



2017 - 2018

LAND TRANSPORT AUTHORITY
ANNUAL REPORT

Corporate Statement

Core Business

- Establish standards for registration and licencing of vehicles and drivers.
- Develop and implement effective and efficient enforcement strategies consistent with road safety and protection of the environment.
- Develop traffic management strategies in conjunction with relevant authorities.
- Develop and improve customer service levels in all areas of operations.
- Ensure equitable and affordable fare schedule for all Public Service Vehicles.

Vision

“Steering Fiji Safely” encapsulates what the Land Transport Authority (“LTA/Authority”) believes to be the core of what it stands for. It is an organization set up to improve land transportation and ensure road safety is enhanced above all else.

The word **“steering”** epitomizes the niche activity of the Authority as the principal licencing organisation for all forms of land transportation, irrespective of whether it is driven on private or public road and the key role the Authority executes in ensuring adequate, effective, efficient and safe land transportation throughout Fiji.

“Steering Fiji Safely” shows what we do and the results we deliver that comes from adherence to our objectives of effectual customer services and responsiveness with effective, efficient enforcement and compliance.

Mission

To provide a safe, efficient, customer-focused, economical, sustainable and environmentally-friendly land transport system for the nation in partnership with Stakeholders, Government and the Community.

Values

- Honesty
- Teamwork
- Customer Focus
- Courage to do Right
- Innovation and Creativity

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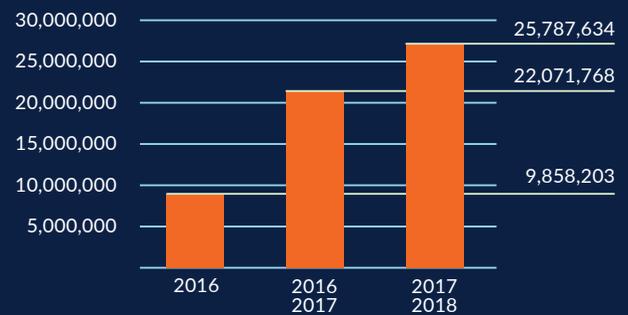
Key Financial Trend

Government Grant Received
\$23.2 million

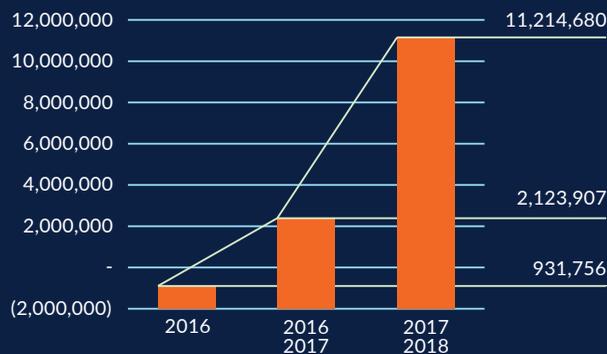
TOTAL ASSETS



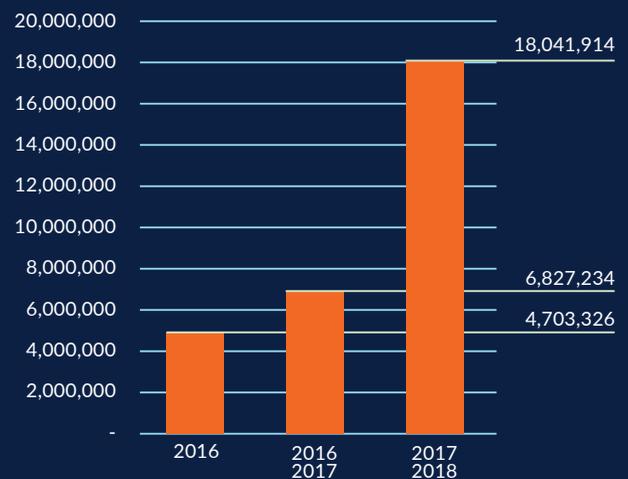
TOTAL REVENUE



NET (LOSS)/PROFIT



TOTAL CAPITAL AND RESERVES





“

There is no higher religion than human service. To work for the common good is the greatest creed.

Woodrow Wilson

Board of Directors



VIJAY MAHARAJ
Chairman



APTINKO VAURASI
Board Member



ASHOK PATEL
Board Member



DAVID KOLITAGANE
Board Member



KAMAL GOUNDER
Board Member

Management Team



CARMINE PIANTEDOSI
Chief Executive Officer



FAIYUM ALI
General Manager - Technical and
Operations



IRIMAIA ROKOSAWA
General Manager - Finance and
Administration



NAVILESH CHAND
General Manager - Legal, Policy and
Business Development

Corporate Governance

Corporate Governance is a way of structuring LTA in order to safeguard the interests of a wide variety of stakeholders. We at LTA firmly promise our stakeholders better business performance which is nurtured and guided through good governance practices and procedures.

LTA's Governance Framework includes formalised Board arrangements in accordance with the Land Transport Act 1998. LTA was created to improve financial management and operational efficiency through effective management systems and improved incentives for human resources as a commercially-oriented entity with strict accountability guidelines.

LTA was also created to operate as a successful commercial business to uphold Government's policies on deregulations, where agreed objectives are to be monitored progressively to ensure efficient and effective public service deliveries.

Appointments of Board of Directors

The Land Transport Act 1998 provides for a Board of seven members which comprises of a Chairman and five Board Members who are appointed by the Minister for Infrastructure and Transport for a term of two years except for the Permanent Secretary for Infrastructure and Transport, who is automatically appointed to the Board.

Remuneration & Benefits

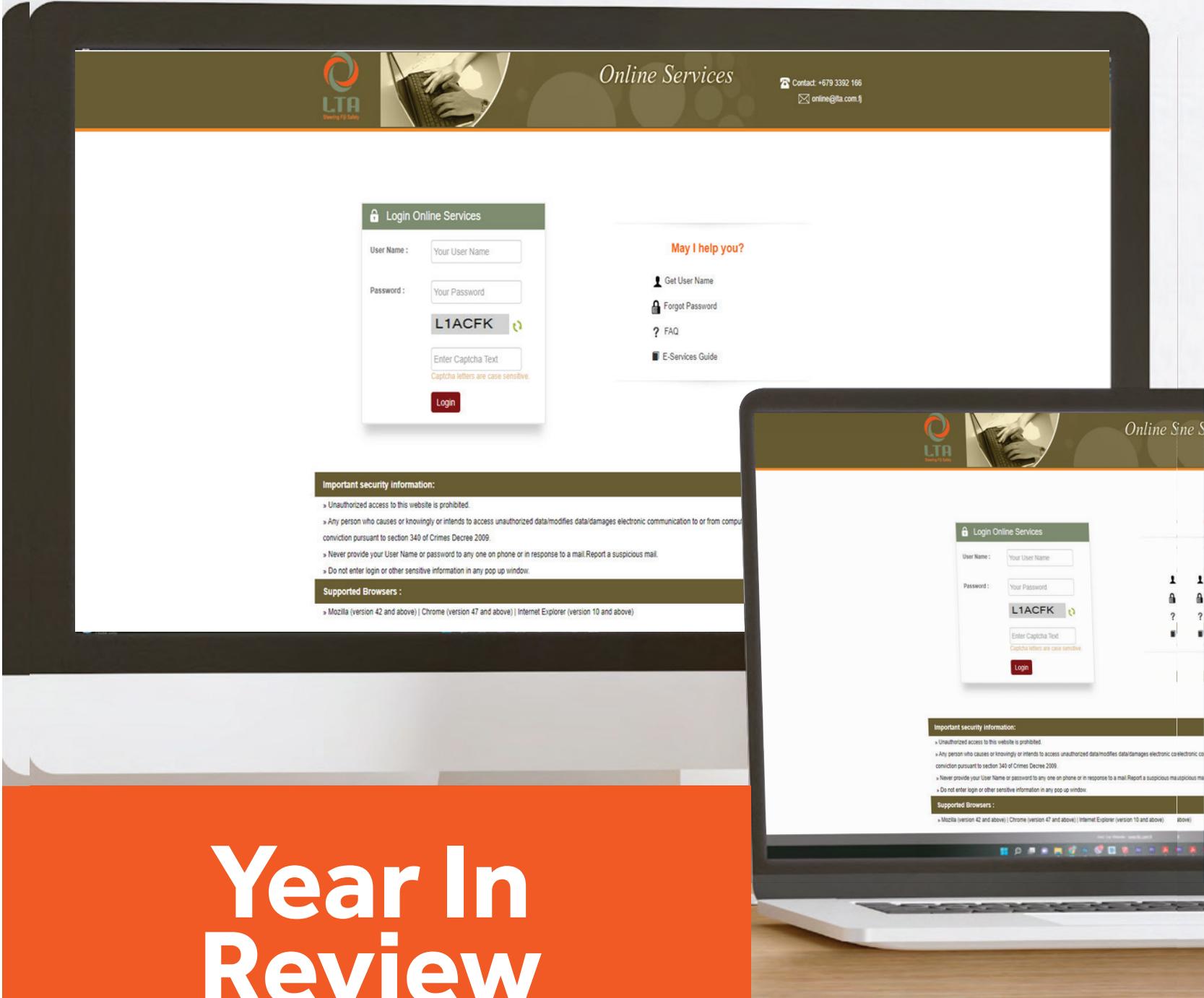
The Chairman and Board Members of LTA other than the Permanent Secretary are entitled to remuneration and other expenses as approved by the Minister.

Responsibilities of LTA Board

The Board is accountable to the Minister for Infrastructure and Transport. Members of the LTA Board are required to observe LTA's Code of Conduct and other requirements specified by LTA's Governance Framework.

Board Meetings

There were 26 Board meetings held during the year.



Year In Review



Online Portal



Bulk SMS Platform Launch



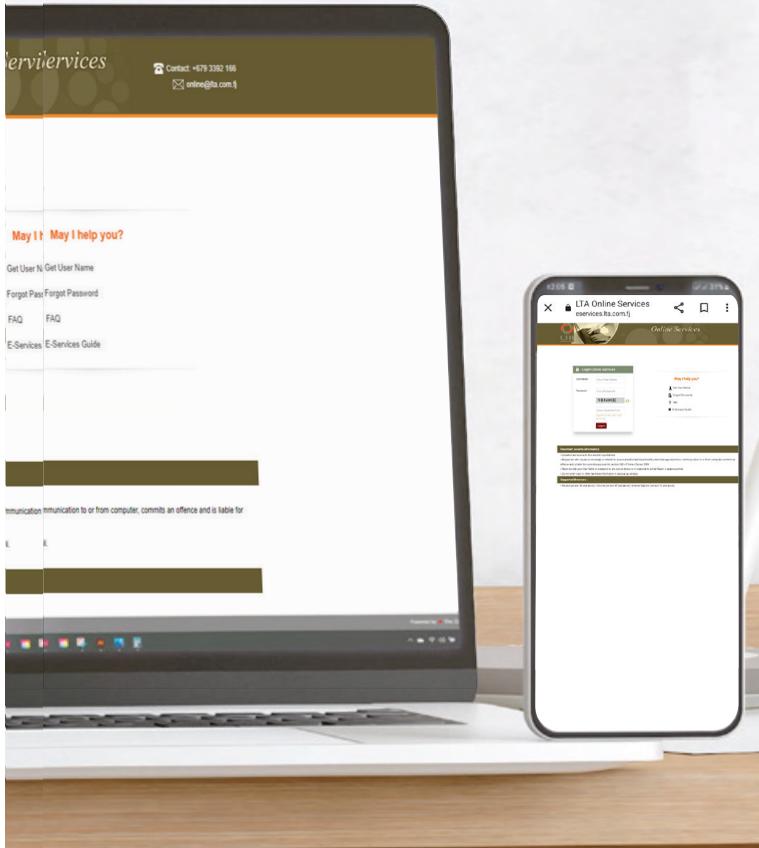
Opening of New Offices in Savusavu & Suva



Road Code Safety Books Launch



Recognised by LiveHelpNow! Challenge for Best Customer Services



Pay Rise



Uplifting of Freeze on Taxi Permits



Enforcement & Compliance of E-Transport Systems



Promoting the Use of Green Vehicles



Nation-wide Bus & Fleet Audit



Technical & Operations

REGISTRATION, LICENCING AND DRIVING

Vehicle Registration

The primary objective of the Registration, Licencing and Driving Department is to **"register vehicles, licence drivers and establish standards for such registration and licencing consistent with the objectives of road safety"** (Land Transport Act 1998).

Vehicle Class	No. of Vehicles Registered
Commercial	2,136
Diplomatic	57
Driving School Vehicle	3
Government	1,152
Private	9,328
Public Service Vehicle	1,477
Total	14,153

The table above shows the number of new vehicle registrations by Vehicle Class for the year, which are categorized as such depending on the usage of the vehicle.

