76,253,350                 | \$94,477,366             | \$3,037,336         |
| Sealed Sub Base          | \$473,441,412          | \$396,675,750                | \$76,765,662             | \$3,204,526         |
| Unsealed Top Course      | \$53,918,342           | \$5                          | \$53,918,337             | \$5,391,830         |
| Unsealed Base            | \$279,853,710          | \$272,705,312                | \$7,148,398              | \$7,148,398         |
| <b>Sub Total</b>         | <b>\$1,344,681,537</b> | <b>\$883,156,052</b>         | <b>\$461,525,484</b>     | <b>\$34,064,438</b> |
| <b>Drainage</b>          |                        |                              |                          |                     |
| Culverts                 | \$144,534,336          | \$66,847,132                 | \$77,687,204             | \$1,806,679         |
| Gullypits                | \$21,163,449           | \$13,786,450                 | \$7,377,000              | \$248,660           |
| Surface Water Channels   | \$132,196,622          | \$61,364,833                 | \$70,831,789             | \$1,652,457         |
| <b>Sub Total</b>         | <b>\$297,894,407</b>   | <b>\$141,998,415</b>         | <b>\$155,895,993</b>     | <b>\$3,707,796</b>  |
| <b>Other Road Assets</b> |                        |                              |                          |                     |
| Footpaths                | \$45,327,568           | \$24,795,272                 | \$20,532,296             | \$1,117,498         |
| Street Lighting          | \$2,669,968            | \$1,941,899                  | \$728,069                | \$61,705            |
| <b>Sub Total</b>         | <b>\$47,997,536</b>    | <b>\$26,737,171</b>          | <b>\$21,260,365</b>      | <b>\$1,179,203</b>  |
| <b>Traffic Controls</b>  |                        |                              |                          |                     |
| Signs (inc Posts)        | \$9,825,615            | \$3,914,427                  | \$5,911,188              | \$688,896           |
| Markings                 | \$4,746,443            | \$1,053,010                  | \$3,693,433              | \$3,693,433         |
| Traffic Signals          | \$3,026,883            | \$1,034,802                  | \$1,992,081              | \$159,547           |
| <b>Sub Total</b>         | <b>\$17,598,940</b>    | <b>\$6,002,239</b>           | <b>\$11,596,701</b>      | <b>\$4,541,875</b>  |
| <b>Bridges</b>           |                        |                              |                          |                     |
| Large Bridges            | \$246,779,845          | \$151,351,516                | \$95,428,329             | \$2,199,837         |
| Small Bridges            | \$126,452,073          | \$66,352,488                 | \$60,099,585             | \$1,198,974         |
| Large Culverts           | \$85,400,662           | \$40,097,226                 | \$45,303,436             | \$711,672           |
| <b>Sub Total</b>         | <b>\$458,632,580</b>   | <b>\$257,801,230</b>         | <b>\$200,831,350</b>     | <b>\$4,110,483</b>  |
| <b>Other Structures</b>  |                        |                              |                          |                     |
| Guard Rails              | \$22,179,142           | \$8,428,076                  | \$13,751,066             | \$887,165           |
| Jetties                  | \$22,778,791           | \$11,101,069                 | \$11,677,722             | \$338,588           |
| <b>Sub Total</b>         | <b>\$44,957,933</b>    | <b>\$19,529,145</b>          | <b>\$25,428,788</b>      | <b>\$1,225,753</b>  |
| <b>Other</b>             |                        |                              |                          |                     |
| Motor Vehicles           | \$2,447,068            | \$1,765,820                  | \$681,248                | \$315,559           |
| Plant & Equipment        | \$2,082,360            | \$1,668,832                  | \$413,528                | \$177,293           |
| Furniture & Fittings     | \$815,562              | \$603,253                    | \$212,309                | \$127,140           |
| Laboratories             | \$6,492,192            | \$2,921,484                  | \$3,570,708              | \$108,204           |
| Buildings                | \$8,616,020            | \$4,560,644                  | \$4,055,376              | \$722,840           |
| Work in Progress         | \$517,209,280          | \$513,654,779                | \$3,554,501              | \$3,211,225         |
| <b>Sub Total</b>         | <b>\$537,662,482</b>   | <b>\$525,174,812</b>         | <b>\$12,487,670</b>      | <b>\$4,662,261</b>  |
| <b>Total</b>             | <b>\$5,887,039,506</b> | <b>\$4,998,013,156</b>       | <b>\$889,026,350</b>     | <b>\$53,491,808</b> |

## 7. Glossary

## ACRONYMS

|       |   |
|-------|---|
| ADB   | Asian Development Bank                            |
| AMP   | Asset Management Plan                             |
| CEO   | Chief Executive Officer                           |
| CP    | Corporate Plan                                    |
| DNR   | Department of National Roads                      |
| FICAC | Fiji Independent Commission Against Corruption    |
| FRA   | Fiji Roads Authority                              |
| FRCA  | Fiji Revenue and Customs Authority                |
| IP    | Intellectual Property                             |
| LTA   | Land Transport Authority                          |
| MWH   | MWH (New Zealand) Ltd                             |
| MWTPU | Ministry of Works, Transport and Public Utilities |
| PS    | Permanent Secretary                               |
| SCI   | Statement of Corporate Intent                     |
| VAT   | Value Added Tax                                   |
| VEP   | Vat Exclusive Price                               |
| VIP   | Vat Inclusive Price                               |

