

2020/2021

Annual

Report

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Executive Summary

Fiji Roads Authority is the organisation responsible for the planning, development and maintenance of Fiji's road infrastructure. The infrastructure primarily consists of approximately 6,360 km of roads and 1,388 bridges, 21 jetties, 10 landings and 9000+ streetlights.

FRA operates as a corporate body governed under the leadership of a Board. Most of FRA's roading assets are primarily managed through out-sourced contracts with the private sector.

With a view to achieving its goals, the FRA adopts sustainable procurement process whereby it meets its needs for goods and services in a way that achieves value for money on a whole-of-life basis, in terms of generating benefits not only to FRA, but also to society and the economy, whilst minimising damage to the environment.

During the 2020 / 2021 financial year, FRA had underspent its budget by around 22%. The underspending was mainly attributable to the postponement of FRA's contracted works planned for completion during the financial year due to tropical cyclones, tropical depressions and lockdowns resulting from Covid-19 outbreaks.

In addition, most of FRA's ADB/ WB projects had been awarded in the last quarter of the 2020/2021 financial year, hence the projects commenced during the 2021/2022 financial year. The underspent funds in the 2020/2021 financial year have been carried forward by FRA in the 2021/2022 financial year to accommodate for the completion of the postponed works/ contracts.

On the other hand, due to the damages sustained on FRA's assets from TC Ana and TC Yasa, tropical depressions and rainy weather conditions, the FRA had to spend more compared to its budgeted funds during the 2020/2021 financial year for emergency maintenance works. Moreover, the FRA continues to face major challenges in terms of its asset deterioration due to the adverse weather conditions. However, its continues to work through its various work programmes to mitigate this problem.

In this regard, the FRA endeavors to focus on building more resilience in its roads and bridges, as it understands that resilience is critical to the sustainability of the road network. Hence, whilst the works on improving structures and heights of bridges had already begun during the prior

financial years, the FRA seeks to focus on the same and continue with the works going forward.

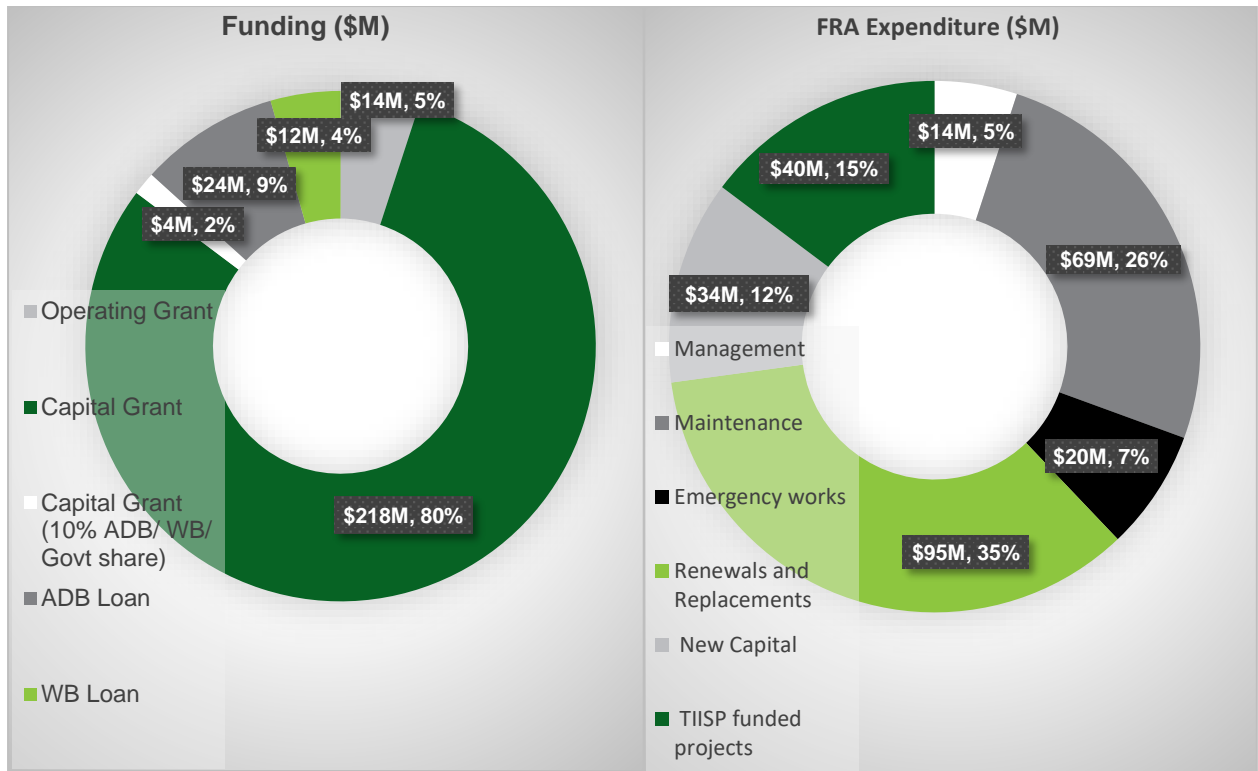
Notwithstanding the challenges that we (FRA) have faced over the years, several asset renewals projects have been carried out during the 2020/ 2021 financial year on Fiji's roads, bridges and jetties at a cost of approximately \$145 million.

Health and safety of personnel and contractors continues to be one of our priority areas. Whilst we understand that it will take several more years before we have established a fully measurable step regime, we are pleased to note that during the 2020 / 2021 financial year, we have managed to achieve our performance target for health and safety performance.

Road fatalities have also seen a major decline. We believe this could be a result of the initiatives put in place during prior / current years to improve the safety on Fiji roads such as the solar streetlights, railings, guardrails, streetlights and widening of footpaths.

The Board and FRA hereby presents this annual report, which provides insight to the achievements, completion of projects, challenges and analysis of the FRA's performance for the financial year 2020 / 2021.

OVERVIEW OF 2020/2021 FINANCIAL YEAR



\$198M Maintenance, renewal and capital projects



\$13.4B Worth of assets



OHS, Ethics, Governance, Social and Environmental Compliances



SR outstanding has significantly declined by **50.4%**.



Challenge of covid-19 lockdowns



87% utilization of budget



\$36M ADB and World Bank Funded Programmes

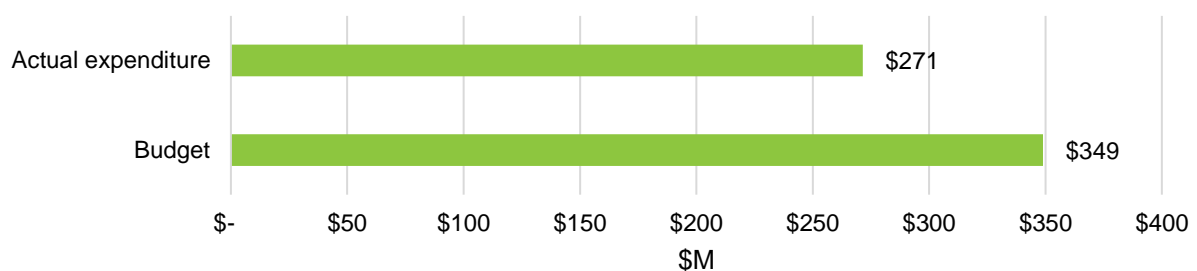


210 employees



44% Decline in road fatalities compared to a 26% decline in the prior financial year

Actual budget vs expenditure



Roads

Completed	In progress	Future projects
<ul style="list-style-type: none"> • Lagi- Duavata Village Access Road 	<ul style="list-style-type: none"> • Vunisei - Vacalea • Yawe District Road - Stages 1 & 2 • Naunuku - Nalotawa Access Road • Veidrala Access Road • Nasatogo - Navitilevu Village Access Road • Vagadra Access Road • Matokana Village Road Stage 2 • Beqa Steep Hill • Nukusere - Namuamua Nakavu Access Road • Wainiyavu - Wainilotulevu • Vuniduba Circular Road • Antioki • Veisa Farm Road • Wainivesi & Wainivillimi • Vuci Rd Drainage Upgrade for Safety Footpath and Bus Bays • Queen Elizabeth Drive • Sections of Kings Road Rehabilitation • Sections of Queen Road Rehabilitation • Foster Road Upgrade • Periodic Maintenance (Rip and Remake) 	<ul style="list-style-type: none"> • Periodic Maintenance • Naviqiri, Nasau Naivaka Road • Nasealevu - Viriqali • Nasasa - Nacula - Lakeba Road • Venia Lea • Qelemumu Basoga Road

Bridges/ Jetties/ Crossings

Completed	In progress	Future projects
<ul style="list-style-type: none"> • Tamavua-i-wai Bridge • Korovuli Bridge • Nakasava Bridge • Korovula Bridge • Vesidrua Bridge • Waidamu Bridge • Low Level Crossing Package 3 (Northern Division) - Naiyarabale 3, Waibula, Taqaniwaqa, Naviavia 	<ul style="list-style-type: none"> • Bulu Bridge • Korovou Bridge • Tavualevu Bridge • Velovelo Bridge • Matewale Bridge • Waidalice Bridge • Vuniyasi Bridge • Wainawi Bridge • Yaqara Bridge • Modular Bridges Package 1 (Central Division) - Toga • Modular Bridges Package 2 (Western Division) - Naseyani • Modular Bridges Package 3 (Northern Division) - Nayarabale • Modular Bridges Package 3 (Northern Division) - Vunikawakawa • Design & Due Diligence for 40 Critical Bridges & 3 Jetties • Matawailevu Modular Bridge • Viria Bridge • Nasese Bridge • Construction of Waidra Bridge 	<ul style="list-style-type: none"> • Niurua - Raviravi Stage 2 + crossings

Challenges

- Resource availability
- Accelerated deterioration due to wet weather conditions
- Heavy and overloaded vehicle
- Design and social capacity of contractors in the Fiji industry
- Urban centres congestion
- COVID - 19 restrictions

FRA's delivery

- Asset maintenance - renewal of roads, bridges, crossings and jetties
- Emergency works - Tropical Cyclone and adverse weather conditions/ wet climate (high intensity rainfall)
- New Capital programs - access, community, congestion, tourism and resilience
- Capital Safety programs - footpaths, handrails, guardrails and streetlights
- In-house key functions
- Complaints through Service Request System

Environment, Social and Governance

- No gender discrimination
- Alignment of sustainable development goals with the Authority's vision, mission and goals
- HASAWA compliance
- Training and extra-curricular activities for employees
- External and internal audit
- Risk management system
- EIA part of procurement and design
- Regulatory compliance enforcement
- Social media engagement



Corporate Statement

Mission

A better land transport network for Fiji.

Vision

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

Goals

(a) To effectively, efficiently and sustainably provide an environmentally friendly land transport network to which people are able to gain easy access and travel on safely, efficiently and comfortably to their destinations.

(b) To diligently implement construction strategy, method and standard that will halt the uneconomical deterioration trend of existing infrastructure.

(c) To develop technical capacity and capability at all levels of the Roding industry such that new initiatives and maintenance of existing infrastructure is delivered economically and sustainably.

2020/ 2021 Performance Targets

See Table 18

How the FRA's Mission, Vision, Goals and Performance Targets contribute to Fiji's Overall Development

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



Constitution of the Republic of Fiji 2013
- **reasonable access to transportation.**

Enhancing **public sector efficiency, performance effectiveness and service delivery.**

Developing a common national identity
and building social cohesion.

Achieving **higher economic growth while ensuring sustainability.**

Developing an integrated
development structure at the
divisional level.



Corporate Governance

Introduction

FRA is a corporate body governed under the leadership of its Board of Directors, reporting to the Minister for Infrastructure and Meteorological Services.

FRA manages the roading assets primarily through out-sourced contracts with the private sector. The exception to this is certain maintenance work carried out by Municipal Councils and the management of roads on the Outer Islands.

The Corporate Governance is a way of structuring the Authority to safeguard the interests of a wide variety of stakeholders.

Functions of the Authority

The Authority is responsible for all matters pertaining to construction, development and maintenance of roads in Fiji, but not limited to the following:

- Managing the land provision, network planning, designing constructing, maintaining, renewing and generally managing the use of all roads;
- Management of traffic including road design, traffic signs and marking;
- Provision and management of road safety;
- Issuing over-width, height and length limit;
- Planning and management of road survey and designs;
- Providing advice, programme management service, design, supervision services for capital work programmes; and

- For any other matters that the Minister may direct.

Organisational Structure

FRA has an approved organisational structure specifying the key functional areas, each headed by a manager reporting directly to the CEO. The FRA's organisational structure is outlined in Figure 3.

Key Governance Responsibilities

FRA has an effective Board which leads and controls the organisation. The Board is accountable to the Minister responsible for Infrastructure & Metrological Services.

The FRA Board is responsible for setting overall corporate governance strategy and risk appetite. The following key governance positions are critical in enabling the Board to fulfil its mission, vision and objectives:

1. Chairman of the Board

The Chairman is non-executive and is appointed by the Minister, in accordance with the Fiji Roads Authority Act 2012 ("FRA Act").

2. Appointment of Board of Directors

Under the FRA Act, the Minister of Public Enterprises is responsible for appointing the Board of Directors (5) subject to the approval of the Prime Minister. The details for the Board of Directors for 2020/2021 financial year are provided in Figure 1 below. The Chairperson and the members of the Board shall hold office for 3 years and are eligible for reappointment.



Figure 1: FRA Board of Directors



Mr. Ariff Ali
Chairman



Mr. Aptinko Vaurasi
Board Member



Ms. Preetika Prasad
Board Member



Mr. Kamal Gounder
Board Member



3. Chief Executive Officer

The Chief Executive Officer of the Authority is appointed by the Board for a term not exceeding 3 years and is eligible for reappointment. The CEO shall be responsible for the management of the Authority. In the performance of his duty, the CEO is assisted by the senior management of the authority.

4. Appointments of Sub-committee

There are two sub-committees appointed by the Board which are the Audit, Finance & Risk ("AFR") and the Human Resources & Training ("HRT") sub-committees. The role of the AFR sub-committee involves assisting the Board to fulfill its oversight responsibilities in areas such as an entity's financial reporting, internal control systems, risk management, project governance and the internal & external audit functions. The role of the HRT sub-committee is to review the authority's vision, mission, goals, corporate objectives, staff policies and FRA's organizational structure. The sub-committee also endorses staff needs and ensures compliance with regulatory laws.

5. Management Team

The activities of FRA are organised under two executive arms, namely, the Administration and Technical arm. The Administration arm comprises of support units such as Finance, Legal, ICT, Human Resource and Risk & Compliance, whilst the Technical arm's core responsibility is Project and Contract Management. The units under this function are Delivery and Technical Support. Division General Managers are responsible for the delivery of projects for their respective divisions.

6. Remuneration & Benefits

The Board members are entitled to remuneration and other expenses, as fixed by the Ministry. The remuneration of the CEO of the FRA is determined by the Board, while the remuneration for the FRA employees is determined by the CEO via FRA's salary band system.

7. Board Meetings

At least 3 members of the Board must be present at any meeting to make the proceedings of the meetings valid. All issues raised or to be decided by the Board are decided by majority votes of the Board.

Third party consultants may also be invited to the meetings for the purpose of advising on any matters under discussion but have no voting rights at the meeting.

There were eleven (11) board meetings held during the 2020/2021 financial year. The meetings are usually scheduled to take place on the last Tuesday of every month, however at times depends on the availability of the Board Members.

RISK GOVERNANCE AND INTERNAL CONTROL

A. Risk Management Framework

In FRA, Risk Management plays a key role in ensuring that adequate controls exist to mitigate against potential risks that may impact on FRA's ability to achieve strategic & operational business objectives. The FRA has adopted the Risk Management Process established under ISO 31000:2018. The process has been implemented in FRA in a simplified staged approach involving understanding the business, identifying inherent risks, assessing inherent risk, identifying &



assessing key controls, assessing residual risks and monitoring & reporting. The process also provides effective governance, support for partnership growth and making life easier through clearer processes avoiding unnecessary bureaucracy.

This framework adopted by the FRA is reviewed annually by the Head of Risk & Compliance in conjunction with CEO.

B. Project Risk Management

FRA uses the PESTLE Analysis Methodology in developing its Project Risk Registers.

The PESTLE Analysis Methodology considers the following factors when categorising project risks;

- Political;
- Economical;
- Social;
- Technological;
- Legal; and
- Environment.

The Technical Support Department in Consultation with the Risk & Compliance Department develops the Project Risk Register at the inception stage of the Project. The Project Risk Register is a living document and is updated over the lifecycle of the Project.

C. Internal Audit and Assurance

At the Fiji Roads Authority, Internal Auditing is an independent, objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Authority. It will assist FRA, its contractors and consultants in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improving the effectiveness of the

Authority's risk management, control and governance processes.

The internal audit / assurance activities are established by the Board Audit, Finance & Risk sub-committee for FRA Board of Directors. The internal audit / assurance activities responsibilities are defined by the Board Audit, Finance & Risk committee as part of their oversight role and is appropriately aligned and guided by the International Professional Practices Framework (IPPF) 2019.

Assurance Plan

The systems of internal control in FRA are established by the management and the Board. The Risk & Compliance Department will develop Annual Assurance Plan that details Key Control testing areas for the Financial Year. Key risks from the Corporate and Projects Risk & Control Profile Register will be used to focus areas of testing.

In developing the Annual Assurance Plan, the following are considered:

- The degree of risk inherent in the functions and activities performed by the functional areas or in Projects. Focus will be placed on extreme and high inherent risks;
- Identifying the core processes and the key internal controls that will be relied upon to mitigate each significant risk;
- Time since the last review and the results of the review;
- Major changes in the business activities, organizational structure and changes in the internal control environment; and
- Requirements of regulators and external auditors.

FRA's Assurance Team (under Risk & Compliance Department) will review key control design and operating



effectiveness in the areas within scope and form an opinion on whether they are adequate or not by rating which will be formally documented in the monthly Assurance Reports.

FRA's Assurance Reports and Key Controls are rated as "*Effective*", "*Qualified*" and "*Requires Improvement*" depending on the significance of risk and control issues identified during the review.

Moreover, FRA's Internal Audit activities focuses on high-risk areas of business operation, and these are outsourced to reputable accounting firms.

D. Board Audit, Finance and Risk Subcommittee

The primary purpose of the Board Audit, Finance and Risk Committee is to help the Board in fulfilling its responsibilities by reviewing the:

- Overall audit / assurance process of the FRA;
- Systemic internal controls for risk mitigation which management and the Board of Directors have established;
- Reviewing of the process for monitoring compliance with laws and the Code of Conduct;
- Risk management standards, process and determination of the potential / emerging risk(s) for FRA as whole organisation;
- Financial information, which will be provided to the board;
- Monitoring compliance with laws and obligations; and
- Review the Annual Budget application to the Ministry of Infrastructure and Transportation and, subsequently, to the Ministry of Economy.

As per the Board Audit, Finance and Risk Subcommittee Charter, the committee

shall meet at least four times a year or more often if it is required.

E. Board Human Resource & Training Purpose

The primary purpose of the Board Human Resources & Training Committee is to assist the Board in fulfilling its responsibilities by providing strategic direction in moving forward the Authority's Human Resource & Training agenda, by exercising due care, diligence and skill.

F. Procurement and Annual Procurement Plan

The FRA's core procurement objective is to promote open, fair and effective competition in order to ensure the proposed work is able to be provided to the standard requirement, within the specified timeframe for the best possible price that is, 'value for money'.

The Annual Procurement Plan and is developed by the Strategy and Planning Department which determines the Capital Projects that will be procured in the following financial year.

The Procurement Plan is aligned to the final Annual Work Plan approved by the Board and the Asset Management Plan. It sets out the project objectives relating to the management, efficiency and effectiveness of the procurement strategy in order to obtain the best value for money.

The Annual Procurement Plan aims to achieve the FRA's goal "*to develop capacity and capability at all levels of the infrastructure development*".

G. Anti-Fraud and Corruption Policy

The FRA has a duty to protect the public funds under its control against fraud and corruption. In administering its responsibilities, the Authority is



committed to the highest standards of accountability, openness and integrity.

The Authority expects Members and employees at all levels to lead by example in ensuring adherence to legal requirements, and the rules, policies, and procedures that promote the principles of good governance. Moreover, all of FRA's employees and Board members, at all levels, including contractors and any other third party related to affairs of FRA, should comply with the general risk and compliance functional requirements, to enhance the integrity and transparency for its services.

FRA's Anti-Fraud & Corruption Policy sets out the responsibilities of individuals at all levels of the organisation, and how the Authority will manage risks that are associated with fraud and corruption (including bribery) and the protocols that are in place to:

- Encourage prevention;
- Promote detection; and
- Investigate allegations of fraud and corruption and take remedial action where appropriate.

FRA has also adopted policies and procedures in relation to anti-corruption, gift and conflict of interest, which are applicable at all levels of the Authority.

H. Investigation committee

Allegations of fraud will normally be investigated by the Risk & Compliance Department.

The investigating officer will:

- Deal with the matter promptly;
- Record all the evidence received and ensure that it is sound and adequately supported;

- Consider the need for further investigation and undertake as necessary;
- Ensure evidence is held securely;
- Report the investigation findings to senior management or appointed committee to oversee the process; and
- Contact other agencies e.g., the Police / FICAC, if considered appropriate. This should be done in consultation with the senior management or appointed committee.

It is essential that should an individual suspect a fraudulent or corrupt activity, that they do not investigate it themselves. This is to ensure that the Authority has the best possible chance of a positive outcome.