Driver Licencing

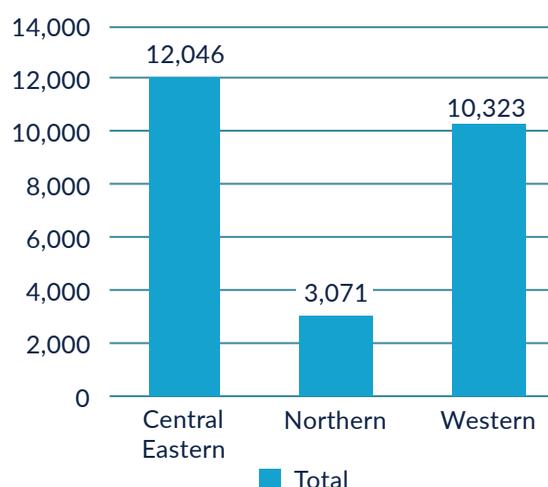
Driver licences are categorized as described below:

- 1. Learners Permit** – is issued to a person who has attained the age of 16 years and 6 months, which is valid for only 12 months for the purpose of learning to drive a vehicle of a particular Class.
- 2. Provisional Driver Licence** – is a driver licence issued to a person who has successfully completed the Learners Permit phase. The duration of this licence is for two years and is not renewable.
- 3. Full Driver Licence** – is a driver licence issued to a person who has completed the provisional period or has successfully completed the tests for other Classes of Licence.

Learners Permit

The graph below shows the number of Learners Permits issued during the year:

LEARNERS PERMIT ISSUED



A total of 25,440 Learners Permits were issued for all three regions during the year.

Provisional and Full Driver Licences Issued

The table below depicts the total number of Provisional and Full Driver Licences issued during the year:

Month	Provisional	Full
August 2017	953	1,361
September	835	1,261
October	793	1,217
November	976	1,332
December	1,060	1,290
January 2018	1,116	1,458
February	1,195	1,425
March	1,123	1,305
April	900	1,247
May	1,125	1,709
June	992	1,618
July	1,106	1,492
Total	12,174	16,715

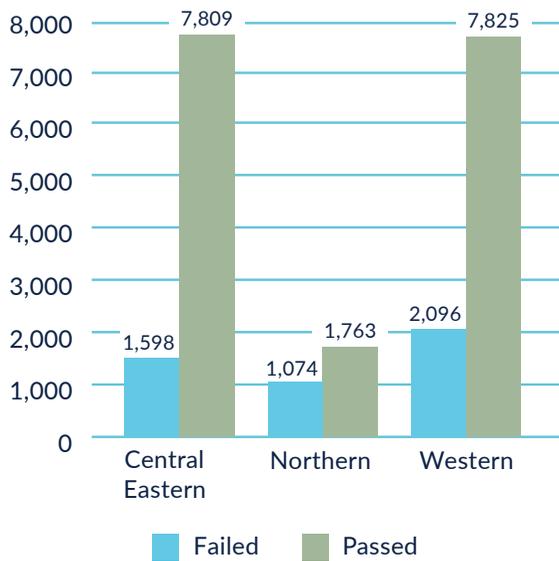
Driving Examination

The Driving Unit conducts driving examinations to test an Applicant's competency on the:

- ability to operate a motor vehicle and its controls;
- ability to understand the laws relating to the use of motor vehicles on Fiji roads;

- understanding his/her responsibilities in relation to all other road users (including pedestrians);
- ability to recognize and avoid various road and driving hazards, and;
- applying defensive driving techniques and attitudes.

DRIVING TESTS CONDUCTED



The total number of driving tests conducted during the year was 22,165 from which 4,768 Applicants failed however, 17,397 Applicants passed their driving test.

Road Code Books

A major historic event during the year was the launch of the Road Code books for the first time in Hindi and i-Taukei languages, which will greatly assist Applicants familiar with these languages in better understanding the underlying concepts of road safety.

ENFORCEMENT

The enforcement of traffic laws and the careful monitoring of road users behavior and motor vehicles are important.

The Enforcement Department and Fiji Police Force work closely in its efforts to ensure compliance levels are maintained and more importantly, lives are saved on all Fiji roads.

The Authority is empowered by law to ensure

that transport facilities meet efficiency and safety standards.

It has the responsibility for the overall enforcement of the provisions of the Land Transport Act 1998 and its subsidiary regulations.

To meet these obligations of the Authority, the Department undertook the following:

- Acts as a regulator for all licensed transport providers;
- Ensures all vehicles are within legal emission levels;
- Enforces the applicable legislation on operators to ensure compliance;
- Ensures that all transport sectors operate safely and efficiently;
- Provide customer care to all stakeholders via Enforcement staff;
- Bring all offenders before respective Courts to be sanctioned accordingly or otherwise;
- Follow up on complaints and take action when necessary, and;
- Holds roadside checks and tests related to emissions, roadworthiness and carriage of dangerous goods.

The Department's main focus is enforcing regulations related to public transport service providers and commercial vehicles, whilst for all other classes of vehicles, enforcement of safety and emissions regulations are equally paramount.

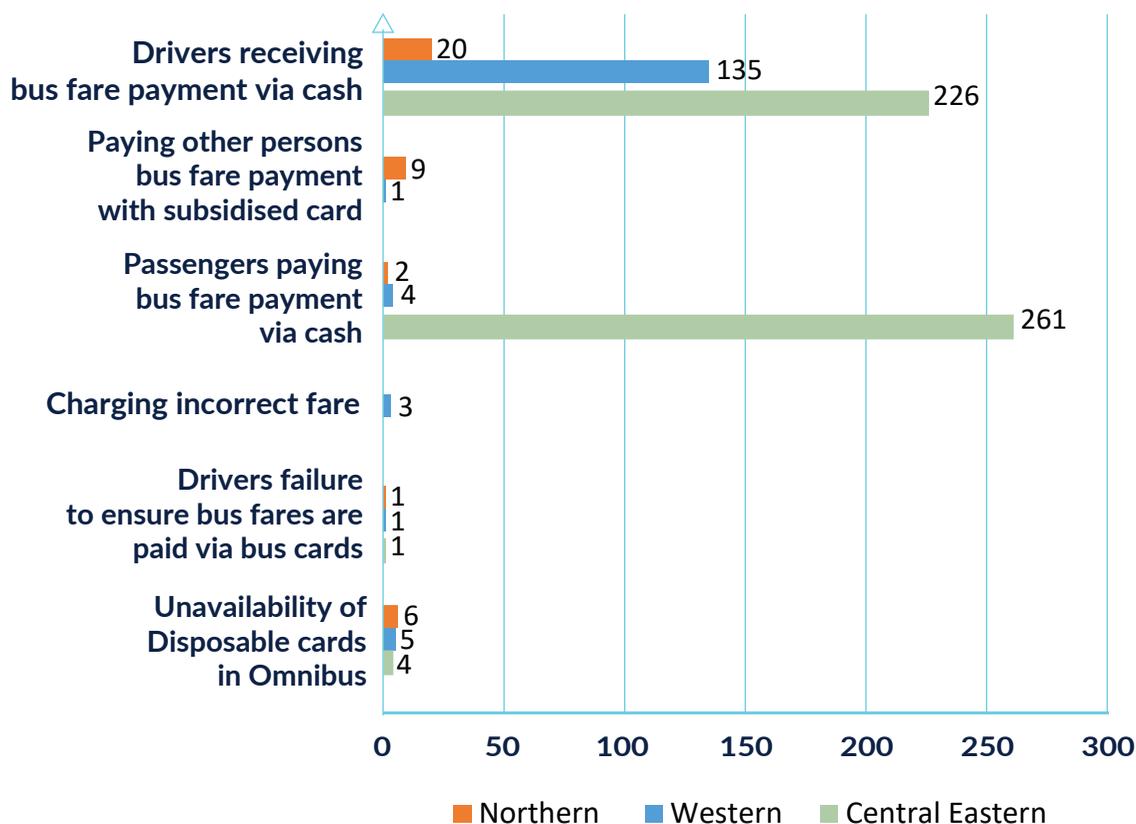
In addition, overloading of trucks continues to be a major challenge which damages roads, bridges and also compromises the safety of road users. Therefore, to assist the Authority in its compliance monitoring and enforcement of traffic laws, 62 Enforcement Officers were recruited in March 2018.

Other offences such as driving without wearing seat belt, driving a motor vehicle with non-conforming film or window, failing to obey road marking, use of mobile phones while driving, and driving unregistered motor vehicles were among the major offences for the year.

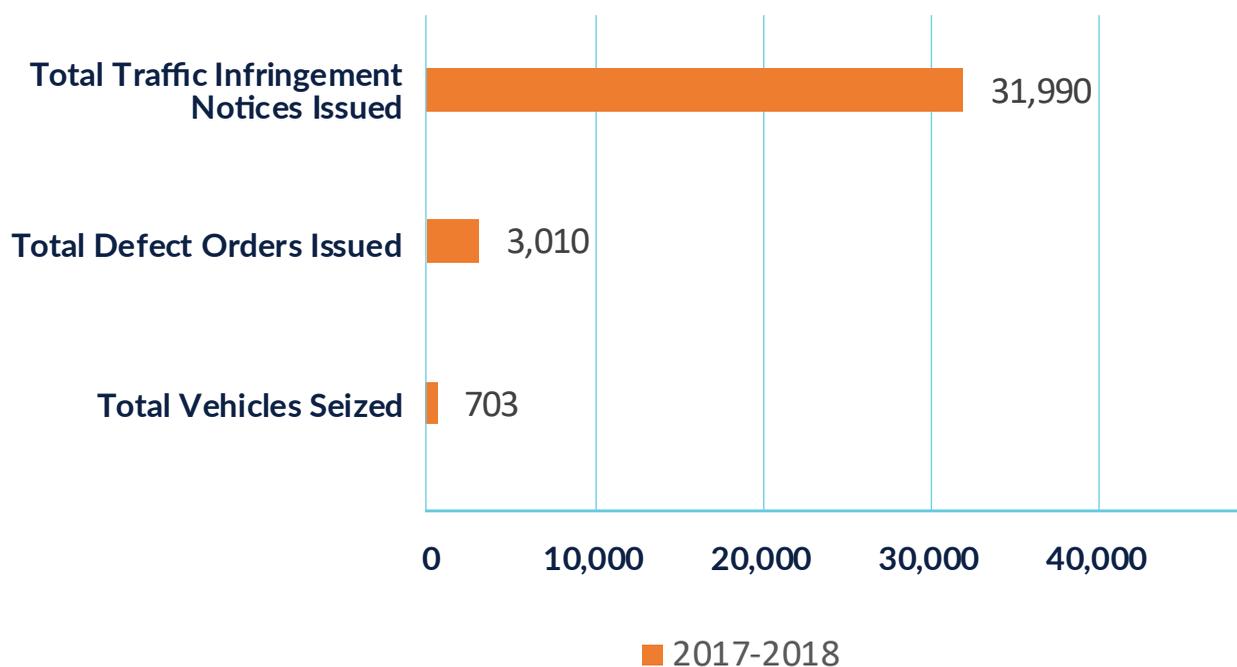
The Department also monitors the enforcement and compliance of the E-Transport System of the bus industry.

Appropriate measures under the E-Transport regulations enabled the Department to carry out its work smoothly to ensure transparency in the bus industry.

