



LAND TRANSPORT AUTHORITY



LAND TRANSPORT AUTHORITY

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ANNUAL REPORT 2001

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LETTER TO THE MINISTER



LAND TRANSPORT AUTHORITY

31st May 2002

The Hon. Colonel Ratu Savenaca U. Draunidalo, MC MSC
Minister for Works, Telecommunications,
Energy, Road Transport & Shipping,
Nasilivata House,
SUVA.

Dear Sir,

I humbly submit this Annual Report for the period 1st January 2001 to 31st December 2001 for your perusal and onward transmission to Parliament.

Yours faithfully,

Manunivavalagi Dalituicama Korovulavula
CHIEF EXECUTIVE

A HISTORICAL OVERVIEW

1955 TO DATE

The Transport Control Board was established as an authority in 1955 and consisted of four members selected by the Governor and a Chairman, who was also responsible for the day to day running of the TCB. The TCB, at that point in time, was looking after the operation of the bus industry, which had started from military surplus vehicles, left behind by the New Zealand and US forces that had been in Fiji during the Second World War.

The uncertain beginnings of this new industry and the release of functions and responsibilities for registration, and licensing of motor vehicles and drivers from the Principal Licensing Authority in 1962, who was the Commissioner of Police, to the Controller of Transport & Civil Aviation, formed the basis of the establishment of the Department of Transport and Civil Aviation, the latter, being the responsibility of the Colonial Secretary up to that point in time.

Another change came about in 1975 when the Controller was told to create the Department of Road Transport,

which set the stage for major changes within the industry, especially in the treatment of the licensing and registration of motor vehicles and licensing of drivers. In 1978, as part of the restructure, construction began at Valelevu and the DoRT moved there later and established the departmental headquarters.

While Parliament began discussing the Land Transport Bill in 1997, the concept of the formation of the Land Transport Authority was something that had been discussed widely by stakeholders and the Department of Road Transport at that time. The Bill was passed by Parliament in 1998 and the President assented it into law late 1998, hence the Land Transport Act 1998.

The Land Transport Regulations 2000 which came into force 10 July, 2000 have been the main weapon in the LTA arsenal in its efforts to combat lawlessness on our roads, not only against motorists and motor vehicle owners, but also looking at the attitudes and conduct of passengers and pedestrians.



CHAIRMAN'S REPORT

PREAMBLE

The year 2001 was the first full year of operation for the Land Transport Authority. It was also a time for the Authority to look at teething problems in the Act and Regulations, and its overall operations, policies and procedures.

AUTHORITY MEETINGS

The Authority met for a total of 21 meetings during 2001.

2001 saw positive changes in that the Authority increased its meeting timetable from one day per month to three days per month, enabling it to look at PSV applications, which had backlogged from pre-LTA.

As at 31/12/2001 a total of 1189 of all types of applications were received of which 186 were approved, 98 refused and 905 pending to be dealt with in 2002. While attendance of Authority meetings, by members, have been a hot topic of late, it is an in-house matter and will be dealt with in that manner.

DELEGATION OF AUTHORITY

Under the Land Transport Act 1998, the Authority has the power to delegate specific functions which it feels will assist in the processing of PSV applications, and its meeting in September decided to delegate functional authorities for Sections 56, 60, 63, 65, 66, to the Chief Executive, and the legal notice, giving effect to this, was gazetted on 28/09/01.

AUDIT COMMITTEE

The establishment of a three person Audit Committee consisting of Ms. Jokhan, Mr. Thomas Raju and Manager Audit, Ms. Keva Cakau has assisted in the work of the Authority and it is appropriate that I express the Authority's appreciation of their effort and contribution.

REVENUE

Increased efficiency in the collection of vehicle licence revenue (evaded for many years by thousands of vehicle operators) has enabled recovery of hundreds of thousands of dollars of lost revenue.

Contrary to some public comment the Land Transport Authority did not increase fees and charges but retained those that were applicable during the Road Transport Department era.

Fines that have been introduced were deemed to be and indeed have been an effective deterrent.

LEGISLATION

Legislation correcting errors and anomalies in the Land Transport Act and Regulations, which have come to light since



Robert D. Dods
CHAIRMAN,
LAND TRANSPORT AUTHORITY

the inception of the Authority in July 2000 has been drafted and awaits Government approval.

The preparation of new legislation is underway to regulate and control commercial goods vehicles, which inexplicably have never been brought into a controlled licensing system. The draft legislation should be completed in 2002.

PUBLIC SERVICE VEHICLES

The operation of regulated public transport by the private sector under sometimes very trying conditions deserves commendation. These services reach out to rural areas where road conditions are in many areas deplorable.

Taxi services, also regulated continue to adequately serve the needs of citizens.

However, close attention will have to be given to addressing the problem of saturation in certain areas.

The introduction of registered mini buses is also seen to be meeting the demands of its patrons, such registration ensuring the appropriate licensing of drivers and vehicles and third party insurance coverage of passengers.

The illegal operations of unlicensed mini buses remains a problem, not only because the usage of such vehicles leaves the public unprotected by insurance and at the mercy of possibly unqualified drivers but also because the transport industry must be looked at in its entirety and ensuring the continued viability of existing operations, being a mandatory requirement under the Land Transport Act must always be considered.

CONCLUSION

It is appropriate that the Chief Executive, senior management and staff be commended for the sterling work they have put in to make 2001 a successful year.

Finally, my sincere thanks to members of the Authority for the long hours they have given in the deliberations of the Authority and to those in the public and private sector associated with the Land Transport Authority for their deliberations and input during 2001.

Robert D. Dods

Robert D. Dods
Chairman,
Land Transport Authority

MEMBERS OF THE AUTHORITY



Robert Dods
CHAIRMAN



Sevuloni Valenitabua



Thomas Raju



**Manunivavalagi D.
Korovulavula**



Archie Seeto



Marika Tukituku



Anjnish Jokhan



Napolioni Masirewa

CHIEF EXECUTIVE'S REPORT

While 2001 has been the LTA's first full year of operations, it has been my second year with the Authority, having assumed this position in October 1999.

I am very happy to state, from the outset, that while we had some teething problems, administratively and also in so far as our human resource is concerned, I can report here, that the LTA is beginning to show what it is capable of in its revenue collection, and services offered.

The end of 2001 saw an almost full complement of line Managers, except for Manager Commercial Vehicle. The post not being filled because we could not find someone with the necessary MQR.

Amendments to the Land Transport Act 1998 and the Regulations continued throughout the year as we came up with areas that needed enlightening, to ensure the law was complied with. The proposed amendments are expected to be approved shortly.

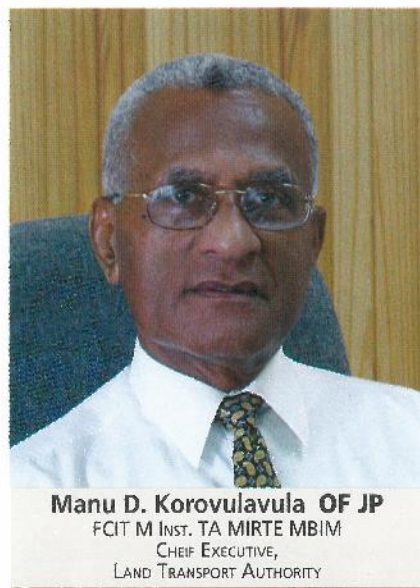
Work commenced on the drafting of legislation pertaining to road haulage licensing systems which was conspicuous in its absence from the Land Transport Act 1998, and this is to be complete in 2002. An efficient road haulage industry is vital to the economic health of Fiji. We cannot afford to waste resources in this sector. It is proposed to introduce four classes of authorised commercial goods vehicles:-

- i) a limited carrier's licence,
- ii) a private carrier's licence,
- iii) a forest carrier's licence,
- iv) a agriculture carrier's licence.

Management briefs, each morning, gave me an insight into what was happening at the floor level, and while there were instances of uncertainty on certain matters, the meetings gave management a chance to review operations etc., on a daily basis - a necessary tool in such an entity.

The first half of the year also saw the major renovations, which were carried out at Valelevu, culminating in the LTA's 1st Anniversary celebrations on 30th June 2001, which was a resounding success. I would like to take this opportunity to thank all members of the staff who worked hard to make the day an unforgettable one.

As a responsible corporate citizen, the LTA was involved in the inaugural Nasinu Millennium Festival, which was run by the Nasinu Town Council. In this foray the Management and staff came together to enable our candidate to walk away with First runner up in the main competition and the first Charity Queen crown for this festival.



Manu D. Korovulavula OF JP
FCIT M INST. TA MIRTE MBIM
CHIEF EXECUTIVE,
LAND TRANSPORT AUTHORITY

The strike by staff in November was the only time when I questioned the loyalty of workers, some of whom were coerced into leaving their desks through the direct intervention of union officials, an illegal act that had been allowed to go unhindered.

While there were a lot of interest and speculation on the LTA Sports day, the strike left management with a sour taste, and I could not, in all honesty, allow for it to be held, because it would have been hypocritical for the Authority to go ahead, just days after it was held to ransom by these same members of the staff.

Aligned to the above was the formal signing of the Collective Agreement between the LTA, FPSA, VNUTW and PEU, which ushered in a new era for the Authority, a mere one and a half years after it began operations.

Towards the end of the year we also got the services of a consultant through the Japan International Co-operation Agency (JICA). Mr. Ken Hamada will be utilised in the Traffic Management Department, which is one of the major development area for the Authority.

Other areas like the development of the Heavy Commercial and Light Goods vehicles are on the drawing board for 2002.

Specialist driver training which includes Defensive Drivers Course and a Hazardous materials drivers course are other areas the Authority will have to diversify into because of the demand and introduction of specialised vehicles especially in the haulage sector.

At the end of my second year, as Chief Executive I am proud to record that the LTA is on track and we have a competent management and staff to see the Authority to a brighter future.

Manunivalagi Dalituicama Korovulavula
Chief Executive.

OPERATIONS DIVISION

A. During 2001 the following Managers were responsible to the General Manager Operations.

1. Regional Managers
2. Manager National Technical Services
3. Manager Enforcement Policies and Practices
4. Manager Traffic Management
5. Senior Prosecution Officer.

B. The following achievements were made during the year.

1. Revenue Collection

- a) During the year a total of \$13,452,395 revenue was collected from the various activities and received by LTA through their respective district offices including Post Offices.
- b) Income Distribution as in Year 2001 is in Table 1.

Table 1: Income Collection (cash basis) for Year 2001.

| Period | Amount | % of Total |
|----------------|---------------------|------------|
| First Quarter | 3,150,697 | 23.42 |
| Second Quarter | 3,173,218 | 23.59 |
| Third Quarter | 3,462,246 | 25.74 |
| Fourth Quarter | 3,666,234 | 27.25 |
| Total | \$13,452,395 | |

2. Vehicle Examination

The Department had a very busy schedule during the year.

The department activities included the following:

- a) Carrying out of vehicle inspection, issue of certificate of roadworthiness and certificate of fitness, to those vehicles which complied with the legal requirements.
- b) Inspection of authorised Motor Vehicle Dealers applications, random inspection of motor vehicles on the road and issue of defect order notices.
- c) During the year a total of 53,177 motor vehicles were presented for Certificate of Road Worthiness and Certificate of Fitness inspections. Western region inspected the highest number of 27,113 (50.99%) Central Eastern - 19,507 (36.69) and Northern region 6557 (12.3%). Detail statistics shown Table 2.

Table 2: Motor vehicle Inspection by Region

| | Western Region | Central Eastern | Northern | % |
|---------------|----------------|-----------------|----------|------|
| Total checked | 27,113 | 19,507 | 6,557 | |
| Passed | 24,848 | 18,301 | 5932 | 92.2 |
| Failed | 2,265 | 1,206 | 625 | 7.8 |



Isoa Tamani
General Manager Operations

Vehicle Inspection by Quarterly period is on Table 3.

Table 3: Number of Motor Vehicle Inspected Quarterly

| | Central Eastern | Western | Northern | Total |
|----------------|-----------------|---------------|--------------|---------------|
| First Quarter | 4,822 | 5,936 | 1,389 | 12,147 |
| Second Quarter | 4,085 | 6,496 | 1,833 | 12,414 |
| Third Quarter | 4,828 | 7,130 | 1,622 | 13,580 |
| Fourth Quarter | 5,772 | 7,551 | 1,713 | 15,036 |
| Total | 19,507 | 27,113 | 6,557 | 53,177 |

3. Enforcement Department

- The Department also includes the Prosecution Section of the Authority.
- The department activities include the issue of Traffic Infringement Notices (TINs), seizure and impounding of motor vehicles, combined operation with Police, and processing of cases before the Magistrates Court.
- During the year the Department issued a total of 11,259 TINs out of which 2,302 (20.44%) offenders paid their fixed penalties to Land Transport Authority within the 21 days requirements.
- Approximately 8957 (79.55%) cases were referred to the Magistrates Court for ruling.
- The 11,268 TINs paid in within the 21 days limit inclusive of the Police, brought in a total of \$845,576.
- LTA received fixed penalties for TINs issued during the year, amounting to \$157,123 from offenders against \$210,865 Court Cost paid to Magistrates Court.
- Majority of the TINs were issued against commercial motor vehicles, followed by private motor vehicles and taxis.

Table 4: LTA TINs Distribution 2001

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total |
|------------------------------|-------------|-------------|-------------|-------------|-----------|
| Total issued | 3,544 | 2,790 | 4,035 | 890 | 11,259 |
| Revenue | \$230,496 | \$183,539 | \$354,030 | \$77,410 | \$845,475 |
| Total Paid in within 21 days | 377 | 856 | 813 | 256 | 2,302 |
| LTA TIN Revenue Collected | \$18,738 | \$53,002 | \$63,607 | \$21,776 | \$157,123 |
| Number referred to the Court | 3,167 | 1,934 | 3,222 | 634 | 8,957 |

4. Prosecution Section

- The Authority had a compliment of six prosecution officers in the year 2001.
- A total of 10,605 cases were initiated from the issue of TINs.
- Total of 3,262 cases were dealt with, of which 2,996 were convicted; this represented 91.84% of the total cases disposed of.
- The Authority is yet to resolve the issues with the Magistrates Court relating to the different fee paid when filing charges, instead of a uniform fee.
- It was noted that a significant number of traffic offenders chose to go to court, than pay the fixed penalty within the twenty one days limit.
- The section with the Police assistance issued a total of 329 committal warrants issued by the courts.
- Detail of the Prosecution Activities is on Table 5.
- Consultation and discussions are continuing with the judiciary to clarify outstanding issues.

Table 5: Prosecution Output

| | |
|-----------------------------|--------|
| Total number initiated | 10,605 |
| Total number of convictions | 2,996 |
| Number acquitted | 32 |
| Number discharged | 156 |
| Number dismissed | 2 |
| Number withdrawn | 76 |
| Total number disposed | 3,262 |

Conclusion

The control on the use of heavy vehicles and carriage of hazardous material on our roads will be enhanced with the introduction in 2002 of the Commercial Goods and, Hazardous Goods Regulations. The achievement of the Enforcement and Prosecution departments can only be fully effective when the proposed amendments to the regulations and the differences among the Magistrates on certain administrative issues are resolved.



Isoa Tamani
General Manager Operation



CORPORATE SERVICES DIVISION

1. INTRODUCTION

Headed by General Manager Corporate Services, the Division has four line Managers, the Human Resources & Administration, Strategic Planning, Management Information Systems, and Media & Community Relations.

