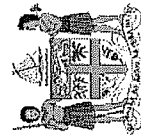


**Fiji National Transport Sector Plan
(FNTSP)**

**Review
and
Policy Update**

January 2004



Ministry of Transport and Civil Aviation



Foreword

The original Fiji National Transport Sector Plan (FNTSP), was published in 1993. It is an important compilation of policies and strategies that has provided a guiding framework for management and investment decisions in land, sea and air transport ever since.

If it is to reflect the Government's current priorities, the Plan must be continuously monitored and regularly updated. Events have now moved on from many of the assumptions and forecasts made in 1993. Governments have changed, each bringing a new perspective on the social and economic development issues facing our country.

Until recently there has been no single agency charged with responsibility for updating the Plan, but in 1999 the Transport Planning Unit (TPU) was established in the then Ministry of Tourism and Transport to take an oversight role and responsibility of the sector, recommend policies, coordinate sectoral plans and provide associated technical support. This **FNTSP Review and Policy Update** draws on the TPU's work from 2000 up till during 2003 including its contribution to the transport sector's inputs to the **Strategic Development Plan 2003-2005**.

The **Review and Policy Update** revisits the basic principles guiding the sector's organization, management, operations and development and makes adjustments for the changes that have occurred since 1993. It provides an updated policy framework for the sector. It does not prescribe projects and activities in detail but rather establishes a consistent set of policies and development strategies within which these can be elaborated. This document is therefore not intended to supersede the original FNTSP but rather complement those sector policy recommendations that remain valid and consistent in the context of the established principles underpinning the **Review and Policy Update**.

Ultimately, our aim is an integrated transport system for Fiji that is safe, efficient, affordable, accessible, economically and environmentally sustainable. I believe the present document will help bring this about. I commend it to the transport-related agencies charged with implementing our Government's policies for the sector.

Josefa B. Vosanibola

MINISTER FOR TRANSPORT AND CIVIL AVIATION

Abbreviations and Acronyms

\$	Fiji Dollar	MPEPSR	Ministry of Public Enterprises and Public Sector Reform
ADB	Asian Development Bank	MRD	Ministry of Regional Development
AF	Air Fiji	MTB	Major Tenders Board
AFL	Airports Fiji Ltd	MTT	Ministry of Tourism and Transport
AMSP	(Road) Asset Management and Strengthening Project	MV	motor vehicle
AP	Air Pacific	MWE	Ministry of Works and Energy
ASFS	Air Service Franchise Scheme	MWTERTS	Ministry of Works, Telecommunications, Energy, Road Transport and Shipping
ATLB	Air Transport Licensing Board	navaids	navigational aids
ATSL	Air Terminal Services Ltd	NRSC	National Road Safety Council
ATSS	Air Transport Strategy Study	NTCC	National Transport Coordinating Committee
BOS	Bureau of Statistics	NTCF	National Transport Consultative Forum
CAAF	Civil Aviation Authority of Fiji	p.a.	per annum
CAAFI	Civil Aviation Authority of the Fiji Islands	PAF	Ports Authority of Fiji Ltd
CTA	Central Traffic Authority	PAP	Policy Action Plan
DCA	Department of Civil Aviation	PEU	Public Enterprise Unit
DPR	Department of Public Roads	PIB	Prices and Incomes Board
DRT	Department of Road Transport	PLA	Principal Licensing Authority
EU	European Union	PS	Permanent Secretary
FIMSA	Fiji Islands Maritime Safety Administration	PTL	Port Terminals Ltd
FMB	Fiji Marine Board	PWD	Public Works Department
FNTSP	Fiji National Transport Sector Plan	RAMS	Road Asset Management System
FRB	Fiji Roads Board	RoRo	roll-on roll-off
FRUP	Fiji Road Upgrading Project	SA	Sunflower Airlines
FSC	Fiji Sugar Corporation	SCFL	Shipping Corporation of Fiji Ltd
GCC	Government Commercial Company	SFL	Shipbuilding Fiji Ltd
GDP	Gross Domestic Product	SFS	Shipping Franchise Scheme
GIS	Geographic Information System	TA	technical assistance
GSRS	Government Shipping Retraining Scheme	TCB	Traffic Control Board
GSS	(Department of) Government Shipping Services	TEU	Twenty-foot Equivalent Unit (container)
GSTS	Greater Suva Transportation Study	TOR	Terms of Reference
HRD	human resources development	TPI	Transport Planning Unit
ICAO	International Civil Aviation Organisation	TSISS	Transport Sector Institutional Strengthening Study
IMO	International Maritime Organisation	US\$	United States Dollar
km(s)	kilometre(s)	VAT	Value Added Tax
LTA	Land Transport Authority	VOCs	vehicle operating costs
MD	Marine Department	WB	World Bank
MFNP	Ministry of Finance and National Planning	Y-o-Y	year-on-year
MPAF	Maritime and Ports Authority of Fiji		

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1 Introduction

1.1 The FNTSP: Background

The Fiji National Transport Sector Plan (FNTSP)¹ was prepared in 1993. It set out policy recommendations to guide the organization, management and development of the transport sector over the ensuing 20 years. It was the first comprehensive review since 1969 and covered all aspects of land, sea and air transport: industry structure, infrastructure, services, operations, regulations, pricing, safety, environmental impacts, public administration and the suitability and effectiveness of government policies and plans.

The FNTSP was drafted during a watershed period of reform following the 1987 economic crisis, highlighted by the 1989 and 1995 National Economic Summits and *Opportunities for Growth*² in 1993. The policy emphasis at that time – still mostly valid – was on removing barriers to market competition, improving skills and reducing government involvement in activities more suited to a competitive private sector. The Plan's recommendations, consistent with these themes, were endorsed by subsequent annual budget papers and planning documents. These included the 1997 *Development Strategy for Fiji: Policies and Programmes for Sustainable Growth*³ and the 2002 *Strategic Development Plan 2003-2005*.⁴

¹ ADB TA 1715-FJ, *Fiji National Transport Sector Plan*, Beca International Consultants Ltd in association with Wilbur Smith Associates, KRTA Ltd and Deloitte Ross Tomatsu, December 1993.

² *Opportunities for Growth – Policies and Strategies for Fiji in the Medium Term*, Parliamentary Paper No. 2, Minister of Finance and Economic Development, February 1993.

³ *Development Strategy for Fiji: Policies and Programmes for Sustainable Growth*, Parliamentary Paper No. 58, Ministry of National Planning, December 1997.

⁴ *A Strategic Development Plan 2003-2005: Rebuilding Confidence for Stability and Growth for a Peaceful Prosperous Fiji*; Parliamentary Paper No. 72 of 2002.

Continuity of the FNTSP policy and planning process was to have been secured through the establishment of a Transport Planning Unit (TPU) during the FNTSP project itself. In fact, the TPU became established only in 1999⁵, in the Ministry of Tourism and Transport (MTT). During 2000 and the early part of 2001 and in 2002 the TPU coordinated and helped draft the sector's contributions to the national development plan prepared by the Ministry of Finance and National Planning (MFNP). In the course of this, it reviewed the FNTSP's policy and strategy framework and held consultations with all relevant government agencies, private organizations and other stakeholders. The results of this process are the basis for this present document.

1.2 Objectives and Contents of this Report

This FNTSP Review and Policy Update is a critical first step towards an updated FNTSP. It re-visits the basic policy principles guiding the sector and makes adjustments to reflect changes in circumstances and priorities since 1993. It provides an updated policy framework for the sector. It does not prescribe projects and activities in detail, but rather establishes a consistent set of objectives, policy principles and development strategies within which these can be elaborated and against which progress and performance can be measured.

The policies and strategies outlined here will not "solve" Fiji's transport problems at a stroke. Meeting the country's transport needs will be a constant challenge involving compromises and trade-offs and requiring levels of expenditure that are difficult to afford. But the framework set out here will help ensure that efforts are directed towards measures having the greatest benefit, that resources are used efficiently, that funds are available to meet the most urgent needs and, not least, that improvements in people's welfare are maximised.

⁵ Initially on a project basis then, in 2000, on a permanent basis.

The report is organized as follows:

- Following this introductory section, Section 2 – Underlying Objectives and Policy Principles – sets out the basic principles that should guide decisions in each transport sub sector. These are consistent with the Government's broader policies for economic and social development;
- Section 3 – Fiji's Transport Sector- then summarizes the sector's main features and identifies the key influences over its future development;
- Section 4 – The Policy Context – reviews the status of the earlier FNTPSP recommendations and highlights the critical issues still facing the sector;
- Section 5 – Transport Sector Policies – elaborates Section 2's vision for Fiji's transport system and provides a more detailed framework for decisions in each subsector – land, sea and air – on matters including the respective roles of government and the private sector, the role of each transport mode, the organization of government functions, investments in infrastructure and services, the regulation of services to protect the public interest, safety and environmental standards, taxation and funding arrangements, pricing, cost recovery and subsidies;
- Lastly, Section 6 – Implementation – then considers priorities for policy implementation, the steps needed to update the physical components of the FNTPSP and the process of monitoring and updating to ensure that the Plan remains responsive to perceived needs and priorities.

Appendices to the main report provide a detailed review of the status of FNTPSP policy recommendations (Appendix A) and a matrix illustrating the links between objectives, strategies and action plans under the proposed policy framework (Appendix B).

1.3

Updating the FNTPSP

Policies and plans are of little practical use unless they have the commitment of those involved and reflect the aspirations of Government and the public. An important future task will be to monitor emerging policies, review progress on implementing the recommendations of this report (and subsequent updates of the FNTPSP itself) and consult with all interested parties on the issues arising and problems encountered. The guiding framework will need to be revised if circumstances or priorities change again. In addition to direct day-to-day contacts, consultations will take place through a strengthened periodic National Transport Coordinating Committee (NTCC) and annual meeting of the National Transport Consultative Forum (NTCF)¹.

The policy aspect of FNTPSP will be revised on continuous basis to reflect Government's priorities and objectives. A pre-condition to the future review of the FNTPSP is for the prior promulgation of Government's national strategic development planning framework. The physical components of the FNTPSP will also be updated by the responsible agencies with coordination and other inputs provided by the TPU.

¹ The first NTCF, organised by the TPU, was held on November 30th, 2000.

2 Underlying Objectives and Policy Principles

The Government's overall aim for the transport sector is:

"to develop an integrated transport system that is safe, efficient, affordable, accessible, economically and environmentally sustainable."

In more detail, the underlying objectives driving the operation, development, and management of the sector are:

- *Coordination and Integration* – to establish a multi-modal transport system that is well integrated, with policies consistently applied across all subsectors;
- *Safety* – to substantially reduce the risk and severity of accidents;
- *Environmental Protection* – to minimise the negative environmental and social impacts of transport;
- *Accessibility and Affordability* – to provide at least a minimum level of access to economic and social opportunities at a price people can afford;
- *Efficiency* – to use the incentives of competition to ensure that services meet needs and are provided at least cost;
- *Sustainable Financing* – to recover the costs of public infrastructure and services from users, reducing reliance on budget support and subsidy; and
- *Efficient and Effective Public Administration* – to adopt a system of public administration that is efficient, effective in meeting needs, transparent and accountable.

The strategies for achieving these objectives in each transport sub-sector are set out in Section 5. These objectives are to be guided by the following fundamental principles:

- 1) Overall management of the sector
 - *Government's essential role* – as far as possible, this will be limited to (i) strategic planning and monitoring, (ii) economic function to regulate market entry and operations to foster competition, improve safety and protect the environment, and (iii) providing assistance in essential services and infrastructure when unattractive or inappropriate for the private sector.
 - *Private-sector development* – the private sector will be encouraged to invest in transport infrastructure and to develop competitive transport services without unnecessary hindrance.
 - *Transparent, efficient and accountable administration* – government decision-making will be efficient, open and involve close consultations with stakeholders;
 - *Separation of functions* – to avoid potential conflicts of interest and allow appropriate forms of organisation, the functions of (i) policy formulation and planning, (ii) regulation and control and (iii) service and infrastructure provision and commercial operations will be separated.
 - *Role and management of state enterprises* – where they compete with the private sector, these will operate without favour as if they were independent commercial enterprises and, in the longer term, may be privatised; where there is no competition, the emphasis will be on providing the most efficient service in pursuit of clearly-defined economic and social objectives.

- *Devolution of decision-making* – where appropriate, regional transport needs will be addressed at the regional level by those most directly affected.
 - *International obligations* – the Government through its relevant arms will meet all its obligations under international treaties and conventions on transport-related matters.
- 2) Regulation**
- *Safety and the environment* – safety and environmental standards will be significantly improved through effective regulation and enforcement.
 - *No unnecessary or ineffective regulation* – subject to safety and environmental controls, service providers should be free to tailor their services to meet the requirements of users.
 - *Competition* – competition should be encouraged; users should be free to choose from alternative services on the basis of price and quality.

3) Pricing

- *Prices to reflect costs* – operators should be free to set prices to reflect their costs; competition should be the main means of keeping costs and prices low.
- *Cost recovery* – the costs of providing services and maintaining public infrastructure should be recovered through appropriate user charges.
- *Subsidies for essential services* – essential services that are non-economic will be commissioned from the private sector following competitive tender, with the associated subsidies carefully monitored.

4) Investment and expenditure

- *Strategic plans* – public and private investments must conform with approved sectoral and regional development plans.
- *Rational investment criteria* – government projects must demonstrate quantified economic benefits in excess of costs.
- *Priority for maintenance* – priority for expenditure will be given to effective maintenance of existing assets.

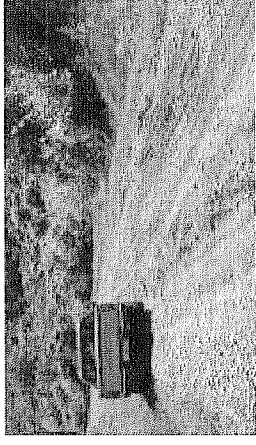
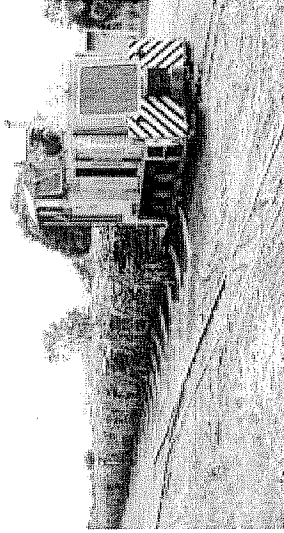
In Section 5 these objectives and policy principles are used as the basis for a plan of action for each transport subsector.

3 Fiji's Transport Sector

3.1 Sector Overview

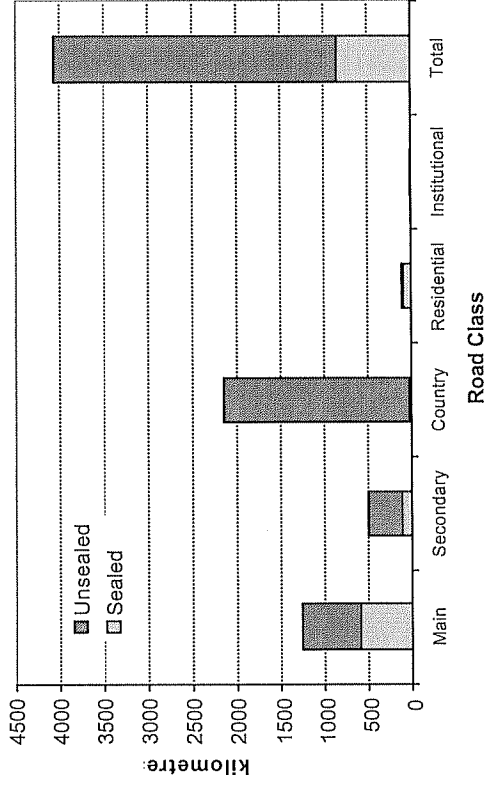
Fiji is served by a combination of road, rail, sea and air transport (Figure 2). An important hub for the south Pacific, it has good air and shipping links with international and regional markets. Most domestic passenger and freight traffic is carried by road, with coastal shipping meeting the majority of inter-island transport needs. Dedicated narrow-gauge railway systems link sugar-producing areas to the four mills at Lautoka, Ba, Rakiraki and Labasa.

The Government continues to play an important role in creating a conducive environment for the provision transport services and related infrastructure. Over the past five years public expenditure on transport infrastructure has averaged \$57 million p.a. or 33 percent of the total capital budget.



Details of road conditions are available only for PWD's public network, following surveys carried out in 1999 under the Asset Management Strengthening Project (AMSP). Only 17 percent of the length is sealed (Figure 1). Although no surveys have been carried out on the non-PWD portion of the network, most of it is generally agreed to be in unsatisfactory condition.

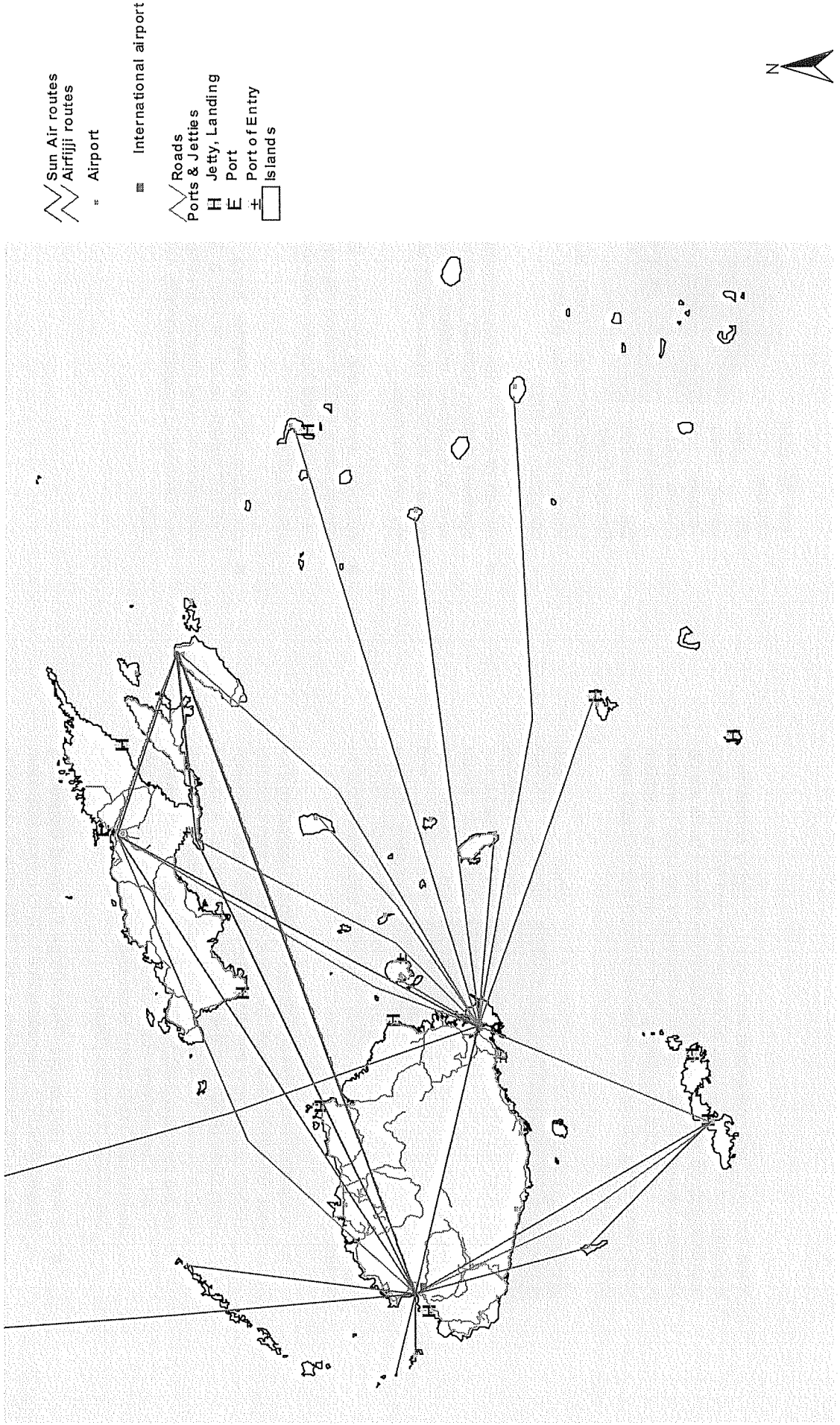
Figure 1: PWD Road Network, 2000



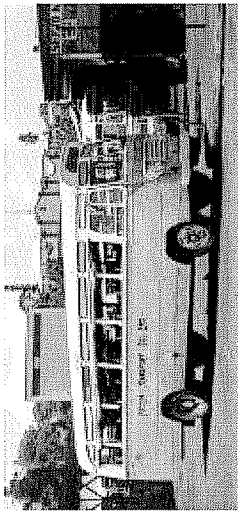
3.1.1 Roads and Road Transport

The road network amounts to about 7,000 kms, of which approximately 5,000 kms are managed by the Public Works Department (PWD), under the Ministry of Works and Energy (MWE). Of the rest, some 200 kms are the responsibility of municipal councils while approximately 1,800 kms are forestry, cane access or agricultural project roads.

