

## FIJI AT A GLANCE

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**SIZE** : 332 islands  
(approx.one - third are inhabited)

**TOTAL AREA** : 18,333 sq.km.  
(Viti Levu - 10,429sq.km  
Vanua Levu - 5,556sq.km)

**LAND** : 82.9% Native Land, 8.41% State Land  
8.06% Freehold Land, 0.24% Rotuman  
Community Owned

**CLIMATE** : Southsea Maritime Climate

**SEASONS** : May - October (cooler months)  
November - April (dry months)

**CAPITAL** : Suva

**INTERNATIONAL AIRPORT** : Nadi, Nausori

**POPULATION** : 772,655  
(Census August 25, 1996)  
This included 394,999 Fijians(51.1%), 336,579  
Indians (43.6%) and 41,077 (5.3%) others.

**LABOUR FORCE** : 301,500 ( as at December 1996)

**LANGUAGES** : English, Fijian, Hindi and Rotuman

**CURRENCY** : Fiji Dollar

**TIME** : 12 hours ahead of Greenwich Mean Time.



FIJI TODAY 2004 / 2005



Ministry of Information,  
Communications and Media Relations

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# GEOGRAPHY



Fiji lies in the heart of the Pacific Ocean midway between the Equator and the South Pole, and between longitudes 175 and 178 west and latitudes 15 and 22 south. Fiji's Exclusive Economic Zone contains approximately 330 islands of which about one-third are inhabited. It covers about 1.3 million square kilometers of the South Pacific Ocean. Fiji's total land area is 18,333 square kilometers. There are two major islands - Viti Levu which is 10,429 square kilometers and Vanua Levu 5,556 square kilometers. Other main islands are Taveuni (470 sq km), Kadavu (411 sq km), Gau (140 sq km) and Koro (104 sq km). Eighty three percent of the land is owned by indigenous Fijians while nine per cent is state land and eight per cent is freehold land. Only 16 per cent of Fiji's land mass is suitable for agriculture and are found mainly along the coastal plains, river deltas, and valleys. The capital is Suva and it is one of the two cities in Fiji. The other city is Lautoka and both are located on the island of Viti Levu.

## Population

The population of Fiji on August 25, 1996 stood at 772,655. There were 358,131 persons in the urban areas and 414,524 in the rural areas. Of the total 394,999 were Fijians (51.1%), 336,579 were Indians (43.6%)

and 41,077 others (5.3%). Compared with the 1986 Census there was a net increase of 57,280 persons during the 1996 census. Fijian numbers had increased by 65,694 persons. Indian numbers registered a decrease of 0.3 per cent as a result of high international emigration, and lower rate of natural increase. The annual average growth rate between the Censuses was 0.8%.

Fiji has a relatively young population with about 53% or 413,100 persons below the age of 25 years. This percentage has declined from the 1986 figure of 58.7%. The economically active population in 1986 was 62% of the total population or 441,852 persons and in 1996 it was estimated at 67% or 523,428 persons. The number of people aged 60 years and over was estimated at 47,027 persons or 6% of the total projected population in 1996. This figure has risen from 4.9% or 35,395 in 1986. The dependency ratio in 1986 was 71 but declined to 70 in 1990 and 68 in 1996. This means that the percentage of people dependent on those who are working is decreasing.

Fiji is becoming increasingly urbanised as internal migration to towns and cities continue. Extension of urban boundaries has also contributed to this trend. By 1996, some 46 per cent of the population were

living in urban areas, up from 39 per cent in 1986. Around 41 per cent of Fijians and Rotumans now live in urban areas. The urban population has grown at 2.6 per cent per year between 1986 and 1996 and the rural population has been shrinking by 0.5 per year. Apart from the indigenous Fijians, Fiji has accepted many other nationalities to its shores - Indians, Europeans, Chinese and many Pacific islanders.

### Climate

Fiji enjoys a tropical South Sea maritime climate without great extremes of heat or cold. The islands lie in area which is occasionally traversed by tropical cyclones, and mostly confined between the months of November to April every year. On the average some ten to twelve cyclones per decade affect some parts of Fiji, and two to three cyclones can be very severe. At all seasons the

predominant winds over Fiji are the Trade Winds from the east to south - east. On the western and eastern sides of Viti Levu and Vanua Levu however, day time breezes blow in across the coast. In general, the winds over Fiji are light or moderate, the most persistent being in the period July - December. Temperature averages 22 Celsius (72 F) for the cooler months (May to October) while (November to April) temperatures are higher with heavy downpours. Although rainfall is highly variable, the average rainfall increases steadily inland from coastal areas. It usually increases between December - April, especially over the larger islands, but in May - October it is often deficient, particularly in the dry zone on the western and northern sides of the main islands.

### Flora/Fauna

Fiji's flora and fauna are relatively few in number but are of exceptional scientific interest because of the higher proportion of endemic forms - i.e. those found no where else in the world. Ten per cent of the 476 indigenous Fijian plant species identified are endemic. Fiji also has a few rare reptiles and birds. Notable of this, is the Crested Iguana, found only in some parts of Fiji namely Yadua Taba in Bua and the Yasawas. Other rare species include the Fiji burrowing snake, Fiji petrel, the pink billed parrot finch, the red throat lorikeet and the long legged warbler. Two





researches in conjunction with the Fiji Museum found bones of crocodiles, giant tortoises and giant Fiji pigeons during one of their projects. The crocodiles were around two and a half metres long and the giant iguanas a metre and a half long. The amended bones of these long extinct animals were found in the Volivoli and Qarinivokai caves which is situated to the West of Sigatoka dunes.

### Land Administration

Land is an important factor in the development of the economy. The Department of Lands and Surveys and the Native Land Trust Board are two authorities which undertake management and administration of most land in Fiji. The Department of Lands and Surveys manages all State lands which includes leases from state land of both schedules - leases from owned freehold and fore shore leases of land lying between high and low spring tide limits. The Department has established a Land Information System.

Government is committed to reforming land administration where the issue of native land in particular is concerned. This is due to the rigidity and arbitrary nature of the existing legislation such as the Agricultural Landlord and Tenants Act (ALTA). The reform programme focuses on:

- reviewing the role of the Native Land Trust board (NLTB), which has fresh management and a new vision of efficiency and service.
  - transferring ALTA leases as they expire and the issue of new 50 year leases under an Native Lands Trust Act(NLTA),
  - providing options of a residential lease or relocation to a new farm to outgoing farmers and
  - writing off of \$34 million of government loans to the Fiji Sugar Corporation (FSC).
- In line with the implementation of this reform programme, Government is to establish a Land Claims Tribunal to provide a user - friendly mechanism appropriate for the settlement of land claims by indigenous Fijians of which a sum of \$100,000 has been allocated and an allocation of \$2.5 million for infrastructure and development and a further \$4.0 million for land resettlement for incoming and outgoing tenants.

### Native Lands Trust Board

In 1940, the Fijian Chiefs and people entrusted the management of their land to the Native Land Trust Board (NLTB). Since then, the NLTB has become one of the most important institutions in Fiji.

It is the only institution of its kind in the world and is the largest land management

organisation in the South West Pacific. The primary role of the Board is to administer native land for the benefit of the indigenous landowners. The board comprises the President of Fiji as president, the Prime Minister and Minister for Fijian Affairs as chairman and a 10 - member Board of Trustees. The Board may delegate some of its powers to the General Manager who with other officers carry out the Board's plans and instructions. The Board administers some 83 per cent of Fiji's land owned by the indigenous Fijian people and at the same time, promotes the development of the nation. As custodian of Fijian owned land, the NLTB is responsible to the indigenous landowners and the nation to ensure that land or natural resources are used and managed in a wise and sustainable manner. The Board must also ensure that the unique and important features of the indigenous Fijians natural and cultural heritage are set aside and protected for the benefit of the current and future generations. Native land comprises either native reserve or non-reserve land. Reserve land has been specifically set

aside for the use, maintenance or support of the indigenous landowner. Native land outside reserve may be dealt with by way of lease or licence. However, the Board must first satisfy itself that the land that is to be the subject of the lease will not be required by the indigenous landowner during the currency of the lease. Native land comprises 1,487,581 million hectares of the landmass in Fiji. The Board currently administers 28,700 leases covering 387,075 hectares with a potential annual income of \$20 million. The current lease terms vary from 2 years to 99 years. Native land is leased out to tenants for agriculture, commerce and industry. The landowner receives rentals and other benefits such as jobs, dividends, royalties and commercial opportunities associated with land development. The successful development of native land also provides significant benefits to the communities in Fiji. Many of the nation's cane farms are built on a solid foundation of leased native land. Native land has also been made available for major hotels and businesses who create source of employment for thousands of people.

In 2002, the Soqosoqo Duavata ni Lewenivanua (SDL) Government fulfilled an election pledge by allowing Crown Land (schedule A & B) to become the responsibility and control of the NLTB.

The NLTB is to also launch the Vanua Development Corporation Ltd, a business apm which will consider business projects and safe and profitable investments.







According to Fijian legend, the great chief Lutunasobasoba led his people across the seas to the new land of Fiji. Most authorities agree that people came into the Pacific from Southeast Asia via Indonesia. Here the Melanesians and the Polynesians mixed to create a highly-developed society long before the arrival of the Europeans.

The European discoveries of the Fiji group were accidental. The first of these discoveries was made in 1643 by the Dutch explorer, Abel Tasman and English navigators, including Captain James Cook who sailed through in 1774, and made further explorations in the 18th century. Major credit for the discovery and recording of the islands went to Captain William Bligh who sailed through Fiji after the mutiny on the *Bounty* in 1789.

The first Europeans to land and live among the Fijians were shipwrecked sailors and runaway convicts from the Australian penal settlements. Sandalwood traders and missionaries came by the mid 19th century. Cannibalism was practiced in Fiji at that time, but quickly disappeared as missionaries gained influence. When Ratu Seru Cakobau accepted Christianity in 1854, the rest of the country soon followed and tribal warfare came to an end. From 1879 to 1916 Indians came as indentured labourers to work on

the sugar plantations. After the indentured system was abolished, many stayed on as independent farmers and businessmen. Today they comprise 43.6 per cent of the population.

## Culture

Fiji was first settled about three and a half thousand years ago. The original inhabitants are now called "Lapita people" after a distinctive type of fine pottery they produced, remnants of which have been found in practically all the islands of the Pacific, east of New Guinea, though not in eastern Polynesia. The Lapita people are said to have originated from Southeast Asia and are also ancestors of the Polynesians. Vast distances were crossed to complete the settlement of the Pacific to Hawaii in the north, Rapanui (Easter Island) in the east and Aotearoa (New Zealand) in the south. Unlike the islands of Polynesia which showed a continuous steadily evolving culture from initial occupation, Fiji appears to have undergone at least two periods of rapid culture change in prehistorical times. This may have been due to the arrival of fresh waves of immigrants, presumably from the west. Prehistorians have noted that a massive 12th century volcanic eruption in southern Vanuatu coincides with the



disappearance of a certain pottery style, and its sudden emergence in Fiji. Fijians are usually called “Melanesians”. However, from a cultural stand - point, they are seen to be very similar to the Polynesians as over the centuries, their contact with the neighbouring Polynesian islands of Samoa, Tonga and Rotuma have seen the Fijians come to share much of the Polynesian language and culture.

### Bose Levu Vakaturaga or Great Council of Chiefs

The Bose Levu Vakaturaga (BLV) or Great Council of Chiefs is the highest assembly of the traditional chiefs of Fiji, with a small number of specially qualified commoners, who meet at least once a year to discuss matters of concern to the Fijian people. In earlier days this Council had the power to pass laws and regulations binding Fijians but this was removed towards the end of the colonial era when separate Fijian regulations were abolished. Despite this, the Council's advice is always sought on matters affecting the Fijian people, and it

continues to be held in high esteem by all communities in Fiji. The BLV appoints the President of the Republic of Fiji Islands. Currently, the BLV consists of 55 members. Three each are nominated from the 14 provinces, 3 from the island of Rotuma and six nominated by the Minister for Fijian Affairs in consultation with the President of Fiji. The current Prime Minister, President and Vice -President are also automatic members while former Prime Minister, Sitiveni Rabuka is a life - member of the Council.

### Europeans

Fijians first impressed themselves on European consciousness through the writings of the members of the expeditions of Cook who met them in Tonga. They were described as formidable warriors and ferocious cannibals, builders of the finest vessels in the Pacific, but not great sailors. They inspired awe among the Tongans, and all their manufactures, especially bark-cloth and clubs, were highly esteemed and much in demand. They called their home Viti, but the Tongans called it Fisi, and it is by this foreign pronunciation, Fiji, first promulgated by Cook, that these islands are now known. After the explorers, other Europeans followed. For over half a century, Fijian culture enjoyed what has been called its ‘golden age’, as tools and weapons brought by traders were turned by resourceful chiefs to their own advantage. Canoes and houses were built, confederations formed and wars fought on a grand scale without precedent.

Gradually and inevitably, however, the Fijian way of life was changing. As Christianity spread in the islands, wars ceased abruptly and western clothing was adopted. After Fiji was ceded to Great Britain in

1874, epidemics nearly wiped out the population and it seemed as if the natives were doomed. But the colonial government took the Fijians' side. Land sales were forbidden, health campaigns implemented and the population picked up again. There was not, of course, the culture of the heathen 'golden age', but one modified by the new religion and increasingly the new economic order.

### 20th Century

The 20th century brought about important economic changes in Fiji as well as the maturation of its political system. Fiji developed a major sugar industry and established productive copra milling, tourism and secondary industries. As the country now diversifies into small scale industries, the economy is strengthened and revenues provide for expanded public works, infrastructure, health, medical services and education. The country's central position in the region has been strengthened by recent developments in sea and air communications and transport. Today, Fiji plays a major role in regional affairs and is recognised as the focal point of the South Pacific. More than 50 per cent of the entire population are Indigenous Fijians, who are the ethnic majority here in Fiji. Fiji is now home to many other races - Indians, Part Europeans, Chinese and other Pacific islanders living in harmony, and keeping their own cultures and identity. Indians make up over 40 per cent of the total population here in Fiji. Indians were brought to Fiji as indentured labourers to work in Sugar plantations over 100 years ago. Although they were offered passages

back to India, many stayed. Despite previous fractions between Indigenous Fijians and Indo-Fijians Fiji is now enjoying an increase in national unity with reconciliation being a top priority within Fiji's governance. As a country, Fiji's population is based rurally. 60 per cent of the nation's population lives in the rural areas. The Fiji Day (independence) celebration has become a part of the yearly calendar of events. It is observed during second week of October. The objective of Fiji Day is to celebrate our achievements, showcase the richness and diversity of our land and people, encourage patriotism and nation building and promote our hope for the future.

### Citizenship

Fiji does not recognize dual citizenship. A person may acquire citizenship of Fiji by birth, naturalization or registration. One of the main provisions under the new citizenship laws is the equal opportunities and privileges given to foreigners who are married to either male or female Fiji citizens in acquiring citizenship of Fiji. Applications can be lodged at any Immigration Office.



### Immigration

Most countries do not require pre-entry visas to Fiji. An Application for visa can be lodged at any of the Fiji missions overseas or directly with the department. Visitors are normally given 4 months stay initially on arrival which can be further extended by two months provided they arrive with passports valid for not less than six months and properly visaed for other countries where necessary, return or onwards tickets and sufficient funds for their stay in the country.

### Religion

A multiracial, multi-cultural nation, Fiji is represented by all the major religions of the world. This is quickly obvious to the visitor who will see Christian churches, Mosques, Sikh and Hindu temples in towns and the countryside. More than half of Fiji's population are Christians (52.9%), Hindus (38.1%), Muslim (7.8%), Sikhs (0.7%), Others (0.5%).

### Race Relations

Race relations in Fiji are generally harmonious.

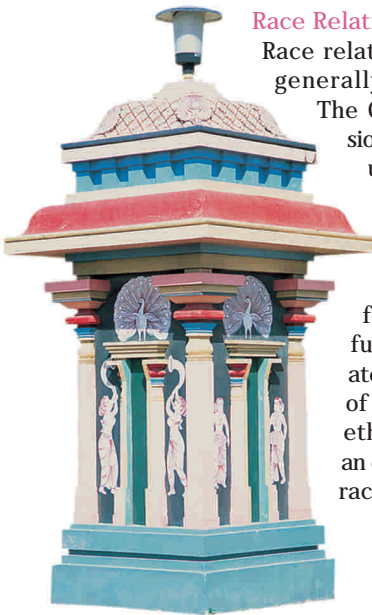
The Compact provision in the Constitution requires that the interests of all communities are accounted for. It is unlawful to discriminate on the grounds of colour, race or ethnicity and it is an offence to incite racial disharmony.

### Language

English is the official language. However, Fijian and Hindi are also taught in schools as part of the school curriculum. Indigenous Fijians have their own dialects and you can tell where one comes from, from their dialect. Indians, too have their own, and generally speak a distinctive Fiji-Hindi dialect. This is not the same as the one spoken in India.

### Women

Women in Fiji, about 49 per cent of the population, have a literacy rate of 89 per cent. As stated in the "Development Strategy for Fiji", Government is committed to involving women as equal partners in the national, political, economic and social development of the country. In recognition of women's contribution, Government has created the Ministry for Women, Social Welfare and Poverty Alleviation. The Ministry is committed to seeing the empowerment, liberation and the equal footing of women. Other areas of interest are a priority focus in the area of micro-enterprises and working closely with the Micro-Enterprises Unit of the Ministry of Trade and Commerce and with the Start-your-Own Business Programme to start of new initiatives. Government aims to promote equity for women in their economic and social development and to eliminate all forms of discrimination. The National Plan of Action for Women will provide the main platform in its efforts. It supports the mainstreaming of gender concerns to attain parity at decision making levels, training, promotion and appointments, promotion of women in business, protection from domestic violence and sexual abuse, and review of laws which disadvantage women. The





Plan of Action recognises the necessity of the full and active participation of women, and therefore seeks to strengthen the institutional capacity of the Ministry of Women, Culture and Social Welfare as well as its inter linkages with NGO's. The Ministry has established a National Women's Advisory Council to advise the Minister for Women on women and gender issues. A positive development which has taken place recently is the passing of the Family Law Bill in the Parliament. The Bill now allows for the nullification of marriage within 12 months period instead of 3 years. In case of children born of defacto relationship, they will given full recognition. The new Bill will also see the establishment of Counseling centres and the establishment of the Family Law Court.

### Youths

Using the generally accepted definition of youth as persons aged between 15 -24 years, the 1996 estimates show that this category make up 20 per cent of the total population. This is a reduction of 4 per cent from the 1991 estimate. Approximately 60 per cent of the youth population reside in rural areas. Various training programmes have been instituted to equip them to establish self employment activities. The Ministry of

Youth, Employment Opportunities and Sports will continue to focus on developing the full potential of Fiji's youth so they can positively contribute to the economic and social development of the country. Government's plans include improving the work of the Youth Employment Options Centre to help school leavers and the jobless to make informed choices about their careers. The Annual Careers Expo, the Small Business Development Programme, and the Fiji National Youth Band will be developed further. The National Youth Service programme is being continued following its success. The programme aims to provide disadvantaged young people with opportunities to develop work skills and gain experience through vocational training and individual and community based social and economic projects. The government has allocated \$350,000 for the National Youth Service Scheme, \$80,000 for the establishment of Youth Business Incubators, \$61,000 allocated to implement Positive Mental Attitude training programmes in various areas and \$138,000 grant to the Tutu Training Centre in Taveuni. The establishment of a permanent youth advisory panel is also being looked at to complement the successful youth parliament of last year. The youth advisory panel is to consult with and

advice ministers regularly on questions associated with young people, especially the effectiveness of government services. In many countries, including Fiji, young people usually bear the burden of unemployment because they lack the skills and experience required in places of work. To tackle this problem the Ministry of Youth with the assistance from the International Labour Organisation and in consultation with the important stakeholders from the private sector, trade unions and officials from different Government departments and ministries and other groups in civil societies including the National Youth Congress have developed a Youth Employment Policy Framework. The policy would be a part of the Integrated Human Resource programme for employment promotion within the Labour Administration and Productivity Sub programme. A Youth Employment Policy Framework is a set of inter-

related policy initiatives aimed at ensuring that young women and men have the attitudes, skill and competencies needed for the world of work and enhancing and expanding employment opportunities for them. Throughout 2001, a total of 1,582 youths were served by the Ministry in terms of counseling, work attachments, employment, income generating projects and youth club registration. Over this period, employment was found for 203 young people, work attachment for 309 and 173 income generating projects were established and 1,297 people were counseled. The Ministry's contribution to Affirmative Action Programmes for youth under the Social Justice Act, will involve three major components. This will include the establishment of trade training schools by the Republic of Fiji Military Forces as a means of improving trade-craft skills in rural areas as well as promoting discipline and increasing employment. Suitable locations for national youth service scheme is to be activated where centres are to be identified throughout the four divisions. The scheme will provide an alternative access to further training in employable skills.





Fiji is a sovereign democratic state. A former British colony, it became a republic in 1987 following two coup d'etats. After the coups, Fiji was run by an Interim Government headed by Fiji's first Prime Minister, Ratu Sir Kamisese Mara. The Interim Government ran the country for three years until the first general election held in May 1992. This election saw the victory of the Great Council of Chiefs sponsored party, the Soqosoqo-ni-Vakavulewa-ni Taukei (SVT). Twenty months later in 1994, another general election was held following the defeat in Parliament of the budget bill. The SVT party again dominated this election winning 31 seats. The remaining 39 seats were shared between National Federation Party 21, Fiji Labour Party 7, Fijian Association Party 5, General Voters 3, All National Congress 1 and two Independents. In 1999, another general election was held the first under the 1997 Constitution. This election brought a lot of surprises. Altogether 16 political parties and 304 candidates (Communal seats - 163, open seats - 141) contested this election. The number of registered voters were 441,265. This election brought an outright majority for the Fiji Labour Party (FLP) which won 37 seats, Fijian Association Party (FAP) 11 seats, Party of National Unity (PANU) 4 seats, Soqosoqo Ni Vakavulewa Ni Taukei (SVT) 8 seats, Independents 5, Nationalist Vanua Takolavo Party (NVT-IP)1, Veitokani Ni Lewenivanua Vakarisiti (VLV)

3 and United General Party (UGP) 2. The leader of the FLP, Mr Mahendra Pal Chaudhry was appointed as the fourth Prime Minister of Fiji. The National Federation Party (NFP) which had been in the political scene of Fiji since 1966, failed to win any seat. The government team included FLP, FAP, PANU, VLV and 2 independents. This election also saw 8 women candidates elected into the House of Representatives out of which 5 were appointed as Cabinet Ministers. This government ruled the country for one year. On May 19, 2000, a civilian coup took place with the backing of few soldiers from the Counter Revolutionary Warfare Unit (CRWU) of the Republic of Fiji Military Forces (RFMF) who stormed the Parliament and took Prime Minister, Mahendra Chaudhry and his cabinet as hostages. The lawful President declared a State of Emergency. The President purported to prorogue Parliament for six months pursuant to section 59 (2) of the Constitution. On May 29, 2000, the Commander of the Republic of the Fiji Military Forces (RFMF), Commodore Voreqa Bainimarama purported to abrogate the 1997 Constitution and assumed Executive Authority. The President, Ratu Sir Kamisese Mara stepped aside. A Military Government was later formed. The Military Government then handed over powers to a Civilian Administration with the Interim President, being the then Vice President, Ratu Josefa

Iloilo. The new Interim President appointed his Interim Government on July 28, 2000. The Interim Government comprised of 20 Ministers and 8 Assistant Ministers. Renown banker Laisenia Qarase was appointed as the Interim Prime Minister.

