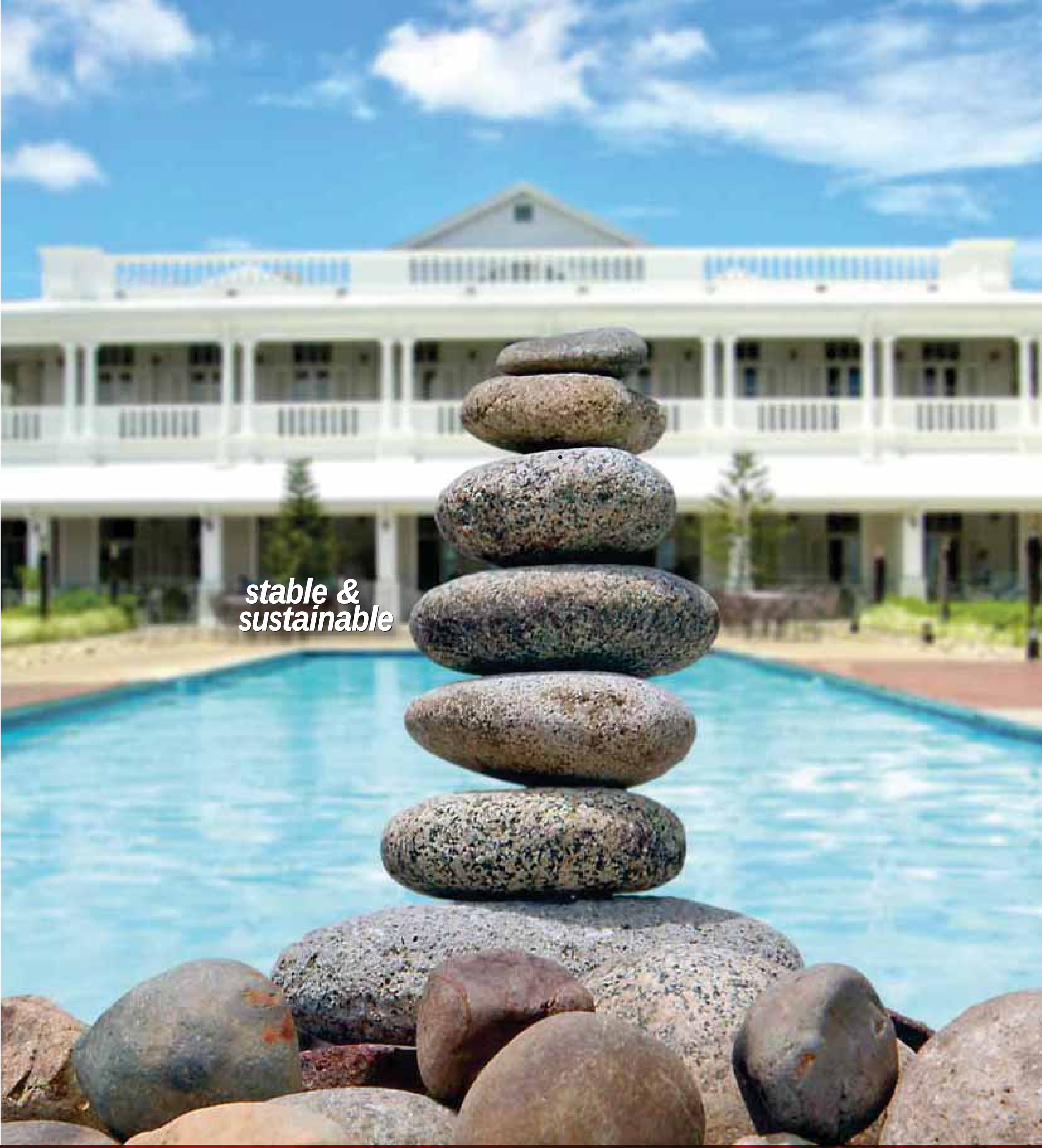


FIJI NATIONAL PROVIDENT FUND
ANNUAL REPORT 2020

FNPF
securing your future

Corporate Statement

Vision

Securing your future

Mission

To understand our customers, offer quality services and ensure sustainable returns for meaningful retirement