I. Business Continuity Management Policy

The Authority would continue to ensure that roads, bridges, jetties, crossing, streetlights and traffic signals maintenance services & capital works are delivered to the stakeholders at agreed levels during operational disruption or pandemic. This is achieved through the business continuity programme.

The business continuity programme not only identifies and documents work arounds for key services but is also integrated with the corporate strategy, to support the successful achievement of mission objectives through continued delivery of agreed parts of the business.

FRA is therefore, corporately implementing a Business Continuity Management ("BCM") policy, as part of an ongoing process of the current risk assessment, in concurrence with the approved FRA Risk Management Framework, with the purpose of ensuring that the organization can continue to deliver its key services, while maintaining



the safety and security of staff should a disruption or a threat arise.

REPORTING WITH INTEGRITY

A. Submission of annual report

The Annual report for the Financial Year 2020/2021, incorporating FRA's financial statement for the year ended 31 July 2021, is prepared as required by the FRA Act.

The Annual Report would be first approved by the CEO and then the Board. The Annual Report would then be submitted to the Ministry and later tabled in the Parliament. Once approved, the Annual Report is then published on FRA's website.

B. Environmental approach

FRA work projects

Sustainable development and environmental issues are taken into consideration in the design and implementation of any project by the Authority.

Prior to the commencement of a project, the FRA Environment Team lodges an Environment Screening Application with the Department of Environment. The Department of Environment assessment of the Environment Screening application will determine whether an Environment Impact Assessment ("EIA") report is required for the project.

In the instance an EIA report is required for the project, the FRA Environment Team obtains EIA approval from the Department of Environment. Physical works only commences on the project site once the necessary EIA approval has been obtained from the Department of Environment.

Examples whereby an EIA Report may be required include:

- Rural Road Projects – (excluding rural road upgrades);
- New Bridge and Crossing Constructions;
- New Jetty Constructions;
- Bridge and Crossing replacements;
- Road Widening Projects - (which may affect the natural environment of the existing land, waterways, plants & trees e.g. mangrove areas); and
- Projects outside the existing road reserve.

On the other hand, the following projects may not require an Environment Screening Application, unless determined otherwise by the FRA Environment Team, as these projects are usually within the existing road reserve:

- Traffic & Streetlight Light Projects;
- Bus Shelter Projects; and
- Footpath Projects.

Sustainability development goals

Sustainability has become an important consideration for the Authority. We recognize the limitations that we face in Fiji on resource availability and take this into account by re-using materials wherever possible. Sub-grade materials are re-worked, with minimal need for additives, to provide foundation for a new road surface.

The Authority understands the link between durability and sustainability, so in all of the FRA's work, we look for the best 'whole life solution'.



FRA staff come together to partake in the planting of mangrove saplings at the Suvavou Village Foreshore

The FRA aligns itself to the following sustainable development goals (“SDG”):

- SDG 9: Build resilient infrastructure, promote inclusiveness and sustainable industrialization and foster innovation; and
- SDG 11: Make cities and human settlement inclusive, safe, resilient and sustainable.

FRA believes that its vision, mission and goals align directly with building resilient infrastructure and promotes inclusiveness, through providing access to rural communities. The FRA also looks to reducing vulnerability to climate related extreme shock events and other economic, social and environmental shocks.

The FRA is considering prospective solutions that will allow FRA to meet its demand of resources as well as mitigate environmental impacts.

Climate resilience initiatives

Going forward, in line with the climate change requirement, FRA is taking into consideration the structural design of its infrastructure and projects, as a mitigative

initiative for projected global warming on rising sea level. Some of the initiatives include increase in drainage works, rip rap seawall and coastal protection, increase in the length of concrete approaches for crossings and increasing the height of bridges.

C. Safety and Health

The FRA seeks to ensure that it complies with the Health and Safety at Work Act (HASAWA), as well as other regulations and legislations regarding safety and health issues. Policies and procedures have been established and updated in this respect for continual improvement. The Engineer and the Divisional Health & Safety Officers monitors work sites, to ensure regular compliance and adherence to all the FRA’s health and safety requirements.

D. Social approach



FRA staff with their Fiji day kalavata uniforms

FRA’s maxim is “Our PEOPLE are our ASSETS”. FRA’s team of engineers, designers, planners, strategic thinkers, programme managers are supported by the Corporate Services Division that carry out very important in-house functions that include administration and finance.

With a view to promoting core values, the Authority and all members of staffs are expected to respect and adhere to the following set of values. Standing by these values will remain the continuing success factor for our delivery.

- Personal - Honesty and integrity - personal accountability;
- Productivity - An organisation focused on getting things done;
- Safety - Public safety above all else;
- Environment - Protection (and where possible enhancement) of the local environment;
- Planning - Long term, inter-generational thinking – expedient short-term decision making avoided;
- Customers - Road users and other comments and complaints treated seriously and with respect;
- Expenditure - Value for money in everything we do;
- Empowerment - Continually and consistently seeking to empower Fijians to upskill;
- Innovation - Constantly thinking about how to 'do better'
- Openness - 'Tell it as it really is' – problems and mistakes confronted head on; and
- Results Driven - It's only the results against our targets that matter – and that must be our focus at all levels and at all times.

Gender equality in recruitment, training, hiring and promotion



FRA staff celebrating international women's day

The FRA fosters a no gender discrimination rule in its workplace. As part of the ongoing initiative on this matter, FRA works very closely with ADB to strengthen the social safeguards on gender equality at the forefront of the FRA's plans going forward, not only for ADB and WB projects, but in all projects that the Authority carries out. Currently, the FRA has taken steps to ensure that its recruitment (new hire and promotions) process is on a merit based requirement. Candidates are shortlisted based on entry requirements regardless of gender. Training is provided based on the training needs analysis matrix, jointly agreed to by the employee and manager.



FRA staffs attend UNDP workshop



E. Code of Ethics and Conflict of Interest

The FRA is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders and Staff at all levels.

The Authority seeks to ensure that its Board members, employees, contractors and consultants avoid situations where there is a potential for a conflict of interest. Such situations can arise with the outsourcing of services, internal/ external tendering, planning and land issues, etc. Effective role separation will ensure that decisions made are based upon impartial advice and avoid questions about improper disclosure of confidential information.

It is a requirement of the Authority's Code of Conduct that employees formally declare if they have any interest in contracts proposed or to be entered into, other paid employment, or outside interests where there is a potential conflict of interest with any part of the Authority's Services.

F. Political Donations

During the period under review, no political donations were made.

G. Charitable Donations

During the period under review, no charitable donations were made.

AUDIT

A. External Audit

The FRA Act provides that the FRA is required to be audited at least once a year. The current external auditor for the Authority is the Office of the Auditor General.



About FRA



Better transport infrastructure is essential for Fiji's development

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

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

This road network is the most valuable built asset Fiji owns. Years of investment and effort have gone into building up over 6,360 km of roads, 1,388 bridges, 21 jetties and 10 landings, infrastructure that FRA owns and manages. Refer to Table 1 below for details. If this massive infrastructure is going to serve Fiji's future development needs, then two things must be done:

1. Improve the safety and reliability of the existing network; and

2. Expand the network to provide the capacity for sustained growth.

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

The FRA was established in 2012 to effectively manage and develop Fiji's road network (Refer to Appendix A for "FRA Act 2012" and related amendments) and became fully operational on 1st January 2013.

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

FRA is responsible for Fiji's most valuable built asset

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

asset portfolio. They are all managed and maintained using the same principles.

On our latest estimate these assets are worth over \$13.4 billion, making the road and maritime network Fiji's most valuable built asset. The geographic extent of the FRA's assets is illustrated in Figure 2.1 to 2.3 below. A full summary of the asset valuation is provided in the financial statements under the note 7.

To make the network more manageable, it has been divided into three sections consistent with the administrative Divisions of Fiji. Table 1 shows the length of the sealed and unsealed roads, as well as the number of bridges, jetties and landing in each Division.

FRA has developed and is progressively improving a GIS-based Asset Management System which will hold a complete description of all assets managed and maintained by us.

Table 1 - FRA's Assets

Division	Road Network (km)					Jetties (Nos.)		
	Bridge Deck (km)	Concrete	Sealed	Unsealed	Grand Total	Bridges (Nos.)	Jetty	Landing
Central	0.74	11	674	910	1,596	382	1	6
Northern	0.53	4	385	1,545	1,934	415	5	2
Western	0.15	9	718	1,633	2,360	488	2	2
Eastern	0.12	7	17	446	470	103	13	0
Grand Total	1.54	31	1,794	4,534	6,360	1,388	21	10

Figure 2.1 - FRA Road Network on all of the Republic of Fiji

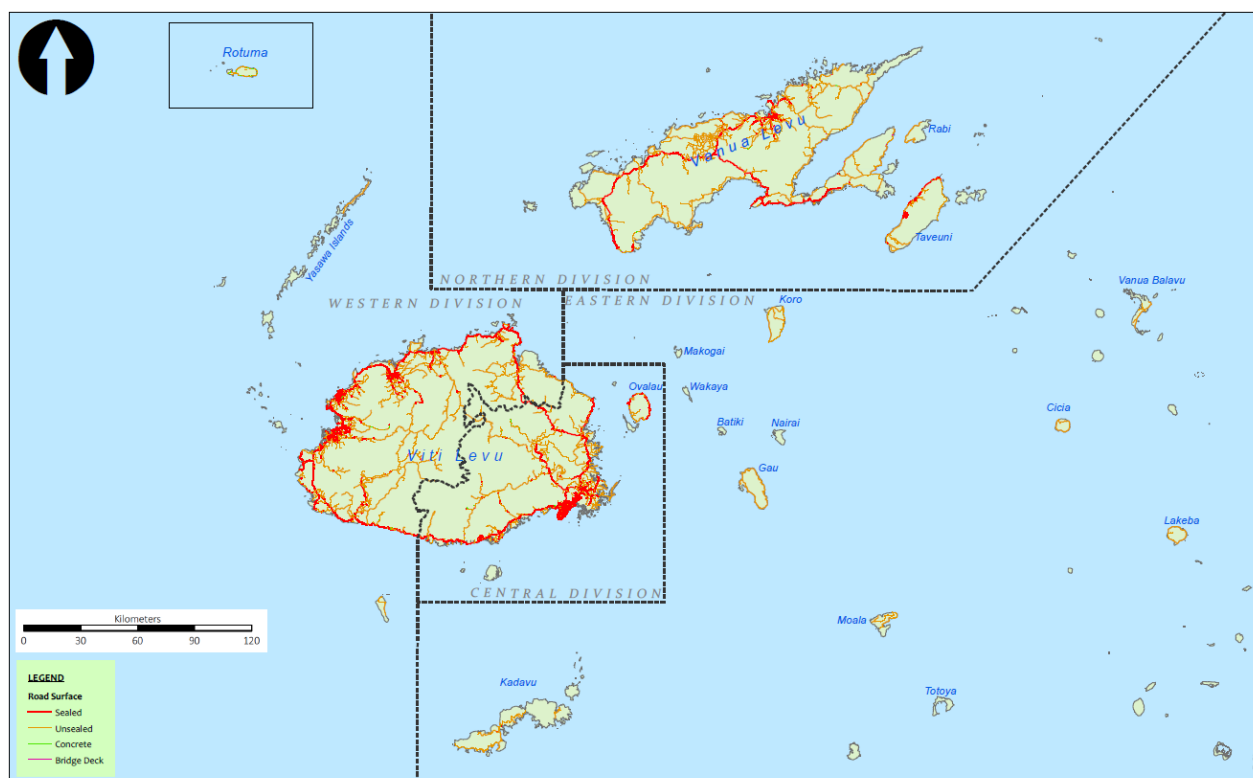


Figure 2.2 - FRA Bridge Network on all of the Republic of Fiji

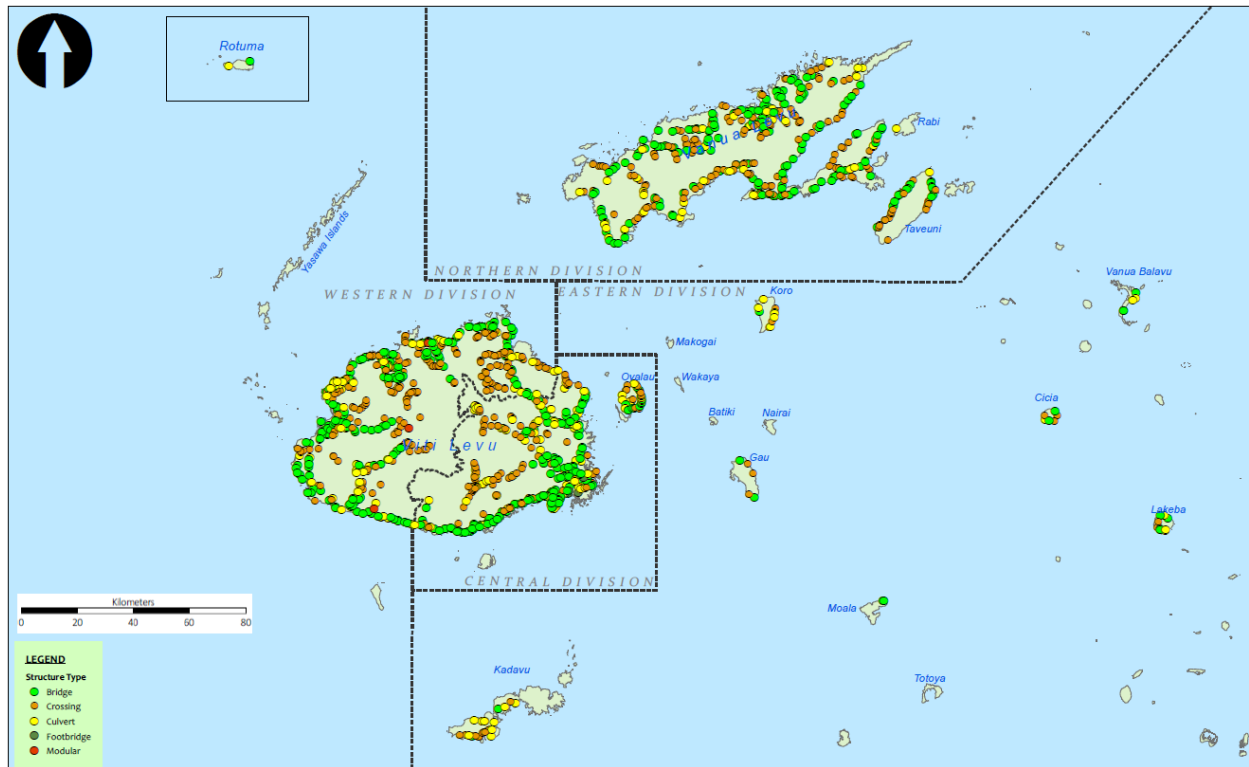
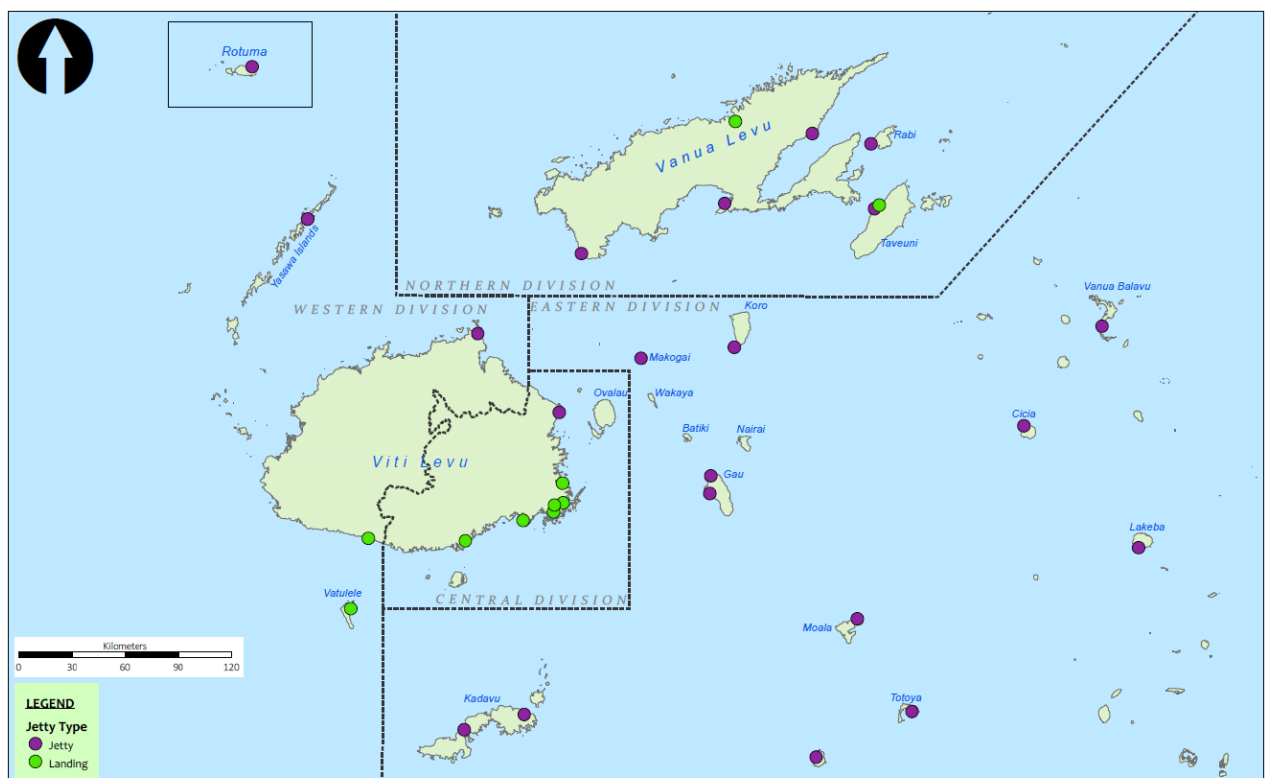


Figure 2.3 - FRA Jetty Network on all of the Republic of Fiji





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

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

1. **Maintaining** the road network to keep it in the desired condition; and
2. **Expanding and developing** the network to meet tomorrow's needs.

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

This is international best practice and is proven to be the only way to bring long term costs under control, whilst providing a safe and reliable network. Ad-hoc decision making driven by anything other than a well-planned asset management and maintenance intervention strategy, will cost more over the life of the asset.

FRA's massive programme of building new roads and widening existing ones will provide extra capacity for economic growth, as well as connecting isolated parts of the country to economic and social opportunity.

Long term planning is the key to good investment decisions

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

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

The future prospects for FRA involves:

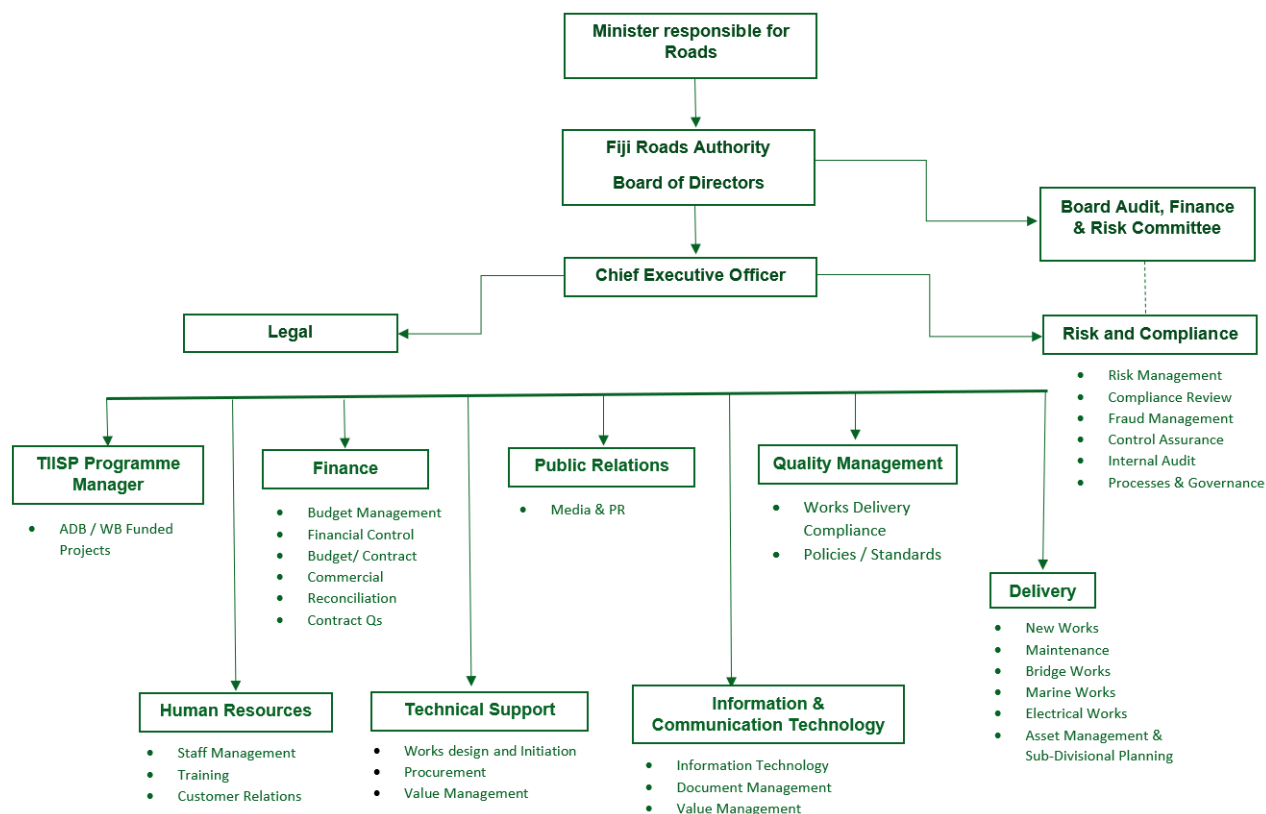
- improving the level of service of existing roads;
- preserving existing infrastructure;
- complete and close ongoing projects; and
- prepare projects for post COVID-19 and future capital developments.