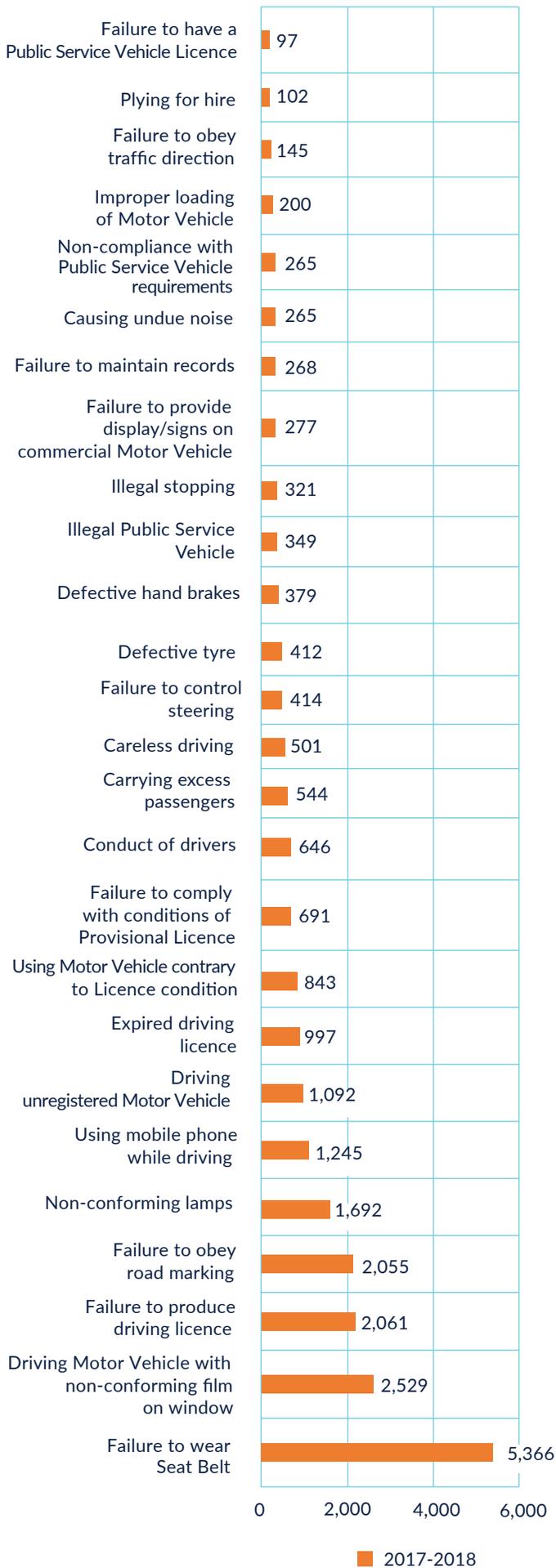
E-TRANSPORT OFFENCES



TRAFFIC INFRINGEMENT NOTICES, DEFECT ORDERS & VEHICLES SEIZED

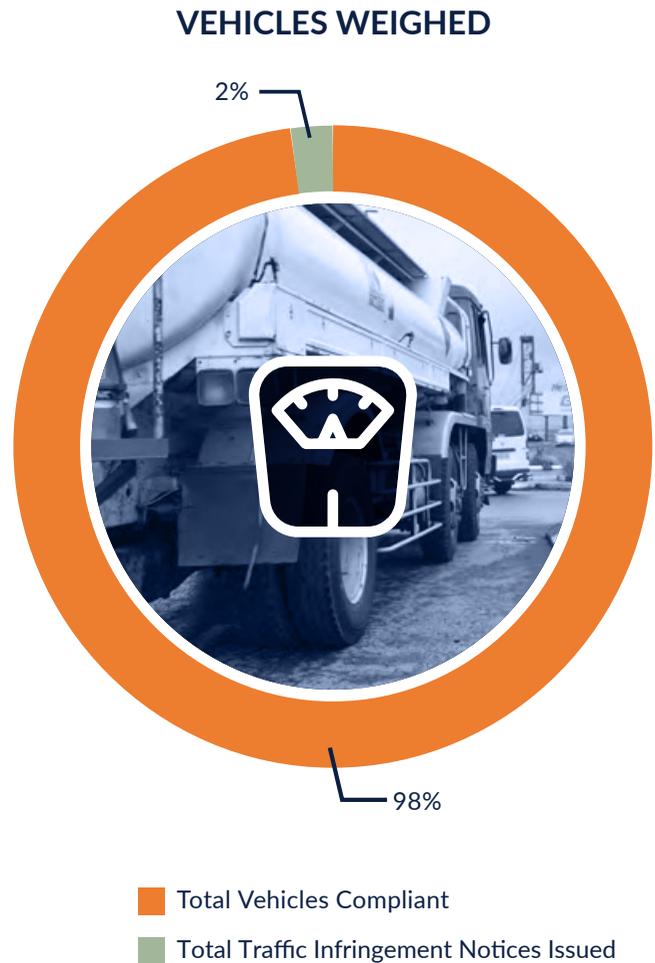


MAJOR OFFENCES



LOAD MANAGEMENT

A total of 54,374 vehicles were weighed during the year.



INFRINGEMENT PROCESSING UNIT

Amendment to Traffic Laws

Photographic Detection Device Operations were on hold from 1 August 2017 to 10 December 2018 due to amendments to the Land Transport Act 1998 and the Land Transport (Traffic Infringement Notice) Regulations 2017, which resulted in customers having to pay traffic related fines within 90 days.

Production Printer

The introduction of the production printer for printing, folding and enveloping of Traffic Infringement Notices (TINs) assisted in the efficient & effective delivery of TINs to customers. The printer was set up in July 2018 at Valelevu headquarters.



Production Printer

Short Message Service (SMS)

A significant event during the year was the signing of the Bulk SMS Platform Agreement between LTA and Vodafone. This was an important communication channel for LTA to interact with customers.

The provision of Vodafone's SMS service allows LTA to notify vehicle owners of a traffic infringement issued under their Client ID in LTA's system. If drivers are captured breaching traffic laws by LTA's red-light or speed cameras, the registered vehicle owner will receive a text message advising them to visit the nearest LTA office to clear their traffic fines.

This initiative is in line with the amended Land Transport (Traffic Infringement Notice) Regulations 2017 which offers provisions for customers to be notified at the earliest to pay their fines.

PUBLIC TRANSPORT

Application for New Taxi Permits

LTA lifted the freeze on applications for new Taxi Permits from 1 January 2018 subsequent to the Land Transport (Public Service Vehicles) (Amendment) Regulations 2017, whereby applications for new Taxi Permits were called by the Authority within a particular Transport Zone through advertisements.

The first recipients of the new Taxi Permits since the uplifting of the freeze for issuing new Taxi Permits were Nadi 1, Nadi 2 and Lautoka 1 Transport Zones.

The issuing of new Taxi Permits was a transparent process whereby names of all successful Applicants who met the required criteria were selected through a barrel draw system on 28 July 2018 at the Gimit Centre in Lautoka.

The identified Transport Zones together with their corresponding quota were as follows:

Zone	Areas Covered	Quota
Lautoka 1	Barara, Lomolomo, Viseisei, Saweni, Lauwaki, Wairabetia, Velovelo, Taperia, Natabua, Field 40, Navut and Lautoka City	1,036
Nadi 1	Momi Bay Junction, Yako up to Nadi Town Bridge	359
Nadi 2	Nadi Town Bridge, Namotomoto, Navoci, Nakavu, Saunaka, Nadi Airport, Martintar, Namaka, Votualevu, Naisoso, Sabeto & Lomolomo	163



AMENDMENT OF PSV REGULATIONS

The amendment of PSV Regulations was gazetted through Regulation 18A(6) of the Land Transport (Public Service Vehicles) (Amendment) Regulations 2017.

The amendments made it mandatory to convert all valid Rural Service Licences (RSL) to either an LC or LM operation based on the construction of the existing RSL motor vehicle.

The graph below depicts the number of RSL conversions processed to either an LC or LM operation during the year:

RSL CONVERSION TO LC OR LM

	CENTRAL EASTERN	NORTHERN	WESTERN
Carrier	46	66	23
Minibus	47	0	21

For the year, a total of 203 RSL conversions were processed by LTA.



Customer Service Recognition

LTA was recognised by the LiveHelpNow! Challenge for Best Customer Services in February 2018 alongside other well-renowned organisations from around the world. Prominent winners with LTA in this category included the US Coast Guard, Hitachi Personal Finance and Everlast.

A Queue Metrics System was installed at LTA's new Suva Express Office to enhance its customer services delivery. The office was managed by five Customer Service Officers and one Senior Customer Service Officer. With the opening of this new Express Office in 2018, a total of 10,223 customers were served.

At the new Suva Express Office, an average serving time of six minutes whilst an average waiting time of nine minutes were achieved. The target for an average waiting time of 10 minutes was initially projected.

- 'BACK TO SCHOOL' operations were conducted before the beginning of a school year and for each school term.



ROAD SAFETY EDUCATION

In our everyday lives, road safety carries a lot of importance. Many lives are lost on our roads every year and it can be attributed to carelessness, ignorance and blatant disregard for others safety. With road safety being a priority area for the Authority, the Road Safety Department endeavored to empower many road users to make right decisions when on the road. This was achieved through the following activities:

- School Visitations
- Driver, Passenger and Pedestrian Interventions
- Community Awareness
- Tikina Meetings
- Public Awareness – Open Days / Expos / Festivals / Carnivals
- Advance Driver Trainings
- Media Campaigns

SCHOOL ROAD SAFETY EDUCATION

- A total of 143 schools were visited throughout the three regions impacting 38,211 students.
- A total of 43 schools were furnished with School Patrol Kits (A-Frame Boards, Reflector Vests, Cones and Lollipops signage) which were sponsored by Total Fiji Ltd.

COMMUNITY & PUBLIC AWARENESS

Raising awareness on road safety and encouraging safe behavior on roads are always paramount to the Department. The aim is to create knowledgeable road users who will not only practice safe behavior but also promote it in the community. For the year, 111 activities were conducted which impacted 26,557 lives.



Activities	No. of Activities	Lives Impacted
Public Outreach	57	15,952
Office Outreach	5	236
Driver, Passenger & Pedestrian Interventions	12	6,000
Tikina Meetings	13	620
Community Awareness	24	3,749
TOTAL	111	26,557

ADVANCE DRIVER TRAINING

The following trainings were conducted by the Department:

- Defensive Driving Courses (DDC) for both Basic and PSV
- Hands On Wheels
- Corporate and Community DDC
- Driver Assessment
- Refresher DDC



Summary of Advance Driver Trainings						
Training / Total No.	DDC	Hand on Wheels	Corporate & Community DDC	Driver Assessment	Refresher DDC	TOTAL
Classes Conducted	909	7	27	2	21	966
No. of Participants	17,468	103	455	8	836	18,870

Motor Vehicle Accident Levy

Effective from 1 January 2018, the Motor Vehicles (Third Party Insurance) Act 1948 and Motor Vehicles (Third Party Insurance) Regulations 1949 were repealed, whilst the Accident Compensation Act 2017 and the new 'no fault compensation' scheme applied to motor vehicle accidents in Fiji.

From 2 January 2018, the Authority collected the Motor Vehicle Accident Levy (MVAL) which was gazetted under the Accident Compensation (Levies) Regulations 2017.

STANDARDS & ENGINEERING

The Standards and Engineering Department sets, monitors and enhances standards for the automation of the vehicle inspection system, outsourcing of the vehicle inspection systems, offshore vehicle inspection and installation of permanent weighbridges in strategic locations around the country.

The Department has grown immensely since its inception in 2016 and during the year it was actively involved in maintaining quality standards whilst also developing its staff members technical capabilities with specialized training both locally and abroad.

Below are key highlights that the Department achieved during the year:

Vehicle Examiners Training

A total of 18 Vehicle Examiners attended a two-day training in May 2018. The training was targeted at informing and updating Vehicle Examiners on current and new practices in relation to vehicle inspections.



International Trainings

Project Financing, Development & Management of Public Infrastructure for Developing Countries

A China Government-sponsored program was attended by two staff for three weeks from 4 to 24 May 2018 on Project Financing, Development & Management of Public Infrastructure for Developing Countries in Shanxi Province, Yangling City. It was hosted by the China Dryland Farming Technology Training Centre.

Training Course on Urban Pollution Prevention Technology for Developing Countries

The Embassy of the People's Republic of China through its Ministry of Commerce provided opportunities for delegates from Fiji to attend short-term courses. One of the trainings offered was the Training Course on Urban Pollution Prevention Technology for Developing Countries which was attended by two staff from 10 May to 8 June, 2018.

The training was held in Jiangsu Province, Suzhou, and was hosted by the Suzhou University of Science and Technology (School of Environmental Science and Engineering). The four-week training consisted of topics on wastewater management, solid management, air pollution control and site visits.

Quality Assurance Maintenance System (QAMS)

The total number of bus companies that achieved 100% QAMS Phase 1 compliance are noted below:

Central Eastern Division	Western Division
7	8

The total number of bus companies that achieved 100% QAMS Phase 2 compliance are noted below:

Western Division	Northern Division
1	3

The Department also completed bus fleet audits in all three Divisions:

Western	Northern	Central Eastern
4	3	3

Accessibility on Public Transport

The Department carried out consultations with key stakeholders to review and formulate a Code of Practice (COP) for "locally-fitted seats" on omnibuses which was endorsed by Management. The revised COP includes "Priority Seats" for physically-challenged persons and the vulnerable population. Three stakeholder consultations were held with the Fiji Disabled Peoples Federation.

Permanent Weighbridge Projects

The Department carried out major works on the weighbridge project including budget submissions and meetings with key stakeholders.

The following milestones were achieved in relation to the weighbridge installation:

The weighbridge equipment arrived at LTA on 8 September 2017



LTA secured the Karavi weighbridge site in collaboration with the iTaukei Land Trust Board (TLTB)



Two weighbridges were transferred to Lautoka Office for the Karavi Site and Cuvu Top Site on 21 June 2018



The Lease Agreement was signed on 17 December 2018



Korovou and Lekutu, Bua

The Department worked together with relevant authorities such as the Department of Lands - Land Use Division, Fiji Roads Authority and TLTB to identify prospect lands at Korovou and Lekutu, Bua (Vanua Levu).

Consultation with landowners for the Lekutu site has been in progress and the Commissioner Northern has also granted approval to LTA to sub-lease the proposed site in Bua for the project.

Authorised Motor Vehicle Dealers (AMVD)

AMVD renewals for 102 companies in Fiji were processed whilst a total of 16 new AMVD licenses were approved during the year.

Other key activities in relation to AMVD included the following:

- Review of the existing AMVD COP with key stakeholders in all three Divisions, which was endorsed by the Board.
- Stakeholder awareness was conducted with all AMVD upon the Board's approval of the amended AMVD COP.
- Investigations were also conducted on complaints received on potential fraud dealings by AMVD including the trading of motor vehicles without an AMVD licence.
- A fee remittance exercise was conducted for all AMVD in relation to their annual fee payments for the past five years.

Authorised Motor Vehicle Inspection Agencies (AMVIA)

Monthly Vehicle Test Result Sheet analysis and spot checks on AMVIA and Vehicle Examiner's records were conducted at various branches. New and annual renewal applications for Vehicle Inspector Permits were also reviewed and processed by the Department.