In the absence of a Corporate Plan, the Corporate Services Division of LTA focussed on the Business Plan prepared in 1999 by the Consultants to achieve its objectives like all other Divisions, in meeting the demands and requirements under the Land Transport Act and a set of six (6) Regulations.

This Division provided Corporate Services support to all other Divisions of LTA, in the areas of staffing, accommodation, furniture procurement, IT Services, Media Services and the formulation and development of Strategic Plan and Corporate Plan, for the period year 2002 to year 2004.

2. HUMAN RESOURCE & ADMINISTRATION

a) Staffing

Overall LTA had a total of 297 positions - 271 established and 26 unestablished positions for the year 2001 - 25% of which are vacant.

The Authority was mindful of vacancies, however these were only filled after thorough justifications were made. Prudence in expenditure was the norm if efficiency and cost-effectiveness were to be emphasized and practised.

During the year fifty-one (51) staff were recruited whilst fifteen (15) positions became vacant due to retirement, resignation, death and dismissal.



Kiran Chandra
General Manager Corporate Services



b) Training and Development and Manpower Planning

Year 2001 saw a large number of staff accorded training in various institutes in Fiji and abroad. This was seen as a major impact on staff development in a reformed organization, which regrettably continued to experience die-hard Civil Service culture.

Whilst the task of rejuvenating the new corporate-type responsibilities was imminent, slow progress understandably lingered on with many.

FNTC, HII, USP, CQU, CTB, CHE, Pacsoft, Fiji Institute of Accountants and Ministry of Labour were local institutions where staff attended courses and seminars very much relevant to the scope of their work.

Seven (7) officers attend short-term attachments in Australia, New Zealand, Japan and India in the field of road transportation.

In-house training programs were conducted regularly to enhance impact on services in the areas of Licensing, Driver Testing, Vehicle Inspections, Enforcement, Prosecution, Accrual Accounting, Strategic Planning, OHS, Public Relations, Report Writing, Induction, Switchboard and Basic Fire Training.

Multi-skilling especially in the common-user positions were greatly encouraged for career advancement.

c) Disciplinary

The reform of Government Department into a statutory corporate authority encouraged management to uplift its image and demand quality output from its staff. Rigorous procedural practices were put in place to educate and caution staff to comply with the new and stringent performance goals.

The LTA Disciplinary Committee was appointed to hear all charges and its recommendations were referred to Chief Executive for penalties to be laid.

Altogether there were eighteen (18) charges laid against officers who indulged in various forms of malpractice. Penalties awarded were warnings, interdictions, surcharges and terminations.

During the year two (2) cases were referred to the Permanent Arbitrator for decision.

d) Industrial Relations and OHS

An initial collective agreement between LTA and the Unions was negotiated. The negotiations were prolonged, the Agreement was finally signed and concluded on 17/12/2001. Prior to this date the Terms and Conditions of Public Service Act and Regulations applied to those former Civil Servants who were absorbed in LTA on the changeover date, 10/07/2000.

LTA and the Unions went before the Permanent Arbitrator in November 2001 to resolve the impasse as to some provisions in the draft Collective Agreement. A demand for pay increase was introduced at the later stage of reconciliation, the proffered reason for the inclusion being the organizational change from a public service to a corporate entity.

The Arbitrator's award was duly acknowledged i.e. of the \$150,000 awarded, \$75,000 was one-off payment with the other \$75,000 being built into the salary.

The Authority honoured awards and rewards such as COLA, to its staff which were similarly enjoyed by the Civil Service.

e) Office Renovations

Major offices and buildings were renovated to facelift the image and provide space and better working environment for the staff.

Continuous efforts were made to improve facilities for customers as well.

In general the Human Resources & Administration department to the best of its ability and resources managed to provide the Authority the four (4) major functions under its jurisdiction namely, planning, organising, leading and controlling human resources.

3. STRATEGIC PLANNING

With the appointment of Manager Strategic Planning in March 2001, the department embarked on the arduous planning, development and preparation of the Corporate Plan for LTA for period 2002 - 2004. With comprehensive input from all divisions/departments and the guidance and workshops conducted by Manager Strategic Planning saw the first-ever LTA Corporate Plan launched in November 2001.

As the main guiding light, this living document should take LTA to success in providing better service to motorists and other road users. It should lead to reduced road fatalities and accidents.

It should allow only safer vehicles and drivers on Fiji roads and finally it should assist in bringing safety on our roads provided other stakeholders also play their part.

4. MANAGEMENT INFORMATION SYSTEM (MIS)

With seventeen (17) staff, Manager MIS was pressed with demand from all departments and divisions to cater primarily for data accuracy in vehicle and driver registration and licensing.

The year was an exciting and very challenging one marked with a number of significant achievements and disappointments in the implementation of planned objectives.

MIS is committed to play an integral role to facilitate and maintain the full potential of the objectives of overall Corporate Plan with full support and input of all departments of LTA.

a) Driving Licence Card

Plastic card driver licences increased in demand and put huge constraint to the production which was centrally controlled. Having experienced fraud in some card production, additional verification steps were undertaken to control fraud which hampered normal production thus delaying customer services.

The aim and objective of a more improved customer service resulted in faster turnaround in card production during the greater part of the year.

Out-dated printer technology was not able to cope with the demand and customers expressed frustrations. The initial eight (8) weeks delivery time was targeted to be reduced to 2 weeks in 2002.

b) Infrastructure And Equipment

Requisition and upgrading of infrastructure and computer equipment continued in 2001 as planned to set up the IT framework for next 3 - 4 years of implementation.

Systems manufactured in the 80's and procured in 1997 were in use. Basic refurbishment of the department thus continued into 2001.



Structured cabling (140 data points) were laid mostly at the Valelevu complex. Cabling was also extended to house off-building data backup site as a crucial security measure.

Later in the year, major tender for Servers, Gigabit Communicational equipment were approved by the Authority for installation in 2002.

c) OPCV Consultancy

Year 2001 also saw the end of OPCV consultancy from the Department of Road Transport (DRT) era after the last of its business support Consultant's departure. There was notably no system disruptions after the exit of the consultant. Teething problems suffered were locally originated owing to regular power surges and failures with Telecom lines and cabling.

d) System Review

An exercise of wide consultation and user feedback from counter clerks to data entry operators was undertaken to identify and improve the system weakness. This led to the first-ever independent review of the Fiji Registration and Licensing System since its inception in 1996.

e) Cash Processing System (CPS)

CPS was introduced and implemented in Central Eastern Region which helped in professional service, automated receipting and balancing thus providing full accountabilities of LTA online system.

Chart of Accounts facility had been built in directly with revenue fee types.

f) Citrix Metaframe - Pilot Phase

In an endeavor to provide faster access lines to our regional offices, MIS implemented the Citrix Metaframe in Nadi and Suva offices as a pilot project. Significant speed improvements were experienced at both centres resulting in time saving of 80%.

The full-scale implementation has been planned for early 2002 for all regional centres.

g) Offence Processing Bureau (OPB)

Due to the changes in the operation methods of the prosecution and enforcement department of LTA, OPB was not operative in 2001. The original program specification for Fiji's system could not facilitate OPB. An independent review was done with a separate consultancy firm to resolve the problem.

In the meantime, manual LTA records of demerit points is kept by the Authority.

h) Renewal Notices

Work on renewal notices module was successfully completed but its functionality has not been implemented because of the lack of accurate addresses in the system. This module will be activated in 2002.

i) Network Entering

Four (4) centres namely, Tavua, Rakiraki, Seqaqa and Savusavu were being prepared in late 2001 for development for online which will provide improved services to the customers in these districts.

j) The Future

In general, the year 2001 was marked as a major turning point in the IT status of LTA where major projects were undertaken to achieve full autonomy from various consultancy agencies giving LTA personnel the confidence and hope that it was capable of planning and driving its own IT goals.

Year 2002 would be more challenging for the MIS department where corporate objectives are to be achieved for greater customer satisfaction.

5. MEDIA & COMMUNITY RELATIONS

Manager responsible for this department is the official mouthpiece and information disseminator of LTA. The tasks involved varied with regular messages and relevant information to the public in general were religiously attended to.

a) Training

PR for customer services training and workshop were conducted in the Central Eastern and Western regions. This was postponed for North.

Other areas of functions that were covered in the PR training workshops included Registration and Licensing, Enforcement, Technical Services, Taxi Control and PSV matters.

b) Community Relations

LTA was represented in numerous community meetings namely:

- Roko Tui's meeting at Nadave;
- Matailobau Tikina Council, Nabena, Naitasiri;
- Suva Tikina Council meeting, Lami Village;
- Korovou Rural Local Authority, Korovou Town
- Fiji Employers Federation, Suva
- Naitasiri Provincial Council, Nausori
- Serua Provincial Council, Navua;
- Ra Provincial Council, Nanukuloa, Ra;
- Fiji Road Hauliers Association;
- Namosi Provincial Council, Mau village;
- Tailevu Provincial Council, Nausori;
- Rewa Tikina Council, Lomanikoro;
- Noco Tikina Council, Noco;
- Burebasaga Tikina Council, Burebasaga;

As LTA representative, the Manager Media & Community Relations attended these meetings and briefed participants on the operations of LTA. He was readily available for question/answer sessions and tended answers and explanations on mainly topical issues of the time.

The attendance of LTA senior representative were appreciated by the conveners.

c) Promotional Work

The year also saw the LTA sponsoring several promotional ventures in an effort to maintain the LTA's corporate image. Promotional work also included several initiatives with the assistance of the media, which were generally public awareness oriented.

Promotional work tapered off towards the middle of the year after the Authority's resolution clamping down on such work. The various promotional exercises are tabulated below.

| | | |
|-------|--|--|
| i) | 14/05 - 30/6 | - LTA Bula Drive with Fiji Broadcasting Corporation Limited; |
| ii) | 03/05 - 31/12 | - DriverTime with FM97 |
| iii) | August - 31/12 | - Lalanoa Programme with Fiji TV |
| iv) | Feb - Dec | - Weekly advertisement with Daily Post, Vola Siga, Ramneck Post; |
| v) | Feb - Dec | - Weekly advertisement with Fiji Times; |
| vi) | Feb - Dec | - Weekly advertisement with Fiji Sun, Sun Traders; |
| vii) | March - Dec | - Twice weekly spots (min. 10 spots/day) Communication Fiji Limited; |
| viii) | Full page advertisement in the Fiji Football Association souvenir programme for the 2001 IDC | |
| ix) | Full page advertisement in the Lami High School Magazine 2001. | |
| x) | Nadawa Methodist Church Choir calendar. | |

The foregoing promotions were carried out with one major aim of enhancing LTA's corporate image as it began its foray into the private sector. It must be noted that the Authority's image received a boost with each of the above. Also important is that the LTA managed to carry out its own public education/awareness exercise during each of the above through pamphlets, on air mentions and publicity through internal programmes and literature.

The diverse areas in which the LTA did promotional work were also in keeping with the department's aim of maximum coverage which included students, religious groups and sporting groups who were seen as current and potential customers.

The decision to go ahead with this exercise was aimed at getting to the largest number of people LTA could get to in the first year of its operation to make the LTA a household name and also get total support towards the attainment of road safety.

d) Official Tours

LTA was also represented by Manager Media & Community Relations on various ministerial tours of the provinces to provide first hand information on LTA operations in various centres, villages and outer islands.

e) Other Involvement

This department produced the first Annual Report of LTA for the second half of year 2000, which was presented to the Minister for Transport on 31/05/01.

Media and Community Relations department was also responsible for the organization of LTA's 1st Anniversary celebration on 30 June 2001.

LTA's participation with the inaugural Nasinu Millennium Festival was ably handled by this department of Corporate Services Division.

Annual LTA Sports programme worked by this department was cancelled due to strike action in November.

Finally, Media and Community Relations arm of LTA will endeavour to promote the image and aims of LTA and information on the Act and Regulations to the media for public consumption to see Fiji's road death toll reduced.

6. REVIEW

Whilst the Corporate Services arm of the Authority was over burdened with mostly human resources matters, the full scale achievement of staff output and staff development remained the on-going task in the area of training needs.

Effectiveness in the industrial relations arena would be enhanced so as to avoid unnecessary disruptions of service.

Resourcefulness and common understanding will be pursued to ensure the betterment of the LTA and its employees.

Generally, 2001 was a year LTA undertook as a challenge to strengthen its base and re-inforce its establishment as a newly reformed commercial statutory authority of the Fiji Government. The future sees success and more challenges for this growing organization in curbing road fatalities and accidents whilst providing road safety to the fullest.



Kiran Chandra
General Manager Corporate Services

REGULATIONS DIVISION

1.0 INTRODUCTION

The report covers the activities of the Regulations Division which includes the following six Regulations:

- Land Transport (Vehicle Registration & Construction) Regulations 2000
- Land Transport (Driver) Regulations 2000
- Land Transport (Public Service Vehicle) Regulations 2000
- Land Transport (Fees and Penalties) Regulations 2000
- Land Transport (Breath Tests and Analyses) Regulations 2000
- Land Transport (Traffic) Regulations 2000

1.1 The General Manager Regulations directs and controls the Regulations of Public Service Vehicles, Registration of Driver and Driving Schools, Vehicle Registration and the development of Motor Vehicle Registration and Driver Licensing Policy and Practices. He reports directly to the Chief Executive. Manager Public Service Vehicle Regulation and Manager Registration & Licensing, Policies & Practices report directly to him on their respective area of operation.



Shiri Ram
General Manager Regulations

2.0 PUBLIC SERVICE VEHICLE REGULATION

2.1 The Authority met on a regular basis throughout the year to deal with Public Service Vehicle permits. A total of 21 meetings were held throughout the year as follows:

| Month | Dates of Meetings | Venues |
|-----------|------------------------------|----------------|
| January | 22/01/01, 23/01/01, 24/01/01 | Valelevu |
| February | 19/02/01, 20/02/01, 21/02/01 | Valelevu |
| March | 19/03/01, 20/03/01 | FTA Hall, Suva |
| April | 23/04/01, 24/04/01 | Lautoka |
| May | 21/05/01, 22/05/01 | Valelevu |
| June | 20/6/01 | Labasa |
| July | 19/07/01 | Valelevu |
| August | 21/08/01, 22/08/01 | Valelevu |
| September | 20/09/01 | Valelevu |
| October | 22/10/01, 23/10/01 | Lautoka |
| November | 20/11/01 | Valelevu |
| December | 18/12/01 | Valelevu |

2.2 Applications

The following types of applications were dealt by the Authority.

- i) Taxi Permits
- ii) Hire Permits
- iii) Rental Permits
- iv) Mini Bus Permits
- v) Road Permit (Road Route Licence) and Amendment
- vi) Road Permit (Road Contract Licence)
- vii) Road Permit (Carrier Licence)

The Authority also dealt with appeals against the Chief Executive's decision in respect of refusal of waiver of motor vehicle licence fees and public service vehicle driver licence.

The Authority at its meeting held on 19/09/2001 had resolved to delegate the following functions under the specified enabling sections of the Act to the Chief Executive.

(a) **Section 63** - Issue of PSV licences for:

- Taxi vehicle licence
- Rental vehicle licence
- Hire vehicle licence
- Road service vehicle licence including omnibus, carrier and minibus

(b) **Section 65** - Issue of Public Service Permits for:

- Taxi permit
- Rental vehicle permit and
- Hire vehicle permit

(c) **Section 66** - Issue of temporary road permit - not exceeding 3 months duration.