Values

E T H I C

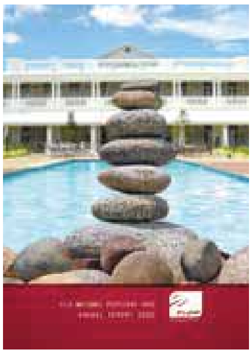
Excellence
We are committed to being the best and to deliver the best

Teamwork
We work effectively within and across teams to deliver results

Humility
We act in a manner that reflects our respect, willingness and inclusion of others

Integrity
We resolve to do what is right for our customers and colleagues even when no one is looking

Courage
We challenge ourselves to think big, be decisive and persevere to make a difference



Cover

The cover depicts this year's Annual Report theme of "Stable & Sustainable". The background is the Grand Pacific Hotel (100% owned by FNPF) representing our hotel portfolio that was impacted by COVID-19 and Tropical Cyclone Harold. Despite these setbacks, the Fund continues to be financially and administratively sustainable to meet the needs of all our key stakeholders. This report also pays homage to our long-serving employees, who have steadfastly remained with the Fund, contributing through the years to our organization goals and reflecting their trust in their employer to secure their future.

About FNPF

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. FNPF collects compulsory contributions from employees and employers towards the retirement savings of all workers in Fiji. The Fund also provides pre-retirement benefits such as housing, medical, unemployment, funeral and education assistance.

FNPF is a major investor in Fiji and is one of the country's largest property owner. The Fund also owns majority shares in Amalgamated Telecom Holdings Pte Ltd, Vodafone Fiji Pte Ltd, Home Finance Company Pte Ltd, and fully-owns the InterContinental Fiji Golf Resort & Spa, Natadola Bay Championship Golf Course, Yatule Resort & Spa at Natadola Beach, Holiday Inn Suva, Fiji Marriott Resort Momi Bay, Sheraton Fiji Resort, The Westin Resort, Denarau Golf & Racquet Club and the Grand Pacific Hotel.

Contents

Maria Rogoiruwai
Senior Financial Accountant
FNPF Suva, 30 years of service

"FNPF has been a supportive employer, helping staff through various programs in their professional development. I'm grateful for being empowered to do my work because it helps me strive to achieve the Fund's vision and mission."

Highlights

General Reserve

$1.34b

$1.34b in 2019

Member Fund

(excludes RIF and SDB)