LTA issued Provisional Approvals to the following AMVIA upon 85% compliance to AMVIA requirements:

- Motor Management, Suva
- Dee Ace Motors, Lami

- Millennium Inspection Agency, Nadi
- Millennium Inspection Agency, Lautoka
- Carpenters Motors, Suva
- Asco Motors, Suva
- Asco Motors, Ba
- Wheels Pacific, Suva
- Eskay Motors, Suva
- Kingsway Auto Services, Lautoka
- Quickstop Vehicle Inspection Center, Sigatoka
- Kia Motors, Suva
- Carpenters Motor, Lautoka
- Asco Motors, Labasa
- Motorex, Nadi

LTA signed contracts with the following AMVIA after their attainment of 100% compliance to AMVIA requirements:

- Motor Management, Suva
- Dee Ace Motors, Lami
- Millennium Inspection Agency, Nadi
- Millennium Inspection Agency, Lautoka
- Carpenters Motors, Suva
- Asco Motors, Suva
- Kingsway Auto Services, Lautoka
- Quickstop Vehicle Inspection Center, Sigatoka
- Asco Motors, Labasa
- Motorex, Nadi

In addition, the Department conducted vehicle inspections for private and commercial vehicles with unladen mass of less than 3.5 tonnes.

Reducing Vehicle Emission Strategies

The following progress were achieved:

- A Biofuel Workshop was attended on 1 December 2017.
- Bi-annual inspections of 20-year old buses were conducted and its report was endorsed by Board.

Promoting the Use of Green Vehicles

The following activities were conducted during the year:

- Research in promoting the use of green vehicles.
- Stakeholder consultations were held with the Department of Environment.

LTA Accreditations

The following companies were accredited by LTA:

- Vision Motors (Accreditation for Tinting)
- Vision Motors (Accreditation for Compliance Workshop)
- Wheels Pacific (Accreditation for Compliance Workshop)
- Dewa's Plumbing (Canopy Construction & Integrated Welding Industries Canopy Construction)

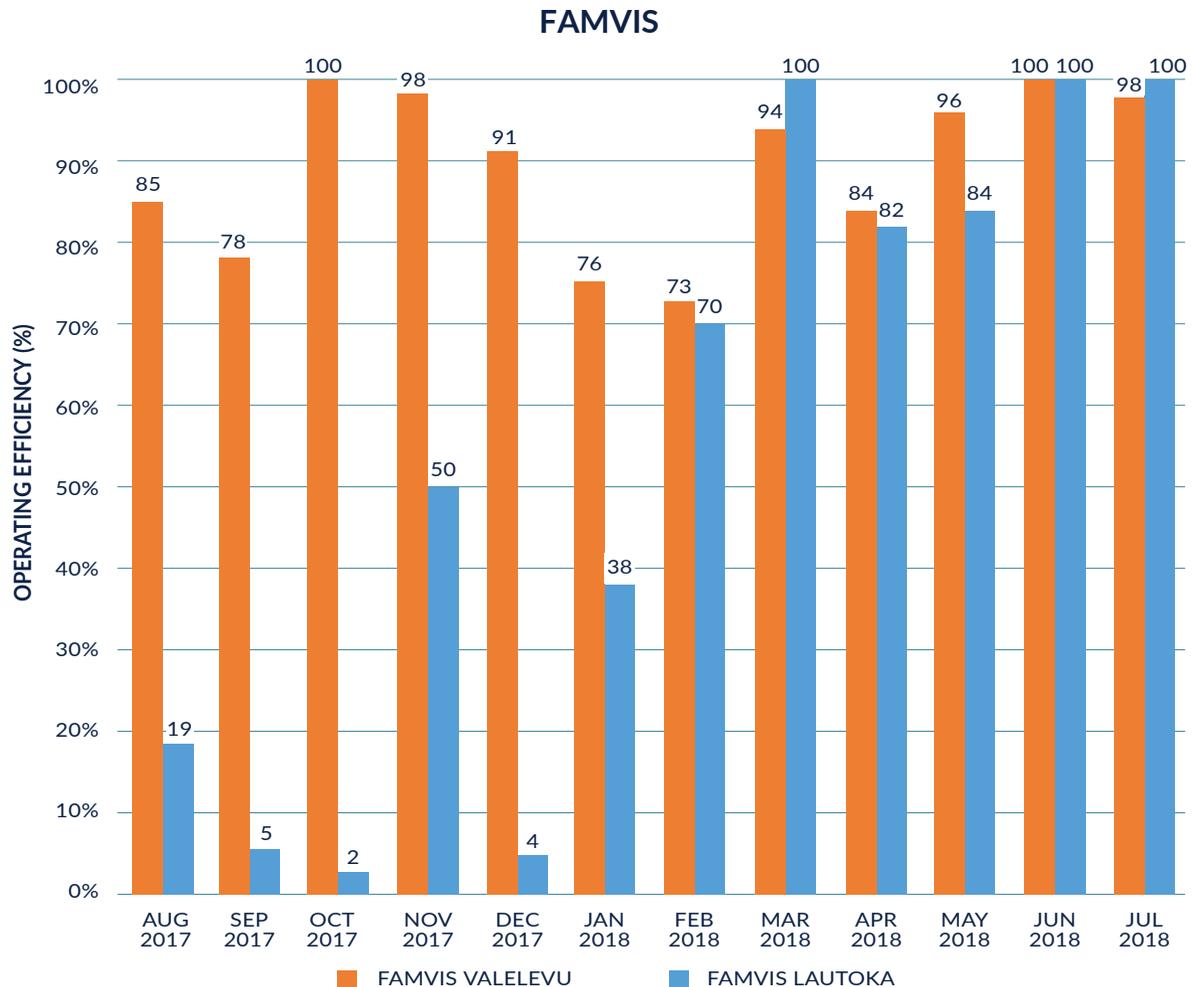


Dangerous Goods Training

A total of 87 participants attended dangerous goods training during the year. A total of 10 training sessions were held to enhance participants' knowledge on the carriage of dangerous goods.

Fully Automated Motor Vehicle Inspection System (FAMVIS)

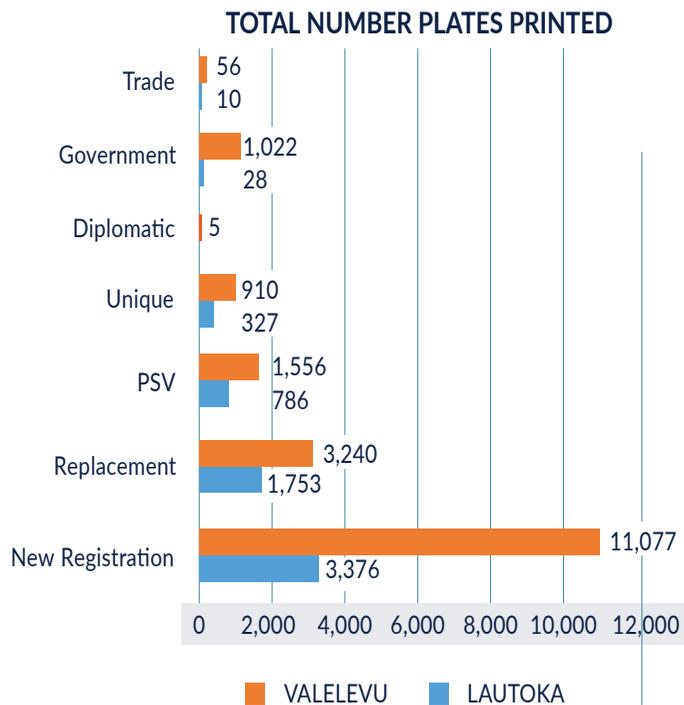
Valelevu branch office attained a higher operating efficiency of 89% than Lautoka branch office which attained 55% as detailed in the graph below:



Number Plates

A total of 24,146 number plates were printed at Lautoka and Valelevu offices.

These included new registrations, replacement, Public Service Vehicle (PSV), unique, diplomatic, Government and trade number plates.



Offshore Inspections

Monthly Japan Export Vehicle Inspection Center (JEVIC) reports on the LTA-JEVIC Database in collaboration with JEVIC were carried out for verification purposes.

During the year, there were no complaints on the JEVIC process and condition of cars imported from Japan.



Corporate Services

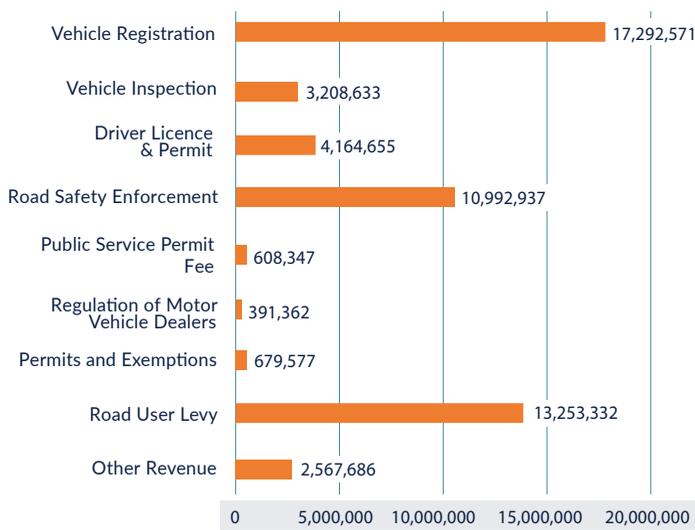
FINANCIAL OVERVIEW

LTA continued to administer functions where its revenue is deposited directly into the Government's Consolidated Fund Account.

Total administered revenue at the end of the financial year was \$53.2 million.

The largest contribution to LTA's revenue collection was from Vehicle Registration followed by Road User Levy and Road Safety Enforcement.

REVENUE DEPOSITED INTO GOVERNMENT'S CONSOLIDATED FUND ACCOUNT



HUMAN RESOURCES

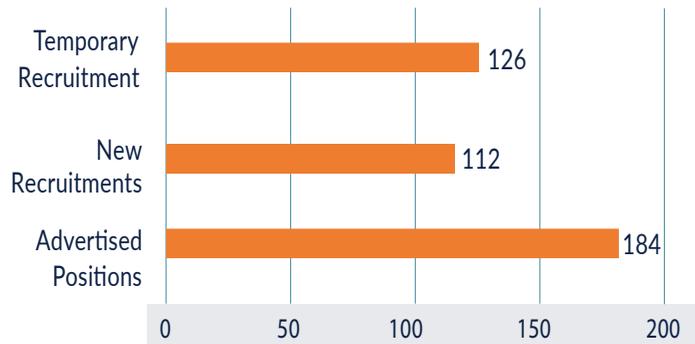
The Human Resources Department is a critical component of employees well-being in LTA. It is responsible for payroll, benefits, recruitment and selection, employment relations and continually keeping abreast of employment laws. The functions of the Department have been successfully executed with the current dynamic and energetic staff members achieving positive results towards the objectives of the LTA.

Recruitment and Selection

The implementation of the Open Merit Recruitment and Selection process swiftly raised the standard and process of recruitment and selection for LTA. The Government initiative, although a totally new concept to LTA, was taken onboard and implemented accordingly. For the year, the Department advertised a total of 184 positions and recruited a total of

112 new employees. A total of 126 temporary employees were also recruited with a three-month employment contract.

RECRUITMENT



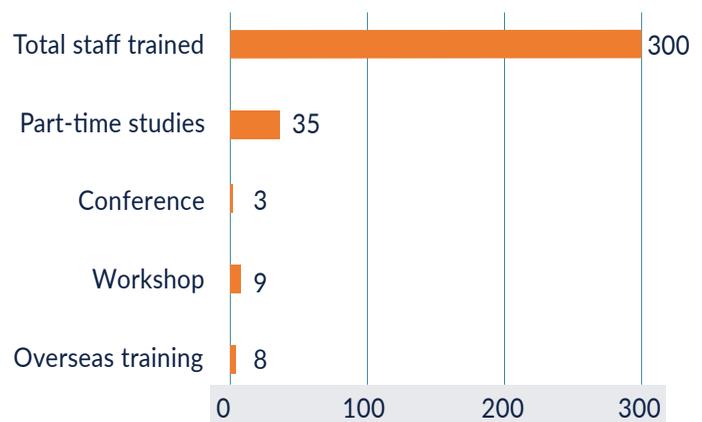
Employee Relations

The Department has been continuously coordinating with Management in the process of disciplinary and employment relation issues ensuring that all staff issues are addressed well internally.

Training and Development

The Training and Development Unit has been tasked with the strategic role to train and equip all employees with the necessary knowledge, skills and abilities required. Throughout the year, the demand for training and development continued to increase as a result of the changing needs of customers and the need to meet the objectives of LTA. The facilitation of training programs coordinated in-house and at external institutions had greatly impacted areas requiring redress as a result of training and course evaluations.

TRAINING & DEVELOPMENT



Employee Benefits

The provision of benefits provided to our staff members is significant as it indicates that LTA has not only invested in the health of its staff, but also invested in their future. LTA has catered for the increase in meal allowance from \$11 to \$20 and subsistence allowance from \$75 to \$95.

Medical checks were also carried out for the three Divisions where attendance was compulsory. The pursuit of health, personal growth and improved quality of life rely on living a balanced life. The Health and Wellness Wednesday Program has been an area that the Department has directed focus into bringing good relations amongst staff and Management. This has been seen as a means of relief from the stress of work to a time of active sports interaction. The Annual Sports Day held in Labasa in October 2017 fortifies the Health and Wellness sports interaction. The Annual Sports Day brought a diversified workforce coming together for a day of sports and fun.