Figure 2: Fiji's Transport System



Road transport, both passenger and freight, is highly competitive, especially on the main islands of Vanua Levu and Viti Levu where approximately 85 percent of the population live. Freight tariffs are de-regulated but bus and taxi fares are controlled by the Land Transport Authority (LTA). Truck overloading and road damage is a problem particularly during the sugarcane harvest season and on roads used by logging trucks.

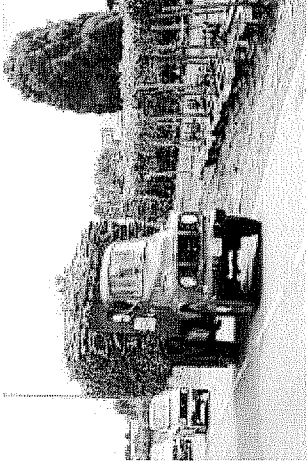


Since 1993, following FNTSP recommendations, the emphasis in the roads sub sector has been on rehabilitation and upgrading, maintenance management, overhauling the regulatory framework governing road transport, and road safety. Important milestones have included¹:

- completion of the **Second-Stage Fiji Road Upgrading Project** (FRUP2), assisted by loans totaling approximately US\$40 million from the World Bank (WB), Asian Development Bank (ADB) and the EXIM Bank of Japan. A total of approximately 150 kms of road upgrading was carried out on the two main islands of Vanua Levu and Viti Levu Kings Road, Cunningham Road, Khalsa Road, Queens Road, Nabouwalu Trans-island Road and the Wainikoro Road on the outskirts of Labasa (Table 2).
- a start in 1998 on the **Third-Stage Fiji Road Upgrading Project** (FRUP3), financed with a US\$40 million ADB loan. This will eventually involve a total of 280 kms of upgrading

¹ For a review of progress on the recommendations of the FNTSP, see Appendix A.

over 19 road sections on Viti Levu, Vanua Levu, Taveuni and Ovalau (Table 2). Sections of the Taveuni Coastal Road, Lodon Road (Korovou – QVS), Buca Bay Road, Sawani Road and Kings Road (Korovou – Nayavu) are due for completion by 2003.



- as part of FRUP3, the development of a **road asset management system** (RAMS), based on regular condition surveys, to determine priorities for road and bridge maintenance on the basis of an analysis of life-cycle costs, including road user costs.
- approved designs and committed European Union (EU) financing for a F\$22.4 million **Second Rewa River Bridge** between Suva and Nausori, with construction scheduled to start in 2004.
- completion of the **Greater Suva Transportation Study** (GSTS)² which recommended a 30-year plan for traffic management, road network development and public transport services to meet the mobility needs of the greater Suva area.

² [Reference to GSTS]

- following the promulgation of the Land Transport Act in 1998¹, the establishment of the **Land Transport Authority** (LTA) as a statutory authority to strengthen the regulation of road transport and traffic, including driver testing and licensing and controls over the registration and use of vehicles.
- establishment of a **National Road Safety Council** (NRSC) to coordinate government and private-sector initiatives aimed at reducing the road toll, improving road safety education and raising the public's road safety awareness.
- under the **Transport Sector Institutional Strengthening Study** (TSISS), a review of options for improved management of the road network and recommendations for outsourcing road maintenance and construction and establishing a more directly accountable Fiji Roads Authority (FRA), separate from the non-road functions of the PWD
- a study of **road cost recovery**² and recommendations to improve users' contribution to the road costs they cause through a combination of a fuel surcharge and restructured vehicle registration fees.

3.1.2 Ports and Shipping

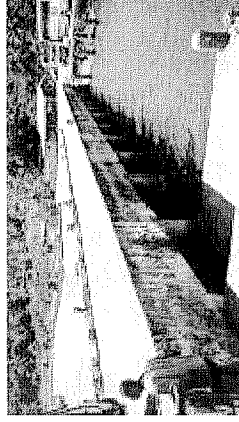
The four (4) international ports of Suva, Lautoka and Levuka and Savusavu (see Figure 2) are managed and operated by the Maritime and Ports Authority of Fiji (MPAF), which reports both to the Ministry of Transport and Civil Aviation (MTCVA) and, as a state-owned enterprise, to the Ministry of Public Enterprises and Public Sector Reform (MPEPSR) on financial matters. Between them, these ports handled 2.78 million tonnes of general and bulk cargo in 1999: Suva 1.45 million tonnes (including 0.94 million tonnes or 34,520 boxes of contain-

¹ The Act was passed in 1998 but implementation was initiated only in 2000.

² John Lee, *Funding Better Road Maintenance*, ADB TA 2747-FUJ, Ministry of Finance, October 1997.

erised cargo), Lautoka 1.32 million tonnes (mostly raw sugar, molasses and wood chips) and Levuka 13,850 tonnes of mainly tuna fish exports. Stevedoring and related port services are provided by Port Terminals Ltd (PTL), which is fully owned by the government, operating at Suva and Lautoka ports.

In addition to these main commercial ports, there are some 29 public wharves and jetties (also shown in (see Figure 2) handling local traffic. These are built under PWD's budget but there is no formal assignment of management responsibility for them: when repairs are necessary, representations are made for their inclusion in PWD's annual budget. There are also three private wharves, two of which, FSC in Malau and Ellington handle sugar movements.



Shipping services are licensed by the Fiji Marine Board (FMB), with the Fiji Islands Maritime Safety Administration (FIMSA) acting as FMB secretariat as well as regulator on safety matters. Services between the main ports (see Figure 2) are frequent, competitive and efficient, with freight tariffs set by the Prices and Incomes Board (PIB) under the Counter-Inflation Act and passenger fares approved by FIMSA.



Services to the outer islands are poor, however: vessels are mostly old and inefficient and levels of demand often insufficient to sustain

profitable operations. To provide a basic level of access to these areas, subsidies are now provided under the Shipping Franchise Scheme (SFS) -- see below.

Since 1993, the Government's initiatives in the maritime sector have included:

- upgrading the **Cicia and Totoya jetties** in the Lau group.
- upgrading the **Suva lighthouses** to improve safety on the approaches to the main international port of Suva;
- creating of reef passages to facilitate better vessel access in Ono-I-Lau.
- a reorganization of the Ports Authority of Fiji (PAF) in 1997 into two separate entities: the **Maritime Ports Authority of Fiji** (MPAF), responsible for the management and physical assets of Suva, Lautoka and Levuka ports; and **Ports Terminal Limited** (PTL), responsible for stevedoring, cargo handling, warehousing and management of local wharves in Suva and Lautoka ports and pilotage in designated ports and coastal routes.
- a reorganisation of the Marine Department in 1998 into the **Fiji Islands Maritime Safety Administration** (FIMSA), to take responsibility for maritime safety matters, and the **Shipping Corporation of Fiji Limited** (SCFL) to operate the government shipping fleet. Following the change of government in May 1999, however, SCFL was wound up and a new **Department of Government Shipping Services** (GSS) was established in 2000 under the then MTT to manage the government fleet.
- the **Shipping Franchise Scheme** (SFS), introduced in 1997 following FNTSP recommendations and a subsequent study carried out under the TSISS. The aims of the SFS are to encourage cost-effective shipping services to outer islands which could not otherwise support viable operations

and to promote a competitive shipping industry. Under the SFS, operators bid for three-year contracts on the basis of the monthly subsidy required to meet a specified service schedule. They keep the revenues (fares and freight tariffs are capped), giving them an incentive to maintain service quality, but are penalised when they fail to meet agreed sailing schedules. Initially introduced for services to Northern Lau, Southern Lau and Rotuma, consideration is being given to expanding the scheme to other areas, though with some adjustment to its management¹.

3.1.3 Air Transport and Airports

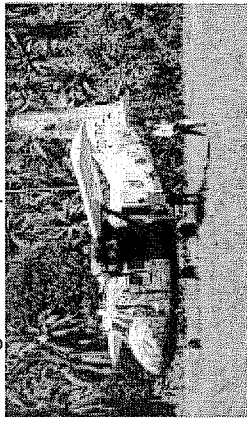
DCA is a small administrative unit assisting MTCA's Permanent Secretary (PS) with headquarters functions for air transport, including oversight of economic regulation, licensing of domestic and international air services and negotiations of Fiji's international air service agreements. The ATLB issues air transport operating licences and regulates airfares and freight tariffs. The main regulatory agency on matters of air safety is CAAFI, a non commercial statutory authority. CAAFI's responsibilities include, aircraft registration, certification of aircraft and operators, licensing of air crew and airports and meeting Fiji's ICAO obligations in respect of air safety. CAAFI receives revenues from charges and fees and from its shareholding in Air Terminal Services Ltd (ATS) (see below).

AFL owns Nadi international airport and operates Nadi and Nausori as a government commercial company. It also maintains 26 other secondary airports on behalf of the Government, for which an annual grant is provided through AFL to supplement revenues from landing charges.

¹ Shortcomings in the way the SFS has been implemented have reduced the benefits of competition between potential service providers.

ATS is a majority Government-owned company providing monopoly terminal handling and catering services to AFL at Nadi. The Government's 51 percent shareholding is in the hands of CAAFI, which receives the dividend revenue.

Air Pacific Limited is the national carrier, operating on routes to Australia, New Zealand, the US, Canada and Japan. The Government holds 51 percent of the shares, and Qantas 46 percent. Scheduled domestic services are licensed by the Air Transport Licensing Board (ATLB) and provided by Air Fiji (AF) and Sunflower Airlines (SA) under regulated competition. Following a recent expansion of AF's regional network to include



Tonga and Tuvalu, the Government of Tuvalu recently took a majority shareholding, leaving the government holding a minority of the shares. Some small operators provide charter services, mostly supplementing scheduled services but some of which effectively compete with the scheduled carriers. Fares for scheduled services are controlled by the ATLB for all but the Nadi-Labasa-Nausori routes, except when the ticket is purchased outside the country.

There are two international airports: Nadi, the main international gateway capable of handling 747s, and Nausori, serving Suva and attracting regional flights up to B737 standard. Table 3 shows the current inventory of airports in Fiji. There are a further two privately owned airstrips, which are presently closed.

Table 1: Fiji's Airports

Area	Aerodromes		Aerodromes presently closed
PUBLIC AIRPORTS			
Viti Levu	Nadi		
	Ba		
	Vatukoula		
	Nausori		
Vanua Levu	Labasa		
	Savusavu		
	Blaugunu		
	Bua		✓
Mamanuca and Yasawa Group	Malololaitai		
Northern Division	Matei, Taveuni		
	Laucala		
	Rabi		
Eastern Division	Bureta, Ovalau		
	Vanuabalavu		
	Cicia		
	Lakeba		
	Koro		
	Gau		
	Kadavu		
	Moala		
	Wakaya		
	Ono-I-Lau		
Saqani			

Vatulele	
Kaibu Island Airport	
Mana Island Airport	
Rotuma	
Yasawa	
PRIVATE AIRPORTS	
Viti Levu	
	Deuba ✓
	Korolevu ✓

Source: Civil Aviation Authority of Fiji Islands

Since the 1993 FNTSP, the air sector has seen the following changes:

- the upgrading of terminal at **Nausori Airport** and **Savasu, Matei**, and **Kadavu** airstrips
- the 1997 reorganization of the Civil Aviation Authority of Fiji (CAAF) into the commercial airport operator **Airports Fiji Limited** (AFL) and the **Civil Aviation Authority of the Fiji Islands** (CAAFI), constituted as a statutory authority and responsible for air safety regulations.

3.1.4 Land Transport

In land transport the two key agencies are PWD and LTA. PWD, under MWE, is responsible for developing and maintaining the public road system. But it combines these responsibilities with similar functions in respect of public buildings, mechanical and electrical services, jetties, water supplies, sewerage services and electricity supply¹. Implementation of public works is organized regionally, with

¹ Airfields were also included, but these are now maintained by AFL on behalf of the Department of Civil Aviation (DCA).

planning and design carried out in Suva. There is a separate roads division within the MWE headquarters level.

In 1997 the TSISS recommended on how PWD should be reformed to increase private-sector participation in road construction and maintenance and make PWD more efficient in managing the network². Its main recommendations were:

- to expand the use of contractors and consultants for road maintenance and construction, reducing the number of force-account units and commercializing some, out-sourcing the planning, management and supervision of road maintenance programs, privatizing the supply of road maintenance and construction materials, and selling off plant, equipment and workshops; and
- to establish a Fiji Roads Authority (FRA), bringing together into a single organisation all road-related activities – design, planning and programming, human resource management and accounting, quality assurance, contract management and the implementation of works.

Two reorganization options were considered: a separate Roads Department and a non-commercial statutory authority, the FRA. The latter was preferred because it would have greater freedom of staffing, management, decision-making and control over finances, and would more effectively signal the Government's commitment to promoting efficiency, accountability and performance³. In fact, following government policy at the time, MWE moved instead towards establishing a separate Department of Public Roads (DPR) and secured a Cabinet commitment to this in 1999, but this has been put on hold pending the August 2001 elections.

² It also examined the feasibility of the Shipping Franchise System (SFS) proposed by the FNTSP, but this does not concern PWD.

³ It was the eventual aim that the FRA and LTA would be merged, once they were well established.

Even a department would be a positive move in the right direction. It would help achieve the efficiencies of specialisation with little duplication with other public works functions¹. Whether the subsequent step to a FRA is taken should depend on decisions concerning the role of a Road Fund and the arrangements to administer it – see Section 5.

Under the LTA Act 1998, the LTA replaced the old Road Transport Department (RTD), Central Traffic Authority (responsible for traffic regulations), Transport Control Board (responsible for bus transport regulation) and Principal Licensing Authority (responsible for driver and vehicle licensing). This consolidation has already resulted in improved efficiency and more effective enforcement of strengthened regulations governing road traffic and transport. The LTA is self-funding from fee revenue². It works closely with the National Road Safety Council (NRSC) in promoting road safety.

In the short time since it was established, the LTA has made good progress on overhauling and strengthening the road transport licensing and regulatory regime, including the introduction of a computerized vehicle registration system. But it has also been criticized for the fee increases permitted under the Act, delays in the issue of business permits and licences and its degree of autonomy, particularly over financial matters. Consideration has been given to amending the Act so that it operates as an agent on behalf of the Government in collecting fee revenues for transfer to consolidated revenue, but a preferred option is to channel revenues from vehicle registration fees to road maintenance through a Road Fund³, leaving the LTA's finan-

¹ The 1999 Cabinet decision envisaged PWD being separated into three "autonomous" entities: a Water and Sewerage Department, a Department of Public Buildings and the DPR.

² In the six-month period to end-December 2000, the LTA made a profit before tax of \$3.5 million and paid the Government an interim dividend of \$2.0 million. A large contribution to this is made from annual vehicle registration fees, against which LTA has few administration expenses.

³ Most of LTA's fees cover administrative costs, but vehicle registration fees, or "wheel taxes" do not vary with the costs of administration but with the size of vehicle (loosely related to the maintenance costs vehicles impose on the road system).

cial performance depending primarily on the efficiency with which it carries out its licensing and regulatory role.

3.1.5 Sea Transport

FIMSA (formerly the Marine Department, or MD) comes under MTCA. It is responsible for maritime safety regulation: vessel registration and certification, crew licensing, and hydrographical surveys and search-and-rescue services. FIMSA has also been assigned responsibility for administering the SFS, a role in economic regulation that differs from its normal safety-related functions.

FIMSA is a government department, not a statutory authority. Its revenues, limited to navigation fees, accrue to consolidated revenue. It acts as the implementing arm and secretariat of the FMB. Consideration is being given to a possible restructuring of FIMSA as a statutory authority, along the lines of CAAFI, and LTA with a strengthened Board taking on the current functions of the FMB.

MPAF is a commercial statutory authority responsible for landlord port functions, property development and port-related regulation for the ports of Suva and Lautoka. It also operates Levuka wharf. It reports through its Board to both MPEPSR and MTCA. It generally contracts out cargo- and container-handling, warehousing/storage, towage, pilotage and mooring services to Ports Terminal Ltd (PTL). PTL is a government commercial company specializing in terminal and stevedoring operations; it holds a monopoly over operations in the ports of Suva and Lautoka.

A new Department of Government Shipping Services (GSS) has recently been created in 1999 and assigned responsibility under the then MTT (now transferred to MTCA for managing and operating the government shipping fleet following the winding-up of SCFL in 1999. Its role is to provide shipping services for government departments and provincial councils, but it also picks up commercial passengers and goods as well on a need or *ad hoc* basis. One of its vessels is used from time to time by FIMSA for hydrographical surveys.

The role of GSS needs to be further reviewed. Its services could be less efficient than those of private-sector operators, and have the effect of reducing the commercial opportunities available to them, inhibiting the development of the industry.

A task force review on MPAF/PTL/FIMSA reorganization was formed in 2000 under the chairmanship of MPEPSR. It has recommended: (i) that a government-owned commercial port company be formed to own and manage port facilities and related infrastructure; (ii) that residual port regulatory functions held by MPAF be transferred to FIMSA; (iii) that FIMSA be restructured like a statutory authority and its hydrographical survey, search-and-rescue and navaid maintenance responsibilities be delegated to the Naval Division; and (iii) that GSS be re-converted into a Fiji Shipping Company (FSC) with surplus vessels, equipment and staff transferred to a Government Shipping Retraining Scheme (GSRs).

As part of MPAF's loan agreement to ADB for the rehabilitation and upgrading of Suva and Lautoka wharves, an ADB-funded technical assistance (TA)¹ study was conducted in 2002 to review, amongst other things, the options for port sector restructuring and its implementation process.