$6.3b

from $5.9b in 2019

Investment Income

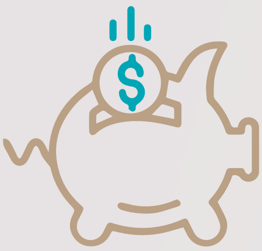
$424.4m compared to $635.5m in 2019

Total Assets

$7.9b

from $7.5b in 2019

Contributions



$591.4m compared to $651.9m in 2019

Net Increase in Net Assets

$320.4m compared to $568.4m in 2019

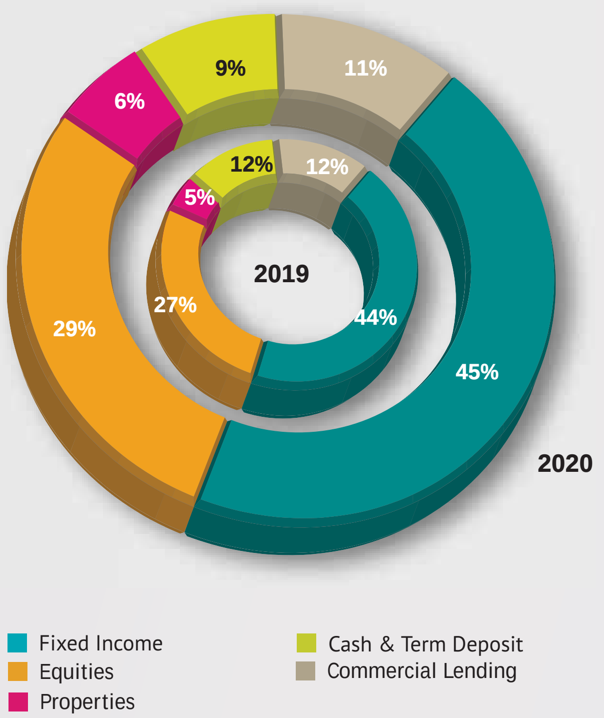
Interest Credited

$293.9m

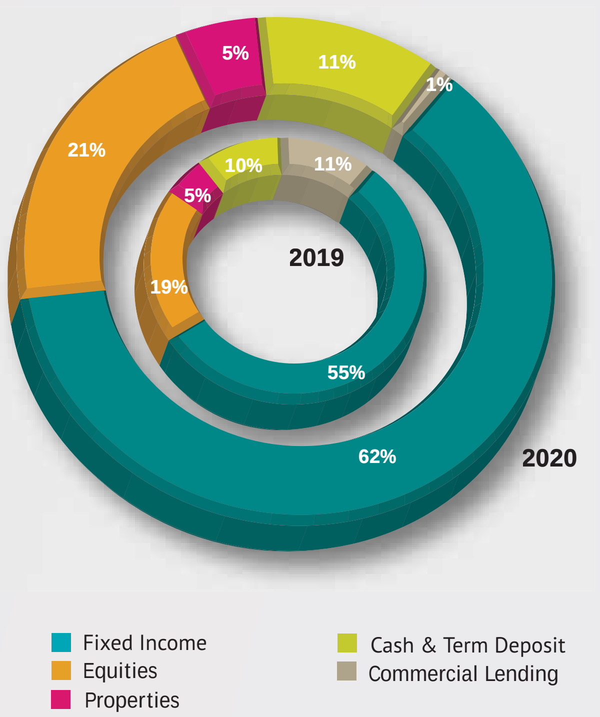
at 5% compared to $353.1m in 2019 at 6.75%

