

## **SECTOR ASSESSMENT (SUMMARY): TRANSPORT**

### **1. Sector Performance, Problems, and Opportunities**

1. Transport infrastructure and services underpin Fiji's economic growth and social development. Rural industries such as sugar cane farming, forestry, and tourism rely on road access, e.g., from plantations to processing plants to export ports. Remote rural and island communities in Fiji are relatively poor and isolated from economic opportunities and social services, particularly when rural access roads and rural jetties are in poor condition. Tourism is Fiji's primary export earner and relies on efficient internal freight distribution and, increasingly, on port facilities, safe and well-charted shipping lanes, and access to island destinations.

2. Fiji is prone to disruptive natural events such as tropical cyclones and resultant flooding. Its topography has restricted the 11,000-kilometer road network to spine or circumferential main roads with feeder roads, leaving few route alternatives. In the main urban areas, lower-level municipal roads are neglected, rough, and sometimes impassable. Inter-island freight and passenger transport relies on serviceable coastal and island jetties, adequate navigation aids, and reliable and safe domestic shipping services. Smaller jetties have been fairly neglected for many years and are in poor condition.

3. The Ministry of Infrastructure and Transport is the head government ministry overseeing land and maritime transport, and provides advice to the minister on matters of transport policy and strategic planning through the permanent secretary. The Land Transport Authority enforces road transport regulations and deals with road user issues. The Maritime Safety Authority of Fiji is the regulator for maritime transport. The Fiji Roads Authority (FRA) manages the country's road assets, bridges, wharves, and jetties, except international ports. The Fiji Ports Corporation is responsible for the main international ports, and reports to the Ministry of Public Enterprise.

4. The Department of Civil Aviation reports to the Office of the Attorney General and is responsible for civil aviation policy on technical and economic matters, air service licensing, and international air service agreements. It has three operating arms: (i) Civil Aviation Authority of Fiji, which is responsible for administering civil aviation regulations and promoting air safety; (ii) Airports Fiji Limited, which operates government-owned airports, airway communication, navigation, and air traffic management systems; and (iii) Air Terminal Services, which operates airport ground services.

5. Roads and rural maritime infrastructure are publicly funded, with few opportunities for private sector investment. The government is exploring public-private partnership deals, but they are largely confined to the main ports and have yet to be extended to airports. User charges are able to recover part of the maintenance costs of publicly funded infrastructure, although systems to do so have been slow to develop, leaving sustainable funding at risk during periods of national budget constraint and after natural disasters. Effective climate proofing of transport infrastructure is necessary to sustain investments over their service life and reduce budgetary demands for rehabilitation work.

6. The strategy for sector investment is one of balanced progressive improvement to the main transport routes and lower level transport network, consistent with available financing, proven economic feasibility, and basic minimum accessibility and levels of service consistent with the government's social and regional development policies. This strategy prioritizes cost-efficient life-cycle maintenance of the core transport infrastructure above capital improvements

in times of fiscal stringency, while upgrading the network in periods of fiscal expansion and using long-term loan assistance to smooth temporal fluctuations in transport investment.

7. Budget estimates and expenditure on roads and bridges are shown in Table 1. Annual allocations for road maintenance have been gradually increasing over the years but only in 2012 reached a level necessary for long-term sustainability. Capital expenditure has increased markedly since 2010, attributable to the start of several large projects, e.g., rural road upgrades funded by the export-import banks of the People's Republic of China and Malaysia and originally prepared under Asian Development Bank (ADB) technical assistance, and urban projects in Suva.

**Table 1: Road Budgets and Expenditure**  
(F\$ million)

	2007	2008	2009	2010	2011	2012	2013	2014
Administration	2.7	3.6	3.1	3.4	3.4	13.8	4.5	11.5
Capital works	31.0	58.3	63.7	73.3	133.4	124.8	348.7	387.8
Maintenance	31.3	29.1	37.5	29.2	30.8	87.3	95.9	97.2
<b>Total</b>	<b>65.0</b>	<b>91.0</b>	<b>104.3</b>	<b>105.9</b>	<b>167.6</b>	<b>225.9</b>	<b>449.1</b>	<b>496.5</b>

Note: Expenditures during 2007–2011 were under the Department of National Roads. Expenditures during 2012–2014 were under the Fiji Roads Authority.

Source: Annual reports by Fiji's Ministry of Finance.

8. The FRA's funding requirements are currently met by government capital and operating grants, municipal council contributions, and loan financing. However, reliance on year-to-year government grants exposes maintenance budgets to unexpected change, so sustainable capital and maintenance financing arrangements should be encouraged. The government remains interested in setting up a dedicated road fund under the draft Road Fund Act, but it is not an urgent priority. Funding will continue to be appropriated through the government budget in the immediate future.