3.1.6 Institutional Arrangements

Error! Reference source not found. shows the organization of government institutions in the transport sector. Particularly noteworthy are the following:

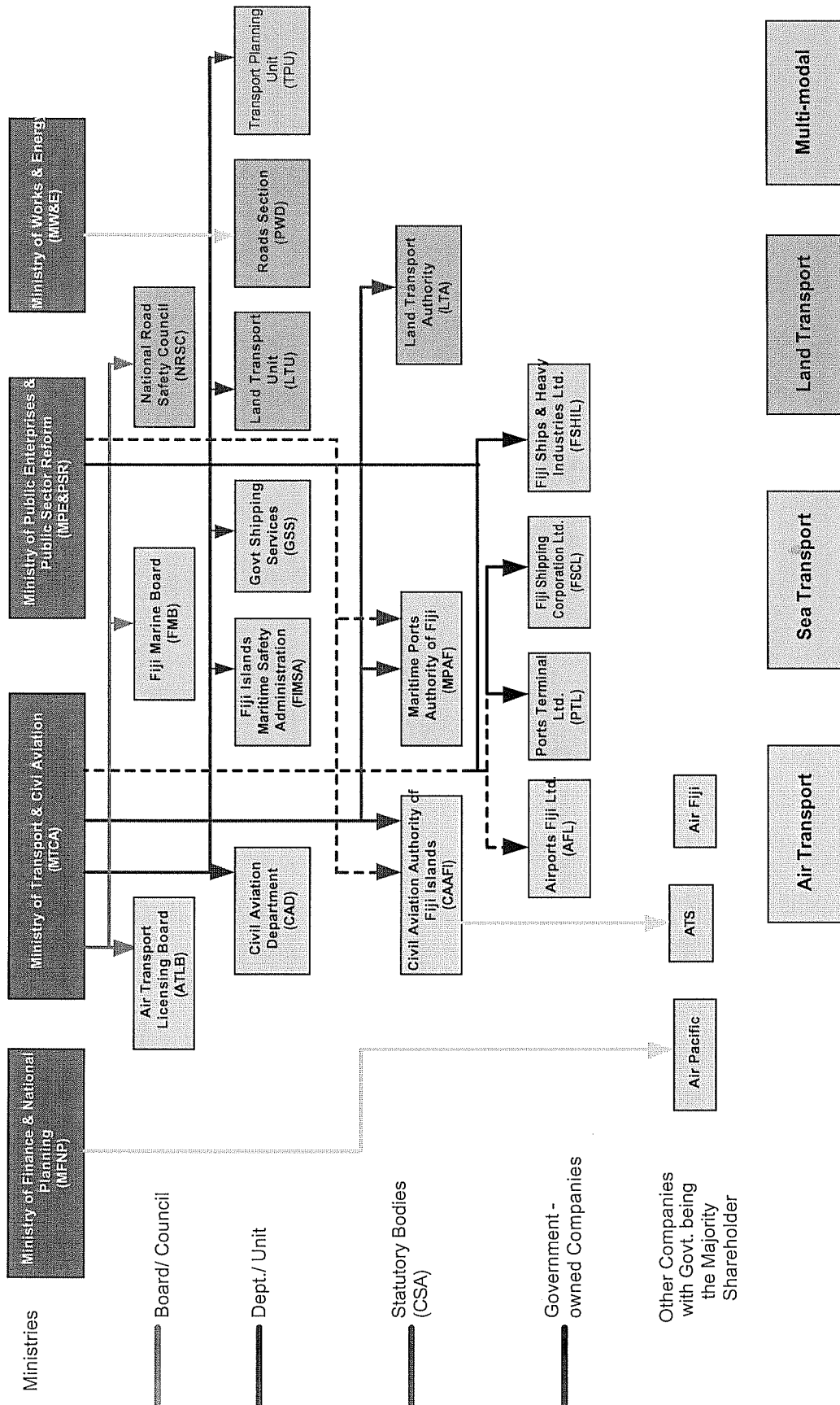
- the direct involvement of four different ministries – Finance and National Planning (MFNP), Public Enterprises and Public Sector Reform (MPEPSR), Works, and Energy (MWE) and Transport and Civil Aviation (MTCa) – in supervising

aspects of the sector's organization and operations, giving rise to a potential risk of inconsistent policy implementation;

- dual lines of reporting for the three statutory authorities CAAFI, MPAF and LTA – nominally on policy, technical, legal, economic and safety matters to MTCa and on financial and institutional reform matters to MPEPSR;
- evident progress on separating the functions of policy formulation and planning, regulation and licensing, and the commercial operations of Government-owned enterprises;
- the lack of institutional support for the policy/planning and other headquarters functions in land transport (there is no longer a Department of Road Transport) and of statutory authority status for FIMSA, which is still essentially a government department .
- The establishment of the TPU and the consultation process channelled through the NTCC and NTCF has only partly addressed problems of coordination. Institutional arrangements require further reform to ensure that policies and plans for the sector as a whole are prepared by, and their implementation brought under the responsibilities of, a single ministry.
- The role of the ministry responsible for transport is to closely work with the MPEPSR in the reform of public - owned organizations operating in the transport sector.

¹ ADB TA 3199: FIJ- Fiji Port Asset Management Improvement Study : Conducted by Cullen, Gurnmitt & Roe of Australia.

Institutional Arrangements in the Transport Sector



3.2 Factors Shaping the Sector

As an island nation and open economy, Fiji depends critically on having an efficient domestic and international transport system. Tourism brings around 400,000 visitors each year by air and sea. Some 54 percent of the country's population of are classified as rural. Transport is crucial to regional development and plays a vital role in serving the economy and Fiji's dispersed communities. It connects people, communities, villages, towns and cities. It carries people to hospitals and schools, and brings basic services to needy communities. It provides vital links between centers of production and markets for key economic sectors such as agriculture, industry, mining and tourism. It facilitates domestic and international trade. In 1999 the transport sector accounted for 10 percent of GDP, up from 8.7 percent in 1996.

The Government is committed to improving transport infrastructure – roads, airports, wharves and jetties – and related services, with an emphasis on public transport, road safety, improved asset management, accessibility to remote communities and an enhanced role for the private sector. It is essential that its efforts are targeted in a way that maximises the economic and social benefits – not just by investment but also by establishing a policy and regulatory framework that encourages maximum efficiency and demand-responsiveness.

3.2.1 Changes in the Nature of the Transport Task

Economic and demographic changes are bringing about a shift in the nature of the transport task. 20 years ago, its main role was to provide for agricultural exports and administrative access; now, with a broadening of the economy and significant rural-urban migration, the transport task has become more complex. Not only must it continue to help maintain the competitiveness of traditional agricultural and primary exports; it must also serve the import needs of consumers and manufacturers. With increasing competition in deregulated external and domestic markets, greater efficiency, higher service

quality, better reliability and lower costs are of much greater importance than hitherto.

Growth in tourism has also brought pressures for change. Domestic air and shipping services no longer exist just to provide access to government administrative officers; they must offer more reliable and better-quality services to discriminating tourists, as well as local businessmen and international investors.

Cost pressures have also brought changes to the fleet of vehicles, vessels and aircraft, with implications for safety and the capacity of infrastructure. More efficient heavier vehicles capable of carrying containers and other large loads, vehicle-carrying RoRo vessels and larger-capacity aircraft, particularly on international routes, place greater demands on road, port and airport infrastructure and require greater attention to safety and environmental impacts.

3.2.2

The Role of Government and Development of the Transport Industry

Like elsewhere in the world, governments have come to recognise limits on their ability to provide transport infrastructure and services themselves. These limits are not only financial. Of most importance has been the recognition that a competitive private sector is best able to raise the capital and offer the flexible and innovative management needed to ensure that services are tailored to meet the needs of customers in the most efficient way.

Under these circumstances, government's role is shifting, from one in which it provided most infrastructure and services to one concerned mainly with providing the regulatory environment to facilitate a flourishing private sector and protecting the public's safety and environmental interests. Apart from the organisation of government functions, these changes have important implications for the role of regulation and the role of government-owned transport enterprises.

3.2.3 Equity and the Transport Needs of Outer Islands

Governments of all colors recognise the need to provide access to isolated communities and the outer islands. Even if only on national unity and equity grounds (though improved transport services and infrastructure can play a role in promoting regional economic development in concert with other measures), there is a need to reach beyond the network of competitive trunk services to communities who might not be capable of supporting commercial services. Innovative approaches are needed to ensure that such services do not drain resources from more economically important routes and are provided in the most cost-effective, efficient and transparent way.

3.2.4 Financial Constraints on Government

The Government's ability to pay for subsidised transport infrastructure and services is limited. While it has been possible to maintain public expenditure on transport, which have been allocated in the total government expenditure, rising demand and increased costs make it increasingly difficult to keep pace with the need for increased capacity and ongoing operations and maintenance without (i) greater reliance on private-sector investment and (ii) recovery of the costs of publicly-provided infrastructure and services from users.

Improved cost recovery is also important in helping to reduce distortions between the transport modes. Raising the level of cost recovery for roads, for example, will help achieve a more level playing-field with shipping (where port users are charged the full costs of port operations) and encourage the development of more economical services.

4 The Policy Context

4.1 The 1993 FNTPSP

4.1.1 Main Recommendations

The main thrusts of the FNTPSP in 1993 were:

- to encourage private-sector provision of transport services and infrastructure;
- to avoid wasteful investment and base transport infrastructure priorities mainly on the criterion of economic return;
- to promote greater competition through gradual deregulation while strengthening safety standards;
- to manage common-user transport facilities in the hands of statutory authorities on a commercial basis with a minimum of cross-subsidy between activities;
- to recover infrastructure costs through user charges, with the degree of cost recovery fairly distributed among users; and
- to integrate transport planning with planning for other economic sectors.

In **land transport**, the FNTPSP supported proposals for establishing the LTA and strengthening safety-related enforcement procedures for road transport and traffic, although it proposed no major change in the regulation of passenger transport services and associated vehicle and service licensing arrangements. Its proposals for roads included a Road Fund financed from user charges, a more autonomous Roads Section within PWD and greater use of private contractors for maintenance and construction; subsequent cost recovery

and institutional strengthening studies refined these proposals. The FNTPSP recommended priorities for upgrading and developing the road network which became the starting-point for preparation of donor-assisted programs under FRUP2 and FRUP3.

In the **maritime subsector**, the FNTPSP's main proposals were for the introduction of the SFS to serve outer islands, price deregulation, and corporatisation of the government fleet, shipyard and slipways. It supported management of the main ports along commercial lines by the then PAF and suggested a revised and simplified system of port charges. This is partially archived through the formation of MPAF and PTL.

In **air transport**, the FNTPSP addressed the separation of airport management and air safety regulation functions (now achieved with the establishment of AFL and CAAFI), improved operational coordination by domestic airlines, closer control over charter services, relatively limited deregulation of scheduled services and efforts to devolve responsibilities for minor airstrips to local communities.

Many of the FNTPSP policy principles and recommendations remain valid, notwithstanding some progress made since 1993 (see Section 4.1.2 below) and a rolling-back of some of the earlier reforms during 1999/2000. There still remains, however, a need to:

- define more clearly the respective roles of government and the private sector in providing transport services and infrastructure in a competitive commercial environment;
- dismantle unnecessary and ineffective regulatory controls that inhibit private-sector investment; innovation and competition and thereby limit the scope for service-providers to respond to users' needs;
- substantially raise standards of safety – particularly, but by no means exclusively, for road transport – and halt the environmental deterioration caused by transport;

- clarify the objectives and manage the affairs of state enterprises to improve their efficiency and ability to respond to their customers' needs – and, where they operate in competition with the private sector, decide whether they should be privatised;
- achieve greater transparency, efficiency and accountability in the system of public administration, together with a change in attitude towards one of providing a service to customers;
- provide essential services to remote communities in a way that minimises waste and maximises efficiency and demand-responsiveness through in-built incentives;
- achieve sustainable financing for infrastructure, operations and regulatory services through user charges and cost recovery;
- apply rational criteria in a consistent way to the preparation and approval of investment and expenditure proposals;
- ensure that plans for the development of the transport sector are integrated and coordinated with those of other sectors;
- ensure that government investment and regulatory decisions take account of the views of stakeholders; and
- ensure that policies, criteria and guidelines for the sector are applied consistently across all transport subsectors.

4.1.2 Current Status

Appendix A – Status of FNTSP Policy Recommendations – lists the key policy recommendations of the FNTSP and identifies the actions taken to implement them since 1993. The scorecard is mixed. Some of the recommendations have been implemented and some over-

taken by events, notably in the area of institutional reorganisation where different administrations have imposed their own policies. Others have not been implemented for lack of effort or commitment, yet still remain valid. This present policy framework recognizes the need to implement those earlier sector policy recommendations that remain valid and reflects government's current social and economic policy at macro level. The TPU, as part of its oversight role and responsibility for the update and review of the FNTSP, will coordinate closely with relevant transport agencies charged with the implementation of such policy recommendations.

In general, the FNTSP recommendations have fared well in the following areas: (i) separation of government functions, (ii) more effective commercial management of infrastructure (major ports and airports) and (iii) shipping services to outer islands. Considerable progress was made during the reform-minded mid/late-1990s. But certain key policy proposals have still not moved forward much, notably: (i) cost recovery and improved management of roads and (ii) economic deregulation of air transport, road-based public transport and, to a lesser extent, shipping services. There has also been some winding-back of earlier institutional reforms, particularly in ports and shipping. And there remain a number of inconsistencies in the way government functions are organised and policies applied. A renewed commitment to move forward should now be adopted by all concerned agencies to apply a rational, consistent policy framework across all transport subsectors.

4.2 The Current Policy Context

Fiji's economy has suffered severely from the political crisis of May 2000. Under these circumstances, the Government's key priority is to take the country forward towards Government's established vision of "Peaceful and Prosperity". The strategy- "Rebuilding Confidence for Stability and Growth" - identifies the following strategic priorities that

need to be addressed to set the economy on course to achieve sustained economic growth¹:

- Maintaining macro-economic stability;
- Raising investment levels for jobs and growth by streamlining the procedures for approvals of both local and foreign investments;
- Reforming the public sector to improve efficiency and customer service and reduce the cost of doing business through civil service reforms, reforms to public enterprises and financial management reform i.e. by undertaking rightsizing of civil service, commercialization, corporatisation and privatization;
- Promoting rural and outer island development with emphasis on tapping in all economic resources available;
- Structural reforms to promote competition and efficiency civil service by pursuing trade and services liberalisation and actively pursuing foreign trade opportunities.

Government's strategy to ensure a macroeconomic stability and favorable investment climate is through prudent monetary and fiscal policies as follows:

- Monetary policy is aimed at controlling inflation and ensuring an adequate supply of foreign exchange.
- Fiscal policy is: (i) to maintain prudent deficit and debt levels; (ii) to enhance economic growth by not over-taxing, broadening the tax base, minimising distortions, promoting the user-pays principle and improving compliance; and (iii) to direct expenditure towards enhancing growth, promoting equity and investment, par-

ticularly in education, health, infrastructure, tourism, agriculture, law and order, poverty alleviation, Indigenous Fijian affirmative action, information technology and fair trading and consumer protection. Capital expenditure is to be raised significantly as a proportion of total expenditure.

These national policies have clear implications for the transport sector through their emphasis on liberalisation, trade promotion, equity, reform of state enterprises, infrastructure development, cost recovery and public sector reform.

4.3 Key Transport Policy Issues

The fundamental issues facing the transport sector lie primarily in the following four areas:

- *institutional arrangements* – the respective roles of the government and private sectors, the way government functions are organised and carried out, and the role of the state-owned transport enterprises;
- *operational and regulatory arrangements* – the role of regulation in protecting the public interest, promoting competition and safety, and protecting the natural environment;
- *pricing* – the way prices in each subsector are set and controlled, the taxes applied to transport users, the degree of cost recovery for transport infrastructure and the circumstances under which subsidies might be justified; and
- *planning and investment* – investment priorities and the criteria used to establish them, and the process by which investment plans are prepared.

¹ Source: Strategic Development Plan 2003-2005

4.3.1 The Roles of Government and the Private Sector

Government should continue to play a major role in planning, supervising and regulating the sector and providing selected infrastructure and services. A variety of institutional arrangements with different powers and forms of organisation is used to regulate the operations of private service providers in each subsector. Several state-owned enterprises (government commercial companies, or GCCs) provide “commercial” services – services that could equally well be provided by the private sector – often in competition with private-sector providers.

The role of government in the transport sector includes (i) strategic planning and monitoring, (ii) regulating market entry and operations to foster competition, improve safety and protect the environment, and (iii) providing essential services and infrastructure when not attractive or appropriate for the private sector as part of its community service obligation (CSO’s).

The essential role of government is therefore mainly oriented towards providing policy and regulatory environment conducive to facilitate a flourishing private sector and protecting public’s safety and environmental interests. Accordingly, government’s functions range from policy formulation and strategic planning through investment and regulation to operations.

4.3.2 The Role of the State Enterprises in the Sector

The current emphasis in Government is to “commercialize” or “corporate” several of its facilities and operations – e.g. the main commercial ports and airports. State-owned enterprises that are involved mainly in the provision and management of transport-related infrastructure (seaports and airports) are required by law (PE Act) to operate along commercial line and pursue a profit objective. In most state-owned enterprises like in airport and seaports, there are conflicting social and commercial objectives: on the one hand to maximize profit and, on the other, to foster trade and economic develop-

ment through management of non-commercial ones on behalf of government in fulfilling its CSO’s. Government will need to clarify these issues by an appropriate policy framework with the view to establishing a clear criteria and best practices upon which such CSO’s should be managed and delivered by state-owned enterprises.

4.3.3 Safety and the Environment

The public is rightly concerned about safety of all modes of transport (sea, air and roads), and its related environmental deterioration (noise, air and water pollution, destruction of natural resources etc.). Through both infrastructure and operations, the transport sector is often a contributing factor to the latter.

4.3.4 The Role of Regulation

Regulatory controls – controls over market entry and related pricing and safety of transport services and infrastructure often impose additional costs and can cause inefficiencies for transport operators, for example by limiting certain kinds of operations, restricting the availability of licences, limiting fare/tariff increases, or mandating certain vehicle/vessel/aircraft technologies. It is important to ensure that the additional costs and inefficiencies are not passed on unnecessarily to the travelling public. In this connection, government will continue to review the role and forms of regulation and when are they appropriate in the context of market deregulation. The role of competition policy in a deregulated market, and how can regulations help achieve greater efficiency and demand responsiveness are issues that need to be addressed by government on an ongoing basis. Government will also review price control in all modes of transport with the view to establishing effective and efficient ways of controlling prices (airfare, bus fare, taxi fare etc) of transport services charged to the public by the service providers.

4.3.5 Cost Recovery

Users already pay for ports (through port tariffs) and airports (through the fees charged to passengers and airlines), but they do not pay directly for roads and jetties. Government recognizes that there is a need for a uniform approach to infrastructure cost recovery. User charges can also be effective in making users face the full costs of their travel decisions and to help bring about greater efficiencies – for example, by encouraging the types of commercial trucks that do less road damage per tonne of payload.

the views of stakeholders and local communities be taken into account in the planning process for new services and infrastructure.

4.3.8

International Obligations

Lastly, governments must adhere to international agreements and treaties. Mostly these are concerned with the economic aspects and safety standards in the air and sea transport subsectors. The obligations arise from Fiji's signature to international agreements and conventions vis the ICAO, IMO and WTO's GATS must be fulfilled through appropriate application in Fiji.

4.3.6 Services to Remote Communities

Remote outer-island communities rarely offer the level of demand needed to sustain profitable operations. If left to the private sector, they would be deprived of access to essential social and economic opportunities – schools, hospitals, government services, jobs. Such a situation is unacceptable to government which concerned with equal opportunity. A basic level of accessibility therefore needs to be provided, but in ways that offer in-built incentives to respond efficiently to the available demand. In this respect, government will develop a policy framework for how associated transport subsidies should be determined, managed and monitored and continuously evaluated.

4.3.7 Investment and Expenditure Priorities

The Government through its commercial arms (state-owned enterprises) plays a strategic role in anticipating future transport needs and opportunities and setting in place a favorable environment to ensure that investors respond to the demands of users. Government will also allow private investors the freedom to develop infrastructure and services where they perceive opportunities to invest. Government recognizes however that there is a need to reconcile – through the planning process – the interests of private investors with those of the public at large, both to minimise negative safety, environmental and social impacts and to ensure better service integration in pursuit of broader development objectives. Government must ensure that

5 Transport Sector Policies

5.1 A Vision for the Transport Sector

The Government's over-riding aim for the transport sector is:

"to develop an integrated transport system that is safe, efficient, affordable, accessible, economically and environmentally sustainable"

Achieving this will involve efforts to:

- ensure that providers of transport services are free to invest and tailor their services in response to customers' needs without unnecessary government intervention, other than to improve safety and protect the environment;
- allow transport customers the freedom to choose between competing alternatives on the basis of price and quality of service;
- eliminate any discrimination (by regulation, price control or other intervention) between government and private operators that would act as a disincentive to private investment and innovation;
- allow prices, set mainly by market forces, to reflect the costs of providing services and eliminate any distortions caused by government controls, or other interventions, so that investment is encouraged to flow to where it is most productive;
- fund the upgrading and maintenance of publicly-owned transport infrastructure by making users pay for the costs that result from their use of the system;

- provide at least a basic level of accessibility to people in isolated regions, if necessary by the use of subsidies, under transparent arrangements that incorporate efficiency incentives;
- raise the efficiency of the state enterprises in the transport sector by granting their management greater autonomy and incentive to run their businesses along commercial lines while, at the same time, holding them accountable for their financial performance; and
- protect and enhance safety and environmental standards and the interests of the socially or economically disadvantaged, in the latter instance by making provision for temporary but carefully targeted support.

The catchwords for the sector will therefore be oriented on:

- *Coordination and Integration* – establishing a multi-modal transport system that is well integrated, with policies consistently applied across all subsectors;
- *Safety* – substantially reducing the risk and severity of transport accidents;
- *Environmental Protection* – minimising the negative environmental and social impacts of transport;
- *Accessibility and Affordability* – providing at least a minimum level of access to economic and social opportunities at a price people can afford;
- *Efficiency* – using the incentives of competition to ensure that transport services meet travelling public needs and are provided at least cost;

- *Sustainable Financing* – recovering the costs of public transport infrastructure and services from users, potentially reducing reliance on budget support and subsidy; and
- *Efficient and Effective Public Administration* – adopting a system of public administration of the transport sector that is efficient, effective in meeting needs, transparent and accountable.

who cause them though appropriate tax and user-charge mechanisms.