(d) **Section 56** - Issue of drivers licences - with the exception of refusals or cancellations other than for the reason of:

1. the applicants inability to pass driving test;
2. the evidence of a medical officer that applicant is unfit to hold a driving licence; and
3. the applicant not being entitled to a licence under the Land Transport Act.

(e) **Section 60**

1. issue of driving school/certificate
2. issue of driving instructor permit

The above was published in the Fiji Government Gazette on 28/09/2001. Since then the Chief Executive has dealt with all applications for:

- Taxi Permit
- Rental Vehicle Permit
- Hire Vehicle permit and
- Issue of Temporary Permits

As at 31/12/2001 a total of 1189 of all types of applications were received of which 186 were approved, 98 refused and 905 pending to be dealt in 2002. See details in "Appendix A".

2.3 Pending Applications

The Authority could not deal with the pending applications as shown in Appendix 'A' from Indians & Others because of a Ministerial directive on Government's 'Blue Print Policy' whereby it reserved 50% of all types of permits and licences for indigenous Fijians and Rotumans. An appeal by an Indian applicant (Mr. Sharma) in this respect was taken up to the Land Transport Appeals Tribunal. The Tribunal on 21/12/2001 ruled that until an Act of Parliament provided otherwise, it would not be proper for the Authority to refuse to consider Mr. Sharma's application (and any other similar application) because of a Ministerial directive. The Authority accepted the Tribunal ruling and will deal with all pending applications in 2002.

Also the Authority could not deal with a number of applications for Mini Bus permits because of an appeal by Fiji Bus Operators Association and individual bus operators against the decision of the Authority to grant 13 new Mini Bus Permits. The Tribunal ruling dated 19/12/2001 in this respect was in favour of the Authority.

2.4 Ethnic Distribution of All Types of Permits

The total number of all types of Permits issued by the Authority as at 31/12/2001 were 6691 compare to 6588 in the year 2000. The ethnic distribution of all types of permits is shown in "Appendix B".

2.5 Ethnic Distribution of Taxi Permits by Districts

An additional 84 new taxi permits were issued during the year, which brought the total number of taxis to 4590 as at 31/12/2001. The ethnic distribution of taxi permits by Districts is shown in "Appendix C".

2.6 Omnibus Operators, Mini Bus Operators & Carrier Operators

A total of 72 Bus Operators with 191 Road Permits (Road Route Licences), 20 Minibus Operators with 20 Mini Bus Permits and 1 Carrier Operator with 1 Road Permit (Carrier Licence) were operating as at 31/12/2001.

3.0 DRIVER REGULATION

3.1 Driving Test

During the year a total of 10,747 applicants were booked for driving test of which 10,369 were tested with 6776 passed (65% pass rate), 3593 failed and 378 failed to attend. The distribution of driving tests according to classes are at "Appendix D".

3.1.1 The summary of Driving Test conducted in each District is at "Appendix E".

3.2 Driving Test conducted in Driving Schools

(a) Central Eastern Division

| | |
|-------------------|------|
| Total Application | 3785 |
| Total Test | 3511 |
| Total Passes | 2263 |
| Failed | 1248 |
| Fail to Attend | 274 |
| Pass Rate | 64% |

(b) Western Division

| | |
|-------------------|------|
| Total Application | 5037 |
| Total Test | 4940 |
| Total Passes | 3194 |
| Failed | 1746 |
| Fail to Attend | 97 |
| Pass Rate | 65% |

(c) Northern Division

| | |
|-------------------|------|
| Total Application | 1925 |
| Total Test | 1918 |
| Total Passes | 1319 |
| Failed | 599 |
| Fail to Attend | 7 |
| Pass Rate | 69% |

Total Driving tests conducted in Driving School vehicles were 3896 with 2590 applicants passed and 1390 failed at 66% pass rate.

3.2.1 Driving Schools

As at 31/12/2001 a total of 62 Driving Schools were in operation. Five (5) additional Driving Schools were registered and ten (10) Certificate of Registration for Driving Schools were renewed for 5 years. One Driving School had closed.

3.2.2 Driving Instructors Permits

As at 31/12/2001 total number of Driving Instructors Permits issued were as follows:

| | |
|-----------------|-----|
| Central/Eastern | 56 |
| Western | 45 |
| Northern | 21 |
| Total | 122 |

A total of 22 Driving Instructors Permits were renewed for 3 years. A total of 6 new Driving Instructors Permits were issued.

3.2.3 Driving Instructors Permit Examination

| | |
|---------------------------------------|----|
| Total number of applications received | 5 |
| Approved | 4 |
| Refused | 1 |
| Total appeared for Road Craft | 21 |
| Total passed on Road Craft | 11 |
| Total failed on Road Craft | 10 |
| Total appeared for Basic Mechanical | 12 |
| Total passed on Basic Mechanical | 8 |
| Total failed on Basic Mechanical | 4 |

3.3 Driving Licences

The total number of driver licences captured in the computerised system as at 31/12/2001 were 121,218. The total number of valid licences were 80,958 with a total of 40,260 expired licences.

3.4 Learners Permit Test

A total of 6680 learners permit tests were conducted of which 5911 passed at 88% pass rate and 769 failed.

3.5 Applications for Public Service Vehicle Licence

| | |
|---------------------------------|------|
| Applications Received | 1023 |
| Applications without Conviction | 808 |
| Applications with Convictions | 215 |
| Applications Approved | 1015 |
| Applications Refused | 8 |

Three Appeals were heard by the Authority and 2 were successful.

3.6 Defensive Driving Course (DDC)

The Authority had initially outsourced the Defensive Driving Courses to be conducted by the National Road Safety Council (NRSC). However, when the Authority came to know that the NRSC allowed other organisation like Fiji National Training Council to conduct the DDC it decided to conduct the DDC itself. The Authority also took into account the high public demand for DDC and the need to promptly cater for the existing clients. Late in the year the preparation and progress was well underway for DDC to start in early 2002.

4.0 VEHICLE REGISTRATION AND CONSTRUCTION REGULATION

4.1 New Registration

During the year the new registration of brand new and second-hand/reconditioned vehicles have been registered as follows:-

4.1.1 Brand New Vehicles and Second-hand/Reconditioned Vehicles

| | Brand New Vehicles | Second-hand/Reconditioned Vehicles |
|--------------|--------------------|------------------------------------|
| Private | 958 | 1249 |
| Light Goods | 215 | 266 |
| Heavy Goods | 59 | 119 |
| Buses | 12 | 14 |
| Taxis | 12 | 121 |
| Rental Cars | 56 | 18 |
| Hire Cars | - | 6 |
| Motor Cycle | 31 | 15 |
| Total | 1343 | 1808 |

4.1.2 Second-hand/Reconditioned Motor Tractors, Trailers and Machines

| | |
|--------------|------------|
| Tractor | 29 |
| Trailer | 69 |
| Forklift | 19 |
| Grader | 7 |
| Excavator | 15 |
| Prime Mover | 1 |
| Roller | 6 |
| Loader | 15 |
| Crane | 6 |
| Skidder | 3 |
| Digger | 3 |
| Caterpillar | 6 |
| Total | 179 |

The statistics on various classes of vehicles in above categories are shown in Appendices F, G, H & I

4.2 Unique Number Plates

Applications for Unique Number Plates received and approved during 2001 are as follows:

| | |
|-------------------|--------------|
| Total received | 560 |
| Approved | 534 |
| Refused | 24 |
| Pending | 2 |
| Revenue collected | \$160,200.00 |

4.3 Replacement Number Plates

During the year a total of 2509 number plates were replaced for various classes of vehicles. Total revenue collected was \$40,144. The reason for replacement plates were:

- number plates being defaced
- number plates lost

4.4 Reserved Number Plates

A total of 38 number plates were reserved during the year. Total revenue collected was \$5,130.

4.5 Licensed and Unlicensed Vehicles

As at 31/12/2001 the computer system captured vehicle records as follows:

| Vehicles Description | Total | Licensed Vehicles | Unlicensed Vehicles |
|----------------------|----------------|-------------------|---------------------|
| Private | 58,360 | 36,259 | 22,101 |
| Commercial | 34,986 | 15,302 | 19,684 |
| Taxi | 7,572 | 3,942 | 3,630 |
| Road Service (Bus) | 1,825 | 1,204 | 621 |
| Rental | 1,175 | 617 | 558 |
| Hire | 608 | 328 | 280 |
| Mini Bus | 33 | 31 | 2 |
| Government | 375 | 161 | 214 |
| Diplomatic | 153 | 119 | 34 |
| Total | 105,087 | 57,963 | 47,124 |

Source: Management Information Service Department, LTA

From the total of 47,124 unlicensed vehicles it is estimated that 80% of these are derelict vehicles. The other 20% are those vehicles under repair and vehicles with expired licence running illegally on roads.

LTA Enforcement Officers were able to seize 1092 unlicensed vehicles operating on Fiji roads. In 2001 \$235,157 was collected in arrears of vehicle licence fees, and \$76,400 collected for vehicle impounding fees.

4.6 Waiver of Vehicle Licence Fees

During the year the Authority received a number of requests from motor vehicle owners for waiver of motor vehicle licence fees. These requests were refused because of non-compliance with Regulation 19. Those vehicle owners who were aggrieved by the decision were given opportunity to appeal to the Authority as provided under the Act. Three appeals in this respect were received of which 2 were refused and one was deferred for a decision.



Shiri Ram
General Manager Regulations

TECHNICAL SERVICES DEPARTMENT

INTRODUCTION

The Technical Services Department is responsible for road safety by ensuring that only mechanically sound and fully compliant motor vehicles use our roads. Motor vehicle inspections are carried out by our Authorised Vehicle Inspectors at the LTA's twelve inspection stations throughout the country, ensuring that all motor vehicles comply with the Land Transport Act 1998 and Regulations 2000 before a Certificate of Road Worthiness or Fitness is issued.

Apart from the normal vehicle ramp inspections, the officers also carry out other checks for safety and compliance. The spot checks are either carried out at taxi stands, bus owners yard or on the road viz.;

- When an individual or company manufacture or assemble a motor vehicle or trailer, or add a body to a motor vehicle chassis, under Regulation 38 of the Land Transport (Vehicle Registration & Construction) Regulation 2000.
- Spot-checks on the road, taxi stands or vehicle owners premises for defective vehicles and vehicle emitting excess smoke.
- Inspection performed when a motor vehicle is modified to cause changes in the;
 - Overall length of the vehicle;
 - Overall width of the vehicle;
 - Overall height of the vehicle and;
 - Maximum loading capacity of the vehicle.

The Technical Services Department's function is not only to ensure safer vehicles but also oversee passenger safety when traveling in a motor vehicle. The compulsory fitting of excess door to newly constructed buses is a step in that direction to stop passengers from jumping on or off the bus at will when travelling.

1.0 Staff

A total of 13 staff makes up the Technical Services Department at Valelevu, Nausori, and Lami.

1.1 New Intake

Six new vehicle examiners were recruited into the Department in early January 2001, four had completed their Diploma in Automotive Engineering and two have yet to complete.

1.2 Transfer

During the year, four officers were transferred to other districts to fill vacant positions, viz.;

| | |
|----------|--------------|
| Labasa | - 2 officers |
| Ba | - 1 officer |
| Sigatoka | - 1 officer |

2.0 TRAINING

The advance training of our Technical Officers began in January 2001 with the first six enrolled at FIT for the Diploma in Automotive Engineering programme. Results received were encouraging.

JICA has been very helpful and supportive in funding our Technical Officers on six-week attachment programmes in Japan on vehicle inspection and construction every year.

Two officers were selected to attend the Mount Cotton Training College in Brisbane on driving special heavy goods vehicles carrying hazardous material, and control driving of semi trailers and B-Doubles – an articulated motor vehicle with two pivots.

2.1 Official Overseas Trip

MTS on the invitation of the FSC, and management's approval, was in Mackay, Brisbane, Australia from January 5th - 10th, to carry out checks on B-Doubles for possible use locally by the FSC.

2.2 New Delhi – India 2nd – 6th May

The Manager Technical Services attended a 5-day open discussion seminar for engineers in the field of Designing, Manufacturing, Production, and Chemical Engineering.



Etuate Koroi
Manager Technical Services

3.0 AUTHORISED MOTOR VEHICLE DEALERS

The AMVD Licence Scheme was implemented in January 2001 in line with the Land Transport (Vehicle Registration & Construction) Regulation 2000. At the end of the year, sixty-four dealers were registered.

4.0 JOINT OPERATION

The Technical Officers were involved in the Joint Operation (Sweep 1) with the Police and our Enforcement staff in October 2001. Sweep 2 was planned for LTA officers without the assistance of the Police. While our Enforcement officers issued TIN's the Technical Officers concentrated on the issuance of Defect Order Notices to defective vehicles and vehicles emitting excessive smoke.

5.0 OHS INSPECTION

In November 2001 a survey was conducted at our vehicle inspection area by the OHS Department of the Ministry of Labour. Their findings and recommendations were approved by the Management and passed to the Financial Controller for implementation. Most of the recommended issues were based on safety and compliance to OHS Act.

6.0 THE IW2 & IW4 VEHICLE INSPECTION SYSTEM

The three vehicle inspection systems (one in Suva and two in Labasa) have all been operational since 1998. Correspondence between LTA & Thurgood Equipment Services Limited of Brisbane, Australia began in October 2001 for the necessary repairs. Over seventy thousand dollars was approved to be used to bring the machines to operational condition. It is envisaged that the three Vehicle Inspection machines will be fully operational in 2002.

7.0 NEWLY CONSTRUCTED OMNIBUSES

Regulation 36 requires the applicant prior to building a body to a chassis, to submit a plan with clear specifications. Specifications given in the plans are checked for accuracy, safety, conformity, and the structure shown on the plan for compliance. At the end of the year 2001, twenty bus plans were received and were all approved prior to the commencement of the construction work.

8.0 EXEMPTIONS

At the end of December 2001, eleven (11) permanent exemptions were issued. Four special temporary exemptions were issued in the Central and Western Division on a particular route to follow and time of movement.

9.0 VALUATION

Technical Officers carry out motor vehicle valuation as part of their daily task. A total of twenty two (22) vehicle valuations were recorded at the end of December 2001.

CONSTRAINTS

Constraints encountered in the Technical Services Department throughout the year were caused mainly to:

- The restriction on the use of the Vehicle Inspection Systems due to electronic and mechanical defects;
- Unavailability of Smoke Emission testing machine and;
- Limited number of Portable Weighing Scales;

Apart from the equipment and machine constraints, the Technical Services Department faces shortage of manpower due to termination and interdiction.

Another area of concern is the vehicle record, which is only available at the licensing office.

CONCLUSION

The introduction of the new Technology Vehicle Inspection System will have some significant effect on staff numbers.

However, few areas like:

- the under carriage;
- shock absorbers/springs;
- chassis; and
- general work condition will be physically checked by the Vehicle Examiners.

Secondly, the procurement of additional portable smoke emission meters will assist our officers to stop, check and test vehicles seen emitting excessive smoke on the road. Prosecution will follow later.

The Technical Services Department envisages that more checks on the road will be organised to check defective vehicles and vehicles emitting excessive smoke in order to fulfill LTA objectives of ensuring safer vehicles on our roads.

