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## **STANDING COMMITTEE ON SOCIAL AFFAIRS**

### **REVIEW OF FIJI NATIONAL PROVIDENT FUND 2018 ANNUAL REPORT**



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## CHAIRPERSON'S FOREWORD

I am pleased to present the report of the Standing Committee on Social Affairs on the annual review of the Fiji National Provident Fund for the year ended 30 June 2018.

In accordance with its established Annual Report review process, the Committee examines Annual Reports of agencies, in order to investigate, inquire into, and make recommendations relating to the agencies' administration, legislative or proposed legislative programme, budget, functions, organisational structure and policy formulation. As part of this process, the Committee conducted public hearings to gather additional information.

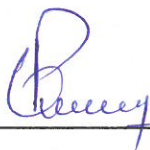
The process has proven to be an effective means of gauging its progress and maintaining a high level of scrutiny of the agencies under review.

This review was made and was done in accordance with Standing Order 109(2)(b) which mandates the committee to look into issues related to health, education, social services, labour, culture and media.

The review looked at nine key areas covering the 2017/2018 Financial Year, conducted into: The Fund's administration; structure; budgetary allocation; programmes offered; policies; challenges; highlights; priorities for the coming years; and its implementation of the Sustainable Development Goals.

At this juncture, I also wish to thank the Chief Executive Officer of the Fiji National Provident Fund, Mr. Jaoji Koroi, and his staff for their assistance in this inquiry. I also extend my sincere appreciation and gratitude to my Committee colleagues and Committee staff for their contributions and support.

I, on behalf of the Standing Committee on Social Affairs, commend this report to Parliament.



**Hon. Viam Pillay**  
**Chairperson**

## LIST OF ACRONYMS

FNPF	-	Fiji National Provident Fund
FY	-	Financial Year
IFRS	-	International Financial Reporting Standards

## **RECOMMENDATION:**

The Standing Committee on Social Affairs has conducted a review of the Annual Report of the Fiji National Provident Fund for 2018 and recommends that Parliament takes note of its report.

## **INTRODUCTION**

The 2018 Annual Report of the Fiji National Provident Fund was tabled in Parliament during the February 2019 meeting and referred to the Standing Committee on Social Affairs, for its scrutiny.

Standing Orders 109(2)(b) allows Standing Committee on Social Affairs to examine matters related to health, education, social services, labour, culture and media.

Standing Orders 110(1)(c) authorises the Standing Committee to *scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure and policy formulation.*

## **COMMITTEE MEMBERS**

The substantive members of the Standing Committee on Social Affairs are:

- Hon. Viam Pillay (Chairperson)
- Hon. George Vegenathan (Deputy Chairperson)
- Hon. Alipate Nagata (Member)
- Hon. Salote Radrodoro (Member)
- Hon. Dr Ratu Atonio Lalabalavu (Member)

During the Standing Committee's meetings, the following alternate membership arose pursuant to Standing Order 115(5):

- Hon. Mikaele Leawere
- Hon. Simione Rasova



## **PRINCIPAL ACTIVITY OF THE FIJI NATIONAL PROVIDENT FUND**

The Fiji National Provident Fund is a defined contribution fund that provides superannuation services to its members. The operations of the Fund is guided by the FNPF Act 2011, with section 6 prescribing its functions and responsibility to:

- collect and manage contributions,
- hold, invest and manage the funds,
- research, develop and offer financial products and services,
- conducting education and awareness programs, including publication of materials to promote savings for retirement, and
- providing the Government of Fiji advice on matters affecting retirement savings.

FNPF is a major investor in Fiji and one of the country's largest property owners. The Fund also owns majority shares in Amalgamated Telecom Holdings Limited, Vodafone Fiji Limited, Home Finance Company Limited, and fully owns the Natadola Bay Resort Limited (InterContinental Fiji Golf Resort & Spa), Holiday Inn Suva, Momi Bay Resort Pte Limited (Fiji Marriott Resort), Grand Pacific Hotel and the Sheraton and Denarau Villas.

## **ISSUES RAISED**

### **LOW MEMBER BALANCES**

The Fund continues to manage the ongoing challenge of low member balances. As of 30 June 2018, a total of 71% of its members had balances below \$10,000. Of this, 57,000 are over 50 years old and will be retiring in the next five years. Issues such as irregular work patterns, relatively low income, non-compliance from employers and general reliance on FNPF to finance other expenses are reasons for these low balances. The challenge for the Fund is to strike a balance between assisting members achieve a better quality of life and in saving for retirement.

The committee notes that FNPF continues to instill a savings culture amongst its members by conducting retirement planning and awareness sessions at workplaces. Furthermore, as part of the National Financial Inclusion Taskforce, the Fund co-hosted the first ever Retirement Expo in Suva and Lautoka in collaboration with 22 stakeholders to raise awareness on retirement planning. The Expo is expected to be an annual event with sessions expected to be held in more areas.