The mandate of the Interim Government was to ensure the general safety of citizens and security of their property, stabilize government's finances and rehabilitate the economy, initiate a Constitution review and implement a Blueprint for Fijian and Rotuman Development. In March 2001, a three day chiefly meeting of the Bose Levu Vakaturaga (BLV) was held. The BLV appointed during that 3 - day meet (March 8,9 and 13), Interim President, Ratu Josefa Iloilo as the President and Bau chief Ratu Jope Seniloli as the Vice-President. Ratu Josefa Iloilo was sworn in as Fiji's forth President and Commander -in- Chief of the armed forces on March 15. During his address to the nation following his swearing - in - ceremony, Ratu Josefa announced an early general election to be held under the 1997 Constitution to allow those who aspire to be in Parliament to go to the people to seek their mandate. The date for the polls was set for August 25 to September 1, 2001. Like the 1999 General election - the first held under the 1997 Constitution, registration of voters and voting was compulsory. Around 468,630 voters were registered to vote and when the voting ended some 370,000 voters cast their votes. In this election, altogether 16 political parties and 351 candidates (communal seats 201, open seats 150) contested the election. The election also witnessed the entry of 20 independent candidates and 31 women candidates. After the results were officially declared, no political party won an outright majority to form Government. Out of the 70 seats contested, the Soqosoqo Duavata ni Lewenivanua (SDL) won 32 seats, Fiji Labour Party

(FLP) 27, Conservative Alliance/Matanitu Vanua (CAMV) 6 seats, New Labour Unity Party (NLUP) 2, United General Party (UGP) 1, National Federation Party (NFP) 1 and Independents 2. Three major political parties: Soqosoqo Ni Vakavulewa Ni Taukei Party (SVT), Fijian Association Party (FAP) and the Party of National Unity (PANU) failed to win any seat. With the help of the Conservative Alliance, Independents and one New Labour Unity Party member, the SDL was able to form Government. SDL leader and Interim PM Laisenia Qarase was appointed Prime Minister on September 10, 2001. A 21 member Cabinet and seven Assistant Ministers were appointed.

### Constitution

The Constitution is the supreme law of Fiji. The Constitution Amendment Act 1997, to amend the 1990 Constitution came into operation on July 25, 1998. In principle, the new Constitution gave regard to recognising, respecting and upholding the rights and interests of all ethnic groups in the country. The passing of the new Constitution led to Fiji's readmission as a member of the Commonwealth in October, 1997, restoring some of the links with the Crown. The 1997 Constitution also conformed to all of the major United Nations instruments relating to land rights, customs, traditions and cultural inheritance. With the 1997 Constitution, Executive Authority is vested in the President who is appointed by the Bose Levu Vakaturaga (Great Council of Chiefs). The President serves for a five-year period. The President appoints the 32 senators. Fourteen (14) are indigenous Fijians appointed on the advice of the BLV, nine (9) on the advice of the Prime Minister, eight (8) on the advice of the Leader of the Opposition and one (1) from Rotuma appointed on the advice the Rotuma Island council. Following the political crises of 2000, the Chiefs through



the BLV endorsed a Terms of Reference for a Constitution Commission to review the 1997 Constitution. This was in recognition of the need to establish a new Constitution for the good governance and welfare of the people of Fiji. A 12 member Constitution Commission was appointed by the President on October 5, 2000. The Commission commenced its work on October 6, 2000 and conducted a comprehensive information gathering exercise by traveling widely and hearing many submissions throughout the country. The Commission headed by academic Professor Asesela Ravuvu visited about 65 per cent of Fiji and received oral submissions greater than the Reeves Commission, which reviewed the 1990 Constitution. A total of 579 oral submissions were received in comparison to the 350 submissions of the Reeves Commission. The Ravuvu Commission's work was stopped on January 17, 2001 after the Fiji Labour Party successfully obtained an order from the Lautoka High Court.

In January 2004, Cabinet agreed to the tabling of the Constitution (Amendment) Bill in the February sitting of the House of Representatives. The Bill contains non-controversial amendments. Based on the success of this Bill, Government will then consider amendments to more substantive parts of the Constitution.

### Parliament

Fiji's Parliament largely follows the procedures and customs of the British where there is an elected House of Representatives and a nominated Senate. The House of Representatives will comprise 71 members - 25 MP's elected on open rolls, and 46 MP's elected on communal (ethnic) rolls. The candidates for the 25 open seats can come from any ethnic group. The candidates for the 46 Communal seats will be distributed as follows: Fijians 23, Indians 19, Rotumans 1 and Others 3. The Upper House or

the Senate will consist of 32 members of whom: 14 are appointed by the President on the advice of the Bose Levu Vakaturaga, 9 are appointed by the President on the advice of the Prime Minister, 8 are appointed by the President on the advice of the Leader of the Opposition and 1 is appointed by the President on the advice of the Council of Rotuma. The Senate complements the work of the House of Representatives through the scrutiny and revision of Bills coming to it. Whilst the Senate has limited powers in respect to Money Bills, it can guide opinion and clarify issues in general debate and by motions, petitions and adjournment speeches. The Constitution makes it compulsory that all citizens, 21 and over and who have been a resident in Fiji for the two years immediately before applying for registration to be registered. Any qualified person who fails to apply for registration commits an offence and is liable on conviction to a fine of \$50. A registered voter who fails to vote and who does not have a valid and sufficient reason for failing to do so must pay a \$20 fine. The previous Constitution (1990) adopted the first past the post system under which the winning candidate is the person who secures the greatest number of votes. The 1997 Constitution however introduced a preferential voting system known as the Alternative Vote where the winning candidate is the person who obtains more than half the number of votes or the 'absolute majority'.

### Cabinet

The Cabinet is made up of the Prime Minister and other Ministers. Ministers are chosen from elected members of Parliament who form the Cabinet. Government policies are made by the Cabinet and special sub-committees co-ordinate and plan details of government activities. In addition, Cabinet also advises the President on matters of the government and is responsible

to Parliament for any advice given to the President. Cabinet decisions are carried into effect by individual ministers and each Minister is allowed considerable discretionary powers in the ordinary affairs of a department. Under the 1997 Constitution, the Prime Minister is required to establish a multi - party cabinet. The composition of the Cabinet should, as far as possible, fairly represent the parties represented in the House of Representatives. In establishing the Cabinet, the Prime Minister must invite all parties whose membership in the House of Representatives comprises at least 10% of the total membership of the House to be represented in the Cabinet in proportion to their numbers in the House. This is to ensure power sharing between the main political parties. After the 2001 General Election, the new Prime Minister Laisenia Qarase invited Fiji Labour Party leader, Mahendra Pal Chaudhry to join Cabinet as required so under the multi - party provision of the Constitution. However, this did not eventuate. The Fiji Labour Party took the multi - party case to the Fiji Court of Appeal and later to the Supreme Court. The Supreme Court in its judgment on July 18, 2003 ruled in favour of the FLP concerning Section 99 of the Constitution that it is entitled to be part of the multi - party Cabinet having more than 10 per cent of the seats in the House of Representatives. The Multi-Party case will again be referred to the Supreme Court regarding the number of Cabinet posts the FLP is entitled to be given.

### Government Ministries & Departments

About 22 ministries conduct the affairs of the government, and the Minister who heads a department is responsible to parliament for its activities. These ministries are staffed by a career public service, whose members do not relinquish their jobs on a change of government.

The Public Service is independent of the political government and its functions and roles are established by the Public Service Commission. The Public Service Commission (PSC) is at the moment implementing a number of significant measures aimed at reforming the service. In May last year, it approved a new theme for the Civil Service Reform Programme called Service Excellence. The five key objectives of the programme are to provide strong leadership, a productive and professional workforce, accountable and efficient organisations, quality customer services and an integrated approach to service delivery. The Civil Service Reform includes:

- The formulation of A Senior Executive Service Policy Framework.
- Permanent Secretaries on employment contracts from January 1, 2004;
- The delegation of powers of appointment and promotion over remaining occupational groups; and Skills upgrading for executive management.

Government will begin the implementation of a new Financial Management Information System in 2004. The reform will allow to better manage, monitor and control government's finances. On a broader financial management reform program, progress is being made with the revamping of the Corporate planning process. The Annual Corporate Plan process provides a crucial link between the Strategic Development Plan and the Budget.

### Judiciary

The Constitution guarantees the independence of the judiciary by placing the appointment of judges in the hands of the President after consultation with the independent Judicial and Legal Services Commission. Members of the judiciary cannot be removed except under a complicated system of checks and balances. The Constitution allows for three courts-the High Court,

Fiji Court of Appeal and the Supreme Court - all independent of the executive or any other authority and the subordinate courts. The Magistrates' Courts exercise both limited civil and criminal jurisdiction within the limits of the Division within which they are situated. Their jurisdiction also extends to territorial waters adjacent to the Division. The distribution of business between Magistrates' Courts within a Division is subject to the direction of the Chief Justice. At the present time, there is a Chief Magistrate and 14 resident magistrates centred in the main towns. In 1991, the Small Claims Tribunal Decree was enacted by legislation to transfer the resolution of small claims from the Magistrates Courts to the newly created Small Claims Tribunal. Under the Decree, the Tribunals are divisions of the Magistrates' Courts. The Tribunal has jurisdiction in respect of any claim which does not exceed \$2000 in value and such other jurisdiction as conferred upon it by any other law. The High Court has jurisdiction to hear and determine any question relating to protection of fundamental rights and freedom of individual. It has unlimited original jurisdiction to hear and determine any civil or criminal proceedings. It also has unlimited powers to hear and determine appeals in both criminal and civil matters from courts subordinate to it. The Fiji Court of Appeal, however, hears appeals generally from any person convicted of any offence from the High Court. The final appellate court is the Supreme Court and under the Constitution, it determines any appeal from a final decision or order of the Fiji Court of Appeal. It also has powers to review, modify, reverse or affirm such decisions or orders and make such other orders, it sees necessary in the interest of justice.

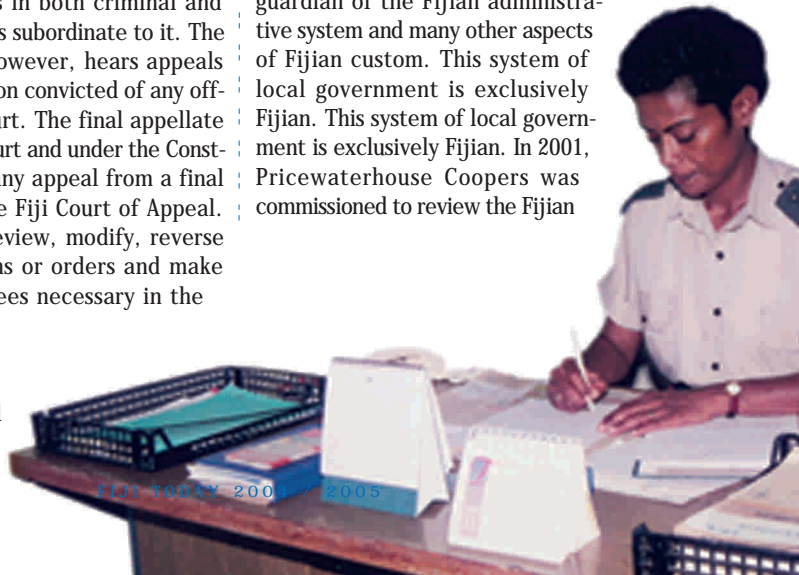
### Local Government

The country has a well

developed system of local government. City and town councils fall under the general supervision of the Ministry of Housing, Urban Development and Environment. Suva and Lautoka have city councils while Nadi, Ba, Tavua, Sigatoka, Rakiraki, Labasa, Nausori, Levuka, Savusavu and Lami have town councils. Municipal councils have the power to levy rates in order to fund operating and capital developments. Government helps local bodies with technical services, town planning, grants and loans. Each municipal council is headed by a Mayor and elected councilors.

### Fijian Administration

Fiji is divided into 14 provinces which are themselves composed of still smaller administrative units, the basic one of which is the village(koro). At the head of a village is the turaga-ni-koro, elected or appointed by the villagers. Several koro form a district ( tikina) an consists of number of tikina. Each province is governed by a council with an executive head (roko tui) whose appointment has to be approved by the Fijian Affairs Board, which must also approve all rates and by-laws applied by the provincial council. The Fijian Affairs Board is regarded the guardian of the Fijian administrative system and many other aspects of Fijian custom. This system of local government is exclusively Fijian. This system of local government is exclusively Fijian. In 2001, Pricewaterhouse Coopers was commissioned to review the Fijian





Administration following the receipt of the Pricewaterhouse Coopers Report, Cabinet appointed a Joint Committee of Cabinet and the Fijian Affairs Board to study the report and recommend the way forward. In January 2003, Government appointed a Project Unit to study the report of the reviews comments of the Joint Committee and undertake consultations.

On 31st July 2003, the Project Unit presented its first report to the Prime Minister and then made a final presentation to the Great Council of Chiefs meeting, at Viseisei, Vuda on November 14th, 2003. The Report is currently being studied by Government.

### Police

The Fiji Police Force is responsible for law enforcement and the prevention and detection of offences in the country. There are 1909 police officers of all ranks supplemented by special constables and civilian staff. Women are also employed in the FPF. They total 164 which is the equivalent of 8.6 per cent of the total personnel. Women officers are deployed in all sectors of the Police Force. Through the years, the police force has continued to pursue strategies to combat the increase in crime in the country. These include:

- Road Safety Awareness Programme in conjunction with the Land Transport Authority

and the Ministry of Education;

- Establishment of more uniformed police in crime prone areas;
- Setting up of Neighbourhood Watch Schemes and Crime Prevention Committees;
- Bus Beat System aimed at preventing incidents of offences on both the passengers and drivers;
- A national campaign against drug abuse.
- Community Policing.
- Decentralizing the Police service by establishing police posts to provide quick response.

The Police Force also participates in peace keeping operations with the United Nations in Sinai, Lebanon, Namibia, Cambodia and Iraq. Currently, a 15 member police contingent have joined in the regional peace monitoring force in the Solomon Islands. Government has also agreed to the formation of a single Police Association. At present there are three associations in the Force. These are the Police (Gazetted Officers) Association, Police (Inspectorate Officers) Association and the Police (Subordinate) Association. The Association will have its own management team and support staff who will not be members of the Force. The new Association is not to be registered as a Trade Union or an industrial association within the meanings of the Trade Union Act or the Industrial Association Act. The Police Act will be amended to accommodate these changes.

### Army

Fiji's army came into existence during the pre colonial days when the Cakobau Government created a force to exert its authority on the people. The Force was mainly used to fight tribal warfares in the interior of Viti Levu and other parts of Fiji. However, the first form of disciplined and organised force was led by British officers. The Constabulary was disbanded in 1894 and continued to perform police functions. At the outbreak of the First World War a Fijian Battalion was formed which served in France and Italy. It also participated in the Second World War in the Solomons and later in Malaya in the 1950's to combat the communist insurgence into the Pacific. It was not until 1978 that Fiji's Royal Fiji Military Forces was again involved in active services abroad but only this time to do peacekeeping with the United Nations in the Middle East. Its success in this operation led to the call for further duties in a British Commonwealth sponsored peacekeeping unit for Zimbabwe-Rhodesia. Fiji was also called to observe in Sinai following the Camp David Accord in 1981 and other missions in Afghanistan, Kuwait and Somalia. More than 1,000 Fijian soldiers are involved in peacekeeping duties every year. And since 1978, 28 have died while on active service.

In 1987 the name changed to Fiji Military Forces after ties with the Commonwealth were severed. And while the Force gained enormous prestige from services abroad, important strategic development also took place at the home front, establishment of an Air Wing, Naval Unit, Engineering Squadron and the Trade Training School were some of the major developments. Others include the setting up of a military hospital, counter terrorist unit and legal services department.

Recently, after reviewing its role, the Force has embarked to concentrate on its objective

of internal security and defence. There are 3796 soldiers in the Fiji Military Force. Over the past 15 years, the Armed Forces have come under increasing pressure to enlist service women. In 1988, women were recruited on a trial basis and 40 were enlisted with 7 successfully undertaking officer training. It was not until 1995 that service women were sent to peacekeeping duties overseas. The first two female commissioned officers were posted to the Sinai for a 6 months tour of duty to be replaced by successive female officers. A female dental officer was also posted to that region.

As a member of the international community of nations, Fiji's success in creating an environment of peace, security and stability for its people also critically depends on how it manages its relations with the outside world. As a small country, Fiji's national security interests can best be served by a policy of active support and the involvement wherever we can in the promotion of world peace and security, global development and co-operation, and international goodwill and support for the country. Twenty-four years after initially accepting a UN offer to monitor a cease-fire between Palest-



inians and Israelis, Fiji soldiers serving in Lebanon under the United Nations Interim Force in Lebanon (UNIFIL) finally returned home for good in December, 2002. Cabinet in July, 2003 also approved in principle Fiji's participation in the Solomon Islands Law Enforcement Mission (SILEM). Around 123 soldiers are currently helping to maintain law and order in the country. From August, 106 Fiji soldiers began to serve in East Timor as part of a Peace-keeping mission.

### Foreign Policy

Fiji's international relations policy recognises the important role small developing island states like Fiji plays in the international political/economic arena and seeks to build upon the positive relationships which Fiji enjoys with a wide range of nations in the world. It also testifies to the political, cultural and economic values Fiji attaches to the political, relations it is now forging with Asia in its "Look North" policy and the traditional relationship it has enjoyed with the Pacific Forum States, North America, ACP/European Union and the

Commonwealth. Fiji's foreign policy is also based on political values, which Fiji Islanders have long been proud to be associated with, namely the respect for fairness and justice in the conduct of trade and political affairs, sustainable development programmes that promotes environment protection and the desire to live in a world without the threat and/or fear of war, hunger and environmental degradation.

The recedance of the Cold War rivalry, which dominated and characterised in the most part, the conduct of political relations in the twentieth century has increased the awareness of a myriad of other economic, environmental, human rights, religious and ethnic issues, that now forms the core challenges facing the international community to which Fiji is an active part. In short, the political objective is to achieve excellence in the development and expression of Fiji's foreign policy through pro-active participation in the international fora, respecting the provisions of international treaties to which it is party and fostering fruitful bilateral and multilateral diplomatic relations with friendly nations and international organisations.



Political objectives in foreign policy are

- To maintain and where possible, strengthen, bilateral relations with friendly countries, with increasing focus on new friends within the wider Pacific rim, particularly in South East Asia.
- To project a favourable image of Fiji overseas through various means, including personal contact and initiatives, and a range of media activities.
- To assist in contributing to international peace and security, in particular through the United Nations; and
- To seek resolution of regional conflicts born out of ideology differences, economic rivalry and/or cultural antagonism through diplomatic representations. The objectives pursued through diplomatic activities are -
- To attract foreign investment particularly for joint ventures;
- To promote Fiji's tourism sector, to identify new markets for Fiji's products and expand existing markets;
- To facilitate and expand overseas development assistance to Fiji;
- To assist in attracting skilled personnel to Fiji in key areas, to provide where possible, assistance to less developed member countries of the South Pacific Forum; to draw international attention to environment abuse of the Pacific region and promote measures of environmental protection;
- To monitor and report on relevant technology; and
- To represent Fiji's special circumstances in respect of indigenous and human rights matters.

### Trade Policy

International Trade has increasingly become an underpinning determinant of economic prosperity in most countries of the world, and Fiji

is no exception. External trading relations increasingly determine the growth and development of the country, and this influence only increases with world wide moves to free trade and globalisation. In line with most developing countries, the last decade has seen Fiji adopt an export orientated, outward looking approach to trade relations. Import restrictions have been largely lifted in favour of export promotion, and as such Fiji now has a more open economy with increased volumes of both exports and imports. Fiji is a signatory to a number of bilateral, regional and multilateral trading agreements. The most significant is membership of the World Trade Organisation (WTO), which holds Fiji to certain obligations regarding trade policy, but offers huge opportunities to benefit from increased access to foreign markets.

On a regional level, SPARTECA offers duty free access to the products of Forum Island Countries (FICs) to the markets of Australia and New Zealand, subject to "Rules of Origin" regulations. The ACP -EU Cotonou Convention (previously known as Lome Convention) offers a number of benefits to the Fiji economy, predominantly through the Sugar Protocol that guarantees preferential access for a set quota of sugar at prices substantially above the world market price. The Melanesian Spearhead Group(MSG) consisting of Papua New Guinea, Solomon Islands, Vanuatu and Fiji, has moved from a cooperation agreement. Globalisation and freer trade, offer opportunities and dangers to a small country such as Fiji. The WTO, and the non-discriminatory "Most Favoured Nation" principle it enshrines offers equal rights to market access concessions made to larger countries that Fiji was not able to negotiate on its own. This increased, and secure market access allows exporters to boost production and likewise revenue and employment.

The Fiji - Australia Trade & Economic



Cooperation Agreement (FATERA) was signed in 1999 in Canberra, Australia, setting the framework for better bilateral trade between the two countries in the long term. Australia is Fiji's biggest trading partner (about 60% of Fiji's total trade is with Australia.) The USA is a major market for Fiji's export of garments under a quota system as per the Bilateral Textile Agreement signed in 1995 between the two countries which expires by the end of 2004. Bilateral relations with Japan, South Korea and China have always been cordial. The newly promoted "Look North Policy" hopefully will further strengthen the relationship. Fiji has in existence a Bilateral Trade Agreement with China, in 1997, under which China offers Fiji's exports MFN treatment. The recognition of need to engage a major emerging world power saw the opening of the Fiji Embassy in Beijing in July, 2001. A bilateral agreement on agriculture was signed in August between China and Fiji and relevant ministries of both countries are also working on a bilateral agreement on quarantine issues.

### Fiji and the South Pacific

Regional interests focus on membership of the South Pacific Forum and other regional agencies, and bilateral relations with countries in the region. Fiji plays a very important role in the South Pacific Forum. Being a founding and

leading member of the Forum, it is committed to assisting its neighbouring island countries in their development. Fiji will continue to support regional co-operation in the Pacific Islands region, acting in concert with its neighbouring countries. Fiji's Prime Minister, Laisenia Qarase was Chair of the Forum after being chosen by Forum Heads in the 33rd Meeting of the Pacific Islands Forum, held in Suva in August 2002. Prime Minister Qarase was busy furthering the interests of the forum countries since holding the Chair, and in 2003, jointly chaired the 3rd PALM Summit (Japan - South Pacific Forum Meeting) in Japan with the Japanese Prime Minister, Junichiro Koizumi. In 2003 Prime Minister Qarase handed over the chair of the forum to New Zealand Prime Minister, Helen Clarke who in April 2004, conducted the first Pacific Islands Forum Special Leaders Retreat where a Pacific Vision was adopted to guide the Forum's actions and policies. After being an observer in the Melanesian Spearhead Group (comprising Papua New Guinea, Solomon Islands and Vanuatu) for three years, Fiji became a full member at the 10th MSG Summit in PNG in June 1996. Fiji has become a member of the General Agreement on Tariffs and Trade (GATT). It now becomes the 120th contracting party and which became effective from November, 1993. Prior to that Fiji had enjoyed defacto status since independence. Fiji also has long



standing historic ties with Australia and New Zealand, including strong trade relations originating from the previous South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).

The agreement has been historically important in the development of manufacturing in Fiji particular in textile, clothing and footwear (TCF) which has become a major export industry following its establishment in 1988. The TCF industry has faced significant difficulties due to uncertainty over the extension of the new SPARTECA arrangement - the SPARTECA - TCF Scheme.