Highlights

Investment Portfolio Allocation

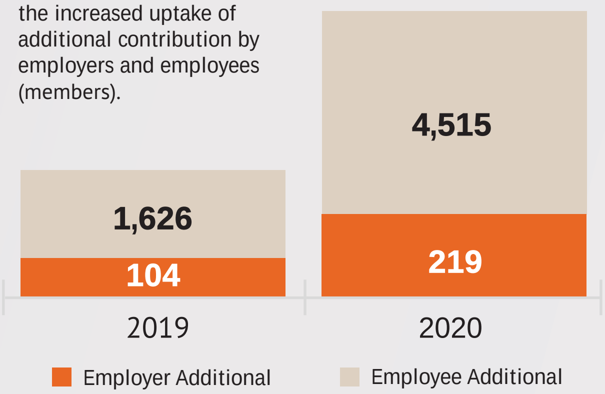


Income by Portfolio



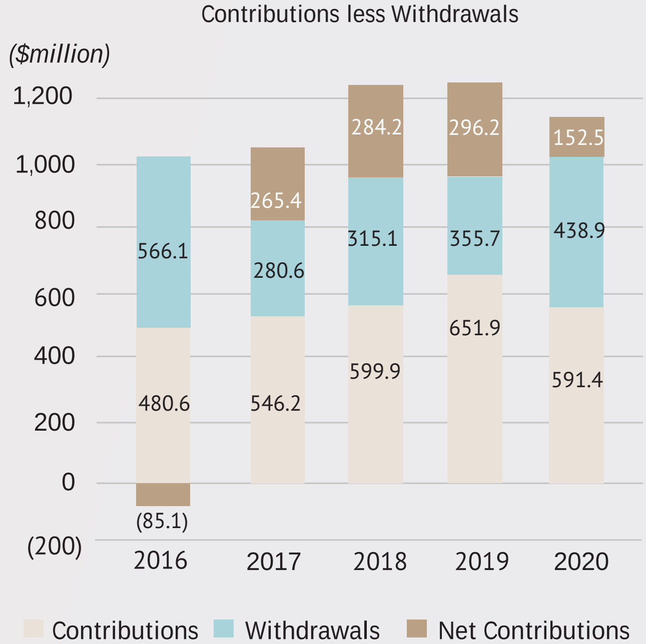
Additional Contributions

The bar graphs show the increased uptake of additional contribution by employers and employees (members).



**The mandated contribution of 10% (5% employers and 5% members) was implemented on 1st April 2020 from the previous 18% (10% employers and 8% members)*

Net Contributions



Membership

447,635

compared to 441,663 in 2019

Active* compulsory members 241,481

39% 61%

Gender

43% 57%

Derived from members with positive balances

Active* voluntary members 6,004

45% 55%

**Active members are those who contributed at least once during the financial year*

Member balances by age

Member Balances	≤ 15yrs	16-24yrs	25-34yrs	35-44yrs	45-49yrs	50-54yrs	≥ 55yrs	Total
$0	5	2,285	7,185	11,190	7,131	7,505	24,207	59,508
$0.01-$5,000.00	720	48,134	61,888	40,540	13,606	10,260	11,804	186,952
$5,000.01-$20,000.00	9	5,460	48,846	35,263	11,174	9,604	4,195	114,551
$20,000.01-$40,000.00	1	41	15,098	19,052	6,237	5,263	1,476	47,168
$40,000.01-$100,000.00		3	3,429	14,695	6,430	5,498	1,325	31,380
$100,000.01-$250,000.00			144	2,057	1,957	2,179	726	7,063
$250,000.01-$500,000.00			4	171	185	229	207	796
$500,000 & above				24	39	61	93	217
Grand Total	735	55,923	136,594	122,992	46,759	40,599	44,033	447,635**