The essential role of government for the sector should be oriented towards:

- ensuring a sound policy framework conducive to the sustainable development and growth of the sector ;
- monitoring the efficiency and demand-responsiveness of the transport system;
- ensuring that controlled competition continues to take place, that services are responsive to customers' needs and that monopoly situations are closely monitored;
- ensuring that private-sector investments and actions are consistent with the national interest;
- ensuring that adequate safety and environmental standards are maintained; and
- providing essential services and infrastructure where the private sector is unable or unwilling to do so.

The associated regulatory functions to effect the above are to be appropriately handled by statutory authorities given adequate powers through legislation and held accountable for regulatory outcomes. Generally, the costs of carrying out these functions – testing and inspection, administration of licensing, enforcement of regulations – will be recovered through a system of fees.

Government-owned entities in the sector are of two types: (i) corporatised entities given the task of managing infrastructure and related facilities along commercial line with monopoly status and but without direct competition from the private sector and (ii) competitive commercial enterprises. The first of these will be given clear manage-

5.2 Transport Sector: Whole-of Government Perspective

Our country's long-term development depends on an efficient, low-cost transport system – one in which resources are used in the most productive way. The key to achieving this lies mainly in the incentives associated with competitive markets, whereby transport suppliers compete to reduce costs and improve standards to the benefit of users.

As a general rule, the prices facing transport users should reflect the costs resulting from their decision to travel, and the regulations imposed on operators should be aimed at promoting competitive services and maintaining strict safety and environmental standards. Even so, the Government is concerned about the affordability of transport services, particularly for isolated regions and the economically disadvantaged. It recognises that price controls in these circumstances are not the most effective way of containing costs and improving efficiency – they also discourage investment. Where competition is unable to keep prices to a minimum consistent with costs, the Government will consider commissioning services under contract following competitive bidding; the costs and benefits of the associated subsidies will be carefully monitored.

Public safety and the quality of the environment are the key elements in any transport-related development. Regulations aimed at reducing the risk of accidents and protecting the environment should be clear, strict and capable of being enforced effectively. The social costs of accident risk and environmental damage should be borne by those

ment objectives that resolve any confusion between their business role and their role in assisting the Government's national development effort. They will be expected to fulfil their responsibilities in accordance with corporate business plans, and statement of intent agreed with Government.

The second type of government-owned enterprise may play a role in fostering competition, but in fulfilling this role they must operate as if they were independent commercial companies, with little or no government involvement in day-to-day management decisions. As major shareholder on behalf of the public, the government will hold their managers accountable for financial performance. In the longer term, where there is evidence that their role can be equally or better performed by the private sector under competitive conditions, they will be privatised. Examples of such entities are Air Pacific, ATS, AFL and PTL.

5.3 Basic Policies for the Sector

The basic principles that underlie this vision of the transport system can be considered in four main groups:

- institutional arrangements;
- operations, regulation and licensing;
- pricing, cost recovery, taxation and subsidy;
- planning and investment.

5.3.1 Institutional Arrangements

(i) *Respective Roles of Government and the Private Sector*

Government will maintain effective public control and ownership of key strategic transport infrastructure. Government will constantly review its policies on transport to keep abreast of international devel-

opments and best practices adopted worldwide. The role of the public sector will progressively be reduced to the minimum necessary to fulfil other social objectives: monitoring the efficiency and demand-responsiveness of the public transport system, including prices; regulating market entry and transport operations with the aim of fostering competition, safety and environmental protection; and providing those essential elements of infrastructure like airports, seaports, jet-ties and roads that are not attractive or appropriate for the private sector.

The private sector's involvement in all manner of transport services, including infrastructure, will be actively encouraged in a competitive environment, subject to safety and environmental considerations and conformity with strategic sectoral and regional plans. Existing regulations and practices which unnecessarily inhibit private-sector participation and competition will be relaxed. The operations of government-owned transport enterprises will be reviewed with the aim of identifying areas for outsourcing which would benefit from greater competition.

(ii) *Organisation of Government Functions*

To avoid conflicts of interest and maximise the benefits of specialisation, the functions of (i) policy formulation and planning, (ii) licensing and regulation, including enforcement, and (iii) government-owned commercial transport operations will be separated wherever practicable.

Policy formulation and planning for all modes of transport will be viewed as central, headquarters functions attached to the role of the Ministry of Transport.

The functions of licensing and regulation will be handled by statutory authorities where appropriate for each transport subsector. These will be given adequate powers under legislation to fulfil their responsibilities and will be held accountable for performance in pursuit of clearly-defined objectives. These objectives will relate mainly to the

efficiency, demand-responsiveness and safety and environmental aspects of transport services and infrastructure from their customers' point of view.

The function of managing and operating government-owned transport infrastructure and services will be assigned to government commercial companies (GCCs) or business units according to (i) the degree of competition with the private sector; (ii) the primary objectives of the facilities or services; and (iii) the ownership, characteristics and nature of the organization to its assigned role.

(iii) Development and Coordination of Policies

Coordinating arrangements between ministries involved in transport will be strengthened. A central unit – the TPU in MTCA – will have a policy development role to advise and assist with central policy-making, strategic planning and coordinating tasks. These will include: formulating transport policies and reviewing the impacts of policy initiatives; reviewing the effectiveness of regulations; ensuring that agreed policies are reflected in the laws and regulations governing the sector; monitoring transport costs, prices and the efficiency of the transport system; coordinating the preparation of investment plans, programs and budgets; coordinating the preparation of business plans by state enterprises and monitoring progress against them; and identifying and evaluating strategic options for the future development of the sector. As part of its multi-modal advisory role, the TPU is charged with responsibility for coordinating technical assistance studies in all subsectors with close collaboration with line transport agencies.

The NTCC and NTCF will be used much more effectively to help reach a consensus on policies and plans, encourage the support of stakeholders and take account of the views of users and representatives of the transport industry. Their role will be: (i) to discuss and recommend to Government ways of improving transport efficiency in the interests of both customers and suppliers of transport services;

and (ii) to comment constructively on the Government's own policy proposals and programs.

iv) Management of State-owned Enterprises

The Government's long-term aim is to privatise the operations and services of those state transport enterprises that are essentially commercial in nature and contestable in the private sector. This will not occur immediately, but steps will be taken in the meantime to put existing enterprises on a proper commercial footing. Managers will be given greater responsibility and incentive to manage in accordance with accepted business principles.

Those GCCs that act as business units but are not in a competitive environment – e.g. those that operate the main ports and airports – will be subject to the governing rules and principles established by government and will also be given clear commercial objectives, policy instructions and financial performance targets. Such GCCs will also be required to reconcile their business aims with the additional aim of helping to achieve the Government's broader development goals.

5.3.2 Operations, Regulation and Licensing

(i) Market Entry and Competition

Regulations governing the licensing of transport-related businesses and services will be subject to constant review with the view to promoting efficiency, innovation and demand-responsiveness in the provision of transport services. Wherever possible, the aim will be to allow market forces to establish appropriate capacity levels, service standards and prices. Restrictions which inhibit imports of needed equipment, spare parts and other inputs will also be reviewed by the relevant authority.

(ii) Controls over Private-sector Operations

Customers – including government users – will be free to choose between competing transport alternatives on the basis of price and level of service. Regulatory controls will be mainly concerned with fostering competition, safety and environmental protection. The aim will be to improve conditions for users, not to protect the vested interests of operators.

(iii) Protecting the Public's Interests in Safety and the Environment

Measures, including enforcement procedures, to improve public safety and protect the environment will be strengthened. Responsibility will be assigned for monitoring the safety and environmental impacts of transport investments and operations and for ensuring that strict safety and environmental standards are maintained by state transport enterprises. Controls to protect government infrastructure (e.g. weight and dimensions limits for vehicles operating on public roads), including their enforcement procedures, will also be strengthened, subject to a review of their impacts on transport efficiency and costs.

5.3.3 Pricing, Cost Recovery, Taxation and Subsidy

(i) Prices for Transport Services

Controls over all transport fares and tariffs will be reviewed once the Government is assured that competitive services are established. Transport prices will be monitored and compared with estimates of operating costs. Where prices are significantly higher than costs, measures will be taken to foster greater competition; only if these are found to be ineffective would temporary price controls be considered. Transport –related tariffs and charges in monopolistic situations will be subject of government supervision through the Commerce Commission such as pricing in airport and seaports (wharves) charges.

(ii) Target Levels of Cost Recovery for Public Infrastructure

Users will be charged the attributable costs associated with their use of transport infrastructure. Revenues from infrastructure charges will be applied to infrastructure maintenance and upgrading, safety improvement and environmental protection.

(iii) Circumstances under which Subsidies would be Considered

Where the Government decides that services of a non-commercial nature are in the public interest, contracts for their provision will be offered to transport operators (both private and government-owned) which contain incentives to minimize costs, following competitive bidding. By this process, subsidies for such services will be clearly identified, their cost-effectiveness can be periodically reviewed and the development of a competitive transport industry is encouraged.

5.3.4 Planning and Investment

(i) Planning Procedures

A transport project planning document will be prepared and maintained as the basis for development priorities. Private investment proposals will be evaluated for their economic and social impacts and will be required to conform with strategic sectoral and regional development plans.

(ii) Criteria for Public Investment

Strict criteria will be applied to major government investments in transport infrastructure. Projects with value in excess of \$250,000 will be approved only if they are consistent with agreed plans and shown to generate discounted economic benefits in excess of discounted costs. A standard discount rate of 10-12 percent p.a. will be used.

5.4 Policies for Land Transport

5.4.1 Institutional Arrangements in Land Transport

In the context of the institutional framework outlined above, organisational reforms in the land transport subsector should be based on the following division of responsibilities:

- high-level policy formulation and strategic planning issues should be addressed by a central policy/planning unit attached to the office of the Ministry of Transport;
- regulatory functions on safety and economic of land transport should continue to be held by the LTA as the statutory authority responsible and accountable for the efficient licensing and regulation of road traffic and transport; and
- responsibility for development, upgrading and maintenance of the public road network should be vested in a specialist agency (Department of National Roads) held accountable for the condition of the public road network and its impact on road user costs.

The high-level **policy formulation and planning** responsibilities required to support the strategic decisions of the Ministry of Transport in the land transport has been reinforced by a separate Land Transport Division within the Ministry. The Division will complement the role of TPU on strategic policy matters relating to land transport.

The LTA is an established autonomy responsible for **regulating road transport and traffic**, with adequately strong powers and a key emphasis on safety and environmental aspects of land transport. Computerization of vehicle registration is expected to enhance the efficiency and effectiveness of LTA's services. Its capabilities for the control of vehicle noise and emissions and overloading needs to be strengthened, as well as procedures for enforcing these regulations

on the road. The other main areas requiring LTA's immediate attention are:

- in progressing towards licensing private-sector vehicle testing and inspection services, as provided for under the Act (outsourcing of contestable services to the private sector);
- in the approach taken to the selection of criteria and registration of public service vehicle (PSVs) for licensing for commercial public transport services (see 5.4.2 below);
- in the approach taken to the setting of criteria and related conditions (financial) on PSV applications should be conducive to the needs to encourage Indigenous Fijians and Rotumans in public road transport services;
- in the LTA's role in collecting vehicle registration fees ("wheel taxes") and – a related issue – granting exemptions to regulations governing truck axle-load limits (see Section 5.4.3);
- responsibility for road traffic management, road safety management and enforcement should be managed through collaborative arrangement and cooperation between all concerned agencies;
- in the improvement of information system via automation and computerization of vehicle registration to enhance fee revenue; and
- responsibility for economic control and regulation of passenger transport services through PSV permits and associated licensing management systems.

PWD's responsibilities for **road network management** are diluted by its other non-road tasks and made ineffective by inadequate and unpredictable funding for road maintenance. Partly as a result of the

latter, but also because of current organizational shortcomings. Yet as a government department dependent on an annual budget it cannot easily be held accountable for the network's condition. There is therefore an identified need to:

- secure adequate and more reliable funding for road upgrading and maintenance;
- institutionalise – i.e. integrate within routine management and operational procedures – the RAMS road maintenance planning procedures recently established under the AMSF, including regular road and bridge condition surveys; and
- establish an organization separated from PWD's non-road function that is held directly accountable for the use of allocated funds and the condition of the road network.

These are addressed in Section 5.4.3.

5.4.2 Regulation of Road Transport and Traffic

(i) Road Transport Licensing (*Economic Regulation*)

An important task for the LTA is to license road transport operators, vehicles and operations. In this its purpose is not simply to *control* road transport operations but to ensure that services are safe, efficient and demand-responsive. In regulating entry to the industry, the emphasis should be on promoting safety, competition, efficiency and innovation, and not on protecting the interests of established operators.

The present arrangements for public service licensing need overhauling. The current problem lies in the types of license are rigidly tied to specific types of vehicle. Instead, licensed service operators should be allowed the flexibility to choose the vehicle most appropriate for the service in question – and even, if they wished, to operate each vehicle under a variety of different operating license

each vehicle under a variety of different operating license (taxi, rental, hire or fare-based).

Currently, the LTA retains the revenues collected from annual vehicle registration fees (wheel tax). In future, these revenues – with rates adjusted to reflect more closely the pavement-damaging power of different type of heavy vehicle – will be transferred to a Road Fund and used to fund road rehabilitation and maintenance (see Section 5.4.3).

(ii) Road Safety and Traffic Management

The LTA will continue to enforce regulations governing vehicle and driver safety, in close collaboration with relevant agencies namely NRSC, Police and NRSC. These working arrangements will continue in the spirit of cooperation between concerned agencies. One aspect of road safety that would require cooperation concerns the allocation of responsibilities for traffic management. PWD and municipal councils have undertaken these responsibilities. A memorandum of understanding formalizing such cooperation on traffic management and driver and road safety activities should be developed as an interim measure pending the review of the LTA Act.

5.4.3

Road Management and Cost Recovery

Arrangements for managing the public road network are currently under reform. Both FNTSP and TSISS drew attention to the critical shortcomings of PWD's current institutional structure and recommended the establishment of a specialist organisation separate from its other non-road responsibilities. These proposals will proceed to implementation, initially with the separation of road-related functions within MWE.

The main aims in reforming road sector management are:

- to bring policy formulation and strategic planning for roads under the responsibility of a single transport ministry, MTCA,

where they can be integrated with similar functions for other transport subsectors;

- to move towards funding road maintenance through a dedicated Road Fund, financed from road user charges and administered by an independent Board representing road user groups and government agencies;
- to strengthen the role of RAMS in determining priorities for road maintenance, placing it within the road agency with a view to specializing in road condition survey and analysis/planning functions to support the road agency;
- to place responsibility for managing the public road network in a Department of Roads as a transitional arrangement leading to the establishment of a Fiji Roads Authority, as a statutory authority and held accountable for the quality of the network under a 'contract manager' role; and
- to have road construction and maintenance works carried out by independent, competitive contractors (outsourcing or privatization of road-related activities).

5.4.4 Road Infrastructure Delivery

Government will continue to promote road development to support social and economic development of the nation. The 1993 FNTSP provided a 20-year investment plan for Fiji's road upgrading activities as a basic guide for the future development on Fiji roads. Road upgrading, rehabilitation and maintenance are still key priorities then new road construction. The new Department of National Roads (DNR) should place strong emphasis in maintenance of existing road assets taking into account their current physical conditions and their relative social and economic importance.

5.4.5

Sugar Transport

Arrangements for transporting the sugar harvest should be brought under the wing of the policies outlined above. Sugar trucks should be subject to the same safety conditions and other controls as other road vehicles. Permits to use these trucks on public roads during harvest periods will be issued under the arrangements outlined in Section 5.4.2 above, with fees set in relation to the road damage likely to be caused by different vehicle sizes, axle configurations and journey characteristics.

The role of the railway systems in transporting sugar is that it is a commercial matter. The Fiji Sugar Corporation (FSC) should be free to decide its own strategy for minimising the costs of transporting cane from the sugar-fields to the mills. The Government's role is only to ensure that the choice of strategy reflects the full range of comparative costs and is not distorted by unnecessary regulation.

5.5

Policies for Sea Transport

5.5.1

Institutional Arrangements in Maritime and Shipping

The institutional policies set out in Section 5.3.1 above, particularly those relating to the separation of government functions, will be applied in the maritime subsector. FIMSA currently combines headquarters policy and planning functions with the role of safety regulator. There is need to optimise its skills and authority in its safety role and related policy functions in support of the policy and planning role of TPU. While FIMSA's primary role relates to safety matters it also administers the SFS which is an economic function.

In future, the maritime and shipping responsibilities and activities of government will be reorganised as follows:

- those that concern headquarters policy formulation and strategic planning tasks for this subsector will be coordinated by TPU in close collaboration with FIMSA;

- those that involve maritime safety, maritime security, marine pollution, and shipping economics (issuance of coastal trading licences) will remain with FIMSA, but its status will be amended by legislation to that of a statutory authority to give it greater authority and accountability similar to CAAFI and LTA. FIMSA will still be funded by the government budget in addition to fee income charged for its safety and survey and services. It will be responsible for all aspects of maritime safety, seaworthiness surveys and safety-related licensing of seamen and vessels. However, the SFS (currently administered by FIMSA) will be reviewed by Government with the view to improving the management aspects of which including contract terms.
- GSS will continue to support government in its transport tasks and obligations in shipping using the government shipping fleet - carrying government cargoes (e.g. PWD equipment and health and education supplies) and passengers, including provincial council members. GSS responsibilities includes the installation and maintenance of navigational aids. GSS will continue to budget and pay for shipping services required by government ministries/departments.
- A one port company consolidating government's commercial interest in Fiji's public ports will be responsible for managing Suva, Lautoka, Savusavu and Levuka ports. This would give the new port company greater commercial discipline and latitude in managing port assets and related infrastructure. Its objectives and targets will be clearly defined as a commercial company under relevant legislation and policies to support the company's aims of profitability and trade promotion. The structure and levels of port charges will be subject to periodic review to reflect the costs of providing its services. Significant efficiency gains are expected to be made by introducing more competition to the provision of supporting services, including stevedoring, warehousing, towage, pilotage and mooring services.

- PTL will be privatized and required to operate on a level playing field in competition with private sector provide. Significant efficiency gains and reduction in economic leakage from current inefficiency at ports are expected to be achieved by introducing more competition to the provision of supporting services, including stevedoring, warehousing, towage, pilotage, and mooring services.
- Institutional responsibilities for secondary wharves and jetties will be reviewed. Currently 'non-commercial' secondary wharves and jetties are built and repaired by PWD as part of Government's social obligation. PWD normally undertake this activity on need basis or as when a budget is made available on the basis of proposals submitted by PWD and Ministry of Regional Development to the Ministry of Finance for the maintenance needs of these jetties. There is no overall strategy in place to manage secondary ports and wharves properly partly because it is a secondary responsibility of PWD. PWD is accountable for the condition of each facility and its operational management. This will be reviewed in view of the impending reorganization of PWD. However, budgets for capital and maintenance works at secondary ports will continue to be provided through the Ministry of Works pending the completion of the internal reorganization of PWD by 2003.

5.5.2 Ports

The key reforms in relation to ports, foreshadowed above, will be:

- The establishment of an appropriate institutional structure (one port company) with which the port sector should be managed and organized with a clear separation of commercial and regulatory functions at all public ports, wharves and jetties;

- The introduction of competition at ports with strong emphasis on contestable services; like stevedoring by privatizing of PTL;
- the introduction of worker participation in ports through equity shares by employees in outsourcing of services to private operators

Commercial ports will be expected to operate along commercial line. The one port company as corporate entity will be given full authority to establish a system of charges and incentives to optimise the operations of commercial ports in line with its charter, but as a monopoly it will also be subject to the supervision of the oversight of the Commerce Commission particularly as regards to its pricing and competition issues. For all commercial ports, wherever possible, supporting services – cargo handling, storage, pilot and towing – will be contracted out in a fully transparent manner on a competitive basis. The aim will be to foster the development of an indigenous capability in such services. Existing monopoly arrangements, including those involving PTL, will be reviewed after a period of transition to allow for consultations and planning with the view to privatizing it.

Secondary ports, on the other hand, will be likened to secondary airfields and roads: while they may serve some commercial interests, their primary role is to provide a basic level of access to the communities they serve. Government's aim is to ensure that the non-commercial wharves and jetties are well maintained to support the provision of both shipping and land transport services.