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

As a statutory corporate entity, the FRA is accountable to the Minister for Infrastructure & Metrological Services through a Board appointed by the Minister.

Under the CEO there are ten functional areas, each with a manager reporting directly to the CEO. FRA's corporate structure is illustrated in Figure 3.

Figure 3 – FRA’s Corporate Structure



FRA manages the road assets primarily through out-sourced contracts with the private sector.

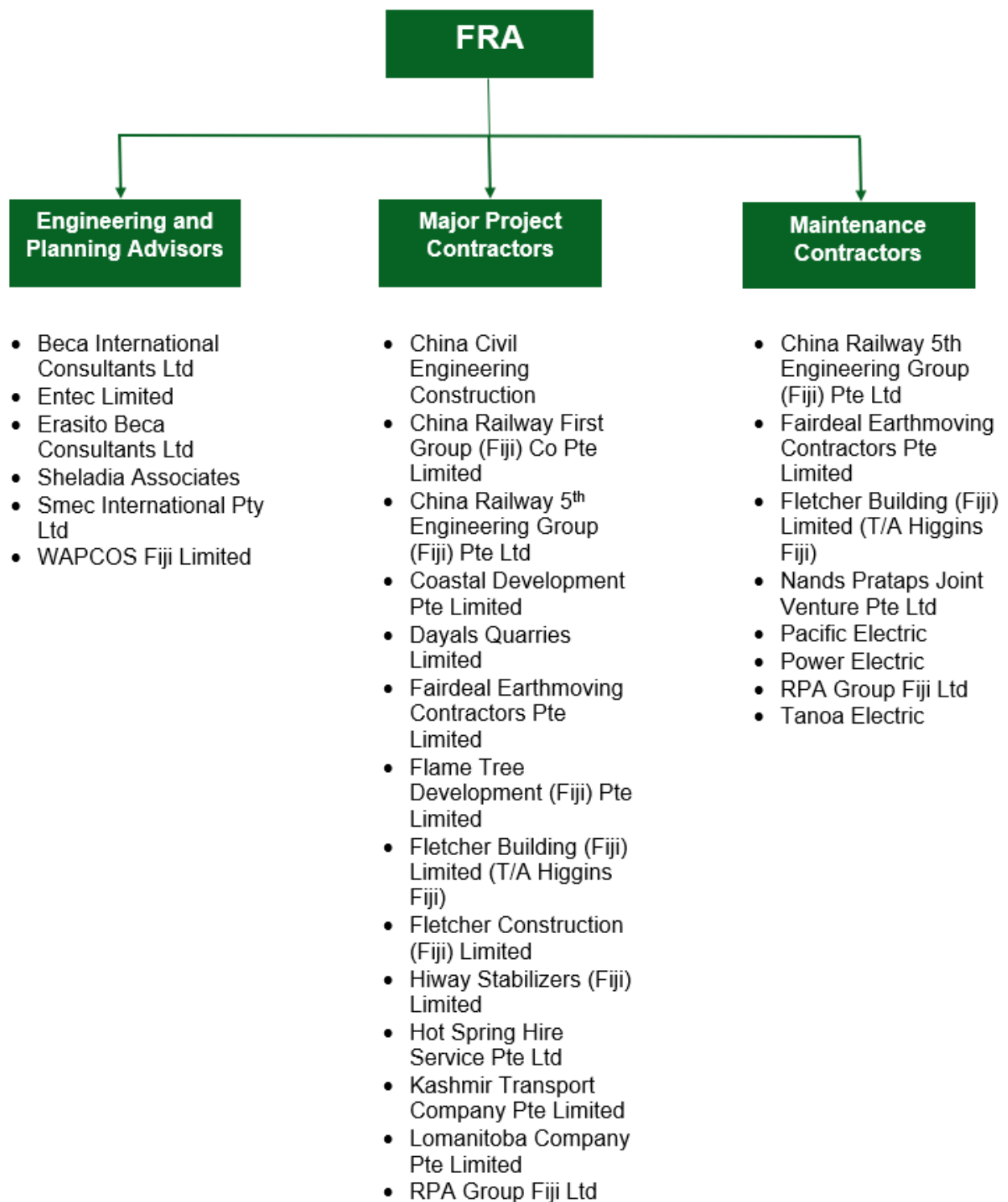
A competitive and diverse supply chain maintains, designs and builds the network

Over the course, FRA has been facilitating the development of a sustainable and diverse supply chain to deliver work. We have made good progress in expanding the role of Fijian involvement and Fijian companies in this supply chain and will continue to make this one of our top priorities in the coming years. This supply chain will also evolve

as we review our preferred service delivery model.

The structure and functions of the supply chain is shown in Figure 4. The key to delivering value for money from this supply chain is through competition and effective contract management. During the 2020/2021 financial year, FRA continued to encourage the entry of new and high quality participants, both local and international, into our supply chain. We will also be packaging our projects in a way that provides opportunities for Fijian companies to get experience in international best practice consulting and contracting projects.

Figure 4 - Fiji Roads Authority's Supply Chain



Overview of FRA's Programme Delivery



The 2020/2021 financial year has been a successful year for FRA. We have delivered at least two hundred and thirty-one million dollars plus worth of programme, where much of this effort went into physical work, i.e., maintaining and improving Fiji's network of roads, bridges and jetties.

This section provides details on how the programme was managed and how the allocated budget was spent by FRA.

How we manage our work programme

The FRA manages a programme of work which is made up of over 200 items, many of which represent hundreds of separate sub-activities. To manage this huge number of different types of activity and expenditure in a coordinated, open and transparent way, we divide the programme up into 11 categories of work and spending. Table 2 provides details on these work programme.

One of the ways in which we measure progress during the financial year is through expenditure. Expenditure is the dollar value of the work that has been done. For example, if one of our contractors is building an embankment for

a road and moves 1,000m³ of earth for a particular task, then this work is measured and recorded.

But expenditure is only one aspect. Other measures that are routinely monitored includes the following:

- being satisfied that everything is within the approved scope and according to the specified technical standards;
- that it is of the required quantity; and quality; and
- it has been completed in the agreed timeframe.

It is important to understand that our contractors are only paid for the work they have agreed with our representatives and completed satisfactorily. Where work is later found to be defective, the contractor is required to undertake remedial works at their own cost.

Under most of our contractual arrangements the physical work that is done is not paid for until 56 days after the claim for that work has been submitted. This means that we have sufficient time to verify that the work has been completed to the required standard.

Table 2 - Types of Work and Expenditure

Activity Area	Description
Operations	
FRA Management and Operations	The costs of FRA's staff, premises, equipment, vehicles and other items which are essential to the effective operation of the business. This also includes fees for professional and technical services including expenditure on IT systems to improve the efficiency of our network management.
Work Programme	
Maintenance	The work done to keep our existing roads bridges and jetties in working order. This includes minor repairs as well as routine works such as vegetation control and keeping drainage systems clear.
Emergency Works	Any work that has to be done to repair damage caused by flooding or extreme weather events. This might include stabilising land slips, fixing bridges or repairing damaged drainage systems.
Renewals - Roads and Services	When assets (roads bridges and jetties) reach a certain level of deterioration they become too expensive to keep on fixing and maintaining. At this point it represents better value to rebuild the asset from scratch. Many of Fiji's roads and bridges have reached this point.
Renewals – Bridges	
Renewals – Jetties	
New Capital (Safety)	New Capital represents the work we do to extend and upgrade the networks. This includes new roads as well as existing ones that we widen or improve substantially. We categorise New Capital according to the primary purpose for building the new asset. For example: projects which are primarily safety fit into that category; projects such as road widening in Suva are primarily about reducing congestion.
New Capital (Access)	
New Capital (Community)	
New Capital (Congestion)	
New Capital (Tourism)	
New Capital (Resilience)	

Flexibility to account for unexpected events

FRA understands that flexibility is needed, particularly when large sums of taxpayers' funds are at stake. One of the ways in which Government provides itself with fiscal flexibility is the use of *Requisition to Incur Expenditure (RIE)*.

Funds that are appropriated through the annual budget processes of parliament can be placed under Requisition which means that, in order to incur expenditure against those funds, the approval of the Minister of Economy is required. This is done on a quarterly basis. It allows the Minister for Economy to better manage

demand side and supply side constraints, some of which includes the following:

- resource availability (gravel and hard rock source);
- supply confidence (investing in equipment and continuity of work);
- project locality (spread out of projects around Fiji); and
- forwards work programme surety of program delivery and materials.

During the 2020/2021 financial year, FRA utilized 78% of budgeted expenditure

The expenditure (work done) against MOE's budget and FRA's revised budget is shown below in Figure 6 and Table 10. At the end of the 2020 / 2021 financial year, FRA has spent a total of \$271.3m, which is 78% of its total budget allocation. The underspending of the budget allocation in each category of funds relates to the following:

- Operating Grant (Management) – the underspending in this area mainly relates to the reversal of WHT provision created in prior years of approximately \$500k on payments due to MWH. However, due to the amendments to the WHT regulations that had been announced during the 2021/ 2022 Fiji Government budget, the existing payments to MWH would therefore not attract WHT. Apart from this, the areas which led to the underspending related to : termination of expat contracts; cancellation and non-renewal of motor vehicle leases and firm controls on other operating expenditures like fuel, printing,

stationaries, amongst other administrative expenses.

- Capital Grant – tropical cyclones, periods of heavy rain and COVID-19 restrictions were the main contributors for the underspending of approximately \$33m in this area. From November 2020 to April 2021, Fiji was affected by two tropical cyclones, TC Yasa and TC Ana, as well as various tropical depressions. In addition to these adverse weather conditions, COVID-19 restrictions came into effect from April 2021 onwards due to an increase in surge in number of Covid-19 cases. These unexpected events had hindered FRA's major works. Considering health and safety concerns, FRA had postponed most of its planned contracts. Certain projects that were supposed to be completed in the 2020 / 2021 financial year were deferred for completion in the future financial years. These projects had either stopped work altogether or had minimal work conducted, thus the underspending of \$33m will be carried forward to next financial year towards the completion of these projects.
- TIISP Funds (ADB & WB) – the underspend of approximately \$44m is related to delays in procurement and awarding of contracts. All projects were awarded towards the end of the fourth quarter and hence all major works would commence at the beginning of the next financial year.

Other notable areas on the expenditure works relates mainly to emergency works, which went over budget by approximately

\$13.5m to cater for emergency maintenance work conducted due to damages resulting from TC Yasa, TC Ana and other tropical depressions.

FRA also conducts the Rural Roads Programme which looks at building and improving roads, bridges, crossings and jetties. The FRA has collaborated with the Ministry of Rural and Maritime Development and Disaster Management

on delivering the Rural Roads Programme.

This programme, aims to connect and restore access between communities and essential services, like Health and Education, and has greatly benefited hundreds of communities in Fiji.

Figure 5 – Over/ (under) utilisation of expenses against FRA’s revised budget by work category for 2020/2021 financial year

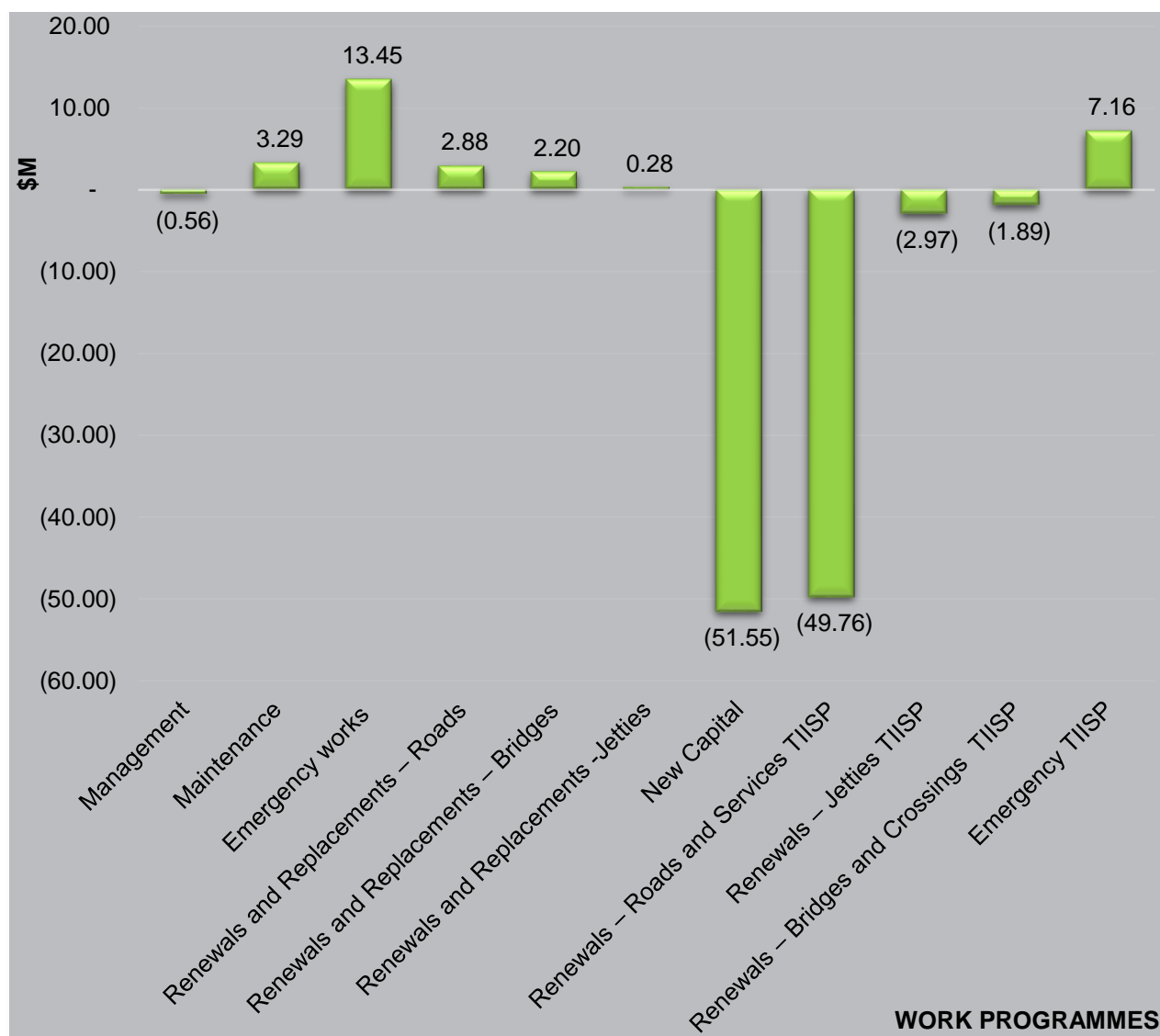
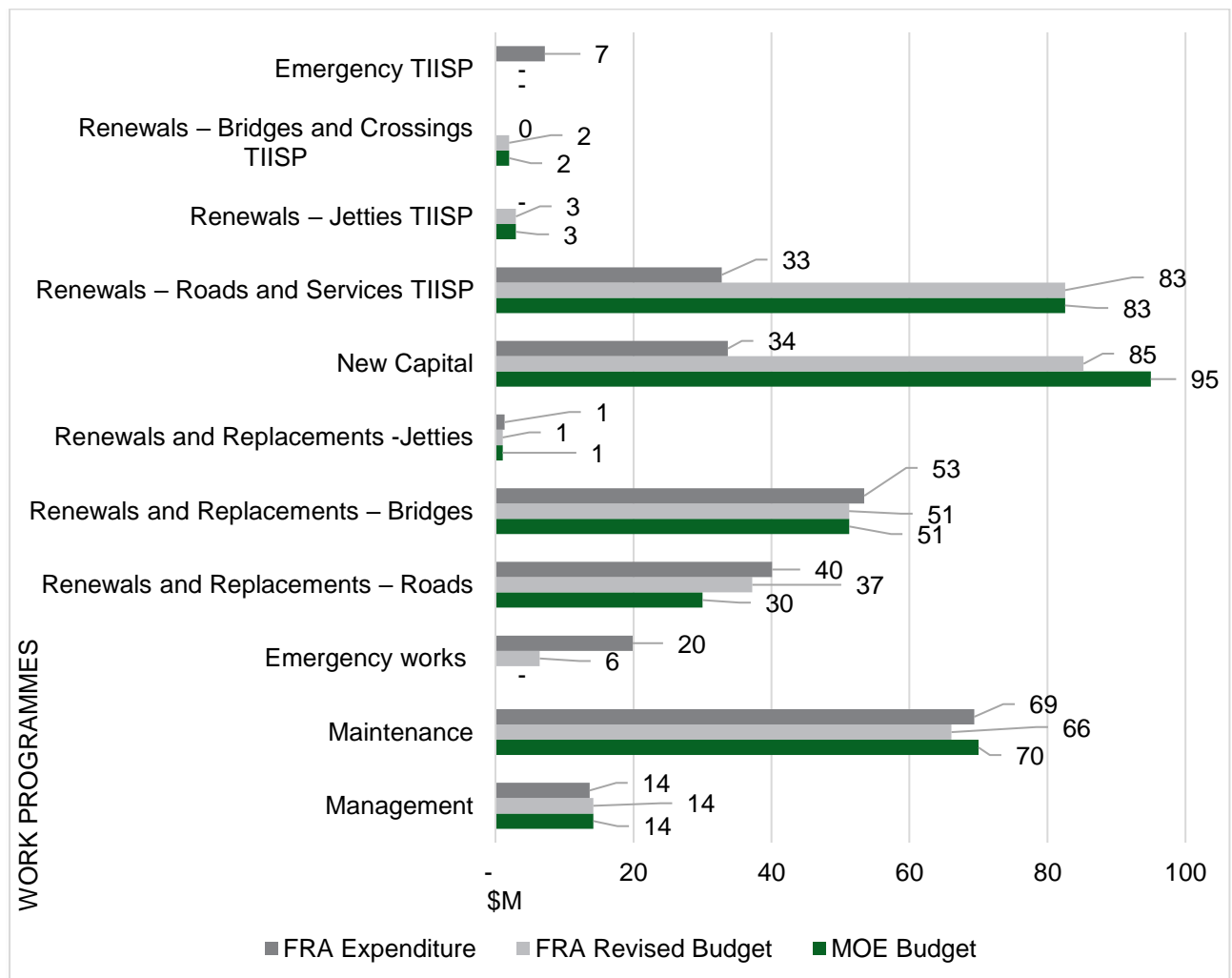


Figure 6 – Achievement by work category against MOE budget and FRA’s revised budget for 2020/2021 financial year



Knowledge sharing

During the 2020/2021 financial year, the FRA produced several publications, tool and notices to notify the general public on its on-going activities.

The FRA also engages in transparent bidding by using its online portal to advertise tenders, quotes, EOI and other purchasing requirements to the market, and to manage the full procurement process all the way through to the contract award stage. The FRA also tries to build its contractor capacity with the focus being on local capacity.

The FRA’s website and its social media platforms have proven to be quite helpful in engaging with stakeholders. FRA has amassed around 77,000 followings on Facebook, which is its biggest social media platform. The Authority’s next biggest social media platform is its twitter account, with over 10,000 followers. While the FRA’s LinkedIn and Instagram have low following, impressions for the page are relatively similar to the Authority’s twitter platform. A consistent trend is also seen in the following of the platforms, whereby equal amounts of male and female are following FRA’s social media platforms.

FRA's Statement of Service Performance



FRA is a corporate entity having a total staff of 210 during the 2020/2021 financial year. The FRA itself is responsible to Government for maintaining and building roads, bridges and jetties across Fiji. We plan the work programme and make sure it gets done to the right standard, on time and within budget. All the technical and physical works that needs to be done are carried out by consultants and contractors through formal contractual arrangements.

The FRA operates as a business and has the corporate, finance and programme management structures in place to perform its function. This section provides the review of FRA's work over the course of the 2020/2021 financial year.

FRA's Management Costs

FRA was established in 2012 by the Act. At that time, all the functions of looking after Fiji's network of roads bridges and jetties were being carried out by an interim change manager.

Since its establishment, the FRA has come a long way and is now a fully functioning business. The transition continued over the course of the 2020/2021 financial year and FRA has now taken responsibility for all the anticipated roles. FRA has taken back 'in-house' several key functions that have been outsourced since 2012. This was mainly due to the termination of the MWH contract. This also led to FRA recruiting a number of engineers and other project support staff to manage this transition process.