## DEFINITIONS

|                              |   |
|------------------------------|---|
| <b>Accountability</b>        | Being obliged to answer for one's actions, to justify what one does.<br><br>Not to be confused with responsibility. Responsibility involves the obligation to act. Accountability is the obligation to answer for the action.   |
| <b>Annual Budget</b>         | The total amount that the FRA is planning to spend on the purchase of goods and services during the year and the purposes for which it is to be spent.  |
| <b>Asset Disposal Policy</b> | An FRA policy that has been prepared pursuant to the requirements of Section 32(1)(e) of the Fiji Road Authority Decree 2012 (No 2) viz:<br><br><i>'.....the statement of corporate intent shall include....an outline of FRA's policies and procedures relating to the ....disposal of major assets'.</i><br><br>See Section 6.8 |

|  |  |
|--|--|
| <b>Asian Development Bank</b>          | <p>'A regional development bank established in 1966 to facilitate the economic development of countries in Asia.</p> <p>From time to time the bank approves grants or loans to the FRA for road purposes. Currently the FRA is receiving from the ADB loan assistance for both flood damage repairs and new capital development.</p>   |
| <b>Authority</b>                       | The Fiji Roads Authority   |
| <b>Board</b>                           | <p>The Fiji Roads Authority's Governing Board.</p> <p>During the early years of FRA the members of the Board are the Permanent Secretaries of the Public Service Commission (as Chair), Office of the Prime Minister (Acting PS), Industry and Trade and Local Government</p> <p>A new Board comprising a Chairman and four members will be appointed by the Prime Minister and will assume office in 2015.</p>  |
| <b>Bridge</b>                          | A structure designed to carry a road or path over an obstruction such as a river or rail line by spanning it. Includes culverts with a cross-sectional area greater than 3.4m <sup>2</sup> .   |
| <b>Capital Works</b>                   | Includes both Renewal Capital Works and New Capital Works.   |
| <b>Corporate Plan</b>                  | <p>A plan required to be published by the FRA annually pursuant to Section 31 of The Decree.</p> <p>The Corporate Plan has to include the information listed in section 31 (3).</p>  |
| <b>Decade of Action on Road Safety</b> | <p>A global programme of the United Nations on road safety initiatives.</p> <p>Fiji joined the programme in 2011 and agreed a comprehensive set of targets to be achieved by 2020. Those that the FRA is responsible for include the following:</p> <ul style="list-style-type: none"><li>(i) 30 black spots improved;</li><li>(ii) 40kms of route action plans in place (e.g. overtaking lanes);</li><li>(iii) 30 village treatments completed;</li><li>(iv) 60 mass action plans;</li><li>(v) 600km major roads marked and delineated; (and)</li><li>(vi) Traffic Management Plans implemented on 4 major and 6 smaller routes.</li></ul> <p>In addition, all new projects are to have road safety audits from 2012.</p> |
| <b>Deferred Maintenance</b>            | The cost of work required by the practice of allowing infrastructure to deteriorate by not carrying out required repair and renewal work at the optimum time in the asset lifecycle.   |

|  |   |
|--|---|
| <b>Depots</b>                                  | <p>The 23 depots and 21 sub-depots inherited from the former Department of National Roads.</p> <p>Some of these depots have since been leased, rented or otherwise disposed of.</p>   |
| <b>Depreciated Replacement Cost (or Value)</b> | <p>The replacement cost of an asset less accumulated depreciation to reflect the already consumed or expired future economic benefits of the asset.</p>   |
| <b>Depreciation</b>                            | <p>The wearing out, consumption or other loss of value of an asset, whether arising from use, the passage of time, or obsolescence through technological and market changes.</p>  |
| <b>EXIM BANK</b>                               | <p>An 'Export-Import' (EXIM) financial institution owned by the Chinese Government.</p> <p>The Fijian Government receives loan funding assistance for certain major capital road projects from this bank.</p>   |
| <b>Goal</b>                                    | <p>(Not to be confused with 'Objective')</p> <p>A general statement defining a desired end result or a statement of intent for the direction of the business – usually long-term, not necessarily quantifiable and perhaps not totally obtainable.</p> <p>The FRA has two principal goals:</p> <ul style="list-style-type: none"><li>(i) <i>'To effectively, efficiently and sustainably provide an environmentally friendly land transport network to which people are able to gain easy access and travel on safely, efficiently and comfortably to their destinations; (and)</i></li><li>(ii) <i>'To halt the deterioration trend and reduce the value of deferred maintenance and deferred renewals'.</i></li></ul> |
| <b>Health and Safety Incident</b>              | <p>An unplanned event that has resulted in, or has the potential to result in, injury, illness, damage or loss to persons or property. It includes accidents and near misses.</p>   |
| <b>Jetties</b>                                 | <p>The 47 Outer Island public wharves and jetties that the FRA has the responsibility to maintain and renew.</p>  |
| <b>Laboratories</b>                            | <p>The three permanent and four site (or project) laboratories owned by the FRA that provide testing services for soils, bitumen, concrete, and aggregate and carry out site investigations.</p> <p>FRA intends to develop its laboratories into a single business unit and either lease or sell them within a short time.</p>  |
| <b>Land Transport</b>                          | <p>In the context of this plan means the provision and management of a safe, efficient and effective network of roads, bridges and public jetties.</p>  |



**Levels of Service**

The defined quality for a particular service against which service performance can be measured.

Service levels usually relate to quality, quantity, timeliness, reliability, responsiveness, environmental acceptability and cost.

Road agencies like the FRA typically define levels of service in terms of the roads' reliability (how assured an intending user can be that he will be able to get to his destination within a given time no matter what day of the week it is, what time of day it is, or what the weather), convenience, and comfort of travel; how safe the roads and footpaths are to travel or walk on; and cost.

The FRA's adopted levels of service are in Section 4 of this Corporate Plan.

**Maintenance**

The actions required to enable an asset to achieve its expected life.

Maintenance work can be planned or unplanned. Planned maintenance includes measures to prevent known failure modes and can be time or condition-based. Repairs are a form of unplanned maintenance to restore an asset to its previous condition after failure or damage.

Includes all of the actions necessary for retaining an asset as near as practicable to its original condition, but excludes Renewals.

Examples: Pothole repairs. Replacing a broken deck on a bridge. Applying protective paint. Removing vegetation to improve driver vision. Reinstating road markings. Cleaning and clearing roadside drains and unblocking culverts. Cleaning and repairing road signs.

**Mission**

The reason why the organisation exists.