9. Road safety was promoted through ADB-financed road safety technical assistance.<sup>1</sup> The incidence of road crash fatalities stood at about 13 per 10,000 vehicles in 2005, compared with about 8 per 10,000 vehicles in 2011. There are signs that the downward trend may be plateauing or even reversing; this is thought to be attributable in part to speeding on newly resealed roads. Fiji has embarked on a "Decade of Road Safety", a program sponsored by the World Health Organization with a target of 4 deaths per 10,000 vehicles by 2020.<sup>2</sup>

10. Both the Suva and Lautoka ports have recently been upgraded. The wharves in Lautoka have been extended and strengthened to facilitate container movement by heavy forklift. Both ports benefit from sophisticated, container-compatible mobile harbor cranes, which improve ship-to-shore transfer rates. The main physical issue facing the ports is lack of contiguous space for cargo storage, particularly containers. In 2013, Fiji Ports Corporation entered into a public-private partnership arrangement with Aitken Spence of Sri Lanka to operate the container terminals at Suva and Lautoka. While the cargo-handling efficiency has improved under this arrangement, a long-term master plan is required to consider future development options for the two ports.

11. About 40 smaller island wharves and jetties, and a few river landings are served by conventional passenger or cargo vessels and landing craft, and some use is made of ships'

<sup>1</sup> ADB. 1993. *Technical Assistance to Fiji for Road Safety and Traffic Management*. Manila.

<sup>2</sup> Government of Fiji. 2011. *National Action Plan for a Decade of Action for Road Safety, 2011–2020*. Suva.

boats and beach landings. These minor ports provide basic services for coastal traffic and are often constrained by weather and tidal conditions. Improvements to infrastructure and transport services for the outer islands are essential to ensure reliable and safe access to markets and social services.

12. The coastal shipping lanes and access channels to ports are generally poorly equipped with navigational aids. Safety and infrastructure at most of the smaller ports are rudimentary, and ship operators are taking their own measures to maintain operational safety. A further complicating factor is the poor quality of maritime charts, which leave the position of many islands and hazards unclear. The recently established Maritime Safety Authority of Fiji is taking steps to rectify these deficiencies.

13. Nadi, in north Viti Levu, is the main gateway airport to Fiji, a regional hub and transit point for the country's international visitors, and the base for the national airline, Fiji Airways. The smaller Nausori airport serves the capital Suva, and also supports international traffic from within the Pacific by aircraft of up to B737 size. The third international airport is in Labasa, in north Vanua Levu. On the outer islands, 13 smaller, government-owned airports support regular services, along with about 12 private airstrips and seaplane bases that mainly service tourist destinations. Fiji Airways flies to Australia, New Zealand, and the United States, and has code-share arrangements with Qantas. Other international airlines that service Fiji are Air New Zealand, Korean Air, Jetstar, Pacific Blue, Air Niugini, Air Vanuatu, Aircalin (New Caledonia) and Our Airline (Nauru).

## **2. Government's Sector Strategy**

14. The government's near-term plans for the transport sector are set out in the Roadmap for Democracy and Sustainable Socio-Economic Development, 2010–2014<sup>3</sup> of the Ministry for Strategic Planning, National Development and Statistics. It recognizes development constraints and the need to overcome them by (i) encouraging more sector-specific professional and technical capacity training; (ii) establishing and strengthening legislation; (iii) allocating more resources to development and enforcement of safety standards; (iv) providing an environment that is conducive to private sector participation; (v) committing to institutional reforms; and (vi) integrating land-use development with transport development. The government's vision for Fiji is reiterated in the Green Growth Framework,<sup>4</sup> which sets out policy directions for 10 thematic areas, e.g., resilience to climate change and disasters, sustainable transportation, and inclusive social development.

15. The government's investment plans for developing roads and rural maritime infrastructure are summarized in Table 2. Capital investment, particularly in roads over 2014-2018 is projected at much higher than historical levels. This in turn depends on the government appropriating more than twice the budget for road maintenance and three times the budget for capital works (as percentages of the national budget appropriation) than has been the case over 2004-2013. The feasibility of sustaining such a high capital works budget will depend on substantial contributions from concessional financing dedicated to the roads subsector, and on the government's ability to maintain its support from general revenue sources. Planned investment in maritime navigational aids should be reviewed.

---

<sup>3</sup> Ministry of National Planning. 2009. *Roadmap for Democracy and Sustainable Socio-Economic Development*. Suva.

<sup>4</sup> Ministry of Strategic Planning, National Development, and Statistics. 2014. *Green Growth Framework*. Suva.