Table 3 – FRA Management Costs including the professional and technical services

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Salaries	11,201,250	10,759,722	10,413,039
Recruitment	9,000	9,000	84,135
Accounting & Finance	42,000	42,000	31,328
Vehicle Hire & Operation	700,000	1,141,528	892,442
Office Expenses	100,000	100,000	386,770
Rent	387,000	387,000	354,997
Legal Fees	100,000	100,000	23,986
Insurances	124,213	124,213	91,018

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Archives - Storage	5,000	5,000	4,107
Communications (including website)	500,000	500,000	271,363
Data and IT Improvements	450,000	450,000	735,625
Training & Development	10,000	10,000	3,700
Establishment Costs	-	-	29,533
Travel and Accommodation	50,000	50,000	52,241
Director's Fees	11,500	11,500	11,990
Board's Expenses	6,000	6,000	769
Miscellaneous Expenses	-	-	406,054
Professional Fees	250,000	213,543	112,404
Tax Expenses - WHT	-	-	(583,319)
VAT	245,989	282,446	313,242
Total Management	14,191,952	14,191,952	13,635,422

Maintenance of our Assets

Maintenance is the work done to keep our existing roads, bridges and jetties in working order. This includes minor repairs as well as the routine works, such as vegetation control and keeping drainage systems clear. Co-ordinated, well-planned routine maintenance of our assets ensures that the network is more resilient to adverse weather events and can be restored more quickly after emergency events. In maintaining Fiji's roads, FRA acknowledges that the repetitive pothole repairs have been used as an interim measure too many times and for too long. Being a temporary repair, there is a limit to the times it can be done in the same location. Once that limit has been reached, the road requires major rehabilitation to bring it back to a serviceable condition. The Authority is taking steps to deliver rehabilitation works to sections of the road in the country. This will provide a durable, long-life solution, which aims at minimizing future repairs.

Some notable highlights include maintenance of unsealed roads, which constitutes around 32% of the maintenance expenditure, as well as drainage maintenance and potholes and patch repairs of sealed roads maintenance which took up around 17% and 15% respectively. The amount of rehabilitation that can be undertaken as a proactive measure is dependent on Budget allocations.



Waidalice bridge works

Table 4 – Maintenance of Assets

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Road / Corridor Maintenance			
• Sealed Road Maintenance - Potholes and Patch Repairs	64,220,183	10,550,459	10,365,476
• Footpath Repairs		1,376,147	191,223
• Footpaths Maintenance MC		3,669,725	-
• Traffic Services (Signs, Railings, Lining, etc)		4,862,385	2,447,460
• Unsealed		9,724,771	21,988,778
• Drainage		3,899,083	11,697,915
• Vegetation Control		2,889,908	1,704,753
On Site Overhead - All divisions		9,989,135	9,088,334
Street Lights Maintenance			
• Electricity		1,834,862	2,149,931
• Electrical Maintenance		3,577,982	1,863,687
Structures Maintenance			
Bridges			
• Bridge Inspection / Audit		-	45,819
• Bridge Maintenance		2,981,651	998,918
Crossings & Jetties			
• Crossings Maintenance		3,486,239	1,031,691
• Jetties Maintenance		1,788,991	74,261
VAT	5,779,817	5,456,820	5,728,342
Total Maintenance	70,000,000	66,088,157	69,376,588

Emergency Works

Contingency funds were allocated to restoration and rehabilitation works for aftermath of natural disasters. The Authority spent approximately \$19.9 million to carry out the emergency response and restoration works on

damages caused by Natural disasters. This mainly relates to the works carried to restore access, mainly on crossing approaches, slips and unsealed road for which materials (aggregates–gravel) was wasted away due to heavy rain.

Table 5 - Emergency Works

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Emergency Maintenance (TC - Yasa/ Ana & Rain Event)	-	3,669,725	16,504,658
FRA 19/59 Scouring Damage Remediation Works for Princess Road, Suva,	-	2,221,517	1,721,454
VAT	-	530,212	1,640,350
Total Emergency Works	-	6,421,453	19,866,462

Road Renewals and Replacements

Most of the works outlined under this programme were completed as planned. However, the Authority continues to suffer from a lack of gravel resources.

The current legislation and government policy require persons seeking gravel

extraction licenses to obtain approval signatures from 60% of the registered owners of land in the area and have their application approved by DoE and Lands Department. Finding 60% of landowners is difficult and time consuming as many no longer live on their land. As a consequence, contractors awarded re-sheeting or rehabilitation contracts have not been able to obtain extraction 'licenses' within a reasonable time.

Table 6 – Renewals and Replacements – Roads and Services

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Sealed Road Rehabilitation			
• Sealed Road Rehabilitation Program	27,522,936	22,680,005	16,592,905
Rip and remake Maintenance in Greater Suva area			
• FRA 20/15		-	6,358,007
• FRA 20/17		-	1,598,163
• FRA 20/18		-	7,397,443
• FRA 20/19		-	2,123,903
• FRA 17/107 Nadarivatu Nadrau Road Upgrades		-	(159,851)
• FRA15/124 - Kadavu Maintenance		-	2,882,214
Unsealed Renewal			
• Unsealed Road Rehabilitation Program		8,256,881	-
Street-lights renewal		3,211,009	-
VAT	2,477,064	3,073,311	3,311,351
Total Renewals and Replacements – Roads and Services	30,000,000	37,221,205	40,104,134



Namata Access Road



Bridge and Jetty Renewals and Replacements

Due to the significant public risk factors, an ambitious programme of work has been planned for bridges and jetties since 2014. During 2013 to 2017 period, a significant proportion of the work in this area involved planning and designing replacements for the future years' pipeline of projects for construction.

Compared to the prior years, during the 2020/2021 financial year, there were a

few but significant on-going renewals and repairs of bridges and jetties. Majority of works in relation to the renewals and repairs of bridges and jetties were ongoing from prior years and continued during the 2020/2021 financial year.

Highlighted in the executive summary in the beginning of this report is the list of completed and in progress bridges along with future prospective works that the FRA wishes looks to expand on in the future.



Bridge works at Wainawi



Bridge works at Tavualevu

Table 7 – Renewals and Replacements – Bridges and Crossings

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Renewal Bridges			
• Tamavua Bridge FRA 18/22	1,000,000	1,000,000	2,363,163
• Korovuli FRA 18/52	923,737	923,737	2,674,956
• Nakasava FRA 18/52	855,855	855,855	1,285,135
• Korovula FRA 18/52	566,038	566,038	1,683,878
• Vesidrua FRA 18/52	312,911	312,911	3,422,117
• Vatudova Bridge Re-decking FRA 18/52	-	-	135,191
• Tavualevu Bridge FRA 19/11	4,587,156	4,587,156	3,808,984
• Waidalice FRA 19/11	6,880,734	6,880,734	2,159,420
• Waidamu FRA 19/11	-	-	919,531
• Korovou FRA 9/11	2,293,578	2,293,578	2,760,314
• Velovelo FRA 19/11	458,716	458,716	2,216,742
• Bulu FRA 19/11	3,669,725	3,669,725	1,407,424
• Matewale FRA 19/11	3,669,725	3,669,725	6,488,757
• Vuniyasi FRA 19/11	3,669,725	3,669,725	4,211,566
• Wainawi FRA 19/11	2,522,936	2,522,936	1,343,871
• Yaqara FRA 19/11	3,669,725	3,669,725	4,671,552
• Other Works - Utilities Geotech TL4 Steel to Concrete Barrier 19/11	2,040,000	2,040,000	-
• FRA 17/17 - Western Bridge Maintenance	-	-	(18,223)
• Matainavuso Bridge (Kings Road) FRA 16/85	-	-	235,538
• Wainawai FRA 16/85	-	-	82,982
• 14/84 Denarau Bridge closeout	-	-	1,400,000
Modular Bridges			
• Modular Bridges Package 1 (Central Division) - FRA 17-120A Toga	2,398,181	2,398,181	(950,731)
• Modular Bridges Package 1 (Central Division) - FRA 17-120B Vorovoro	-	-	63,960
• Modular Bridges Package 2 (Western Division) - FRA 17-122B - Naseyani	515,875	515,875	1,367,655
• Modular Bridges Package 3 (Northern Division) - FRA 17-124 A - Nayarabale	350,652	350,652	420,340
• Modular Bridges Package 3 (Northern Division) - FRA 17-124B - Vunikawakawa	895,725	895,725	1,073,393
• Construction and installation of Acquired Modular Bridges	4,587,156	4,587,156	-
• FRA 20/01 Construction of Waidra Bridge	-	-	1,548,082
Crossing Renewals			
• Savusavu crossing in Ra FRA 17/50	-	-	45,655

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
<ul style="list-style-type: none"> Low Level Crossing Package 3 (northern Division) FRA 17-125 - Naiyarabale3, Waibula, Taqaniwaqa, Naviavia 	1,149,941	1,149,941	739,246
<ul style="list-style-type: none"> Mia Mahajan Culvert (FRA 17/123 Low Level Crossing Package 2 FRA 17/123) 	-	-	43,000
<ul style="list-style-type: none"> FRA 18/47 Nakorotari crossing Close out 	-	-	1,430,000
VAT	4,231,628	4,231,628	4,413,015
Total Renewals and Replacements – Bridges and Crossings	51,249,717	51,249,717	53,446,511



Bulu Bridge

Table 8 – Renewals and Replacements – Jetties

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Jetty (6) Investigation & Design Koro, Makogai, Moala, Nabukeru, Wainiyabia, Vunisea 2 - FRA 17/100	950,736	950,736	337,457
49/13 Qarani Jetty - Close Out	-	-	902,226
FRA 17/85 5 Jetty Maintenance Package (Bau/Cicia/Lakeba/Oinafa/Kavala)	-	-	(28,254)
VAT	85,566	85,566	109,029
Total Renewals and Replacements – Jetties	1,036,302	1,036,302	1,320,458

New Capital Programme

Projects that were already underway and committed must take precedence over projects that can be deferred or slowed down in their delivery.

A list of completed, in progress and future projects are outlined in the “overview” of this report.

On the other hand, the FRA also had new safety programmes during the 2020/2021 financial year, some of which included the following:

- Installation and upgrades of traffic signals;
- Installation of streetlights around the country targeting villages and settlements; and
- Guardrails and continuous upgrades and maintenance of footpaths.

Building more resilience is critical to sustainability of the road network. One of FRA's initiatives over the past few years has been to undertake preventative works aimed at minimizing the likelihood of failures during rain events. Walkover surveys are undertaken to identify problems with drainage. Completing preventative maintenance works has avoided many failures that would otherwise have resulted in costly repairs.

Resilience is also about minimizing the time it takes to get roads re-opened after flooding. Significant progress has been made in this regard and where previously, it may have taken weeks or longer to re-open roads, nowadays, in most events, it can be sorted in a matter of days.

Our resilience programme also includes protection works to prevent erosion in coastal zones.

Table 9 - New Capital Programme

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
NEW CAPITAL (Access)			
Rural Unsealed Roads - Professional Services Fees - Rural Road Program			
<i>Northern</i>			
• 17/61 Lagi - Duavata Village Access Road	723,212	723,213	1,264,630
• FRA 17/62 Dreketilailai - Lektululevu Road	-	-	199,430
<i>Eastern</i>			
• 18/01 Vunisei - Vacalea	6,910,123	4,157,829	708,698
• 16/64 Koroinasolo Road	-	-	306,010
• 16/46 Yawe Distict Road - Stages 1&2	1,273,452	1,273,452	(759,217)
<i>Western</i>			
• 18/07 Naunuku - Nalotawa Access Road	1,832,094	2,728,871	861,368
• 18/07 Veidrala Access Road	4,105,018	1,832,094	1,859,580
• FRA 18/57A Nasatogo - Navitilevu Village Access Road	8,502,563	7,652,307	2,295,692
• FRA 18/57B Vagadra Access Road	6,717,489	3,965,195	2,226,546

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
<ul style="list-style-type: none"> 17/46 Matokana Village Road Stage 2 	1,916,184	1,916,184	458,860
<ul style="list-style-type: none"> FRA 17/45 Maintenance Draubuta Access Road 	-	-	(81,950)
<u>Central</u>			
<ul style="list-style-type: none"> 17/59 Namata Village Access Road 	-	-	95,150
<ul style="list-style-type: none"> FRA 17/60 Nakorosule - Nawaisomo Road - Stages 1 & 2 	-	-	76,574
<ul style="list-style-type: none"> Periodic Maintenance of Rural Roads (FRA 17/71B Unsealed Road Maintenance)' 	-	-	617,385
<ul style="list-style-type: none"> 18/19 Maintenance - Beqa Steep Hill 	12,184,193	7,310,516	777,575
<ul style="list-style-type: none"> 18/19 Nukusere - Namuamua Nakavu Access Road 	1,141,600	913,280	367,127
<ul style="list-style-type: none"> 18/19 Wainiyavu - Wainilotulevu 	3,925,950	2,748,165	974,441
<ul style="list-style-type: none"> 18/10 Vuniduba Circular Road 	2,156,748	2,156,748	2,407,791
<ul style="list-style-type: none"> 18/10 Antioki 	1,900,734	1,900,734	435,963
<ul style="list-style-type: none"> 18/10 Veisa Farm Road 	55,496	55,495	74,281
<ul style="list-style-type: none"> 16/96 Wainivesi & Wainivillimi 	1,169,952	1,169,952	-
<ul style="list-style-type: none"> 17/75 Nausori Airport Road Diversion Phase 1 	-	-	380,470
<ul style="list-style-type: none"> 17/78 Nausori Airport Road Diversion Phase 2 	-	-	59,700
<ul style="list-style-type: none"> Rewa Vutia 19/22 	-	-	49,140
VAT	4,906,333	4,140,776	1,408,972
Sub-total	59,421,141	50,149,400	17,064,216
NEW CAPITAL (Community)			
Pedestrian Facilities			
Footpaths			
<ul style="list-style-type: none"> Footpaths 	-	-	(3,657,877)
<ul style="list-style-type: none"> FRA 17/88 Central Division 	1,448,931	1,448,931	113,516
<ul style="list-style-type: none"> Footpath Construction Western Division - FRA 17/79 	-	-	27,502
<ul style="list-style-type: none"> Footpath Construction Western Division - FRA 17/104B 	-	-	99,611
<ul style="list-style-type: none"> FRA 18/40A Footpath Constructions (Boila, Daniva, Dilo, Matanokorovat, Naulu, Yaro) 	-	-	84,833
<ul style="list-style-type: none"> 			
<ul style="list-style-type: none"> FRA 18/40B Footpath Constructions Kalokalo Crescent, Nakasi Road 	452,345	452,345	949,940
<ul style="list-style-type: none"> FRA 18/40C Footpath Constructions Nasinu Road, Niudrau Road, Niuleka Road, Omkar Road, Saqa Road, Vishnu Deo Road, Wainibuku Road, LHS only 	1,305,315	1,305,315	702,989

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Bus Stops and Bus Shelters			
• FRA 17/76 - Construction of urban bus shelters -84	-	-	50,665
Rural Sealed Road Upgrade			
• 19/06 Vuci Rd Drainage Upgrade for Safety Footpath and Bus Bays	3,797,226	3,797,226	1,383,800
Street Lights / Traffic Signals			
• Vanualevu from Labasa to Savusavu FRA 19/20	2,676,025	2,676,025	1,094,897
• Queens Road Villages/ Settlements FRA 17/47	-	-	148,568
• Kings Road Villages/ Settlements FRA 17/48	-	-	269,152
• Solar Street Lighting FRA 18/27	-	-	141,376
• FRA 19/17 Upgrade & New Installation of Traffic Signal	3,038,619	3,038,619	1,374,573
• FRA 18/28 Suva Streetlight	-	-	17,841
• FRA 18/59A- Supply of streetlight poles arms & Outreach	836,624	836,624	9,615
• FRA 18/59B - Supply of LED Streetlight Luminaires	-	-	34,368
VAT	1,219,958	1,219,958	256,083
Sub-total	14,775,042	14,775,042	3,101,450
NEW CAPITAL (Congestion)			
• NASRUP Suva 3 Close Out FRA 18/60A & FRA 18/60B & FRA 14/54	-	-	(997,358)
• FRA 19/35 Feasibility study & detailed Design of Labasa Bypass Stage 1	672,062	672,062	9,454
VAT	60,486	60,486	(88,911)
Sub-total	732,548	732,548	(1,076,814)
NEW CAPITAL (Tourism)			
Road Corridor Improvement			
• NASRUP Nadi 2 (Nadi Airport - Wailoaloa) Close Out	-	-	3,274,805
• Queen Elizabeth Drive	18,382,657	17,961,489	7,862,813
• Queen Elizabeth Drive Re-allocation Service (TFL & EFL& WAF)	-	-	2,252,828
VAT	1,654,439	1,616,534	1,205,140
Sub-total	20,037,096	19,578,023	14,595,585
CAPITAL GRANT	94,965,826	85,235,013	33,684,437



Korovou Bridge

Summary

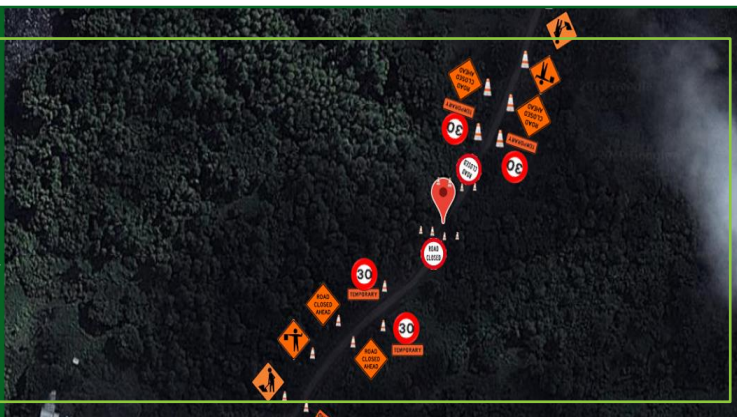
Table 10 – Summary

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Budget and Expenditure			
Management	14,191,952	14,191,952	13,635,422
Maintenance	70,000,000	66,088,157	69,376,588
Emergency works	-	6,421,453	19,866,462
Renewals and Replacements – Roads	30,000,000	37,221,205	40,104,134
Renewals and Replacements – Bridges	51,249,717	51,249,717	53,446,511
Renewals and Replacements -Jetties	1,036,302	1,036,302	1,320,458
New Capital	94,965,826	85,235,013	33,684,437
Sub-Total	261,443,797	261,443,798	231,434,012
Projects Funded by ADB/ WB Loan			
Renewals – Roads and Services	82,550,000	82,550,000	32,793,034
Renewals – Jetties	2,970,000	2,970,000	-
Renewals – Bridges and Crossings	1,980,000	1,980,000	90,767
Emergency TIISP (USB 15M)	-	-	7,160,059
Sub-Total	87,500,000	87,500,000	40,043,860
Total	348,943,797	348,943,798	271,477,872
Funding			
Operating Grant	14,191,952	14,191,952	13,635,421
Capital Grant	247,251,845	247,251,846	217,798,590
Capital Grant (10% ADB/ WB/ Govt share)	7,500,000	7,500,000	4,004,386
ADB Loan	60,000,000	60,000,000	24,026,316
WB Loan	20,000,000	20,000,000	12,013,158
Total	348,943,797	348,943,798	271,477,872



Velovelo Bridge

Levels of Service - Accountability



Health and Safety

Table 11 - Health and Safety – Road Accident Casualties

Code	Performance Measure	2020/2021 target	Outcome
1A.1	Less fatal and serious injury accidents – total.	Continuously reducing five year rolling average (in total initially and when more accurate information available per vehicle kilometre travelled as well).	Achieved
1A.2	A reduction in the social cost of all recorded injury crashes.	Continuously reducing five year rolling average. Calculated based on internationally recognised accident costs.	Achieved

The road accident data is collected by the Fiji police and recorded in a database maintained by them.

In recent years fatalities had decreased

There has been a significant decrease in road fatalities compared to last year. Road fatalities number dropped to 25 compared to 45 road fatalities during the same period last year. With more vehicles on the roads, there is a clear need to increase investment in all aspects of road safety.

A wide scale project across Fiji was undertaken towards the second half of the

financial year to widen footpaths, install railings, guardrails and streetlights across the country, including the continuous installation of speed humps on villages next to highways, to assist with in the reduction of road casualties.

Health and safety is one of the highest priorities for the Authority, however it will take several more years before we establish a fully measurable and transparent performance measurement regime at this secondary, output based, level.