Major Achievements

The Department's long-term plan drove the development, implementation and completion of significant projects and programs in accordance with LTA's Strategic Plan with major achievements highlighted below:

Performance Management System:

LTA Board approved the implementation of the new Performance Management System.

Pay Rise of \$2.4 million: Following the successful implementation of the Job Evaluation Exercise carried out by LTA's Board in line with the current market share, LTA employees shared the \$2.4 million pay rise in March 2018. The Job Evaluation Exercise was carried out by Pricewaterhouse Coopers (PwC).

Collective Agreement:

Continuous negotiations and consultations with the Fiji Public Service Association and National Union of Workers (Fiji) on the review of LTA's Collective Agreement resulted in its finalisation and signing on 9 October 2018.

INFORMATION, COMMUNICATION & TECHNOLOGY

The Information, Communication and Technology (ICT) Department accomplished the following operational achievements during the year:

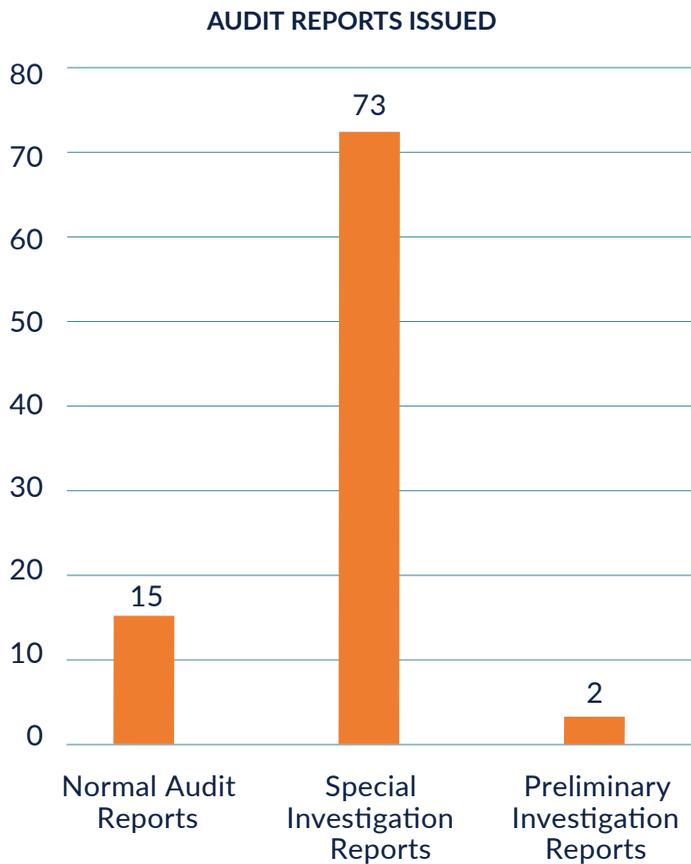
- Server and storage replacement.
- Fiji Revenue & Customs Service (FRCS) link installation and configuration to LTA network including access to LTASoft.
- Provision and configuration of LTA access to FRCS ASYCUDA database.
- Access Point Name for agencies to access LTASoft.
- ICT provisions for Nausori, Savusavu and Ba office relocations.
- Red-light and speed camera back-office server upgrade.
- LTASoft upgrade for MVAL collection.
- Upgrade of network communication infrastructure.
- ICT end-user equipment replacement and upgrade.
- Server storage expansion to LTA's Electronic Document Management System.

Another important project for the Department was the implementation of LTA's E-Services. Access to LTA's services has now been made easy with its online services being readily available anywhere and at any time for the general public. The implementation of this project was to enable the general public to carry out LTA transactions such as applications for Learners Permit and making payments for Traffic Infringement Notices. Customers are required to register and access these online services via LTA's online portal <https://eservices.lta.com.fj/>.

AUDIT

The Audit Department is an influential part of LTA's corporate governance structure. It works independently with seven permanent staff who not only provide sound audits and spot checks to ensure best practices are followed but also strategic guidance to the Board and Management, whenever required in uplifting LTA's standards and services delivery.

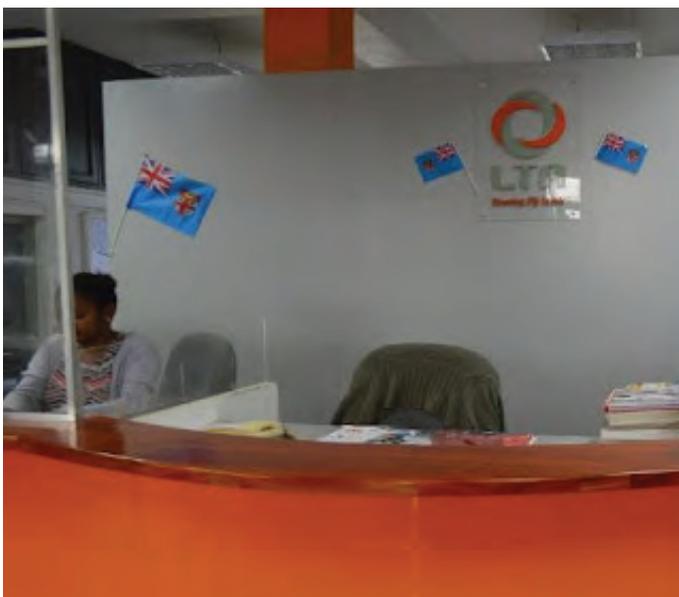
The total number of audit reports issued during the year was 90. Of these, 16 reports were referred to the Fiji Independent Commission Against Corruption for further investigations.



PROPERTIES

Rakiraki Office

LTA's office located in Waimari, Rakiraki Town was refurbished during the year following the devastating severe Tropical Cyclone Winston in 2016 which damaged the office.



New Offices

As part of LTA's continuous expansion and growth to meet its customers needs, the following new offices were opened:

Savusavu Office: This new office opened in the JKS Building in Savusavu Town to include additional space for customer services and operations.



Suva Express Office: LTA opened this new express office on 16 January 2018, located at the Fiji National Provident Fund Plaza in Suva City.



FLEET

A total of eight new Toyota Hilux vehicles and a mobile caravan was commissioned in March 2018 to support operations and further enhance enforcement activities in the country.



LEGAL

The Legal Department has its main office at Valelevu headquarters and a Prosecution Officer stationed in all three regions for the defence of Traffic Infringement Notices only. The in-house Counsels travel to other regions only when there is a need to attend to civil or employment cases.

In terms of litigations, the in-house Counsels appear in the following Courts:

- Magistrates Court
- Land Transport Appeals Tribunal
- Employment Relations Tribunal
- Arbitration & Mediation Court
- High Court
- Court of Appeal
- Supreme Court

TRIBUNAL APPEALS	
Number of Tribunal cases	47
Number of cases called	14
Number of cases struck out/closed	14
Number cases pending	33

Additional roles of the in-house Counsels includes:

- Develop and update non-disclosures along with confidentiality agreements.
- Review and negotiate all confidentiality agreements.
- Draft all transactional documents associated with Court pleadings and financing.
- Provide legal advice along with services on issues related to obligations, rights, risks and organization privileges.
- Collaborate with Operations and Finance Departments to assure legal adherence for capital projects.
- Collaborate with a panel of solicitors to defend LTA's rights in contract settlements, negotiations and litigation.
- Perform cross-functionally in the execution of new initiatives such as Memorandum of Understanding.

- Review and provide legal opinion in the development of LTA's procedures and policies.
- Coordinate professionally with Management to enforce LTA's procedures and policies.
- Draft as well as negotiate on agreements for LTA projects.

CIVIL AND EMPLOYMENT CASES	
Number of cases called	23
Number of cases for mention	18
Number of cases for ruling	1
Number of cases struck out/closed	3

The following are some of the risks faced by the Department:

Managing legal risk: There is a tendency for other Departments to transfer risks to their in-house Legal Team to make operational decisions by way of Memorandums. The role of in-house Counsels is to understand the legal points, strategy and objectives of LTA and effectively communicate the risks and legal issues involved in any decision to Management. Upon this advice, Management must make informed strategic choices within an acceptable legal risk profile on their own.

Managing efficiency: Responding to increased pressure on legal costs whilst managing risks requires a deep understanding of what drives the cost base and the operating costs of LTA. The challenge as an in-house Counsel is to ensure there is an optimum balance between cost efficiency and effectiveness, whilst educating Management on the same.

New Acts & Regulations

- Land Transport (Amendment) Act 2017
- Land Transport (Budget Amendment) Act 2017

QUALITY ASSURANCE

The main activity of the Quality Assurance Department during the year was to implement and monitor its approved capital project commitments. This involved the upgrade and refurbishment of LTA's offices to support its operations, expansion and customer service delivery.

This was achieved through collaboration with LTA's Project Manager (Kramer Ausenco) and key relevant Departments such as Properties, Customer Services, Standards & Engineering and ICT.

The projects successfully undertaken during the year included:

- New Savusavu Office
- New Suva Express Office
- Refurbishment of Rakiraki Office
- Groundworks for design and scope of works for Valelevu Building-E (headquarters in Nasinu) and new Lautoka Express Office (Lautoka City)

This included the improvement of workplace environment compliances such as National Fire Authority's and Occupational Health & Safety Compliance Certifications across all regional offices through quarterly inspections.

The Department was also responsible for providing timely and efficient secretariat assistance to LTA's Management Tender Committee. This included the facilitation of tender meetings, audits and safe-keeping of tender records.

For the year, a total of 39 tenders and eight Expressions of Interest were advertised and facilitated in line with LTA's Finance Manual.





Financial Statements

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File:1290

12 April 2021

Mr. Vijay Maharaj
The Chairman
Land Transport Authority
Valelevu
NASINU

Dear Mr. Maharaj

LAND TRANSPORT AUTHORITY
AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2018

The audited financial statements for Land Transport Authority for the year ended 31 July 2018 together with my audit report on them are enclosed.

Particulars of the errors and omission arising from the audit have been forwarded to the management of the Authority for necessary action.

Yours sincerely

Ajay Nand
AUDITOR-GENERAL

Encl.

cc. Mr. Samuel Simpson - Chief Executive Officer, Land Transport Authority

LAND TRANSPORT AUTHORITY
FINANCIAL STATEMENT
FOR FINANCIAL YEAR ENDED 31 JULY 2018

LAND TRANSPORT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018

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**LAND TRANSPORT AUTHORITY
MEMBERS' REPORT
FOR THE YEAR ENDED 31 JULY 2018**

In accordance with a resolution of the Authority's members, the members submit the statement of financial position of the Authority as at 31 July 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and report as follows:

Authority's members

The names of the Authority's members in office as at the date of the report are:

	Date Appointed	Status
Mr Vijay Maharaj - Chairman -	20 July 2017	Current
Mr. Aptinko Vaurasi	20 July 2017	Current
Mr. Ashok Patel	20 July 2017	Current
Mr. Kamal Goundar	20 July 2017	Current

State of affairs

The Land Transport Act of 1998 established the Land Transport Authority, to regulate the registration and use of vehicles, the licensing of drivers of vehicles and the enforcement of traffic laws. Additionally, from 2010 the Authority resumed all functions, funds, assets and resources of the then National Road Safety Council following the repeal of the National Road Safety Act of 1994.

Principal activities

The principal activities of the Authority in the course of the financial year were regulating, controlling and licensing of all means of land transport, ensuring safety for all road users, co-ordination of road transport services and improvement of road transport services.

Operating results

The operating profit after income tax for the year ended 31 July 2018 was \$4,089,282 (2017: \$2,123,907).

Dividends

No dividends were declared or paid during the year.

Reserves

There was no amounts transferred to or from reserves during the year.

Bad and doubtful debts

Prior to the completion of the Authority's financial statements, the members took reasonable steps to ascertain that action has been taken in relation to writing off bad debts and the allowance for doubtful debts. In the opinion of the members, adequate provision has been made for doubtful debts.

As at the date of this report, the members are not aware of any circumstances, which would render the amount written off for bad debts, or the allowances for doubtful debts in the Authority, inadequate to any substantial extent.

LAND TRANSPORT AUTHORITY
MEMBERS' REPORT
FOR THE YEAR ENDED 31 JULY 2018

Non-current assets

Prior to the completion of the financial statements of the Authority, the members took reasonable steps to ascertain whether any non-current assets were unlikely to be realized in the ordinary course of the business compared to their values as shown in the account records of the Authority. Where necessary, these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that they might be expected to realize. As at the date of this report, the members are not aware of any circumstances, which would render the values attributed to non-current assets in the Authority's financial statements misleading.

Events During the Year

During the year, on 14 October 2017, the Authority's land, buildings and plant and equipment were independently valued by Professional Valuations Limited valuation. The land, buildings and plant and equipment were valued at \$18,303,671. The excess market value over book value of \$7,125,398 has been brought into account in the financial statements for the year ended 31 July 2018 as follows:

	Net book value on 14 Oct 17 (\$)	Valuation on 14 Oct 17 (\$)	Revaluation surplus/fair value gain (\$)
Land	3,595,000	8,130,000	4,535,000
Building	5,223,554	7,325,000	2,101,446
Plant & Equipment	2,359,719	2,848,671	488,952
Total	11,178,273	18,303,671	7,125,398

The Authority uses valuation techniques that include valuation assessment and estimates based on observable and not observable market data and observable internal financial data to estimate the fair value of the land and buildings. The plant and equipment have been valued based on observable financial data, age and condition of the assets .