The Australian Government had agreed in March 2001 to a replacement preferential access scheme for TCF thus the SPARTECA - TCF Scheme. Defence cooperation with both countries, Australia and New Zealand has resumed after it was interrupted by the events of 1987 and 2000. Fiji has strongly opposed the conduct of nuclear tests in the Pacific region, the dumping of toxic waste and the use of drift nets for fishing. It has strongly supported efforts to promote sustainable development in the particular conditions of small island states. It has drawn attention to the special environment threats relating to the small islands of the Pacific. Through its membership of the Forum, Fiji is involved in the Pacific Island Countries Trade Agreement (PICTA) and the Pacific Agreement on Closer Economic Relations (PACER). Negotiations on these two landmark agreements were concluded in June 2002 and provides for the future trade and economic cooperation of the forum region as a whole by proving for the establishment of a Free Trade Area among the 14 FICS.

### Fiji and the World

Regional interests focus on membership of the South Pacific Forum and other regional agencies,

and bilateral Fiji and the World. In order to be effective in our business abroad, the specific roles of the nine missions abroad will be reviewed, with the firm objective of reinforcing their performance. A major initiative will be focusing on aligning their roles more toward trade promotions and securing market access for our export products. It is anticipated that in the course of their duties, closer consultations with our promotional agencies such as the Fiji Trade and Investment Board (FTIB) and Fiji Visitors Bureau (FVB) will be maintained and strengthened so that the country can maximise effective use of resources and information flow.

The Foreign Affairs Ministry will closely monitor the developments arising from the trade and economic agreements with Australia and New Zealand to further enhance and facilitate trading relations, to safe guard our market access with the two neighbours, consequently providing a viable alternative to SPARTECA. The Ministry has therefore re-opened the Sydney Consulate General Office to cater for such an important area. Government will continue to strengthen the Embassies in Asia to get optimum benefit from them, particularly in enhancing trade and economic relations. It will also establish new embassies with the objective of tapping into potential markets. In Asia and particularly China with a population of around 1.2 billion people, there is an immense opportunity to tap new opportunities. India has been identified as another market which can offer potential access for products. The new Fiji High Commission in India opened this year.

### International Peacekeeping

Fiji will support the United Nations and its constructive participation in international peacekeeping operations will remain a high priority. It has played a prominent role in international peace-keeping by the United Nations since

1978. Apart from receiving in excess of \$100 million through salaries and allowances, for the first time a Fiji national, Major-General, Jioji Konrote was made the Force Commander of the United Nations Interim Forces in Lebanon (UNIFIL). The Fiji Military Forces has served in Lebanon, Sinai, Afghanistan, Iraq, Kuwait, Namibia, Cambodia and Rwanda. They have also served in Sinai under the US-initiated Multi-National Forces and Observer role. The FMF has established a high reputation in the performance of these duties. However, so far Fiji has lost 34 peace keepers and civilian officers. Currently, Fiji has peace keepers and civilian police officers participating in the UNIFIL, United Nations Iraq-Kuwait Observer Mission (UNIKOM). In addition, it has civilian police officers in the United International Police Transitional Force (UNIPTF) in the Balkans.

Government by virtue of being a member of the special committee on peacekeeping operations, is committed in ensuring that the peace keepers and officers are entitled to maximum conditions in their area of operations, including transparency in disciplinary proceedings against them. Fiji participates in UN peacekeeping missions in East Timor and Kosovo. In terms of securing Fiji's national economic security interests, Fiji's foreign and defence policies will continue to emphasize the closest possible degree of bilateral relationships with those countries who are vitally important as markets for our exports and tourism industry, and as sources of financial and other resources to boost capital investment development activities in the country.

### Diplomatic Missions

Fiji will also continue to strengthen its bilateral relations and regional and international participations because these are the essential building bloc for our regional and multilateral

relations. To date, Fiji has formal diplomatic relations with 70 nations. Fiji has ten overseas missions. The diplomatic missions are located in Beijing, Brussels, Canberra, Kuala Lumpur, London, New York, Port Moresby, Tokyo, Washington and Wellington. Most of the Heads of Mission are also cross accredited to a number of other countries. There are, in addition, 11 honorary consuls to represent Fiji's interests in Brisbane, Melbourne, Perth in Australia, Ottawa in Canada, Hong Kong, Tel Aviv, Seoul, Singapore and Los Angeles, Portland -Oregon, San Francisco in the United States of America.

The promotion and establishment of external trade and economic relations through negotiation is also an important function of the ministry and the diplomatic overseas missions assist with the responsibility for trade policy implementation and coordination of trade promotion activities. The missions also identify and encourage potential foreign investors. In addition, the Ministry also liaises with the private sector, the Fiji Visitors Bureau and the Fiji Islands Trade and Investment Board in promoting and expanding Fiji's trade and economic relations.

Currently Fiji has three Trade Offices in Sydney, Los Angeles and Taipei respectively. The two embassies that are maintained in the United States are in Washington and New York, with the latter being representative to the United Nations. The embassy in Brussels represents Fiji to the European Union. A new embassy in Beijing and mission in India have been opened. The change to export oriented economy policy strengthens the requirement for economic diplomacy in overseas missions. Overseas missions, will in future, play a much stronger role in promoting Fiji products, tourism and investment. Greater support for the Fiji Visitors Bureau will also be provided through the overseas missions.



Fiji is in its third year of strong and continuous economic growth. This is quite unprecedented, clearly indicating that the measures taken to rescue Fiji's economy after 2000 have borne fruit. The three-year Strategic Development Plan (SDP) of Government began implementation in 2003. Economic performance has been strong, growing to 5 per cent in 2003, despite the negative effects of cyclone Ami, the war in Iraq and the SARS virus in the first half of the year. Government's vision of "Building Lasting Prosperity Together," means first promoting growth and investment, ensuring growth is sustainable and involving everyone in the process on development. The present expansion of Fiji's economy places it among the top rank of economic performers in Asia and the Pacific. Numerous substantial private and public sector projects are in the pipeline (\$300 million) reflecting a high-level of local and overseas confidence in the economy and the country. Current projects are estimated at approximately \$100 million. Cement sales, a universal measure of economic performance are strong, reflecting the robust performance of the construction industry.

Tourism continues to be the main earner of foreign exchange followed by garments, sugar, fish, gold and mineral water. If the present positive situation continues, tourism will be on target to achieve its goal of annual earnings of \$1billion and 500,000 visitors by

2007. The Film Industry is also gaining significant ground in Fiji with a Film Tax Rebate Legislation. Mahogany and the Information Technology (IT) industries are two areas that are potentially lucrative.

Fiji is no longer an agriculture-based economy. The distribution of economic power in the country comparing the size of the major sectors shows that the primary resource based sector-which encompasses agriculture, forestry, fishing and mining - has declined in its share of GDP since 1986 from 25 to 18 per cent. It has been surpassed by the wholesale & retail trade, restaurants & hotels sector which now accounts for 19 per cent of GDP and is growing. This retail sector incorporates the flow on effects of tourism.

## Overview 2004

The economy is expected to grow by 5 per cent in 2004. This growth is underpinned by strong performances in the tourism, manufacturing and construction sectors as well as domestic demand. Domestic economic growth is forecast at 4.1 per cent with global growth expecting to increase to 4 per cent in 2004 due largely to the economic pick-up in the United States. Monetary policy in 2004 is being geared towards achieving low inflation and monetary adequate levels of foreign exchange. Inflation is expected to fall around 3 per cent. Foreign reserves are expected to remain at

adequate levels. The net deficit in 2004 will be reduced to 3.5 per cent of GDP. Achievement of this will be the exertion of more control on expenditure.

### Natural Resource Sector

The natural resource sector, which includes agriculture, fisheries and forestry contributed 16.6 percent of total output in 2001. Output was expected to fall slightly to 16.1 percent of GDP in 2002 and 15.5 per cent this year, due to the decline in sugarcane productions. A notable impediment to progress in these sectors is the issue of unresolved land problems. Mining and Quarrying is expected to contribute 11 per cent of total output compared to last year, which was 7 per cent.

### Sugar Industry

The sugar industry, which has been the principal export of Fiji since 100 years ago, continues to occupy a dominant position in the economy. It has contributed significantly to the development of the economy and continues to provide jobs and incomes for many thousands of people. 200,000 people are dependent on the industry.

In 2003, output in the sugar industry was about 3.3 million tonnes of cane and 344,102 tonnes of sugar. Government had approved a commercially based restructure of the industry, to improve efficiency through upgraded machinery, equipment and infrastructure and to resolve the expiring land lease issue. Government acknowledges that the industry is facing severe problems and anticipates that these challenges will be met through reforms underpinned by rigorous research, and decisive actions.

In April 2004, Cabinet approved in principle to adopt the recommendations of an Indian Government sponsored technical mission on the commercial structure of Fiji's sugar

industry. Government has welcomed the approach recommended by the Technical Mission in that it looked at the reform in the sugar industry as a whole, covering milling, cane production, the transport system and the up-skilling of workers. The medium-term outlook for the industry is that sugar production will improve this year as a result of the positive impacts of Government's efforts on transportation and milling infrastructure in the industry. The export tax on sugar was reverted to 3% in 2004 as a measure of Governments sensitivity to the plight of those whose livelihoods depended on it.

### Mineral Resources

The potential for the expansion of the mineral sector in Fiji is considerable given its geological formation and location in the Pacific. Most reconstruction of the past see that Fiji not so long ago was an integral part of the Pacific "Rim of Fire", a complex plate boundary. This boundary is well -recognised as the focus of several major world -class porphyry copper-gold and epithermal gold systems. Besides precious and base metal prospects there are also industrial minerals (stone, marble and aggregates amongst others) that can be developed in the short to medium term.

The mining and quarrying sector has contributed an average of 2.8 per cent to GDP over the past five years. Whilst this sector is dominated by the mining activities at Emperor Gold Mines (EGM) in Vatukoula, operations such as dredging, gravel extraction and quarries do exist elsewhere in Fiji. Gold output rose by 1.8 per cent in 2001, underpinned by better quality ore and the improvement in international gold prices towards the end of the year. Mining prospects for this year are favourable, in line with EGM's planned expansion of the mines. Cabinet in March 2004 approved a 21-

year extension to the mining leases and rights of EGM, which also produces silver as a by-product. Production to date in the mine, which commenced in the early 1930's is well over 1.7million ounces of gold or 120,000 ounces annually. This equals around \$70million per annum.

### Manufacturing

The Manufacturing sector plays a strong role in the economic fundamentals of the country. The country's strong economic growth since 2000 has been attributed to production growth's registered in this sector, much attributed to the tax-free factories. The Manufacturing Sector contributes 12-15 per cent of GDP with garments being the second-highest foreign exchange earner to Tourism. Manufacturing output rose by 11.6 percent in 2001, following a 6.2 percent contraction in 2000. Although sugar and non-food manufacturing declined, this was more than offset by a surge in production in the garments and other food manufacturing industries. Growth in the garments industry was good for the year 2001. A few large companies performed exceptionally well, boosting output in this sector. Furthermore, some of the producers also succeeded in securing orders from those garment factories that ceased operations, thus offsetting production losses. The strong and steady growth is expected in 2004 with other food industries forecasted to grow by 4.0 percent and clothing

and footwear to grow by 5.5 percent. In the medium term, Government will focus on diversification of the manufacturing base, expansion of competitive niche industries with high-value added components. It will increase its efforts in facilitating the linkage between other crops (primary production) and manufacturing through increased promotional activities and awareness programs on manufacturing.

### Transport and Storage and Communication

The Transport, Storage and Communication sector has experienced robust growth over the past few years, apart from 2000. The sector is riding on the wave of the tourism industry which has led to the increase in airline and shipping services. This sector plays a major role in the economy, contributing an average of 13.5 percent per year to GDP over the last five years and gaining ground to 14 percent in 2003. The sector is dominated by the tourism industry, which provided most demand for air travel as well as a high proportion of other transport and communication services. Growth in the sector for this year, is projected at 9.7 percent, based on expectations that 2003 will be a new record for visitor arrivals and the increased demand for transport services stemming from the 2003 South Pacific Games (SPG). The sector was one of the main drivers of growth in 2001, expanding by 6.6 percent and was projected to grow further by 8.4 percent last year. This was due to an increase in new vehicle registrations of private cars, taxis, buses and goods vehicles and an increase in air travel resulting from high visitor arrivals.

### Tourism

Tourism is considered Fiji's star performer after its performance and quick recovery after the 2000 political and economic crisis. Tourism was Fiji's largest foreign exchange earner last





year. For 2003, visitor arrivals rose to 420,000 compared to the 2002 figure of 397,859. In 2002, visitor arrivals increased by 14.3 percent compared to 348,014 visitor arrivals in 2001. Tourism earnings are forecast at \$673.6 million in 2003. The favourable performance of the tourism industry has been assisted by the marketing efforts of the Fiji Visitors Bureau, in conjunction with major hoteliers and airline companies, also several major conferences last year.

As the industry with the best growth prospects both for job creation and for the economy as a whole, tourism will continue to be strongly supported in close cooperation with all its stakeholders. A major undertaking is the review of the Fiji Tourism Commission and Visitors Bureau Act. The aim is to strengthen the Fiji Islands Visitors Bureau to make it more effective in marketing Fiji's Tourism Industry.

### Investment

Investment levels in Fiji have increased with Government targeting 25 percent of GDP. At the moment, levels are at 16 percent of GDP. Government adopted an expansionary fiscal stance in 2001 and 2002 to provide a more conducive environment for private, sector investment, as well as to provide for a higher level of investment spending by Government. This is part of Government's commitment to

raising the proportion of its capital spending to total expenditure. To ensure this commitment is fulfilled, Government has prepared a pipeline of well-designed programs and projects in the priority sectors.

### Labour Market

The labour market is an area where reforms are to be implemented. The reform effort aims to link wages to productivity and skills. The major reform effort in 2003 was the finalisation of the Industrial Relations Bill a comprehensive legislation which addresses the conditions of employment, trade union recognition minimum wages and introduces a labour court to settle industrial disputes. The May 2000 political and economic crisis had caused redundancies and reduced incomes through shorter working hours. The worst affected sectors were tourism, garments, retail and construction. A high level of outflows of skilled citizens through migration has been of great concern. In the medium term, skill shortages will be addressed through more and better training programs. Employment situation in other industries basically improved. With the new foreign projects implemented during the first half of 2002, it was expected that more jobs would be generated. Providing decent jobs for the 17,000 job seekers each year is a major challenge for Government. The Integrated Human Reso-

urce Development Programme for Employment Promotion (HDPEP) has been extended to 2004 to complete piloting of the initiatives. Its replication throughout the 14 provinces will facilitate the promotion of sustainable formal and informal jobs in the rural as well as urban areas. A sum of \$1.5 million has been provided in this years budget for this programme. With targeted growth of 4.9 per cent in 2002 and 5.1 per cent in 2003, there is a positive outlook that more jobs will be created. On the wages front, concerns are of the rise in wages that is not performance or productivity based. Government will continue to address labour market constraints of wage setting and Industrial Relations; low productivity, skill shortages and inadequate functioning of the labour market.

### Inflation

Inflation has been generally low. It ranges at around 3 percent, supported by low inflation in Fiji's major trading parties.

### Monetary Policy

Monetary policy continues to be aimed at keeping inflation low and maintaining an adequate level of foreign reserves whilst continuing to support growth. With the monetary policy being relaxed in the last 3 years to promote growth, positive flow on effects have happened. The domestic financial market is still very liquid and consequently the leading interest rates of commercial banks have declined to historical lows. The Reserve Bank of Fiji notes a rapid rise in Commercial bank loans in recent months mainly to consumption and lending for housing.

### Trade

Fiji's major trading parties are Australia, New Zealand and the US with Pacific Island neighbours Papua New Guinea, Samoa and Vanuatu

also having important trading links. Imports from all major categories are anticipated to grow, especially investment and consumption goods categories. In line with expectations of continued strong economic growth in 2002, imports excluding aircrafts, were expected to increase by 8.0 percent, led by higher payments for investment related goods (such as food, beverages & tobacco) and intermediate goods (mineral fuels). The ongoing problems faced by the sugar industry continue to adversely affect export earnings. For this year, export earnings are forecast to grow significantly, by 3.4 percent, largely due to higher receipts from all major export commodities, except sugar, molasses and copra. Consistent with subdued world economic outlook, total export earnings in 2002 were expected to decrease marginally by 2.2 percent. Mineral water, gold, garments, fish and timber exports are forecast to record good growth this year. Exports, including aircraft, grew largely in 2001 by 2.8 per cent due to higher receipts from gold, fish, mineral water and fruit and vegetables. Exports of garments, textiles, sugar, timber, footwear and copra fell during the same period. Consistent with the subdued world economic outlook, total export earnings in 2002 were expected to increase marginally by 0.1 per cent higher export receipts are forecast for gold, mineral water, fruit & vegetables and molasses. Gold earnings are anticipated to rise significantly due to increased production and higher anticipated gold prices. Earnings from garments, textiles, yagona, timber and sugar were expected to fall in 2002.

### Balance of Payments

The overall balance of payments situation is expected to improve over the 2003 - 2005 period. The current account deficit is likely to narrow in 2003, because of strong antici-

ted growth in tourism earnings, as well as higher expected inflows in other transportation services. The current account deficit is expected to contract significantly in 2004 and 2005, mainly attributed to the reduction in the trade deficit, low anticipated inflows in other transportation services and a projected rise in tourism earnings. A gradual widening of the capital account surplus is also forecast in the period 2003 -2004, largely due to an expected increase in direct investment inflows. However, the capital account surplus is expected to narrow moderately in 2005, mainly underpinned by a likely decline in direct investment inflows. Fiji's overall balance of payments position was expected to weaken in 2002, due to a deficit of \$105.2 million from a deficit of \$30.2 million in 2001. The trade deficit is expected to deteriorate significantly, reflecting lower export receipts and a significant rise in import payments. The current account deficit is expected to widen to \$219.2 million, following a deficit of \$126.7 million in 2001, due to higher expected service outflows reflecting higher outflows on other private services and an anticipated increase in investment income outflows particularly direct investment income payments abroad. The capital account surplus is forecast to contract \$111.4 million from \$178.4 million in 2001. This is due to a result of higher anticipated net statutory debt repayments, lower expected

net short-term private capital inflows and a sharp projected decline in the short term trade credit balance.

### Foreign Reserves

Foreign reserves over the last 3 years has averaged around \$830 million or about 4 months of goods and non-factor services despite world and national upheavals.

### Government's 2004 Budget

The theme of the 2004 Budget is "Building Lasting Prosperity Together". This means; first, promoting growth and investment; second ensuring growth is sustainable; and third, involving everyone in the process of development. Growth needs to be driven by investment and exports rather than consumption. To ensure that the benefits of the growth reach all sections of the community, government will continue to work closely with the private sector and civil society. This theme is linked to Government's vision of a "Peaceful and Prosperous Fiji". Securing a sustained level of economic growth will in turn create more jobs over a longer period of time and allow to narrow the income and opportunity gaps that exist in our society. It also improves the ability to pursue a strong redistributive spending policy and address the basic needs of the people, particularly the poor.





### Government's Medium Term Strategies

Government's strategy aims to secure sustained economic growth. In developing this medium term strategy, Government has considered the current political, social and economic situation in Fiji and the underlying causes of Fiji's slow progress in social and economic development. The medium term strategy identifies priorities that must be addressed over a three-year period. These priorities are:

- Maintaining macroeconomic stability;
- Raising investment for growth and jobs;
- Promoting security and unity for stability; Structural reforms to promote competition and efficiency;
- Alleviating poverty and improving rural and outer island development;
- Implementing affirmative action and social justice ;and
- Strengthening good governance in all state institutions, including the reform of the public sector.

Government believes that in adhering to these priorities, they will achieve sustained economic growth of 5 per-cent per year. More importantly, Government believes that these priorities will enable us to fight poverty and raise the standard of living of all our peoples. These priorities are consistent with the Plan of Implementation of the World Summit on Sustainable Development adopted in Johannesburg in September 2003 and the Millennium Development Goals adopted in 2000.

### Investment Packages

Investment is the key to achieving economic growth. Government will continue to ensure that Fiji's economic environment remains conducive to all kinds of investment activity in order to support economic growth and employment opportunities. Investment packages highlighted include the Short-term Investment Package which offers duty-free import-

ation of raw materials to companies that are expanding their operations. This package has been extended for a further 12 months in 2004. Government has also established the Fiji Investment Corporation which is to be responsible for providing capital to start up eligible ventures that have difficulties in raising funds. This will make the business environment more investor-friendly. Some of the recommendations include delegating authority for the issue and transfer of shares to non-residents to the Fiji Islands Trade and Investment Bureau. Government has also conducted a review of the 1999 Foreign Investment Act and its Regulations to address the effectiveness of the Act in facilitating foreign investment, encouraging local participation and reducing the time lag involved in approving Foreign Investment Certificates. In relation to the Audio Visual Industry, Government also intends to review the current incentives in order to encourage more non-resident investors. This incentive should attract big production budgets to Fiji. Simple legislation will also be enacted in 2003 to ensure that hotel owners carry forward losses in respect of their investment for a period of 13 years, which is an additional 5 years to the normal loss period of 8 years.

### Taxation

The revenue collections of the country are continuously being optimised through improved compliance, broadening the tax base and encouraging investment. Currently, a review of Fiji's taxation regime is being pursued after the last review held over a decade ago. A Fiscal Review Committee is now examining how the tax regime can be adapted to a rapidly evolving global trading environment.

Taxation measures in 2004 include:

- A 150 per cent tax deduction to companies

on the costs associated with preparations for listing on the stock Exchange

- Value-added Tax (VAT) reimbursement of \$240,000 on building materials for schools
- Continuation of the 12.5 per cent, Value-Added-Tax (VAT) on all goods and services
- 200 per cent tax deduction for all companies that contribute more than \$100,000 to sports.

Specific direct taxation measures include:

- Reduction of corporate and personal income tax rates from 32 to 31 per cent.
- Increases in allowances for widows and widowers to \$1,200
- Implementation of Director's Tax Liability where directors of companies going into liquidation.
- 150 per cent tax deduction to employers for the employment of school leavers

Indirect taxes include:

- Allowance of certain value-adding activities to qualify for the Duty Suspension Scheme to support exports
- Weekly settlement scheme for payment of customs and excise duty
- Increase by 3 per cent of excise rates on cigarettes and spirits.
- Increase of duty on canned fish and white rice to 27 per cent to protect the local industry.

A new Fiji Integrated Tax System (FITS) is currently being undertaken by the Fiji Islands Revenue and Customs Authority (FIRCA) to bring together the processing of Income Tax and VAT returns so as to enhance quality and efficiency of services to tax payers.

### Indigenous Fijian Affirmative Action

Government believes in the necessity of providing special assistance programmes that would allow indigenous Fijians and Rotuman's participation within the economy. Under the Social

Justice Act of the 1997 Constitution, affirmative action is designed to allow disadvantaged groups equal access to education and training; land and housing, commerce and social welfare. Affirmative Action for the disadvantaged is legislated through the Social Justice Act of 2001 and covers a total of 29 programmes. Of the 29 programmes, five are for indigenous Fijians only, five for Fijians and Rotumans, two for Indians and minority groups and 15 for all persons in rural and peri-urban areas; one for ex-prisoners and one for the disabled. The Blueprint is an 'affirmative action' programme specifically targeted at Indigenous Fijians and Rotumans and designed to bridge the socio-economic gaps between them and other ethnic groups. The Blueprint has a total of 42 sub-programs that is classified under legislative measures, policy measures and budgetary measures. Provisions have been made in the 2004 Budget whereby major activities will be implemented under the Blueprint initiatives and Affirmative Action programmes. Some of the programmes include:

- development assistance scheme for Fijians and Rotumans,
- establishment of Fijian Education Fund,
- establishment of Fijian Trust Fund.
- provision to assist in buying back ancestral land through interest free loan,
- FDB interest subsidy scheme for Fijians and Rotumans,
- Boarding facilities to registered and non-registered Fijian schools,
- Review of the Fijian Administration Review report,
- Renewal of expiring native leases,
- Transfer of State land and Schedule A&B to NLTB,
- Upgrading of Squatter Settlement and existing subdivisions,
- Grant to Self - Help Projects and Poverty Alleviation projects.