Figure 7 – Downward trend on the number of road fatalities

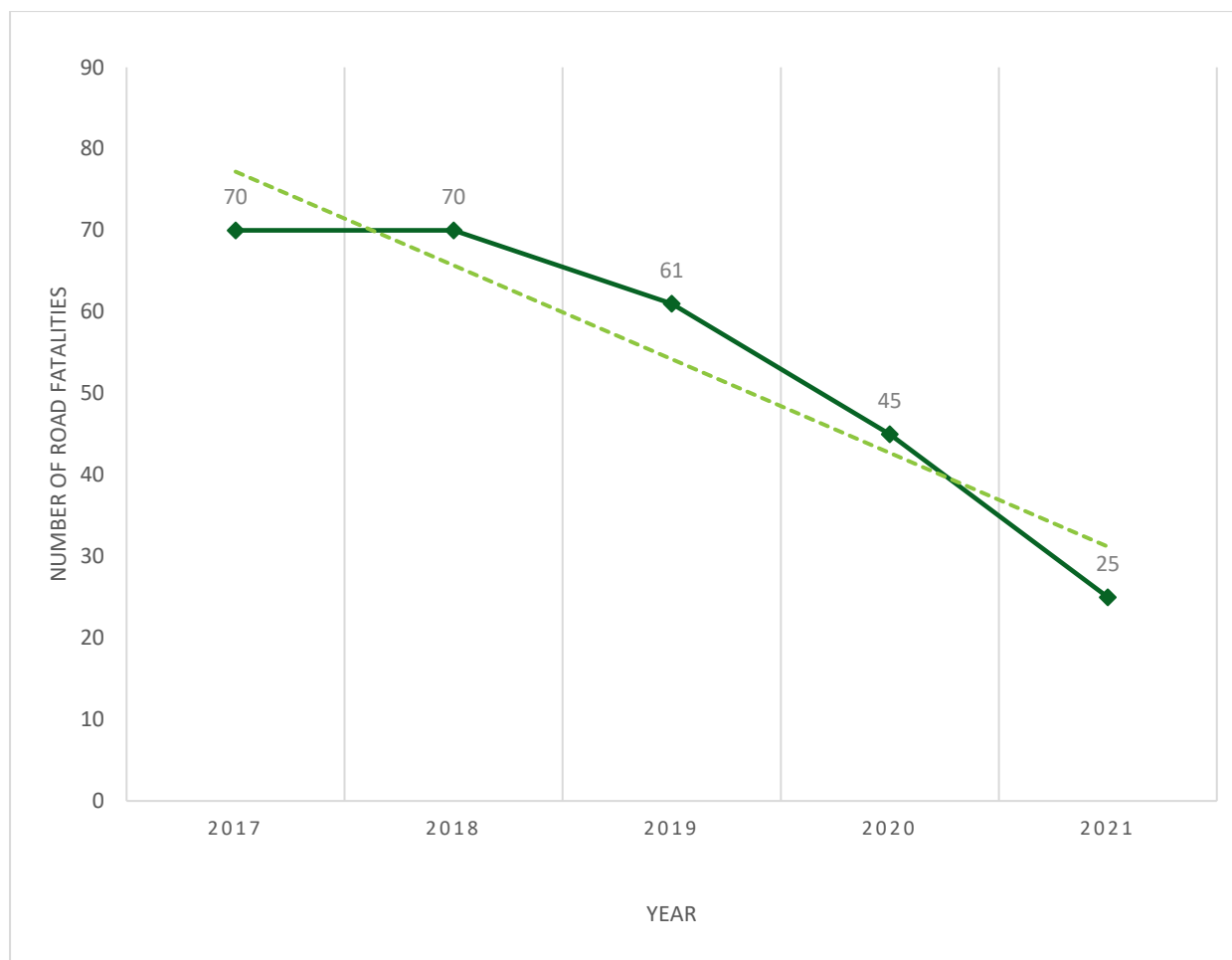


Table 12 – Causes of road fatalities for the years 2019 to 2021

Causes of Fatalities	2019	2020	2021
Speeding	22	24	15
Drunk & Drive	3	1	2
Dangerous Driving	4	5	1
Careless Driving	7	2	-
Pedestrian at Fault	7	1	-
Drunkard Pedestrian	3	1	1
Improper Overtaking	4	5	2
Driver's Fatigue	7	-	-
Improper Turning	-	1	1
Neglect of Parents	-	2	-
Defective Brake	1	-	-
Passenger at Fault	-	-	-
Mechanical Defect [tyre]	1	-	-
Hit & Run	3	3	1
Hit Animal	-	-	2
Total	61	45	25

Asset Stewardship

Table 13 - Asset Stewardship - Outcomes

Asset Provision, Development, Maintenance and Renewal (Asset Stewardship) – Outcomes			
Code	Performance Measure	2020/2021 target	Outcome
2A.1	An annual reduction in the value of deferred maintenance/ deferred renewals.	Yes	Partially achieved
2A.2	The percentage of planned new capital and renewal projects completed.	100%	Partially achieved
2B.1	Bridges' condition improved as evidenced by the categorisation changes: <ul style="list-style-type: none"> • High Priority Bridges • Medium Priority Bridges • Low Priority Bridges 	9.33% 1.85% (1.57%)	Partially Achieved

Investment in renewing the network as the annual depreciation provision

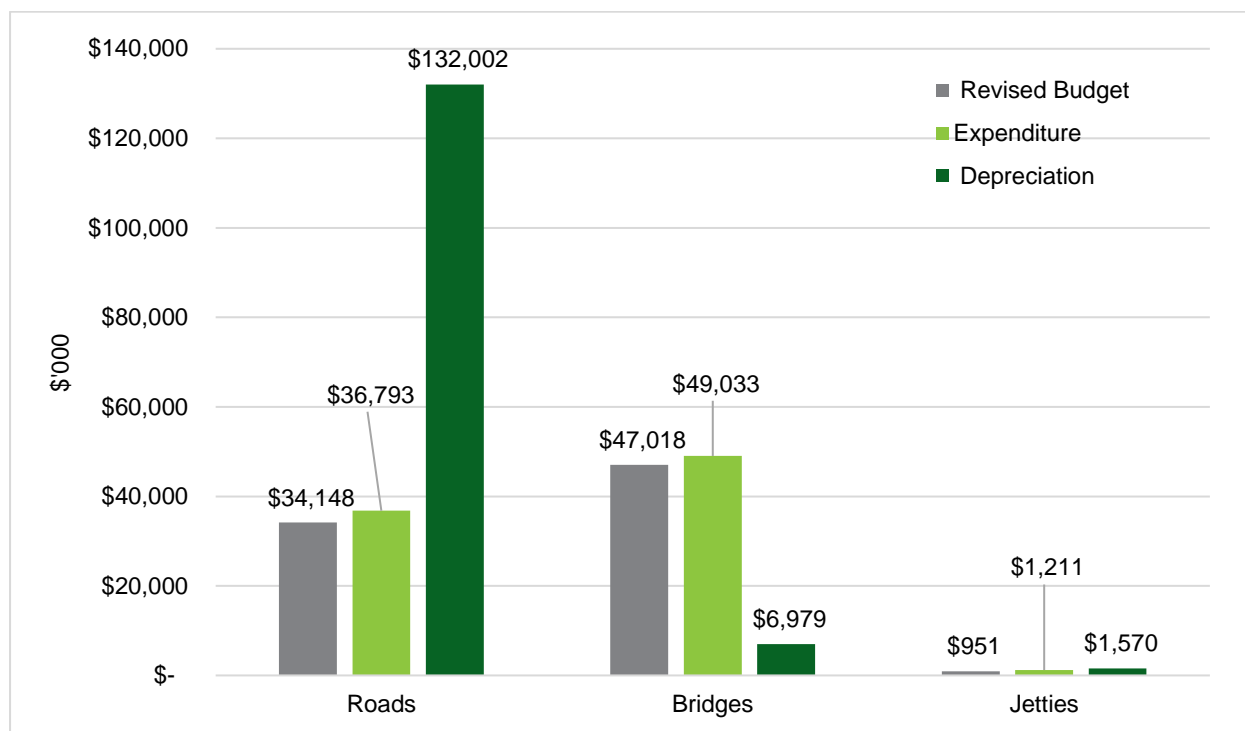
The sufficiency of the FRA's annual maintenance and renewal budget is determined by comparing the depreciation provision (the extent to which the assets are being 'consumed' or continuing to wear out every year) with the annual renewals and replacement expenditure.

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

In the 2020/2021 financial year, FRA invested more than \$128.6 million (VEP) in renewing its assets. Renewals for roads, bridges and jetties totaled approximately \$94.9 million (VIP) This is more than the annual depreciation provision hence, it can be maintained that the network has improved. The backlog has decreased, and the network is recovering, providing that investment continues to be applied at levels greater than the annual depreciation (see Figure 8).

The greater knowledge we now have of our assets have allowed recalculation of annual depreciation through the revaluation that had been undertaken in 2013. This indicates that higher levels of renewal investment are required if the backlog of deferred maintenance and renewal is to be reduced significantly.

Figure 8 - Renewal investment and depreciation for FRAs 3 main asset classes



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

During the 2020/2021 financial year, the FRA has built over \$198 million programme for New Capital and Renewals. This includes several major rural and urban projects of substantial complexity.

Measuring the number of planned projects completed is more difficult as many of these projects are multi-year projects. A number of capital projects also relate to non-physical work items, which were undertaken during the 2020/2021 financial year. These are projects which are in the development pipeline for later construction. Consequently, we have assessed performance based on the completion of planned work on projects, rather than project completion.

FRA has recognized the need for more sophisticated project management tools to aid in monitoring and reporting on performance against programme. An enterprise management system is in the plans to be implemented, which will allow for a much greater level of scrutiny to be applied and a consequently greater level of detailed reporting on aspects of programme delivery.

There were a number of projects that suffered delays during the period, and while this is expected in a programme of this scale and complexity, there remains a drive for continuous improvement.

Planned maintenance work was completed

During 2020/2021 financial year, \$69.4 million (VIP) of maintenance works were budgeted and all were completed. Achievements in some key areas of activity are shown in Table 14 below.

Table 14 – Maintenance Activity Achievements

	Maintenance Activity	Unit of measure	2020/2021 achievement	2019/2020 achievement
1	Potholes repaired	no.	4,562	4,528
2	Line marking	km	440	10,370
3	Grading	km	6,287	12,040
4	Gravel spread on Unsealed Roads (Resheeting)	mtr3	1,043,327	129,772
5	Drain cleaning	km	406	594
6	New culverts	mtr	62,308	5,177

Complaints received through FRA SR system

At FRA we record all complaints received into our Service Request (SR) system in relation to the potholes. These complaints are directed to the responsible officer, and progress to resolve them is tracked within the SR system. A monthly comparison shows that SR outstanding has significantly declined by 33%. Overall reduction is due to on-going weekly monitoring and follow ups of SR closure progress with the Delivery Programme Managers. Around 49% of the complaints received through SR system relates to either Road Defect or Streetlights issues.

Furthermore, trend for resolving Streetlight issues is declining monthly.

Due to the overall condition of the existing road network being poor, there has always been a 'backlog' of pothole repair work, particularly in smaller, low traffic volume roads. After periods of rain, especially after many TC depressions prior to 2020/2021 financial year, we see new potholes across the network, but our priority has been to address the arterial roads and other high traffic roads before moving into side streets etc. The complains received in relation to the potholes thus increases year by year and so does the pothole repair cost.

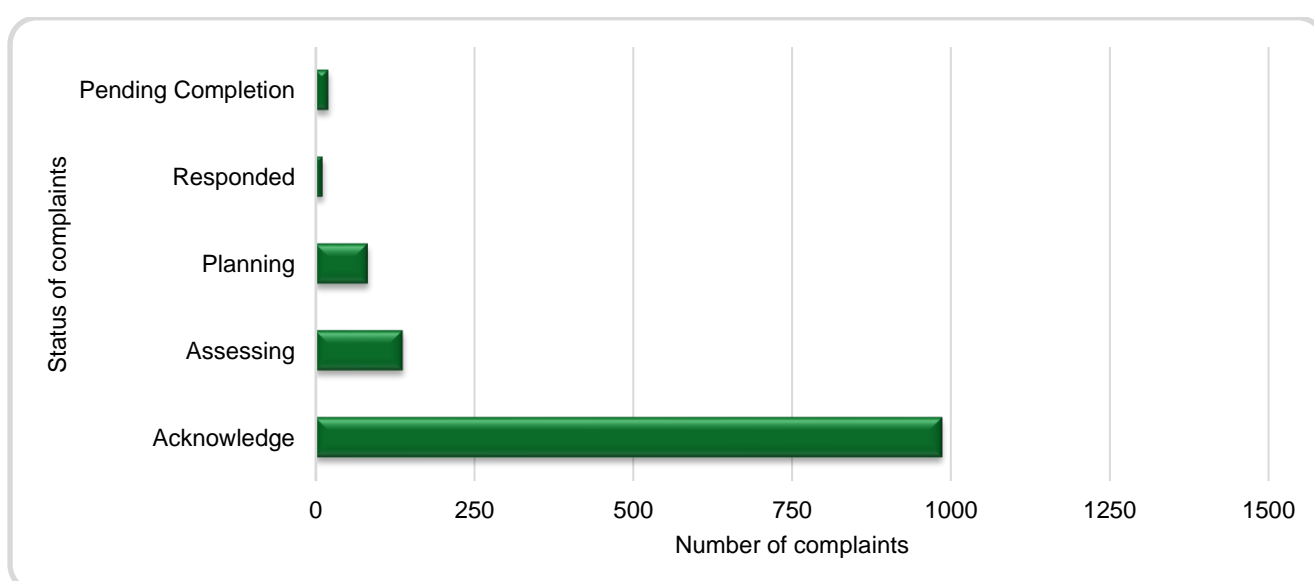
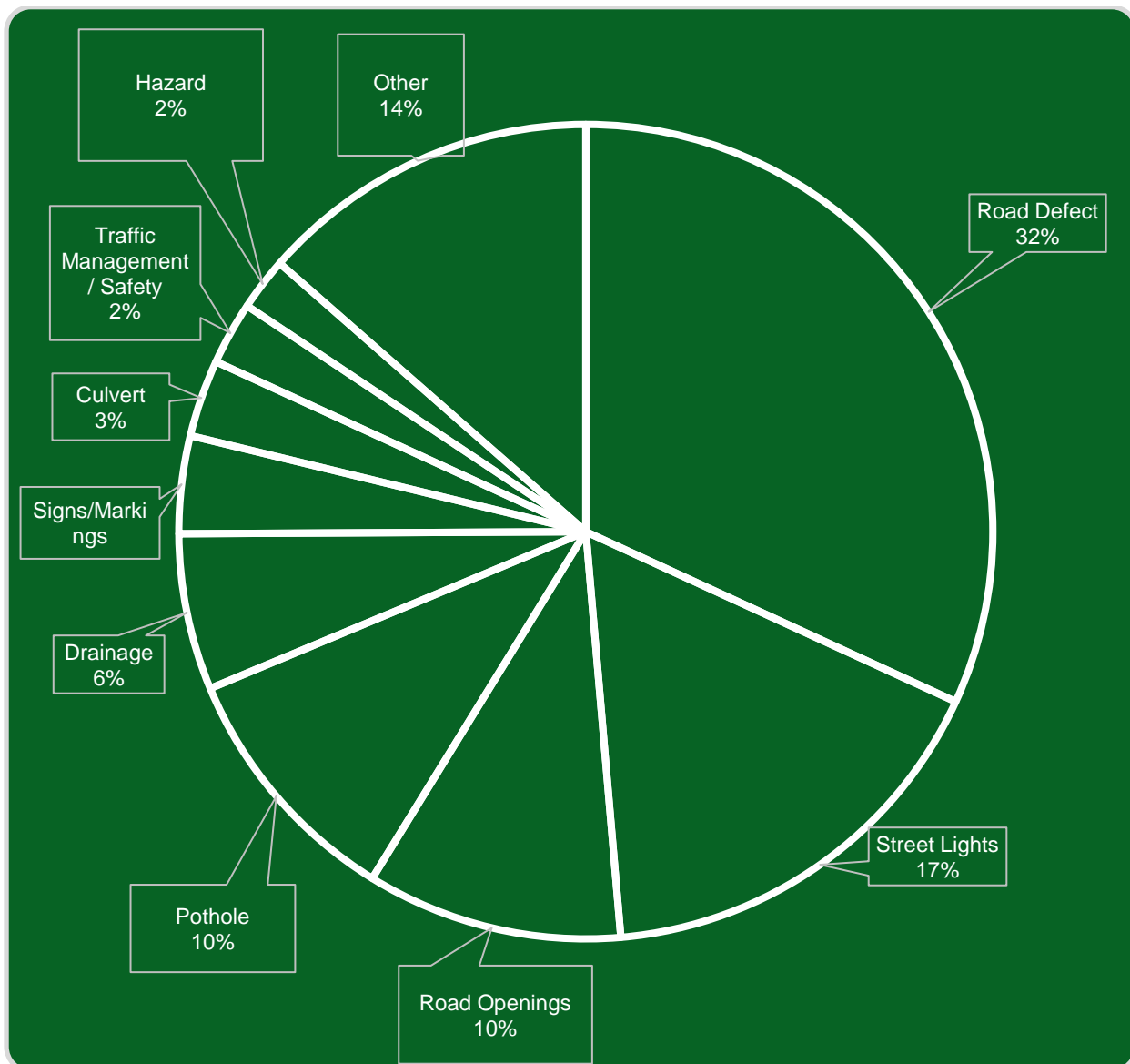
Figure 9: Complaints received through FRA SR System and status of these complaints


Figure 10: Categories of Complaints received through FRA SR System



Bridges' conditions

The goal of FRA's bridge programme is to reduce the number of high priority bridges through repair or replacement, i.e., the Authority aims to see a trend towards more bridges being categorized as low-medium priority.

FRA engages consultants on a case-by-case basis to complete general inspections of bridges/ major culverts in the Central, Eastern, Northern and Western Divisions (this includes redundant and not found structures). This is mainly done depending on the need to assess the condition of bridges/ crossings as well as appraise the weight limit of bridges/ crossings for public use and safety.

Service Quality

Table 15 - Service Quality: Aesthetics, Reliability, Responsiveness and Capacity

Service Quality - Including: Aesthetics, Reliability, Responsiveness and Capacity			
Code	Performance Measure	2020/2021 target	Outcome
3A.1	Reduced congestion by route	To be determined	Not measured
3A.2	Not less than 60% of the stakeholders surveyed (periodically) rate the overall service as 'satisfactory' or 'very satisfactory'.	60%	Not measured

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

As Fiji grows and develops, car ownership, usage and the amount of goods being transported around the country also increases. Accommodating this growth on the transport networks has been a challenge, especially in the urban areas and the main arterial routes which connect cities, towns, airports and ports.

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

- better and more attractive public transport;
- a more efficient haulage industry;
- reducing the need to travel through initiatives such as teleworking and teleconferencing;
- better integration between land use development and transport; and

- peak spreading (encouraging people to travel outside peak times).

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



Local Area Traffic Management Nadi Public Consultation

Compliance

Table 16 – Compliance: Training, Record Keeping, Data Management & Reporting

Compliance - Including: Training, Record Keeping, Data Management & Reporting			
Code	Performance Measure	2020/2021 target	Outcome
4A.1	Compliance with all legislative, regulatory and other requirements.	100%	Achieved

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

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

Overloading of heavy goods vehicles

Illegal overloading and loading exemptions continue to result in damage to roads and structures. We estimate that the cost of this damage is over \$50 million each year. This effectively represents a hidden transfer subsidy to industries such as logging and sugar which benefit from lower haulage costs.

FRA considers that these road damage costs should be managed through better enforcement and compliance, or otherwise captured within the appropriate industry so that better decisions are being made. FRA's responsibility for enforcement of vehicle load limits has been removed from the Act (see Appendix A). However, we are still

playing a central role in a multi- agency approach to this problem and will continue to do so with the goal of reducing abnormal damage to roads and structures.



Maranitawa Crossing in Ba during rainy seasons



Kings Road is closed at Tavua to all traffic due to flooding

Financial

Table 17 - Financial – Economic Value for Money

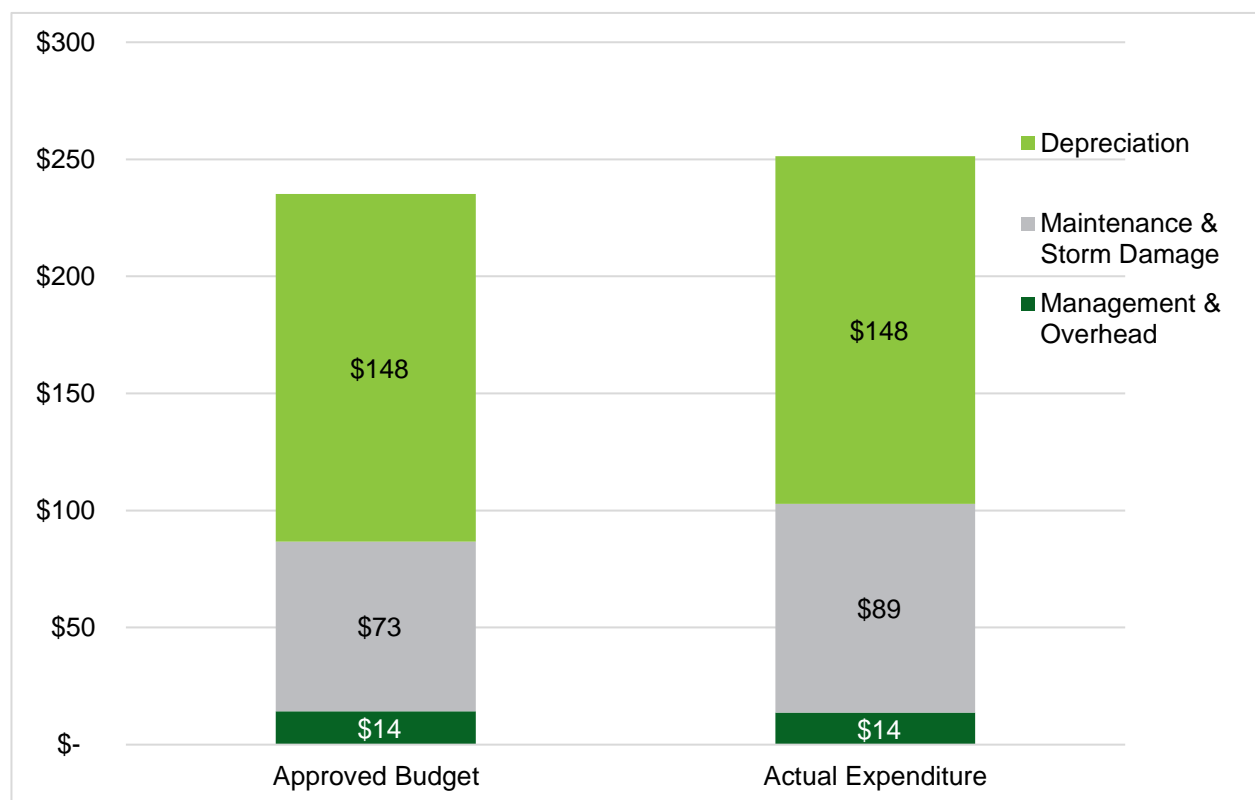
Financial - Economic Value for Money			
Code	Performance Measure	2020/2021 target	Outcome
5A.1	Total operating costs were within the approved total budget.	Yes	Achieved
5A.2	New capital and renewal projects were completed within the approved total budget.	Yes	Achieved

Total FRA operating expenditure was within annual approved budget

In this context operating costs include the costs of the FRA business unit and the

costs of maintaining the network (including storm damage and depreciation). Comparison of budget and expenditure is shown in Figure 11. The approved budget for these works were \$235 million while the actual expenditure was \$251 million.