The FRA's mission is *'to provide a better land transport network for Fiji'*.

**Municipal Councils**

The town and city councils.

There are thirteen municipal councils:

- (i) Ba Town Council
- (ii) Labasa Town Council
- (iii) Lami Town Council
- (iv) Lautoka City Council
- (v) Levuka Town Council
- (vi) Nadi Town Council
- (vii) Nasinu Town Council
- (viii) Nausori Town Council
- (ix) Rakiraki Town Council
- (x) Savusavu Town Council
- (xi) Sigatoka Town Council

|                            |  |
|----------------------------|--|
|                            | (xii) Suva City Council  |
|                            | (xiii) Tavua Town Council  |
| <b>New Capital</b>         | <p>Expenditure that is used to create new assets, or to increase the capacity of existing assets beyond their original design capacity or service potential.</p> <p>Examples: A new bridge. The work done to realign, widen and seal an existing unsealed road.</p>  |
| <b>Objective</b>           | <p>(Not to be confused with Goal).</p> <p>A measurable target that describes the end results that a service or programme is expected to accomplish within a given time period. Objectives flow from, are components of, and lead the FRA towards the achievement of its goals.</p> <p>Every objective should be:</p> <ul style="list-style-type: none"><li>(i) linked to a goal;</li><li>(ii) realistic;</li><li>(iii) action orientated;</li><li>(iv) concise;</li><li>(v) attainable;</li><li>(vi) measurable;</li><li>(vii) time constrained; and</li><li>(viii) within the control of the FRA.</li></ul> <p>Example: (Hypothetical) Complete construction of the new Harris bridge for not more than \$1.63m before 31 March 2015.</p> |
| <b>Outcomes</b>            | <p>(Not to be confused with Outputs)</p> <p>The actual impact and value of the service delivery</p> <p>Example: Less deaths because of the safety improvement work that has been done on the roads.</p>  |
| <b>Outputs</b>             | <p>(Not to be confused with Outcomes)</p> <p>The goods and services produced and provided to third parties (i.e. 'service accomplishments').</p> <p>Examples: The length of the roads resealed or the number of potholes repaired. The number of safety improvements carried out.</p>  |
| <b>Performance Measure</b> | <p>A qualitative or quantitative measure relating to the intended level of service for a particular service area.</p>  |

Performance measures are the means by which the FRA is able to identify the extent to which it has been able to achieve its objectives – the means for determining whether the levels of service are actually being achieved.

There are three broad elements of performance measures:

- (i) Those that measure service efforts (inputs);
- (ii) Those that measure service accomplishments (outputs and outcomes);  
and
- (iii) Those that relate service efforts to service accomplishments (efficiency and cost outcomes).

Example: The number of injury and fatal accidents that occur on the roads annually.

### **Performance Target**

The desired level of performance against a performance measure.

A specific quantifiable result (in relation to a performance measure) that the FRA is aiming to achieve.

Example: Not more than 300 serious injury accidents and 20 fatal accidents on the roads this year.

### **Renewals**

(Not to be confused with New Capital).

The replacement or rehabilitation of an asset.

Expenditure on an existing asset which returns the service potential or the life of the asset to that which it had originally. It is periodically required expenditure, and relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. It may reduce operating and maintenance expenditure if completed at the optimum time.

Example: Resealing or rehabilitating a road – or replacing an existing bridge.

It is very important that the FRA always clearly distinguishes between New Capital expenditure and Renewals Capital expenditure.

The rate at which renewal work is being carried out over time compared with the annual provision for depreciation (the cost of consumption) is a good indicator of the extent to which the network is being maintained, improving, or is deteriorating.

### **Road (or Roads)**

The infrastructure that the FRA is responsible for providing, managing, maintaining, renewing and developing.

It includes all land and civil infrastructure constructed by any municipal council or government body, or any other body authorised by a municipal council or government body, that is used or facilitates a public right of passage for the movement of vehicles and pedestrians, including but not limited to:

- (i) the vehicle pavement from kerb to kerb, or where there is no kerb, the roadside verges, drains and kerbs;

- (ii) road signs, road marker posts and other markings, including pedestrian crossings;
- (iii) traffic islands;
- (iv) bridges and culverts;
- (v) footpaths and pavements adjacent to a vehicle pavement;
- (vi) street lights and traffic signals;
- (vii) parking meters;
- (viii) jetties, and
- (ix) all national roads, municipal roads, and such other public roads as may be determined by FRA.

*Source: Fiji Road Authority (Amendment Decree 2012 (No 46) Sec 4*

Note the inclusion of jetties within this definition.

### **Road Network**

The network of roads, streets, bridges and footpaths that the FRA has the responsibility to maintain, renew and further develop.

Until the DNR's data can be verified there is some uncertainty about the exact road lengths but the situation is approximately:

- |                     |              |
|---------------------|--------------|
| (i) Roads (Km)      |              |
| • National          | 4,254        |
| • Municipal Areas   | 337          |
| • Cane & Provincial | <u>6,524</u> |
|                     | 11,115       |
| (ii) Bridges (No)   | 936          |

### **Roadworks Emergency**

A situation declared to be the case following a major storm or other adverse event. (Not to be confused with Civil Defense Emergency)

During a roadworks emergency the normal procurement requirements don't apply and road materials and other goods may be purchased and plant may be hired to repair the damage (in a manner and to the extent approved by the CEO).

### **Service Area**

Those aspects of the roads that motorists and pedestrians value, or which are essential for their efficient and effective management.

The headings under which the FRA formulates its levels of service, performance measures and targets in order to be able to decide what it has to do, and to be able to subsequently ascertain how well it is doing.

The headings are:

- (i) Health and Safety;

- (ii) Risk Management (other than risks that fall under the other six headings; and including Reputation and Safety);
- (iii) Asset Provision, Preservation, and Development;
- (iv) Environmental Conservation, Protection and Enhancement;
- (v) Service Quality (including Aesthetics, Reliability, Responsiveness and Capacity);
- (vi) Compliance (including Training, Record Keeping and Reporting); and
- (vii) Costs.