***This includes 21,436 of voluntary members*

Member Balances 45+ years

Count
131,391

<$40,000
112,462

Active
31,017

Inactive
81,445

>$40,000
18,929

Active
15,846

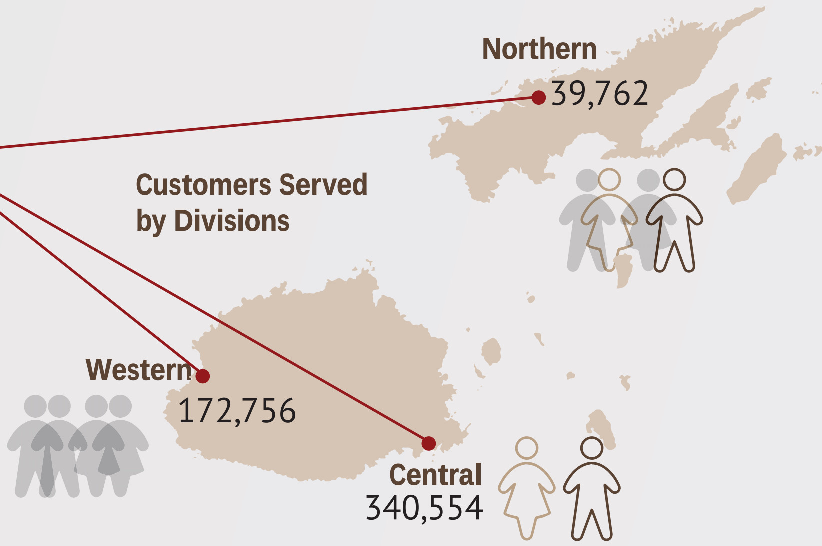
Inactive
3,083

Customers Served

553,072

compared to 552,146 in 2019

Customers Served by Divisions

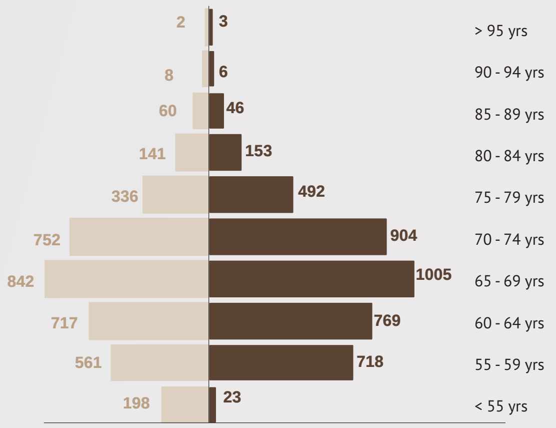


Pensioners

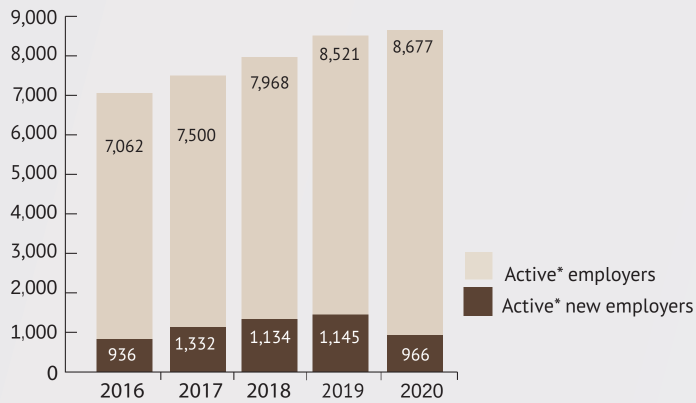
Pensioners by Age Group & Gender

3,617

4,119



Employers



**These employers are those that paid their employees' contribution at least once during the financial year.*

Withdrawals

$438.9m

paid out during the year to members

$355.7m in 2019

Small Account	Early*
$1.4m	**$117.5m**
$1.4m in 2019	$56.3m in 2019

Housing	Medical	Retirement	Death	Migration
$55.5m	**$3.9m**	**$191.8m**	**$35.2m**	**$33.6m**
$57.5m in 2019	$4.5m in 2019	$167.1m in 2019	$32.2m in 2019	$26.7m in 2019

*Increase due to COVID-19 and TC Harold withdrawals

FNPF Hosts ISSA Focal Point for Pacific Island Countries

International Social Security Association (ISSA) President Professor Dr Joachim Breuer opened the ISSA Pacific Focal Point on 20 January 2020, during his first official visit to Fiji.

The Focal Point ensures that social security and provident fund institutions in the region can fully benefit from ISSA's broad knowledge, practical services and relevant platforms to assist in the improvement of its own schemes, administration and financial management. Social security institutions in the Pacific, inclusive of Australia and New Zealand, represent around 20 million members.

The Focal Point will provide access to specialized knowledge and resources that will improve and transform social security systems.

In collaboration with the ISSA, the Focal Point will coordinate events and communications on various issues such as technical expertise, access to ISSA services, guidelines and the Centre for Excellence program and resource materials. It will also represent the region in ISSA events and provide information and updates on social security schemes and administration of the Pacific.