Fiji's economic achievements since independence have become a model for other countries in the South Pacific. And the Government is working on improving these achievements to make Fiji a major trade and export centre in the South Pacific. Recognising the vital role private investment (both local and foreign) can play in this regard, Government embarked on a comprehensive plan to enhance and stimulate investment in the country. It is also reviewing its export and investment incentives to ensure they remain internationally competitive and continue to attract overseas and local investment.

Government had announced in 2002, policies aimed at building a positive environment for investment. The policies were aimed at being business - friendly and as a result unquestionably resulted in the development of confidence in the economy. For 2003, there was a new investment incentives package and further concessions for industries identified as having high potential for expansion and development such as tourism, mining, fishing, bus building and film making. Government understands that to fight the lack of investment, it must substantially lift public investment on infrastructure and promote expansion. As such the largest programme of public investment in Fiji's history

is now in train. Government will consult closely with the business community on measures to further stimulate increased investment both by local and foreign investors. Some of the specific measures to be undertaken include:

- reducing the cost of doing business in Fiji;
- promoting small and micro-enterprises through fiscal incentives and easy credit access;
- setting up a separate bank to provide loans for the farming community and agro -based industries;
- re-examining the role of the Fiji Development Bank to be better focused.

The country has also taken an ambitious step of becoming a member of the General Agreement on Tariffs and Trade (GATT) and becoming part of the international economy. In fact, Fiji joined the World Trade Organisation in January, 1996. And in this endeavour to be part of a liberalised and fairer multilateral trading system, has attempted to address the basic principles embodied in the WTO Agreement. The main impetus of growth of this sector has been the introduction of the Tax Free Factory/Tax Free Zone scheme in 1987. There are currently 131 factories operating under the scheme. The factories have a total investment of

about \$95 million, providing jobs to 13,000 people and generating exports of more than \$250 million.

The manufacturing sector has attracted a lot of investment in recent years and as a result has become one of the fast growing sectors of the economy. In 1999, the manufacturing sector accounted for around 15.4 percent of total GDP. Manufacturing output is expected to have fallen sharply in 2000, following strong growth in 1999.

Government supports a political and economic environment in which the private sector can invest and undertake business initiatives with confidence. It will provide them with political and economic stability, policy transparency and certainly security of their investment. Amongst the primary strategies for generating economic growth and increased economic opportunities for the people, will be government's effort to raise the level of investment by the private sector through the introduction of special measures and incentives in strategic areas through the development of capital market. The government values the important contribution of foreign investment in complementing domestic investment, creating jobs and increasing export earnings.

The Foreign Investment Act, 1999 will reduce the time for obtaining Government approval to invest in Fiji for foreign investors. This will encourage the early implementation of investment projects. The Act takes another step forward towards transforming the FITIB. The government will also strengthen the FITIB, including its overseas trade offices, which will need to become more proactive and adopt a more targeted approach to attracting investment. The government will continue to explore opportunities for diversification of investment.

The service sector presents such an opportunity. Fiji has a reserve of educated work force and the advantage of being 12 hours ahead of GMT through its geographical location, gives great potential to expand the development and investment of the services sector. The services sector is an important sector of the Fiji economy through its contribution to GDP, employment and exports. Whilst much of this is attributed to the tourism sector, other areas such as education, finance, health, information and telecommunication based services offers potential for Fiji.

### Increased Investments

Following the enactment of the Film Tax Rebate legislation, there has been an upsurge of interest by prospective investors in film-making in Fiji. The famous project Anaconda II at Pacific Harbour about the Giant Snake Volume 2 has created jobs for about 600 people, part -time and full time. The Fiji Audio Visual Commission has identified at least eight new projects for the next 12 months with a combined budget of well over \$200 million dollars. If half of this was spent in Fiji, \$247 million of new income would be generated and 3,000 jobs. The Colonial and Motibhai Suva Central office, banking retail and residential complex is taking shape in the heart of the city. The Carpenters Group is getting ready to start construction of Carpenters towers, which is to be the tallest commercial building in the South Pacific, at a cost of some \$60 million. Tappoo Group has plans for substantial enlargement of its Suva retail store not far from the Carpenter site. It is also completing arrangements for construction of a Pepsi Cola bottling plant. An American company has been given approval to

construct a five-star hotel, as part of foreshore development. The newly established Fiji Investment Corporation, which will act as an investment catalyst, is now fully operational. It has bought the famous Suva landmark, the Grand Pacific Hotel, and is looking for partners to bring the GPH back to its former splendor. Punja's will spend around \$30 million dollars on the construction of a plant to produce energy from waste. The processing plant is to be adjacent to the EU-funded landfill at Naboro, close to Suva. The concept envisages using 250 tonnes of municipal waste daily to provide 4.6 megawatts of electrical power to be sold to the Fiji Electricity Authority.

At Vatukoula around \$90 million is to be spent for expansion. The FITIB have been active in mounting trade missions to assist the private sector in penetrating new markets. Trade missions have visited South East Asia, Australia and New Zealand. Manufacturing exports continue to benefit from preferential trade agreements, including SPARTECA, which allows duty and quota free access for Fiji products to New Zealand and Australia; the Cotonou Convention to centres in the European Union; and the Generalised System of Preferences which allows goods originating from Fiji preferential access into the United States and Japan; and bilateral trade agreements with some countries. Fiji has also negotiated double taxation agreements with Australia, New Zealand, United Kingdom and Malaysia under exemptions of tax concessions granted by the Fiji Government are not negated by the imposition of tax in the country of residence of the investor.

### Strategic Development Plan

Government has developed a medium-term

strategy titled the "Strategic Development Plan, 2003 -2005" which is to enable Government to achieve its vision of a "Peaceful and Prosperous Fiji". The medium term strategy identifies priorities to be addressed during the next three years. These priorities are:

- Maintaining macroeconomic stability.
- Raising investment for growth and jobs.
- Promoting security and unity for stability.
- Structural reforms to promote competition and efficiency.
- Alleviating poverty and improving rural and outer island development.
- Implementing affirmative action and social justice; and strengthening good governance in all state institutions, including the reform of the public sector.

In adhering to these priorities, Government believes it will achieve sustained economic growth of 5 per cent per year for the country and more importantly see the priorities fight poverty and raise the standard of living of all people in the country.

Two accompanying documents were also prepared namely the 20 year Development Plan for the Enhancement of Indigenous Fijians and Rotumans, and the Public Sector Investment Programme. The development plan spells out the mainstreaming, empowering and advancement of the participation of Indigenous Fijians and Rotumans in the economy. Affirmative action and social justice programmes are essential for achieving stability and growth and are part and parcel of government's medium term strategy. The development plan is based on the 'blueprint' which has the approval of the Bose Levu Vakaturaga.

The Public Sector Investment Programme outlines in some detail a pipeline of

investment projects consistent with the Interim Administration's priority sectors. Cabinet has approved the implementation of the Small Business Equity Scheme (SBES) that will help advance indigenous Fijian and Rotuman participation in business and commerce. The SBES was introduced under the Interim Government's blueprint programme. However, it's also aimed at supporting the involvement of other races. The purpose of the SBES is to assist people of all races in raising their equity capital contribution towards loans for their businesses. This has been a major drawback for people that wish to raise their loan finance through the Fiji Development Bank, but were unable to provide their 20 per cent equity capital. Business with assets or annual turnover of \$100,000 or less will be assisted under the scheme for indigenous Fijians and Rotumans. For the other races, businesses with an annual turnover of \$50,000 or less will be assisted. Consumer protection legislation play an important role in ensuring that the poor members of the society are not exploited as they obtain goods and services needed to maintain reasonable standards of living.

The Fair Trading Decree and other existing consumer protection legislations are being vigorously enforced to safeguard the interests of consumers to promote effective and fair competition. This includes the Consumer Credit Act that will encounter the unfair practices which have been apparent with the provision of hire purchase and other reforms of consumer credit. Government will also work closely with the Consumer Council of Fiji to identify any gaps where further action is required, to protect consumers and to implement effective educational programmes to enable consumers to be aware of their rights and make informed

choices in the purchase of goods and services.

Government is designing a technological policy that will promote greater utilisation and appropriate technology, to increase production efficiency and improve the production of locally produced goods. The government would encourage companies which currently enjoy duty concessions on plant and equipment such as those under the Tax Free Zone scheme to utilise these concessions to acquire technology. New and modern technology will equip our industries with the competitive edge needed to survive in the new global environment. The Department of Fair Trading and Consumer Affairs (DFTCA) was established in 1993. The DFTCA, formed by a merger of the Trade Measurement Division (formally known as weights and measures) and the Standards and Quality Control Division, has the role of enforcing the National and Trade Measurement Decree 1992, the Fair Trading Decree 1992, the Sale of Goods Act 1979 and the Dumping and Countervailing Duties Act 1998. The Department is also required to provide the necessary infrastructure for standardisation, quality assurance, research and reliability of Fiji - made products and prevent inferior, unsafe products from entering the domestic markets. A Commerce Commission has been established to ensure that an integrated approach to the regulation of consumer protection, competition and pricing in all sectors of the economy including public utilities is effectively undertaken by government. The establishment of this Commission reflects the importance of a fair and ethical market place.

#### Co-operatives

Co-operatives have continued to play a

crucial role in the Fiji economy and presently about 29,000 families are involved in the co-operative movement, representing four per cent of the national population. Co-operatives membership are mostly rural dwellers with a total of 22,000 members of 531 operating co-operative business of various types. Because of scarcity of trading in rural areas, co-operative type of businesses remain the only cheapest means of providing services at all times, aiming at improving the living standard of the people, both socially and economically. A total of 672 people are employed by Co-operatives and additional employment is facilitated through the provision of services related to credit production, marketing and inputs supply for the agricultural sector. The majority of co-operatives are however, consumption and service related, this is shown by the fact that 80 per cent of the jobs are provided by consumer co-operatives, consumer marketing and product marketing co-operatives. The government will also look at ways of revamping the co-operative movement as a vehicle for promoting business and industrial ventures. This includes the identification of successful models, strengthening marketing and account keeping and generally the image of the co-operatives sector through better management practices. The ministry is already finalising plans to use the extensive

network of the Co-operative department to extend advisory services, not merely to co-operatives, but to all small businesses in the four divisions

#### Direction of Trade

Trade has been a major contribution to economic growth in Fiji. Fiji accepts that the world is moving towards the globalisation of trade and thus it's essential that the country be an active participant in the world market. The ratification of GATT and the membership of the WTO body demands that the country fully prepares itself for the challenge. In particular Fiji must be prepared for changes to special preferential access under the LOME arrangements and closer to home, the country's export base needs to be diversified to identify competitive sectors because of the possibility of the continued erosion of the regional trade agreement, SPARTECA. In trying to open up new markets for trade, Government recently entered into two bilateral trade agreements. The first, a non reciprocal agreement with Tonga in December, 1995 and the second, a reciprocal trade agreement with Papua New Guinea in August, 1996. Bilateral trade discussions have

also been initiated with other forum island countries, notably Fiji's Melanesian





Spear-head Group partners. There has been a continuing shift in the direction of Fiji's export trade over the past five years, due to industries such as garment and the general free trade approach, adopted by countries including Fiji's major trading partners.

#### **Fiji Islands Trade and Investment Board**

The Fiji Islands Trade and Investment Board [FITIB] was set up by Government to promote investment in the country. The Board consists of representatives from the government, private sector and trade unions. It provides information and liaison on all aspects of trade and investment in the country. It also promotes export markets. A wide range of investment opportunities exists in Fiji. Government encourages and offers incentives in export oriented businesses and in the tourism sectors which is showing steady growth.

The FITIB has opened three trade commissions overseas: Taipei, Los Angeles and Sydney. The aim of these commissions are to assist in increasing Fiji's exports to these countries and attract investment opportunities in the country. Fiji has enjoyed success in labour intensive industries such as the manufacture of garments, footwear and furniture for export and has room for further opportunities. By-products such as

molasses from the processing of sugar cane are used in the production of high quality rum. Industrial alcohol which forms the basis of many products, including pharmaceuticals, can be produced on a large scale from sugar cane by-products.

#### **Diversification**

Australia and New Zealand have continued to be Fiji's major trading partners. But recently Fiji has been actively pursuing trade links with countries in South-East Asia. It is now re-looking its external trade policy and giving it a new direction and emphasis that it will follow to take advantage of the growth in the South-East Asian market. Foreign investment is encouraged in Fiji, particularly in joint ventures with local people and in the export oriented businesses. Foreign nationals may engage in business in the form of single proprietorship, a limited liability company, an ordinary partnership or a branch of a foreign corporation.

#### **Investment Incentives**

Apart from various tax incentives that the investors may benefit from, there are other incentives that Fiji offers. Goods enjoy preferential and unrestricted access to Australia and New Zealand under the South Pacific Regional Trade and Economic Coopera-



ration[SPARTECA]. Although SPARTECA was signed in 1987, it continues to offer significant viability. While New Zealand has accepted a derogation of 45 per cent from 50 per cent previously, Australia under 50 per cent local content rule agreed inclusion of seven of the requested items by the Fiji government. Fiji derives similar benefits from the Contonou Convention which allows former colonies in Africa, the Caribbean and Pacific duty free and the unrestricted access of goods 'originating' in these territories, to the 15 member states of the European Union and from the Generalised System of Preferences [GSP], where by various industrialised nations grant preferential treatment to imports from developing countries.

In light of joining the WTO, trade preferences are eroding with the gradual dismantling of preferential trade agreements. However Fiji with its limited and restricted financial and manpower resources, has been proposing for the extension of trade preferences under the LOME Convention to beyond the year 2000. With Fiji's ratification of the WTO Agreement, transparency is being introduced by the gradual reduction of tariff barriers and the removal of most licenses and subsidies. Policy changes have begun to be made that will offer nondiscriminatory trade practices to potential investors. Current obligations being implemented include the modification of the Customs Valuation System. The country would also have to harmonise to new systems of Sanitary and Phytosanitary Measures, and to new Rules of Origin.

In addition policies and procedures will have to be reoriented to account for the complex and technical provisions on anti-dumping, technical barriers to trade,

safeguard measures, and subsidies and countervailing measures. While the sugar industry remains the commercial backbone of Fiji's economy, other main contributors include copra, gold, timber and fisheries. Other secondary industries such as garments, footwear and food processing are also on the increase. Small scale industries which manufacture products for local and overseas markets include aluminium products, agricultural equipment, boats, beverages, cement, furniture, cigarettes, handicraft, plastic products and tea packaging.

### Mineral

The mining sector is important to Fiji for a number of reasons. It continues to make a significant contribution to the economy, averaging about three per cent of GDP in the last three years. The Vatukoula underground gold mine is the country's largest private employer with over 1600 employees. Gold is the predominant mineral mined and explored in Fiji. Other mineral production derived revenues are from sand and gravel, quarried stone and coral sand. Total ore reserves for the Vatukoula mine are 255,500 ounces of gold with annual production capacity of 135,000 ounces of gold. The mining and quarrying sector is expected to grow by 12.2 per cent in 2002.

The outlook for the medium-term looks bright with output expected to increase by 19.8 percent in 2003. Together with the mine, the company holds over 900 square kilometres of exploration leases in Fiji. Much of the exploration ground is located in the vicinity of the mine and new deposits continue to be defined by drilling within the mine boundaries. The gold mining sector worldwide has undergone severe perturbations recently as a result of sharply lower

gold prices. The Tuvatu Gold Project located in the Sabeto valley, around 20 kilometers northeast of Nadi and slated for startup in late 1998 is now on indefinite hold pending improvement of the gold market. Nearly 70 per cent of Viti Levu's land area and 60 per cent of Vanua Levu's land will be subject to exploration licences once existing licenses are renewed and applications for new licenses approved. The recently released aeromagnetic study, funded by AusAID, is expected to generate significant new exploration interest in Fiji.

### Garment

Garments is Fiji's second highest foreign exchange owner surpassing sugar. The Garment industry grew rapidly in the years straight after the 1987 coup since the introduction of the Tax-Free Factory/Tax Free Zone (TFF/TFZ) scheme that year. There the Garment Industry was making significant impact as an export commodity. Due to the political and economic crisis, garment production has been affected to some extent. Garment has been one of the major employers in the economy. The export oriented garment industry was initially heavily reliant on preferential market access to Australia and New Zealand under the original

SPARTECA arrangement. However, with the Australian and New Zealand economies becoming more closely integrated and tariffs being reduced, the level of preference in these markets is being eroded. The marketing efforts of the industry are likely to become more focused with concentration on the existing markets, successful penetration of the United States market and increasing attention being paid to the European market.

### Building and Construction

Many building projects have started in the major urban centers. Recent indicators show that building and construction is booming. Permits for building and construction for 2002 rose by a significant 29 per cent over the previous year. Current projects are valued at approximately \$100 million with those pending at \$300 million.

### Industrial Relations

Government introduced the Industrial Association Act in 1942 in recognition of the need to regularise the formation and registration of groups of employer and worker organisations. The Fiji Trades Union Congress is the umbrella body of all affiliated trade unions in the country. The Trade Union Act was enacted in 1964. Its main purpose was to make fresh provisions for the registration and regulations of trade unions. Registration of Trade Unions was made compulsory and a Registrar of Trade Unions was appointed for this purpose. The Registrar was also empowered to reject the application of any trade union if he was satisfied that any other trade union already registered was adequately representative of the whole or of a substantial number of the interests of those seeking registration. Any seven per-



sons can form a union and can make an application for registration to the RTU provided they meet the provisions of the Trade Union Act. The Trade Union Act makes it obligatory for a union to give 28 days notice of withdrawal of labour if a strike is contemplated in an essential service. The Trade Disputes Act 1971 was established to provide for the settlement of trade disputes and the regulation of industrial relations. It sets out procedures for trade disputes which need to be reported to the Ministry of Labour for settlement either through conciliation or setting up of disputes committee.

However, the labour market reforms implemented in 1991 as part of Government's exported growth policy saw significant changes to Fiji's industrial relations system. There were amendments to the Trade Unions Act and the Trade Union Regulations, the Trade Union (Recognition) Act, and the Industrial Associations Act. The amendments were made to ensure a balanced conduct of negotiations, trade disputes and trade union affairs. The implementation of the new labour laws has resulted in a more harmonious industrial relations envi-

ronment with significant moves to improved pay settlements, variability in pay and less industrial disputes. Reforms in the labour market are currently focused on the draft Industrial Relations Bill, which is under discussion by employers, unions and Government with the intention of tabling the Bill in Parliament in 2004. The underlying objective of the Bill is to promote a harmonious relationship between employers and workers. The Bill will align our labour laws and practices to the Constitution and relevant ILO Conventions. Most importantly, the Bill gives employees the opportunity to seek redress for dismissal.

### The Tripartite Forum

Government is looking at re-establishing the Tripartite Forum. There is a need however to have further consultations between Government and the two legs of the forum before a decision is made. First formed in 1976, the Tripartite Forum's purpose was to ensure that stakeholders reach a common understanding when dealing with issues which affect the national interest such as industrial relations, job creation, greater



flow of investment and general economic and social development of the country.

### Labour Relations

Government supports a labour market that embraces productivity and responds effectively to change in the business cycle. Following the passage of the Constitution Amendment Act in 1997, the various pieces of labour legislation (Industrial Association Act, Trade Union Act, Trade Union (Recognition) Act and Trade Disputes Act), had to be amended. The purpose of the amendments was to fill in the gap that was created and to make the legislation consistent with the new Constitution. The amendments have already been passed by Parliament. The new Constitution safeguards the trade union activities and freedom of association. To meet the needs of the modern day labour market and practice, and the provisions of the new Constitution, Government will undertake a comprehensive review of existing labour legislation.

A draft Bill is being prepared to consolidate the laws relating to working conditions, registration of industrial associations and trade unions, the recognition of trade unions, the settlement of trade disputes and the provisions of public holidays. The Bill will include provisions relating to equal opportunities, minimum wages, redundancy and a system of procedures for handling personal grievances. The Workers Compensation Act and the Fiji National Training Council Act are to be reviewed. Government will establish a Labour Tribunal and Labour Court to deal with all labour related matters. The Tripartite Forum is to be further developed into a machinery for regular consultations between the three social partners on the economy. The successful implementation of the Occupational, Health and Safety

Act, is also central to the labour market policy. The Occupational, Health and Safety Unit is based in the Ministry of Labour and Industrial Relations.

### National Productivity Charter

The Forum endorsed a National Productivity Charter which was approved by Government in October 1995. The charter has at its core the creation of jobs and human resources development. It is a crucial part of Government's strategy for social and economic development. It also enhances the development of the productivity movement in Fiji. The movement aims to raise the standard of living of the people and create full employment by producing more goods and services more effectively and at a level of quality sufficient to meet the expectation of customers. The charter has provided the guiding principles of a new Occupational Health and Safety Legislation.

The Health and Safety at Work Act 1996 came into force from November 1, 1997 and many organisations are well advanced in their efforts towards the provision and maintenance of safe and healthy workplaces. This legislation, with the exception of mining and quarrying, is applicable to all of Fiji's workplaces. It establishes a framework to support improved occupational health and safety through a cooperative and participative approach by all workplace parties. Among other things, it calls for employers to develop a good understanding of their duties under the Act and to implement new systems and procedures such as work place safety committees. The legislation also provides for the establishment of a National Occupational Health and Safety Advisory Board, the membership of which is "tripartite", in that all social partners have representation on the Board.



Agriculture remains a major sector of the economy, accounting for 43 per cent of Fiji's foreign exchange earnings. It provides 50 per cent of the country's total employment and contributes 19 per cent to Fiji's Gross Domestic Product (GDP). Fiji has a total land area of 1.8 million hectares. Only 16 per cent is suitable for farming and are found mainly along coastal plains, river deltas and valleys of the two main islands of Viti Levu and Vanua Levu. The rest can be found in the smaller outlying islands of the group. Of the arable land, 24 per cent are under sugar cane, 23 per cent coconut and the remaining 53 per cent under other crops. About 83 per cent of the land in Fiji is owned by the indigenous people. And through the Landlord and Tenants Act (ALTA), the Indian farmers have had the privilege to farm on arable Fijian land through long term leases.

Government has introduced two schemes which are in progress to date: Farming Assistance Scheme (FAS) and the Rural Farmer Assistance (RAF) programme. FAS was implemented to resettle farmers whose lease under the Agricultural Landlord and Tenants Act (ALTA) had expired and also assist replacement landowner farmers to start farming. Under the RAF individual

and farmer groups with 6 to 10 members can apply for assistance. Individual farmers can apply for a maximum of \$1000 each while farmer groups can apply for a maximum of \$10,000 per group for basic farm implements, agro inputs, land preparation and establishment of small scale poultry units, one sow piggery unit, apiary and agro-based cottage industries.