For a fuller explanation of the FRA's levels of service under these headings see Section 4.

### **Statement of Corporate Intent (SCI)**

A statement required to be prepared annually by the FRA and agreed with the Minister pursuant to section 32 of The Decree.

This document is the FRA's combined Corporate Plan and statement of Corporate Intent.

### **Vested Assets**

Assets that are transferred to the FRA's ownership at no cost as a condition of subdivision (or development) approval.

Instead of vesting new assets a subdivider or developer may be required to upgrade (e.g. widen) an existing road or be required to pay a sum of money to enable the FRA to fund the cost of mitigating the impact of the subdivision and or development work (or both).

## 8. Key FRA Partners

**Auditor** The Fiji Controller & Auditor General.

**Legal Advisor** A panel of Lawyers:

- R Patel Lawyers – Suva
- M C Lawyers – Suva
- Siwatibau & Sloan – Suva
- Young & Associates - Lautoka

**Financial Advisor** KPMG

**Insurance Advisor** Marsh

**Banker** The Bank of Baroda

**Professional Engineering Services Provider**  
MWH (New Zealand)

**Key Contractors**

- Fulton Hogan-Hiways Joint Venture (Maintenance & Renewals – Central & Eastern Division & Northern Division)
- Higgins Group (Maintenance & Renewals – Western Division)
- NAIM
- China Rail No 1
- China Rail No 3
- China Rail No 5
- China Gezebou

**Central Government**

- Office of the Prime Minister
- Ministry of Finance
- Ministry of Provincial Development
- Ministry of Lands
- Ministry of Strategic Planning
- Ministry of Local Government
- Ministry for the Environment
- Ministry of Town and Country Planning
- Land Transport Authority
- Fiji Police

**Local Government**

- Ba Town Council
- Labasa Town Council
- Lami Town Council
- Lautoka City Council
- Levuka Town Council
- Nadi Town Council
- Nasinu Town Council
- Nausori Town Council
- Rakiraki Town Council
- Savusavu Town Council
- Sigatoka Town Council
- Suva City Council
- Tavua Town Council

**Others**

- The Bus Owners and Operators

## Appendix A – Fiji Roads Authority Founding Legislation

- Fiji Road Authority Decree 2012
- Fiji Road Authority (Amendment) Decree 2012 (Decree No 46 of 2012)
- Fiji Road Authority (Amendment) Decree 2014 (Decree No 27 of 2014)
- Fiji Road Authority (Amendment) Act 2015

EXTRAORDINARY



**REPUBLIC OF FIJI ISLANDS GOVERNMENT GAZETTE**

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[3]

FIJI ROAD AUTHORITY DECREE 2012  
(DECREE NO. 2 OF 2012)

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### FIJI ROAD AUTHORITY DECREE 2012 (DECREE NO. 2 OF 2012)

IN exercise of the powers vested in me as the President of the Republic of Fiji and the Commander in Chief of the Republic of Fiji Military Forces by virtue of the Executive Authority of Fiji Decree 2009, I hereby make the following Decree—

A DECREE TO ESTABLISH THE FIJI ROAD AUTHORITY AND TO PROVIDE FOR ITS FUNCTIONS AND POWERS FOR THE PURPOSE OF MANAGING ROADS, AND FOR RELATED MATTERS.

#### PART 1—PRELIMINARY

##### *Short title and commencement*

1. This Decree may be cited as the Fiji Road Authority Decree 2012 and shall come into force on the date of its publication in the *Gazette*.

##### *Interpretation*

2. In this Decree, unless the context others requires—
- “Authority” means the Fiji Road Authority established under section 4;
  - “Change Manager” means the Change Manager appointed by the Minister under section 37;
  - “Chief Executive Officer” means the person appointed under section 24 and includes the person acting in that office;
  - “Committee” means the Fiji Road Advisory Committee established under section 34 of this Decree;
  - “Department” means the Department of National Roads;
  - “Minister” means the Prime Minister;
  - “roads” include all national roads, municipal roads and such other public roads as determined by the Authority.

##### *Objectives of this Decree*

3. The principal objectives of this Decree are to—
- (a) give effect to the re-organisation of the Department of National Roads; and
  - (b) make provision for the effective management and administration of the road systems.

#### PART 2—ESTABLISHMENT, FUNCTIONS AND POWERS

##### *Establishment of the Authority*

4. This section establishes the Fiji Road Authority, as a corporate body with perpetual succession and a common seal, and the Authority may—

- (a) sue and be sued;
- (b) acquire, hold and dispose of property;

- (c) enter into contract, agreement or other transactions; and
- (d) do all other acts that may be done in law by body corporate.

*Composition of the Authority*

- 5.—(1) The Authority shall consist of a Chairperson and 4 other members appointed by the Minister.
- (2) The Chairperson and the other members of the Authority shall hold office for 3 years, and are eligible for re-appointment.
- (3) The Chairperson and members may be remunerated in a manner and at rates subject to terms and conditions determined by the Minister.

*Functions of the Authority*

6. The Authority shall be responsible for all matters pertaining to construction, maintenance and development of roads in Fiji, including but not limited to the following—
- (a) managing (land provision, network planning, designing, constructing, maintaining, renewing and generally managing the use of) all public roads, bridges and jetties;
  - (b) traffic management (including road design, traffic signs and markings);
  - (c) road safety (relating to provision and management of the road);
  - (d) the enforcement of vehicle load limits to avoid road damage (especially logging trucks and cane trucks);
  - (e) the issuing of over-width, height and lengths limits;
  - (f) Planning and management of Road Survey and Design;
  - (g) Provide advice, programme management services, design, supervision services for Capital Works Programme; and
  - (h) For such other matters, as the Minister may direct.

*Powers of the Authority*

7. The Authority shall have all such powers as may be reasonably necessary or convenient for the purpose of carrying out its functions under this Decree and regulating its own procedure, including the power to determine and levy fees and charges, and to make and enforce by-laws.