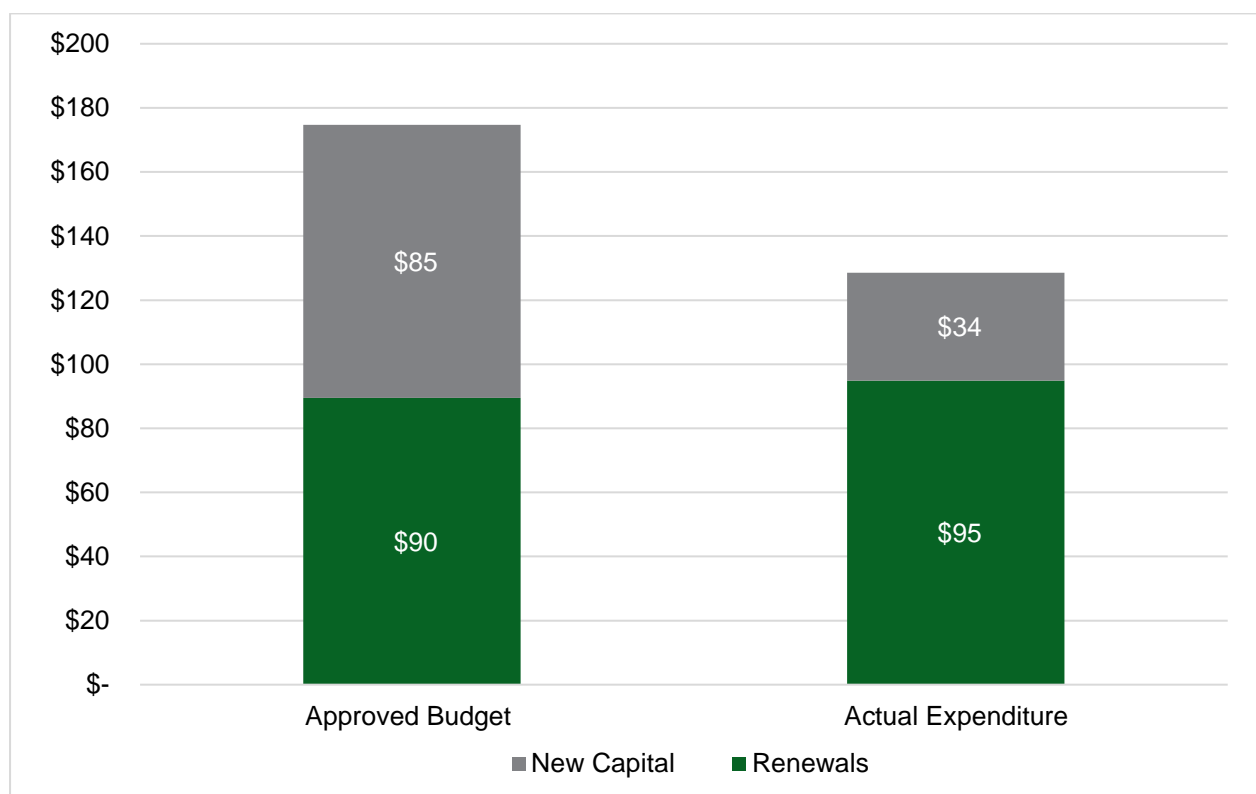
Figure 11 - FRA 2020/2021 operating budget and expenditure (\$m VIP)



Total FRA capital and renewal expenditure was within annual approved budget

Capital and renewal expenditure was 74% of the 2020/2021 revised budget. The comparison of the budget and expenditure is shown below in Figure 12.

Figure 12 – FRA 2020/2021 capital and renewal budget and expenditure (\$m VIP)



Comprehensive independent revaluation of assets was undertaken in 2015

The FRA's auditors (Office of the Auditor General) have qualified the accounts between 2012 – 2014 because they couldn't be satisfied there are sufficient documentation to appropriately substantiate the value of the FRA's property, plant and equipment.

The first valuation of FRA's was undertaken in 2015 – \$12 billion.

As per FRA's revaluation policy the assets revaluations will be carried out after 3 years. The next revaluation was expected to be carried out in the 2020/2021 financial year.

However, this is currently pending. FRA is looking at best industry practice to benchmark its assets. Hence, at this stage FRA is doing an extensive work on the renewals of its assets as most of the road surface and bridges are coming to its serviceable life. Once this is completed a valuation exercise would be conducted then.

Specific Tasks

Progress has been made, but performance on specific tasks for 2020/2021 financial year has not been as good as hoped

We set ourselves several specific tasks at the beginning of the year.

The table 18 below provides details on the specific performance targets and the performance results. Although good progress has been made, overall achievement was not as good as we had hoped. Over the course of 2020/2021 financial year, FRA was still in the process of building the organizational capacity to deliver on all our targets.

Table 18 - Specific Tasks for 2020/2021

2020/2021 Specific Performance Target	2020/2021 Performance Result
Governance	
1) For all required reports, including the corporate plan and annual report, FRA will comply with the legislative requirements;	Not achieved. Due to FRA's structural and personnel changes, this was delayed. A further delay was caused due to delay in Audits.
2) Resolve outstanding issues relating to the Municipal Councils' contributions and delegated functions by implementing a new Memorandum of Agreement;	On-going
3) Implement the final re-organisation plan for FRA's management and ensure a smooth transition to meet the organisation current and future needs;	On-going
4) Develop capacity, capability, and an effective succession planning mechanism at all levels of the organisation;	On-going
5) Ensure an Annual Internal Audit and Assurance Plan is in place that is approved by FRA's board and Executive Management, and delivery of scheduled activities are in line with the plan;	Achieved
6) Timely response to the issues raised in the Auditor General's (OAG's) audit report;	Achieved

2020/2021 Specific Performance Target	2020/2021 Performance Result
7) Ensure FRA has an Action Plan Register in place to track and close issues raised in either internal or external audits;	Achieved
8) Ensure FRA's Risk Management Framework and Internal Audit Charter is aligned to International Best Practice and are subject to ongoing changes to meet International Standards;	Achieved
9) Review standard operating procedures annually (Operations Manual / Staff Manual); and	On-going
10) Update Strategic Plan.	On-going
Technical	
1) Complete all on-going projects and successful close out;	On-going
2) Improve level of service;	On-going
3) Preserve existing infrastructure;	On-going
4) Plan for new projects by adopting sets of technical standards and specifications appropriate to Fiji and where necessary, local conditions;	On-going
5) Planning for information technology infrastructure;	On-going
6) Develop an integrated programme planning process that incorporates a whole of government approach to short, medium, and long-term transport infrastructure planning; and	On-going
7) Review the performance of ongoing maintenance contracts and, if need be, plan and tender for new maintenance contracts.	On-going

2020/2021 Specific Performance Target	2020/2021 Performance Result
Financial	
1) Implement a more 'user friendly' system of reporting expenditure against budget; and	Achieved
2) Continue to drive programme delivery to budget with a variance of not more than "plus" or "minus" 5 percent.	Achieved
General Management	
1) Instill an outcome driven culture within the Authority;	On-going
2) Update the Asset Management Plan; and	On-going
3) Ensure effective processes are in place enabling the reporting of actual performance against the performance measures and targets listed in both the Corporate Plan and in the Asset Management Plan.	On-going



Waidradra Crossing on Vatulili Road in Naqali during the rainy seasons

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**FIJI ROADS AUTHORITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2021**

Formation of Fiji Roads Authority

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

The directors present their report together with the financial statements of Fiji Roads Authority ("the Authority") for the year ended 31 July 2021 and the auditors' report thereon.

Directors

The names of the directors any time during the period and up to the date of this report are:

Mr Ariff Ali - Chairperson
Mr Aptinko Vaurasi - Member
Ms Preetika Prasad - Member
Mr Kamal Gounder - Member

State of affairs

In the opinion of the directors:

- there were no significant changes in the state of affairs of the Authority that occurred during the financial period under review not otherwise disclosed in this report or the financial statements.
- the accompanying statement of financial position give a true and fair view of the state of affairs of the Authority as at 31 July 2021 and the accompanying statement of comprehensive income, the statement of changes in equity and the statement of cash flows give a true and fair view of the result of the Authority, its changes in equity and its cash flows for the year then ended.

Principal activity

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

Operating results

The operating surplus for the year ended 31 July 2021 was \$979,381 (31 July 2020 Surplus: \$790,425).

Reserves

The directors did not recommend any transfers to or from reserves to accumulated funds in the 2021 financial period except as required by International Fund Reporting Standards.

No event arisen in the interval between the end of the financial period and the date of this report, item, transaction of a material and unusual nature likely, in the opinion of the directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in subsequent financial years.

Significant Event During the Year

COVID-19 Outbreak

In the current financial year the COVID-19 pandemic continue to affect Fiji. This has led to a reduction in government grant for Fiji Roads Authority. The COVID-19 pandemic and the unprecedented uncertainty in the economic environment continues in the next financial year as well. The impact of COVID-19 pandemic adversely affected shipping and delivery of some equipment, materials, personnel, progress of projects and supply chain (production, shipping and delivery etc.). In the event that the COVID-19 pandemic impact is prolonged than anticipated, this may result in the reduction of the grant funding in the subsequent financial years. Restrictions in movements and lockdown may affect the agreed closing dates of the projects. This maybe further affected by shortage of materials.

Dated at Suva this 4th day of October 2022

Signed for and on behalf of the Board of Directors in accordance with a resolution of the Directors:


Director


Director

OFFICE OF THE AUDITOR GENERAL**Promoting Public Sector Accountability and Sustainability through our Audits**

Level 1, Modyl Plaza
Karsanji St. Vatuwaqa
P. O. Box 2214, Government Buildings
Suva, Fiji



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E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj

**INDEPENDENT AUDITOR'S REPORT****FIJI ROADS AUTHORITY****Report on the Audit of the Financial Statements****Opinion**

I have audited the accompanying financial statements of Fiji Roads Authority ("the Authority"), which comprise the Statement of Financial Position for the year ended 31 July 2021, Statement of Comprehensive Income, Statement of Changes in Equity and Statement Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 July 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Directors and Management are responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the financial statements

The Management and Directors is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the Management and Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and Directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Directors either intends to liquidate the Authority's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

Auditor's Responsibility for the Audit of the Financial Statements (con't)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Fiji Roads Authority Act 2012 in all material respects, and:

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Authority has kept financial records sufficient to enable the financial statements to be prepared and audited.



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
14 October, 2022

FIJI ROADS AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

	Notes	31 July 2021	31 July 2020
		\$	\$
Income			
Grants and contributions	2 (a)	13,892,983	18,165,514
Amortisation of deferred income	11	197,576,746	188,072,994
Other income	2 (b)	1,018,660	530,179
Total income		212,488,389	206,768,687
Expenditure			
Employee related expenses	3 (a)	(10,413,039)	(14,285,335)
Other operating expenses	3 (b)	(2,604,373)	(2,969,145)
Maintenance	3 (c)	(50,050,886)	(50,032,647)
Total Expenditure		(63,068,298)	(67,287,127)
Surplus from operations		149,420,091	139,481,560
Depreciation and amortisation	7, 8 & 19	(148,440,710)	(138,691,135)
Profit (Deficit) for the year		979,381	790,425
Other comprehensive income		-	-
Total comprehensive loss for the year		979,381	790,425

The accompanying notes form an integral part of this Statement of Comprehensive Income.

**FIJI ROADS AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

	Notes	Contributed Equity	Accumulated Losses	Capital Reserve	Asset Revaluation Reserve	Total Equity
		\$	\$	\$	\$	\$
Balance as at 31 July 2019		4,834,267,984	(271,311,871)	878,428	3,505,794,232	8,069,628,773
Profit for the period		-	790,425	-	-	790,425
Decrease in capital reserves		-	-	(878,428)	-	(878,428)
Transfer to contributed equity		-	-	-	-	-
Revaluation increment		-	-	-	-	-
Increase in assets from equity transfer		14,954,344	(3,521,834)	-	-	11,432,510
Balance as at 31 July 2020		4,849,222,328	(274,043,280)	-	3,505,794,232	8,080,973,280
Profit for the period		-	979,381	-	-	979,381
Decrease in capital reserves		-	-	-	-	-
Increase in assets from equity transfer	18	17,294,840	-	-	-	17,294,840
Balance as at 31 July 2021		4,866,517,168	(273,063,899)	-	3,505,794,232	8,099,247,501


The accompanying notes form an integral part of this Statement of Changes in Equity.

**FIJI ROADS AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021**

	Notes	31 July 2021	31 July 2020
		\$	\$
Current assets			
Cash and cash equivalents	4	63,379,497	55,460,711
Receivables	5	326,365	360,777
Other current assets	6	24,131,315	28,526,153
		<u>87,837,177</u>	<u>84,347,641</u>
Non-current assets			
Property, plant and equipment	7	9,123,637,048	9,080,779,501
Right of Use Assets	19(a)	670,801	1,182,647
Intangible assets	8	318,287	362,701
		<u>9,124,626,136</u>	<u>9,082,324,849</u>
Total assets		<u>9,212,463,313</u>	<u>9,166,672,490</u>
Current liabilities			
Payables	9	92,103,941	72,014,459
Provisions	10	242,787	547,701
Deferred income	11	217,334,420	217,896,061
Lease Liabilities	19(b)	349,894	513,165
		<u>310,031,042</u>	<u>290,971,386</u>
Non-current Liabilities			
Provisions	10	12,826,769	32,361,246
Deferred income	11	790,001,746	761,660,428
Lease Liabilities	19(b)	356,255	706,150
		<u>803,184,770</u>	<u>794,727,824</u>
Total liabilities		<u>1,113,215,812</u>	<u>1,085,699,210</u>
Net assets		<u>8,099,247,501</u>	<u>8,080,973,280</u>
Equity			
Asset revaluation reserve		3,505,794,232	3,505,794,232
Other contributed equity	18	4,866,517,168	4,849,222,328
Accumulated losses		(273,063,899)	(274,043,280)
Total equity		<u>8,099,247,501</u>	<u>8,080,973,280</u>

The accompanying notes form an integral part of this Statement of Financial Position.

Signed for and on behalf of the Board of Directors in accordance with a resolution of the Directors:


Director


Director

**FIJI ROADS AUTHORITY
STATEMENT OF CASH FLOWS
AS AT 31 JULY 2021**

	Note	31 July 2021	31 July 2020
		\$	\$
Cash flows from Operating Activities			
Grants, subsidies and interest received		247,315,539	195,093,995
Payments to suppliers and employees		(65,387,851)	(68,490,048)
Net cash from Operating Activities		181,927,688	126,603,947
Cash flows from Investing Activities			
Payments for intangible assets		(466,812)	(533,279)
Payment for property, plant & equipment		(190,275,186)	(156,792,590)
Net cash used in Investing Activities		(190,741,998)	(157,325,869)
Cash flows from Financing Activities			
Loan contributed by government of Fiji - ADB and Worldbank		17,294,840	14,954,343
Repayment of Lease Liabilities		(561,744)	(906,275)
Net cash from Financing Activities		16,733,096	14,048,068
Net increase in cash held		7,918,786	(16,673,854)
Cash and cash equivalents at beginning of financial period/year		55,460,711	72,134,565
Cash and cash equivalents at end of financial year	4	63,379,497	55,460,711

The accompanying notes form an integral part of this Statement of Cash Flow.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
AS AT 31 JULY 2021

1 SIGNIFICANT ACCOUNTING POLICIES

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

The Authority's registered office is Level 4, Fiji Development Bank Building, 360 Victoria Parade, Suva. It operates from several locations in Fiji, with its head office in Suva.

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

The financial statements were authorized for issue by the directors on 4th October 2022.

(a) Accounting for the formation of FRA

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

Due to insufficient books and records over property, plant and equipment at 5 January 2012, the property, plant and equipment assets of the Department of National Roads ("DNR") were required to be identified, recorded and valued by independent valuers and the resulting adjustment was recorded in other contributed equity. The assets of the DNR were transferred to FRA on 5 January 2012 for a consideration of \$Nil under the FRA Act. In 2015, the Authority with assistance from Erasito Beca Consultants Ltd revalued its property, plant and equipment.

(b) Statement of compliance

The financial statements of the Authority have been drawn up in accordance with the provisions of the International Financial Reporting Standards ("IFRS"), the FRA Act 2012 and other statutory requirements.

(c) Basis of preparation

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

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

(d) Standards and interpretations

The following standards, amendments and interpretations to existing standards were published and are mandatory for the accounting periods beginning on or after 1 August 2018 or later periods.

Reference	Summary	Application date of standard and the Authority
IFRS 9 Financial Instruments	New requirements on recognition of expected credit losses	Standard not adapted as FRA does not deal with this kind of transactions
IFRS 16 Leases	Requires operating leases to be recognised on balance sheet	1 August 2018 Details of the impact of IFRS 16 Leases have been presented below
IFRS 15 Revenue from Contracts with Customers	Requires revenue to be recognised on satisfaction of the performance obligations specified under contracts	Standard not adapted as FRA does not deal with this kind of transactions

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Standards and interpretations (cont)

IFRS 16 - Leases

The Authority applied IFRS 16 with a date of initial application from 1 August 2018. As a result, the Authority has changed its accounting policy for lease contracts. The Authority applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings.

As a lessee, the Authority previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. Under IFRS 16, the Authority now recognises right-of-use assets and lease liabilities for all leases.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the lending rate as at 1 August 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

On transition to IFRS 16, the Authority recognised an initial value of \$1,595,299 as right-of-use assets and lease liabilities. When measuring lease liabilities, the Authority discounted lease payments using lending rates as at 1 August 2018. The lending rate applied is 5%.

Impact of adopting IFRS 16 as at 1 August 2018

Operating Lease Commitment at 31 July 2018 as disclosed in the authority's financial statements	1,593,587
Discounted using lending rate at 1 August 2018	1,712
Lease Liabilities recognised at 1 August 2018	1,595,299

(e) Use of estimates and judgments

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

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

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

Due to the unique nature of the road infrastructure, the value of assets cannot be measured with precision. There are uncertainties about the values assigned to different components of the road infrastructure. Authority is continually reviewing controls to improve the timeliness and accuracy of the asset database - the Road Assessment and Maintenance Management (RAMM) database and the Geographic Information System (GIS). In addition, significant estimates and assumptions have been applied to the valuation, which include assumptions on quantities used in the construction of road infrastructure components, the life of the assets and unit cost to apply. Changes to the underlying estimates and assumptions can cause a material movement in the road infrastructure.

The Authority is continuously improving the identification of all assets and costs that should be capitalised through continuous inspections and valuation (planned for 2023/24 financial year).

(f) Foreign currency

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

(g) Property, plant and equipment

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

(g) Property, plant and equipment (cont)

Recognition and measurement

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

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

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

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

Depreciation

Items of property, plant and equipment and road systems (other than land, formation and the subbase component of pavement) are depreciated using the straight-line method over their estimated useful lives. The depreciation expense for the financial year is calculated based on the 31 December 2015 valuation and the new additions done thereafter. Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date. The expected useful lives of property, plant and equipment for depreciation purposes are as follows:

	Useful lives (years)
Buildings	60
Furniture and fittings	5 - 10
Motor vehicles	5 - 8
Road systems	12 - 120
Plant and equipment	10 - 30

Revaluation of property, plant and equipment

The Authority revalues the roads system recorded under property, plant and equipment at least every three years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. Revaluations are performed by independent professionally qualified and registered valuers. The next revaluation of Authority's non-current assets was due at the end of 2018. The 2018 revaluation exercise was not conducted due to budgetary constraints and other pressing work. This was later deferred due to the COVID-19 pandemic. At this stage FRA is doing an extensive work on the renewals of its assets as most of the road surface and bridges are coming to its serviceable life. Once this is completed then a valuation exercise would be conducted. The next revaluation exercise is planned to be in the 2023/24 financial year.

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

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

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

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

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

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

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

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Cash and cash equivalents

Cash & cash equivalents comprises of cash at bank, cash on hand and term deposits with maturity term of less than 3 months.

(i) Receivables and other assets

Receivables are carried at original invoice amount less allowance made for impairment. Other receivables are recognised and carried at cost less any impairment loss. An allowance for impairment of receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. This allowance is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

(j) Deferred income and amortisation of deferred income

An unconditional grant related to an asset is recognised in the statement of comprehensive income as other income when the grant becomes receivable.

Other grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Authority will comply with the conditions associated with the grant and are then recognised in the statement of comprehensive income as other income on a systematic basis over the useful life of the asset. Grants that compensate the Authority for expenses incurred are recognised in the statement of comprehensive income on a systematic basis in the same periods in which the expenses are recognised.

(k) Payables

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

(l) Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in the normal operations of the Authority.