## Sugar

Sugar has seen an improvement in yields through effective use of fertilisers and cane quality, together with favourable weather and increased investment has collectively contributed to the annual rise in output of cane and sugar. The industry is mainly centred around the cane growing areas of Ba, Lautoka, Sigatoka, Nadi, Tavua, Rakiraki, Labasa and Seaqaqa. Sugar is processed by the Fiji Sugar Corporation which is fully owned by government. There are four mills located at Lautoka, Ba, Rakiraki and Labasa. Sugar production in 2000 was 336,000 tonnes. Production for 2001 was 318,000 tonnes. This decline of 5.4 per cent is due to the uncertainty of ALTA land leases, the low and declining farm yield as well as inefficient transport and milling sectors. Sugar production for

2002 is expected to decline to around 302,000 tonnes or 5.2 percent below the 2001 level. For the 21 years ending 2001, a total of \$1.5 billion was received in sugar receipts. Of this amount about 70 per cent or \$1.058 billion was paid to cane farmers and the Fiji Sugar Corporation retained the balance of 30 per cent or \$0.453 billion. From its share, FSC has reinvested \$0.267 billion or 59 per cent in capital works for the purpose of upgrading its milling efficiency. On sugar marketing overseas, the ultimate guarantee for access to markets and for remunerative prices depends upon the quality of our sugar and reliability as a regular supplier.

For Fiji and other ACP suppliers, the attractiveness of the Lome Convention Sugar Protocol is the very high prices Fiji gets for sugar. The current international free market price for sugar is 5.6 cents a pound. The Lome Sugar Protocol price is about 23 cents a pound. The 175,000 tonnes of sugar Fiji sells to the European Union as the regular quota under the Sugar Protocol comprises around 43 per cent of the total sugar exports. The general indications from the European Commission is that the special subsidized Lome sugar prices will last another 15 to 20 years. The country will take full advantage also of special markets like the United States (which is currently paying 22 cents a pound) and will seek to renew the special sugar contracts the country used to have with Malaysia, New Zealand and the People's Republic of China.

### Copra and Coconut Oil

The Coconut Industry is worth more than \$20 million. Around 40,000 households rely

to a greater or lesser extent upon coconuts as a source of cash income. Coconuts are grown throughout Fiji and according to the 1991 agricultural census, Fiji has 65,000 ha of coconuts compared with 95,000 ha of sugar cane. The lucrative price of copra, which ranged from \$570-\$700 encouraged farmers to supply as much copra as possible to the buyers. A total of 15,697 mt of copra was produced in 1999. This was almost 100 per cent more than the 1998 production. The Taveuni Coconut Centre has been able to provide selected hybrid seed nuts. These hybrid nuts have double the yield of traditional variety. Under the current coconut rehabilitation programme, it is targeted that the industry is to produce 25,000 tonnes of copra. There are 65,000 ha of coconut trees with approximately 6 million trees. The Northern and Eastern Divisions have remained the major copra producing areas although small quantities of copra have been produced on the coastal areas of Viti Levu.

### Cocoa

Cocoa has been a less emphasised commodity over the years because of its unattractive market price. A total of 172.1 ml of cocoa beans were exported in 1998. Poor production of cocoa is directly attributed to a number of factors including high production and processing costs, high incidence of black pod disease and fluctuating weather conditions which affect the flowering of trees. Most farmers are abandoning their crop and turning to lucrative alternatives due to high costs of cocoa production. However, efforts to rehabilitate major cocoa nucleus projects are currently underway in the Northern Division

which should see increase in production. The major importers of cocoa were Germany, Australia, Western Samoa and the United States.

### Ginger

Ginger has proved to be the most successful diversification crop to date. It has emerged as a major growth industry and a strong contributor to the national drive for increased exports. It also represents a vehicle for increasing Fijian participation in the economy. It has a high labour absorption capacity and contributes significantly to value added output. In recent times ginger production has declined due to pests and diseases such as nematodes and bacterial wilt. Additionally the lack of good planting material is constraining the cultivation of good ginger crop. Prolonged wet weather early in the year affected planting. Production of immature ginger increased by 10 percent (1465 m/tonnes) whilst mature ginger production decreased by 47 percent (1143 m/tonnes) over 1998. Ginger farming is mostly concentrated in the central, western and the northern divisions. The recently set up Ginger Council is an example of private sector involvement where all matters relating to ginger production right up to marketing can be capably handled by the Council.

### Yagona & Dalo

Root crops and Kava have become a major export earner for the country. Potentially lucrative export opportunities exist for exports of root crops and kava provided that continuity of supply and quality are vigorously maintained. Despite the contin-

uous fall in price, yaqona production increased by 0.4 per cent from 3202.6 mt in 1998 to 3216.5 mt in 1999. The kava trade restrictions by the European Union countries and the United States of America is having some adverse results. It has resulted in hardship for kava growers and the threat of a reduction in the retail price as production continues without an export outlet. Dalo exports for the year increased by 9 percent from 7392 tonne in 1998 to 8058 tonnes. Concerted efforts by the Ministry





of Agriculture resulted in more farmers growing dalo under the Flatland Development Programme. Farmers have been assisted with planting materials, agro-chemicals and tractor for land preparation.

### Rice

A total of 7022.6 hectares of rice was planted during 1997-1998. The total rice paddy production for 1998 totalled 5192.2 m/tonnes. The production of rice locally has been described as disappointing particularly that of irrigated rice in Viti Levu where much of Government investment has been made. The Northern Division accounts for 70 per cent of total national rice production. On the other hand non-irrigated or subsistence rice which accounts for 90 per cent of total production remains viable. The Government's own rice milling company, Rewa Rice Limited, has also suffered as a result of the decline in the industry, to the extent that the company is in receivership. Government is looking at ways to revive Rewa Rice. The company will play a crucial role in providing facilities for the milling of local paddy. A task force headed by the Department of Public Enterprises has been established to draw up a business plan for Rewa Rice.

### Fruits and Vegetables

Although the promotion of fruits and vegetables over the years has not recently attracted much private sector attention, there is however potential for their export. Fruits such as mango, pawpaw and pineapple are currently grown by the Tailevu Development Company in Nadi for the fresh fruit market particularly in New Zealand and Japan.

In fruit processing the involvement of SIAS-MPA with South Pacific Foods for the production of banana, mango and guava purees has been a success with exports of 1,000 tonnes of frozen product valued at \$1 million, to markets in Europe, Australia and New Zealand.

Tropical fruits under the CDF programme were mainly confined to the Western Division. The three main crops in this programme were Pawpaw, Mango and Pineapples. Farmers were given assistance in terms of planting materials and agro-inputs. Around 184.99 m/tonnes of pawpaw, 26.82 m/tonnes of mango and 27.55 m/tonnes of pineapple were exported in 1999. On vegetables, Fiji has been able to supply temperate vegetables during New Zealand off-season. Export opportunities to Canada are also promising following the



recent relaxation of the transshipment of Fiji's fresh produce through Hawaii. The recent establishment of an industry owned and operated Hot Force Air Treatment [HFAT] quarantine treatment facility at Nadi Airport certainly boosted further exports in fresh fruits and vegetables.

### Dairy

In 2003 the local dairy industry suffered a setback due to prolonged weather. Milk supply to Rewa Cooperative Dairy Company (RCDC) decreased from 12.97 million litres to 11.2 million litres or 536 tonnes Milk Fat Equivalent (TMFE) to 463 (TMFE), a decrease of 13.6 percent milk. Substantial amounts of dairy products were imported from Australia and New Zealand during the year. With the exception of butter, all dairy products showed a rise totalling to 4.6 percent over 1998. During 1999, there were 31 bulk milk suppliers. Collectively they supplied 80 per cent of all the milk supplied to RCDC. Around 152 farmers supplied the remaining 20 per cent through the Chilling Centres. The 19 town milk suppliers delivered 62.4 million litres of milk to the greater Suva Areas and the West. The industry is now increasing its concentration on milk production. Import licensing requirements for all dairy products

except bulk butter and powdered milk products have been lifted and full deregulation enforced.

### Sheep

The local sheep industry comprised 206 private farms with a total stock number of 4,712. This was an increase of 18 percent in farm numbers and 38 per cent in total stock. A total of 40.7 tonnes were produced locally in 1999 and increase of 36 per cent over 1998. However, the demand for mutton exceeded the local supply. The import of fresh carcass escalated to 11,362 tonnes, a difference of 3,128 tonnes or 38 per cent compared to 1998. The sheep unit continued to provide training and disease investigation services to farmers. Fifty percent of sheep farmers were in the Western Division while others were spread in other areas around the country.

### Fisheries

The fisheries sector is currently the fourth largest export industry. Fiji's marine resource sector meanwhile currently contributes 20 per cent to total agricultural production and while accounting for 1.5 per cent of GDP, has considerable potential for expansion. The sector boasts a diverse range of resources from fin-fish products



such as yellow fin, big eye, albacore and skip-jack tuna export species to prawn, seaweed, giant clam and tilapia farming which are cultured at a semi - commercial and subsistence level.

The fishing sector is expected to grow around 1.7 - 2.5 per cent in the medium term given the provision of expanding the Tuna Industry with particular emphasis on the Pacific Fishing Corporation's (PAFCO) expansion proposal and the provision of appropriate and cost-effective fishing equipment. Great scope for expansion exists in tuna exports to the high quality sashimi market in Japan and the U.S. The artisanal fishery comprises of small - scale commercial fisherman who supply the domestic market and export their surplus catch.

Government being fully aware of the potential that exists in terms of exports as well as coastal and aquaculture fisheries development in rural areas, agreed in 2003 to a combination of institutional and development support. These include a feasibility study on the establishment of a National Fishing Corporation, intensive research

including that of the Mariculture Project and the Fisheries Resource Inventory Project. Coastal Fisheries Development has also been ear-marked including the establishment of ice plants in coastal areas and the subject of aquaculture. Fisheries has contributed to the national programme by organising markets for marine products to move closer to production sites. This makes it easier and cheaper for rural dwellers to sell their products. Ascertaining a reliable source of income will guarantee an improvement in living standards. On decentralisation, the most common feature of these fisheries development is that they have a wide geographical spread, and would be undertaken where resources are abundant. According to the Bureau of Statistics, the current employment level in this sector is about 22,000. It is estimated that a further 20,000 is likely to be employed through the development programmes in the fisheries sector.

On foreign exchange, all identified commodities in this sector have potential export markets. Based on the current level of production, seaweed alone can contribute \$200 million by the year 2002. The whole fisheries sub - sector, if continued to be encouraged and supported should be earning well over \$1 billion by this year. The



export of canned tuna has made a significant contribution to Fiji's foreign exchange earnings during the last few years. Since 1987 export has more than doubled with the industry expanding significantly.

In 1989 a can manufacturing plant operated by the Pacific Packaging Ltd was opened at Levuka, site of Fiji's tuna industry. The majority government owned Pacific Fishing Company (PAFCO) entered into a joint venture with investors from Thailand, Taiwan and Australia to form Pacific Packaging. PAFCO has contributed to economic growth in Fiji.

Fiji's other main fishery export commodity is trochus shell and trochus shell button. Whilst Fiji's reefs and lagoons are generally fished at levels which are, overall, much below the level of optimum sustainable yield for the ecosystem, concerns about localised overfishing prompted several customary fishing rights areas (qoliqoli) to restrict the use of gill nets and limit the numbers of commercial fishermen in these qoliqoli. Domestic fish prices have stabilised and individual fishermen are currently enjoying the increased costs and limitation on fishing. Fresh sashimi tuna which is also exported, contributed to a large extent to the growth of the fishing industry in the last 8 years. Foreign investors are coming into this industry and the government is encouraging local investors to be involved in this enterprising business so as to stop the dollar slipping out of the country.

Cabinet has given the go ahead for the drafting of appropriate legislation regarding the customary fishing rights. The decision on customary fishing rights legislation relates to the conferment of proprietary ownership of foreshore land within customary fishing rights areas to the traditional owners of

such rights. The right conferred will not grant exclusive possession to such traditional owners since it will not grant exclusive possession to such traditional owners since it will both interfere with the right of public access or the right to innocent free passage recognised under international law. The definition of the nature of this legal right will bring to an end the aspirations and expectations of Fijians and Rotumans in relation to such rights over their customary fishing grounds as promised to them by the Crown back in 1881.

### Forestry

The forestry sector contributes on average of about 1 percent to GDP and ranks as fifth most important export commodity after sugar, garments, gold and fish. Earnings from forestry products are greatly influenced by the price of exports, production and weather patterns. Given the appropriate means and opportunities, the forest industries can support fisheries and agricultural sectors in boosting foreign exchange earnings. A resumption in strong growth is forecast for the forestry sector (10.0%) in 2002 with the expected continual increase in logging activity and the strengthening of the Fiji Pine Limited Extension Services.

The outlook for the forestry sector is very positive with strong growth expected in harvest in 2003 and 2004 due to the commencement in harvest of mahogany plantations.

Fiji's forest cover is approximately 935,000 hectares, in relation to a total land mass of 1.8 million hectares and almost all forest is on communally owned native land with 27,570 hectares on private freehold, 10,270 hectares on government land. This sector has played, and will continue

to play a vital role towards the development of the national economy. The Forestry Department's policies and strategies are driven towards the sustainable management of forest resources for the benefit of the rural community in particular the land owners.

High priority will be given to eco-tourism and other micro - development in villages, districts and provinces. The Ministry's policy is to ensure that this sector becomes more dynamic by expanding its focus to include the depressed economies of the provinces, and to contribute to the national economy. The policy includes the development of hardwood plantation, indigenous logging industry and also to foster the development of the use of wood by-product. Almost five decades ago, substantial investments in the industrial plantations nationwide have been sustaining our forest development. The country has been self - sufficient with the surplus being exported.

The pine plantations including pine schemes have an estimated area of 43,700 hectares. Under the Fiji Pine Limited, these plantations have been supporting our local timber consumption with surplus exported as wood chips. Government holds 99.8 per cent of shares in FPL, valued at \$16 million while the remaining 0.2 percent are held by the Fiji Pine Trust on behalf of the landowners. There are 42,000 hectares of pine forests in the country - 28,000ha on Viti Levu and 14,000ha on Vanua Levu. These forests are projected to supply 300,000 tonnes of pinewood annually for the next ten years.

Under Fiji Hardwood Corporation Limited (FHCL), the maturing of hardwood plantations will provide high value decorative timber which will generate substantial for-

ign exchange earnings. Government has also introduced a policy framework on the commercial development of Fiji's Mahogany Forest Resources. A set of basic guidelines has been approved to provide the overall policy framework for government in the commercial utilization of mahogany forests. The central objective of government's mahogany policy is to maximize the benefits to Fiji and within that, to optimize the participation of Fijian landowners in order to secure for them and their future generations, fair and equitable returns and benefits from the government mahogany plantations on their land. This objective also recognizes that the bulk of Fiji's mahogany forests is on Fijian owned land leases by government and that these plantations have been developed by government with public funds.

These plantations are therefore, owned by the all people of Fiji and Government will ensure that maximum returns will be shared fairly between the Fijian landowners and the people of Fiji, as a whole. Government will use Fiji Hardwood Corporation Limited (FHCL) as a vehicle through which they will develop the mahogany industry. FHCL will be developed into a joint venture company between government, the people of Fiji and the mahogany forest landowners. The landowners will be represented through the Fiji Mahogany Trust (FMT) FCHL will be directly involved in the harvest and sale of mahogany logs, however the commercial downstream processing of mahogany, including local value adding, marketing and export will be undertaken through various joint venture companies, separate from FHCL. FHCL will participate either directly or through subsidiaries in these joint venture processing companies.



Tourism is Fiji's fastest growing industry in terms of employment creation and increased foreign exchange earnings. It has also become Fiji's largest gross foreign exchange earner. The industry provides employment directly and indirectly to an estimated 45,000 people. The tourism industry, which is mainly private sector driven, contributes approximately 25 per cent to the GDP.

In 2003, a record 430,800 visitors visited the country. An increase of 14,000 is expected in 2004 with the industry targeting 500,000 visitors and a billion dollars business by 2007. This focus of Fiji's tourism industry is directed at consolidating mainstream tourism and promoting sustainable eco - tourism development. Efforts are also being directed at increasing the participation of resource owners in the industry. Eco -tourism promotes the conservation of Fiji's biodiversity, indigenous Fijian culture and tradition, and the natural environment. Tourism earnings for 2002 has been rebased using the 2002 IVS per diem expenditure and now stands at \$567.6 million. This represents an increase of \$72.1 million or 14.6 percent over gross earnings of \$495.5 million for 2001.

A number of large hotel projects are expected to commence in 2004, including the Momi Bay Marriot Hotel, Air Pacific Novotel at Denarau and the development of the Grand Pacific Hotel. The 'back-packer' market has expanded by leaps and bounds offering lucrative business to operators and the local communities

### Fiji Visitors Bureau

While the Tourism Ministry is responsible for overseeing the overall development of the sector, the Fiji Visitors Bureau is responsible for the promotion and marketing activities. The Fiji Visitors Bureau markets Fiji's richness and diversity, and its uniqueness. Government has decided to redefine the role of the FVB with more effective overseas marketing and its recent strategic location to Nadi - the hub of the visitor industry.

Air Pacific is making every positive effort and reducing dependency on overseas carriers who may not have national interest at heart. Fiji is served by five regional airlines - Air Caledonie International, Air Nauru, Polynesian Airline, Solomon Air and Marshall Island Airline and three international airlines - Air New Zealand, Qantas and Air Pacific. With the

growth in the tourist industry, Fiji has developed a major duty free shopping industry. Few products available at reduced prices are electrical and sports equipment, perfumes and cosmetics, jewellery, cameras and radios. Duty free shopping outlets can be found in cities, towns, hotels and Nadi International Airport.

For 2004, Government set aside \$13 million as a marketing grant to the Fiji Visitors Bureau.

### Ecotourism

Another interesting aspect of the tourist industry exhibiting great potential for profitable business enterprise is secondary tourism initiatives, or ecotourism. Ecotourism has emerged as an exciting complement to mainstream tourism. Ecotourism is to be seen as an amalgam of the whole range of criteria with the ultimate outcome for the guests being

great tourism experiences, whilst safeguarding the welfare of the future generations. There are several established attractions of this kind which have succeeded in tapping the tourism market.

The Garden of the Sleeping Giant at Nadi offers tourists as an opportunity to see some of Fiji's natural heritage and the Coral Coast Railway takes people on sugar tram lines to a picturesque beach in Nadroga. The Rain-tree lodge in Colo-i-Suva offers the eco-experience in a rainforest near Suva. Government has already undertaken a number of other ecotourism initiatives which has the potential to diversify and enrich the industry in a new direction and encourage active participation of Fijians in the industry's economic stream. The Bouma Falls and the Lavena Walk in Taveuni are already open to tourists and the Tongan Hill Fort in Tavuni in Sigatoka.





Fiji generally has a good standard of health and compares well with other Pacific island nations. The country's health status meets or exceeds most of the World Health Organisation's goals for the Year 2000. Such a status is due to improved health standards, sound comprehensive health care programmes and the untiring effort of the Ministry of Health in promoting healthy living for people. The government's focus for health lies in preventative care and customer focus rather than service centered. However, at the same time, there is recognition of curative health care needs that support the preventative focus. People are living longer with life expectancy at 61.4 years for males and 65.2 years for females. Infant mortality has fallen by 62 per cent in the past 20 years and is now at about 16.3 deaths per 1000 live births. Good obstetrical services contribute to the lower infant death rate with about 95 per cent of births being attended to by trained medical personnel.

Fewer children are experiencing vaccine preventable deaths with no cases of polio, diphtheria, pertussis and tetanus being reported in the past several years. The Fiji Nation Plan for the Millennium (2001) outlines a series of priorities for the health sector during the next five years. This includes

the improving of health care facilities, staffing, availability of medicine, reintroduction of mobile clinics, management of HIV/AIDS, diabetes and hypertension and decrease patient waiting times at clinics. There are 409 village clinics, 100 nursing stations, 74 health centres, 3 area hospitals, 3 nursing homes, 16 sub divisional medical centres, 3 divisional hospitals and 3 speciality hospitals with TB, leprosy and medical rehabilitation units at Tamavua Hospital and St. Giles Mental Hospital in the country. Many of the buildings date back to the old colonial days but a comprehensive programme of upgrading rural subdivision health facilities has been a priority project of Government's short and medium term plans. The area hospitals increased to seven in 2002 from three because, four new hospitals were opened in Nadi, Vunidawa, Taveuni and Levuka. A comprehensive patient information system (PATIS) was introduced by the Ministry of Health in 2002.

The PATIS system registers individuals on a computer system who have an occasion of service at a hospital, health centre or nursing station. PATIS will enable the Ministry of Health to evaluate the use of health services by the population, to consider how the geographic location of the population may impact on the need for

health services, to evaluate the effect of socio-economic factors of the population and the need for health services, to commence working the introduction of national service weights for surgical procedures, to track patient flows from one health service to another and between divisions and to monitor the use of health services by tourists.

The doctor population ratio as projected in 1992 is around 1:2448. For the nursing division, there is a total of 2472 registered nurses practising in the country providing nursing services in hospitals, health centres and nursing stations. Using the 1996 population figure, the nurse: population ratio is about 1:312. The top five causes of death are related to circulatory conditions, endocrine, disorders like diabetes, cancers, respiratory problems and injuries. The main cause, circulatory diseases has increased by 14 percent in the past 20 years and was responsible for about 4,696 hospital admissions in 1996.

Motor vehicle accidents have become an increasingly important concern with road accidents costing the country about \$20 million per year. Over the 5 year period, there has been significant decrease in the total number of road accidents. While infectious diseases used to claim a majority of lives, it no longer does so due to the vigorous immunisation programme and improved living conditions. Diabetes however continues to be a devastating disease, Estimates reveal that 1 in every 8 people are affected in some way by this disease.

Health education and promotion efforts in schools, community groups and national campaigns are targeting children and adults to prevent the development of the disease and to reduce the number of complications

that arise from poor disease management. Government continues to provide the bulk of the health services both in curative and public health through its national health service system. Increasing demand for services has led to an expansion in the number of private general practitioners and specialists practising in Fiji under the Fiji Medical Council. Government is committed to providing a health system that is accessible, appropriate, affordable, responsive, equitable and of high quality.

The working conditions of health professionals i.e. doctors, nurses, paramedical and allied health personnel and other health workers will be reviewed. The immediate priority of the government is aimed at reducing long queues, reducing long waiting and turn around times and to facilitate patient flow. The Ministry of Health has built and upgraded new health facilities: Taveuni Community Health Project, the New Paediatric Unit at the CWM Hospital, Levuka Hospital, Nadi Hospital, Naitasiri Hospital, Baulevu Nursing Station, Fulaga and Moce Nursing Stations, Visogo Nursing Station, Wainikoro Health Center, Vuna Health Center, a new Health Centre at Wainibokasi and a new Vector Control Unit and Virological Laboratory at Tamavua. A private hospital has been opened in Suva. It is a joint venture between the local and foreign investors. This hospital is geared to cater for medical services similar to other hospitals throughout the country. The Ministry of Health has opened four new hospitals in Levuka, Nadi, Vunidawa, Naitasiri and in Taveuni. With an allocation of \$121.2million in 2004, an increase of \$4.7 million, the Health Ministry's major activities include

- \$2.7 million to upgrade rural health



facilities

- \$1.8 million for preventative health programmes.
- \$1.2 million for biomedical equipment
- \$300,000 to HIV/AIDS prevention

### Primary Health Care Services

Primary health care involves the provision of primary medical treatment, preventive medicine and health education. About 95 per cent of primary medical care is provided by doctors in government hospitals, health centres and nursing stations throughout the country. They are complemented by general practitioners in private practice in most urban centres. The hospitals, health centres and nursing stations provide outpatient medical treatment, antenatal and postnatal care, family planning and development and screening of children. Divisional hospitals provide screening for cancer of the breast and cervix, immunisation, clinical laboratory facilities, health education and dental care. Psychiatric care is provided in a separate institution. All school children are medically examined at regular intervals by school health teams. Health education activities and training are important ongoing programmes for the sector. The public are encouraged to adopt healthy lifestyles to ensure their well being and to learn proper use of health services through media, publications, audio visuals and counselling. Nutrition, a major determinant of health, is being addressed by the Food and Nutrition Committee which was established by

government to encourage the public to adopt better and healthier eating habits.