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the land, buildings and plant and equipment.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

As stated in Note 23 (ii), there is no impact of COVID - 19 on the amounts and estimates reported or used in the preparation of the 2018 financial statements.

Subsequent to balance date LTA received the sum of \$722,614 (VIP) from Accident Compensation Commission Fiji (ACCF) for processing Motor Vehicle Accident Levy (MVAL) transactions and rent from 1st January 2018. Legal opinion obtained from the Solicitor-General's office on 28 August 2019 states that the Authority cannot impose any fees unless provided by written law and there is no written law authorizing the Authority to charge service fees. As such the Authority is required to pay the sum received as service fees in the Consolidated Fund of the Government.

However, approval was obtained from Ministry of Economy on 11th May 2020 to utilize these funds for payment of salaries for the month of August 2020 which will then be reimbursed when the first quarter grant is received.

The Authority, subsequent to balance date, received land titles for Lot 1 DP 8715 in Kalabu, Naitasiri with a value of \$5,500,000 and Lot 1 SO4613 Drasa Vitogo (Part of) Lot 3 & 9 SO 1210 valued at \$1,830,000 on 26/07/2019 and 10/02/2020 respectively.

Basis of accounting

The members believe the basis of the preparation of the financial statements is appropriate and the Authority will be able to continue its operation for at least twelve months from the date of this statement. Accordingly, the members believe the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate.

LAND TRANSPORT AUTHORITY
MEMBERS' REPORT (continued)
FOR THE YEAR ENDED 31 JULY 2018

Unusual transactions

In the opinion of the members, the results of the operations of the Authority during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the members, to affect substantially the results of the operations of the Authority in the current financial year, other than those reflected in the financial statements.

Other circumstances

As at the date of this report:

- (i) no charge on the assets of the Authority has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Authority could become liable. Some cases especially the Industrial Relation cases judgment has been given during the financial year. However, the payments have been made after financial year and has been on-going.
- (iii) no contingent liabilities or other liabilities of the Authority has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the members, will or may substantially affect the ability of the Authority to meet its obligations as and when they fall due.

Apart from the matters specifically referred to in the financial statements, in the opinion of the Authority's members, the results of the operations of the Authority during the financial year were not substantially affected by any items, transaction or event of an abnormal nature.

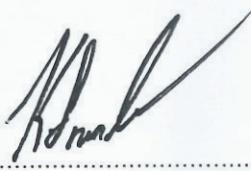
Members' benefits

Since the end of the previous financial year, no member has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by members shown in the financial statements) by reason of a contract made by the Authority with the member or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Signed for and on behalf of the Authority and in accordance with a resolution of the Authority's members.

Dated this 8th day of MARCH 2021.


.....
Chairperson


.....
Member

LAND TRANSPORT AUTHORITY
STATEMENT BY MANAGEMENT
FOR THE YEAR ENDED 31 JULY 2018

In accordance with a resolution of the members of the Authority, we state that:

- (i) the accompanying statement of comprehensive income of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 31 July 2018;
- (ii) the accompanying statement of changes in equity of the Authority is drawn up so as to give a true and fair view of the changes in equity of the Authority for the year ended 31 July 2018;
- (iii) the accompanying statement of financial position of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 July 2018;
- (iv) the accompanying statement of cash flows of the Authority is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 July 2018;
- (v) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Authority.

Signed for and on behalf of the Authority and in accordance with a resolution of the Authority's members.

Dated this 8th day of March 2021.


.....
Chairperson


.....
Member

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Land Transport Authority

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Land Transport Authority ("the Authority"), which comprise the statement of financial position as at 31 July 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 July 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

Basis for Qualified Audit Opinion

1. Included in the property, plant and equipment (Note 10), is leasehold land amounting to \$8,130,000. The Authority has not obtained the legal ownership of five of its seven leasehold land valued at \$800,000, while two of its land titles valued at \$7,330,000 were obtained subsequent to balance date of 31 July 2018. While the Authority uses the leasehold land for its operations, no amortization has been recorded against the value of the land. Consequently, I was unable to determine if any adjustment that would be required in respect to the amortization of the land and the impact it will have on the carrying amount of the land in the statement of financial position and the amortization expense in the income statement.
2. The Authority, as Agent of the State, administers funds collected on behalf of the Fiji Government and is accountable for the transactions involving those funds. Disclosed in Note 25 of the financial statements, under "Agency Transactions Administered for the Fiji Government" is various fees and levy received by the Authority amounting to \$53,159,100. These funds are deposited into the Consolidated Fund Account of the government. There is a variance of \$3,133,448 between the Authority's records and Financial Management Information System (FMIS) maintained at Ministry of Economy. Due to the variance, I am unable to confirm the accuracy of the Agency revenue disclosed by the Authority.
3. The Authority recorded fully depreciated property, plant and equipment with cost totaling \$1,341,104 that were still held for use. The useful life of these property, plant and equipment have not been reviewed annually. As a result, depreciation expense has not been charged for the assets during the year.

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 Accountant's 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 my 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.

Emphasis of Matter

I draw attention to the following matters:

- Note 18 (b) of the financial statements where the Authority has disclosed contingent liability amounting to \$55,859,757 relating to legal cases against the Authority. Based on the current financial position of the Authority, it may find it difficult to meet the payment for damages if the judgment is not in favor of the Authority.
- Reference is made to Note 23 (ii) where management has disclosed impact of COVID-19. The management has stated that there is nil impact of the virus on the amounts and estimates reported or used in the preparation of 2018 financial statements.

My opinion is not modified in respect of these matters.

Other Matter

The Authority is yet to formalize a risk management policy to identify and mitigate potential risks which can affect the Authority's operation.

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

The management and Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as the management and Directors determine 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, the 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 the management and Directors either intend to liquidate the Authority's or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities 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 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 the financial statements.

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

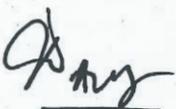
Auditor's Responsibilities for the Audit of the Financial Statements (con't)

- 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 control.
- 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 used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and Directors' 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 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's to cease to continue as a going concern.
- 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 Land Transport Act, 1998 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.


Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
12 April 2021

LAND TRANSPORT AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 \$	2017 \$
Revenue			
Grant received	2	23,229,876	19,322,198
Other income	3	2,557,758	2,749,570
Expenses			
Administrative expenses	4	(1,142,012)	(1,296,189)
Salaries, wages and other employee benefits	5	(12,036,701)	(10,563,073)
Operating expenses	6	(7,074,665)	(6,890,897)
Other expenses	7	(1,444,974)	(1,197,702)
Profit from operations		4,089,282	2,123,907
Income tax expense	1(m)	-	-
Profit from operations after income tax		4,089,282	2,123,907
Other comprehensive income			
Items that will not be reclassified to profit or loss ;			
- Revaluation Surplus on Land, Buildings and Plant & Equipment	11	7,125,398	-
Total comprehensive income for the year ended 31 July 2018		11,214,680	2,123,907

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

LAND TRANSPORT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2018

	Asset Revaluation Reserve \$	Capital \$	Retained earnings \$	Total \$
Balance as at 1 August 2016	418,955	1,650,146	2,634,226	4,703,327
Total comprehensive Profit for the year			2,123,907	2,123,907
Balance as at 31 July 2017	<u>418,955</u>	<u>1,650,146</u>	<u>4,758,133</u>	<u>6,827,234</u>
Balance as at 1 August 2017	418,955	1,650,146	4,758,133	6,827,234
Profit for the year	-	-	4,089,282	4,089,282
Gain on Revaluation (Note 11)	7,125,398	-	-	7,125,398
Balance as at 31 July 2018	<u>7,544,353</u>	<u>1,650,146</u>	<u>8,847,415</u>	<u>18,041,914</u>

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

LAND TRANSPORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018

	Notes	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	8	7,855,854	8,185,511
Receivables	9	1,220,798	248,126
Inventories	10	964,436	763,505
Total current assets		10,041,088	9,197,142
NON-CURRENT ASSETS			
Property, plant and equipment	11	22,348,243	14,517,298
Intangible assets	12	466,422	707,837
Total non-current assets		22,814,665	15,225,135
TOTAL ASSETS		32,855,753	24,422,277
CURRENT LIABILITIES			
Creditors and other accruals	13 (i)	1,380,512	1,476,482
Owing to Government consolidated account	13 (ii)	15,639	26,322
Deferred grant	15	2,208,163	1,928,035
Provisions	14	727,590	931,132
Finance lease liability - current	16	-	262,846
Total current liabilities		4,331,904	4,624,817
NON-CURRENT LIABILITIES			
Deferred grant	15	10,481,935	12,970,226
Total non-current liabilities		10,481,935	12,970,226
TOTAL LIABILITIES		14,813,839	17,595,043
NET ASSETS		18,041,914	6,827,234
CAPITAL AND RESERVES			
Asset Revaluation Reserve	17	7,544,353	418,955
Capital		1,650,146	1,650,146
Retained earnings		8,847,415	4,758,133
TOTAL CAPITAL AND RESERVES		18,041,914	6,827,234

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

Signed for and on behalf of the Authority and in accordance with a resolution of the Authority's members.


.....
Chairman


.....
Member

LAND TRANSPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 Inflows/ (Outflows) \$	2017 Inflows/ (Outflows) \$
OPERATING ACTIVITIES			
Receipts from government for operational expenditure		23,229,876	19,322,198
Receipts from Commission/Rent and Legal Expense Grant		140,818	449,307
Compulsory Third Party Levy		208,776	381,228
Payments to suppliers and employees		(20,893,966)	(16,961,325)
Payments for amount owing to government		(10,683)	(319,216)
Net cash provided by operating activities		<u>2,674,821</u>	<u>2,872,192</u>
INVESTING ACTIVITIES			
Receipts from government for capital expenditure		-	7,421,506
Payment for Intangibles		-	(181,530)
Payments for property, plant and equipment		(2,741,632)	(3,518,446)
Net cash (used in)/provided by investing activities		<u>(2,741,632)</u>	<u>3,721,530</u>
FINANCING ACTIVITIES			
Net repayments of loan		(262,846)	(376,699)
Net cash used in financing activities		<u>(262,846)</u>	<u>(376,699)</u>
Net (decrease)/increase in cash held		(329,657)	6,217,023
Cash and cash equivalents at the beginning of the year		8,185,511	1,968,488
Cash and cash equivalents at the end of the year	8	<u>7,855,854</u>	<u>8,185,511</u>

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

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Land Transport Authority (the "Authority") is a statutory body established under the Land Transport Act, 2008. The financial statements were authorized for issue with a resolution of members on 08th of March 2021 .

The principal activities of the Authority are described in Note 20.

Set out below is a summary of the significant accounting policies adopted by the Authority in the preparation of the financial statements. These policies have been consistently applied to all the years, unless otherwise stated.

(a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

(b) Basis of preparation

These financial statements have been prepared under historical cost accounting and do not take into account changing money values or current valuations of non-current assets unless otherwise stated. The financial statements are presented in Fiji dollars, rounded to nearest dollar.

(c) The Authority as the Agent of the State

All funds utilized by the Authority through various branches to carry out its functions as the Agent of the State have been included in the financial statements. As the Authority acts as the Agent of the State, it administers, but does not control, funds collected on behalf of the Fiji Government. The Authority is accountable for transactions involving those resources, but does not have the discretion to deploy the resources for the achievement of its objectives. Government transactions includes vehicle registration and inspection fees, drivers' license and driver permit fees, road safety enforcements, public service permits, regulation of motor vehicle dealers and other permits.

Government revenue is recognized on receipt (cash basis).

(d) Foreign currency

All foreign transactions are translated to Fijian dollars at the rates of exchange ruling at the dates of 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 transactions are recognized in the result of the year.

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

The Authority does not hedge its foreign currency commitments.

(e) Property, plant and equipment

Property plant and equipment are stated at their revaluated amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss, to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Acquisitions during the year are stated at historical cost.

Effective 14 October 2017, only land and building and plant and equipment are stated at revalued amounts while all other assets are stated at revalued amount as at 31 December 2013.

Property that is being constructed or developed for future use is classified as work in progress under property, plant and equipment and stated at cost until construction or development is complete.

Depreciation and amortization

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

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

Leasehold land	Leasehold period
Buildings	2.5%
Motor vehicles	20%
Plant and equipment	20%
Computer hardware	33%
Computer software	20%-33%
Office equipment	20%

Disposal of assets

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

Impairment

The carrying amount of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

(f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Authority as a lessee

The lease asset and the corresponding lease liability (net of finance charges) under finance lease are recognised on the Statement of Financial Position as Property, Plant and Equipment and Lease Liability respectively, at the inception of the lease based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each Lease payment is apportioned between the finance expense and the reduction in the outstanding lease liability. The Finance expense is recognised in the comprehensive income on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(g) Other receivables

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

(h) Inventories

Inventory includes Stationery stock, Driving license consumables, regulated books and labels and number plates. These are valued at cost. Cost is assigned on a first in first out basis.