(m) Maintenance

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

(n) Provisions

(i) Defined contribution plan

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

(ii) Short term employee benefits

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

(iii) Other provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income recognition

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

(i) Grants and contributions

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

(ii) Other income

Revenue from interest income and rental income is measured at fair value of the consideration received or receivable. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of comprehensive income.

(p) Impairment

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

(q) Accumulated funds

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

(r) Other contributed equity

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

(s) Intangible Assets

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

(t) Leased Assets

The Authority has applied IFRS 16 using the modified retrospective approach from the financial year 31 July 2019. IFRS 16 and the impact of changes is disclosed in Note 1 (d).

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

	31 July 2021	31 July 2020
2. INCOME		
	\$	\$
(a) Grants and contributions		
Government of Fiji - Operating Grant	13,892,983	18,165,514
	13,892,983	18,165,514
(b) Other Income		
Interest income	996,969	528,290
Gain on Derecognition of Lease Liability	-	1,889
Other Government Agencies	21,691	-
	1,018,660	530,179
3. EXPENDITURE		
(a) Employee related expenses		
Salaries	9,864,239	12,592,307
Contribution to FNPF	412,323	704,984
Allowances	136,477	988,044
	10,413,039	14,285,335
The number of employees at the end of the financial period was 210 (2020: 221).		
(b) Other Operating expenses		
Consultancy costs	134,136	1,046,994
Unrealised exchange loss/gain	225,535	-
Travel and communications	293,938	373,344
Other	1,950,764	1,548,807
	2,604,373	2,969,145
(c) Maintenance		
Bridges, crossings & jetties	1,194,010	624,028
Roads	32,291,066	36,514,330
Drainage	11,837,622	8,887,581
Street Lights	4,437,608	2,881,190
Traffic Lights	-	937,977
Footpaths	290,580	187,541
	50,050,886	50,032,647
4. CASH AND CASH EQUIVALENTS		
Cash at bank	63,372,897	55,454,111
Petty cash	6,600	6,600
	63,379,497	55,460,711

Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash at Bank include Capital and Operating Grant of \$43,479,116, retention money of \$18,499,337 which will be released once the claims received from the contractor at the end of the defect liability period and cash for World Bank Designated Account amounting to \$1,394,379.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

	31 July 2021	31 July 2020
	\$	\$
5. RECEIVABLES		
Trench repairs	171,524	229,575
Others	154,841	131,202
	326,365	360,777
<p>The Authority reviews the 'debtors aging' report at the end of each month. The Authority has not provided any provision or allowance for doubtful debts during or in prior years.</p> <p>Before accepting any new customer, the Authority assesses the credit history of the customer through an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.</p> <p>Trade receivables disclosed above include amounts (see below for aged analysis) that are past due dates at the end of the reporting period for which the Authority has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.</p> <p>Age of Receivables that are past due but not impaired:</p>		
Current		
30 Days	23,644	-
60 Days	-	-
90 Days	-	-
Over 90 Days	302,721	360,777
Total	326,365	360,777
6. Other Current Assets		
Prepayments	11,430,755	86,887
Advances and deposits	5,924,602	5,939,002
VAT receivable	6,759,015	22,483,321
Securities	16,943	16,943
	24,131,315	28,526,153
7. PROPERTY, PLANT AND EQUIPMENT		
(a)		
Land and Buildings		
At Cost	31,982,690	31,853,990
Accumulated depreciation	(7,727,003)	(7,600,180)
	24,255,687	24,253,810
Motor Vehicles		
At Cost	2,051,879	2,051,879
Accumulated depreciation	(1,868,512)	(1,733,520)
	183,367	318,359
Furniture and Fittings		
At Cost	2,957,239	2,945,960
Accumulated depreciation	(2,648,895)	(2,232,154)
	308,344	713,806
Road Systems		
At fair value	9,701,587,810	9,538,064,409
Accumulated depreciation	(791,497,583)	(644,774,062)
	8,910,090,227	8,893,290,347
Plant and Equipment		
At Cost	2,014,122	2,014,122
Accumulated depreciation	(1,043,861)	(1,028,300)
	970,261	985,822
Work in Progress		
At Cost	187,829,162	161,217,357
	187,829,162	161,217,357
Net book value	9,123,637,048	9,080,779,501

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Land & buildings	Motor vehicles	Furniture and fittings	Road systems	Plant and equipment	Work in Progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$
Balance at 1 August 2020	31,853,990	2,051,879	2,945,960	9,538,064,409	2,014,122	161,217,357	9,738,147,717
Acquisitions	128,700	-	59,589	168,085,026	-	160,484,617	328,757,932
Asset Refinements	-	-	-	(4,561,625)	-	-	(4,561,625)
Disposal	-	-	(48,310)	-	-	(133,872,812)	(133,921,122)
Balance at 31 July 2021	31,982,690	2,051,879	2,957,239	9,701,587,810	2,014,122	187,829,162	9,928,422,902
Depreciation							
Balance at 1 August 2020	7,600,180	1,733,520	2,232,154	644,774,062	1,028,300	-	657,368,216
Depreciation for the Year	126,823	134,992	416,741	146,723,521	15,561	-	147,417,638
Disposal	-	-	-	-	-	-	-
Balance at 31 July 2021	7,727,003	1,868,512	2,648,895	791,497,583	1,043,861	-	804,785,854
Carrying amount							
At 31 July 2020	24,253,810	318,359	713,806	8,893,290,347	985,822	161,217,357	9,080,779,501
At 31 July 2021	24,255,687	183,367	308,344	8,910,090,227	970,261	187,829,162	9,123,637,048

(c) Asset Refinements

Relates to projects that were capitalized against estimated project costs after the taking over certificate was issued. These estimated sums were also entered into books of account as final sum. At the performance certificate issue stage the engineer finalized the contract account and on some projects the senior management finalized the contract account in consultation with the Authority's Board mainly after negotiations with the contractor. Payment certificate accompanying the performance certificate is called the final payment certificate. The difference between the final payment certificate and estimated project cost at taking over certificate had been reversed in the books of account upon issuance of the performance certificate and final payment certificate.

	31 July 2021	31 July 2020
	\$	\$
8. INTANGIBLE ASSETS		
Software License		
Cost:		
Balance as at 1 August	2,562,425	2,029,146
Additions	466,812	533,279
Balance as at 31 July	3,029,237	2,562,425
Accumulated Amortisation		
Balance as at 1 August	2,199,724	1,494,627
Amortisation for the year	511,226	705,097
Balance as at 31 July	2,710,950	2,199,724
Net Amount	318,287	362,701
Software licenses are made up of the Authority's various softwares like Navision Financial Management Information System, Payroll PayGlobal System, RAMM, Microsoft Licenses and others. Computer software is capitalised at the net invoice cost plus any related consulting and/or training costs associated with the initial software implementation (including the initial license cost) and amortised by an impairment charge over its remaining life to arrive at the carrying amounts.		
9. ACCOUNTS PAYABLE		
Accruals	(a) 51,017,613	24,649,048
Other payables	(b) 2,948,452	2,056,568
Retention payable	18,409,399	21,669,416
Trade payables	(c) 19,728,477	23,639,427
	92,103,941	72,014,459

- (a) Accruals mostly relates to accrued expenditure for performance pay and maintenance works for which claims has been received and yet to be assessed and certified by FRA Engineer.
- (b) Other payables mostly relates to payments relating to employees including payments dues to various entities which are deducted from employee salary. This also includes revenue received in advance from other government agencies for which work will be delivered in the next financial year.
- (c) Trade payables mainly relates to payment due to the contractors for contract works for which invoice has been received.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

	31 July 2021	31 July 2020
	\$	\$
10. PROVISIONS		
Employee benefits (i)	242,787	547,701
Other provisions (refer below)	12,826,769	32,361,246
	13,069,556	32,908,947
Apportioned as:		
Current	242,787	547,701
Non Current	12,826,769	32,361,246
	13,069,556	32,908,947

Other Provisions Detail:

Descriptions	Contractual Work Accrued (ii)
	\$
Balance at 1 August 2020	32,361,246
Additional provisions recognised	12,826,769
Reductions resulting from re measurement or settlement without cost	(32,361,246)
Balance at 31 July 2021	12,826,769

- (i) The provision for employee benefits represents annual leave entitlement at the end of the financial year.
(ii) Estimated accruals provided for contractual works unclaimed at balance date.

11. DEFERRED INCOME

Deferred income represents the Capital Grant given by the Government of Fiji for capital purchases and construction of the Authority's road systems.

	31 July 2021	31 July 2020
	\$	\$
Opening Balance	979,556,489	995,774,904
Less: Depreciated charges during the year	(147,416,153)	(137,145,853)
Less: Allocated to maintenance of road systems	(50,160,592)	(50,927,141)
Add: Current Year Grants	225,356,422	171,854,579
Closing Balance	1,007,336,166	979,556,489
Apportioned as:		
Current	217,334,420	217,896,061
Non Current	790,001,746	761,660,428
	1,007,336,166	979,556,489

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Commitments

- (i) As at balance date the Authority has an estimated value of \$2,147,431,391 contract commitments. However, this commitment depends on verification of works done and adherence to the contract terms and conditions during the contract period (2020: \$1,235,160,832).

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

(b) Contingent liabilities

(i) Termination of the Contract for Professional Engineering Services Advisor (MWH)

On 23 September 2016, the Authority's principle engineering service provider (MWH) had terminated their contract with the Fiji Roads Authority (FRA). In addition to this FRA has commenced proceedings against MWH in the High Court of Fiji in regards to the return of documents by MWH that FRA is entitled to under the Contract (including Confidential Documents and Intellectual Property). The initial judgement was in favor of the Authority. Furthermore, MWH has also commenced proceeding against FRA in High Court of Fiji seeking to enforce its alleged entitlement to submit the disputes with FRA under the contract to mediation. There are currently 3 proceedings in Court of Appeal between FRA and Stantec NZ Ltd (formerly known as MWH) and 1 proceedings in the High Court.

1. Case 1 - FRA v Stantec NZ Limited (High Court Civil Action No. HBC 227 of 2017)

This is the High Court proceedings where we are claiming unspecified general damages against MWH for their multiple breaches of contract; for failing to protect FRA's interests in a number of significant projects; for fraudulent misrepresentation; and for claiming and receiving from FRA a copious amount of money in overpayments. In the same proceedings we are also seeking declarations that MWH's behavior resulted in breaches of the Commerce Commission Act. For now, the High Court has stated this proceedings will be put on hold until the Court of Appeal had made a decision in the Court of Appeal proceedings (updates for which are below).

2. Case 2 - Stantec NZ Limited v FRA (Court of Appeal Civil Appeal No. ABU 24 of 2019)

This appeal was heard before 3 Judges of the Court of Appeal on 7.2.20 and Judgement will be delivered on notice. In this case MWH is basically seeking orders that FRA breached the dispute resolution process by refusing to mediate and that FRA has no right under the Contract to go straight to the High Court for litigation. Their contention is that the contract stated parties will resolve disputes amicably, and failing that they will attend mediation, and if mediation is unsuccessful then the parties will arbitrate the dispute. Our defense in the High Court was that as opposed to the use of the word "shall" the contract used the words "may mediate" and "may refer to arbitration." As per legal interpretation, it was not compulsory for FRA to mediate or arbitrate this dispute and it was permissible and legal for FRA to bring proceedings in the High Court.

After 3 years of numerous arguments and interlocutory applications the High Court last year in March accepted our argument and ruled in our favor that neither MWH nor the High Court can compel FRA to mediate or arbitrate the dispute because the word "may" means it is optional for the parties, not mandatory. MWH then appealed the High Court's decision on grounds that the Judge has wrongly interpreted the word "may" and that in commercial contracts between sophisticated parties the word "may" is deemed to mean "shall." They are relying on decisions from the UK to defend their appeal and we are relying on simple construction of the English language and the terms of the contract.

3. Case 3 - Stantec NZ Limited v FRA (Court of Appeal Civil Appeal No. ABU 74 of 2019)

This is tied to Case 1 above. Stantec tried to stop FRA from progressing its claim in case 1. They tried to do this by seeking a Stay Order from the High Court to stay our legal action and their argument for this was that as per contract, FRA's claims against Stantec should be arbitrated and not decided in Court (same arguments they made in Case 2 which they lost). FRA's opposed this on a number of grounds (one of which is the same argument we made in Case 2). We further argued that in our legal action we are also claiming various declarations for breaches of the Commerce Commission Act and that only a Judge of the High Court has the powers to make those statutory declarations, not an arbitrator. We likewise argued that whilst an arbitrator can make decisions on the commercial claims, the arbitrator is not qualified to legally interpret the clauses of the contract nor is an arbitrator competent to resolve the range of legal issues between the parties and therefore litigation is the best forum for this dispute resolution. We also argued that the power to Stay our litigation can only come from Section 5 of the Arbitration Act and if Stantec wanted to stay our legal action to ensure arbitration takes place, then they should have commenced arbitration because without commencing arbitration you cannot rely on the Arbitration Act. We therefore argued Section 5 of the Arbitration Act cannot now be used against FRA. The High Court Judge agreed with us on all points and delivered its decision in favor of FRA. Stantec applied to the High Court for permission to appeal that decision. We opposed this on grounds that the appeal will lack merits. The Judge again agreed and decided in our favor so Stantec has now filed an application in the Court of Appeal seeking leave to appeal the High Court Judge's decision. The hearing in the Court of Appeal took place on 7.2.20 and the Court of Appeal's decision will be delivered on notice.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

12. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

(b) Contingent liabilities (continued)

(i) Termination of the Contract for Professional Engineering Services Advisor (MWH) (continued)

4. Case 4 - FRA v Stantec NZ Limited (Court of Appeal Civil Appeal No. ABU 17 of 2018)

MWH claims they have outstanding payment of about FJD \$10.7m and NZD \$3.4m. FRA claims there has been an overpayment to MWH way above the monies MWH is claiming from FRA. In order to pay MWH's outstanding claims; and alternatively in order for FRA to assess the value of the overpayments FRA needs timesheets from MWH showing the hours they had invested into FRA. When the dispute arose in 2016, FRA asked MWH to provide timesheets and they refused. FRA's position from the outset was that FRA will no longer pay MWH any monies until it has verified MWH's claim against the timesheets in possession of MWH. FRA filed an application in the High Court to compel MWH to release the timesheets. We argued that contractually, at the time of termination of contract MWH was required to release to FRA all the "relevant information in possession of MWH in relation to or arising out of the contract." They released everything to us except their records of timesheets and we have always asked what is the reason behind this refusal unless it is to hide proof of overpayments. The Court refused our application and ruled the timesheets were not contractual information and these timesheets belong to MWH for their internal operations and the Court cannot compel them to release the timesheets to FRA. FRA's other argument was that MWH was obligated to release to FRA all "New Intellectual Property" which is defined to include all documentation prepared or created by MWH in carrying out their services to FRA and that the timesheets tantamount to "New Intellectual Property" which should have been released to FRA. The High Court also rejected this argument, and also rejected our application for leave to appeal. We then filed an application in the Court of Appeal seeking leave to appeal the High Court's decision. The hearing in the Court of Appeal took place on 7.2.20 and the Court of Appeal's decision will be delivered on notice. We will update the Board once the Ruling is delivered. The reason FRA needs the timesheets is to verify and quantify the overpayments made to MWH. Without the timesheets, we have no way of concluding how much we should claim against MWH as overpayments.

At the time of the report, these cases are still pending for final judgement.

(ii) Contingent liabilities

In 2012, the Authority have entered into Memorandum of Agreements with the eleven (11) Municipal Councils whereby the Councils were delegated work by the Authority to be carried out for which the Authority would reimburse the costs to the Councils. It was also agreed that the Councils will pay the Authority an annual contribution for council roads maintained by the Authority.

No contributions were received from the councils and likewise no claims for reimbursement in relation to works carried out by councils on behalf of the Authority were received in the current year.

There is a likely chance that the Councils will be directed to honor the MOA in place and the Authority will be liable to pay an approximate sum of \$47,253,382 to the councils for 2021. (2020: \$41,022,167).

(c) Contingent assets

	31 July 2021	31 July 2020
	\$	\$

Contribution from Municipal Councils

	72,862,668	63,254,404
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The authority is expecting an approximate of \$72,862,668 contribution from councils as at 31 July 2021. These amounts have not yet been recorded as receivable.

The outstanding dues are now collected and handled directly by Ministry of Economy. The instruments of the current MOA is not workable thus the Authority is working towards revoking these agreements and drafting new agreement. Under the FRA Act all of the road infrastructure belong to the Authority and the Authority continues to maintain all of these.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

13. RELATED PARTY TRANSACTIONS

Identity of related parties

Balances and transactions between the Authority and its operations, which are related parties of the Authority have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Authority and other related parties are disclosed below.

Directors

The directors of the Authority in office during the period and up to the date of this report were:

Mr Arif Ali - Chairperson
 Mr Aptinko Vaurasi - Member
 Ms Preetika Prasad - Member
 Mr Kamal Gounder - Member

Trading Transactions with Related Party

During the year, the Authority enters into the following trading transactions with related parties:

Grant

Government of Fiji	225,356,422	171,854,579
	225,356,422	171,854,579

Government Funding Lenders

Asian Development Bank	13,520,278	10,047,099
World Bank	3,774,562	4,907,245
	17,294,840	14,954,344

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The key management personnel in FRA are:

Chief Executive Officer – Jonathan Charles Moore Contract ended 01/10/2020
 Acting CEO- Kamal Prasad - Start date 01/10/2020
 General Manager Delivery Western – Kamal Prasad 01/08/2020- 30/09/2020
 Acting General Manager Delivery Western - Joseva Sautu - Start Date 01/10/2020
 Acting General Manager Delivery –Central – Apisai Ketenilagi 01/08/2020 – 12/04/2021
 Acting General Manager Delivery –Central – Timoci Uqe Ratuva 13/04/2021-31/07/2021
 General Manager Delivery North – Ranjit Singh Sandhu- Contract ended 13/01/2021
 Acting General Manager Delivery North - Delana Rabalaka 14/12/2020 - 09/05/2021
 General Manager Delivery North - Delana Rabalaka Start date 10/05/2021
 Acting Chief Financial Officer- Sonal Goundar End date 30/09/2020
 Chief Financial Officer - Sonal Goundar - Start date 05/10/2020
 Head of Risk and Compliance - Ravneel Lal
 Head of HR & Training – Zakia Dean
 Head of Governance – Charles Robert Ward - Contract Ended -08/03/2021
 Head of Design & Procurement – Michael John Dale - Contract ended 14/08/2020
 Head of Internal Audit – Esala Vakadewavosa Talatala - Contract ended 02/01/2021
 Principal Solicitor- Roneil Rajeev Dulaar Prakash - Contract ended 31/12/2020
 Head of ICT – Sanjeev Chandra

Total remuneration paid to key management personnel for the year ended 31 July 2021 was \$2,024,972 (2020: \$3,362,412).

During the period non-executive director - Mr Aptinko Vaurasi (Board member) received an allowance of \$11,500 from the Authority.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

14. PRINCIPAL ACTIVITY

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

15. REGISTERED OFFICE

The Authority's registered office is Level 4, Fiji Development Bank Building, 360 Victoria Parade, Suva. It operates from several locations in Fiji, with its head office in Suva.

The following sections describe the risk management framework components:

Market risk

Market risk is the potential for change in the value of financial instruments caused by a change in the value, volatility or relationship between market rates and prices.

Market risk includes liquidity which is explained as follows:

Liquidity risk

Liquidity Risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

Maturity analysis for financial liabilities

The following sections describe the risk management framework components:

Market risk

Market risk is the potential for change in the value of financial instruments caused by a change in the value, volatility or relationship between market rates and prices.

Market risk includes liquidity which is explained as follows:

Liquidity risk

Liquidity Risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of loans and other advances.

Maturity analysis for financial liabilities

The following analysis of financial liabilities is based on contractual terms.

	31 July 2021		
	At call	Gross nominal outflow	Carrying amount
	\$	\$	\$
Liabilities			
Payables	92,103,941	92,103,941	92,103,941
	92,103,941	92,103,941	92,103,941

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

16. RISK MANAGEMENT DISCLOSURES (continued)

Credit Risk

To the extent the Authority has a receivable from another party there is a credit risk in the event of non-performance by the counterparty. At balance date, there were no significant concentrations of credit risk in respect of trade receivables. The Authority enters into transaction with counterparties in accordance with approved limits by management based on their credit assessment of their counterparty. There is no requirement for various transactions to be supported by collateral or other securities for major sales transactions.

In addition, receivables balance are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is not significant. The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of receivables.

Credit Risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31 July 2021	31 July 2020
	\$	\$
Financial Assets		
Cash and Cash equivalents	63,379,497	55,460,711
Receivables and other current assets	24,457,680	28,886,930
	87,837,177	84,347,641

Operational Risk

The Authority's operational risk management framework supports the achievement of the Authority's financial and business goals.

Operational risk is defined as the risk of business gain or loss resulting from:

- inadequate or failed internal processes and methodologies;
- people;
- systems; or
- external events.

A formal reporting structure for the management of operational risk is in place. There are also processes and practices for the identification, monitoring, measurement and day-to-day management of operational risks.

Heads of all business units have clearly defined roles and responsibilities to ensure that the operational risks inherent in all business activities have been identified, measured and recorded.

17. PERFORMANCE BONDS

Performance Bonds have been issued by various banks under the name of the Authority which the Authority can encase if a contractor does not satisfactorily complete its contract. As at balance date Fiji Roads Authority is holding bonds totalling \$74,366,831.