Etuate C. Koroi

Manager Technical Services

TRAFFIC MANAGEMENT SERVICE DEPARTMENT

I commenced work and thereby continued the responsibility of this section towards the end of the first quarter of 2001.

The momentum which had, initially, been put in place by GMCS was maintained and moved into more specific areas which involved the core functions of traffic management.

Maintaining the principal objective of having a "Safer Road" for the Fiji Islands was the main focus of the department.

Responsibilities as mentioned in Part VII of the Land Transport Act is then filtered into more detailed areas like:

- Establishment of Codes of Practice:
 - i) on uncontrolled pedestrian crossing;
 - ii) school crossings;
 - iii) driving school premise application, and
 - iv) traffic signs.
- Clarifications on demarcation of boundaries in traffic management with PWD, Police and municipalities and hopefully arriving at the establishment of a Memorandum and Understanding with these stakeholders.
- Delegation of authority to highway authorities;
 - i) marking signs
 - ii) safety zones
 - iii) parking areas
 - iv) guiding and regulating traffic
 - v) place, erect or install in public streets, posts, signs, studs and other contrivances (traffic signalised lights etc.)
- Clarifications of the Traffic Regulations with agencies and stakeholders in understanding of the traffic schedule.

Major activities during the year:

- 1) Amendment to the Traffic Regulations (including the Traffic Schedule);
- 2) Drafting of Codes of Practices;
- 3) Initiation of the possibility of having the Redlight and the Speed Cameras for Fiji roads;
- 4) Establishing of proposed portable weighing scale sites through out Fiji;
- 5) Continuation of consultative meetings with municipalities, NRSC, government agencies and international consultancies on traffic management and related areas.
- 6) Emphasis on the "Four participant Concepts" as the key framework of the Authority;
- 7) Traffic amendment orders as proposed by municipalities and other related bodies.
- 8) Closely working with Regional Managers and line managers in their various specialised fields that may directly relate to traffic management services.

Joseva B. Vosanibola
Manager Traffic Management Service



Joseva B. Vosanibola
Manager Traffic Management Service

STRATEGIC PLANNING DEPARTMENT

The Strategic Planning Department's primary role, under the direction of the General Manager Corporate Services, is to assist the Chief Executive, General Managers, and Managers in developing and implementing the strategic direction of the Land Transport Authority. The department started towards the end of the first quarter of 2001 and has since sought to meet the objectives of the Corporate Services Division.

The first Corporate Plan (2002-2004), was launched in November 2001, and is a strategic document dealing with proposed strategic changes. Its main purpose is to provide guidelines for business decisions for the year 2002 and beyond. The Corporate plan provides the framework where the strategic business units are guided. Their performance is monitored progressively on a monthly basis. It includes the strategic business plan of each major cost center, namely the Corporate Services Division, Operations Division, Regulations Division and the Finance Division, which encompasses the Central Eastern, Northern and Western regions. The business plans include strategies, which have schedules and time limits, and ensure that these strategies are monitored, to ensure the expected results are fully realised.

The Corporate Plan process began in early April 2001 where Senior Management workshops were conducted to communicate the process and set a timeframe to the formulation of the Corporate Plan. The workshops were conducted for Senior Management, Middle Management, Supervisors and staff in all three regions. There was consultation between other stakeholders including the Ministry of Public Enterprise, National Planning Office, the then, Ministry of Transport & Tourism, National Road Safety Council, Fiji Bus Operators Association, Fiji Mini Bus Operators Association, and Fiji Taxis Union.

This approach was necessary to establish a solid foundation to map out our shared vision, goals and objectives to carry the Authority forward. Wider consultation with the ministry was required to ensure that government policies and priorities were incorporated in our plan of action.

The Corporate Plan was launched in November by the Deputy Secretary for Works, Mr. Vula Vakacegu. This marked an era for the Land Transport Authority and in his address he emphasized the need to align ourselves to the vision and mission with a special focus on our joint effort in aligning the values which will no doubt enable everyone to achieve the objectives of the LTA.

Efforts to promote positive industrial relations practice

resulted in the formalisation of the LTA disciplinary committee on the 6th of August 2001 with the MSP being appointed Chairperson. The purpose of the committee is to deliberate on the disciplinary actions of employees who breach the codes of conduct of the Authority and to ensure that opportunities of natural justice are given to those implicated. In promoting transparency every effort is given to assist employees and we are optimistic that training programs will help.

The disciplinary committee will ensure that justice prevails and employees are given the right to be heard. The resolutions of the Committee are forwarded to the Chief Executive for his decision. With the experience of in-house prosecution officers, thorough investigations conducted and reports submitted to the committee have facilitated the disciplinary process. From the 6th of August 2001 to 31st December 2001 the committee dealt with eight (8) cases. Clear guidelines from the Terms & Conditions of Employment (Collective Agreement) on the disciplinary process has been used. However improved procedures on disciplinary proceedings will need to be addressed to avoid delay in making decisions to ensure effectiveness and efficiency of systems used.

Land Transport Authority will continue to promote the values of the LTA and to promote safety on our roads, the challenges that lie ahead are many and we hope to improve our performance and achieve the objectives of the Government. The Authority will continue to promote transparency and good governance with other stakeholders. We are optimistic that in the years ahead we will continue to improve our performance, improve level of customer service to our stakeholders and the public and return a fair rate of return to our shareholders.

Sainimili Nabou
Manager Strategic Planning



Sainimili Nabou
Manager Strategic Planning

LEGAL SERVICES DEPARTMENT

The Legal Services Department plays the role of providing legal services to the Land Transport Authority. The key challenges and developments of this department are to respond to issues that are identified during the implementation of the Land Transport Act 1998 and the Regulations.

The Legal Services Department aims to assist the Chief Executive and all levels of LTA management in the effective implementation of the requirements of the Act and the Regulations.

The Legal Services has been involved with the following activities during the year 2001:

- provided legal advice to the Authority and the Chief Executive;
- provided legal advice and assistance to Regulations Division in areas of Vehicle dealing, Vehicle Registration and Licensing, Public Service Vehicle Regulations;
- assisted and advised Operations Division in areas of Enforcement/Prosecution, Technical, Traffic Management;
- Assisted Enforcement Department in training Enforcement Officers and Police Officers;
- Appeared in Magistrates Courts and High Courts to represent LTA in defended cases;
- Drafted amendments to the Land Transport Act and the Regulations;

2001 has been a challenging year for the Legal Department. Like any other new Act once implemented it is faced with problems, the Land Transport Act 1998 and the Regulations were no exceptions.

The legality/validity of the Act and the Regulations was questioned and challenged in the Magistrates' Court and was successfully defended by LTA.

LTA is faced with a number of defended civil cases and also Land Transport Tribunal Appeals. The Authority though utilizing the internal legal services, has on occasions engaged services of outside solicitors as and when the need arose.



Anuleshni Neelum Neelta
Manager Legal

Anuleshni Neelum Neelta
Manager Legal

INTERNAL AUDIT DEPARTMENT

The Internal Audit Services continued to play a vital role in:

- Assisting the Chief Executive and all levels of LTA management to effectively discharge their responsibilities through analyses, appraisals, recommendations, counseling, and providing information concerning the activities reviewed and promoting effective control at reasonable cost.
- Assisting management in the investigation of allegations of fraud and corruption by LTA officers leading to disciplinary action.

The complement of staff in the unit increased from 1 in 2000 to 2 in 2001, which enabled the unit to accomplish the following:

- Identified areas for improving efficiency, putting in place internal controls and introducing cost effectiveness. Also provided recommendations and advice in the areas of:
 - Vehicle Registration and Licensing
 - Driver Licensing
 - Enforcement/Prosecution
 - Cost Control
 - Control over the maintenance and use of assets
- Assisted management in the development and review of the Vehicle Registration and Licensing and Driver Licensing administrative procedures (Code of Practice).
- Investigated, reported and assisted the Police in the investigation of the fraudulent issue of 32 driver licences in 2001, which led to the successful conviction of the LTA staff member involved. The LTA officer was consequently convicted in 2001 to 3 years suspended sentence. An unestablished employee was also found guilty and sentenced to a two years suspended sentence.
- Investigated and reported to management allegations of corruption on:
 - 4 Temporary Officers in the Central/Eastern Office who were charged and whose temporary appointments were, consequently terminated.
 - A Driving Examiner, who was charged and demoted to the next lower level.
 - A supervisor in the Enforcement division, who was charged and terminated.
 - A Clerk in the Taxi Control section and an Enforcement Officer, who have been charged and warned in writing.

The effectiveness of the Internal Audit work has been complemented by the establishment of an Audit Committee appointed by the Authority in January 2001. Committee members comprised of:

- Ms. Anjish Jokhan, (Authority member) - Chairperson
- Mr. Thomas Raju (Authority member) - Member
- Manager Audit - Member

The Audit Committee in addition to assisting members of the Authority, also reviewed and reported on the activities of the Internal Audit division to the Authority.



Keva Robarobalevu
Manager Audit

Significant areas of corporate governance which, the Committee dealt with during the year were as follows:

- Formation of a Disciplinary Committee to improve efficiency in handling staff disciplines and facilitate fairness and natural justice in handling staff disciplinary cases. A Disciplinary Committee now exists to deal with all staff disciplinary cases.
- Controls over the payment and recovery of staff loans. Controls now considered to be part of the staff loan policy.
- Good economical Purchasing Practice to be adopted when incurring substantial cost in the procurement of goods and services. Suggestion now included as a policy.
- Identified and advised on areas where cost can be controlled which, was subsequently acted on by management.
- Apart from Chief Executive, General Manager Finance, Manager Accounting Services, three additional General Managers were added as cheque signatories.
- Efficient use of Driving Examiners work-hours, particularly when number of driving test significantly reduces. Management is considering a multi-skilling program, which will improve this.
- Efficiency in the processing of driver licences. Management is currently procuring and installing capital equipment, which will alleviate the inefficiency.

Keva Robarobalevu
Manager Audit



REGIONAL MANAGERS



Aptinko S. Vaurasi
Regional Manager
Central/Eastern



Liakat Ali Khan
Regional Manager
Western



Ledua B. Tuitoga
Regional Manager
Northern

APPENDIX

APPENDIX A

Number of Applications for Public Service Vehicle Permits
Received as at 31 December 2001

| Type of Permit | Indians | Fijians | Others | Total | Approved | Refused | Pending |
|----------------|------------|------------|-----------|-------------|------------|-----------|------------|
| Taxi | 536 | 166 | 6 | 708 | 78 | 45 | 585 |
| Hire | 14 | 10 | 3 | 27 | 8 | 5 | 14 |
| Rental | 12 | 0 | 1 | 13 | 1 | 0 | 12 |
| Mini Bus | 122 | 21 | 67 | 210 | 36 | 0 | 174 |
| RCL | 8 | 3 | 0 | 11 | 8 | 2 | 1 |
| Carrier | 85 | 26 | 1 | 112 | 6 | 0 | 106 |
| RRL | 106 | 2 | 0 | 108 | 49 | 46 | 13 |
| Total | 883 | 228 | 78 | 1189 | 186 | 98 | 905 |

Source: Public Service Vehicle Department, LTA

APPENDIX B

Summary of Ethnic Distribution of Public Service Vehicle Permits issued by the Authority
as at 31 December 2001

| Type of Permit/Licence | Number Issued | | | | | | | |
|------------------------|---------------|--------------|-------------|--------------|----------------------------------|-------------|------------|--------------|
| | Fijians | % | Indians | % | Partnership (Fijians/Indians) | % | Others | % |
| Taxi Permit | 2069 | 45.07 | 2311 | 50.35 | 0 | 0 | 210 | 4.58 |
| Rental Permit | 33 | 2.53 | 817 | 62.65 | 0 | 0 | 454 | 34.82 |
| Hire Permits | 209 | 38.78 | 272 | 50.47 | 4 | 0.75 | 54 | 10.02 |
| Road Route Licence | 4 | 2.09 | 185 | 96.86 | 0 | 0 | 2 | 1.05 |
| Road Contract Licence | 10 | 20 | 27 | 54 | 1 | 2 | 12 | 24 |
| Carrier Licence | 0 | 0 | 1 | 100.0 | 0 | 0 | 0 | 0 |
| Minibus Permit | 3 | 15 | 17 | 85 | 0 | 0 | 0 | 0 |
| Total | 2328 | 34.78 | 3630 | 54.22 | 5 | 0.08 | 732 | 10.94 |

Source: Public Service Vehicle Department, LTA.

APPENDIX C

Ethnic Distribution of Taxi Permit by Districts as at 31 December 2001

| District | Indian | Fijian | Others | Total |
|--------------------|-------------|-------------|------------|-------------|
| Suva City | 639 | 486 | 33 | 1158 |
| Suva Rural | 173 | 636 | 18 | 827 |
| Navua | 25 | 41 | 13 | 79 |
| Sigatoka Town | 91 | 41 | 10 | 142 |
| Sigatoka Rural | 32 | 28 | 10 | 70 |
| Nadi Town | 251 | 30 | 9 | 290 |
| Nadi Rural | 15 | 36 | 4 | 55 |
| Lautoka City | 173 | 85 | 12 | 270 |
| Lautoka Rural | 202 | 61 | 6 | 269 |
| Labasa Town | 24 | 46 | 10 | 80 |
| Labasa Rural | 162 | 139 | 12 | 313 |
| Nausori Town | 97 | 81 | 6 | 184 |
| Nausori Rural | 25 | 37 | 3 | 65 |
| Korovou Town | 3 | 20 | 2 | 25 |
| Rakiraki Town | 46 | 19 | 5 | 70 |
| Rakiraki Rural | 48 | 32 | 5 | 85 |
| Ba Town | 35 | 27 | 16 | 78 |
| Savusavu Town | 10 | 34 | 16 | 60 |
| Levuka | 10 | 11 | 0 | 21 |
| Deuba | 19 | 14 | 2 | 35 |
| Nadi Airport | 18 | 16 | 2 | 36 |
| Lami Town | 35 | 50 | 5 | 90 |
| Lami Rural | 0 | 6 | 0 | 6 |
| Korolevu | 4 | 2 | 5 | 11 |
| Taveuni | 36 | 14 | 1 | 51 |
| Naitasiri Province | 18 | 24 | 0 | 42 |
| Serua | 3 | 12 | 0 | 15 |
| Vatukoula | 0 | 15 | 1 | 16 |
| Tavua Town | 117 | 26 | 4 | 147 |
| Total | 2311 | 2069 | 210 | 4590 |