*Delegation of powers*

- 8.—(1) The Authority may from time to time, by writing under the hand of the Chairperson, delegate to any person or committee any of the Authority's powers under this Decree.
- (2) A delegation under this section may be made to a specified person or committee or to the holder for the time being of a specified office or to the holders of a specified class.
- (3) A delegation may be made subject to such restrictions and conditions as the Authority thinks fit, and may be made either generally or in relation to any particular case or class of cases.
- (4) Any person or committee purporting to exercise any power of the Authority by virtue of a delegation under this section shall, when required to do so, produce evidence of his or her or its authority to exercise the power.

*Resignation and removal*

- 9.—(1) A member of the Authority may resign from his or her office by giving 30 days written notice to the Minister.
- (2) The Chairperson and members may be removed by the Minister for inability to perform the functions of the Authority (whether arising from infirmity of body or mind, absence, misbehaviour or any other cause) or may be otherwise removed by giving one months' notice or one months' remuneration in lieu of notice.

*Vacation of office*

- 10.—(1) The office of a member shall become vacant if the member—
- (a) has been absent, without leave of the Authority, from 3 consecutive meetings of the Authority;
  - (b) become or has, in Fiji or elsewhere, been declared bankrupt and has not been discharged;

- (c) has, in Fiji or elsewhere, been convicted of an offence that carries an imprisonment term of more than 1 year; or
- (d) has, in Fiji or elsewhere, been disqualified or suspended from practicing his or her profession by any competent authority by reason of misconduct.

(2) The Authority may act notwithstanding a vacancy in its membership.

*Meetings and proceedings of the Authority*

11.—(1) The Chairperson shall preside at all meetings of the Authority, and if the Chairperson is not present at a meeting then the members present may for that particular meeting choose a member to preside as the Acting Chairperson in the absence of the Chairperson.

(2) At a meeting, 3 members shall form a quorum.

(3) Any issues raised or to be decided shall be decided by a majority of the votes of the members present and voting, and in the event of equality of votes, the Chairperson, or in his or her absence, the member presiding shall have a casting vote.

(4) The validity of any proceedings of the Authority shall not be affected by any vacancy amongst its members or by any defect in the appointment of any member.

*Authority may invite others to meetings*

12. The Authority may invite a person to attend a meeting of the Authority for the purpose of advising it on any matter under discussion, but the person so attending shall have no vote at the meeting.

*Disclosure of interest*

13.—(1) A member of the Authority who is, directly or indirectly, interested in a matter under discussion by the Authority shall disclose to the Authority the fact and nature of his or her interest.

(2) A disclosure under subsection (1) shall be recorded in the minutes of the Authority.

(3) After a disclosure under subsection (1) the member in question—

- (a) shall not take part in nor be present during any discussion, deliberation or decision of the Authority; but
- (b) may be counted for the purpose of forming a quorum of the Authority.

(4) A member who fails to disclose his or her interest as required by subsection (1) commits an offence and shall be liable upon conviction to a fine not exceeding \$10,000 and to imprisonment of 5 years or to both.

*Minutes*

14.—(1) The Authority shall keep minutes of all meetings in a proper form.

(2) Any minutes, if duly signed by the Chairperson or person presiding, shall, in any legal proceedings, be admissible as evidence of the facts stated in them and a meeting of the Authority in respect of which the minutes have been so signed is deemed to have been duly convened and held and the member present at it to have been duly appointed to act.

*Common seal*

15.—(1) The Authority shall have a common seal of such design as it may decide.

(2) The common seal shall be kept by the Chairperson and its affixing shall be authenticated by any two members generally or specifically authorised by the Authority for the purpose, or by one such member and the Chairperson.

(3) All deeds, documents, and other instruments purporting to be sealed with the common seal and authenticated in accordance with subsection (2) shall, unless the contrary is proved, be presumed to have been validly executed.

(4) The common seal of the Authority shall be officially and judicially noticed for all purposes.

*Procurement process and plan*

16.—(1) The Authority shall establish and implement a procurement process and plan for the procurement of all goods and services by the Authority.

(2) All goods and services procured by the Authority shall be in accordance with the procurement process and plan established by the Authority under subsection (1).

(3) The provisions of the Procurement Regulations 2010 shall not apply to the Authority.

*Minister may give directions*

17. The Minister may, in his discretion, give such directions to the Authority, with respect to the performance of the functions of the Authority by the Committee, and the Committee shall comply with any such directions issued by the Minister.

PART 3—TRANSFER AND ACQUISITIONS OF ASSETS AND LIABILITIES

*Transfer of assets and liabilities*

18.—(1) As from the commencement of this Decree, all moveable property vested in the State immediately before that date and used or managed by the Department, and all assets, interests, rights, privileges, liabilities and obligations of the State relating to the Department shall be transferred to and shall vest in the Authority without conveyance, assignment or transfer.

(2) Every right and liability vested in subsection (1) in the Authority may, on and after the commencement of this Decree, be sued on, recovered or enforced by or against the Authority in its own name and it shall not be necessary for the Authority or the State to give notice to any person whose right or liability is affected by the vesting.

(3) On and after the commencement of this Decree, any agreement relating to any property, rights and liabilities transferred to and vested in the Authority under subsection (1) to which the State was a party immediately before the commencement of this Decree, whether in writing or otherwise, and whether or not of such a nature that rights and liabilities could be assigned by the state, shall have effect as if the Authority had been a party to the agreement.

(4) If a question arises as to whether any particular property, asset, interest, right, privilege, liability or obligation has been transferred to or vested in the Authority under subsection (1), a certificate signed by the Minister shall be conclusive evidence that the property, asset, interest, right, privilege, liability or obligation was or was not so transferred or vested.

*Transfer of employees*

19.—(1) As from the commencement of this Decree, all persons employed immediately before that date in the Department shall be transferred to the Authority.