5.5.3 Interisland Shipping and Services to the Outer Islands (GSC)

In line with its commitment to ensure remote outer islands have reliable access to economic and social opportunities, government will set up a government shipping corporation (GSC) as a vehicle to ensure the provision of shipping services to the uneconomical routes currently serviced by the private operators under the SFS. As originally conceived, the inter-island franchise scheme is well conceived:

it is the most practical way of providing cost-effective services to outer islands which cannot otherwise support viable services while at the same time promoting a competitive Fijian-owned shipping industry. The key emphasis now will be on establishing a shipping corporation to manage the SFS with the view to improving its competitive features including the vessel types used under the scheme, frequency of calls, and other trade considerations relating to the outer islands under SFS.

5.5.4 International Shipping

No changes are proposed in the arrangements governing international shipping. There appear to be no unnecessary restrictions on the development of efficient and competitive services where markets exist. The Government's focus will be on improving navigation aids and, through GSS, upgrading the quality of port services offered to international vessels through the one port company and enforcing best safety and public health practices while vessels are in port through FIMSA.

The concept of open registry system of international vessels as a vehicle for potential investment and employment opportunities will be a subject of a feasibility study to be commissioned by the Ministry of Transport.

5.5.5 Maritime Safety and Marine Environment

As a member of the International Maritime Organisation (IMO), Fiji's maritime safety regulations are intended to reflect best world practice.

FIMSA will also be responsible for other non-port services provided to international shipping.

Hydrographics surveys will continue to be considered part of FIMSA's safety-related responsibilities. There is also need to

strengthen procedures for surveying and licensing vessels and licensing mariners.

5.5.6 The Government Shipping Fleet (GSS)

There is potential for the operations of the government shipping fleet, managed by GSS, to be detrimental to the policy of fostering a competitive local shipping industry.

Nevertheless, any proposed change to GSS structure must be made in such a way that existing GSS employees are not disadvantaged. During such transition phase, arrangements should be made to provide compensation, retrain redundant staff and/or find them job opportunities either with the private fleet or in alternative occupations. If required, assistance will also be given to enable them to establish new service companies in support of shipping or port operations.

5.6 Policies for Air Transport

5.6.1 Institutional Arrangements in Air Transport

The allocation of responsibilities in the air transport subsector has been established with clear separation of the distinct functions of policy formulation and strategic planning, regulation and licensing, and commercial functions of public-owned enterprise.

Accordingly, the respective roles of government and the private sector should be based on the following division of responsibilities:

- High-level policy formulation and strategic planning of the sector should be coordinated by TPU in collaboration with CAD, Ministry of Tourism, and Ministry of Foreign Affairs and External Trade;
- Regulatory functions on air safety should continue to be responsibility of CAAFI as the statutory authority responsible for licens-

ing, certifying and auditing the safety compliance and standards of the industry;

- Responsibility for the investigation of aircraft incidents and air-craft accidents should continue to be responsibility of CAAFI and the Minister for Civil Aviation respectively;
- Regulatory functions of the Air Transport Licensing Board (ATLB) on the economic aspects of domestic air services will be reviewed in the context of the institutional policies set in Section 4.2.1;
- regulatory functions relating to international air services should continue to be governed by bilateral air service agreements; with the Minister responsible for licensing of international carriers;
- commercial and related technical functions on the development, management, operation and maintenance of public-owned airports should continue to be held by AFL as part of government's community service obligation (CSO) (see 4.3.2);
- responsibility for the management and operation of air transport-related infrastructure such as air navigation services including air traffic control (ATC) and communication, navigation surveillance and air traffic management (CNS/ATM) as well as ground-based infrastructure at airport like terminal should continue to be under state control but managed by AFL, on behalf of government, under cooperative arrangement with Strategic services Limited (SASL).

Several policy issues in the air subsector remain unresolved, however:

- the economic regulatory role of ATLB will need to be reviewed ;

- the definition and division of responsibilities for 'non-commercial' secondary airports and airstrips, and the suitability of the current arrangements governing their operation and maintenance by AFL;
- the role of AFL and ATS in providing ground handling services at Nadi Airport, and whether there is scope for greater private sector participation;
- the removal of CAAFI's shares and Housing Estate as recommended in the 1997 Reorganisation Charter for CAAF;
- the future role of AFL in the provision of air navigation services and related airspace management in the Nadi Flight Information (FIR) region; and
- the dual lines of reporting for CAAFI and AFL—normally on technical and economic matters to MTCA and on financial and organizational matters to MPEPSR, which has given rise to potential duplication and risk of inconsistency in policy implementation for the aviation subsector;
- Sustainable self-financing of CAAFI based on appropriate systems of user-pay principle; and the future of CAAFI's Housing Estate.

These will be determined by an independent study (to be sanctioned by Government) under the auspices of ADB, which will undertake a broader examination of policy options for the longer-term development of airports and the entire civil aviation sector.

5.6.2 Air Transport Matters

- i) *Domestic Air Services Licensing:* The current task of ATLB is to license commercial airline operators using local registered aircraft for public air transportation. ATLB regulate entry to the local airline industry with strong emphasis on

safety and sustainability of air services. There is need to review the regulations governing ATLB's licensing activities in the context of institutional policies set in 4.2.1.

- ii) *Outer-Islands Air service Subsidy:* Government will support the provision of services to meet accessibility, economic and social needs of outer islands routes which are considered uneconomical for commercial operation. In this respect, Government will establish appropriate subsidy scheme with its principal elements on the basis of periodic tendering and contractual or licensing arrangements with airline operators
- iii) *International Air Service Licensing:* The regulatory authority for licensing of international air carriers for the provision of international air services to/from Fiji as established under bilateral air service agreements should continue to be the responsibility of the Minister responsible for Civil Aviation. There is a need to review current licensing requirements with the view to introduce a liberal approach towards administering the tariff and schedule filing requirements under dual disapproval system.
- iv) *Air Safety Regulation:* As part of its regulatory role in air safety, CAAFI is mandated to initiate constant review and update of aviation legislation with the view to enhancing aviation safety and also in line with international best practice and standards adopted by ICAO in relation to airworthiness, flight control operations, air navigation, flight crew, airport operation, airspace management etc. Such review will reinforce CAAFI with adequate legal framework and associated enforcement powers to provide a safe aviation environment in Fiji.
- v) *Economic Regulatory Issues: Air Transport Liberalization:* Government will continue to pursue economic liberalization of Fiji's international air services at its own pace and in a flexible way according to national interest and circum-

stances. Government will also adhere to the Declaration of Global Principles for the Liberalization of International Air Transport adopted by ICAO at the 5th Worldwide Air Transport Conference on Challenges and Opportunities of Liberalization.

- vi) *Aviation Security:* Government through the MTCA in collaboration with CAAFI will continue to promote the strategic importance of having a sound and effective aviation security environment in Fiji. This will involve implementation of appropriate security measures on continuous basis as means of reinforcing a secure environment for air travel within and to/from Fiji.

5.6.3 Airport and Air Navigation Matters

- i) *Air Navigation Services and Airspace Management:* Government advocates the timely implementation of the Future Air Navigation Systems (FANS) in particular the satellite and data-based systems for CNS/ATM as a means of enhancing safety, efficiency and at the same time providing economic benefit to airspace users as well as AFL as the air navigation service provider.

- ii) *Airport Services and Infrastructure Development:* AFL will continue to manage commercial airports of Nadi and Nausori and other public-owned airports as well. There should be a constant review of the operating arrangement for financing and management of all public-owned airports with the view to strengthening the effectiveness and efficiency of AFL in undertaking this non-commercial or social obligation of Government. AFL must also ensure that existing level and standard of airport infrastructure particularly runway capacity should not become a constraint and barrier to future development and growth in the aviation industry and in particular the export and trade industries.

5.6.4

Cost Recovery Measures on Airport Facility and Services and Airline Pricing:

In the context of cost recovery policy in paragraph 5.3.3, the cost basis for airport charges, passengers service charges, air navigation route facility charges, security charges, and other related airport development fee must be developed through consultation with users. Such airport charges must be fully cost related in order to maintain a proper balance between the interest of providers and users of airport services. As a monopoly, such fees and charges will also be under the oversight control of Commerce Commission.

As a Contracting State to ICAO, Government will also ensure that airport cost recovery practices in Fiji conform to the policies and philosophy of ICAO for such airport charges and air navigation facility charges.

As regards airline pricing, airfares and cargo rates placed in the market by the airlines should reflect true cost of providing air services faced by airline operators. Airlines should have the flexibility to set airfares and rates based on market forces but subject to Government approval under the 'dual disapproval system' for international airfares and cargo rates.

5.6.5 Aviation Safety

CAAFI will continue to be responsible for ensuring that safety standards are met at both commercial and secondary airports. To fulfill this safety oversight role on a self-funding basis, the Authority is also mandated to apply appropriate cost-recovery measures to sustain its operations.

5.6.6

Regional and International Aviation

Fiji will continue to exercise its sovereign right independently in reviewing, on a constant basis, regional aviation initiatives coordinated by the Pacific Islands Forum Secretariat (PIFS) in accordance with national interest and circumstances. In this respect, Government

through the relevant authority will continue to seek the views of major stakeholders on such regional aviation initiatives that might have legitimate implication on local stakeholders. The guiding principle for consideration of any regional initiative is to that the broadest national perspective is available to Fiji prior to ratifying and adopting a formal position.

Fiji will also continue to honor its obligations under international agreements and its membership of the International Civil Aviation Organisation (ICAO) for the orderly development of a safe and efficient international civil aviation environment. This includes the management by Fiji of non-sovereign airspace in Nadi FIR as delegated to it by ICAO.

Fiji will also continue to monitor international developments on liberalization of international air services on a multilateral basis as advocated by the World Trade Organisation (WTO).

5.7 The Policy Matrix: Integrating Policies and Strategies Across All Transport Subsectors

The complex mix of policies and strategies in each transport subsector, and the way they are influenced by basic policy principles governing institutional, operational, pricing and investment arrangements, are difficult to envisage as a whole. Yet managers need to know where they fit into the overall scheme and to see how their decisions relate to the broader picture.

Hence the **Policy & Strategy Framework Matrix** in Appendix B. This illustrates in a two-dimensional matrix how the basic policy principles (the vertical columns) are applied to strategies (the horizontal rows) for achieving the Government's objectives for the sector. It provides a consistent framework for decisions in each subsector regarding the respective roles of government and the private sector, the role of each transport mode, the organisation of government functions, investments in infrastructure and services, regulation of services to protect the public interest, safety and environmental stan-

dards, taxation and funding arrangements, pricing, cost recovery and subsidies. It identifies the actions needed and the agencies responsible. In Section 6 following, the most critical of these actions are highlighted as a Policy Action Plan (PAP) for implementation during 2003-2005.

6 Implementation

6.1 Implementation Priorities and Policy Action Plan

6.1.1 Priorities

A transport plan mainly involves physical infrastructure projects – new roads, wharves, airstrips etc. However, a far greater contribution to efficiency, lower costs and greater flexibility in responding to transport-related demand is made by relatively low cost policy decisions: changes in institutional arrangements, a relaxation of unnecessary regulations, the creation of an incentive-based business environment that encourages private investment and innovation, better arrangements for managing and funding asset maintenance, reforms to the management of state enterprises, and so on. Essentially this is where current strategic priorities mainly lie. The prime focus should therefore be on:

- establishing a consistent policy framework for the sector (the intent of this FNTPSP Review & Policy Update) and a consistent set of priorities for maintaining existing assets and developing new transport capacity (the purpose of the coming FNTPSP Update – see Section 6.2);
- freeing the private sector from unnecessary controls, allowing them to tailor their services to meet customers' needs and to compete on price and service quality, subject of course to satisfactory safety and environmental standards; and
- organizing government functions so that (i) strategic planning of the transport sector is done on a rational basis using consistent transparent criteria and in close consultation with stakeholders, (ii) regulatory controls are enforced by competent and accountable statutory authorities instructed to act in the best interests of users and the general public, and (iii)

the Government's commercial undertakings (of its strategic assets) and associated asset management (landlord functions) are carried out by state-owned companies with the autonomy and incentives to manage their affairs in the most efficient and demand-responsive way.

6.1.2 Action Plan for Land Transport

In the land transport subsector, the immediate actions required are:

- for Government through the appropriate authority to review the LTA Act and its subsidiary regulations focusing on certain aspects that should be applicable and practicable to the local environment such as fees, other jurisdiction over the traffic management, and road safety enforcement;
- for Government through the appropriate authority to review the Compulsory Third Party (CTP) with the view to increasing cover compensation for third parties and also to formulating an agreed formula for the future funding of NRSC on a sustainable basis;
- for LTA to implement the necessary weighbridge equipment and commence a blitz on excessive vehicle noise, weight and emissions, concentrating initially on urban areas with heavy pedestrian concentrations;
- for LTA to establish guidelines and procedures for the outsourcing of service delivery function that can be provided on competitive basis such as vehicle testing and inspection services and then to call for applications from suitably qualified companies;
- for LTA to develop an appropriate economic planning tool for managing the public service vehicle (PSV) permit licensing system, in close consultation with relevant issuing authorities for PSV bases such as PWD,

- municipal councils, rural local authorities and Central Board of Health;
- for LTA, as the authority for issuance of PSV permits for public commercial transportation, to develop a comprehensive information base on the supply and demand and the related market conditions which such PSV permit holders are required to operate;
- for LTA to review the financial conditions attached to new PSV prospectives;
- for LTA to review the conditions attached to passenger transport service licenses to give license-holders the freedom to use any type of passenger vehicle meeting prescribed safety criteria;
- for LTA to introduce a new system of road freight licences supplemented by special permits for road use outside the scope of normal operating conditions, with fee rates in both cases set to reflect the marginal costs of potential road damage;
- for LTA to provide an efficient road vehicle certification and imports approval process whilst ensuring safe and environmentally compliance vehicles (based on national standards for import vehicle) are supplied to the local market;
- for LTA in close consultation with municipal councils and PWD to draw up uniform technical standards and design criteria for traffic control devices and traffic management schemes;

- for MWE in close collaboration with MTCA, in the context of the comprehensive road network management reforms outlined earlier in Section 5.4.3 –
- to restructure PWD to create initially (as a transitional arrangement) a separate department (DNR) responsible for maintaining and developing the public road network; and
- to prepare for subsequent institutional reforms and associated funding and maintenance planning arrangements by drafting the legislation needed to establish the FRA, the Roads Fund and FRB.

6.1.3 Action Plan for Sea Transport

The immediate actions in the sea transport subsector are:

- to strengthen capacity of Ministry of Transport advising the Minister and PS on policy & planning matters for maritime transport particularly development of policies on stevedoring operations, structural reforms in domestic shipping, maritime safety, marine environment protection and liberalization of international shipping. ;
- to separate regulatory and commercial functions with the view to establishing a single regulatory authority on maritime safety and economic aspects of port operations and shipping, similar to LTA;
- pursuant to the above, the transformation of FIMSA to strengthen its current regulatory functions and operate as a statutory authority with strengthened responsibilities and greater accountability for all maritime safety functions including surveys, certification and licensing of vessels and crew, maritime nav aids and hydrographical surveys;

- to complete current port sector reform with the view to establishing a one port management company to manage the commercial affairs including property development at all declared ports of entry; and
- to strengthen the asset management and maintenance aspects of government-owned vessels managed by GSS.

6.1.4 Action Plan for Air Transport

For air transport, the immediate need is for Government through the CAD to implement the recommendations of the Domestic Aviation Strategy Study (DASS). The strategic priorities are:

- longer-term infrastructure development needs, including priorities for upgrading existing and developing new airport/airstrip facilities and nav aids;
- the need to review the economic regulatory framework for both domestic and international scheduled air services (Civil Aviation Licensing of Air Services Regulations);
- reviewing the role of ATLB's regulatory controls and licensing functions for domestic air services, and whether deregulation of prices and capacity would result in greater demand-responsiveness while maintaining viable services;
- The continued development and promotion of passenger charter operations and dedicated freighter services in relation to scheduled services and associated regulatory controls;
- immediate development of an appropriate policy framework for Fiji's international aviation issues such as the implementation of CNS/ATM, airport facilitation issues, economic liberalization of international air services, tourism industry, trade, freight, and airline licensing and designation require-

ments, lower and upper airspace management and other issues related to airport, airline, air transport and air navigation which are international in nature.

- the most appropriate way of organizing essential but unprofitable services to ensure access by outer-island communities; this will involve, among other things, reviewing the possibility of an ASFS similar to the SFS in the shipping subsector; and

6.2 Investment and Expenditure Plan

The 1993 FNTSP was prepared by a team of independent consultants and involved a review of policies and plans across all transport subsectors. Updating of the plan will not require the same scale of exercise. Instead, agencies in each subsector will be assigned responsibilities for particular investment and expenditure components of the plan under the overall coordination of TPU. These will include:

- preparation of an updated 5- and 10-year road maintenance plan by PWD using the RAMS procedures established by the recent ADB-financed AMSP;
- identification of critical road upgrading and development priorities by PWD, also using the RAMS but supplemented by detailed feasibility studies for larger projects;
- identification of priority bridge strengthening needs in conjunction with a review of allowable vehicle weight and dimensions limits, carried out jointly by LTA and PWD with assistance from TPU;
- preparation of a plan for the rehabilitation of secondary or non-commercial wharves and jetties in consultation with local communities and shipping companies;
- preparation of plan for upgrading maritime nav aids by GSS;

- preparation of a plan for the establishment of a Government Shipping Corporation;; and
- preparation of plans for airport and air navaid development from the DASS, together with proposals for possible expansion of services to isolated communities under the ASFS

6.3 Updating the Plan

Under the coordination of TPU, the plans prepared by the various subsectoral agencies will be brought together in an integrated rolling program on which annual budgets will be based. The aim is to ensure that a forward schedule of expenditures is maintained year-by-year, with sources of funds identified and budgetary requirements indicated. Updating the rolling plan on an annual basis will be the responsibility of the subsectoral agencies, but TPU will provide a consistent framework for inter-modal appropriations.