Source: Public Service Vehicle Department, LTA

APPENDIX D

National Statistics on Driving Test Conducted for 2001

| Class | Central/Eastern | | | | | | Western | | | | | | Northern | | | | | | National Total | | | | | |
|--------------|-----------------|-------------|-------------|-------------|------------|-----------|-------------|-------------|-------------|-------------|-----------|-----------|-------------|-------------|-------------|------------|----------|-----------|----------------|--------------|-------------|-------------|------------|-----------|
| | APP | T/T | P | FAIL | F/A | % P | APP | T/T | P | FAIL | F/A | % P | APP | T/T | P | FAIL | F/A | % P | APP | T/T | P | FAIL | F/A | % P |
| 1 | 24 | 23 | 17 | 6 | 1 | 74 | 15 | 14 | 10 | 4 | 1 | 71 | 3 | 3 | 3 | 0 | 0 | 100 | 42 | 40 | 30 | 10 | 2 | 75 |
| 2 | 3153 | 2912 | 1877 | 1035 | 241 | 64 | 4553 | 4468 | 2819 | 1649 | 85 | 63 | 1371 | 1366 | 893 | 473 | 5 | 65 | 9077 | 8746 | 5589 | 3157 | 331 | 64 |
| 3 | 451 | 428 | 262 | 166 | 23 | 61 | 152 | 149 | 119 | 30 | 3 | 80 | 173 | 173 | 120 | 53 | 0 | 69 | 776 | 750 | 501 | 249 | 26 | 67 |
| 4 | 45 | 44 | 29 | 15 | 1 | 66 | 11 | 11 | 8 | 3 | 0 | 73 | 2 | 2 | 2 | 0 | 0 | 0 | 58 | 57 | 39 | 18 | 1 | 68 |
| 5 | 16 | 14 | 8 | 6 | 2 | 57 | 21 | 21 | 17 | 4 | 0 | 81 | 25 | 24 | 15 | 9 | 1 | 63 | 62 | 59 | 40 | 19 | 3 | 68 |
| 6 | 67 | 62 | 44 | 18 | 5 | 71 | 206 | 200 | 154 | 46 | 6 | 77 | 188 | 187 | 141 | 46 | 1 | 75 | 461 | 449 | 339 | 110 | 12 | 76 |
| 7 | 1 | 0 | 0 | 0 | 1 | 0 | 12 | 12 | 11 | 1 | 0 | 92 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 12 | 11 | 1 | 1 | 92 |
| 8 | 1 | 1 | 1 | 0 | 0 | 100 | 14 | 14 | 13 | 1 | 0 | 93 | 1 | 1 | 0 | 1 | 0 | 0 | 16 | 16 | 14 | 2 | 0 | 88 |
| 9 | 27 | 27 | 25 | 2 | 0 | 93 | 53 | 51 | 43 | 8 | 2 | 84 | 162 | 162 | 145 | 17 | 0 | 90 | 242 | 240 | 213 | 27 | 2 | 89 |
| Total | 3785 | 3511 | 2263 | 1248 | 274 | 64 | 5037 | 4940 | 3194 | 1746 | 97 | 65 | 1925 | 1918 | 1319 | 599 | 7 | 69 | 10747 | 10369 | 6776 | 3593 | 378 | 65 |

Source: Registration & Licensing, Policies & Practices Department, LTA

APPENDIX E

Summary of Driving Test Conducted in Each District from
January to December 2001

| District | Application | Total Test | Pass | Fail | Fail to Attend | % Pass | % Fail |
|--------------|--------------|--------------|-------------|-------------|----------------|-----------|------------|
| Suva | 2849 | 2616 | 1688 | 928 | 233 | 65 | 35 |
| Lami | 253 | 240 | 152 | 88 | 13 | 63 | 37 |
| Nausori | 547 | 522 | 336 | 186 | 25 | 64 | 36 |
| Korovou | 75 | 72 | 39 | 33 | 3 | 54 | 46 |
| Vunidawa | 33 | 33 | 28 | 5 | 0 | 85 | 15 |
| Levuka | 15 | 15 | 10 | 5 | 0 | 67 | 33 |
| Gau | 5 | 5 | 5 | 0 | 0 | 100 | 0 |
| Kadavu | 8 | 8 | 5 | 3 | 0 | 63 | 37 |
| Lautoka | 1480 | 1444 | 860 | 584 | 36 | 60 | 40 |
| Nadi | 1203 | 1142 | 643 | 499 | 61 | 56 | 44 |
| Sigatoka | 815 | 815 | 648 | 167 | 0 | 80 | 20 |
| Ba | 715 | 715 | 396 | 319 | 0 | 55 | 45 |
| Tavua | 577 | 577 | 454 | 123 | 0 | 79 | 21 |
| Rakiraki | 247 | 247 | 193 | 54 | 0 | 78 | 22 |
| Labasa | 1314 | 1307 | 921 | 386 | 7 | 70 | 30 |
| Savusavu | 180 | 180 | 121 | 59 | 0 | 67 | 33 |
| Seaqaqa | 291 | 291 | 189 | 102 | 0 | 65 | 33 |
| Taveuni | 137 | 137 | 87 | 50 | 0 | 63 | 37 |
| Nabouwalu | 3 | 3 | 1 | 2 | 0 | 33 | 67 |
| Total | 10747 | 10369 | 6776 | 3593 | 378 | 65 | 35% |

Source: Registration & Licensing, Policies & Practices Department, LTA

APPENDIX F

New & Second Hand/Reconditioned Vehicles Registered from January - December 2001

| Month | Pvt | L/Goods | H/Goods | Bus | Taxi | R/Car | H/Car | M/Cycle | Total |
|--------------|-------------|------------|------------|-----------|------------|-----------|----------|-----------|-------------|
| January | 180 | 50 | 6 | 0 | 12 | 0 | 1 | 3 | 252 |
| February | 150 | 42 | 36 | 2 | 8 | 2 | 0 | 5 | 245 |
| March | 250 | 67 | 8 | 2 | 20 | 2 | 0 | 2 | 351 |
| April | 142 | 26 | 9 | 2 | 12 | 1 | 0 | 5 | 197 |
| May | 241 | 52 | 16 | 3 | 15 | 1 | 0 | 2 | 330 |
| June | 172 | 34 | 13 | 1 | 14 | 30 | 1 | 10 | 275 |
| July | 169 | 35 | 10 | 1 | 9 | 5 | 0 | 1 | 230 |
| August | 202 | 55 | 16 | 2 | 8 | 2 | 0 | 8 | 293 |
| September | 165 | 28 | 25 | 1 | 12 | 0 | 0 | 1 | 232 |
| October | 204 | 32 | 19 | 3 | 11 | 13 | 2 | 4 | 288 |
| November | 177 | 27 | 14 | 8 | 7 | 13 | 2 | 1 | 249 |
| December | 155 | 33 | 6 | 1 | 5 | 5 | 0 | 4 | 209 |
| Total | 2207 | 481 | 178 | 26 | 133 | 74 | 6 | 46 | 3151 |

APPENDIX G

New Vehicles Registered/January - December 2001

| Month | Pvt | L/Goods | H/Goods | Bus | Taxi | R/Car | M/Cycle | Total |
|--------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-------------|
| January | 72 | 27 | 4 | 0 | 1 | 0 | 2 | 106 |
| February | 96 | 30 | 17 | 1 | 3 | 2 | 3 | 152 |
| March | 131 | 40 | 3 | 1 | 7 | 1 | 2 | 185 |
| April | 55 | 13 | 1 | 2 | 1 | 1 | 3 | 76 |
| May | 111 | 23 | 7 | 3 | 0 | 0 | 2 | 146 |
| June | 65 | 12 | 7 | 1 | 0 | 23 | 10 | 118 |
| July | 64 | 16 | 4 | 0 | 0 | 5 | 1 | 90 |
| August | 81 | 19 | 4 | 1 | 0 | 1 | 2 | 108 |
| September | 62 | 10 | 1 | 1 | 0 | 0 | 0 | 74 |
| October | 93 | 8 | 6 | 1 | 0 | 10 | 4 | 122 |
| November | 73 | 11 | 4 | 1 | 0 | 10 | 1 | 100 |
| December | 55 | 6 | 1 | 0 | 0 | 3 | 1 | 66 |
| Total | 958 | 215 | 59 | 12 | 12 | 56 | 31 | 1343 |

Source: Registration & Licensing, Policies & Practices Department, LTA

APPENDIX H

Second Hand/Reconditioned Vehicles Registered: January - December 2001

| Month | Pvt | L/Goods | H/Goods | Bus | Taxi | R/Car | H/Car | M/Cycle | Total |
|--------------|-------------|------------|------------|-----------|------------|-----------|----------|-----------|-------------|
| January | 108 | 23 | 2 | 0 | 11 | 0 | 1 | 1 | 146 |
| February | 54 | 12 | 19 | 1 | 5 | 0 | 0 | 2 | 93 |
| March | 119 | 27 | 5 | 1 | 13 | 1 | 0 | 0 | 166 |
| April | 87 | 13 | 8 | 0 | 11 | 0 | 0 | 2 | 121 |
| May | 130 | 29 | 9 | 0 | 15 | 1 | 0 | 0 | 184 |
| June | 107 | 22 | 6 | 0 | 14 | 7 | 1 | 0 | 157 |
| July | 105 | 19 | 6 | 1 | 9 | 0 | 0 | 0 | 140 |
| August | 121 | 36 | 12 | 1 | 8 | 1 | 0 | 6 | 185 |
| September | 103 | 18 | 24 | 0 | 12 | 0 | 0 | 1 | 158 |
| October | 111 | 24 | 13 | 2 | 11 | 3 | 2 | 0 | 166 |
| November | 104 | 16 | 10 | 7 | 7 | 3 | 2 | 0 | 149 |
| December | 100 | 27 | 5 | 1 | 5 | 2 | 0 | 3 | 143 |
| Total | 1249 | 266 | 119 | 14 | 121 | 18 | 6 | 15 | 1808 |

Source: Registration & Licensing, Policies & Practices Department, LTA

APPENDIX I

New Second Hand/Reconditioned Motor Tractors, Trailers, Machines and Earthmoving Equipment Registered from January - December 2001

| Month | Tractor | Trailer | F/Lift | Grader | Excavator | P/Mover | Roller | Loader | Crane | Skidder | Digger | Caterpillar | Total |
|--------------|-----------|-----------|-----------|----------|-----------|----------|----------|-----------|----------|----------|----------|-------------|------------|
| January | 3 | 2 | 3 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 0 | 6 | 17 |
| February | 2 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| March | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 |
| April | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 5 |
| May | 4 | 12 | 3 | 0 | 5 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 26 |
| June | 6 | 6 | 0 | 0 | 3 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 17 |
| July | 1 | 10 | 0 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 13 |
| August | 3 | 5 | 6 | 0 | 1 | 0 | 1 | 2 | 0 | 0 | 0 | 0 | 18 |
| September | 4 | 8 | 2 | 4 | 0 | 0 | 2 | 4 | 3 | 0 | 0 | 0 | 27 |
| October | 3 | 11 | 3 | 0 | 1 | 0 | 0 | 3 | 1 | 0 | 0 | 0 | 22 |
| November | 0 | 5 | 1 | 1 | 1 | 0 | 0 | 4 | 1 | 0 | 1 | 0 | 14 |
| December | 1 | 6 | 0 | 0 | 3 | 0 | 1 | 0 | 0 | 2 | 0 | 0 | 13 |
| Total | 29 | 69 | 19 | 7 | 15 | 1 | 6 | 15 | 6 | 3 | 3 | 6 | 179 |

Source: Registration & Licensing, Policies & Practices Department, LTA

LINE MANAGERS

| | | | | | |
|--|---|--|--|--|---|
|  Jese Baleiwai Manager Human Resource & Administration |  Sainimili Nabou Manager Strategic Planning |  Uday Raj Singh Manager Enforcement Policy & Practices |  Semi Matalau Manager Public Service Vehicle Regulations |  Keva Robarobalevu Manager Audit |  Rishi Gounder Manager Management Information Systems |
|  Ata'a Khan Manager Registration & Licensing, Policies & Practices |  Eroni Volavola Manager Media & Community Relations |  Etuete Koroi Manager Technical Services |  Josefa Vosanibola Manager Traffic Management Service |  Anuleshni Neelum Neelta Manager Legal Services |  Apisake Babana Manager Accounting Services |

FINANCE & ACCOUNTS DIVISION

INTRODUCTION

The Land Transport Authority was subject to significant reorganization in the area of commercialization, reform in all areas of finance, budgeting systems, systems of internal controls etc, and accountancy from cash basis to complete accrual basis of accounting reform since 1st July, 2000, without any external consultancy support.

The Land Transport Act, 1998 and Public Enterprises Act, 1996 requires financial performance, including strict accountability and transparency as per the reorganized role of the Land Transport Authority and based on Public Sector Reform Principles of Government of the Republic of the Fiji Islands. Lack of commercial focus, non accountability of performance leading to lack of incentive for improved performance/efficiency, reliance on Government of the Republic of the Fiji Islands for financial support were weaknesses of the former Department of Road Transport, which the Land Transport Authority has eliminated.

The Authority operates on the basis of commercialization with intent to maximize profit and ultimately maximize return to Government of the Republic of the Fiji Islands in form of dividend and Income taxation, and indirect returns, for example Enforcement and Prosecution Divisions operation and capital costs are incurred by LTA but court fines are received by Magistrates Courts since September 2000, to date (\$898,504). Further, a court fees is charged to LTA for each offender prosecuted who defaults payments within 21 days (\$210,865).

The Land Transport Authority although being a Commercial Entity operating on basis of maximization of profit, has also statutory regulatory roles which are activities or lines of business which does not generate profit but is conducted as required under the Land Transport Act, 1998, (Regulations 2000) for example the following:

1. To establish standards for registration and licensing of drivers and vehicles for such standards consistent with objectives of Road Safety.
2. To implement and develop traffic management strategies and practices.
3. To develop and implement enforcement strategies in consultation with the Commissioner of Police consistent with Road Safety and Road Infrastructure protection objectives etc.

There has also been a general public misconception that Land Transport Authority's successful financial performance has been due to enforcement/prosecution of offenders. The fact is the enforcement/prosecution division as a cost center of Land Transport Authority has contributed a net accounting loss (capital expenditure/net operating loss) or cash loss since commencement in September 2000 to 31 December 2001, of \$1,130,556 based on nature of activities conducted and resources employed, as the expenditure is higher than revenue generated. This loss has been subsidized by the other activity's or business lines of Land Transport Authority which are generating profit.

The enforcement/prosecution activity of the Land Transport Authority is conducted with intent for improvement in road safety, improvement in vehicle/driver standards, lower road death toll etc, which are National Government objectives, carried out by the Land Transport Authority as legislated in the Land Transport Act, 1998. From a pure commercial viewpoint the Authority would not conduct enforcement/prosecution activities but for purposes mentioned above and its National importance which is also Government of the Republic of the Fiji Islands priority, these activities mentioned above are conducted as a regulatory role.

Further, it is emphasized that the fees for Land Transport Authority's core business activities such as registration and licensing of drivers and vehicles etc has not changed in comparison to the former Department of Road Transport except, for the fees for the new services introduced by the Act, but the public sector reorganization process to Land Transport Authority, based on commercial focus has been the key to the Authority's and its financial performance.



Anand Kumar
General Manager Finance

BBUS(New Zealand), CA,
AIIA, AIIIM (Australia),
AIRM (Australia), MCIT
(New Zealand), Adv. Dip
Mgmt(NZIM), Cert. (IBNZ),
NDA/NCB (New Zealand)

COMMERCIALIZATION

The Authority being a Government Statutory Authority is subject to Income Taxation and accountable to Government in terms of its profit before taxation (audited), and return via payments of direct (Dividend/Taxation) and Indirect returns for each financial year, and achievement of the Authority's Strategic objectives as per approved Corporate Plan and relevant legal requirements mentioned above.

Further, the Ministry of Public Enterprises and Public Sector Reform has set a minimum benchmark of 10% rate of return on Government equity (net assets or capital of the public enterprise) for each Government controlled enterprise, and that at least 50% of Net profit before taxation be paid to Government of the Republic of the Fiji Islands in income taxation and dividend.

It is noted fact that the total average rate of return by Government entities in aggregate, and also subject to Public Enterprises Act, 1996 as per last available report is 0.7%, or \$4 million dividend paid on \$503 billion assets employed by the Government of Republic of the Fiji Islands in these entities.