(i) Annual and Long Service Leave

The provision for employee entitlements relate to amounts expected to be paid to employees for annual leave and Long Service Leave which is measured at balance date at current employee pay rates.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(j) Provisions

A provision is recognized in the statement of financial position when the Authority has a legal or contractual obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Revenue recognition

Revenue comprises grants received when due, Compulsory Third Party Levy, interest income and auction income.

The service fees that is charged to Accident Compensation Commission of Fiji at a rate of \$2.58 for processing of CTP levy is brought to account upon receipt.

(l) Expenses

Net financing costs comprise interest payable on finance leases and interest receivable on term deposits that are recognised in profit and loss.

Interest income is recognized in the statement of comprehensive income as it accrues. The interest expense component of finance lease payments is recognized in the statement of comprehensive income.

(m) Income tax

The Authority is not subject to income tax under the Fiji Income Tax Act (1974), CAP 201 (Section 17(70)).

(n) Value Added Tax

Revenue, expenses and assets are recognized net of the amount of Value Added Tax ("VAT") except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(o) Capital grant

Capital grants received in respect of the purchase of non-current assets are treated as a deferred credit and amortized to the statement of comprehensive income annually over the useful economic life of the related asset.

(p) Comparative information

Where necessary, comparative figures have been re-grouped to conform with changes in presentation in the current year.

(q) Changes in accounting polices

New standards, amendments, annual improvements and interpretation that have been issued but are not mandatorily effective as at 31 March 2018.

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the Authority's future financial statements. The Authority intends to adopt these standards, amendments, annual improvements and interpretation if applicable, when they become effective. New standards which are applicable to the Authority are:

IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(q) Changes in accounting polices (continued)

IFRS 16- Leases

IFRS 16 Leases, which supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases-Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with IAS 17. Under IFRS 16, leases are recorded on the balance sheet by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities. IFRS 16 applies to annual periods commencing on or after 1 January 2019. Earlier adoption is permitted, but only if IFRS 15 Revenue from Contracts with Customers is also adopted. The Authority is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

	2018	2017
	\$	\$
2 REVENUE		
Fiji Government grant received	23,229,876	19,322,198
3 OTHER INCOME		
Release of capital grant revenue	2,208,163	1,928,035
Other income	349,595	821,535
	<u>2,557,758</u>	<u>2,749,570</u>
4 ADMINISTRATION EXPENSES		
Audit fees	14,068	22,083
Bank charges	10,715	9,801
Board members' fees and remuneration	36,543	25,634
Consultancy charges	381,976	117,682
NFA Levy	63,689	188,877
Insurance	473,492	437,381
Legal fees	16,159	423,662
Staff training	145,370	71,069
	<u>1,142,012</u>	<u>1,296,189</u>
5 SALARIES, WAGES AND OTHER BENEFITS		
Annual leave	731,813	672,235
Fringe Benefit Tax	13,360	16,948
Fiji National Provident Fund contributions	1,168,231	1,048,409
Fiji National University levies	113,633	100,418
Wages and salaries	10,009,664	8,725,063
	<u>12,036,701</u>	<u>10,563,073</u>
6 OPERATING EXPENSES		
Accommodation hire	113,771	82,488
Advertising	200,643	225,994
Conferences	25,099	26,406
Depreciation	2,277,497	2,409,712
Driver license consumables	230,471	163,206
Electricity and water	408,318	324,534
Enforcement	-	226,628
Entertainment	93,738	68,170
Motor vehicle expenses	218,940	208,199
Number plates	451,504	321,546
Printing and stationery	729,338	644,987

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

6 OPERATING EXPENSES (continued)	2018	2017
	\$	\$
Rent and rates	869,386	809,899
Repairs and maintenance	400,190	352,282
Security hire	335,576	271,341
Telephone equipment lease charges	344,919	393,319
Interest expenses	20,276	32,260
Telephone and facsimile	144,691	160,000
Travelling	147,071	158,162
Uniforms	63,237	11,764
	<u>7,074,665</u>	<u>6,890,897</u>
OTHER EXPENSES		
Commission expense	27,232	14,005
Hire charges	179,762	82,199
Internet expenses	107,093	62,242
Maintenance computer software	552,825	450,481
Meals and catering	257,939	153,986
Miscellaneous	57,976	22,280
Occupational health and safety	9,452	18,700
Road safety awareness	43,880	204,438
Pest control	1,456	1,391
Postage, postal, courier, freight and cartage	50,821	114,831
Sanitation and cleaning	42,139	44,549
Subscription	15,637	6,367
Transfer allowance	-	450
Loss on disposal of furniture and equipment	98,762	21,783
	<u>1,444,974</u>	<u>1,197,702</u>
8 CASH AND CASH EQUIVALENTS		
BSP Operating account	4,645,545	-
BSP Capital account	2,305,352	-
ANZ Operating account	29,768	1,166,136
ANZ Capital account	275,935	6,559,069
ANZ Donor Fund account	586,488	448,990
Cash on hand	12,766	11,316
	<u>7,855,854</u>	<u>8,185,511</u>
The Authority changed its operating and capital accounts from ANZ to BSP.		
9 RECEIVABLES		
VAT receivable	868,292	-
Prepayments	138,654	92,838
Deposits	108,441	72,074
Staff advances	8,507	10,948
Other	96,904	72,266
	<u>1,220,798</u>	<u>248,126</u>
10 INVENTORIES		
Stationery stock	139,134	52,668
Regulated books and labels	218,896	249,156
Driving license consumables	325,774	180,352
Number plates	280,632	261,166
Goods in transit	-	20,163
	<u>964,436</u>	<u>763,505</u>

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

11 PROPERTY, PLANT AND EQUIPMENT

Cost or Valuation	Leasehold Land	Buildings	Motor Vehicles	Plant and Equipment	Furniture and Fitting	Computer Equipment	Office Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balances at 1st August 2017	3,595,000	5,745,905	2,873,967	3,818,407	457,763	2,188,399	424,091	1,094,347	20,197,879
Acquisitions	-	337,992	591,994	435,962	454,345	548,879	208,373	2,454,152	5,031,697
Disposals	-	-	-	(225,962)	(2,499)	(22,050)	(4,168)	-	(254,679)
Transfers	-	-	-	(35,800)	-	14,962	19,041	(2,178,251)	(2,180,048)
Adjustments/ Revaluation	4,535,000	1,579,096	-	(711,199)	-	-	-	-	5,402,897
Balances at 31st July 2018	8,130,000	7,662,993	3,465,961	3,281,408	909,609	2,730,190	647,337	1,370,248	28,197,746
Depreciation									
Balances at 1st July 2017	-	474,421	1,709,479	1,297,893	184,342	1,790,988	223,458	-	5,680,581
Depreciation and Amortisation	-	182,349	583,180	463,490	148,435	602,642	66,304	-	2,046,400
Disposals	-	-	-	(127,535)	(1,537)	(22,050)	(3,855)	-	(154,977)
Transfers	-	-	-	(8,503)	-	2,505	5,998	-	-
Adjustments/Revaluation	-	(522,350)	-	(1,200,151)	-	-	-	-	(1,722,501)
Balances at 31 July 2018	-	134,420	2,292,659	425,194	331,240	2,374,085	291,905	-	5,849,503
Carrying Amount									
As at 31 July 2018	8,130,000	7,528,573	1,173,302	2,856,214	578,369	356,105	355,432	1,370,248	22,348,243
As at 31 July 2017	3,595,000	5,271,484	1,164,488	2,520,514	273,421	397,411	200,633	1,094,347	14,517,298

Subsequent to balance date, the Authority has received

On 14 October 2017, the Authority's land, buildings and plant and equipment were independently valued by Professional Valuations Limited valuation. The land, buildings and plant and equipment were valued at \$18,303,671. The excess market value over book value of \$7,125,398 has been brought into account in the financial statements for the year ended 31 July 2018 as follows:

	Net book value on 14 Oct 17 (\$)	Valuation on 14 Oct 17 (\$)	Revaluation surplus / fair value gain (\$)
Land	3,595,000	8,130,000	4,535,000
Building	5,223,554	7,325,000	2,101,446
Plant & Equipment	2,359,719	2,848,671	488,952
Total	11,178,273	18,303,671	7,125,398

The Authority uses valuation techniques that include valuation assessment and estimates based on observable and not observable market data and observable internal financial data to estimate the fair value of the land and buildings. The plant and equipment have been valued based on observable financial data, age and condition of the assets. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the land, buildings and plant and equipment.

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

12 INTANGIBLE ASSETS

	Computer Software	Work in Progress	Total
<u>Cost or Valuation</u>	\$	\$	\$
Balances at 1st August 2017	703,570	259,926	963,496
Acquisitions	249,608	-	249,608
Transfers	-	259,926	259,926
Balances at 31 July 2018	953,178	-	953,178
<u>Accumulated Depreciation</u>			
Balances at 1st August 2017	255,659	-	255,659
Amortisation	231,097	-	231,097
Balances at 31 July 2018	486,756	-	486,756
<u>Carrying Amount</u>			
Balances at 31 July 2017	447,911	259,926	707,837
Balances at 31 July 2018	466,422	-	466,422

The Computer software amounting to \$466,422 is intangible asset owned by Land Transport Authority as at 31 July 2018 from which future economic benefits are expected to flow to the Authority.

The amortisation rate for the computer software is 20% - 33% with useful life of 3 to 5 years.

13 CREDITORS AND OTHER PAYABLES	2018	2017
	\$	\$
(i) Trade creditors	327,703	756,302
Accruals and other payables	1,052,809	720,180
	<u>1,380,512</u>	<u>1,476,482</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60 days terms; and
- Other creditors, sundry and accruals are non-interest bearing and have an average term of six months.

(ii) Owing to Government consolidated account

Balance at 1 January	26,322	336,705
Fees, levies and charges collected at Taveuni	-	229,354
Fees, levies and charges collected via EFTIPOS	-	315,773
Fees, levies, Rent and charges collected and Not Transferred	-	25,782
Transfer to Government consolidated account	(10,683)	(881,832)
Adjustment	-	540
Balance at 31 July	15,639	26,322

14 PROVISIONS

	Employee entitlements	Total
	\$	\$
Balance at 31 July 2017	931,132	931,132
Provisions made during the year	697,707	697,707
Provisions used during the year	(901,249)	(901,249)
Balance at 31 July 2018	727,590	727,590

Employee Entitlements

Provision for employee entitlements is recognized in accordance with the policy noted in 1(i).

Payroll

Provision for payroll is recognized in accordance with the policy noted in 1(j).

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

	2018	2017
	\$	\$
15 DEFERRED GRANT		
Balance at 1 January	14,898,261	9,404,790
Grant received during the year	1,770,642	7,421,506
Grant Transfer to Operating	(1,770,642)	-
Release of capital grant revenue	(2,208,163)	(1,928,035)
Balance at 31 July	<u>12,690,098</u>	<u>14,898,261</u>
This is represented by:		
Current liabilities	10,481,935	12,970,226
Non-current liabilities	<u>2,208,163</u>	<u>1,928,035</u>
	<u>12,690,098</u>	<u>14,898,261</u>

During the financial year, as part of the change in work programs the Authority transferred sum amounting to \$1,770,642 VEP from its capital grant to operating grant towards the new Accident Compensation Commission, E-Ticketing and Red-light and speed camera projects. The funds received were not included in the initial operating budget received by the Authority.

	Total (VEP)
Building	761,468
Plant & Equipment	<u>1,009,174</u>
	<u>1,770,642</u>
16 FINANCE LEASE LIABILITY	
	2018
	\$
Finance lease commitments	
Within one year	-
After one year but not more than five years	262,846
More than five years	-
Total Finance lease commitments	<u>262,846</u>

The value of Motor Vehicles held by Land Transport Authority under finance lease as at 31 July 2018 was Nil .
Finance Lease is recognised in accordance with the Policy noted in 1(f)

	2018	2017
	\$	\$
17 ASSET REVALUATION RESERVE		
Balance at 1 August	418,955	418,955
Revaluation Surplus on Land, Building and Plant & Equipment	7,125,398	-
Balance at end of the year	<u>7,544,353</u>	<u>418,955</u>
18 COMMITMENTS AND CONTINGENCIES		
(a) Capital expenditure commitments	542,020	1,689,795
Capital expenditure approved but not contractually committed	<u>5,033,788</u>	<u>4,492,263</u>
	<u>5,575,808</u>	<u>6,182,058</u>
(b) Contingent liabilities	<u>55,859,757</u>	<u>55,425,978</u>

The above denotes total possible liabilities that the Authority can incur from cases brought against it. The Authority is confident that it will be able to defend the cases and hence, the balance has not been provided in the Authority's books of accounts.

LAND TRANSPORT AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 JULY 2018

19 RELATED PARTIES

The Authority is wholly owned by the Government of the Fiji. The Authority undertook various transactions with Government owned entities on normal trading terms and conditions.

Authority's Members

The names of the Authority's board members in office during the year are:

Mr Vijay Maharaj - Chairman - from 20 July to current
 Mr. Aptinko Vaurasi - from 20 July upto current
 Mr. Ashok Patel - from 20 July up to current
 Mr. Kamal Goundar - from 20 July up to curent
 Mr. Paul Bayly - up to 17 November 2017
 Mr. David Kolitagane - from 17 November 2017

The board fees and remuneration for the year ended 31 July 2018 was \$16,506 (2017: \$14,773).