Appendix A Status of FNTPSP Policy Recommendations

FNTPSP Policy Recommendation	Action/s Taken	Implementation			Comments
		Yes	Partial	No	
GENERAL TRANSPORT POLICIES					
G1	The transport policy framework set out in the "Opportunities for Growth" parliamentary paper, with a few noted exceptions, should continue to form the basis for Government Policy in the transport sector.	Political changes brought in a "roll-back" of some reforms, but many of the "Opportunities for Growth" policies are reflected in current policy again	✓		
G2	The objective of economic efficiency in providing transport services and infrastructure should be the principal criterion for evaluating transport policy and planning, but social equity and welfare objectives of Government should be taken into account and will override economic efficiency in some cases.	These remain primary objectives	✓		Equity and welfare objectives still require efficiency in the delivery of socially-oriented services, preferably on the basis of competition
G3	Where government provides subsidised transport services or infrastructure, the users and/or beneficiaries should be required to bear part of the cost through user charges and/or maintenance contribution.	This principle still applies and is the foundation of the Shipping Franchise Scheme	✓		Application of the principle needs to be extended to maritime and road infrastructure
G4	Where Government provides subsidised transport services or infrastructure, the beneficiaries should be encouraged to exercise choice in the level of service that is provided through the charging mechanism.	This principle still applies and is the foundation of the Shipping Franchise Scheme	✓		Application of the principle needs to be extended to the other transport subsectors
G5	Where Government agencies provide transport services to other Government agencies or to the private sector, these services should be charged at their fair market price.	This applies mainly to the government shipping fleet, the charges for which are lower than costs		✓	Government agencies should be free to choose from competing private-sector providers
G6	Assuming recommendation G5 is implemented is implemented, Government agencies purchasing transport services should be free to buy these from the public or private sector or to use the funds for other public purposes.	Applies in theory, but for budgeting reasons government agencies prefer to use the (subsidised) government shipping fleet		✓	It is questionable whether the Government should be in the business of providing shipping services
G7	A review and reform of Government Departmental accounting practices should be carried out with the objective of fully allocating Departmental costs to capital works undertaken. In relation to the transport sector this is most required within the Public Works Department and the Marine Department.	An overhaul of the Government's budgeting and financial management systems has been put on hold. Changes to MD mean that capital works costs are now properly allocated, but this is not the case for PWD		✓	MD has been split into FIMISA and MPAF

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	No	
G8	Government should adopt an automatic system of annual indexing for controlled prices within the transport sector based upon an appropriate price index maintained by the Department of Statistics. This should be preceded by a general updating of prices to bring these into line with costs, incorporating allowances for plant and equipment depreciation and return on invested capital. General reviews should then be conducted at 5 yearly intervals.	No significant changes implemented		✓	Not now valid. Prices should be deregulated as far as possible and competition allowed to determine the prices customers are willing to pay
G9	Where special purpose public authorities have planning and funding responsibilities for capital investments, cost recovery plans should be prepared and agreed between the users of the services, the public authority concerned and Government, prior to committing funds. User representation on the boards of such authorities will assist this process.	No significant changes implemented, other than the transfer of responsibilities for major port and airport infrastructure to government commercial corporations (GCCs)		✓	GCCs should be free to develop their own investment plans and cost recovery mechanisms. Cost recovery plans remain needed for minor ports, airstrips and roads
G10	Subject to Recommendation G9, statutory public authorities should be empowered to vary the fees charged for services without the requirement to obtain Government approval for each such change.	Some restrictions remain	✓		Recommendation remains valid
LAND TRANSPORT POLICIES					
General					
L1	The Consultants generally support reorganisation of road transport administration as provided for under the draft Traffic Act and Regulations (1987, 3rd Draft), subject to specific commitments and recommendations referred to later in this report.	LTA now established	✓		
L2	The formation of a self-financing Land Transport Authority as a statutory Government agency, as allowed for in the draft Act, is supported in principle and subject to later recommendations in this report.	LTA now established	✓		
L3	Regardless of L1 and L2, there is a need for more effective enforcement of vehicle construction and, where fines are prescribed for offences or infringements, these should be increased to form and effective deterrent.	Strengthened enforcement and stiffer penalties implemented by LTA	✓		
L4	That the Department of Road Transport, or its successor the Land Transport Authority, adopt a policy of having roadworthiness testing and certification of, at least, private motor vehicles undertaken by the private sector and implement this in consultation with interested parties.	LTA can now authorise testing by private-sector agencies, though it has not yet done so; expressions of interest have been requested		✓	

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	No	
L5	That the Department of Road Transport confers with the Fiji National Training Council and the road transport industry to review the requirements for training and trade certification of vehicle mechanics and specialist trades, and for training and testing of public service vehicle and heavy goods vehicle and heavy goods vehicle drivers.	Implemented by LTA	✓		
L6	Where used built-up vehicles or chassis are imported to Fiji, an independent technical inspection report should be required from an approved workshop or test facility on the conformity of such equipment to Fiji construction and use regulations and of the structural and mechanical integrity of the equipment. This test report should be provided to the Department of Road Transport at the time of roadworthiness testing and following any reconditioning carried out within Fiji.	Implemented by LTA	✓		
Bus Services					
L7	Route Service Licensing for bus transport should be continued, with license applications administered generally as provided for under the draft Traffic Act and Regulations.	Implemented by LTA, but the definition of route licences by vehicle type is too rigid, does not allow a flexible response by operators and gives rise to problems with minibuses competition	✓		Regulations require revision
L8	Once the Bus Operators Association submits its next application for a fare increase (expected November 1993), an independent study should be commissioned by the Ministry of Transport to verify the costs of bus operation and to suggest a new fare scale based on operator costs including a sufficient allowance for capital depreciation and return on assets. Thereafter, fares should be adjusted automatically on an annual basis based upon a cost formula to be developed by the aforesaid study, with a full review of the formula every five years.	Not implemented. No significant change in fare approval procedures.		✓	Consideration should be given to fare deregulation to encourage investment and innovation
L9	Consideration should be given to reducing the margin of tax protection afforded to the Fiji coach building industry by reducing the rate of tax on fully assembled buses.	Situation remains unchanged			
L10	The 'taxi base' system be retained, but that taxis be permitted to pick up fares on their way to or from their home base or permitted other taxi stand provided no traffic regulations are infringed.	Situation remains unchanged		✓	
L11	As part of its enforcement efforts, the Department of Road Transport undertake random checks on taxis plying for hire, and that on proof that a taxi is operating outside of its prescribed permit authority, provision be made for deterrent fines.	Implemented by LTA	✓		
L12	No taxi be permitted to tout for business at signed bus stops and bus stands.	Implemented by LTA	✓		

NTSP Policy Recommendation		Action/s Taken	Implementation			Comments
L13			Yes	Partial	No	
	The Government may wish to require, as condition of issue of a taxi permit, that taxi operation be the sole business activity or employment of the applicant. (The Consultants do not regard this as a necessary restriction, but it would further the Government's aim of promoting small business opportunities and could limit the provision of taxi services at marginal cost)	Situation unchanged			✓	
Carriers						
L14	Carriers should be brought into the same licensing system as buses as provided for in the draft Traffic Act. A carrier license should specify the nature of the vehicle to be used, the route(s) to be run and where passengers can be picked up and set down. The licence should not specify a schedule, as this is by nature an on-demand service.	Implemented by LTA, but more flexibility is needed in the selection of type of vehicle for route licences		✓		
L15	To ensure that suitable vehicles are used, carrier licence vehicles should be subject to special constructional regulations which would specify the arrangement and fixing of seats, and how goods should be secured. If desired, the regulations can be drafted to prevent the use of certain vehicle configurations regarded as dangerous.	Implemented by LTA	✓			
Maximum Vehicle Size						
L16	Consideration be given to increasing the legal maximum vehicle overall length. Further study be made of appropriate limits on permissible individual and multiple axle weights, axle spacing and other vehicle leading dimensions for rigid and articulated vehicles.	Not yet implemented			✓	There remains a need to review allowable vehicle weight and dimensions limits. Some common truck-trailer combinations are illegal under present regulations
Draft Traffic Act						
L17	An independent technical review be made of the Traffic Act as a short period Technical Assistance Project. During this review, the background strategy papers and the draft legislation should be circulated to interested government and private sector agencies and submissions invited.	Implemented	✓			
L18	The review should include: fines and other penalties for traffic infringements and offences which are now several years out of date; powers to be given to LTA officers and the training that will be required for them to exercise these powers; methods for enforcing vehicle emission standards and appropriate penalties.	Implemented	✓			

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments	
			Yes	Partial		No
Land Transport Authority						
L19	The LTA should recover its direct costs plus a margin for administration overheads for: vehicle first registration, change of ownership, change of details and numberplate issue; annual relicensing for light motor vehicles; driver testing and drivers licence issue/renewals; roadworthiness testing.	Implemented	✓		LTA also collects heavy vehicle registration fees, inflating its financial surplus. These should either be channelled into a Road Fund or transferred to consolidated revenue after deducting a transaction fee	
L20	The LTA should act as the agent of Government for the collection of annual licensing fees for heavy vehicles (all vehicles of greater than 3.5 tonnes GVW).	Implemented, but LTA keeps the revenues		✓	See above	
L21	The LTA should have responsibility for roadworthiness testing and certification of motor vehicles with the possibility that some of this work could be contracted to the private sector.	Implemented	✓		No contracting out yet, but registration of interest has been called for	
Increased Private Sector Participation						
L22	A register of contractors interested in road maintenance works should be established. Registered contractors would be required to attend a training course as a prequalification stage to allow them to bid for maintenance work.	Agreed by PWD, but not yet implemented, except for minor grass-cutting, drainage clearing and minor equipment hire tasks			✓	Privatisation of road maintenance is supported in principle, but no start has yet been made
L23	Following successful completion of training contractors should be given the opportunity to participate; as main contractors on smaller road construction and maintenance projects on the PWD road network; and in ICB upgrading works under FRUP 2 and for other externally funded roading projects to improve intermediate and senior staff technical and management skills	Implemented for construction contracts but not for maintenance		✓		
Other Changes to PWD						
L24	A training programme should be instituted within PWD to enable staff to effectively administer road construction contracts and manage the road network. Additional technical training on road network management, construction and maintenance contract formation and administration will be required at senior levels.	Not yet implemented, except for external study tours and training for RAMS operations			✓	
L24	The design of airports should be removed from the PWD and transferred to CAAF.	Implemented, but the division of responsibilities between DCA, CAAFI and AFL is unclear		✓		Few new projects are implemented other than at AFL's airports
L25	A reformed Roads Section of the PWD should aim to achieve the most efficient design, construction, maintenance and management of the public road network of Fiji. Its entire operation should be on a proper commercial basis.	Roads Section not yet established. FRA structure recommended by TSISS also not yet established.			✓	These institutional reforms are critical to any improvement in road sector management
L26	A specialist management consultant with appropriate experience in the corporatised of Government Departments should be engaged to advise the PWD on the most appropriate and efficient methodology to achieve this objective.	Done, under TSISS	✓			TSISS recommended a FRA be established

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
L27	Administration of the road network should continue along the divisional basis for operations with national policy issues being determined in the head office. Certain specialist core services will need to be retained at a national level.	No change, as proposed	✓			
L28	The Roads Section should investigate the reason for the large number of unestablished staff in excess of the authorised levels. A review of the future requirements for established and unestablished staff should be made by a specialist consultant as above to determine the target staff levels necessary for future operations on a commercial basis.	Review carried out under TSISS	✓			
L29	Measurable target levels should be established against which staff performance at all levels can be reviewed. These targets should ensure that performance standards are identified across all Divisions for the following activities, and that a commitment to achieve these standards is obtained from all Section Staff.	Not yet implemented			✓	Awaits decision on reorganisation
L30	The Divisional Engineers should take a lead in emphasising the prime importance of maintaining the existing road network. Methods of implementing this policy suitable for the individual divisions should be determined by the Divisional Engineers.	Emphasis on maintenance has been agreed at policy level; implementation will receive an impetus from RAMS		✓		Many sections of road require rehabilitation or reconstruction before a rational maintenance regime can be established
L31	The existing plant fleet should be thoroughly audited with the goals of identifying and writing off unserviceable equipment and reducing the range of equipment makes for each type of plant. The PWD should resolve to be selective in the future acquisition of plant and equipment and limit the range of manufacturers it accepts to a commercial minimum.	Partly covered by TSISS; further review necessary. No detailed plan for disposal and acquisitions has been prepared		✓		
L32	New internal hire rates should be established for all the remaining types of plant. PWD has records of plant dates and prices and these should be used to establish accurate ownership costs. The use of these new rates will require a readjustment of future PWD, and its government customer, budget allocations to reflect these more realistic rates.	No significant changes introduced			✓	
Road User Cost Recovery						
L33	That the Government set up a "Road Fund" which would be the recipient of charges levied on road users for the purpose of funding road maintenance and, over time, network extension and upgrading.	Study completed (Funding Better Road Maintenance) but recommendations not yet implemented		✓		Requires transition plan to be prepared
L34	That in the short term, the objective be to recover the recurrent costs of maintenance (routine and periodic) and operation of the road network under PWD control through charges on road users levied in proportion to their cost responsibility.	Principle agreed, but not yet implemented			✓	

FNTPSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
L35	In the longer term, the user charges be increased progressively in real terms to also cover the costs of capital improvements and extensions to the highway network.	Requires review; necessary charges may be unacceptable to road users			✓	Priority should be given to recovery of maintenance costs, preferably through an independently administered road fund
L36	Revenues for the Road Fund should be drawn from a user charge levied on petrol and diesel, to cover the costs of providing road space, and through a user charge levied on heavy vehicles at the time of annual relicensing which has regard to axle configuration, and the typical utilisation and loading of heavy vehicles.	Recommended by road cost recovery study, but not yet implemented			✓	
MARITIME TRANSPORT POLICIES						
Land and Port Development by PAF						
M1	The direction being taken by PAF in commercialising port operations should be supported by Government and no additional constraints need be placed on PAF's powers in this regard.	Further progress leading to the establishment of MPAF has been achieved	✓			
M2	PAF should continue with development plans at Rokobili, including plans to fund the capital development from leases. However, PAF should take care to avoid non-port related activity from cross-subsidising port opening and maintenance costs.	Agreed in principle, but little progress on implementation			✓	
Port Charges Policy						
M3	Dockage dues of overseas vessels be on the basis of days (or parts thereof) spent alongside, with a surcharge for vessels exceeding 150 meters length and a rebate for vessels mooring "Mediterranean style". Local vessels would also be charged on a daily basis and at the overseas rate for those vessels too large to be handled through the local vessel facilities.	Restructuring of port charges along these lines awaiting review and approval		✓		
M4	Pilotage and port security charge be incorporated within the Port Dues.	Included as part of the proposed restructuring of port fees.		✓		
M5	That the Ports Authority of Fiji Act be reviewed with a view to reducing the need to obtain ministerial approval to port tariff changes and providing the degree of autonomy in financial decision-making to PAF necessary for it to function effectively.	Implemented under MPAF	✓			
M6	Port charges for local shipping be reviewed in comparison to costs of services and revised upwards as necessary.	Included as part of the proposed restructuring		✓		
Stevedoring						
M7	Stevedoring at Suva be privatised using a similar mode to that introduced at Lautoka; that is there should be more than one licensed operator and each operator should be free to compete for all work.	PTL established as a separate corporation, but as yet with limited private-sector competition		✓		PTL needs to be subjected to greater competition as an independent provider of services to MPAF

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	Partial	
Island Jetties and Landings					
M8	Funding for island jetties be removed from the PWD budget; in its place an allocation be made to the Regional Development Department. This fund be renamed an "island transport assistance fund" and be utilised for funding jetty and road capital works and maintenance not recovered through user charges. The Department should have the flexibility to use the fund for other more appropriate forms of transport assistance as it sees fit after consultation with the tikina councils.	Not yet implemented; recommendation remains valid		✓	Responsibility for management and maintenance of non-commercial ports and jetties remains unclear
M9	It is recommended that a flat rate "jetty fee" be assessed upon the ship operators when they use a jetty. Different fees would apply to each jetty. Operators would be expected to pass on the literage and convenience cost components as part of the passenger fare and freight rate, within a controlled maximum surcharge. The jetty fees would be collected by the Marine Department and funds set against jetty maintenance (see recommendation M8)	Not yet implemented		✓	Recommendation still valid, but responsibility for jetty fees remains unclear
M10	An authorised representative of the Marine Department be appointed at each island port to take responsibility for maintaining a log of ship calls and noting which of these make use of the jetty; all such entries to be countersigned by the ship's master.	Comparable arrangements implemented, but only as part of the process of monitoring performance under the SFS	✓		
Shipping Route Licensing					
M11	That there be no general introduction of route licensing in the domestic shipping trade.	No change, as recommended, except for SFS routes (see below)	✓		
Service Improvements to Remote Islands					
M12	Franchises should be for three years. Failure to perform in a satisfactory manner would be cause for early termination of the agreement. However, at the start of the scheme, it is recommended that the franchise be operated first for a period of one year only.	SFS was implemented initially with 3-year contracts, but 10-year contract extensions were introduced by MTB without approval and contrary to the aims of the SFS		✓	Need to revert to the original system of 3-year contracts
M13	Payments to the operator should be made on a graduated scale depending upon how closely he meets the service specifications. The main performance measure would be supply of the service on the timetable date.	Implemented	✓		
M14	Operators should be allowed to retain all revenues from the cargo and passenger services they provide, with the exception of jetty fees.	Implemented, but no jetty fees	✓		

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
M15	Other shipping operators should not be precluded from calling at ports for which an operator has been granted a franchise - i.e. franchises should not be exclusive.	Implemented	✓			
M16	As a condition for subsidy payments, operators should be required to obtain proof of each service call, such proof to include the signature of an authorised local person (or his representative).	Implemented	✓			
M17	Tenders should call for, and be negotiated on, the required franchise payment and the maximum freight rate and passenger fare that the operator is prepared to offer for the service specified.	Implemented, but with tariffs and fares fixed		✓		SFS bidders should be allowed to bid tariffs/fares as well as subsidies, as proposed
M18	Operators should be able to tender a discount for offer of service to a group of ports for which individual bids are also being called. However a single operator should not be awarded bids for more than one-third of the total trade on offer.					
M19	Islanders should be required to pay a small part of the subsidy and, initially, tenders should be called for various frequency levels, eg. 4 weekly, 2 weekly or weekly to test the market and to provide the islanders with a choice of service level against the payment they would be required to contribute.	Islanders pay part of the subsidy through the tariff/fare only		✓		Need more flexibility in adjusting sailing frequencies and routes
Price Control in Domestic Shipping						
M20	Provided a satisfactory franchising scheme is implemented, price control on shipping freight rates can be lifted.	Implemented for major routes but SFS tariffs/fares still controlled		✓		SFS bidders should be allowed to bid tariffs/fares as well as subsidies
Local Ownership Requirement						
M21	That the local ownership requirement be rescinded until such time as there is specific and significant evidence that foreign ownership in the domestic shipping industry constitutes a problem					
Government Shipping Fleet						
M22	In the six months preceding corporatisation, reform the internal accounting system of that section of the Marine Department concerned with the operation of the fleet to fully allocate vessel direct costs and administration costs; and make complementary staffing changes.	Implemented; SCFL established, but then wound up and responsibility for the government fleet brought into a newly established GSS		✓		A decision is needed on the role of the government fleet vis a vis the private sector
M23	Corporatise the operations of the fleet, and consider introducing private sector and operating funds for the fleet would be transferred from Marine Department to the Government agencies purchasing transport services.	Not implemented			✓	A decision is needed on the role of the government fleet vis a vis the private sector and whether the fleet offers the least-cost way of meeting government transport needs

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
M24	M25		Yes	Partial	No	
Gradually dispose of non-performing assets and reduce staff levels to suit; the latter in a socially acceptable manner, possibly with severance payments negotiated between Government and the affected employees.	After a suitable period, probably one to two years, fully privatise the operation either years fully privatise the operation either selling to existing enterprises or by creating a share company. Government could, if it chose, retain a shareholding in the privatised business, although this would be contrary to its present policy.	Not implemented. Further reorganisation, into a Fiji Shipping Company and a Government Shipping Retraining Agency, is under consideration			✓	A decision is needed on the role of the government fleet vis a vis the private sector
		Not implemented.			✓	
Government Shipyard and Public Slipways						
M26	The shipbuilding business be put up for sale, with all the site assets including the building slips and the small repair slip being included in the package, either under long term lease or for purchase. (The ship repair slips at Eliza Street are excluded from this sale package). If there are no bidders, the facilities should be closed and the assets liquidated.	Shipbuilding business transferred to a new Shipbuilding Fiji Ltd		✓		
M27	The ownership and management of the ship repair slipways at Eliza Street be vested in the Ports Authority of Fiji which would hire out time on the slipways and yard space to marine engineering enterprises; that is it would operate as a common user facility.	Not implemented			✓	
Navigational Aids						
M28	Light Dues should be increased by 3.5 times the present rate to fully recover the annual cost of the navaid vessel operating full-time on navaid maintenance and replacement. It is considered that this increased can be readily borne by overseas shipping.	Not yet implemented			✓	
M29	A "Lighthouse Authority" be established which would receive Light Dues, own the navaid vessel and have responsibility for navaid maintenance and upgrading.	Not implemented. FIMSA given responsible for navaid		✓		
Role of the Marine Department						
M30	The Department consider hiring private hydrographic surveying companies for such work as an alternative to carrying out this work in-house. Hydrographic surveying could be added to the responsibilities of the proposed "Lighthouse Authority".	Not implemented. FIMSA given responsibility, but does not contract out			✓	

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	Partial No	
M31	Although not fully investigated, there are no evident reasons to incorporate the Marine Department ship survey activities. However, an analysis of the cost recovery of this activity should be undertaken and consideration should be given to periodically commissioning an external technical audit of the Survey Section's activities.	No change proposed.	✓		
M32	That the Marine Department put more resources into core activities - policy and planning advice to the Ministry; monitoring of regulations; and information services. A review of the functions and relationships between the Marine Board and the Marine Department should be undertaken.	Functions of MD transferred to FIMSA, which is responsible primarily for safety – not policy and planning – matters.		✓	MWERTS needs a headquarters unit to assist with policy/planning functions for maritime transport
AIR TRANSPORT POLICIES					
Air Pacific and International Operations					
A1	That the Government review its position on granting traffic rights to overseas airlines on a non-reciprocal basis. The Consultants concur with Air Pacific that the Government appears to accede to overseas requests somewhat too readily.	A draft multilateral air services agreement was drafted in October 2000 and is undergoing review		✓	Feasibility of an open skies policy also needs to be examined
A2	That no cabotage rights be granted to overseas airlines, including other Pacific states. This is certainly not in Air Pacific's interest and would further dilute traffic on the Nadi-Nausori sector.	None granted, as proposed	✓		
A3	That Air Pacific be given more latitude to set air fares without prior approval from Government. Aviation market competition provides sufficient check upon fare rises and the company needs flexibility to quickly change its pricing in response to market conditions.	No significant change		✓	Recommendation remains valid. AP should be able to set competitive fares to maximise its revenues
Domestic Air Services Regulation					
A4	At the current system of controlling competition through designation of capacity and frequency of services be retained but rather than emphasising the presence of two or more operators on any one route, the competition be oriented more towards contestability of route at the times of periodic renewal.	Implemented	✓		Present arrangements provide for competition on Nadi-Nausori-Labasa sectors
A5	Licences should be issued for a period of between three and five years and, in advance of the expiry of the licence, a public invitation should be issued by the ATLB for applications to operate these services.	Situation remains unchanged		✓	Recommendation remains valid; supports competition