### Curative Health Services

The government continues to push for improved curative services. The focus has been on the quality of treatment provided, staffing, upgrading of existing facilities and the provision of equipment and technologies to meet current demands. There are a total of 307 doctors in the public service providing inpatient and ambulatory care.

### Private Sector Participation

These services are offered mainly in the urban areas where most of the practitioners gain the family physician status. The private hospital system is also emerging as an alternative means of medical care provision in Fiji. Government continues to acknow-



ledge and encourage the private sector which supplement the efforts of the Ministry of Health. A new private hospital run by the Colonial Group has been established in the capital Suva and offers state of the art medical equipment and highly trained staff.

### Social Welfare

The Social Welfare Department provided by Government has been strengthened to ensure that those most affected are in fact receiving support. Assistance to the vulnerable and disadvantaged will continue to be provided through schemes like Family Assistance, Poverty Alleviation, Protection for Children and Family Welfare. The Family Assistance Scheme involves the provision of monthly vouchers between the ranges of \$30 and \$100. Families who depend on the Family Assistance Scheme to meet their basic needs have steadily increased over the years and are now close to 20,000. The Scheme will be reviewed to improve coverage, delivery of service and its effectiveness. The Poverty Alleviation Project includes projects implemented by NGOs on behalf of Government to assist the needy. The Care and Protection Allowance meanwhile has been introduced primarily in response to the increase in the number of children and young people at risk through poverty. A monthly cash grant is provided to caregivers of children placed under the protection of the Director of Social Welfare. The After Care Fund meanwhile has been instrumental in assisting the aged, the widows, the chronically ill, the disabled, the deserted wives and the dependants of prisoners. The allowance paid ranges from a minimum of \$12 to \$60 per month. Recipients also receive free education. The government also offers protective and

supportive services to orphans, abandoned and neglected children through foster care and adoption as well as providing residential care facilities for children in need of substitute care.

### Rehabilitation Services

Government policy is to rehabilitate and retrain offenders, develop preventative measures and emphasise vocational and skills training for young persons to enhance offenders ability to rejoin society as productive members of the society. The community is being encouraged to become self-reliant and develop preventative measures to reduce juvenile delinquency and criminal behaviour. Government provides legal services to those who cannot afford legal representation by private solicitors in matters of civil nature.

### Poverty

Government has put poverty eradication and rural development at the top of its agenda. Government is working to eradicate poverty in Fiji through the provision of both immediate relief and long term sustainable measures. The UNDP/Government poverty study revealed that about every fourth household is struggling below the poverty line. The poor are the most vulnerable. In economic terms this was a major concern to government who since independence has generally conceived poverty in absolute terms. In order to improve the living standards of the poor, the government has set up a Poverty Fund. Creating jobs and self employment will continue to be the most viable way of dealing with the problem of poverty.

Government also works more closely with NGOs and other relevant agencies to

examine ways in which it can assist the poor. A total of \$157 million was allocated last year for poverty alleviation and rural development. Some allocations for poverty alleviation include \$11 million for the Family Assistance Scheme, \$2 million for poverty alleviation projects, \$1 million to HART to provide cheap and affordable shelter for the destitute and \$1 million for the National Micro-finance Scheme. The new Department of Social Welfare and Poverty Alleviation established in 2001 provides assistance to the disadvantaged through its various schemes.

The Ministry of Education allows waivers of school fees for children whose family jointly earns less than \$5000 per year if they are on the family assistance scheme. NGOs provide the bulk of the welfare assistance in Fiji, generally through non-cash donations. Despite the fact that some 70 percent of the total population live in the rural areas, Fiji enjoys a relatively high standard of living. Most of the rural areas are accessible by road, they have radio telephones, electricity and proper water supplies. Most urban homes have television and video sets. Some 70,000 sets are available in Fiji homes. The alleviation of poverty and the development of rural and outer islands are critical for stability and economic growth.

Government has recognised that stability and economic growth can be achieved best by improving the livelihoods in rural and outer island and those of the poorest of the poor in society. To effectively achieve this goal, Government will be implementing major initiatives to alleviate poverty and develop the rural and outer island sector. The 1966 UNDP Poverty Report found that 25 % of households were living in poverty.

However, the current percentage of households living in poverty is said to be much higher due mainly to the effects of the political and economic instabilities of May 2000. Government's goal is to reduce poverty by 5 per cent annually. Government has announced a \$50 million commitment to alleviate poverty. The money will be used to form a new Department of Poverty Alleviation to curb increasing poverty trends. The announcement comes as the latest poverty survey shows that the total number of people living below the poverty line has increased by 25 per cent. The department will have an annual budget which will solely go towards strengthening and coordinating all anti-poverty efforts. Some of the other poverty alleviation initiatives so far in 2003 for the building of homes for the homeless as well as for income generating projects, creating jobs 3770 direct jobs have been created through the Integrated Human Resource Development Programme (HRDP) and organised training for more than 8000 people, social welfare assistance for those who can't help themselves. \$12 million allocated in 2004 and helping some 20,000 families receiving Family Assistance Allowance. Upgrading of squatter settlements and housing programmes include:

- \$5 million for upgrading squatter settlements and developing Jittu Estate.
- 1000 families to benefit from a housing programme.
- \$1 million to the Housing Assistance and Relief Trust (HART) to provide cheap and affordable shelter to the destitutes.
- \$1 million allocated to the Public Rental Board to benefit 793 families.
- \$2 million to the Housing Authority to subsidise interest rates for all those



earning less than \$6,500 per annum and promote home ownership to the poor and elderly through financial assistance.

- Farming Assistance where so far 1303 farmers have been assisted under a \$14 million scheme.

### Housing

Housing is characterised by a diverse quality of houses in the rural and urban areas. It is mainly a private responsibility, but in recognition of the status of housing as a basic need, the government has tried to ensure that affordable housing of reasonable quality is widely available. The Housing Authority and the Public Rental Board are the two government housing institutions that play pivotal roles in the provision of low income housing. A housing needs assessment was undertaken in 1989 and it was estimated that for moderate population growth, the requirement for new housing would increase by approximately 60 per cent from 1991 to 2006, this is, from 4,360 units in 1991 to 6,960 units in 2006. The Ministry has made a provision of a \$3 million grant to Housing Authority for the payment of interest subsidy and financial assistance to support home ownership for existing debtors who are unable to pay for reasons of poverty arising from unemployment, loss

of job, old age and other economic factors. Government through the Housing Authority (HA) caters for the needs of people earning between \$3,700 - \$16,500 per annum. Since 1993, there have been plans by HA to build a variety of homes with prices that are affordable to clients. The Housing Authority has introduced village housing loans through their existing system. Government's policy of providing affordable housing for low to middle income earners is auctioned through the Housing Authority. Its strategy can be seen in several specific and designed initiatives such as the reduction of interest rates under the Authority's "Moving On" package which has so far benefitted more than 20,000 home buyers. Other initiatives in 2001 -2002 includes the review of tenancy conditions at Matavolivoli, Tavakubu and Muanikoso and a loan guarantee of \$19 million to the Authority by Government so as to support its core activities. The Government's aim in housing is to make home ownership affordable to as many people as possible, especially those in the low income group. Government's assistance will include: the resettlement of squatter on permanent sites at affordable price; bringing down the Housing Authority interest rates now running at 11 per cent, to a ceiling of 6 per cent of those on low incomes; removal of

the 10 per cent VAT on first home purchase and workers who lose their jobs and are unable to repay their Housing Authority loans will be assisted through a freeze on their repayment up to a maximum period of six months. This is to allow them to secure a new source of income. Housing Authority under its Capital Development Programme is working on new sub-divisions that are to accommodate the increasing demands for houses. The new areas include, Rara Sub-division in Labasa, Waqadra in Nadi that will accommodate 1,000 lots, Waila in Nausori to accommodate 350 lots and engineering work at Field 40 Lautoka. The Public Rentals Board (PRB) was created to takeover and to manage the rental section of the HA and to provide economically sustainable rental housing for low to middle wage urban families with a view to ultimately selling whole or portion of those estates. As a policy directive, PRB was to sell between 40- 6 per cent of its rental flats. In order to assist these tenants, the Government in 1993 undertook to provide rental subsidy to PRB. Government has recently made a provision of \$694,000 for PRB, which was an increase from the previous allocation of \$360,000. Around 607 tenants or 34 percent are recipients of this assistance.

### Home for the Poor

Government is also assisting Housing Assistance and Relief Trust (HART) to provide shelter for the poor, particularly those who are destitute or semi-destitute. A Capital grant is provided annually to HART. HART purchased 8 acres of land in Wainibuka in October 2001 and 10 lots at Rara - Sub-division in Labasa with funding assistance from Government. New villages were

earmarked to be built on these sites to meet the growing demand for HART homes. Major resettlement programmes involve 400 families living in Wailea Street and Nanuku Street, Vatuwaqa. A large population of that settlement will be resettled in Wainibuka, Nasinu. In fact, the resettlement programme for the squatters had been an on-going process over the past five years and the government has resettled around 1,000 families in Narere, Caubati North and South areas. More than 200 families in the Western Division and over 100 families in Labasa have also been re-settled. Some of HARTS achievements for last year included the installation of electricity supply to about 298 flats in HART homes in/around Suva and Nausori., the general maintenance and upgrading of HART homes at Delainasole, Nadera and Namosau in Ba worth \$95,000. Also included are the construction of nine new flats in the Newtown-Nasinu area worth \$106,203, the purchase of eight acres of land for construction for new homes at Wainibuka in Nasinu worth \$100,000 and the construction of 20 new flats at Rara Subdivision worth \$80,000. There have been several achievements of the Squatter Development Programme under the Ministry of Local Government, Housing, Squatter Settlement and Environment. In Jittu Estate, \$470,000 has been utilised. \$70 families will be resettled in this project. In Lakena 150 families will benefit from this project. At Vunidogo settlement in Makoi, the sub-division will have nine commercial lots, 17 housing lots, market, taxi - stand, car park and a major portion will be allocated for the Health Centre. In the Caubati area, foot -path and drainage work have begun where 30 residents will benefit from. In Navutu, Lautoka, engineering design work

is continuing and also programmes and works have been going on in Bangladesh in Nakasi, Clocott Street in Ba, Omkar and Valebasoga in Labasa.

### Food and Labour Force

Food is good and plentiful. As a rural based society people largely depend on land and marine resources for their livelihood. Agriculture contributes about 24% of GDP and provides 50 per cent of total employment. The growth in paid employment has been achieved mainly through the private sector rather than public sector employment. This reflects government policies to encourage exports and promote private sector investment, particularly employment in intensive industries. The participation of women in economic activity beyond the household has grown significantly since the mid-1970s. The rising labour force participation rate (LFPR) for women and generally stable rates for males, as estimated by the Ministry of National Planning, have resulted in the net increase in the labour force between 1986 and 1996

is believed to have been greater for females (about 31,400) than for males (about 29,000). Government's policy is to enhance that contribution by further encouraging the participation of women in 'mainstream' economic activities and by improving women's access to services which will increase their productivity. In the private sector this will be facilitated by ensuring non-discriminatory access to finance for small business. Workers are unionised and most of the unions are affiliated to the Fiji Trades Union Congress. Wages and conditions of employment are subject to voluntary conciliation and if necessary by compulsory arbitration. By law, men and women have equal opportunities for employment. It is estimated that the total labour force grew at an average annual rate of 2.3 per cent over 1986- 1996. This is considerably greater than the population growth rate over the period of 0.8 per cent per annum and is due mainly to the increasing rate of labour force participation by women. The main objective of Fiji's immigration policies is to encourage the entry of people



who can contribute their skills and experience to production, while at the same time protecting employment opportunities for those already in the work force.

### Water

Water is one of the nation's most important resources and the availability of adequate water supplies is a prerequisite for most development activities. It has particular implications for the health of children. About 70 per cent of the total population have access to proper piped water supplies compared to 60 percent in the mid eighties. Government funds the development of regional and urban water supplies, and also carries out the construction, operation and maintenance of these schemes through the Water and Sewerage Section of the Public Works Department. Cost recovery is low, and well under half of the annual expenditure (including capital expenditure) is recovered through water tariff. In 2001, Government announced measures to provide basic water (plus power and sanitation) to rural areas in the attempt to help eradicate poverty. In 2002, Government announced major provisions for water - related infrastructure such as \$35.1 million for urban and regional water supplies including \$17.9 million for Nadi/Lautoka, \$6 million for Suva/Nausori, \$2 million for Korovou and \$1.8 million for Rakiraki. Another \$2.5 million was provided in the 2003 budget for other rural water supplies, and \$16 million for the maintenance and operations of existing water supplies. Government's policy on water is that all citizens of Fiji would be provided clean water at an affordable cost. Government's policy is to keep strategic utilities such as water in public hands. A plan was prepared to restructure the Water

& Sewerage section from within. Government also assists rural communities in developing water supplies through the rural self help scheme, where communities provide one third of the cost of materials and free labour, or where boreholes are sunk under the borehole subsidy scheme. Assistance has been provided in the development of over 1,400 rural water supply schemes since 1965. The government will continue with the upgrading of the Suva - Nausori water supply scheme and sewerage systems. It is expected to spend around \$48.8 million on this project. The Department of Mineral Resources undertakes hydrogeological investigations designed to identify potential groundwater sources, particularly in outer islands and rural areas of the main islands. Sewerage and Waste Disposal. It is estimated that 15 per cent of Fiji's population now have access to treated sewerage facilities, compared to only 6 per cent in 1980. It is estimated that 57 per cent of all urban areas have sewage. There are almost 13,000 sewerage connections to government schemes, just over 80 per cent of these being domestic connections. Cost recovery is low, with only around 15 per cent of annual expenditure (including capital expenditure) being recovered through charges for sewerage services. Town and city councils were traditionally responsible for sewerage services within their boundaries, but these responsibilities have now been transferred to Government. Urban waste disposals including household rubbish and garden refuse remain the responsibility of town and city councils, which operate landfills for this purpose. The Ministry of Health administers some regulatory responsibilities in relation to waste management

and pollution control. At present, the Ports Authority of Fiji is the sole industrial and urban pollution monitoring agency, and its responsibilities are confined to designated port areas.

### Environment

A mammoth task in which the Department of Environment had been involved since 1996 was putting together a new comprehensive and integrated legislation that will rationalise, streamline and strengthen Fiji's environmental management framework. Fiji's Sustainable Development Bill (Working Document and Consultation Paper) was presented by the then Minister for Environment, in December 1996 for public comments and views. The much awaited Sustainable Development Bill is to be tabled in Parliament next year. The Bill will provide the legal framework that helps government to police activities that bring about depletion and destruction of our natural resources. Together with other governmental departments, municipal bodies and NGOs, the Department of Environment will continue to promote increased public awareness of the importance of conserving and protecting Fiji's national environment. Government also intends to formulate clear policies on coral conservation and has directed the department to commission an urgent study on the issue and provide its report. Fiji has joined more than 40 million people in 120 countries in the 'Clean Up the World' campaign. Last year, an estimated 22,000 Fiji people collected more than 500 truckloads of rubbish as part of the fifth clean up campaign. The activities are held in an effort to raise health standards and environmental awareness. The Department of Environment has the mandate

through the National Environmental Strategy to promote the concept of sustainable development. It is doing this through the formulation of a sustainable development legislation, natural resource management, environment impact assessment, waste management and raising environment awareness. This is further enhanced by national projects that have been initiated from international environmental programmes to address global issues such as climate change, depletion of ozone layer and hazardous waste. The incorporation of the principles of these responsibility areas into Fiji's policy for promoting investments and related economic activities would bring long -term benefits in that they create international goodwill and appreciation for Fiji thus securing our national economic interests overseas.







About a quarter of the entire population is of school-going age and although education is not compulsory at any stage, over 98 per cent of children between 6 and 14 years of age are attending schools. In 1996 about 70 per cent of the population had already received some secondary education (74 percent Fijians and 66 percent Indians). Nearly all children 6-8 years of age were enrolled in schools. In the same year, the literacy rate was 92.9 percent) and was higher among Fijians (92.9 percent) than among Indians (89 percent). The rate was higher among males (94 percent) than among females (91 percent).

A Fiji Islands Education Commission was established in 1999 to review and assess the nation's current educational system and programmes and the quality of the education which is being offered in schools throughout the country. The Commission published in late 2000, its report titled "Learning Together: Directions for Education in the Fiji Islands." The comprehensive report is now the basis of major education initiatives within the education sector. Governments in the South Pacific region are guided by the goals of the Forum Basic Education Plan which in turn reaffirms the

support for the global initiative, "Education for all."

All major exams have been localised and are conducted by the Ministry of Education. The principal external examinations are the Fiji Intermediate Examination (Class 6), Fiji Eighth Year Examination (Form 2/ Class 8), Fiji Junior Examination (Form 4), Fiji School Leaving Certificate Examination (Form 6) and Fiji Seventh Form Examination. Government maintains education standards through accrediting schools, recruiting teachers, developing the curriculum, providing teaching materials, and providing external examinations. Government also encourages school attendance by rural and poor children through measures like the free tuition scheme for primary and secondary schools and per capita grants and remission of fees for secondary students. There is a high degree of community participation in the delivery of education services which is a strength of the system that needs to be maintained, which includes religion (Christian, Hindus, Muslims) and community organisations as well as localised communities. Most schools are managed by non-government organisations. Government operates only 0.3 per cent of the 712 primary schools, 8 per cent of

the secondary schools, 8 per cent of vocational and technical education schools, and 2 out of the 5 teacher training institutions. The government realises that for ongoing economic development, the country needs an educated and skilled work force. The future of the country depends on a good all-round education for all the people. The broad outcome that Government seeks to achieve in education is to bring opportunities for learning within the reach of every child in our society. Quality education is the right of all children to prepare themselves for a productive and rewarding future. Government's aim is to assist each family to have at least one child attain university or other higher education qualifications. Tertiary and vocational skills training and knowledge will be emphasised to prepare young people for gainful employment. Educational expenditure consistently takes up the highest allocation in Governments overall expenditure. A total of \$240 million was allocated to the Education Ministry in 2004, an increase of \$19 million compared to 2003. For the first time, all form 5 students received Tuition Fee assistance this year. Fee assistance was previously provided for forms 1-4.

Government introduced several new policy initiatives for 2002 and these include the payment of premiums required by the Native Land Trust Board for new leases to non-Government owned schools on native leased land. Boarding school assistance is also being extended to all rural boarding schools as well as secondary boarding schools. The Government will increase educational participation for all our children. Children in rural areas will be given improved access to pre-school education.

More resources will be given by Government to schools for children with special needs. Compulsory education. The normal examination fee for Fiji junior Examination is being abolished. Students are to be exempted from the examination fees for the Fiji School Leaving Certificate in 2002 and the Fiji Seventh Form Examination from 2000 onwards.

In the interest of developing a professional and competent pool of teachers in the country, the Government will continue to work at upgrading and improving teacher training and working conditions. In addition, a Board of Teacher Registration will be set up to monitor teacher quality and professionalism. In co-operation with the two Teachers' Unions, the Ministry of Education will closely monitor the development of teachers to improve discipline and performance. In the interest of equity, special attention will be given to upgrading and improving services and facilities in Fijian schools.

A further advance will be seen with the upgrading of the twelve Government secondary schools to Centres of Excellence. A wide range of specialist courses will be offered, a high academic performance encouraged. The first schools to benefit will be the Ratu Kadavulevu School (RKS) and Levuka Public School (LPS), both of which began the 2-year development and conversion process later this year. All twelve schools will be upgraded by 2009.

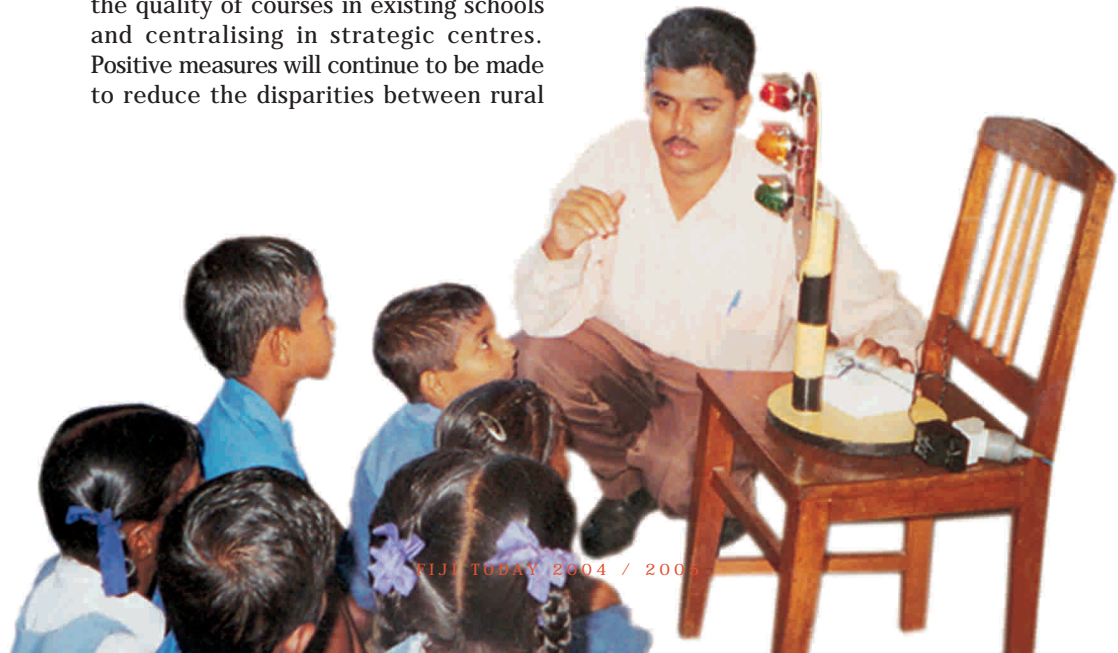
Substance abuse will be addressed through the National Substance Advisory Council. The Council will focus on raising educational awareness on the effects of misuse and abuse of alcohol, tobacco, illicit drugs and other substances. Values

education is given high priority to inculcate in students stronger feelings of national consciousness and of the importance of respect for others and of appreciation of Fiji's rich multi-cultural heritage and natural environment. The teaching of vernacular languages is encouraged in all schools. In addition to English, the Fijian language is made a compulsory subject, and Government is to provide increased resources to support this programme. The quality of pre-school education will improve from an increase in the salary grant to pre-school teachers and an accelerated Secondary Teacher Training Course will address the shortage in Secondary School teaching resources. Fee-free education in essence means tuition free. With free fee education schemes already implemented, focus in the years ahead will be on phasing in compulsory education measures to ensure the attainment of global primary education for all. Form 7 education will also be consolidated further by improving the quality of courses in existing schools and centralising in strategic centres. Positive measures will continue to be made to reduce the disparities between rural

and urban schools by improving teacher quality, curriculum resources and upgrading student assessment. Teacher training facilities are also available such as the Lautoka Teachers College, Corpus Christi, Fiji College of Advanced Education and Fulton College. The pupil-teacher ratio at the primary level is around 1:31 with a lower ratio(1:20) in the rural areas and higher ratio(1:42) for urban areas, sometimes exceeding 50 are a direct result of high population growth, and rural - urban migration.

Specific provisions in 2004 include:

- an additional 621 teaching posts completing the full staff establishment
- \$2.1 million for form 5 Tuition fee assistance
- \$6.9 million for construction and maintenance
- \$15 million for scholarships
- \$240,000 for VAT reimbursement in building materials.