Key Management Personnel	Position
Mr Carmine Piantedosi	Chief Executive Officer - until 03/11/2017
Mr Irimaia Rokosawa	General Manager Finance and Administration
Mr Faiyum Ali	General Manager Operations
Mr. Navilesh Chand	General Manager Legal/Business Development and Policy

The Authority's board in circular directive 9th November 2017 approved all the General Managers to administer their own areas of responsibilities and report to the Authority's Board.

The Chief Executive Officer of the Authority was appointed in 2019.

Compensation of key management personnel of the Authority	2018	2017
	\$	\$
Short-term employee benefits	407,073	211,443
Housing and other allowances and benefits	38,999	14,261
Fiji National Provident Fund contributions	5,738	16,940
	<u>451,810</u>	<u>242,644</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Principal financial liabilities comprise of trade payables. The main purpose of these financial liabilities is to raise finance for the Authority's operations. The authority has various financial assets such as trade receivables and cash which arise directly from its operations.

The main risk arising from the Authority's financial statements are market risk, credit risk, and liquidity risk. The Authority's members reviews and agrees policies for managing each of these risks which are summarized below:

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Political climate

The Authority operates in Fiji and changes to Governments and the policies they implement affect economic situation and ultimately the revenues of the Authority.

LAND TRANSPORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 31 JULY 2018

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's receivables from customers.

The Authority has no significant concentrations of credit risk.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

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

	2018	2017
	\$	\$
Cash and cash equivalents (Note 8)	7,855,854	8,185,511
Receivables (Note 9)	1,220,798	248,126
	<u>9,076,652</u>	<u>8,433,637</u>

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the authority's financial liabilities at 31 July 2018 based on contractual undiscounted payments.

	On demand	Later than 3 months	Total
Year ended 31 July 2018			
Creditors and other accruals (Note 13)	1,380,512	-	1,380,512
	<u>1,380,512</u>	<u>-</u>	<u>1,380,512</u>
Year ended 31 July 2017			
Creditors and other accruals (Note 13)	1,476,482	-	1,476,482
	<u>1,476,482</u>	<u>-</u>	<u>1,476,482</u>

(d) Capital Management

The primary objective of the Authority's capital management is to ensure that it maintains a healthy capital ratio in order to support its business objectives. The Authority manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Authority may adjust the dividend payment to shareholders or return capital to shareholders. No changes were made in the objectives, policies or processes for the year ended 31 July 2018.

	2018	2017
	\$	\$
Creditors and other accruals (Note 13)	1,380,512	1,476,482
Less: cash and cash equivalents (Note 8)	(7,855,854)	(8,185,511)
Net debt	(6,475,342)	(6,709,029)
Equity	18,041,914	6,827,234
Total capital	18,041,914	6,827,234
Capital and net debt	11,566,572	118,205
Gearing ratio	-56%	-2053%

LAND TRANSPORT AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 JULY 2018

21 PRINCIPAL ACTIVITIES

The principal activities of the Authority in the course of the financial year were regulating, controlling and licensing of all means of land transport, ensuring safety for all road users, co-ordination of road transport services and improvement of road transport services.

22 EVENTS DURING THE YEAR

During the year, on 14 October 2017, the Authority's land, buildings and plant and equipment were independently valued by Professional Valuations Limited valuation. The land, buildings and plant and equipment were valued at \$18,303,671. The excess market value over book value of \$7,125,398 has been brought into account in the financial statements for the year ended 31 July 2018 as follows:

	Net book value on 14 Oct 17 (\$)	Valuation on 14 Oct 17 (\$)	Revaluation surplus / fair value gain (\$)
Land	3,595,000	8,130,000	4,535,000
Building	5,223,554	7,325,000	2,101,446
Plant & Equipment	2,359,719	2,848,671	488,952

The Authority uses valuation techniques that include valuation assessment and estimates based on observable and not observable market data and observable internal financial data to estimate the fair value of the land and buildings. The plant and equipment have been valued based on observable financial data, age and condition of the assets .

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of the land, buildings and plant and equipment.

23 EVENTS SUBSEQUENT TO BALANCE DATE

(i) **Legal Case payment**

Subsequent to Balance Date, as per court ruling compensation payments were made to claimants for cases against the Authority. The Cumulative balance of payments made was \$193,790.

(ii) **COVID-19 Outbreak**

Subsequent to year end, the World Health organization (WHO) declared the Coronavirus (COVID 19) a "Public Health Emergency of International concern". Whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2018 financial statements is not expected to be material.

However, moving forward , it is expected that the effect of the pandemic may affect the operations and cash flows of the Authority.

(iii) **Accident Compensation Commission Fees (ACCF) service fees revenue**

Subsequent to balance date LTA received the sum of \$722,614 (VIP) from Accident Compensation Commission Fiji (ACCF) for processing Motor Vehicle Accident Levy (MVAL) transactions and rent from 1st January 2018. Legal opinion obtained from the Solicitor-General's office on 28 August 2019 states that the Authority cannot impose any fees unless provided by written law and there is no written law authorizing the Authority to charge service fees. As such the Authority is required to pay the the sum received as service fees in the Consolidated Fund of the Government.

However, approval was obtained from Ministry of Economy on 11th May 2020 to utilize these funds for payment of salaries for the month of August 2020 which would be reimbursed from the first quarter grant 2020/2021.

(iv) **Land Titles for Leasehold Land**

The Authority received land titles for Lot 1 DP 8715 Kalabu, Naitasiri with a value of \$5,500,000 and Lot 1 SO4613 Drasa Vitogo (Part of Lot 3 & 9 SO 1210 valued at \$1,830,000 on 26/07/2019 and 10/02/2020 respectively.

24 AGENCY TRANSACTION ADMINISTERED FOR ROAD SAFETY

Effective from dissolution of National Road Safety Council in 2010 by way of the LTA Decree No. 41 of 2010, the Authority has been given powers to administer, implement and control the collection of Compulsory Third Party Policy Levy and Sponsorships for Road Safety transactions.

The Authority did not received any sponsorship as at 31 July 2018. The Authority has deposited the Compulsory Third Party policy levy into the LTA Donor Fund account held by LTA.

The Total Compulsory Third party Policy Levy collected as at 31 July 2018 was \$ 208,776.

Effective from establishment of Accident Compensation Act No. 40 of 2017, Compulsory Third Party Levy has been renamed as Accident Compensation Commission Levy and shall be paid to Accident Compensation Commission Fiji (ACCF). The Act came into effect from 1st of January 2018.

LAND TRANSPORT AUTHORITY
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS *continued*
 FOR THE YEAR ENDED 31 JULY 2018

25 AGENCY TRANSACTION ADMINISTERED FOR THE FIJI GOVERNMENT

Effective from 2008, the Authority under Promulgation 49 of 2007 is to be responsible for the collections of the following revenues which are deposited directly by the Authority into the Government's Consolidated Fund except for Compulsory Third Party which is deposited into LTA Donor Fund account.

The Authority does not receive these funds in its bank account. Government revenue is recognized on receipt. A comparison in relation to revenue collected and deposited directly into Government's Consolidated Fund are as follows:

	2018	2017
	\$	\$
Vehicle registration	17,292,571	15,764,663
Vehicle inspection	3,208,633	3,402,496
Driver's License and driver permit	4,164,655	3,763,328
Road safety enforcement	10,992,937	2,420,342
Public service permits	608,347	587,745
Regulation of motor vehicle dealers	391,362	325,507
Permits and exemptions	679,577	587,590
Road User Levy	13,253,332	12,248,637
Other revenue	2,567,686	1,847,930
	<u>53,159,100</u>	<u>40,948,238</u>

Effective from 1st January 2009, the Authority under Promulgation 1 of 2009 had been given the powers to administer, implement, and control the collection of Road User Levy for the road infrastructure, maintenance, upgrade, and development of roads to ensure the safe transporting of passengers and goods.

The Authority had collected revenue which was not deposited into the Government's Consolidated Fund as follows:

Other Revenue	116,293	17,200
Payroll Commission	21,943	20,107
Compulsory Third Party Policy	208,776	381,228
Sponsorship	2,522	-
	<u>349,534</u>	<u>418,535</u>

The Land Transport (Traffic Infringement Notice (TIN)) Act 2017 came into effect from 7th April 2017 which stated that all TIN proceedings that were instituted in the court became the responsibility of the Authority and as such all TINs need to be paid at either the Authority or any Post Fiji Office outlets.

The Authority has not included arrears of revenue amounting to \$17,616,921 (2017: \$6,652,801) which has not been filed in court as at 31 July 2018.

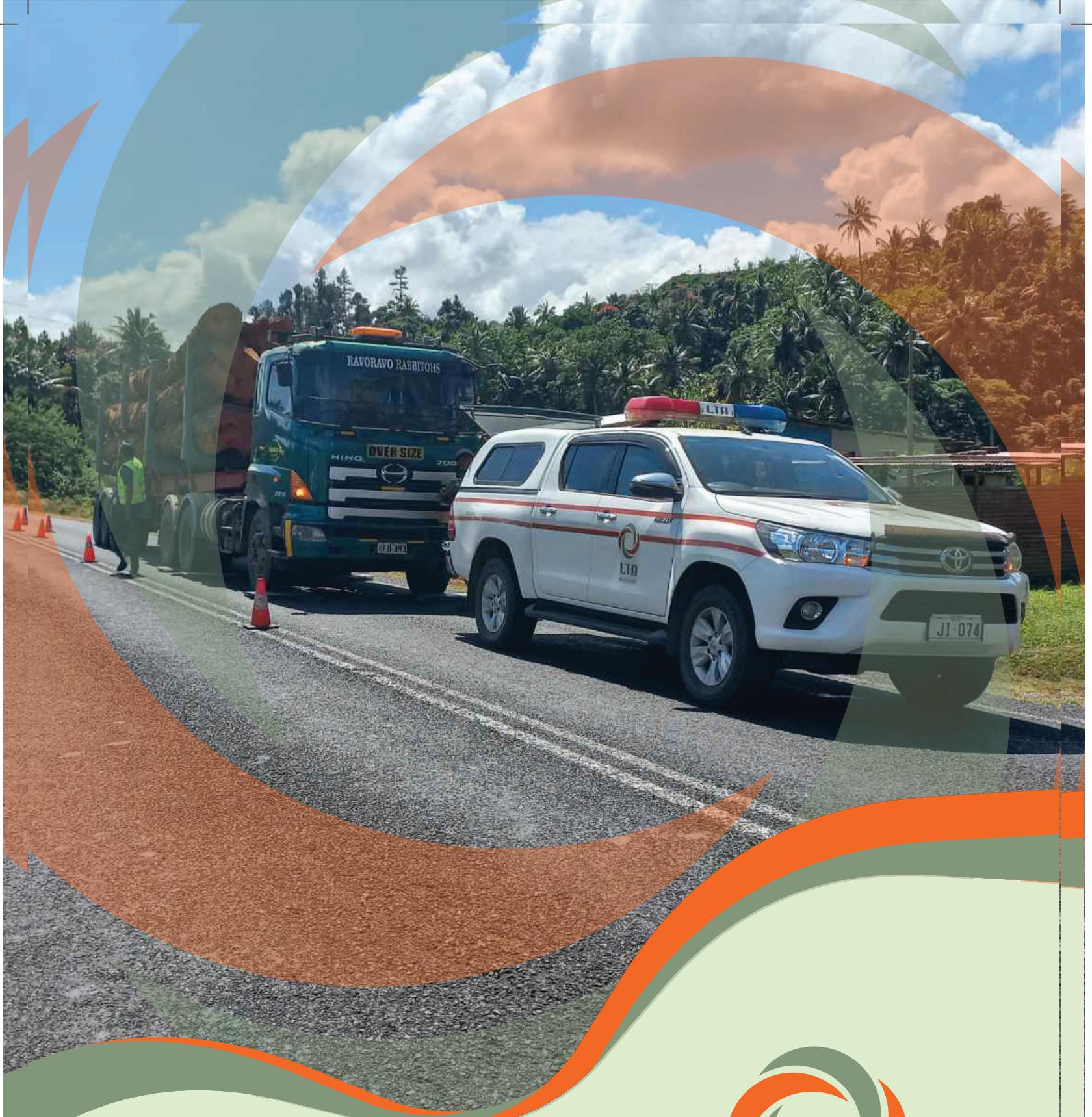
26 AGENCY TRANSACTION COLLECTED BY SERVICE PROVIDERS

The Authority has a Service Provider Agreement with Post Fiji Limited who collects LTA Fines on behalf of Land Transport Authority and receives LTA collected revenues from Seaqaqa Office due to non-availability of Banks. The Funds collected by Post Fiji Limited is receipted and deposited to CFA account on a monthly basis. The revenue transactions are posted in LTA system daily for the purpose of serving the customers as system will not allow any processing should there be any dues. As at 31 July 2018, Fines amounting to \$171,866 had been collected by Post Fiji Limited however, was yet to be received by the Authority. The amount was subsequently received in August 2018 and deposited into CFA Account.



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