The Authority notes the rate of return by LTA to Government for 6 months period ended 31st December 2000 and financial year ended 31st December 2001 was 44% and 64% respectively in comparison to the 10% benchmark set by Government as minimum rate of return, and 100% of net profit before taxation was paid against 50% benchmark set.

The Authority notes \$2,150,146 increase in its revenue for Financial Year 2001, against the former Department of Road Transport for Year 1999, an increase of 20%. Similar comparison for 1 January, 2000 to 30 June, 2000 (Department of Road Transport) against 1 July 2000 to 31 December 2000 (Land Transport Authority) is an increase of revenue by \$1,983,064, or 41%.

LAND TRANSPORT AUTHORITY'S FINANCIAL PERFORMANCE

The Authority's financial performance achieved is based on the following:

1. Revenue Maximization Strategies to increase dollar quantum of revenue based on each activity or business line, and increased areas of business activities, for example, sale of unique number plates etc.
2. Implementation of internal control systems for completeness and capture of the Authority's revenue.
3. Continuous cost reduction and continuous cost efficiency strategies implemented to increase profit before taxation.
4. Stringent commercial based approach for capital expenditure (including operating expenditure) based on the following is in place:
 - i. Percentage rate of Return on the investment.
 - ii. Payback period of the investment to the Authority.
 - iii. Strict alignment to Corporate Strategic objectives, Land Transport Act, 1998, (Regulation 2000), Public Enterprises Act, 1996.
 - iv. The quantifiable improvement in operational efficiency, cost efficiency and revenue/profit maximization achievement.
 - v. Consideration of the regulatory functions of the Authority, strict alignment of expenditure for purposes intended.
 - vi. Stringent proposal mechanism for preparation of annual capital budget (revenue/operating expenditure budget as well) based on submission from each cost center, vetted by relevant Managers, General Managers, final consultation between General Manager Finance/Chief Executive for approval based on criteria set. Then confirmation by the Authority, and approval by the Honourable Minister under Section 29, Land Transport Act, 1998.
 - vii. Requisition system, and stringent internal control systems in place which requires respective General Managers or Chief Executive's approval, then counter verification of systems of internal controls and review against approved budget by General Manager Finance for issue of local or overseas purchase order.

- viii. All major capital expenditure, expenditure which are significant in dollar quantum or of strategic importance (example Job Evaluation/Remuneration review Consultancy) after completion of tender process is presented to the Authority for its consideration and approval.

In support of Section 29(1) of the Land Transport Act, 1998, requires an estimate of expenditure to be submitted to the Minister for approval by 30th October each year for the following year, the following is prepared and submitted on commercial basis:

- i. Detailed Revenue Budget by cost center, based on each revenue type, monthly revenue respectively, consolidation of revenue budget by region and entity level.
- ii. Detailed Operating Expenditure by cost center, based on each operating expenditure type, monthly expenditure respectively, consolidated by region and entity level.
- iii. Detailed Capital Budget, prepared for each cost center, itemized for each capital item by class of asset with complete justification, and consolidated by region and support services level, then entity level, based on criteria mentioned above.

Based on above, the budget process takes into consideration, the preplanning required for projected profit and loss statement, projected cashflow statement for each financial year and direct returns to Government for the respective financial year. The profit and loss projection showing the projected profit before taxation and cashflow projection is incorporated in the budget process for the following year enabling the Authority's management to maintain budgetary control for revenue, operating, capital expenditure and cashflow management.

The above are incorporated and approved by the Honourable Minister which the Authority's management strictly followed from financial management viewpoint, recording a superior profit before taxation (audited) and also having the equivalent amount of net cash flow to pay 100% of profit before taxation to the Government of the Republic of the Fiji Islands in form of dividend and taxation for two consecutive financial years (Six month period ended 2000 and financial year 2001).

The Authority has paid out 100% of audited profit before taxation or \$8,512,786 (direct return) to the Government of the Republic of the Fiji Islands for the one and a half years of operations, since 1st July 2000 being commencement date of operations, with nil retention of profit available for appropriation, as evident in the audited financial statements incorporated in the Annual Report. Further, there is no amount transferred to reserves although substantial capital and strategic expenditure has also been incurred.

Further, the rate of return to Government for the two consecutive years (2000 and 2001) being 44% and 64%, against 0.7% in aggregate, is significant achievement of the Authority emphasized, and has set the benchmark for commercial performance for reorganized public enterprises and proven that commercial strategies employed in other reorganized enterprises can be successful. Ministry of Public Enterprises and Public Sector Reform letter to Land Transport Authority's management of appreciation is substantive of the above mentioned fact.

TRANSPARENCY AND ACCOUNTABILITY OBJECTIVES

The relevant issues of how Transparency and Accountability has been achieved by the Land Transport Authority is as follows:

1. Section 30, Land Transport Act, 1998 states that the Authority shall keep accounts of its transactions to the satisfaction of the Minister and such accounts shall be audited annually by an auditor appointed by the Authority with the approval of the Minister.

KPMG, an international, reputable and professional audit, accountancy and consultancy firm has audited the financial accounts of the Land Transport Authority for financial year ended 31 December, 2001.

An Independent auditor's report which is 'unqualified/true and fair' is incorporated in the financial statements and establishes the credibility of the statutory financial accounts of the Land Transport Authority, for six month period ended 31 December 2000 and financial year ended 2001.

2. Land Transport Authority has an independent Internal Audit Committee, chaired by a Chartered Accountant who is a Authority member and includes another Authority member, the Committee also including the Internal Audit Manager.

Extensive audit by the Internal Audit Committee for the period 1 July 2000 to today for the finance and accountancy related matters, issues, systems, transactions etc have been conducted and will continue progressively.

3. Land Transport Authority is required to submit its Annual Report to the Honourable Minister under Section 31, Land Transport Act, 1998, prior to 31st May every year for the previous financial year and the Annual Report (incorporating) audited statutory Accounts with independent auditor's report is to be tabled in Parliament.
4. Inland Revenue and (VAT UNIT) has conducted an extensive audit of Land Transport Authority for the period 1 July 2000 to 31 December 2001, in relation to compliance with VAT Decree 1992 (amendments) including disclosure requirements, Income taxation, and all other relevant legislative matters. No significant issues for non compliance nor significant assessment by the Inland Revenue has been issued to the Authority (except \$2,105.76 being immaterial) for the period of audit mentioned above, which included difficult severe reorganization processes including transition to accrual basis of monthly VAT return, which is in fact significant achievement for the Authority's management.

The Authority's management has assurance of compliance with all taxation legislation applicable and systems, processes and accounting methods are in place to accurately pay Government direct and indirect taxation payable as required.

5. Detailed monthly Authority financial Accounts is presented to the Authority with full explanations required. The composition of the Authority as required by section 7(1) (c) of Land Transport Act, 1998 is mandatory to include the Permanent Secretary of the Ministry who represents the Government of the Republic of the Fiji Islands, at each monthly Authority meeting.
6. Financial accounting and reporting systems have been designed and implemented relevant to the Land Transport Authority and dissemination of maximum financial reporting to internal management for analysis, decision making, transparency and accountability is in place. Some examples of these financial reports circulated to each cost center monthly is as follows:
 - i. Detailed balance sheet at month end.
 - ii. Detailed profit and loss statement by each cost center, consolidated by region and entity level.
 - iii. Detailed activity report by each cost center, consolidated by region and entity level. For example, the financial performance of driving examination section at Labasa or any other activity at any LTA office can be analyzed through this report.
 - iv. Strategic Business Unit analysis report, which shows the actual revenue, expenditure monthly against the years budget, and provides analytical ability for budgetary control and management decision making.
 - v. Detailed revenue report for each LTA office every month, by revenue type, monthly revenue \$ value and number of transactions and comparison against monthly and Yearly budget.
 - vi. Monthly expenditure variance reports by cost center, consolidated by region/cost center and entity levels, to enable continued cost efficiency, cost reduction and monitoring and control of monthly expenditure.
 - vii. Special purpose Financial and Management reporting for management on issue basis. Further, the Platinum ERA software provides ability to generate maximum financial reporting which the Authority's management requires on need basis for performance management and strategic advice, and the Authority (Board) also provided copies accordingly.

7. Public Enterprises Act, 1996, Land Transport Act, 1998 and Public Sector reorganization intent of Government requires transparency and accountability by Government controlled enterprises.

The Authority has publicly disclosed its Audited Financial results for year 2001, with independent auditor's opinion, in the three local newspapers as a **PUBLIC DISCLOSURE**, achieving the mandatory obligation imposed on the Authority as mentioned above.

8. Land Transport Authority entered the Annual Report Competition 2002, **CATEGORY A, STATUTORY AUTHORITIES and GOVERNMENT BODIES**, organized by South Pacific Stock Exchange. The Authority based on its first Annual Report and contents thereon, achieved Award for 2nd Runner Up, awarded by independent panel, comprising of prominent professional judges from various professions.

This award was presented to the Authority for its management's performance and provides further credibility in addition to the internal, external audit process and recognition by Private Sector as well. The South Pacific Stock Exchange Award was presented in May, 2002 at the Fiji Institute of Accountants Congress.

Key Challenges Since Reorganization, Particularly Financial Year ended 2001

The Authority was faced with the following key challenges:

- i. Implementation of accrual accounting systems for finance, accountancy, monthly detailed and distributed reporting, annual financial statements and management of performance.
- ii. Distributed reporting by region, activity and cost center to evaluate and manage performance of the Authority's activities and cost centers, and the resultant actual financial revenue and expenditure against approved budget.
- iii. Commercial based budgeting for Operating Revenue and Operating Expenditure and Capital Budget, with strict alignment to Land Transport Act, 1998, Public Enterprises Act, 1996, Corporate Plan and reorganized role of the Authority etc.
- iv. Operation of the Authority on principles of revenue maximization, continued cost efficiency and cost reduction strategies and strategic employment of Land Transport Authority's assets and other resources to increase shareholder's wealth or return to Government of the Republic of the Fiji Islands via commercialization strategy implementation.
- v. To strengthen systems of organisational internal control systems including finance, accountancy systems, budgeting controls, operational controls etc. to ensure the Authority's revenue is completely and accurately captured, expenditure incurred is within budget and justified, and risk management practices.
- vi. To prepare financial accounts on accrual accounting basis for Authority and Management reporting and external audit in compliance with Fiji and International Accounting Standards and accounting policy's relevant to the Authority's operations, and to achieve an independent and professional, audit firm's/KPMG 'unqualified audit opinion/truc and fair view' in relation to the above mentioned.
- vii. Training and development of existing staff from former Department of Road Transport in accrual accounting concepts, computerization and redesigned responsibilities to operate on commercial and accrual accounting platform.
- viii. Implementation of Platinum ERA Software, providing fully computerized platform for accrual accounting, budgeting, detailed and distributed reporting and management of financial performance of the Authority.
- ix. Implementation of relevant risk management systems and insurance arrangements for the Authority being a separate legal entity, including all relevant insurance arrangements scaled and risk management practices implemented progressively.
- x. Strategies for asset management, valuation of assets and implementation of systems of control, reconciliation and reporting, including updated asset register.
- xi. Compliance with Income Taxation, VAT and other direct and indirect taxation applicable to the Authority.
- xii. Provision of strategic, operational advice to management and Authority as required for continued business improvement, to increase profit and cashflows, example 6 year driver license campaign through which \$1,163,386 has been collected in revenue by April 2002, with projected additional \$4million revenue collection, and cost avoidance of over \$1million projected based on relevant capital and operating expenditure.
- xiii. Design and implementation of strategies to maximize cashflows of the organization and manage Authority's funds, including management of short term investments to maximize interest income.

For the period July 2000 to Year ended 31 December, 2001 the above challenges have been successfully overcome with program for continuous improvement, as part of reorganization process.

The main thrust of Government Public Enterprises Reform Policy (including Land Transport Authority) in relation to Finance and ultimately the respective enterprises performance, is Commercial Efficiency and Accountability. To effectively implement these policies, the Government has set out clear principles including reorganized enterprises management autonomy and authority to pursue these objectives, with intent to remove bureaucratic entities and bureaucracy within reorganized enterprises.

Financial Performance Analysis
Return to Government of the Republic of the Fiji Islands
Financial Year Ended 31 December 2001

| | Year 2001 Actual \$ |
|--|---------------------------|
| Operating profit before income taxation (Audited/KPMG) | 5,002,623 |
| Income tax attributable to operating profit | (1,720,493) |
| Operating profit after income taxation | 3,282,130 |
| Retained profits at the beginning of the financial year | - |
| Total profits available for appropriation | 3,282,130 |
| Less Dividends - Interim | (2,000,000) |
| - Final | (1,282,130) |
| Retained profits at the end of the financial year (Audited/KPMG) | - |
| DIRECT RETURNS | |
| Income Taxation | |
| 1st Advance Company Taxation | 500,000 |
| 2nd Advance Company Taxation | 664,056 |
| Final Provision Company Taxation | 556,437 |
| | 1,720,493 |
| Dividend Payments | |
| Interim Dividend - Paid on 6th March, 2002 | 2,000,000 |
| Final Dividend - Paid on 30th May, 2002 | 1,282,130 |
| TOTAL DIRECT RETURN | 5,002,623 |
| INDIRECT RETURNS | |
| Operational expenditure paid by LTA for Chinese delegation | 868 |
| Operational Expense for Tribunal - Part III Land Transport Act | 13,693 |
| Net operating loss for operation of Rotuma Office | 14,687 |
| Opportunity cost for NRSC rental and other incidental expenses | 37,000 |
| OPCV Company & PAYE Tax (Consultancy) | 45,896 |
| Assistance to Police (Traffic Department) for law enforcement | 95,738 |
| Remuneration of Senior PSC Employee | 144,811 |
| Magistrate Court fees paid by LTA for Prosecution of offenders | 210,865 |
| Sub-Contracting of Defensive Driving Course to NRSC (Grant/Road safety) | 255,000 |
| Pay as you Earn (PAYE) Paid | 293,110 |
| Payment of former Department of Road Transport Liability | 506,497 |
| Value Added Taxation Paid - Inland Revenue | 883,512 |
| Fines received by Magistrates Courts for LTA Prosecution of offenders | 893,504 |
| Capital expenditure, net operating loss for LTA Enforcement and Prosecution | 1,130,556 |
| TOTAL INDIRECT RETURN | 4,525,737 |
| TOTAL RETURNS TO GOVERNMENT OF THE REPUBLIC OF THE FIJI ISLANDS | 9,528,360 |
| Authority's Direct Return (Dividend/Net Assets Vested, or Capital or Government Equity) Government Benchmark 10% | 64% |
| Authority's Direct Return (Dividend Plus Taxation/Net Assets Vested, or Capital or Government Equity) | 97% |
| Dividend as Percentage of Profit before Taxation | 66% |
| Dividend and Taxation as Percentage of Profit before Tax paid to Government (Note: Nil retention of profit before taxation by LTA) | 100% |

The Significant Issues for Financial Year 2001 are as follows:

- The Authority recorded an audited profit before Income taxation of \$5,002,623 out of which income tax of \$1,720,493 and dividend of \$3,282,130 has been paid to Government of the Republic of the Fiji Islands by the Authority.
- 100% of audited profit before taxation has been paid to Government of the Republic of the Fiji Islands in form of dividend and Income taxation, nil profit retention by LTA, in second year of operations year ended 31 December, 2001. The same applies to six month period ended 31 December, 2000.
- The Authority's dividend payout to Government of the Republic of the Fiji Islands is 64% against Government equity, net assets, or capital, in comparison to 10% benchmark set by Government. The Authority has paid \$8,512,786 in dividend and taxation since commencement of operations on 1 July, 2000. (Six months period ended 31 December 2000 and financial Year 2001).
- The total direct and indirect return to Government for Financial Year ended 31 December 2001, is \$9,528,360.
- The Authority has publicly disclosed its independent audited statutory accounts by KPMG, in the local media for financial year 2001 as a **PUBLIC DISCLOSURE**, to achieve transparency and accountability objective.
- The Authority has made significant capital expenditure for strategic improvement mainly in the following areas:
 - Computerization of Fiji Registration and Licensing Systems and offence processing bureau.
 - Renovation, upgrade of assets and acquisition of assets of strategic importance such as buildings, plant and equipment, office equipment, computer hardware and software, replacement of old/defective vehicles etc.
 - Investment in human resources to strengthen human resource capabilities.
 - Investments to improve customer services and facilities provision.
 - Investment in major plant and equipment to provide latest technology, for example automated vehicle testing equipment, weigh bridge, smoke testing equipment, law enforcement equipment.
 - Major investment in Enforcement/Prosecution for improvements in road safety, improvement in vehicle/driver standards, lower road death toll etc.
- The Authority has achieved an 'unqualified/truc and fair view' independent audit opinion for the audit of financial statements for financial year ended 31 December 2001.
- Award by **SOUTH PACIFIC STOCK EXCHANGE** for 2nd Runner Up, **CATEGORY A, STATUTORY AUTHORITY AND GOVERNMENT BODIES** based on first Annual Report, establishing recognition of performance by the private sector.
- Recognition of organizational and financial performance by Government of the Republic of the Fiji Islands through Ministry of Public Enterprises and Public Sector Reform. LTA has set 64% rate of return against benchmark of 10% set by Government on Government equity proving that Government intent of Public Sector Reform through Public Enterprises reform can be successful. Also, 100% of profit before taxation has been paid by the Authority against benchmark of 50% set by the Government of the Republic of the Fiji Islands.
- No dependence on Government for any grant, any form of financial assistance or Government guarantee exists, neither does the Authority carry any debt finance. The Authority neither envisages any debt finance or Government guarantee in the future financial years.

11. The public incorrect perception as to why LTA is not contributing to road improvement is because it is not a mandatory function. 100% of profit has been paid to Government of the Republic of the Fiji Islands and through the Government National Budget process this may be allocated to Public Works Department who are legislatively responsible for the improvement of public roads.
12. The registration and licensing fees of Government vehicles and inspection fees, for Certificate of Road Worthiness have not been collected by the Land Transport Authority since the Authority is still awaiting the Government of the Republic of the Fiji Islands decision in relation to the matter. Furthermore, the exact number of Government vehicles at present has not been made available to the Land Transport Authority, therefore the opportunity cost of revenue receivable has not been quantified by the Authority.

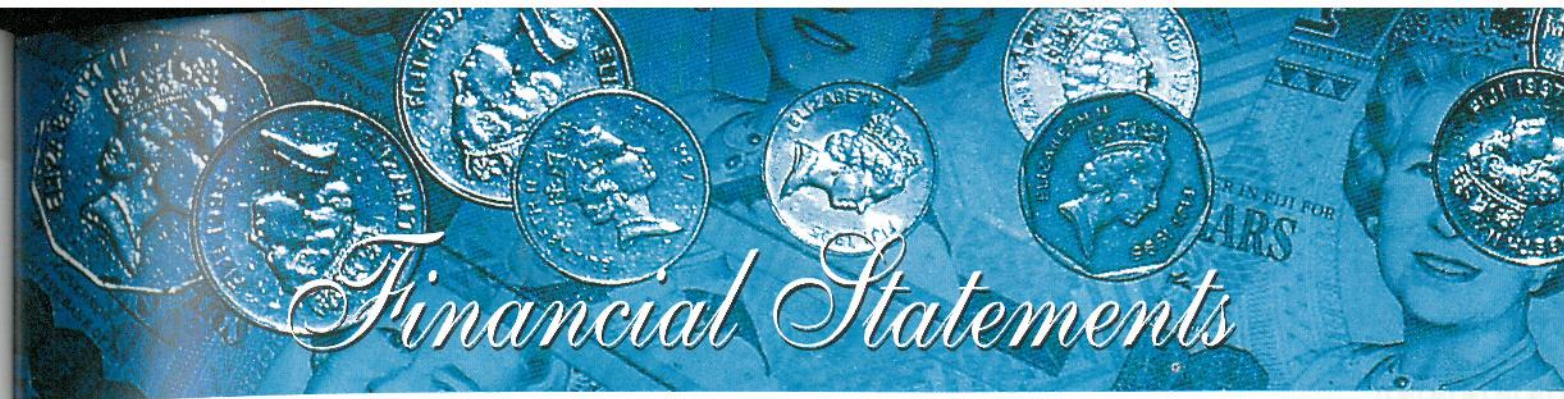
CONCLUSION

The Authority has achieved significant progress in reorganization in respect to all aspects of Finance and Division's strategic objectives, in line with the Corporate objectives of the Authority for continuous business improvement through commercialization as to increase profitability and cashflows to maximize return to Government, and achieve internal reorganization intent of the Public Sector Reform Process for business performance improvement and internal organizational strengthening.

The Ministry of Public Enterprises and Public Sector Reform on behalf of Government of the Republic of the Fiji Islands has also recognized the achievements of the Authority since commencement of its operations on 1 July 2000, and through the above mentioned Ministry's letter dated 7th May 2002, commending the Authority's management for its successful organizational management performance and financial performance.



Anand Kumar
General Manager Finance



LAND TRANSPORT AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

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Land Transport Authority Authority's Report

In accordance with a resolution of the Authority, the Authority members submit the balance sheet of the Authority as at 31 December 2001, and the related statement of profit and loss and statement of cash flows for the year ended 31 December 2001 and report as follows:

1. Authority members

The names of the Authority members in office during the year and or as at the date of this report are:

| | Term |
|---------------------------|---|
| Mr Robert Dods (Chairman) | From 1 January 1999 |
| Mr Thomas V Raju | From 1 January 1999 |
| Mr Archie Seeto | From 1 January 1999 |
| Mr Marika Tukituku | From 1 January 1999 |
| Mr Kolinio Meo | From 1 January 1999 to 5 January 2001 |
| Ms Anjish Jokhan | From 16 October 2000 |
| Mr Manu D Korovulavula | From 26 October 1999 |
| Mr Seviloni R Valenitabua | From 1 January 2001 to 7 February 2001 |
| Ratu Napolioni Masirewa | From 8 January 2001 to 17 February 2002 |
| Mr Anasa Vocea | From 18 February 2002 |

2. Principal activities

The principal activities of the Authority during the year ended 31 December 2001 were regulating, controlling and licensing of all means of land transport, co-ordination of road transport services and improvement of road transport services.

3. Operating result

The operating profit after income tax expense for the year ended 31 December 2001 was \$3,282,130 (2000: \$2,272,327).

4. Reserves

During the year ended 31 December 2001 no amount was transferred to or from reserves.

5. Dividends

The Authority paid an interim dividend of \$2,000,000 on 6 March 2002, for the year ended 31 December, 2001 pursuant to Section 27 of the Land Transport Act (1998).

The Authority recommends that an amount of \$1,282,130 be paid as final dividend out of current year profit and in accordance to Section 27, Land Transport Act (1998).

Land Transport Authority Authority's Report (cont'd)

6. Events subsequent to balance date

- (i) The freeze on Public Service Vehicles applications by the Authority via Legal Gazette Notice No. 905 dated 10 November 2000, was lifted on 20 February 2002.

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

7. Other matters

As at the date of this report:

- (a) The Authority members are not aware of any circumstance which would render the values attributed to current assets in the Authority's financial statements misleading.
- (b) (i) No charge of the assets of the Authority has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) No contingent liabilities have arisen since the end of the financial year for which the Authority could become liable except as disclosed in the financial statements;
- (iii) As at the date of this report, the Authority members are not aware of any circumstances that have arisen, not other wise dealt with in the report, which would make adherence to the existing method of valuation of assets or liabilities of the Authority members misleading or inappropriate; and
- (iv) Apart from the matters specifically referred to in the financial statements, in the opinion of the Authority members the results of the operations of the Authority during the financial year were not substantially affected by any item, transaction or event of an abnormal nature.

Date at Suva this *29th* day of *April* 2002.

For and on behalf of the Authority in accordance with a resolution of the Authority members.

asenos
CHAIRMAN

Whe
CHIEF EXECUTIVE OFFICER

Land Transport Authority Statement by Authority Members

In accordance with a resolution of the Members of the Land Transport Authority, we state that:

- i) The accompanying balance sheet of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2001.
- ii) The accompanying statement of profit and loss of the Authority is drawn up so as to give a true and fair view of the result of the Authority for the year ended 31 December 2001.
- iii) The accompanying statement of cash flows are drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 December 2001.
- iv) At the date of this statement there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- v) All related party transactions have been adequately recorded in the books of the Authority.

Date at Suva this *29th* day of *April* 2002.

For and on behalf of the Authority in accordance with a resolution of the Authority Members.

[Signature]

CHAIRMAN

[Signature]

CHIEF EXECUTIVE OFFICER



Chartered Accountants

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Fiji

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Suva
Fiji

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Independent Auditors' Report

To the Members of Land Transport Authority

Scope

We have audited the financial statements of the Authority for the year ended 31 December 2001, consisting of the balance sheet, statement of profit and loss, statement of cash flows and accompanying notes, set out on pages 48 to 61. The Authority members are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Authority.

Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with Fiji Accounting Standards, Land Transport Act (1998) and the Public Enterprise Act (1996) so as to present a view which is consistent with our understanding of the Authority's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- (1) proper books of account has been kept by the Authority, so far as appears from our examination of those books.
- (2) the accompanying financial statements of the Authority:
 - (i) are in agreement with the books of account;
 - (ii) to the best of our information and according to the explanation given to us:
 - (a) give a true and fair view of the state of affairs of the Authority as at 31 December 2001 and of the results and cash flows of the Authority for the year ended on that date in accordance with Fiji Accounting Standards;
 - (b) give the information required by the Land Transport Act (1998) and Public Enterprises Act (1996) in the manner so required.

We have obtained all the information and explanation which to the best of our knowledge and belief, was necessary for the purpose of our audit.

Suva, Fiji Islands
29th April, 2002

[Signature]

KPMG
Chartered Accountants

KPMG, KPMG, a partnership established under Fiji law, is a member of KPMG International, a Swiss association

Resident Partners
John Gaukrodger, Suva
Michael Yee - Joy, Suva
Lisa Apted, Suva
Bruce Sutton, Lautoka

Land Transport Authority Statement of Profit and Loss For the year ended 31 December 2001

| | Note | Year ended 31 December 2001 \$ | Six Month period ended 31 December 2000 \$ |
|---|------|--|--|
| Operating profit before income tax | 2 | 5,002,623 | 3,510,163 |
| Income tax attributable to operating profit | 3(a) | (1,720,493) | (1,237,836) |
| Operating profit after income tax | | 3,282,130 | 2,272,327 |
| Retained profits at the beginning of the financial year | | — | — |
| Total available for appropriation | | 3,282,130 | 2,272,327 |
| Less Dividends - Interim | | (2,000,000) | (2,000,000) |
| - Final | | (1,282,130) | (272,327) |
| Retained profits at the end of the financial year | | — | — |

The statement of profit and loss is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 61.

Land Transport Authority Balance Sheet


As at 31 December 2001

| | Note | 2001 \$ | 2000 \$ |
|--------------------------------------|-------|------------|------------|
| Current assets | | | |
| Cash on hand and at bank | | 2,987,044 | 4,105,324 |
| Other receivables | 4 | 270,638 | 39,336 |
| Inventories | 5 | 246,223 | 186,159 |
| Total current assets | | 3,503,905 | 4,330,819 |
| Investments | | | |
| Short term deposits | 7 | 2,500,000 | — |
| Total investments | | 2,500,000 | — |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 6,035,040 | 5,084,032 |
| Future income tax benefit | 3 (c) | 58,932 | 20,878 |
| Total non-current assets | | 6,093,972 | 5,104,910 |
| Total assets | | 12,097,877 | 9,435,729 |
| Current liabilities | | | |
| Creditors and other liabilities | 8 | 1,763,803 | 635,944 |
| Provisions | 9 | 4,804,972 | 3,634,596 |
| Total current liabilities | | 6,568,775 | 4,270,540 |
| Non-current liabilities | | | |
| Creditors and other liabilities | 8 | 363,913 | — |
| Total non-current liabilities | | 363,913 | — |
| Total liabilities | | 6,932,688 | 4,270,540 |
| Net assets | | 5,165,189 | 5,165,189 |
| Capital and reserves | | | |
| Capital | | 5,165,189 | 5,165,189 |
| Retained profits | | — | — |
| Total capital and reserves | | 5,165,189 | 5,165,189 |

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 61.

For and on behalf of the Authority in accordance with a resolution of the Authority Members.


CHAIRMAN


CHIEF EXECUTIVE OFFICER

Financial Statements

Land Transport Authority Statement of Cash Flows For the year ended 31 December 2001

| | Note | Year ended 31 December 2001 \$ | Six Month period ended 31 December 2000 \$ |
|---|-------|--|--|
| Cash flows from operating activities | | | |
| Receipts from customers | | 12,447,210 | 6,804,386 |
| Payment to suppliers and employees | | (4,946,880) | (2,667,047) |
| Income tax paid | | (1,760,345) | (622) |
| Net cash provided by operating activities | 14(b) | <u>5,739,985</u> | <u>4,136,717</u> |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | | (1,977,593) | (416,087) |
| Proceeds from sale of assets | | 93,605 | — |
| Payment for term deposits | | (2,500,000) | — |
| Net cash (used in) investing activities | | <u>(4,383,988)</u> | <u>(416,087)</u> |
| Cash flow from financing activities | | | |
| Payment of dividends | | (2,272,327) | — |
| Payment for finance lease liabilities | | (201,950) | — |
| | | <u>(2,474,277)</u> | <u>—</u> |
| Net (decrease)/increase in cash held | | (1,118,280) | 3,720,630 |
| Cash at the beginning of the financial year | | 4,105,324 | 384,694 |
| Cash at the end of the financial year | 14(a) | <u>2,987,044</u> | <u>4,105,324</u> |

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 51 to 61.

Financial Statements

Land Transport Authority Notes to and Forming Part of the Financial Statements For the year ended 31 December 2001

Note 1. Statement of significant accounting policies

(a) Basis of preparation

The financial statements have been drawn up in accordance with the accounting standards and disclosure requirements of the Fiji Institute of Accountants and the requirements of Fiji law. They have been prepared on the basis of historical cost convention and do not take into account changing money values except certain assets where, as noted, are stated at valuations. All amounts are stated in Fiji currency.

(b) Foreign currency

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

Exchange differences relating to amounts receivable and payable in foreign currencies are brought to account as exchange gains or losses in the profit and loss account in the financial year in which the exchange rate changes.

The Authority does not hedge its foreign currency commitments.

(c) Inventories

Inventories are valued at lower of cost or net realisable value. Cost is assigned on a first in first out basis.