### Fijian Education

To improve the academic achievements of ethnic Fijians, Government has provided more scholarships and better education facilities. This assistance will be opened to other ethnic minority groups. The non-indigenous Fijians benefit from Multi - Ethnic scholarships provided by government. Government has confirmed its investment in improving science teaching in rural Fijian schools. A Blueprint of Fijian Education was issued in 2000 to point the direction Fijian Education should take. The Blueprint constitutes a 10 year plan and looks at ensuring that every Fijian school is upgraded and every Fijian student receiving the best education. The expected outcome of the affirmative action policies in this ten-year period included the acceleration of Fijian access and participation and performance at all levels of education. Empowering indigenous Fijians through improved performances and higher achievements in education and training will be the best long term solution to increasing

their participation in commerce and other professions. Earlier this year, the Ministry drew attention to the importance of accounting, economics and computer studies, at which so many indo-Fijian students excel. These subjects have a much higher value in today's job market than traditional ones such as history and geography. Accordingly, Cabinet has agreed to full tuition fee assistance for Fijian students who take accounting and economics in form 5 and 6, as well as the provision of a fund for the introduction of computer studies in all Fijian secondary schools. Funding is to be sought in the 2005 Budget.

### The University of the South Pacific

The University of the South Pacific (USP), was established in 1968 and is located in Suva. It is a premier provider of tertiary education in the Pacific region and an international centre of excellence for teaching, research and consulting on all aspects of Pacific culture and environment. USP comprises a vibrant and culturally diverse community of staff and students from its 12 member countries: Cook Islands, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu, as well as many other countries World wide. The University also enjoys a growing number of agreements and memorandums of cooperation with international universities and world wide. USP is governed by its own council, which includes representatives of the member country governments, academic staff and students, and from regional organisations and countries including Australia, New Zealand and the United Kingdom. USP is a multi - model,



University offering hundreds of courses both on-campus and by distance and flexible learning in a variety of models including print, video, broadcast, face-to-face and on line. Of the approximately 15,000 students currently enrolled at USP more than half choose to study by distance. For these students, the University's sophisticated satellite communications network, USP Net, serves as a gateway for interaction, information, research and higher learning, providing links with USP's three major Campuses in Fiji (Laucaala Campus), Samoa (Alafua Campus) and Vanuatu (Emalus Campus) and its 14 USP centres. Collectively the University's Campuses and Centres are located across 33 million square kilometres of ocean, covering five different time zones. USP offers internationally recognised undergraduate and postgraduate study programmes in a wide variety of disciplines, including accounting, agriculture, banking and finance, comp-

uting science counselling and social services, engineering, environmental management, journalism, public administration and management, science, teaching, tourism and many more. In addition to its teaching activities, the university has developed a strong track record in research, particularly in the areas of business management, teacher education, politics, law, Pacific studies, marine studies, agriculture, science and technology and eco-tourism.

### Fiji School of Medicine

The school has become a regional training centre for medicine and the paramedical professions and is the oldest medical school in the Australasian and Pacific basin regions. Established in 1885, the school has trained and graduated physicians and health care workers in dentistry, environment health, medical laboratory technology, nutrition and dietetics, pharmacy, physiotherapy and radiography for Fiji and



the South Pacific region. The FSM gained autonomy in 1998. Currently the school provides a refined MBBS (Bachelor of Medicine/Bachelor of Surgery) course that runs for six years and maintains the principles of problem-based learning.

### Fiji College of Agriculture

The Fiji College of Agriculture established in 1954 offers a two-year programme leading to a Certificate in Tropical Agriculture. Today, the college, offers an external Diploma in Tropical Agriculture with the assistance of the University of the South Pacific. Students from Fiji as well as other parts of the South Pacific attend the college.

### Vocational and Technical Education

The Fiji Institute of Technology (FIT) is the country's main technical centre. Now an autonomous body, plans are underway to upgrade it to a polytechnic status. Some \$20 million is to be spent over the next 10 - 15 years to upgrade staff and facilities so that FIT becomes effective and responds to the demands of the labour market. New directions in school-based Argro/technical/vocational education will be developed through diversification of school-based programmes linked to national tertiary institutions to cater for the lower to medium level skilled workers now much in demand in our economy. Government also plans to establish three new vocational and technical education centres close to the main centres of employment. The centres would be designed to provide lower and middle level technical training. One of the centres is to be established

at Ratu Kadavulevu School at Lodonu, Tailevu. The school will provide quality training mainly to Fijians on a fully residential basis.

The Fiji National Training Council now known as the Training and Productivity Authority of Fiji (TPAF), a statutory organisation, was established by a Parliamentary Act and given the responsibility of skilling the work force of the nation to help them become increasingly efficient and highly productive. Some 50,000 employees of public and private sector organisations have successfully gone through the Council's varied commercial and technical training courses since its formation in 1973. The council is a tripartite organisation with representation from Government, employers and employees. Its activities are financed through a one per cent levy on the payroll of employers. TPAF has reviewed its courses and established a medium term corporate plan to improve linkage between the council and industry.

Government has endeavoured to provide a balanced programme of both academic and practical courses to develop and equip our youths in a rapidly changing society. Government allocated \$0.35 million for the establishment of the Monfort Technical School in Savusavu. The institute has 48 students undergoing courses in cabinet making, upholstery, motor mechanics, panel beating and agricultural technology. Currently there are 45 school-based vocational and technical centres in secondary schools offering courses for students and school leavers. Scholarships are provided for tertiary education, whilst annual appropriations are also provided for vocational and technical institutions.



The media in Fiji includes radio, press, television and magazines. Some date as far back as 1869 and 1946 while a few as early as 1987 and 1992. It plays an important role in providing local and overseas news, current affairs, weather conditions, news about the economy, the public and society. It also helps to increase social cohesion by widening the base of common experience. The media aids the integration of individuals into a society by continuing socialization process. It also promotes the advancement and enhancement of culture, tradition, art and music. In Fiji, the government is committed to an open media policy and sees the media playing a 'pivotal and mutual role' in nation building. The government recognises the need to provide information, respond to questions and give accurate answers so that its point of view can be communicated. The Ministry of Information and Media Relations remains willing to provide information that is lawfully available and promotes accountability.

## Media Review

In September, 1996, two British Consultants arrived in the country to review Fiji's Media Legislation. Their terms of refer-

nce basically involved undertaking a comprehensive review of all existing legislation pertaining to the mass media in Fiji with a view to updating and making them more relevant to today's circumstances. The 44 page report prepared by the consultants, Ken Morgan (former Chairman of the Great Britain's Press Complaints Commission) and John Prescott Thomas (a Broadcast specialist) titled 'Future Media Legislation and Regulations of the Fiji Islands' was handed to Government in November, 1996 for consideration. The government is currently examining the Draft Report on the Consultation on the Draft Media Bill. The Draft Report is significant for Fiji's media as it is the culmination of a six year exercise when the then Government brought in consultants from the United Kingdom based "Thomson Foundation" to conduct a wide ranging media review exercise. After various internal consultations last year the current government decided this year that the Draft Media Bill is taken into the public arena for public consultation so that an appropriate decision is made on the features for a new Media Act for the country.

Government's Media Policy is the protection of Freedom of Expression (Section

30) and Freedom of the Press and other Media (section 30b.). The consultation report consists of five parts beginning with the origins of the media review, the consultations, issues arising from the consultations, advice and solutions provided and the various options and recommendations. Part of the complete media review exercise includes a review of all other relevant pieces of legislation including the formulation of a comprehensive Broadcasting Act, as well as a consideration of the Press Corrections Act and Defamation Act.

### Print and Radio

Newspapers and radio services operate in Fiji's main languages - English, Fijian and Hindustani - and reach a vast majority of the population. The Fiji Times, (founded in 1869) is the oldest media organisation in Fiji, the Daily Post (established in 1987) and the Fiji Sun are the three English daily newspapers. Fiji Times owned by American Rupert Murdoch has the most circulation of around 38,000. Nai Lalakai (Fijian) and Shanti Dut (Hindi) are vernacular weekly newspapers published by the Fiji Times while the Daily Post publishes the Nai Volasiga (Fijian). Other magazines are Islands Business, and Fiji Business published by Islands Business International, and The Review (monthly) published by Associated Media Ltd. Various other magazines on tourism, trade and economy are also published regularly.

There are other private public relations organisations operating in Fiji such as Associated Media Limited, Samba, Franklin Design and Ad Time. They provide consultancy services in advertising, public relations and general media work.

### Information and Media Relations

Information and Media Relations are under the Ministry of Information, Communications and Media Relations which is the Government's major information agency providing the link between the government, media and the public.

Governments basic media policy is guided by the constitutional provisions of Freedom of the Press and other Media (Sec.30(b). The Ministry produces publications, radio programmes, news releases, photographs and posters of government activities and is the source of government news. It also operates and maintains the Official Fiji government Website ([www.fiji.gov.fj](http://www.fiji.gov.fj)). A 40 minute magazine format TV programme by the Ministry's Film and Television Unit (formerly Fiji National Video Centre) was launched through Fiji 1 Television in August, 1996. The items include a mix of development, current events, art, culture and tradition and stories on rural development, education, health and agriculture. The Ministry's Film and Television Unit has commenced a new Fijian television programme called Voqa ni Davui. The programme largely focus on developments and various aspects of rural village life around the country. Similarly it has also introduced a Hindi programme titled Sitara and its focus is on development, lifestyle, health issues, education and culture and tradition.

### Electronic Media

A long term plan of government was the introduction of a national commercial television service for Fiji. With 70 - 80 thousand video sets in use throughout the country, the introduction of television

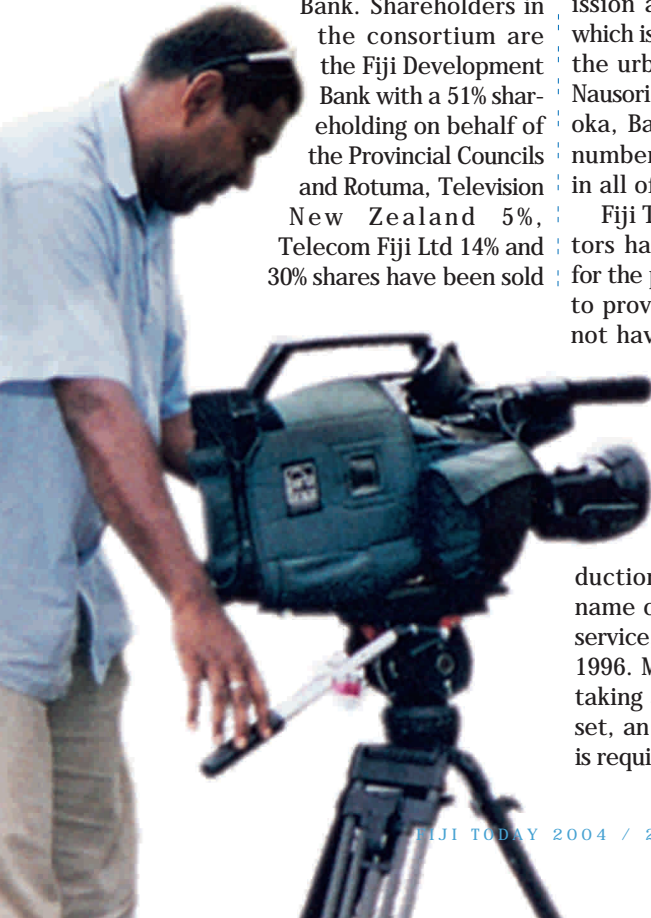


with its potential for education, information and entertainment was viewed as a logical development. This medium of communication finally came into being on July 1, 1994. The people of Fiji experienced television coverage for the first time in October, 1991 when Television New Zealand was granted a temporary licence to telecast live World Cup rugby matches. A licence for a permanent national television service was awarded by the government in August 1993 to a consortium known as Fiji Television Ltd. The Cabinet later approved a Business Plan prepared by Television New Zealand and the Fiji Development

Bank. Shareholders in the consortium are the Fiji Development Bank with a 51% shareholding on behalf of the Provincial Councils and Rotuma, Television New Zealand 5%, Telecom Fiji Ltd 14% and 30% shares have been sold

to the public. Fiji Television established new studio facilities at Gorrie Street, Suva in 1994. The Fiji 1 local television news service went on air for the first time on March 20, 1995. A 30-minute bulletin replaced the government produced Fiji National Video Centre news. Transmission coverage includes the majority of the population of Fiji. FIJI TV's nightly news service regularly attracts between 40% and 50% of the potential audience, an extremely high figure by international standards. Two satellite-receive dishes allow a wide range of international programming to be retransmitted live within Fiji. The current transmission areas for Fiji Television Limited, which is called the "viewing area" comprises the urban and peri-urban areas of Suva, Nausori, Lami, Navua, Sigatoka, Nadi, Lautoka, Ba, Labasa, Savusavu and a defined number of rural and other urban tikinas in all of the provinces of Fiji.

Fiji Television Limited's board of directors have approved capital expenditure for the purchase of transmission equipment to provide signals to those areas that do not have access to television. The areas include the Coral coast, interior of Ba and Northern Lau. Fiji Television has introduced a Hindi programme 'Jharoka' aimed to foster better relations between Fiji's races. Another major development in television was the introduction of Pay TV service. Sky Fiji, the name of Fiji Television Limited's Pay TV service, began a free trial service in June, 1996. Many homes in the country are now taking advantage of Sky Fiji. A television set, an outside aerial and a basic decoder is required before Sky Fiji can be available.



Sky's subscription initial cost was \$35 for a basic decoder and \$40 for a deluxe decoder. Sky offers a choice sports coverage including live rugby, soccer, cricket and tennis. Other entertainment programming includes Hindi and English language movies and TV series, Cartoon Network, TNT Classic Movies, talk shows, national geographic series and other movies. A five-year television licence has been issued to Visitor Information Network Limited. The licence allows the owners of the company to operate and maintain a television narrow cast system for the purpose of providing visitor information services within the Nadi area. Community Television in Nadi provides local viewing to those in the area while in 2002 in Suva, a Christian television service called Trinity TV was launched.

#### Audio Video Industry

The establishment of an Audio Visual Industry in Fiji has been the subject of intense

work for more than two years. The Fiji Audio Visual Commission (FAVC) was established under as a statutory organisation under the Commerce Ministry to develop and promote the Audio Visual Industry, so that Fiji becomes a premier location with the world's best tax incentives. At least eight new projects are being identified by the FAVC as very likely to get into production within the next 12 months in 2004 with a total combined budget of well over \$200 million. Necessary legislation have now been enacted which allows for the development and setting up of audio visual studio city. The Act not only provides for necessary control mechanisms to monitor audio visual operations but also provides appropriate incentives to attract film makers and audio visual producers. The Yaqara Basin has been tentatively identified as the most suitable location of the studio city development. A company has already been approved to be the studio city company and holder of the land lease



for the studio city zone as the centre for the audio visual industries. In this the government has agreed that a MOU on the land lease at the Yaqara basin be entered into between the owners of the land on one hand and the approved video city company on the other. The approved company commenced negotiations for leasing the land and in due course will map out a development programme. Since its establishment, it successfully launched the Fijian Island Night in hollywood in February this year where 200 of Hollywood's top producers, directors and agents were invited. The FAVC, within its first year of marketing, has handled about 15 Television productions that have spent about \$F8 million in the Fiji economy. The main achievement to date, is FAVC's success in attracting a major Hollywood studio, Sony Pictures to shoot the \$F50 million budget movie Anaconda II at Pacific Harbour. Anaconda II was the first production to profit from new tax incentives by the government that was introduced to attract overseas funded projects.

tions - Bula 100FM (English), Bula 102FM (Fijian) and Bula 98FM (Hindustani) and is solely funded from commercial advertising revenue. FBCL launched its sixth radio station 2 Day FM in December last year. It is aimed at the under 25 - age group. This station compliments its sister station Bula 100FM, which has successfully dominated the older radio listening market. The PSB arm is normally funded by a government grant and operates Radio Fiji One (Fijian) and Radio Fiji Two (Hindustani). Under a \$1.3 million contract with the Fiji Government, PSB broadcast stations are contracted to provide a specified percentage of public service programmes. These include religion, culture, education, family

**Broadcast Service**

Fiji has three thriving commercial radio broadcasting stations - Fiji Broadcasting Corporation Limited. (FBCL) and Communications Fiji Limited (CFL) and Z FM. FBCL provides an extensive broadcasting services in the three major languages (English, Fijian and Hindustani). The corporatisation of the FBCL was part of Government's public sector reforms. FBCL is divided into two divisions - the commercial arm known as the Bula Network; and the public service broadcast side commonly called PSB. The Bula Network comprises three radio sta-



issues, health, agriculture and information relating to national emergencies like cyclones. There is limited advertising on PSB stations.

Communications Fiji Limited, on the other hand, operates three independent commercial stations FM 96 and Navtarang and Viti FM . The fourth addition has been the launching of its new radio station Legend, a project aimed to cater specifically for what it calls an urban-based westwornished audience of over 30 years old. Legend covers Suva and its surrounding areas on 106.8 MHz, Lautoka and Nadi on 106.6 MHz. FM 96 started in July 1985 and it provides a 24 hour service broadcasting - a mix of music, news, sports and community information in English FM 96 broadcasts on 96 mghz to an area which includes Pacific Harbour, Suva and the Rewa Delta area, Nadi, Lautoka and Ba including most of Vanua Levu and other islands. The second station Navtarang commenced operations in September 1989. Navtarang also broadcasts 24 hours a day and provides similar programmes to FM96 only in Hindi. It can be heard on 98.8mghz in Suva and surrounding areas, Rakiraki and Ba; 97.4 mghz in Lautoka and Nadi; and 101.6 mghz in Sigatoka and Vanua Levu. Another recent development in radio is the government signing of the licence for the University of the South Pacific's FM Radio. The licence is valid for five years. The radio station as under the licence will provide FM sound broadcast programmes to students and staff of the USP. Radio reception will be confined to the USP main compound. Programmes to be broadcast should promote the advancement of education and culture. It should

also raise and maintain high standards of decency and decorum and provide for variety and content. The principles of good citizenship must also be provided for. Two Christian radio stations have joined the airwaves. They are FM97 and Radio Light.

### Journalism Training

Journalism Training is an issue that Government, the Fiji Media Council and journalists are keenly aware of that needs strengthening. It is realised that to enhance the profession training is a vital component. The University of the South Pacific is now seen as a major provider of formal academic journalism training with its degree studies in the Bachelor of Arts (Journalism Studies) The Australian Government has also been a provider of journalism training through the Pacific Islands Media Initiative.

The opening of the Fiji Journalism Training Institute at Ma'afu Street, Suva in November, 1995 had also marked a milestone in the development of journalism in the country. The Institute is the result of a three-way partnership between journalists, government and the United Nations Education, Scientific and Cultural Organisation (UNESCO). Government provided a building to house the Institute and UNESCO provided the initial US 50,000 grant to get the project underway.

The Japanese government donated computers and other necessary software for the Institute. More than 50 students from the print and radio mainstream have qualified with a certificate from the Institute. Similarly, the Pacific Islands News Association (PINA), a regional media organisation based in Suva coordinates training programmes for media organisations in the region.

## RECREATION & SPORTS



Sport, with its intrinsic values, plays an important role in nation building programme. It provides lucrative employment opportunities and promotes Fiji as a tourist destination. Fiji is gaining an increasing reputation for hosting a range of sporting events. Fiji has proved its resilience with the hosting of what is being called the biggest and the best South Pacific Games ever. The 12th SPG games was held from June 28 - July 14 2003 and altogether 22 island countries participated. With the financial support of the Government of the People's Republic of China who spent \$25 million on the development of sporting facilities and a contribution by the Fiji Government of \$17 million for the upgrading of sporting facilities, the event presented the largest and most complex organisational challenge. With the untiring efforts of FASA-NOC, the SPG organising committee, government and the Suva City Council, the games provided an ideal opportunity to rebuild the country and to promote the spirit of multiculturalism, of togetherness and working for a common goal. The Suva City Council under the leadership of Lord Mayor Cr Chandu Umaria spent around \$5 million on the beautification of Suva. The games have seen the development of new facilities

namely the Multi -purpose Hall which has the potential to seat up to 4000 spectators and houses three competition size basketball courts with sprung timber flooring identical to that used for the Sydney Olympics. The National Aquatic Centre features a 50 - meter competition pool and a 25-meter warm up pool, fully lit at night training and the National Hockey Centre has the facility to seat up to 500 spectators and features a water base synthetic pitch, which is the finest playing surface available. The new facilities also include a Netball Centre, Beach Volleyball Centre and Baseball Grounds. A total of 34 venues were being used during the Games, with most of them located in the Suva area. A number of sporting events took place during the two weeks and the 22 countries competed for gold , silver and bronze medals. Fiji came second in position by winning altogether 182 medals. It won 65 gold medals, 60 silver medals and 57 bronze medals. New Caledonia topped by winning 242 medals.

Sporting bodies that are involved in their own development projects will be assisted and encouraged by the government. In addition to this, government has started to introduce sports development officers in various districts and in various sports to

look after the development of a particular sports at all levels. Sports in Fiji also plays a vital role in bringing together people in this multiracial society, promoting racial harmony and tolerance. It has also helped promote Fiji's image regionally and internationally.

The country's outstanding achievements in the rugby sevens code in Hong Kong in 1990, 1991 and 1992 have been seen as a major breakthrough in the international sporting arena. Sports has become a major income earner for many of our talented athletes who have successful careers overseas. These athletes are contributing to the higher level of remittances from abroad. Total remittances increased to over \$230 million last year and is now the third largest foreign exchange earner and may soon surpass the earnings from our sugar exports. Fiji won the sevens world title (Melrose Cup) in 1997. Fiji rugby is praised highly by international rugby fans. To further foster the development of sport, a "Sport for All" programme was launched in 1996.

This programme promotes mass participation in physical education and sports-oriented activities for recreation, leisure, health and fitness. In the same year, the game of rugby union moved towards a new era of professionalism and commercialisation through the formation of Fiji Rugby Management Ltd (FRML) to finance the Fiji Rugby Football Union. Government guaranteed a \$2.2 million loan to the FRML to enhance the development of the game.

In world sports, Fiji is making an impact with golfer Vijay Singh being World No. 2. Fiji's own Tony Phillip took the world by storm when he won honours in the world surfing championship in 1991. He is ranked 5th in the world. These achievements, have inspired the government and other sporting bodies to further exploit the many raw talents existing in Fiji. And already underway are plans to boost the country's performance in sport and improve its medal prospects in future olympics. While rugby and soccer continue to be the major competitive sport played in the country, athletics is also developing steadily together with other sports rated for medal prospects in the Olympic Games. These include boxing, judo, weight lifting, swimming and board sailing. Other sports played extensively in Fiji are netball, volleyball, golf, basketball, and bowling.

#### Fiji Sports Council

The Fiji Sports Council was established by an Act of parliament in 1978 to promote and develop sport in Fiji. It is currently the main sporting body. The present government accepts that sports development must be part and parcel of national development. The Fiji Sports Council has prepared a 5-



year Master Plan of sports development that is envisioned to culminate with a viable and fully-functional Sport-for- All program by the Year 2000. The Ministry, through the Fiji Sports Council will pursue a Facility Development Programme that should see sports facilities being developed in main centres throughout the country. In 1999, Fiji won the bid to host the 12th South Pacific Games and a master plan was developed in 1998 to guide the development of sporting facilities that would enable the country to host the year 2003 South Pacific Games. Sport also contributes to good health and well - being of all citizens. Over the next five years, the Ministry and the Fiji Sports Council will vigorously promote Sports for All Programmes, which will involve all citizens regardless of age, size, gender or physical ability. The Ministry is also looking into the possibility of having a national sports day in which all facilities owned by government will be opened to the public for sporting activities throughout the day. It will be a day for families and for all communities to come together and promote the objectives of social cohesion and social integration. In addition, the Sports Academy Outreach Programme, will continue to take place in rural communities. In 1994, an agreement was signed between Government and the Tattersall (Tattslotto) Company of Victoria, whereby the Company provides financial support to FSC to fund the development of sports facilities nationwide FSC has collected over \$2 million since Tattslotto was introduced in December,

1994. Thirty five per cent of the income received from Tattslotto has been spent on sports development and 65 percent was utilised for facilities development. It is anticipated that the endeavours of the Fiji Sports Council will result in the short to medium term to an increase in the medal harvests of the country in regional sporting events, and an improvement in its international ranking.