(2) Until such time as terms and conditions, including rules as to the conduct and discipline of its employees are drawn up by the Authority, the terms and conditions of employees shall continue to apply to every person transferred under subsection (1).

*Rights of transferred employees*

20. For the purposes of every enactment, law, award, determination, contract and agreement relating to the employment of a transferred employee, the contract of employment of that employee is deemed to have been unbroken and the period of employment is for all purposes deemed to have been a period with the Authority.

*Existing Contracts*

21. All deeds, bonds, agreements, instruments and arrangements to which the Department is a party subsisting immediately before the commencement of this Decree shall continue in force after that date and shall be enforceable by or against the Authority as if the Authority had been named therein or had been a party thereto instead of the Department.

*Continuation of proceedings*

22. Any action, arbitration, proceedings or cause of action that relates to a transferred asset, liability or employee and that immediately before the commencement of this Decree is pending or existing by, against, or in favour of the Department, or to which the Department is a party, may be prosecuted and, without amendment of any writ, pleading or other documents, continued and enforced against, or in favour of the Authority.

*No benefit in respect of abolition or re-organisation of office*

23. A person who is transferred to the Authority is not entitled to claim any benefit on the ground that he or she has been retired from the Department on account of abolition or re-organisation of office in consequence of the establishment and incorporation of the Authority.

## PART 4—MANAGEMENT AND FINANCE OF AUTHORITY

### *Appointment of Chief Executive Officer*

24.—(1) The Authority may appoint a suitably qualified person as the Chief Executive Officer of the Authority, in accordance with other terms and conditions the Authority may approve.

(2) The Chief Executive Officer may be appointed for a term not exceeding three years and is eligible for re-appointment.

(3) The Chief Executive Officer may be remunerated in a manner and at rates subject to terms and conditions determined by the Minister.

### *Functions of the Chief Executive Officer*

25.—(1) The Chief Executive Officer shall be responsible to the Authority for the Management of the Authority.

(2) The Chief Executive Officer shall attend every meeting of the Authority, and if he or she, for any reason, is unable to attend a meeting, the Chief Executive Officer may, in consultation with the Chairperson, nominate an officer to attend on his or her behalf.

(3) The Chief Executive Office shall not engage in any other business without the prior consent of the Authority.

### *Appointment of staff*

26.—(1) The Authority shall appoint such officer, servants or agents as it considers necessary for the efficient exercise, performance and discharge of its duties.

(2) The officers appointed under this section shall be remunerated in a manner, and at rates subject to terms and conditions determined by the Authority and approved by the Minister.

### *Funds of the Authority*

27.—(1) The Funds of the Authority for the purposes of this Decree shall consist of—

- (a) any money appropriated by Government;
- (b) rates, fees and other charges received by or on behalf of the Authority by virtue of this Decree; and
- (c) any other money received by or on behalf of the Authority.

## PART 5—REPORTING AND ACCOUNTABILITY

### *Financial year*

28. The Authority's financial year shall be from the 1st day of January to the 31st day of December of each year.

### *Half yearly reports*

29.—(1) The Authority shall furnish to the Minister a report on its activities for the first half of each financial year.

(2) The half yearly report shall include the information required by the Authority's statement of corporate intent to be given in the report.

### *Annual Reports*

30.—(1) Within 3 months after the end of each financial year, the Authority shall in accordance with its statement of corporate intent prepare a report of its activities during that financial year.

(2) The Authority shall send a copy of the Annual Report to the Minister who shall cause it to be laid before Cabinet as soon as practicable.

(3) The annual report required by subsection (1) shall contain, among other things—

- (a) an audited statement of accounts prepared in accordance with generally accepted accounting practice as determined by the Fiji Institute of Accountants;
- (b) a statement of financial performance, including a statement of the financial position of the Authority;
- (c) a statement of cash flows;
- (d) such other information as is required to give a true and fair view of the Authority's financial affairs; and
- (e) a copy of the auditor's report.

(4) The Annual Report shall include the information required by the Authority's statement of corporate intent to be given in it.

*Corporate Plan*

31.—(1) The Authority shall in each year publish a corporate plan setting out plans for the future operations of the Authority and shall act in accordance with it.

(2) The Minister may issue guidelines as to the format and content of the corporate plan and the Authority shall comply with the guidelines except as otherwise agreed in writing by the Minister.

(3) A corporate plan shall, except as otherwise agreed in writing by the Minister, contain—

- (a) a forecast of profit and loss accounts, balance sheets and cash flows for the current and following 2 financial years; and
- (b) a statement of the assumptions on which the forecasts are based.

(4) The corporate plan shall be consistent with the Authority's statement of corporate intent.

*Authority to have statement of corporate intent*

32.—(1) The Authority shall, in each year, publish a statement of corporate intent containing a summary of the corporate plan and setting out the financial and non-financial performance targets of the Authority for that year.

(2) In addition to the matters mentioned in subsection (1), the statement of a corporate intent shall include—

- (a) an outline of the objectives of the Authority;
- (b) an outline of the nature and scope of the activities proposed to be undertaken by the Authority;
- (c) an outline of the Authority's main undertakings;
- (d) an outline of the borrowings made and proposed to be made by the Authority, and the corresponding sources of funds;
- (e) an outline of the Authority's policies and procedures relating to the acquisition and disposal of major assets;
- (f) a description of the Authority's accounting policies;
- (g) a description of the financial information to be given to the Minister in the half yearly and Annual Report;
- (h) a description of measures by which the performance of the Authority may be judged in relation to its objectives, in addition to the performance targets required by subsection (1); and
- (i) such other matters as are agreed by the Minister and the Authority or are directed by the Minister to be included in the statement of corporate intent.

(3) The Minister may, in writing, exempt the Authority from including in its statement of corporate intent any matter, or any aspect of a matter, mentioned in subsection (2).

*Audit*

33.—(1) The Authority is required to be audited at least once a year.

(2) The audit is to be conducted in accordance with the Audit Act (Cap. 70) and the Financial Management Act 2004, except where the audit is conducted by a person appointed by the Authority under subsection 3.