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	Partial	
A6	That scheduled services be negotiated with regard to frequency and aircraft type(s) to be employed. Major change should take place, as part of the periodic re-advertising of licenses, but this should not preclude minor changes being made during the license period. These should be made by the Ministry in accordance with Government policy passed on through ATLB.	Status not known		✓	Less critical if market deregulates
A7	Operators should be permitted to adjust fares upwards each year based upon a selected cost/price index. This will avoid the delays and expenses incurred at present in requesting fare increases from the Air Transport Licensing Board.	No significant change		✓	Greater freedom over fare setting should be allowed
Air Charter Services					
A8	Scheduled operators should be permitted, as a condition of their licence to run additional services and charter flights on routes for which are licensed in addition to the normal schedule. Scheduled service licences should clearly state when and how charters are allowed.	Implemented	✓		Review is needed of the role of charter operators
A9	In cases where the scheduled operator is reluctant to provide an additional service or to arrange a charter where the scheduled service cannot meet the traffic, then it should be referred to the Civil Aviation Division, acting through the ATLB, to decide whether a charter authority should be issued.	Implemented			Review is needed of the role of charter operators
A10	Charter operations that run on a scheduled basis, "regular charters", should be totally banned on any route on which a scheduled passenger transport service has been granted a licence to operate.	Status not known			Recommendation remains valid, subject to review
A11	The Civil Aviation Department should actively monitor the operations of civil aircraft so that licence violations are immediately detected and stopped.	Responsibilities now in hands of CAAFI	✓		
A12	Price control should be used to maintain charter rates at a substantial margin above the equivalent scheduled fares where charters are granted on any route, or on any closely competing route where there is a scheduled operator. In the case of bona fide special purpose charters, and where there are no scheduled services operating, then the charter hire can be negotiated freely between the parties without being limited to a minimum charge.				Improved guidelines on charter operations and licensing should obviate the need for price controls

FNTPSP Policy Recommendation		Action/s Taken	Implementation			Comments
Air Service Levels	Yes		Partial	No		
A13	Level 1 domestic schedules should be dovetailed as far as possible with international flight arrivals through Nadi, and international-domestic transfer arrangements should be well integrated.	Operators are free to adjust their schedules to reflect international movements	✓			
A14	As the Level 1 Nadi-Nausori sector is relatively short and in competition with road, flights must be as frequent as possible and preferably flights should depart at the same times each day.	This route has been deregulated; operators are free to adjust their schedules to attract road traffic	✓			
A15	The services over the level 1 triangle Nadi-Nausori- Labasa-Nadi should be strengthened to provide a better public service. With careful planning, it would be possible to provide larger aircraft and attract greater patronage. In view of the limited traffic, this will almost certainly require either a single airline operation or a combined service agreement between two domestic carriers.	These routes have been largely deregulated – there remains only a control on the number of operators. Operators are free to adjust their capacity to meet demand.	✓			It has been possible to retain competition between two airlines
A16	That Level 1 routes be limited to no more than two operators. A single operator or a joint service arrangement should be favourably considered if it offers an advantage in terms of larger aircraft size, regularity and frequency of flights. In the event of a full merger between two airlines (eg. Fiji Air and Sunflower), then the ATLB may wish to consider a second operator on the Level 1 routes.	Implemented, with the two airlines free to tailor their services	✓			
A17	Airlines should be encouraged to improve booking arrangements; in particular penalties for "no-shows" should be applied more frequently because of the apparent extent of this problem which results in inability for customers to reserve seats while at the same time the aircraft fly with a number of empty seats.	No significant change			✓	Best left up to the airlines themselves
A18	Charter operations on Level 1 routes should be permitted only if (i) undertaken by one of the licensed operator(s) as a bona-fide single charter or (ii) the licensed operators agree to a third party operating the charter or (iii) the licensed operator will not provide the additional service. Charters should not depart within one hour of a scheduled service.	No significant change			✓	Some poaching by charter operators is taking place
A19	Air Pacific be allowed to continue to load domestic passengers on the Nadi-Nausori service, provided that the services are intended primarily for on-carriage of international passengers. If Air Pacific should decide to re-enter the domestic market as a main competitor, then its application should be treated impartially in comparison with other contenders. The Consultants also recommend that Air Pacific should be allowed to increase its fares for domestic passengers on this sector if it so wishes.	No change; needs review			✓	

FNTPSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
A20	For Level 2 routes licenses be issued for between three and five years for a single operator only. Operators should be required to operate on a commercial basis.	No significant change			✓	ATLB should decide on the number of operators per route
A21	Conditions regarding charter services should be the same as for Level 1, except that charter flights should not depart within 3 hours of a scheduled flight.	No significant change			✓	Requires further review
A22	The Government consider requiring operators to guarantee a minimum (say fortnightly) service with on-demand additional services when they are justified. The operator would be permitted to advertise his intention to operate these supplementary services given sufficient demand.	No significant change			✓	Consideration could be given to the commissioning of subsidised services under competitive contract
A23	Where the Government requires a higher level of service that operators are ready to provide, then a subsidised operation, it is recommended that competitive bids be taken much in the manner that was recommended for marine shipping services to outer islands.	No change			✓	Recommendation remains valid
A24	Charters should not be allowed to operate on the same day as the scheduled service. However, if a special need exists where the licensed operator cannot provide an extra service on the same day, the Ministry may authorise a charter service. Other general recommendations regarding charter operations also apply.	No change; requires review			✓	Review is needed of the role of charter operators
A25	The amount of foreign ownership that should be permitted in Air Pacific is a matter of judgement but overseas ownership should not be allowed to dominate, and a 35% holding as suggested by Air Pacific appears reasonable.	46% sold to Qantas			✓	
A26	It would appear to be in Fiji's interest to buy back minority shareholding of other Air Pacific prior to selling its shareholding.	No action			✓	
Roles of CAAF and the Civil Aviation Department						
A27	The organisation is not large enough for the air ports management functions to be separated into a new organisation without incurring significant additional costs, desirable though this may be in theory; however separation of functions into separate cost centres within the organisation with more separation in the management structure is advisable	Functions were separated, into CAAFI and AFL			✓	Original recommendations no longer valid
A28	The proposed structure developed by ICAO appears to be a logical one and achieves the necessary separation. It is the Consultants understanding that CAAF is progressing towards this structure.	Functions separated, into CAAFI and AFL			✓	

FNTSP Policy Recommendation		Action/s Taken	Implementation		Comments
			Yes	Partial No	
A29	CAAFI's FIR responsibilities are required to be separately accounting so they do not cross-subsidise domestic operations and this should be reflected in the new management structure.	AFL takes over Nadi FIR			
A30	An "Air Safety Bureau" needs to be set up outside of the CAAF structure, so that CAAF is not in the position of auditing itself in regard to safety matters. CAAF recognises the need for this and it is suggested that this function be established in the Civil Aviation Division, with suitably qualified staff detached from CAAF or recruited from elsewhere for the purpose.	CAAFI takes over all safety-related responsibilities		✓	
A31	As a corporate agency responsible for its financial performance, CAAF should be given reasonable latitude to establish charging structures and levels for its services which allow it to recover costs with a minimum of cross subsidy between functions. This is particularly important relation to its airport management responsibilities, which the Consultants recommend, be extended. This discretion in price control should extend to aircraft landing fees and other aviation-related charges, the air passenger service charge (the portion not regarded as general tax revenue); and the manner in which these fees are used.	Airport management functions transferred to AFL; cost recovery implemented for remaining CAAF functions	✓		
A32	The raising of revenues by CAAF for airport development through concessions and other business ventures should continue to be encouraged, but guidelines should be established to ensure that CAAF does not become over-involved in business ventures unrelated to its primary function of an airports and aviation service provider. Such concessions and business ventures should be associated with the airports management functions of CAAF.	These functions now rest with AFL, which has full autonomy over such decisions		✓	
A33	The views of the airport users, that is the airlines and in particular Air Pacific, need to be taken into account in all airport development planning, particularly in regard to cost recovery for major capital development. Ideally, Air Pacific would be represented on the CAAF board but the Consultants acknowledge that this would be inconsistent with CAAF's regulatory functions (although not with its airport management functions). For developments at Nadi, the main international operators and IATA should be included in such consultation.	AFL has established good working relations with airport users	✓		
A34	Civil Aviation Division staffing should be strengthened by recruiting at least one and possible two aviation advisers, one of which may be seconded from CAAF or be a former CAAF staff member. These personnel will need to cover the fields of aviation law, air safety, air services regulation and air transport economics. One could be a member of the proposed Transport Planning Unit.	No significant change		✓	Review of role of CAD is needed

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
A35	Domestic landing charges be raised to equal international landing charges	No change			✓	Needs to be reviewed; charges should be based on fully allocated costs
A36	Landing charges be raised according to Table A4.5 in the main report. Charges for small aircraft (Islander/Twin Otter) would rise from a \$0.71 (domestic) to \$3.00 per tonne and for larger aircraft (over 50 tonnes) from \$3.29 (domestic) to \$7.50 per tonne.	No change			✓	Needs to be reviewed; charges should be based on fully allocated costs
A37	A plan for increasing aeronautical charges over the next ten years be devised and implemented to enable CAAF to fund its future FIR responsibilities without recourse to cross-subsidy. These charges should be managed through a separate fund.	No action			✓	Review still needed
A38	A new Airport Departure Charge for domestic passengers should be introduced to be collected by the airline on ticket sales and passed on to CAAF in recognition of its increased financial responsibilities for Level 2 airports (discussed below). It is suggested that \$5.00 would be appropriate level of charge which it is judged would be acceptable on the local market and the amount necessary to fund operation and maintenance of the Government airports brought under CAAF ownership.	No action			✓	Needs to be assessed as part of a review of cost recovery
Ownership and Management of Government Airports						
A39	CAAF ownership, operational and financial responsibilities be extended to include the airports of: Nausori; Labasa; Suvusavu; Matei; Bureta; Kadavu; and Rotuma. This recommendation relies upon Government acceptance of recommendations A35, A36 and A38.	AFL takes over the operational and maintenance responsibilities of all government owned airports			✓	Responsibility for management of airports outside Nadi and Nausori remains unresolved
A40	Landowners or local tikina council be given the responsibility for routine maintenance of other Government owned airports and attendance on aircraft operations; assistance should be given with equipment and training needs to enable them to perform these functions including maintenance equipment and fire fighting sets. Alternatively, attendance at small airports could be the responsibility of the airline.	No action; instead, responsibilities assigned to AFL to maintain outer-island airports, with some CAAF budget funding			✓	
A41	For periodic heavier maintenance activities, the outer island mobile maintenance unit be made available.	Status not known				AFL should be left free to fulfil its maintenance responsibilities
A42	CAAF undertake periodic safety inspections and rigorously impose required standards, with temporary closures where safety requirements are breached.	No significant change; CAAF does make inspections			✓	

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
A43	Reduction of fire and rescue and communications services at the airports of Savusavu, Bureta, Lakeba and Matei with remaining communication requirements devolved to the airline operators who can station an agent at the airport as and when necessary to report on operability of the aerodrome, local weather conditions and passenger and cargo loads.	Implemented, but reversed			✓	
A44	Where fire and rescue services are retained, economies can be made by redesignating fireman as groundsmen/auxiliary firemen with duties to improve the aerodrome and to attend on the fire appliances when aircraft operations take place.	No change			✓	Recommendation remains valid
PLAN OBJECTIVES AND CRITERIA						
G1	That appropriate standard guidelines be drawn up for technical, economic, social and environmental evaluation so that all transport projects in the short, medium and long term plan for the sector are subjected to an appropriate level of economic appraisal using a consistent set of assumptions which have been developed for Fiji conditions.	Done by TPU	✓			
G2	That training be given to technical staff from the implementing agencies in the basics of cost benefit analysis and use of the standard guidelines, such training to be coordinated through TPU.	Done by TPU	✓			
G3	The standard appraisal guidelines should include a manual; specific procedures; appendix of factors; worked examples; standard worksheets; software. Accompanying or integral with the manual should be guidelines for technical assessment of road and traffic improvement works, and guidelines for environmental assessment.	No action		✓		
G4	The technical basis for the traffic delay assessments in economic assessments of road link capacity and intersection improvements in urban situations be reviewed to ensure that they are appropriate to driver behaviour and traffic control methods used in Fiji.	No progress, but reviewed by GSTS		✓		
G5	That the TPU take on the task of periodic updating of user cost inputs for transport project evaluation.	No progress			✓	Road VOCs were updated by RAMS
G6	That economic values for personal travel timesavings be established by comparison with research efforts abroad.	Assumptions incorporated in RAMS evaluations of maintenance strategies			✓	
G7	That accident cost valuation, including willingness-to-pay values for intangible costs be considered for inclusion in the road project evaluation process.	No progress			✓	

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
G8	Until updated or superseded, the current format and procedures for EIAs in Fiji should continue to be used. ... And apply to both the public and private sectors.	No change proposed	✓			
G9	For port works and jetties, full consideration should be given to the International Association of Ports and Harbours check list of environmental impacts of ports and coastal area developments and in addition, the South Pacific Region Environmental Programme training manual "How to Assess Environmental Impacts on Tropical and Coastal Areas".	No action			✓	Responsibility for evaluation of minor port/jetty projects unclear
G10	For general roadworks and highway bypasses consideration should be given to the UK Transport and Road Research Laboratories guidelines "Towards Safer Roads in Developing Countries".	No action			✓	
G11	The Traffic Regulations require amendment as soon as possible in order to replace the current "... Control of vehicle emissions causing nuisance..." with an enforceable criterion.	Strengthened by LTA	✓			
G12	Lead-free petrol for motor vehicles should be introduced to Fiji as soon as economically practicable.		✓			
G13	A special study should be commissioned to identify the key substances, procedures and systems to be adopted in the event of hazardous spills by land or by sea, in order that a national policy for the safe transport, handling, storage, and disposal of dangerous and potentially hazardous substances can be established. It is also recommended that a permanent Hazardous Materials Advisory Committee should be established.	No action			✓	
MONITORING AND UPDATING						
T1	The TPU be staffed by two professionally qualified staff, the senior member having qualifications in civil engineering, and the junior member in economics and planning	Implemented, with three professional staff	✓			
T2	The TPU have a policy monitoring and statistical function but also be given approval and audit responsibilities over the investment plans of Government in the transport sector	Monitoring/statistical functions established; approval and audit functions not yet formalised		✓		Need to resolve role vis a vis National Planning
T3	The TPU should, as a high priority, secure and organise the data collected under the NTSP.	Done	✓			
T4	The TPU should establish a close working relationship and exchange arrangements with the Bureau of Statistics. The TPU should actively promote the need for important data collection with the Bureau.	Done	✓			

FNTSP Policy Recommendation		Action/s Taken	Implementation			Comments
			Yes	Partial	No	
T5	An annual statistical digest should be published by the TPU so that information on the transport system is available to the general public and those concerned with transport analysis.	Transport Monitor published for 2000	✓			
T6	A program for annual and periodic (probably five years) updating should be established.	Done	✓			

Appendix B

Policy and Strategy Framework Matrix

Objectives Applicable to all transport modes	Strategies for Achieving Objectives Applicable to all transport modes	Measures to Implement Strategies			
		Institutional Measures Guiding principles: <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's-length but held fully accountable International obligations to be met 	Operational, Regulatory and Licensing Measures Guiding principles: <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	Pricing, Cost-Recovery, Taxation and Subsidy Measures Guiding principles: <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	Planning and Investment Measures Guiding principles: <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
1. GENERAL MEASURES APPLICABLE ACROSS ALL TRANSPORT SUBSECTORS					
Coordination and Integration	Develop a transport system that is well integrated, with policies consistently applied across all subsectors	Strengthen policy/planning coordination through the TPU; strengthen the coordination and consultation role of the NTCF and NTCC Involve infrastructure and service providers more closely in consultations over policies and plans	Facilitate the development of demand-responsive services and infrastructure by removing unnecessary or ineffective regulatory restrictions Adopt a consistent approach to competition, regulation, safety and environmental protection across all transport modes	Adopt a consistent approach to infrastructure cost recovery, taxation and service pricing across all transport modes	Develop and apply standard planning and project evaluation principles, criteria and guidelines
	Integrate transport planning with national and regional development planning	Strengthen the strategic transport planning role and capabilities of TPU Establish coordinating committees with relevant external ministries, including MRD Establish regional consultative groups for transport needs assessment and planning	Ensure that regulations do not unnecessarily restrict the response of investors and operators to national and regional transport needs	Adopt consistent multi-modal investment/planning criteria based on regional development goals Develop regional transport plans consistent with an overall sector plan	
Safety	Raise safety standards across all transport sub-sectors	Introduce routine safety audit procedures Strengthen safety enforcement procedures, capabilities and resources Consult widely with the private sector on safety matters Sponsor safety education programs	Strengthen safety controls for transport operators, vehicles, vessels and aircraft Establish penalties for safety violations that are effective in modifying behaviour Take safety performance into account when renewing operator licences	Recover the costs of safety-related inspection, testing and licensing services through fees	Develop accident black-spot programs for each transport mode Upgrade safety aids – roadside furniture and air and sea navigation facilities

		Measures to Implement Strategies			
Objectives	Strategies for Achieving Objectives Applicable to all transport modes	Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
Environmental Protection	Minimise the negative environmental and social impacts of transport projects and services	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
Accessibility and Affordability	Ensure at least a basic level of accessibility to essential services and opportunities	<p>Strengthen the environmental and social awareness of transport agencies; establish environmental units with powers and capabilities to influence environmental and social outcomes</p>	<p>Strengthen and enforce controls over emissions, noise and water pollution</p> <p>Make polluters pay for environmental damage</p>	<p>Stiffen sanctions and fines for environmental damage</p>	<p>Strengthen environmental and social impact analysis procedures in planning, project evaluation and monitoring</p> <p>Implement mitigation measures to reduce negative environmental and social impacts</p>
Efficiency	Maximize the efficiency, quality and demand-responsiveness of transport services	<p>Define and assign responsibilities for improving access to outer-island communities</p> <p>Consult more closely with transport operators and local communities in assessing accessibility needs</p>	<p>Use competitive incentives to raise the efficiency and improve the quality of essential services to isolated communities</p> <p>Expand the system of competitive bidding for essential subsidised transport services from the SFS to air transport</p>	<p>Allow operators the freedom to bid on fare/tariff as well as subsidy</p>	<p>Adopt basic standards for community access to essential services and opportunities</p> <p>Identify and classify profitable and non-profitable routes</p> <p>Monitor the costs and benefits of subsidised essential services</p> <p>Involve local communities and transport operators in planning for regional infrastructure and services</p>
Sustainable Financing	Maximise the benefits of government investment	<p>Establish a level playing-field between state-owned operators and competing private service providers</p> <p>Progressively move the government sector out of competitive commercial transport services</p> <p>Define more clearly the role of government in infrastructure provision, limiting it to areas not attractive or unsuitable for the private sector</p>	<p>Relax regulatory restrictions inhibiting market entry and competition on price and service quality</p>	<p>Relax fare/tariff controls to encourage private sector investment and innovation</p>	<p>Develop a master plan for the development of domestic air and maritime routes, services and infrastructure</p>
	Recover the costs of infrastructure from users	<p>Encourage private-sector provision of infrastructure</p> <p>Progressively shift responsibility for minor public infrastructure projects to regional/local agencies or communities</p>	<p>Relax any unnecessary or ineffective restrictions on private investment, subject to conformity with sector and regional plans</p>	<p>Allow investors to set prices according to costs and demand</p> <p>Achieve at least marginal cost recovery for publicly-provided infrastructure (roads, ports, airports, navigation facilities)</p>	<p>Base infrastructure development priorities on rational economic criteria; require government projects to achieve at least a target rate of economic return</p>