### **RECOMMENDATION**

1. That the Fund strengthen its retirement planning and conduct vigorous awareness sessions in order to instil a savings culture amongst its members.

## **EXTENDING THE FUND'S COVERAGE TO THE INFORMAL SECTOR**

The committee is aware of the changes in the Fijian Labour market demographics and the rise in informal employment. It is concerning that both skilled and unskilled workers in this sector are usually not covered by formal work arrangements or by a retirement scheme.

We note the efforts being made by the Fund to extend coverage to the different occupational groups in this sector. It is also taking steps to collaborate and partner with government ministries and other private organizations to put together suitable products and to simplify its services that would appeal to these segments.

### **RECOMMENDATION**

1. That the Fund collaborate and partner with Government Ministries, Private Sector Organisations and different occupational groups to put together suitable products and simplified services to attract skilled and unskilled workers.

## **INVESTMENT DIVERSIFICATION AND OPTIMISATION**

Amidst rapid contribution growth, a small Fiji market, restrictions on off-shore investment opportunities, and a small and inactive capital market; investment diversification and optimization remains a key issue and strategy for the Fund as it strives to deliver better returns for its members. The sheer size of FNPF in a small economy such as Fiji also presents challenges.

The Fund's diversification strategy focuses on enhancing the Fund's current portfolio and acquiring additional investments. This will require focus on increasing offshore investments and growth assets.

The Fund continues to work closely with the Reserve Bank of Fiji in terms of increasing the offshore investment portfolio and will focus on growth strategies in telecommunications, financial, infrastructure, tourism, housing, and medical sectors. It will further focus on growth through development in terms of commercial and housing projects and in capitalizing on the tourism value chain and in other synergies.

### **RECOMMENDATION**

1. That the Fund works closely together with the Reserve Bank of Fiji to explore more offshore investment opportunities.

## **SUSTAINABLE DEVELOPMENT GOALS**

The Fund is committed and aligned to the Sustainable Development Goals. Apart from Goals that promote Gender Equality, which is highlighted below, the Fund's social security agenda is aligned to SDG 1 – Poverty, in particular Target 1.3, which requires implementation of nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.

A core component of the Fund's Strategic Plan for FY2018 – FY2020 focuses on the Fund's responsibility and core purpose in strengthening its role in social security. The Fund is working on addressing the issue of low member balances and extending coverage to the informal sector. The Committee notes the progress being made in these areas as the Fund continues to create awareness on the low member balances and need for increased savings and financial literacy.

## **GENDER ANALYSIS**

Gender is a critical dimension to parliamentary scrutiny. Standing Order 110 (2) requires committees to consider gender equality and ensure that the impact on both men and women is explored in all matters.

The committee notes that FNPF is an equal opportunity provider with recruitment, retention, training and promotion policies that are based on merit. Women currently constitute 49.32% of its total workforce of 440. In total, women make up 44% of the leadership role in the Fund with 50% of Management roles being filled by females in the last two years. Succession planning is a key part of ensuring that the Fund continues to be an equal opportunity provider, with 55% of its successors for leadership roles being women. The Fund also supports training and development by sponsoring approved leave for Masters Programs and specialized training at renowned universities.



## **CONCLUSION**

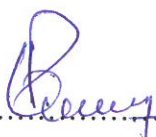
The Fiji National Provident Fund has delivered yet another strong financial performance for the 12 months ended 30 June 2018. The Committee is of the view that the Fund is now in a sound and sustainable platform for the future. However, it is crucial that the Fund addresses the strategic issues of inadequacy of member balances and extending its coverage to the informal sectors. The committee is optimistic that the Fund's Strategic Priorities 2018–2020 will help address these two key issues.

The challenge for the Fund is to strike a balance between assisting members achieve a better quality of life and in saving for retirement.


The review of the Fiji National Provident Fund's 2018 Annual Report was conducted in a very tactful and comprehensive manner. This has enabled the committee for Social Affairs to submit to Parliament a more reliable and a cohesive report.

## COMMITTEE MEMBERS' SIGNATURE

We, the Members of the Standing Committee on Social Affairs, hereby agree with the contents of this report:



Hon. Viam Pillay  
(Chairperson)



Hon. George Vignathan  
(Deputy Chairperson)



Hon. Alipate Nagata  
(Member)



Hon. Salote Radrodoro  
(Member)



Hon. Dr. Ratu Atonio Lalabalavu  
(Member)

## APPENDICES

### Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the Parliament website at the following link: <http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>

**Wednesday 13 March 2019**

Fiji National Provident Fund

**Jaoji Koroi**, Chief Executive Officer, **Alipate Waqairawai**, General Manager Member Services, **Pravinesh Singh**, Chief Financial Officer, and **Pretty Pritika**, Manager Strategic Plan.

## **Published written evidence**

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Written evidence was received from the Fiji National Provident Fund and can be viewed on the Parliament website at the following link: <http://www.parliament.gov.fj/committees/standing-committee-on-social-affairs/>