(d) Taxation

The Authority adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arises from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the balance sheet as a future income tax benefit or a provision for deferred income tax.

The Authority is subject to income tax based on a ruling by the Inland Revenue and under the Income Tax Act (1974) CAP 2001.

(e) Property, plant and equipment

Acquisition and valuation

As at 1 July 2000, the assets of the Department of Road Transport, Principal Licensing Authority, Central Traffic Authority and the Transport Control Board were vested into the Land Transport Authority.

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

Note 1. Statement of significant accounting policies (cont'd)

(e) Property, plant and equipment (cont'd)

Properties comprising land and buildings were independently valued by Rolle Valuations, registered valuers on 14 February 2001. All other fixed assets that were vested to the Authority at the date of commencement are recorded at Authority's valuation.

All plant and equipment are stated at independent and Authority valuation less depreciation. Acquisitions during the year are stated at historical cost.

Depreciation and amortisation

Items of property, plant and equipment including buildings are depreciated using the straight-line method over their remaining useful life. Land is amortised over the leasehold period.

The depreciation rates used for each class of asset are as follows:

| Land | Leasehold period |
|---------------------|------------------|
| Buildings | 2.5% |
| Motor vehicles | 20.0% |
| Plant and equipment | 20.0% |
| Computer hardware | 33.0% |
| Computer software | 20.0% - 33.0% |
| Office equipment | 20.0% |

Disposal of assets

Gains and losses on disposal of property, plant and equipment are taken into account in determining the results for the financial year.

(f) Other receivables

Other receivables include postmaster receivables, payroll recoveries, deferred expenses, interest receivable, prepayments and others. The collectability of debts is assessed regularly and provisions are made for any doubtful balances.

(g) Provision for employee entitlements

The collective agreement of the Authority was signed on 17 December 2001. The provisions for employee entitlements relating to wages, salaries and annual leave are recognised and are measured as the amount unpaid at the reporting date, at current pay rates in respect of employee services, up to the balance date.

The cost of sick leave is met as it emerges and as unused entitlement lapses, no provision is made in the financial statements of the Authority for outstanding liability.

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

Note 1. Statement of significant accounting policies (cont'd)

(h) Revenue recognition

Revenue comprises of income earned from providing licensing and registration of motor vehicles, vehicle inspection services, issuing of permits and licenses to motor vehicles, driver examination and licenses, authorised motor vehicle dealers licenses, regulation of public service vehicles and enforcement activities.

(i) Deferred revenue and expenditure

The Authority's revenue is recognised at time of the receipt except for motor vehicle dealer's license, drivers license renewals for 3 years and 6 years, which are recognised on an accrual basis. The amount of income related to future financial years is recognised in the financial statements as deferred revenue. These revenues are amortised over the life of licenses and brought to account in the relevant financial year.

Incidental costs relating to the deferred revenue is expensed in the period in which the income/revenue for the licences is recognised.

Note 2. Operating profit

Operating profit before income tax has been determined after:

| | 2001 \$ | 2000 \$ |
|---|------------|------------|
| (i) Crediting the following revenue: | | |
| Vehicle registration and licensing | 6,511,947 | 3,706,238 |
| Driver's licenses and driver permit | 1,773,940 | 1,033,633 |
| Vehicle inspection | 1,601,741 | 891,240 |
| Enforcement | 845,576 | 263,448 |
| Public service permits | 163,258 | 189,750 |
| Permits and exemptions | 192,169 | 100,797 |
| Search of records | 120,190 | 20,097 |
| Regulation of motor vehicle dealers | 151,867 | 10,256 |
| Others | 225,394 | 247,598 |
| Interest income | 58,325 | — |
| Gain on sale of assets | 58,700 | — |
| (ii) Charging the following expenses: | | |
| Audit fees | 9,500 | 7,500 |
| Depreciation and amortisation - vested assets | 684,446 | 393,230 |
| - acquired assets | 300,812 | 32,869 |
| Authority members fees and remuneration | 31,636 | 17,979 |
| Provision for employee entitlements | 71,925 | 85,218 |

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

| | 2001 \$ | 2000 \$ |
|--|--------------------|--------------------|
| Note 3. Income Taxation | | |
| (a) Income tax expense | | |
| Prima facie income tax expense @ 34% (2000: 35%) | 1,700,892 | 1,228,557 |
| Increase/(decrease) in income tax expense due to: | | |
| Non-allowable expenses | 13,274 | 9,068 |
| Effect of change in tax rate | 4,074 | 211 |
| Under provision in prior period | 2,253 | — |
| | <u>1,720,493</u> | <u>1,237,836</u> |
| Income tax attributable to operating profit | | |
| Income tax attributable to operating profit is made up of: | | |
| Current income tax provision | (1,756,293) | (1,258,714) |
| Future income tax benefit | 38,053 | 20,878 |
| Under provision in prior period | (2,253) | — |
| | <u>(1,720,493)</u> | <u>(1,237,836)</u> |
| (b) Provision for current income tax | | |
| Movements during the year | | |
| Balance at the beginning of the year | 1,258,092 | — |
| Under provision in prior period | 2,253 | — |
| Income tax paid | (1,760,345) | (622) |
| Income tax expense on operating profit | <u>1,756,293</u> | <u>1,258,714</u> |
| Balance at the end of the year | <u>1,256,293</u> | <u>1,258,092</u> |
| (c) Future income tax benefit | | |
| Future income tax benefit comprise the estimated future benefit at current income tax rates on the following items: | | |
| Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes; provision for insurance and employee entitlements | 58,932 | 20,878 |
| | <u>58,932</u> | <u>20,878</u> |

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

Note 3. Income Taxation (cont'd)

(d) Change in tax rate

The Government of the Republic of Fiji Islands through the 2002 budget and the Income Tax Act (1974) effected a change in the Corporate Income Tax rate from 34% in 2001, to 32% in 2002. Accordingly future income tax benefit has been adjusted to reflect this change in tax rate.

| | 2001 \$ | 2000 \$ |
|----------------------------------|----------------|---------------|
| Note 4. Other receivables | | |
| Post master receivables | 16,909 | 12,376 |
| Prepayments | 64,258 | — |
| Deferred expenses | 102,733 | — |
| Interest receivable | 23,929 | — |
| Deposits | 4,680 | 1,800 |
| Insurance claim receivable | 17,486 | — |
| Staff advance | 13,568 | 9,991 |
| Other | 27,075 | 15,169 |
| Total other receivables | <u>270,638</u> | <u>39,336</u> |

Note 5. Inventories

| | | |
|--------------------------|----------------|----------------|
| Computer consumables | 107,740 | 73,873 |
| Stationery | 78,602 | 80,458 |
| Number plates | 14,663 | 31,828 |
| Goods in transit | 45,218 | — |
| Total inventories | <u>246,223</u> | <u>186,159</u> |

Note 6. Property, plant and equipment

| | | |
|------------------------------------|------------------|------------------|
| Leaschold land - at valuation 2000 | 1,081,095 | 1,081,095 |
| - at cost | 16,444 | — |
| Accumulated amortisation | (16,659) | (5,645) |
| | <u>1,080,880</u> | <u>1,075,450</u> |

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

| | 2001 \$ | 2000 \$ |
|---|------------------|------------------|
| Note 6. Property, plant and equipment (cont'd) | | |
| Buildings - at valuation 2000 | 1,689,385 | 1,689,385 |
| - at cost | 350,286 | 6,924 |
| Accumulated depreciation | (68,737) | (21,159) |
| | <u>1,970,934</u> | <u>1,675,150</u> |
| Motor vehicles - at valuation 2000 | 29,000 | 95,000 |
| - at cost | 658,729 | 2,432 |
| Accumulated depreciation | (116,651) | (30,501) |
| | <u>571,078</u> | <u>66,931</u> |
| Plant and equipment - at valuation 2000 | 308,868 | 308,870 |
| - at cost | 119,197 | 55,011 |
| Accumulated depreciation | (226,255) | (81,457) |
| | <u>201,810</u> | <u>282,424</u> |
| Furniture and fittings - at valuation 2000 | 52,795 | 52,795 |
| - at cost | 74,231 | 8,697 |
| Accumulated depreciation | (43,159) | (13,608) |
| | <u>83,867</u> | <u>47,884</u> |
| Computer equipment - at valuation 2000 | 1,773,482 | 194,981 |
| - at cost | 924,013 | 1,885,384 |
| Accumulated depreciation | (816,489) | (250,519) |
| | <u>1,881,006</u> | <u>1,829,846</u> |
| Office equipment - at valuation 2000 | 92,696 | 92,917 |
| - at cost | 164,309 | 36,640 |
| Accumulated depreciation | (76,028) | (23,210) |
| | <u>180,977</u> | <u>106,347</u> |
| Work in progress | 64,488 | - |
| Total property, plant and equipment - net book value | <u>6,035,040</u> | <u>5,084,032</u> |

An independent valuation of the Authority's leasehold land and buildings was carried out in February 2001 by Rolle Valuation. Other classes of fixed assets that were vested to the Authority at the date of commencement of the Authority are recorded at Authority's valuation.

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

Note 6. Property, plant and equipment (cont'd)

The titles in relation to the land and buildings are being transferred to the Authority. The Authority is finalising arrangements with the Public Service Commission in relation to ownership and occupation of Government and Institutional quarters and office space rental, which have not been brought to account as fixed assets at balance date. The effects of adjustments, if any, upon completion of the above process may affect the disclosed values of land and buildings.

| Note | 2001 \$ | 2000 \$ |
|------------------------------------|------------------|------------|
| Note 7. Short term Deposits | | |
| Credit Corporation (Fiji) Limited | 1,000,000 | - |
| Habib Bank Limited | 1,000,000 | - |
| Merchant Bank of Fiji Limited | 500,000 | - |
| | <u>2,500,000</u> | <u>-</u> |

Term deposit with Credit Corporation (Fiji) Limited matures on 19/01/2002 and attracts an interest rate of 4.95% per annum.

Term deposit with Habib Bank Limited matures on 20/01/2002 and attracts an interest rate of 2.50% per annum.

Term deposit with Merchant Bank of Fiji Limited matures on 20/01/2002 and attracts an interest rate of 3.00% per annum.

Note 8. Creditors and other liabilities

| | | |
|--|------------------|----------------|
| Trade creditors and accruals | 511,474 | 322,870 |
| Deferred income | 853,765 | 22,500 |
| FNPF accrual | 63,037 | 53,059 |
| Rent accrual | 19,800 | 46,681 |
| VAT payable | 81,104 | 190,834 |
| Finance lease | 234,623 | - |
| Total trade creditors and other liabilities | <u>1,763,803</u> | <u>635,944</u> |

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

| | Note | 2001 \$ | 2000 \$ |
|---|------|----------------|------------|
| Note 8. Non-current liabilities (cont'd) | | | |
| Finance lease | 13 | 363,913 | — |
| | | <u>363,913</u> | <u>—</u> |

The finance lease represents three separate finance leases taken from Credit Corporation (Fiji) Limited for a total of 19 motor vehicles at an interest rate of 7.25% per annum.

Note 9. Provisions

| | | |
|-------------------------|------------------|------------------|
| Employee entitlements | 176,102 | 104,177 |
| Dividends | 3,282,130 | 2,272,327 |
| Income tax | 1,256,293 | 1,258,092 |
| Insurance | 43,912 | — |
| SSPP | 46,535 | — |
| Total provisions | <u>4,804,972</u> | <u>3,634,596</u> |

Note 10. (a) Capital commitments

| | | |
|--|----------------|---------------|
| Capital commitments approved and committed | <u>102,981</u> | <u>98,269</u> |
|--|----------------|---------------|

(b) Contingent liabilities

The Authority was subject to certain charges and legal actions in the ordinary course of business amounting to approximately \$1,511,780. On the basis of advice received from solicitors representing the Authority, it is the opinion of the Authority members that the disposition or ultimate determination of such charges and legal actions will not have a material effect on the result and financial position of the Authority. The Authority is vigorously defending these actions.

Land Transport Authority

Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2001

Note 11. Related party transactions

The Authority is wholly owned by the Government of the Republic of the Fiji Islands.

The Authority undertook various transactions with Government owned entities on normal trading terms and conditions.

The Authority provides electricity, water amenities and building space to the National Road Safety Council "NRSC" without any consideration. This allocation is being provided to the NRSC due to similar goals being pursued by the organisation as the LTA.

Note 12. Principal activities

The principal activities of the Authority for the financial year ended 31 December 2001 were regulating, controlling and licensing all means of land transport, co-ordination of road transport services and improvement of road transport services in Fiji.

Note 13. Lease commitments

Finance lease commitments

Included as lease liabilities are the capitalised present values of the future rentals of the leased motor vehicles. Future finance lease rentals of motor vehicles are as follows:

| Due: | 2001 \$ | 2000 \$ |
|---|----------------|------------|
| Not later than one year | 299,688 | — |
| Later than one year but not later than two years | 299,688 | — |
| Later than two years but not later than five years | 97,748 | — |
| | <u>697,124</u> | <u>—</u> |
| Less Future lease finance charges | (98,588) | — |
| | <u>598,536</u> | <u>—</u> |
| Lease liabilities provided for in the financial statements | | |
| Current | 234,623 | — |
| Non-current | 363,913 | — |
| Total lease liability | <u>598,536</u> | <u>—</u> |

Land Transport Authority
Notes to and Forming Part of the Financial Statements
For the year ended 31 December 2001

| | 2001 | 2000 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 14. Notes to the statement of cashflows | | |
| (a) Reconciliation of cash | | |
| For the purposes of the statement of cash flows, cash includes cash on hand and at bank. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows: | | |
| Cash | 2,987,044 | 4,105,324 |
| (b) Reconciliation of net cash provided by operating activities to operating profit after income tax | | |
| Operating profit after income tax | 3,282,130 | 2,272,327 |
| Gain on sale | (58,700) | — |
| Depreciation and amortisation | 985,258 | 426,099 |
| Interest on finance lease | 62,066 | — |
| Change in assets and liabilities: | | |
| (Increase) in prepayments | (64,258) | — |
| (Increase)/decrease in post master receivables | (4,533) | 12,376 |
| (Increase)/decrease in other receivables | (15,483) | 15,087 |
| (Increase) in deferred expenditure | (102,733) | — |
| (Increase) in interest receivables | (23,929) | — |
| Increase in finance lease | 738,420 | — |
| (Increase)/decrease in deposits | (2,880) | 1,800 |
| Increase in deferred revenue | 831,265 | 22,500 |
| Increase/(decrease) in employee entitlements | 71,925 | (289,255) |
| (Decrease)/increase in VAT payable | (120,794) | 190,834 |
| Increase in trade creditors and accruals | 262,148 | 332,064 |
| (Increase) in future income tax benefit | (38,054) | (20,878) |
| (Decrease)/increase in provision for income tax | (1,799) | 1,258,092 |
| (Increase) in stock | (60,064) | (84,329) |
| Net cash provided by operating activities | 5,739,985 | 4,136,717 |

Land Transport Authority
Notes to and Forming Part of the Financial Statements
For the year ended 31 December 2001

Note 15. Segment information

(a) Industry segment

The Authority operates predominantly in regulating, controlling and licensing all means of land transport including the co-ordination of road transport services.

(b) Geographical segment

The Authority operates in Fiji and therefore the geographical area for reporting purpose is Fiji.



Land Transport Authority Award 2002



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LTA OFFICES

AND
LTA/POST FIJI OFFICE OUTLETS