### Festivals

Besides sports, Fiji is also noted for its colourful festivals, filled with fun. Easter and Christmas are of great importance to this religious country. In September Fiji's sugar city, Lautoka, comes alive with its Sugar Festival, Nadi town has its annual Bula (welcome) Festival in July, and Fiji's carnival of the year Hibiscus Festival is held in Suva during the month of August. A pretty sight which comes up every year throughout Fiji is the Hindu festival of lights, known as the Diwali festival. The island of Beqa



is noted for its spectacular and exciting ritual of Fijian firewalking. The Hindu ritual of firewalking is performed by the South Indians in many of their temples. Other religious festivals celebrated in the country are the Ram Naumi which is a nine day activity to celebrate the birth of Lord Ram and the Diwali festival which is the festival of lights a special occasion in the Hindu calendar and one which brings joy to all the communities in our country. It is a festival which has kept Hinduism alive for centuries - the historic event of Lord Rama's victory after 14 years in exile. The Chinese community celebrate a colourful festival during the end of the year known as the Chinese New Year. It is observed to welcome the arrival of the Spring season and pray for peace and prosperity in the coming year. The Muslim community celebrates the Eid festival in November. This is after 30 days of fasting after seeing the

first moon by following the Lunar calendar.

### Recreation

The 300 islands that make up the Fiji group contain a surprising variety of sights, often of great interest and astounding natural beauty. Fiji's bigger towns and cities are abound with things to do at night. One can choose from the cinema to night clubs and restaurants. Films in both English and Hindi are shown at modern cinemas throughout the country. Downtown Boulevard, Dolphins and Macdonald's are just some of the grand recreational names. Internet cafes provide valuable service to the public seven days a week. They offer on line games, high speed and low speed connections and people can send sms (E-mail to mobiles) to anyone within the country. People can talk to each other online in every country in the world and surf at affordable costs.

A living exhibit of Fijian history and culture can be found at the Pacific Harbour Cultural Centre in Deuba. At Orchid Island which is about fifteen minutes drive from Suva city, there is a fine collection of Fiji's plants and animals. There are a number of parks and reserves in Fiji and many of them serve as good eco-tourism attractions. Some of the notable ones are Lololo/Nalowela Forest Park and reserve and the sand dunes at Sigatoka which is regarded as one of Fiji's earliest pre-historic sites. The Garden of the Sleeping Giants, located 6.5 km from Nadi International Airport, has Fiji's largest orchid collection; the island of Vatulele is famous for its red prawns and Taveuni known as the Garden Island of Fiji boasts some of the country's spectacular waterfalls, miles of white sandy beaches and the home to country's unique flower; the legendary 'Tagimoucia'.







Infrastructure development contributes much to economic activity and the general standard of living. The maintenance of existing infrastructure to improve the deteriorating conditions of the existing assets will be an area of focus in this sector. Therefore, Government will ensure effective periodical maintenance of Government assets to sustain their economic value. The major provisions for this sector include:

- \$1 million for Repair and Upgrading of public buildings.
- \$1.4 million for Government's contribution to the second Rewa Bridge bypass
- \$11 million for tourism infrastructure
- \$8 million for periodic maintenance for roads.
- \$35.1 million for urban and regional water supplies, including \$17.9 million for Nadi/Lautoka, \$6 million for Suva/Nausori, \$2 million for Korovou and \$1.8 million for Rakiraki.
- \$ 2.5 million for other rural water supplies.
- \$16 million for maintenance and operations of existing water supplies.
- \$35.2 million for Fiji road Upgrading Project 111.
- \$ 1.9 million for upgrading of jetties in Kadavu, Savusavu and Taveuni
- \$ 5.4 million for development of urban sewerage services, including \$1 million for

Lautoka, \$1.5 million for Suva and \$1.5 million for Kinoya and

- \$3.8 million for the maintenance and operations of urban sewerage systems.

As an island nation with an open economy, Fiji is heavily dependent on transportation services. The transport sector accounts for around 12 per cent of GDP. Government's major role in the transport sector is through the development of infrastructure (roads, jetties and airstrips), and providing the regulatory framework for the operation of all transport modes. Statutory bodies run the major airports and ports. Transport services are mainly provided by the private sector, though government is also involved in inter-island shipping, shipbuilding and ship repair. As a shareholder in the airline industry, government also assumes a planning role in relation to the various transport modes. The National Transport Sector Plan was produced in 1993.

## Roads

Public investment in the road network saw its expansion from around 2,600 kilometres to 1970 to about 5,300 kilometres in 1997, of which about 1030 kilometres is tarsealed. Viti Levu and Vanua Levu account for 90 per cent of the total network, while Viti Levu has 77 per cent of the sealed roads. Public transport by road, including bus, carrier and taxi

services is provided by private operators. The transport industry is subject to a high degree of regulation. In addition to technical and safety issues, many economic aspects of the industry is regulated. Prices are regulated in the bus, taxi, domestic aviation and inter-island freight industries. Route licensing applies in domestic aviation and the bus industry. A National Road Safety Council (NRSC) as a statutory authority was formed in 1995 with responsibility for the overall co-ordination of road safety activities in the country. The NRSC has a full time Secretariat which provides technical service to the council, monitors road safety activities of the various agencies and promotes safe driving.

### Road Maintenance Sector Project

Over the last five years, the government has made capital investment of more than 100 million for improvement and construction of new roads. Until the mid-eighties high emphasis was given to expand the road network. Fiji embarked on more ambitious investment programmes beginning with the first Fiji Road Upgrading Programme (FRUP I). The FRUP II has been one of the major achievements in the roading sector. The Asian Development Bank, World Bank and the Exim Bank of Japan co-funded projects cost \$118 million. The roads included in the project were - Cunningham Road (Suva), Khalsa road (Suva), Kings Road (Suva-Nausori and Dama-Navolau), Nadi Back road extension; (Queens Road (Airport to Lautoka) Lomolomo duplication, Transinsular Road in Vanua Levu, Nabouwalu Road and Wanikoro Road. Under FRUP III, the ministry was to spend some \$10 million for a five year period for road maintenance. Government has allocated \$192.7 million to infrastructure development. Major allocations include \$8 million for road maintenance and \$37.2 million

for Fiji Road Upgrading Project, Stage 111. The Qeileoa over-pass road approaching Nadi town is a new feature. The overpass was constructed at a cost of \$750,000. The construction of the bridge is the first in Fiji where the locomotives pulling cane trailers will pass beneath. The spot was also prone to floods as the approach to Nadi town on the Sigatoka side was a hazard to motorists because of the dip in the road. Nausori is to have a new bridge over the Rewa river by the year 2003. The government has signed an agreement with the European Union for a \$25 million bridge.

### Shipping

Since Fiji comprises 300 islands, shipping is a vital means of transport for people living in the outlying areas. In terms of Sea Transportation, the Department of Government Shipping Services and the Fiji Islands Maritime and Safety Administration's primary goal is the provision of frequent, regular and reliable Inter Islands Shipping Services to the Nation.

The Department is charged for implementing regulations embodied within the Marine Act of 1986, the strategies of which includes regulating inter island shipping services, Registration of all Fiji Islands vessels and the insurances of Competency Certificate by the Fiji Marine Board, to name a few.

In Government's endeavour to provide regular and reliable shipping service especially to remote islands, which may be portrayed as routes uneconomical to private Commercial Shipping Companies, Government had since 1997 introduced the Shipping Franchise Scheme. Initial areas covered had been Northern Lau, Southern Lau and Rotuma whilst in 1999; franchises were extended to cover Kadavu, Yasawa and Lomaiviti with an increase in its yearly budget allocation to \$1.5 million

from \$500,000. As for the Government Shipping Services operations, the Ministry is currently implementing a Shipping Refurbishment exercise of the current Government Shipping Fleet with an annual Capital allocation of \$1 million. The refurbishment project started in 2003 and will end in 2005 with the prospects to continue further depending on funding and needs. Other Capital projects that are ongoing include upgrading of lighthouses, installation of Mooring Buoys, Beacon Piles and dredging of waterways.

### Air Services

Fiji enjoys regular air services to Australia, New Zealand, the United States of America, Canada, Europe, Japan and South Korea. International airports are located at Nausori and Nadi. The Nadi airport underwent a \$10 million expansion in 1987-88, a far-sighted move by Government at a time when tourist arrivals were at its peak. In the past, the Civil Aviation Authority of Fiji (CAAF) owned and operated Fiji's international airport at Nadi and was contracted by the Government to operate 13 other domestic airports within the country and Rotuma. In addition, CAAF was responsible for controlling all aircraft passing through the Nadi Flight Information region, an area of 7.5 million square kilometres. The new company, Airports Fiji Limited (AFL) was formed in April, 1999 to take over the commercial operations of CAAF as part of government's reform of its public enterprises to improve customer focus, lower costs to business and consumers and to improve efficiencies, in particular the return on investment. The present administration has reviewed the current position of CAAFI and AFL and has decided that both entities are to continue as separate operations. CAAFI is to be the regulator of Civil Aviation. In this regard, it is

responsible for the following: licensing of airports; certification of people who work in the industry; licensing of aviation operators; certification of airport airworthiness and ensuring that International Civil Aviation Organisation standards and obligations are met. AFL, for its part, is to own and manage all public airports- Nadi, Nausori and 16 outer island airports. Both Nadi and Nausori airports have seen developments in recent years that has left them well equipped to enter the 21st century. Government through AFL has just recently expanded over \$20m upgrading works at Nadi International Airport which is the gateway to our beautiful country. This investment shows the trust we have in our future and our country's well being. Recent activity at Nausori International Airport has seen the upgrading of the runway and Air Pacific's introduction of the Boeing 737 - 700 series aircraft and a new Boeing 737 -800. Air Pacific is the focus of international air services, while a range of other carriers also serve Fiji. In 2001, Cabinet approved the sale of government shares in Air Pacific to Qantas Airways for a total of \$26 million. The sale reduced Government



shares in air Pacific to 51 percent and increased Qantas equity in the airline to about 46 per cent. In the domestic arena there are several airlines serving Fiji. Air Fiji which is 11 per cent government owned is one of the two airlines providing scheduled air services in the domestic market. The other is Sun Air. Pacific Island Air Ltd, coral Airways, turtle Airways and air Wakaya provide plane charter services and Pacific Crown Aviation provide a helicopter hire service.

### Land Transport Authority

In terms of Land Transport, the Land Transport Division within the Ministry is responsible for monitoring the implementation of the Land Transport Act by the Land Transport Authority and the performance of the National Road Safety Council as established under Parliamentary Act No.18 of 1994. With the advent of the Land Transport Act in 1998 and with line agencies it correspondingly recommends to Government amendments to the Act and Land Transport Regulations as and when the need arises. Government very much recognises the invaluable contributions and the sacrifices that has been rendered by our senior citizens and as such is currently pursuing the idea for senior citizens of 60 years and over to be exempted from bus fares. To protect the high level of Government investment in the national road network and maintain good roadings for motorists, effective controls and strategic plans were introduced on vehicle overloading. Off the road weighing sites were identified, some already constructed and others still be completed. The strategic plan to reduce excessive smoking of vehicles to international standards is currently being addressed on two (2) fronts. The LTA is booking offenders by issuing Traffic Infringement Notice using the ten (10)seconds continuous emission smoke

rule. A technical assistant is being sourced through the World Bank to look into this area and to make appropriate recommendations to Government. Review of the Land Transport Act 1998 is to be undertaken once interested parties have made appropriate submissions to the authority. Perhaps what is important here is, since the Land Transport Authority was introduced in year 2000 more time is required to assess its efficiency and effectiveness in service delivery.

### Telecommunications

Fiji is equipped with modern technology for both its internal and international telecommunications. All major towns have digital telephone exchanges and the islands are linked by cable and satellite to world - wide networks. Worldwide Direct Dialling is available and the full range of modern services can satisfy the most demanding business requirements. Telex facilities are comprehensive and facsimile machines are in wide use. At the beginning of 1990, the old Telecommunications Department was replaced by Fiji Posts and Telecommunications Ltd, a private company wholly owned by Government. FPTL currently consists of the Telecom division (now Telecom Fiji Limited) and Posts Fiji Limited both headed by Managing Directors. International telecommunications is operated by Fiji International Telecommunications Limited (FINTEL), a joint venture between Cable and Wireless and Government. The integration of Telecommunications Fiji Limited (TFL) and FINTEL into the holding company Amalgamated Telecom Holdings (ATH) has resulted in the creation of the merger of the two entities, and through an offering, the sale of 51% of the holding company to the FNPF. The Telecommunications Regulatory Unit (now Ministry of Communications) was established in 1990. Whilst

generally the unit performs the functions and responsibilities of radio frequency spectrum management it is also responsible for:

- development of national plans and policies on the utilisation of the radio frequency spectrum which ensures the employment of the best combination of telecommunication systems in the sector to meet the needs that have been identified.
- development of national positions on key spectrum issues of interest co-ordinated with national policies and plans, and national position on issues of common interest at a regional and international level.
- co-ordination of all proposed radio frequency assignments with regard to existing assignments on a national, regional and international basis.
- application of the national policies, legislation, regulations and procedures governing telecommunications and radio communications.
- stipulation and enforcement of technical regulations on operations in the sector.
- development and application of standards and procedures for approved customer premises equipment.
- development, establishment and maintenance of a database and necessary statistical technical and operational information for the proper management of resources handled by the Unit

It also exists primarily to be responsible for and to ensure that the duties, functions and responsibilities of the Minister for Communications are satisfactory carried out, which duties, functions and responsibilities are enumerated in the Posts and Telecommunications Decree 1989 and the Television Decree 1992. Annually the revenue collected by the Unit contributes \$2-\$2.6 million to the Consolidated funds.

### Information Communication Technology

Information technology and knowledge - based industries hold very high potential for Fiji, and the government is keen to see it develop to its fullest extent. To continue to promote the development of the industry, the IT-related investment allowance of 40 per cent provided under the investment Package will remain until 2005. This allowance requires a minimum investment of \$50,000. In 2002, the importation of computers and accessories were made duty free to make the items more affordable. Government is currently reviewing its strategic direction for IT development and has allocated \$1 million to implement recommendations of the IT review. Recent development in Fiji's telecommunications infrastructure and improvements in the communication links to the world wide provide the country with a good platform for IT development. The Southern Cross Cable system which links Fiji, New Zealand, Australia and the United States has opened up great potential in this area. The high speed network can now deliver 120 Gbits (capacity of new submarine cable system) of fully protected capacity between Australasia and North America giving Fiji's businesses power to thrive in the globalised on line world. This government is supportive of initiatives to develop Fiji's Information and Communication Technology (ICT) industry given its potential of being Fiji's new growth industry.



The age of information technology has proved that isolation is no longer a constraint to our pursuit of economic development. Government recognises the infrastructure capacity via the Southern Cross Cable Network provides the impetus for “bridging the digital divide” and optimising our opportunity as the hub for information and communication transmission. Fiji has also begun to take bold steps towards attracting investments in the IT sector. A study jointly funded by the FITIB, Telecom Fiji, FINTEL, and the Ministry of National Planning commenced work in this area late last year. The report has revealed that Fiji has a well developed infrastructure, attractive time zone and good supply of labour to move in this direction. The FITIB has already begun work in this area and has set a target of five (5) investments for this year specifically in IT industries which could generate around 400 jobs. Compared to other South Pacific countries, Fiji has rapidly penetrated into the electronic age. E-Mail, Website and Internet have become our daily means of communication. Fiji’s information technology advisory council (ITEC) has already been set up comprising personnel from the Ministry of Communications, Connect, Information Technology and Computing Services (ITC), Fintel, National Planning office, University of the South Pacific (USP), FITIB and other private sectors. A key priority of ITEC is not only to provide the rural population with the basic telecommunication facilities but also Internet access which is considered in most the countries as a necessity. The group is working on the final draft of the ITEC policy which is expected to be in place by this year.

### Energy

Fiji continues to seek alternative sources of energy to supplement its large import bill.

Current projects although small, if successful, could provide the much needed answers to Fiji’s energy problems. The Department of Energy (DoE) is continuing its investigations to assess the economic viability of a number of renewable energy resources. The major areas of investigations being wind, geothermal and hydro power. Proven solar lighting systems are being promoted and disseminated as an option for rural electrification. DoE is also pursuing programmes in energy conservation to improve the efficiency and reduce energy costs. Energy conservation programmes which to date have been largely confined to the public sector include energy management systems for buildings, fuel substitution, air - conditioning, heat recovery and lighting. Strategies are being designed to extend this programme to the private sector and the general public in the form of energy education. Fiji’s current energy requirements are met from a number of sources including hydro and diesel generated electricity, fuel wood, bagasse, coal and petroleum products. Of these major energy sources, coal and petroleum products are imported while the rest are produced locally. The total reliance on imported fuel has been an obstacle to Fiji’s development. Nearly half of Fiji’s total energy is imported from Australia, New Zealand and Singapore. Australia and New Zealand were the major suppliers of petroleum products in the country. The transport sector is the main user of commercial fuel mostly in the form of petroleum, while the other half is indigenous and non commercial in the form of bagasse, wood and petroleum fuel.

### Fiji Electricity Authority

The Fiji Electricity Authority established in 1966 is responsible for generation, transmission and distribution of electricity in Fiji. It is esti-

mated that about 57 per cent of Fiji's population have direct access to power supplied by the FEA. Approximately 40 per cent of energy needs are supplied by local resources and 60 per cent are based on imported fuel. In 1996 FEA operates six separate supply systems of which the hydro based Viti Levu interconnected system (VLIS) is the largest, accounting for more than 90 per cent of the total FEA sales. Other systems operate at Ovalau, Rakiraki, Korovou, Labasa and Savusavu. Generation is entirely diesel based at Ovalau and Korovou while at Labasa and Rakiraki it is supplemented by electricity generated at the sugar mills. In Savusavu generation is based on 800KW hydro and supplemented by diesel. Government's effort in the power sector is concentrated on encouraging FEA to operate on a commercial basis. A review of FEA's operation's and management was implemented in mid 1996. The Monasavu hydroelectricity project opened in 1983, is one of the most ambitious and largest energy diversification projects undertaken in Fiji.

This project was completed at a cost of \$230 million and has resulted in annual savings of \$22 million in terms of petroleum imports. However, the Monasavu project which generates 95 per cent of Viti Levu's electricity has now reached its maximum generation capacity, requiring diesel backup in times of peak demand. Two rural mini hydro schemes have been completed. The Bukuya project in Ba generates 100 kilowatt of electricity and the Wainique project in Savusavu generates 800 kilowatts. Plans are underway to construct similar mini hydro schemes in Taveuni, Bua and other areas. The Department of Energy (DoE) is continuing its programmes to promote the use of renewable energy resources and exploit these resources to provide high quality energy. Fiji is blessed with indigenous renewable energy resources such a water (hydro), wind and

solar and these can be developed into sound technologies with minimal environmental impact. There is also need to reduce Fiji's dependence on imported expensive petroleum products and therefore curb global warming by reducing emissions. DoE has coordinated the installation of various renewable energy projects throughout Fiji. These are mainly mini/micro hydro schemes, solar energy for lighting, water pumps, hot water system, video and television and steam plant for drying copra.

The department has installed five wind monitoring stations at selected sites in Fiji to assess the potential for wind power generation. If these sites are found to be viable, potential investors and funding for wind power generation will be sought for development. Last year the DoE in cooperation with the Pacific International Centre for High Technology Research (PICHTR) embarked on a hybrid power project, the first of its kind in the country. The Nabouwalu Hybrid Power Project was first initiated in 1995 and in 1996. The DoE through its Renewable Energy Development Program (REDP) installed a wind and solar monitoring station at the site to collect relevant data and determine the feasibility of utilising wind energy. The Nabouwalu Village Hybrid Power System includes the utilisation of wind and solar energy and its system design includes eight wind tubines. It also includes a 40 KW solar array and two 100k VA diesel generators as a back-up system. This hybrid system is designed to provide power to the whole Nabouwalu Government Station and Nabouwalu village.

### Rural Electrification

Rural Electrification (RE) has been given a high priority by the government. The formation of a Rural Electrification Unit is part of the government's commitment to ensure effective implementation of the policy. The new rural

electrification policy is based on a user pays principle with rural consumers paying 10 per cent of the capital costs of a scheme and the government, 90 per cent. The policy offers consumers the choice of electrification system from diesel, grid connections, solar and hydro.

### FEA's New Friendly Policy

Previously, electricity users were divided into three categories - industrial and commercial customers who generally demanded very large quantities of electricity, rural customers, including settlements and villages and rural commercial and industrial customers and thirdly, real estate developers who carry out subdivision works and who had to ask FEA for the reticulation of subdivisions. In the new policy, where there is a need to set sub-stations or extend the supply system to get electricity, FEA is giving a third option-businesses do not have to pay cash. Instead they simply lodge with the authority a bank guarantee equal to 100 per cent of the cost of the work. There will be no connection cost for rural dwellers as long as FEA makes an eight per cent return on capital investment through tariffs. The customer's only cost would be the wiring of the house and paying FEA for the electricity used. Electricity rates dropped by 1.5 cents per unit from August 1. The reduction is being made possible by the continuing decrease in the FEA's total debt. This fell from \$344 million in 1987 to \$123 million this year. The cost of servicing loans has dramatically dropped from nearly \$134 million in 1987 to a little more than \$14 million this year.

Meanwhile, four new generators costing the FEA \$28 million has been purchased. And with their installation, FEA expects to save \$2.5 million for the rest of the year. The generators will help meet the increasing energy and demand requirements on Viti Levu

for the next five years. Two generators have been installed at Kinoya while another two are in operational at Vuda outside Lautoka. The operations and maintenance of Fiji electricity Authority's (fea) diesel power generation plants at vuda and kinoya weretaken over by United States-based Company, Telesource International Inc. in May this year. Telesource International specializes in complex construction, power plant operations, water desalination and broadcasting station projects. It is a public company listed on the New York Stock exchange with total assets of \$175 million and a work force of 1,250 employees. Its wholly owned Fiji subsidiary, Telesource Fiji Ltd (TFL) will be responsible for the operation and maintenance of fea's diesel plants at Kinoya and vuda, the two largest diesel power stations in Fiji.

THE TFL was awarded a 20 -year, Energy Conservation Agreement (ECA) with the fea. Telesource is an internationally recognised power plant operator. Its expertise in working with the latest technology will bring an increased efficiency and the latest best practices to the operation of fea's power plants. The present electrical demand on Viti Levu of 100,000 kilowatts is expected to increase to close to 160,000 kilowatts during the next ten years. Meanwhile, fea and Australian -based Pacific Hydro Limited (PHL) signed a joint venture agreement in June this year, to develop renewable energy projects in Fiji over the coming years. Initially, the two utilities will continue to develop the \$18 million Wainikasou and Vaturu Hydro schemes on Viti Levu. Additionally, the joint venture is looking at a \$30 million wind farm located in the Sigatoka Valley area. The cost of the projects will be shared equally between the joint venture partners. The projects are expected to be operational in early 2004.