		Measures to Implement Strategies			
Objectives Applicable to all transport modes	Strategies for Achieving Objectives Applicable to all transport modes	Institutional Measures Guiding principles: • Government's role is mainly to ensure competition, safety, environmental protection and essential services • Transparent, efficient and accountable administration • Separation of policy/planning, regulatory and commercial functions • Encourage competitive private sector • Devolution of decision-making • State enterprises managed at arms-length but held fully accountable • International obligations to be met	Operational, Regulatory and Licensing Measures Guiding principles: • Priority to safety and environmental protection • Otherwise, service providers should be free to tailor services to meet users' needs • Competition to be encouraged wherever possible	Pricing, Cost-Recovery, Taxation and Subsidy Measures Guiding principles: • In a competitive environment, operators should be free to set prices to reflect their costs • Cost recovery for maintaining public infrastructure • Limited subsidies for non-profitable essential services commissioned from the private sector following tender	Planning and Investment Measures Guiding principles: • Investment projects must conform with agreed sectoral and regional development plans. • Government projects must show economic benefits in excess of costs • Priority to effective maintenance of existing assets
	Efficient and Effective Public Administration	Establish efficient responsive organisations to provide public services Upgrade staff capabilities Make government agencies accountable for their performance	Separate the Government's policy/planning, regulatory and commercial/operational functions Grant regulatory agencies strengthened powers as statutory authorities Establish an arms-length relationship between Government and state-owned commercial enterprises Prepare master plans for institutional strengthening, HRD and training for all statutory authorities and state enterprises Make all agencies – departments, statutory authorities and commercial enterprises – fully responsible and accountable for their performance	Monitor the operations of statutory authorities and state enterprises against performance measures set out in agreed corporate plans Contract out training services as much as possible Develop performance measures and contracts to strengthen accountability	Recover the costs of services provided by statutory authorities from recipients Restrict government financial aid/transfers to state enterprises and self-funding statutory authorities Introduce financial incentives to improve performance where possible

Measures to Implement Strategies					
Objectives	Strategies for Achieving Objectives	Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
Applicable to all transport modes	Applicable to all transport modes	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
2. SPECIFIC MEASURES APPLICABLE TO LAND TRANSPORT					
Coordination and Integration	Develop a transport system that is well integrated, with policies consistently applied across all subsectors	<p>MTCA through TPU to coordinate and monitor implementation of agreed policy framework for land transport based on reporting arrangements established by TPU</p> <p>LTA to strengthen the process of regular consultation with service providers and user groups</p>	LTA to subject sugar and timber truck operations to the same regulations and enforcement as others		FSC to review its strategy for road and rail transport to sugar mills
	Integrate transport planning with national and regional development planning	<p>MTCA to require plans for road upgrading and new road development</p> <p>MTCA to utilise NTCC to coordinate road development plans with regional development plans and the plans of other transport sub-sectors</p> <p>MTCA through the NTCC to establish provincial consultative groups to review regional priorities for road upgrading and new road development</p>	LTA to ensure consistent application of regulatory and licensing policies across all regions		Based on RAMS, PWD to prepare a rolling 5-year plan for road development, upgrading and maintenance

		Measures to Implement Strategies			
Strategies for Achieving Objectives Applicable to all transport modes		Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
Objectives Applicable to all transport modes		<p>Institutional Measures</p> <p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arms-length but held fully accountable International obligations to be met 	<p>Operational, Regulatory and Licensing Measures</p> <p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Compellition to be encouraged wherever possible 	<p>Pricing, Cost-Recovery, Taxation and Subsidy Measures</p> <p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Planning and Investment Measures</p> <p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
Safety	Raise safety standards across all transport sub-sectors	<p>Institutionalize road safety audit procedures within PWD (or DNR) and ultimately FRA</p> <p>Increase resources available for enforcement by Traffic Police</p> <p>MTCAs to increase resources available for road safety programs coordinated by NRSC</p>	<p>LTA to review the effectiveness of safety controls and strengthen enforcement and penalties where appropriate</p> <p>LTA to include safety performance in the criteria for evaluating operator licence renewal applications</p> <p>LTA to proceed with licensing of competitive private-sector providers of vehicle inspection/testing services</p>	<p>LTA to review its charges for safety-related tests, inspections and licensing services and develop a fee structure based on cost recovery</p>	<p>NRSC, with inputs from Traffic Police, PWD, LTA and municipalities, to prepare a traffic accident black-spot program; MTT to establish a budget line item for NRSC accident black-spot programs</p> <p>PWD to review road/bridge design guidelines and standards to strengthen safety features</p>
Environmental Protection	Minimise the negative environmental and social impacts of transport projects and services	<p>PWD/DNR/FRA to assign responsibilities for environmental and social impact management and monitoring</p>	<p>LTA and Traffic Police to strengthen enforcement of regulations governing vehicle noise and emissions and increase penalties for violations</p>	<p>LTA to set fines for noise and emissions at a level sufficient to deter offenders</p>	<p>TPU planning guidelines to include procedures for evaluating environmental and social impacts of LTA regulations and PWD plans</p> <p>Municipalities to remodel bus terminals to reduce negative environmental and traffic impacts</p>
Accessibility and Affordability	Ensure at least a basic level of accessibility to essential services and opportunities	<p>LTA to initiate a program of community consultation in an effort to remove regulatory constraints on the development of public transport services</p>	<p>LTA to review licensing regulations to ensure there are no impediments to the development of services to isolated communities</p>		<p>LTA to consult with PWD and municipal agencies on plans for road development to help facilitate expansion of public transport services to newly-developed areas</p>

		Measures to Implement Strategies			
Objectives	Strategies for Achieving Objectives	Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
<p>Applicable to all transport modes</p>	<p>Applicable to all transport modes</p>	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Evolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
<p>Efficiency</p>	<p>Maximize the efficiency, quality and demand-responsiveness of transport services</p>	<p>LTA to strengthen its staff capabilities in the area of economic (as opposed to safety-related) regulation</p>	<p>LTA to relax the conditions attached to passenger transport service licences to give licence-holders the freedom to use any type of passenger vehicle meeting prescribed safety criteria; this would eliminate unnecessary restrictions on the choice of vehicles for public passenger services</p> <p>LTA to introduce new system of road freight licences supplemented by special permits for road use outside the scope of normal operating conditions, with fee rates in both cases set to reflect the marginal costs of potential road damage; this would replace the present system of exemptions from vehicle weight and dimensions limits</p> <p>LTA should not impose controls over truck operations other than for reasons of safety, environmental protection and road damage due to overloading</p> <p>LTA to review licensing regulations to ensure no impediments to market entry and competition on price and service quality; LTA to reduce powers of existing operators to restrict market entry by new operators</p>	<p>LTA to review controls over public transport fares to encourage investment and innovation</p> <p>LTA should not impose controls on goods transport tariffs</p>	<p>LTA, in consultation with TPU, and municipal councils operators and user groups, to consider future needs for public transport terminals and interchanges, including private facilities</p>
<p>Sustainable Financing</p>	<p>Maximise the benefits of government investment</p>	<p>PWD to strengthen its procedures and capabilities for planning and investment appraisal</p> <p>PWD to prepare a detailed plan for ensuring continuity and sustainability of RAMS, with a focus on outsourcing selected RAMS functions</p>			<p>PWD to base priorities for road development, upgrading and maintenance on a lifecycle analysis of economic costs and benefits</p> <p>FSC to establish a fund for upgrading and maintenance of its railway system</p>

		Measures to Implement Strategies			
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	Recover the costs of infrastructure from users		LTA to limit exemptions and set fees to recover at least the additional road-related costs caused	Users to be charged fees, levied on fuel and vehicle registration, covering at least their attributable road maintenance costs LTA to channel revenues from vehicle registration fees into a Road Fund administered by a Roads Board representing stakeholders	LTA to permit the development of private bus terminals/inter-changes, subject to town planning considerations
Efficient and Effective Public Administration	Establish efficient, responsive organisations to provide public services	LTA to continue the process of strengthening its organisation and management MWE to separate the road-related functions of PWD into, initially, a Roads Department and, subsequently, a Fiji Roads Authority (see text)		No additional budget support to be provided to LTA unless additional services are requested	TPU to review PWD investment plans prior to budget approval, verifying the application of its planning and social/environmental guidelines
	Upgrade staff capabilities	In conjunction with reorganisation, PWD to prepare a master plan for HRD and staff training	In its HRD/training plan, PWD to maximise utilisation of external training resources	PWD to offer incentives for voluntary staff training and skills upgrading	
	Make government agencies accountable for their performance	In conjunction with TPU, PWD to prepare a detailed plan for progressive transition from a departmental structure to a statutory authority fully accountable for the performance of the road network (see text) Government to appoint an independent Board to oversee the management of the national road network	MTCA to establish performance measures for assessing the efficiency and effectiveness of PWD's road-related operations MTCA to define performance measures for assessing the efficiency and effectiveness of LTA's operations	TPU to prepare a strategy for establishment and management of a Road Fund, with consideration given to separating funding and road management functions and having stakeholders play the key role in allocating the fund's proceeds.	PWD/DNR/FRA to propose ways to sustain, strengthen and make more independent the RAMS maintenance planning procedures as the basis for allocating Road Fund proceeds

		Measures to Implement Strategies			
Objectives	Strategies for Achieving Objectives Applicable to all transport modes	Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
3. SPECIFIC MEASURES APPLICABLE TO MARITIME TRANSPORT					
Coordination and Integration	Develop a transport system that is well integrated, with policies consistently applied across all subsectors	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services administration Transparent, efficient and accountable Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
	Integrate transport planning with national and regional development planning	<p>MTCA through TPU to coordinate and monitor implementation of agreed policy framework for maritime transport based on reporting arrangements to be developed by TPU</p> <p>FIMSA to strengthen consultations with shipping companies and user groups</p> <p>MTCA to assist MWE review responsibilities and procedures for the management and development of non-commercial ports and jetties</p>	FIMSA to ensure consistent application of regulatory and licensing policies across all regions	MTCA to allow the development of private ports and jetties, subject to regional development plans	TPU to develop guidelines on the integration of maritime transport and regional development plans
Safety	Raise safety standards across all transport sub-sectors	<p>MTCA through TPU to establish standard practice for plans for non-commercial port/jetty development to be reviewed by MTCA</p> <p>MTCA through NTCC to establish provincial consultative groups to review regional priorities for shipping services and infrastructure</p>	FIMSA to review the effectiveness of its safety-related regulations and strengthen enforcement and penalties where appropriate	FIMSA to review its charges for safety-related tests, inspections, and licensing services and develop a revised fee structure based on cost recovery	GSS to prepare a master plan for development, upgrading and maintenance of maritime navigation aids
		FIMSA to strengthen safety-related compliance and incidence reporting procedures.	FIMSA and FMB to include safety performance in criteria for evaluating shipping licence renewal applications		

		Measures to Implement Strategies			
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Applicable to all transport modes	Applicable to all transport modes	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets 	
Environmental Protection	Minimise the negative environmental and social impacts of transport projects and services	MPAF and FIMSA to develop improved guidelines and strategies to manage hazardous cargo movements and oil spills	FIMSA to strengthen vessel inspection and enforcement procedures governing fire and spill hazards and port safety audit procedures	FIMSA to set fines for environmental damage to cover at least the costs of rehabilitation	TPU planning guidelines to include procedures for evaluating environmental and social impacts of port development plans
Accessibility and Affordability	Ensure at least a basic level of accessibility to essential services and opportunities	<p>MTCA to review the suitability of having FIMSA administer the SFS and prepare proposals to accommodate economic regulation functions in the maritime sector</p> <p>MTCA to review the suitability of establishing a government shipping corporation in the light of policies promoting the development of a competitive private sector</p>	TPU to review the criteria, procedures and institutional arrangements for identifying, planning, contracting out and monitoring SFS services with the explicit aim of strengthening the competitive features of the scheme	TPU to review SFS contract provisions and the necessity for specifying fare/tariff caps in tender documents; TPU should consider whether fares and tariffs could be included in the bid evaluation criteria	MTCA to commission a review of the adequacy of outer-island jetties and non-commercial wharves
Efficiency	Maximize the efficiency, quality and demand-responsiveness of transport services		FIMSA and FMB to review licensing regulations to ensure there are no impediments to market entry and competition on price and service quality	FIMSA and PIB to eliminate controls over passenger fares and goods tariffs to encourage investment and innovation, except for fares and tariffs under negotiated SFS contracts	
Sustainable Financing	Maximize the benefits of government investment	MPAF (OPC) to prepare a master plan for commercial port development and strengthen its procedures and capabilities for planning and investment appraisal	FIMSA and FMB to eliminate all controls over the allocation of vessels to routes; no controls to be imposed over vessels' operations other than for safety reasons		Priorities for port-related investments by MPAF (OPC) and Government to be based on a lifecycle analysis of economic costs and benefits

		Measures to Implement Strategies			
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	Recover the costs of infrastructure from users			<p>MIPAF (OPC) to revise the structure and level of port-related fees to ensure that they are simplified and cover the costs of the services provided</p> <p>FIMSA to revise its safety-related inspection, survey and licensing fees to ensure that they recover the costs of the services provided</p>	
Efficient and Effective Public Administration	Establish efficient, responsive organisations to provide public services	<p>MIPAF to become a government commercial company (GCC) with more clearly-stated objectives (clarifying its commercial and public service responsibilities), and to continue the process of strengthening its organisation and management</p> <p>PTL to be required to tender for provision of services to MIPAF in competition with private sector providers</p> <p>FIMSA to be restructured as a statutory authority responsible for maritime safety, held accountable for its performance and with more clearly-stated responsibilities and authority</p> <p>MTCFA to prepare a plan for accommodating the separate headquarters functions of maritime policy formulation, economic regulation, management of the SFS and planning and management of non-commercial ports and jeties</p>	<p>MTCA to establish performance measures for assessing the efficiency and effectiveness of port operations and FIMSA's safety-related activities</p> <p>MTCA and MPEPSR to clarify their respective responsibilities for supervision of port operations and reporting requirements</p>	<p>FIMSA to recover the costs of its services from shipping companies</p>	

Measures to Implement Strategies	
<p>Objectives Applicable to all transport modes</p>	<p>Strategies for Achieving Objectives Applicable to all transport modes</p>
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<p>Upgrade staff capabilities</p>	<p>In its HRD/training plan, FIMSA to maximize utilization of external training resources</p>
<p>Make government agencies accountable for their performance</p>	<p>With the support of the MTCA, FIMSA to prepare a detailed plan for transition to a statutory authority fully accountable for maritime safety and the establishment of a supervising Board</p>
	<p>MPAF and FIMSA to offer incentives for voluntary staff training and skills upgrading</p>

		Measures to Implement Strategies			
Objectives	Strategies for Achieving Objectives	Institutional Measures	Operational, Regulatory and Licensing Measures	Pricing, Cost-Recovery, Taxation and Subsidy Measures	Planning and Investment Measures
4. SPECIFIC MEASURES APPLICABLE TO AIR TRANSPORT					
Coordination and Integration	Develop a transport system that is well integrated, with policies consistently applied across all subsectors	<p>Guiding principles:</p> <ul style="list-style-type: none"> Government's role is mainly to ensure competition, safety, environmental protection and essential services Transparent, efficient and accountable administration Separation of policy/planning, regulatory and commercial functions Encourage competitive private sector Devolution of decision-making State enterprises managed at arm's length but held fully accountable International obligations to be met 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Priority to safety and environmental protection Otherwise, service providers should be free to tailor services to meet users' needs Competition to be encouraged wherever possible 	<p>Guiding principles:</p> <ul style="list-style-type: none"> In a competitive environment, operators should be free to set prices to reflect their costs Cost recovery for maintaining public infrastructure Limited subsidies for non-profitable essential services commissioned from the private sector following tender 	<p>Guiding principles:</p> <ul style="list-style-type: none"> Investment projects must conform with agreed sectoral and regional development plans. Government projects must show economic benefits in excess of costs Priority to effective maintenance of existing assets
Safety	Integrate transport planning with national and regional development planning	<p>DASS to review (i) whether CAAFI and ATLB should eliminate controls over the allocation of aircraft to routes and (ii) CAAFI and ATLB should impose controls over scheduled commercial operations other than for safety reasons</p> <p>DASS to recommend improved guidelines for licensing and regulating charter operations</p> <p>DASS, with assistance from CAAFI and AFL and scheduled and charter service operators, to prepare proposals for establishing a system of franchise services for non-commercial routes along the lines of the SFS</p> <p>CAAFI to ensure consistent application of regulatory and licensing policies across all regions</p>	DASS to consider whether CAAFI and ATLB should deregulate fares for scheduled commercial services but manage fares for franchise services through competitive tender and contract	DASS to develop guidelines on the integration of air transport and regional development plans	
	Raise safety standards across all transport sub-sectors	<p>DASS to prepare plans for airport/airstrip development to be approved by MITT</p> <p>DCA to establish provincial consultative groups to review regional priorities for air services and infrastructure</p> <p>CAAFI to review and strengthen safety audit procedures and supporting legislations</p> <p>CAAFI to strengthen safety-related compliance and reporting procedures</p>	CAAFI to review its charges for safety-related tests, inspections and licensing services and develop a revised fee structure based on cost recovery	AFL to prepare a master plan for development, upgrading and maintenance of air navigation aids	
Environmental Protection	Minimise the negative environmental and social impacts of transport projects and services	<p>CAAFI and AFL, assisted by ATSL, to develop improved guidelines and a strategy to manage hazardous cargo movements</p>	CAAFI and AFL to strengthen inspection and maintenance procedures governing fire hazard	CAAFI to set fines for aircraft noise to cover the costs of compensation	TPU planning guidelines to include procedures for evaluating environmental and social impacts of airport/airstrip development plans

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Accessibility and Affordability	Ensure at least a basic level of accessibility to essential services and opportunities	DASS to review institutional arrangements and procedures for the introduction, management and monitoring of an air service franchise scheme (ASFS), similar to SFS in the maritime subsector DASS to review institutional arrangements and procedures for the planning, development, management, operation and maintenance of non-commercial airports and airstrips	DASS to develop suitable ASFS contract arrangements, conditions and procedures to maximise competition in the provision of essential non-commercial air services	TDASS to consider whether ASFS tender documents should specify fare caps or whether fares should be included in the tender evaluation criteria	DASS to review the adequacy of outer-island airstrips and non-commercial airports
	Maximize the efficiency, quality and demand-responsiveness of transport services		MTCA to review licensing regulations to ensure there are no unnecessary impediments to market entry and competition on price and service quality ATLB to reduce dominance of established operators to restrict market entry by new operators	DASSATSS to review whether ATLB should eliminate controls over passenger fares and goods tariffs to encourage investment and innovation, except for fares and tariffs under negotiated ASFS contracts	
Sustainable Financing	Maximise the benefits of government investment	AFL to prepare a master plan for commercial airport development and strengthen its procedures and capabilities for planning and investment appraisal	DASS to prepare a strategy for improved management and maintenance of non-commercial airstrips based on greater competition in the provision of services		Priorities for airport-related investments by AFL and Government to be based on commercial considerations and life-cycle analysis of economic costs and benefits
	Recover the costs of infrastructure from users			DASS to review options for recovering the costs of operating and maintaining non-commercial airports and airstrips from users. CAAFI to review its safety-related inspection, survey and licensing fees to ensure that they recover the costs of the services provided	

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Efficient and Effective Public Administration	Establish efficient, responsive organisations to provide public services	<p>CAAFI to remain as non commercial statutory authority and to continue the process of strengthening its organisation and management</p> <p>ATSL to be required to tender for the provision of selected airport services in competition with private-sector providers</p> <p>MTTCA strengthen the role and functions of DCA to accommodate the headquarters functions of air transport policy formulation, economic regulation, management of the ASFS and strategic planning and effective oversight of non-commercial airports and airstrips</p>	<p>MTCA to establish performance measures for assessing the efficiency and effectiveness of AFL's airport operations and CAAFI's safety-related activities</p>	<p>CAAFI to recover the costs of its services from user fees</p>	
	Upgrade staff capabilities	<p>DCA to develop staff skills consistent with its assigned headquarters functions</p>			
	Make government agencies accountable for their performance	<p>CAAFI to relinquish its shareholding in ATS</p> <p>CAAFI to relinquish any responsibilities for ownership and maintenance of land on which existing airports and airstrips are situated</p>	<p>MTCA through TPU collaborate with CAAFI and AFL to develop a system of performance measures to monitor air transport and airport performance</p>		