(3) The audit is to be conducted by—

- (a) the Auditor General or a person authorised or contracted under the Audit Act (Cap. 70) to carry it out, unless the Authority is exempted from audit under that Act by the Regulations; or
- (b) a person appointed by the Authority, if the Authority is so exempted from audit under the Audit Act (Cap. 70)

(4) The person appointed by the Authority under section 3(b) is to be—

- (a) a person that the Minister for Finance directs the Authority in writing to appoint; or
- (b) if the Minister for Finance gives no such directions, the person chosen by the Authority.

PART 6—TRANSITIONAL AND SAVINGS

*Establishment of the Fiji Road Advisory Committee*

34.—(1) Until such time as the members of the Authority are appointed by the Minister under Part 2 of this Decree, the functions of the Authority shall be performed, and the powers of the Authority shall be exercised, by the Fiji Road Advisory Committee which shall consist of the Permanent Secretary for the Prime Minister's Office as the Chairperson and 4 other members appointed by the Minister.

(2) The Chairperson and members of the Committee shall hold office until such time as the Authority is appointed.

(3) The Minister may, in his discretion, give directions to the Committee with respect to the performance of the functions of the Authority by the Committee, and the Authority shall comply with any such directions issued by the Minister.

*Meetings and Proceedings*

35.—(1) At all meetings, 4 members shall form a quorum.

(2) The Chairperson shall preside at all meetings of the Committee.

(3) Any issues raised or to be decided shall be decided by a majority of the votes of the members present and voting, and in the event of equality of votes, the chairperson, shall have a casting vote.

(4) The validity of any proceedings of the Authority shall not be affected by any vacancy amongst its members or by any defect in the appointment of any member.

*Committee may invite others to meetings*

36. The Committee may invite a person to attend a meeting of the Committee for the purpose of advising it on any matter under discussion, but the person so attending shall have no vote at the meeting.

*Appointment of Change Manager*

37.—(1) Following consultation with the Committee, the Minister shall, immediately upon the commencement of this Decree appoint a Change Manager on such terms and conditions as determined by the Minister.

(2) The Change Manager appointed under subsection (1) shall be responsible for the management of the functions of the Authority and exercise such powers and perform such duties as directed by the Committee, including but not limited to the following—

- (a) full Executive Management responsibility for the Authority;
- (b) recommend a staff structure for the Authority including redundancy plans, and new appointment processes;
- (c) identify the future financial management, information technology, asset management systems and records requirements;
- (d) identify office accommodation, office furniture, plant and vehicle requirements;
- (e) prepare a procurement plan for the Committee's consideration;
- (f) review the current road classification system, the continuing appropriateness of the definition of each classification, and the roads that have been allocated to each classification;
- (g) review the current technical service standards;
- (h) review the adequacy or otherwise of, any insurance protection approach, including the clarification of any potential liability should the cause of an accident be a result of the road condition;
- (i) review or prepare a business continuity and emergency response plan; and
- (j) identify and manage disposal of any surplus assets of the Authority.

(3) In the performance of any functions or exercising any powers under the Decree, the Change Manager shall report to and take instructions from the Committee.

(4) The Change Manager shall perform such additional functions and exercise such additional powers as the Committee may delegate to the Change Manager in writing.

(5) The provisions of this Decree shall be applicable and binding on the Change Manager appointed by the Minister under subsection (1).

#### PART 7—MISCELLANEOUS

##### *Regulations*

38. The Minister may make regulations to give effect to the provisions of this Decree.

##### *Consequential*

39. This Decree has effect notwithstanding any provision of any written law, and accordingly, to the extent that there is any inconsistency between this Decree and any other written law, this Decree prevails.

Given under my hand this 5th day of January 2012.

EPELI NAILATIKAU  
President of the Republic of Fiji

EXTRAORDINARY



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[545]

## GOVERNMENT OF FIJI

FIJI ROAD AUTHORITY (AMENDMENT) DECREE 2012  
 (DECREE NO. 46 OF 2012)

IN exercise of the powers vested in me as the President of the Republic of Fiji and the Commander in Chief of the Republic of Fiji Military Forces by virtue of the Executive Authority of Fiji Decree 2009, I hereby make the following Decree—

## TO AMEND THE FIJI ROAD AUTHORITY DECREE 2012

*Short title and commencement*

1.—(1) This Decree may be cited as the Fiji Road Authority (Amendment) Decree 2012 and shall come into force on the date of its publication in the *Gazette*.

(2) The Fiji Road Authority Decree 2012 shall be referred to as the “Principal Decree”.

*Amendment to all references of “Fiji Road Authority” in the Principal Decree*

2. The Principal Decree is amended by deleting “Fiji Road Authority” wherever it appears and substituting “Fiji Roads Authority”.

*Amendment to all references of “Fiji Road Advisory Committee” in the Principal Decree*

3. The Principal Decree is amended by deleting “Fiji Road Advisory Committee” wherever it appears and substituting “Fiji Roads Advisory Committee”.

*Section 2 amended*

4. Section 2 of the Principal Decree is amended by deleting the definition of “roads” and substituting the following—

““road” or “roads” means all land and civil infrastructure constructed by any municipal council or government body, or any other body authorised by a municipal council or government body that is used as or facilitates a public right of passage for the movement of vehicles and pedestrians, including but not limited to—

- (a) the vehicle pavement from curb to curb, or where there is no curb, the roadside verges, drains and curbs;
- (b) road signs, road marker posts and other markings, including pedestrian crossings;
- (c) traffic islands;
- (d) bridges and culverts;
- (e) footpaths and pavements adjacent to a vehicle pavement;
- (f) street lights and traffic lights;
- (h) parking meters;
- (i) jetties; and
- (j) all national roads, municipal roads, and such other public roads as may be determined by the Authority.”

*Section 6 amended*

5. Section 6 of the Principal Decree is amended in paragraph (a) by deleting “public roads, bridges and jetties” and substituting “roads”.