FIJI ROADS AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
AS AT 31 JULY 2021

31 July 2021 31 July 2020

18 OTHER CONTRIBUTED EQUITY

Other Contributed Equity relates to assets and loan contributed by the Government of Fiji apart from capital grant. The increase of \$17,294,840 relates to Asian Development Bank and World Bank loan channeled through Ministry of Economy to Fiji Roads Authority.

	\$	\$
Other Contributed Equity	4,866,517,168	4,849,222,328

19 LEASES

a) Right-of-use assets

Recognised as at 1 August	1,182,647	906,344
Addition	-	1,182,361
Disposal	-	(65,871)
Depreciation Charge for the year	(511,846)	(840,187)
Balance as at 31 July	<u>670,801</u>	<u>1,182,647</u>

b) Lease Liabilities

Current	349,894	513,165
Non-Current	356,255	706,150
	<u>706,149</u>	<u>1,219,315</u>

c) Reconciliation of movement of lease liabilities

Balance at 1 August	1,219,315	928,805
Addition	-	1,182,361

Changes from Financing Cash Flows

Repayment of Lease	(513,166)	(824,092)
Other Changes - liability related		(67,759)
Interest Expense	48,578	82,183
Interest Paid	(48,578)	(82,183)

Balance as at 31 July	<u>706,149</u>	<u>1,219,315</u>
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20 SIGNIFICANT EVENT DURING THE YEAR

COVID-19 Outbreak

In the current financial year the COVID-19 pandemic continues to affect Fiji. This has led to a reduction in government grant for Fiji Roads Authority. The COVID-19 pandemic and the unprecedented uncertainty in the economic environment continues in the next financial year as well. The impact of COVID-19 pandemic adversely affected shipping and delivery of some equipment, materials, personnel, progress of projects and supply chain (production, shipping and delivery etc.). In the event that the COVID-19 pandemic impact is prolonged than anticipated, this may result in the reduction of the grant funding in the subsequent financial years. Restrictions in movements and lockdown may affect the agreed closing dates of the projects. This maybe further affected by shortage of materials.

Other financial information



Cost of Service

Table 19 - Cost of Service Statement

Item	2020/2021 Expenditure (\$000's)	2019/2020 Expenditure \$000's	2018/2019 Expenditure \$000's
Operating Expenditure			
FRA Management	13,322	17,756	21,195
Maintenance - Roads, Bridges and Jetties	63,648	76,269	116,865
Emergency Works	24,795	12,788	22,098
Deprecation	148,441	138,691	151,508
Total Operating Costs (VEP)	250,206	245,505	311,666
Capital Expenditure			
Renewals - Roads and Services	66,878	27,709	99,815
Renewals - Bridge's	49,117	65,884	31,256
Renewals - Jetties	1,211	2,532	1,991
Renewals sub-total	117,206	96,125	133,062
New Capital (Safety)	-	-	383
New Capital (Access)	15,655	36,221	33,580
New Capital (Community)	2,845	14,088	14,190
New Capital (Congestion)	(987)	8,699	31,795
New Capital (Tourism)	13,390	4,838	7,763
New Capital (Resilience)	-	255	1,342
New Capital (Advance Payment)	-	-	89,053
New Capital sub-total	30,904	64,058	89,053
Total Capital Expenditure (VEP)	148,110	160,183	222,115
Value Added Tax	21,603	22,742	34,405
Total Expenditure	419,919	428,429	568,186
Income			
Unfunded deprecation	148,441	138,691	151,508
Government Grant	268,945	277,002	387,602
Loans	36,039	12,736	29,076
Total income	453,435	428,429	568,186

Projects Funded by the Asian Development Bank and World Bank

The FRA has several roads upgrading and safety improvement/ repair projects

that are funded by loans from the ADB and WB. The table below provides a summary of loan funding by ADB and WB, which was utilised in FRA's projects.

Table 20 – Loan Funding

Bank	2020/2021 Expenditure \$000's	2019/2020 Expenditure \$000's	2018/2019 Expenditure \$000's	2017/2018 Expenditure \$000's
Asian Development Bank	24,026	8,491	17,446	2,465
World Bank	12,013	4,245	8,723	1,233
Fiji Roads Authority	4,004	1,415	2,908	411
Total	\$40,043	\$14,151	\$29,076	\$4,109

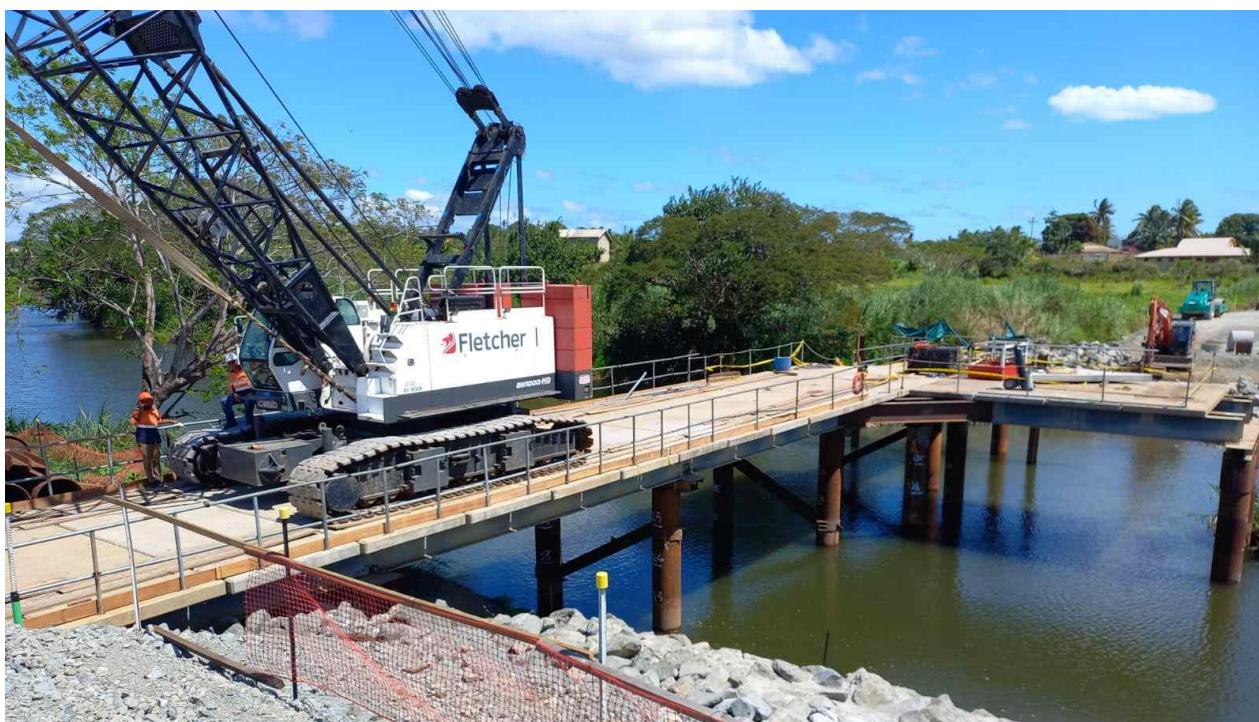
Projects Funded by ADB and WB for 2020/2021 financial year			
Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Renewals – Roads and Services			
<i>Sealed Road Rehabilitation</i>			
<i>Kings Road Rehabilitation</i>			
• Kings Road Rehabilitation Loan	23,302,752	23,302,752	4,849,586
• Kings Road Rehabilitation Local	1,183,486	1,183,486	538,843
• Kings Road Rehabilitation Loan	9,633,028	9,633,028	6,252,530
• Kings Road Rehabilitation Local	963,303	963,303	694,726
• Loan	1,651,376	1,651,376	-
• Local	165,138	165,138	-
<i>Queens Road Rehabilitation (Navua to Lami)</i>			
• Queens Road Rehabilitation Loan	5,350,292	5,350,292	-
• Queens Road Rehabilitation Local	535,029	535,029	-
<i>Korotogo to Yako (Queens Road B)</i>			
• Queens Road Rehabilitation Loan	4,357,798	4,357,798	-
• Queens Road Rehabilitation Local	435,780	435,780	-
<i>Suva Arterial Roads Upgrade Project (SARUP II)</i>			
• SARUP II Loan	15,963,303	15,963,303	-
• SARUP II Local	1,596,330	1,596,330	-
• FRA 19/03 ETC for SARUP 2	-	-	1,750,139

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
• FRA 19/38 SARUP 2 Cadastral Survey Loan	-	-	(90,040)
• FRA 19/38 SARUP 2 Cadastral Survey Local	-	-	(10,004)
• FRA 19/39 SARUP 2 Design Package Loan	-	-	3,803,509
• FRA 19/39 SARUP 2 Design Package Local	-	-	422,612
• FRA 19-40 SARUP 2 Geotechnical Engineering Loan	-	-	63,580
• FRA 19-40 SARUP 2 Geotechnical Engineering Local	-	-	7,064
• FRA 19-60 SARUP 2 Topographical Survey Loan	-	-	189,452
• FRA 19-60 SARUP 2 Topographical Survey Local	-	-	21,050
• ADB Reseals Loan	9,633,028	9,633,028	10,433,076
• ADB Reseals Local	963,303	963,303	1,159,231
VAT	6,816,055	6,816,055	2,707,682
Subtotal – renewals – roads and services	82,550,000	82,550,000	32,793,034
Emergency TIISP (USD 15M)			
<i>Fairdeal Earthmoving Contractors Limited FRA 18/13A – North</i>			
• Loan	-	-	1,815,157
• Local	-	-	201,684
<i>RPA Group FRA 18/13B - North</i>			
• Loan	-	-	1,382,570
• Local	-	-	153,619
<i>Nands Prataps Joint Venture FRA 17/35A - West</i>			
• Loan	-	-	256,205
• Local	-	-	28,467
<i>Higgins Fiji FRA 17/35B – West</i>			
• Loan	-	-	1,845,262
• Local	-	-	205,029
<i>Lomanitoba Company Ltd FRA 17/71A - Central</i>			
• Loan	-	-	612,781
• Local	-	-	68,087
VAT	-	-	591,198
Subtotal - Emergency TIISP (USD 15M)	-	-	7,160,059
Renewals – Bridges and Crossings			
Solovi 1 and 2 Rabaraba Irish Crossing	-	-	45,706
FRA 19 - 05 Detail Design of Bridges Ovalau & Taveuni	-	-	37,567
Loan	1,651,376	1,651,376	-
Local	165,138	165,138	-
VAT	163,486	163,486	7,495
Subtotal – renewals – bridges & crossings	1,980,000	1,980,000	90,767

Project Name	MOE Budget 2020/2021 (\$)	FRA Revised Budget 2020/2021 (\$)	FRA Expenditure 2020/2021 (\$)
Renewals - Jetties			
<i>Nabouwolu / Natovi & Savusavu jetty Design</i>			
• Nabouwolu / Natovi & Savusavu jetty Loan	2,477,064	2,477,064	-
• Nabouwolu / Natovi & Savusavu jetty Local	247,706	247,706	-
VAT	245,229	245,229	-
Subtotal – renewals - jetties	2,970,000	2,970,000	-
TOTAL ADB/WB/GOVT	87,500,000	87,500,000	40,043,860



Nausori crossing



Vuniyasi Bridge

Glossary

ACRONYMS

ADB	Asian Development Bank
AMP	Asset Management Plan
CEO	Chief Executive Officer
FRA	Fiji Roads Authority
LTA	Land Transport Authority
MoU	Memorandum of Understanding
NASRUP	Nadi and Suva Road Upgrade Project
SCI	Statement of Corporate Intent
SR	Service Request
TC	Tropical Cyclone
TD	Tropical Depression
VAT	Value Added Tax
VEP	Vat Exclusive Price
VIP	Vat Inclusive Price
WB	World Bank
WHT	Withholding Tax

DEFINITIONS

Accountability	Being obliged to answer for one's actions, to justify what one does. Not to be confused with responsibility. Responsibility involves the obligation to act. Accountability is the obligation to answer for the action.
Annual Budget	The total amount that the FRA is planning to spend on the purchase of goods and services during the year and the purposes for which it is to be spent.
Asian Development Bank	'A regional development bank established in 1966 to facilitate the economic development of countries in Asia.
Authority	The Fiji Roads Authority
Board	The Fiji Roads Authority's Governing Board.
Bridge	A structure designed to carry a road or path over an obstruction such as a river or rail line by spanning it. Includes culverts with a cross-sectional area greater than 3.4m ² .
Capital Works	Includes both Renewal Capital Works and New Capital Works.
Corporate Plan	A plan required to be published by the FRA annually pursuant to Section 31 of the Act. The Corporate Plan has to include the information listed in section 31 (3).
Deferred Maintenance	The cost of work required by the practice of allowing infrastructure to deteriorate by not carrying out required repair and renewal work at the optimum time in the asset lifecycle.
Depreciated Replacement Cost (or Value)	The replacement cost of an asset less accumulated depreciation to reflect the already consumed or expired future economic benefits of the asset.
Depreciation	The wearing out, consumption or other loss of value of an asset, whether arising from use, the passage of time, or obsolescence through technological and market changes.

Goal	<p>(Not to be confused with 'Objective').</p> <p>A general statement defining a desired end result or a statement of intent for the direction of the business – usually long-term, not necessarily quantifiable and perhaps not totally obtainable.</p> <p>The FRA has two principal goals:</p> <ul style="list-style-type: none"> (i) <i>'To effectively, efficiently and sustainably provide an environmentally friendly land transport network to which people are able to gain easy access and travel on safely, efficiently and comfortably to their destinations; (and)</i> (ii) <i>To halt the deterioration trend and reduce the value of deferred maintenance and deferred renewals'.</i>
Health and Safety Incident	<p>An unplanned event that has resulted in, or has the potential to result in, injury, illness, damage or loss to persons or property. It includes accidents and near misses.</p>
Jetties	<p>The 47 Outer Island public wharves and jetties that the FRA has the responsibility to maintain and renew.</p>
Land Transport	<p>In the context of this plan means the provision and management of a safe, efficient and effective network of roads, bridges and public jetties.</p>
Levels of Service	<p>The defined quality for a particular service against which service performance can be measured.</p> <p>Service levels usually relate to quality, quantity, timeliness, reliability, responsiveness, environmental acceptability and cost.</p> <p>Road agencies like the FRA typically define levels of service in terms of the roads' reliability (how assured an intending user can be that he will be able to get to his destination within a given time no matter what day of the week it is, what time of day it is, or what the weather conditions are like), convenience, and comfort of travel; how safe the roads and footpaths are to travel or walk on; and cost.</p>
Maintenance	<p>The actions required to enable an asset to achieve its expected life. Maintenance work can be planned or unplanned. Planned maintenance includes measures to prevent known failure modes and can be time or condition-based. Repairs are a form</p>

of unplanned maintenance to restore an asset to its previous condition after failure or damage.

Includes all of the actions necessary for retaining an asset as near as practicable to its original condition but excludes Renewals. Examples: Pothole repairs. Replacing a broken deck on a bridge. Applying protective paint. Removing vegetation to improve driver vision. Reinstating road markings. Cleaning and clearing roadside drains and unblocking culverts. Cleaning and repairing road signs.

Mission The reason why the organisation exists. The FRA's mission is ***'to provide a better land transport network for Fiji'***.

Municipal Councils The town and city councils.
There are thirteen municipal councils:

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

New Capital Expenditure that is used to create new assets, or to increase the capacity of existing assets beyond their original design capacity or service potential.
Examples: A new bridge. The work done to realign, widen and seal an existing unsealed road.

Objective (Not to be confused with Goal).

A measurable target that describes the end results that a service or programme is expected to accomplish within a given

time period. Objectives flow from, are components of, and lead the FRA towards the achievement of its goals.

Every objective should be:

- (i) linked to a goal;
- (ii) realistic;
- (iii) action orientated;
- (iv) concise;
- (v) attainable;
- (vi) measurable;
- (vii) time constrained; and
- (viii) within the control of the FRA.

Example: (Hypothetical) Complete construction of the new Harris Bridge for not more than \$1.63m before 31 March 2015.

Outcomes

(Not to be confused with Outputs)

The actual impact and value of the service delivery

Example: Less deaths because of the safety improvement work that has been done on the roads.

Outputs

(Not to be confused with Outcomes)

The goods and services produced and provided to third parties (i.e. 'service accomplishments').

Examples: The length of the roads resealed, or the number of potholes repaired. The number of safety improvements carried out.

Performance Measure

A qualitative or quantitative measure relating to the intended level of service for a particular service area. Performance measures are the means by which the FRA is able to identify the extent to which it has been able to achieve its objectives – the means for determining whether the levels of service are actually being achieved.

There are three broad elements of performance measures:

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

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

Performance Target The desired level of performance against a performance measure. A specific quantifiable result (in relation to a performance measure) that the FRA is aiming to achieve.
Example: Not more than 300 serious injury accidents and 20 fatal accidents on the roads this year.

Renewals (Not to be confused with New Capital).

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

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

It is very important that the FRA always clearly distinguishes between New Capital expenditure and Renewals Capital expenditure. The rate at which renewal work is being carried out over time compared with the annual provision for depreciation (the cost of consumption) is a good indicator of the extent to which the network is being maintained, improving, or is deteriorating.

Road (or Roads) The infrastructure that the FRA is responsible for providing, managing, maintaining, renewing and developing. It includes all land and civil infrastructure constructed by any municipal council or government body, or any other body authorised by a municipal council or government body, that is used or facilitates a public right of passage for the movement of vehicles and pedestrians, including but not limited to:

- (i) the vehicle pavement from kerb to kerb, or where there is no kerb, the roadside verges, drains and kerbs;
- (ii) road signs, road marker posts and other markings, including pedestrian crossings;
- (iii) traffic islands;
- (iv) bridges and culverts;
- (v) footpaths and pavements adjacent to a vehicle pavement;
- (vi) street lights and traffic signals;
- (vii) parking meters;
- (viii) jetties, and
- (ix) all national roads, municipal roads, and such other public roads as may be determined by FRA.

Note the inclusion of jetties within this definition.

Road Network	The network of roads, streets, bridges, jetties and associated infrastructure that the FRA has the responsibility to maintain, renew and further develop.
Roadworks Emergency	<p>A situation declared to be the case following a major storm or other adverse event. (Not to be confused with Civil Defense Emergency).</p> <p>During a roadworks emergency, the normal procurement requirements don't apply, and road materials and other goods may be purchased, and plant may be hired to repair the damage (in a manner and to the extent approved by the CEO).</p>
Service Area	<p>Those aspects of the roads that motorists and pedestrians value, or which are essential for their efficient and effective management. The headings under which the FRA formulates its levels of service, performance measures and targets in order to be able to decide what it has to do, and to be able to subsequently ascertain how well it is doing.</p> <p>The headings are:</p> <ul style="list-style-type: none"> (i) Health and Safety; (ii) Risk Management (other than risks that fall under the other six headings; and including Reputation and Safety); (iii) Asset Provision, Preservation, and Development; (iv) Environmental Conservation, Protection and Enhancement; (v) Service Quality (including Aesthetics, Reliability, Responsiveness and Capacity); (vi) Compliance (including Training, Record Keeping and Reporting); and (vii) Costs. <p>For a fuller explanation of the FRA's levels of service under these headings see Section 4.</p>
Statement of Corporate Intent (SCI)	<p>A statement required to be prepared annually by the FRA and agreed with the Minister pursuant to section 32 of the Act. This document is the FRA's combined Corporate Plan and statement of Corporate Intent.</p>

Key FRA Partners

Auditor Office of the Auditor General

Legal Advisor

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

Insurance Advisor Marsh Pte Limited

Banker Australia & New Zealand Banking Group Limited, Fiji

**Professional Engineering
Services Provider**

- Beca International Consultants Ltd
- Entec Limited
- Erasito Beca Consultants Ltd
- Smec International Pty Ltd
- WAPCOS Fiji Limited

Key Contractors

- China Civil Engineering Construction
- China Railway First Group (Fiji) Co Pte Limited
- China Railway 5th Engineering Group (Fiji) Pte Ltd
- Coastal Development Pte Limited
- Dayals Quarries Limited
- Fairdeal Earthmoving Contractors Pte Limited
- Flame Tree Development (Fiji) Pte Limited
- Fletcher Building (Fiji) Limited (T/A Higgins Fiji)
- Fletcher Construction (Fiji) Limited
- Hiway Stabilizers (Fiji) Limited
- Hot Spring Hire Service Pte Ltd
- Kashmir Transport Company Pte Limited
- Lomanitoba Company Pte Ltd
- Nands Prataps Joint Venture Pte Ltd
- Pacific Electric
- Power Electric
- RPA Group Fiji Ltd
- Tanoa Electric

Central Government

- Ministry of Infrastructure & Meteorological Services
- Office of the Prime Minister
- Ministry of Economy
- Ministry of Rural and Maritime Development and Disaster Management
- Ministry of Lands & Mineral Resources
- Ministry of Housing and Community Development
- Ministry of Waterways and Environment
- Ministry of local government - Department of Town and Country Planning
- Land Transport Authority
- Fiji Police Force

Local Government

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

Others

- The Bus Owners and Operators Association

Appendix A – Fiji Roads Authority Founding Legislation

- Fiji Roads Authority Act 2012
- Fiji Roads Authority (Amendment) Act 2012 (No. 46 of 2012)
- Fiji Roads Authority (Amendment) Act 2014 (No. 27 of 2014)
- Fiji Roads Authority (Amendment) Act 2015 (No. 5 of 2015)