**Table 2: Investment Plan – Roads and Rural Maritime Infrastructure**  
(F\$ million)

	2014	2015	2016	2017	2018
<b>Capital works (new and renewals):</b>					
Roads (FRA)	374.8	230.8	255.5	205.8	169.7
Rural jetties (FRA)	13.0	9.2	4.0	4.0	4.0
Maritime navigational aids (GSS)	0.2	0.2	0.2	...	...
<b>Subtotal capital works</b>	<b>388.0</b>	<b>240.2</b>	<b>259.7</b>	<b>209.8</b>	<b>173.7</b>
<b>Maintenance:</b>					
Roads (FRA)	96.2	85.6	85.7	85.8	86.0
Rural jetties (FRA)	1.0	2.4	2.4	2.4	2.4
Maritime navigational aids (GSS)	0.1	0.1	0.1	...	...
<b>Subtotal maintenance</b>	<b>97.3</b>	<b>88.1</b>	<b>88.2</b>	<b>88.2</b>	<b>88.4</b>

... = not applicable, FRA = Fiji Roads Authority, GSS = Government Shipping Services.

Sources: Fiji Roads Authority's asset management plan and the government's 2014 budget estimates.

16. There are several direct and indirect subsidies through financial assistance, price controls, community service obligations placed on state-owned enterprises, and other subsidization measures, but they need to be provided under a coherent structure that promotes equitable distribution. Similarly, clear principles are required as to the roles of the public and private sectors in infrastructure provision, transport services, and public-private partnerships. In areas such as domestic shipping, where the government wants to ensure basic services to smaller island communities, public provision risks undercutting or displacing private enterprises.

17. Fiji has a well-developed institutional structure and process for environmental management. The government recognizes the importance of overcoming income disparities and disadvantages arising from remoteness and poor access, and ensuring access to transport services for vulnerable people. A strong emphasis on good governance, anticorruption measures, institutional reforms, and more efficient government agencies need to be sustained.

### 3. ADB Sector Experience and Assistance Program

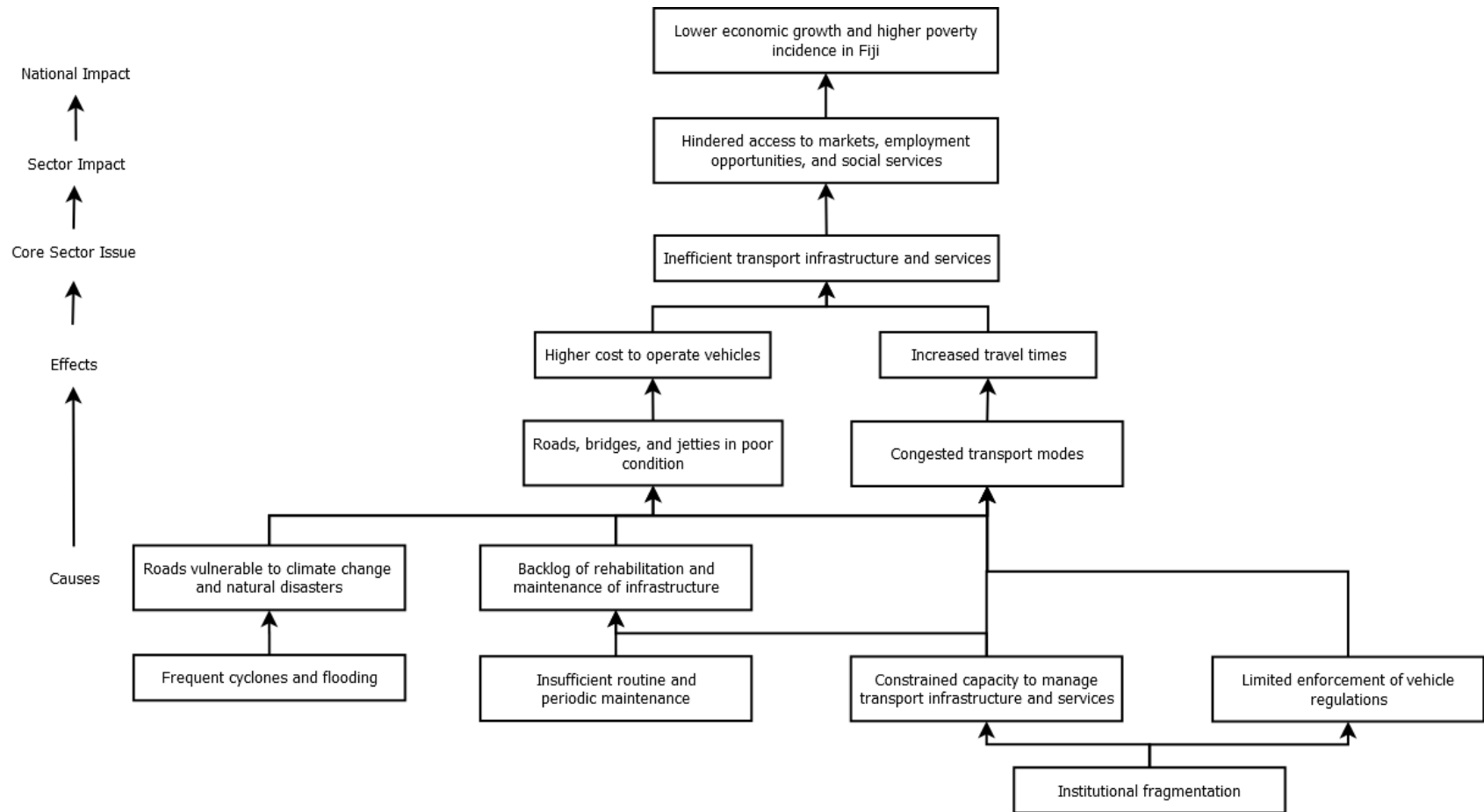
18. ADB has supported the development of Fiji's road and maritime transport subsectors for over 25 years, particularly through the second and third road upgrading projects, and the rehabilitation and upgrade of the ports of Suva and Lautoka.<sup>5</sup> Policy advice and technical work on sector reforms provided by ADB has included technical assistance on sector cost recovery, a detailed implementation program as a precursor to the creation of the Fiji Road Authority, and an institutional review and policy update for the land transport subsector.