*Section 17 amended*

6. Section 17 of the Principal Decree is amended by deleting it and substituting the following—

*“Minister may give directions*

17. The Minister may, in his discretion, give directions to the Authority with respect to the performance of the functions of the Authority, and the Authority shall comply with any such directions issued by the Minister.”

*Section 18 amended*

7. Section 18 of the Principal Decree is amended by deleting it and substituting the following—

*“Transfer of assets, interests and liabilities*

(1) As from the commencement of this Decree, all assets, interests, rights, privileges, liabilities and obligations of—

- (a) the State in relation to the Department; and
- (b) municipal councils in relation to municipal roads,

shall immediately be transferred to and shall vest in the Authority without conveyance, assignment or transfer.

(2) Every right and liability vested in subsection (1) in the Authority may, on and after the commencement of this Decree, be sued on, recovered or enforced by or against the Authority in its own name and it shall not be necessary for the Authority, the State or any municipal council to give notice to any person whose right or liability is affected by the vesting.

(3) On and after the commencement of this Decree, any agreement relating to any property, rights or liabilities transferred to and vested in the Authority under subsection (1) to which the State or any municipal council was a party immediately before the commencement of this Decree, whether in writing or otherwise, and whether or not of such a nature those rights and liabilities may be assigned by the State or any municipal council, shall have effect as if the Authority had been a party to the agreement.

(4) If a question arises as to whether any particular property, asset, interest, right, privilege, liability or obligation has been transferred to or vested in the Authority under subsection (1), a certificate signed by the Minister shall be conclusive evidence that the property, asset, interest, right, privilege, liability or obligation was or was not so transferred or vested.”

*New section inserted*

8. The Principal Decree is amended by inserting the following new section after section 38—

*“Indemnity*

38A.—(1) Neither the Committee, the Change Manager, the Authority nor any officer, servant, workman or labourer employed or engaged by the Committee, the Change Manager or the Authority shall be liable for any action, suit, proceeding, dispute or challenge in any Court, Tribunal or any other adjudicating body for or in respect of any act or omission done in the exercise or non-exercise of the powers conferred by or duties prescribed under the provisions of this Decree or any other written law.

(2) Notwithstanding anything contained in subsection (1), the Minister may on an ex-gratia basis grant compensation to any person who has suffered any injury or damage to property, caused either directly or indirectly by any act or omission done in the exercise or non-exercise of the powers conferred by or duties prescribed under the provisions of this Decree or any other written law.”

GIVEN under my hand this 14th day of May 2012.

EPELI NAILATIKAU  
President of the Republic of Fiji



# GOVERNMENT OF FIJI GAZETTE

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[864]

## GOVERNMENT OF FIJI

FIJI ROADS AUTHORITY (AMENDMENT) DECREE 2014  
(DECREE NO. 27 OF 2014)

IN exercise of the powers vested in me pursuant to section 4 of the Office of the Vice-President and Succession Decree 2009 and section 165(4) of the Constitution of the Republic of Fiji, I hereby make the following Decree—

## A DECREE TO AMEND THE FIJI ROADS AUTHORITY DECREE 2012

*Short title and commencement*

1.—(1) This Decree may be cited as the Fiji Roads Authority (Amendment) Decree 2014 and shall come into force on the date of its publication in the *Gazette*.

(2) The Fiji Roads Authority Decree 2012 shall be referred to as the “Principal Decree”.

*Section 2 amended*

2. Section 2 of the Principal Decree is amended by—

- (a) deleting the definition of “Change Manager”; and
- (b) deleting the definition of “Minister” and substituting the following—  
““Minister” means the Minister responsible for Roads;”

*Section 6 amended*

3. Section 6 of the Principal Decree is amended by deleting paragraph (d).

*Section 24 amended*

4. Section 24 of the Principal Decree is amended by—

- (a) deleting “other” after “with” in subsection (1); and
- (b) deleting subsection (3).

*Section 26 amended*

5. Section 26 of the Principal Decree is amended in subsection (2) by deleting “and approved by the Minister”.

*Section 30 amended*

6. Section 30 of the Principal Decree is amended in subsection (1) by deleting “3” and substituting “4”.

*Section 34 amended*

7. Section 34 of the Principal Decree is amended in subsection (1) by deleting “the Permanent Secretary for the Prime Minister’s Office as the Chairperson” and substituting “a Chairperson”.

*Section 35 amended*

8. Section 35 of the Principal Decree is amended in subsection (1) by deleting “4” and substituting “3”.

*Section 37 deleted*

9. Section 37 of the Principal Decree is deleted.

*Section 38A amended*

10. Section 38A of the Principal Decree is amended in subsection (1) by deleting all references to “the Change Manager”.

Given under my hand this 5th day of August 2014.

A. H. C. T. GATES  
Chief Justice

## ACT NO. 5 OF 2015



I assent.

E. NAILATIKAU  
President

[14 July 2015]

## AN ACT

TO AMEND THE FIJI ROADS AUTHORITY DECREE 2012

ENACTED by the Parliament of the Republic of Fiji—

*Short title and commencement*

- 1.—(1) This Act may be cited as the Fiji Roads Authority (Amendment) Act 2015.
- (2) This Act shall come into force on the date of its publication in the *Gazette*.
- (3) In this Act, the Fiji Roads Authority Decree 2012 shall be referred to as the “Decree”.

*Section 2 amended*

2. Section 2 of the Decree is amended by deleting the definition of “Minister” and substituting the following—

““Minister” means the Minister responsible for the Fiji Roads Authority;”

*Section 5 amended*

3. Section 5 of the Decree is amended by inserting the following new subsection after subsection (2)—

“(2A) The Chief Executive Officer shall be an *ex officio* member of the Authority with no voting rights.”

*Section 11 amended*

4. Section 11 of the Decree is amended by inserting the following new subsection after subsection (4)—

“(5) The Authority shall have a minimum of one meeting in each month.”

Passed by the Parliament of the Republic of Fiji this 9th day of July 2015.