19. ADB will continue to support the government's strategy for road and rural maritime investment through the proposed Transport Infrastructure Investment Sector Project. Technical assistance will be provided to further strengthen government capacity in project design and implementation, and in operating and maintaining transport infrastructure.

20. ADB will leverage development partner support by exploring cofinancing with the World Bank and other development partners.

<sup>5</sup> ADB. 1993. *Report and Recommendation of the President to the Board of Directors for a Proposed Loan to Fiji for the Second Road Upgrading Project*. Manila; ADB. 1997. *Report and Recommendation of the President to the Board of Directors for a Proposed Loan to Fiji for the Third Road Upgrading Project*. Manila; ADB. 2002. *Report and Recommendation of the President to the Board of Directors for a Proposed Loan to Fiji for the Port Development Project*. Manila.

## Problem Tree for Transport



### Sector Results Framework (Transport, 2014–2020)

Country Sector Outcomes		Country Sector Outputs		ADB Sector Operations	
Outcomes with ADB Contribution	Indicators with Targets and Baselines	Outputs with ADB Contribution	Indicators with Incremental Targets	Planned and Ongoing ADB Interventions	Main Outputs Expected from ADB Interventions
<p>Safer and more efficient movement of passengers and cargo</p>	<p><b>By 2020:</b></p> <p>Number of bridges requiring high priority attention<sup>a</sup> reduced by 30% (2014 Baseline: 100)</p> <p>Number of jetties requiring high priority attention<sup>a</sup> reduced by 20% (2014 Baseline: 20)</p> <p>Vehicle fatalities decrease to 7 per 10,000 vehicles (2011 baseline: 8 per 10,000 vehicles)</p>	<p>National, provincial, and rural roads and bridges rehabilitated and climate-proofed with gender inclusive designs</p> <p>Rural wharves, jetties, and maritime safety infrastructure upgraded and climate-proofed</p>	<p><b>By 2018:</b></p> <p>150 km of sealed national roads and 300 km of unsealed provincial and rural roads upgraded or rehabilitated</p> <p>30 bridges rehabilitated</p> <p>12 rural jetties and wharves rehabilitated</p> <p>65% of planned annual maintenance and rehabilitation work completed (Baseline: 50%)</p> <p>30% of upgraded and rehabilitated infrastructure meet new climate proofing standards (Baseline: 0)</p>	<p><b>Planned key activity areas</b></p> <p>National, provincial, and rural roads</p> <p>Maritime infrastructure</p> <p>Maritime safety</p> <p>Land and maritime transport policies and reforms</p> <p><b>Pipeline projects with estimated amounts</b></p> <p>Transport Infrastructure Investment Project (\$100 million)</p> <p><b>Ongoing projects with approved amounts</b></p> <p>Fiji Flood Rehabilitation Project (\$1 million)</p>	<p><b>Planned key activity areas</b></p> <p>Road and bridge rehabilitation</p> <p>Wharf and jetty upgrades</p> <p>Port infrastructure and private sector participation</p> <p><b>Pipeline projects</b></p> <p>30 km of roads rehabilitated</p> <p>30 bridges rehabilitated</p> <p>Ports master plan</p> <p><b>Ongoing projects</b></p> <p>Updated land and maritime transport policy, and 20-year investment plan</p>

<sup>a</sup> High priority” refers to the government’s prioritization rating for a bridge or jetty’s condition, which indicates deficiencies in its serviceability, including but not limited to, its structural integrity, vulnerability to adverse weather events, and/or user safety issues.

ADB = Asian Development Bank, km = kilometer.

Sources: Fiji Roads Authority estimates, Asian Development Bank estimates.