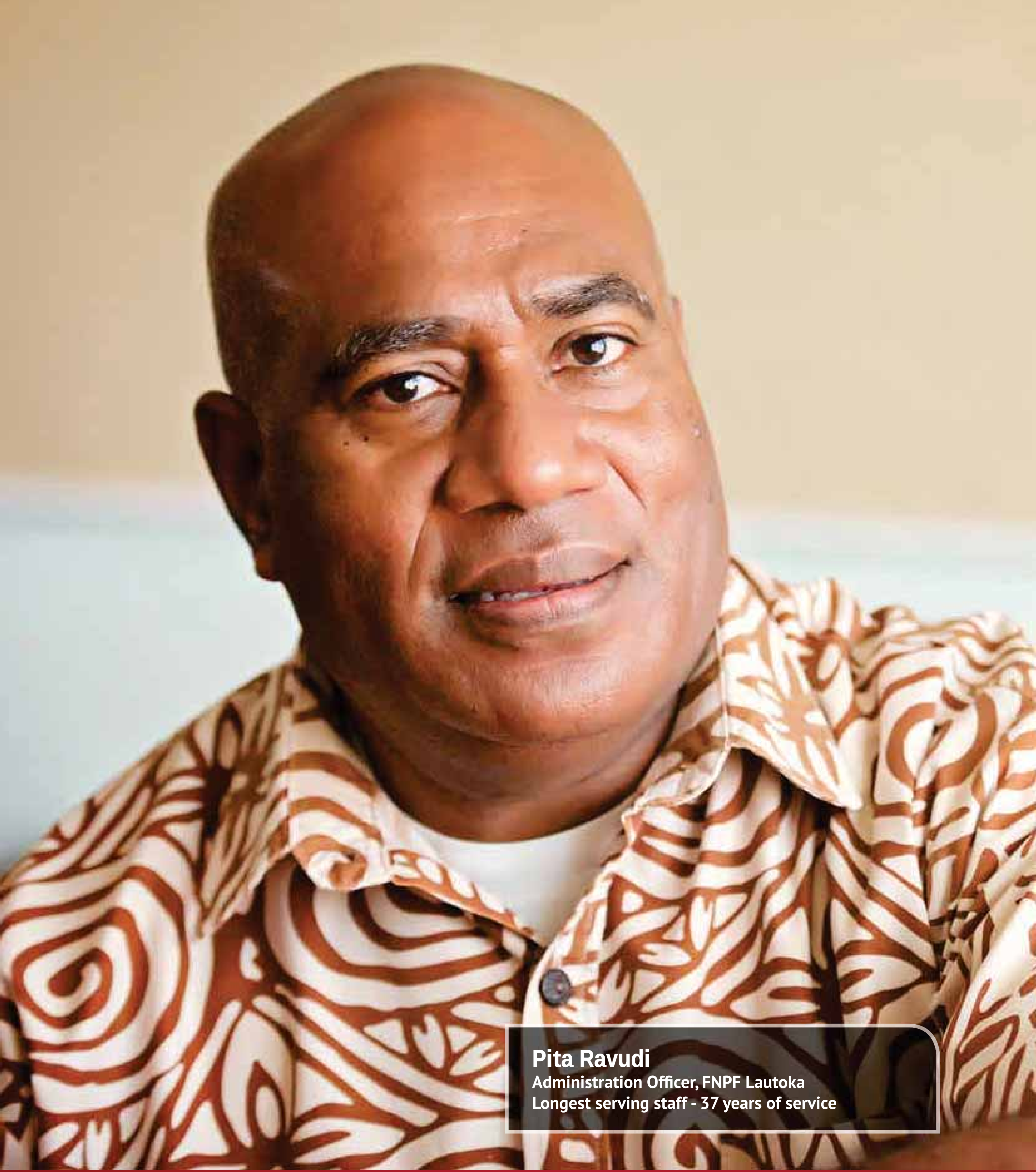
ISSA's decision to have the Focal Point in Fiji marks a significant milestone and is testament to the Fund's growth and development. It is an assurance of the Fund's operation, direction and accomplishments.

Apart from placing Fiji on the ISSA landscape, it brings the world of international experiences to FNPF and the Pacific for the sharing of knowledge and benchmarking of quality practices to the rest of the world.

ISSA President Professor Dr Joachim Breuer

About the ISSA

The ISSA is the global body of social security institution affiliation that was founded in 1927 to promote excellence in the administration of social security. The Association has focal points and liaison offices in regions across the world hosted by different social security institutions. FNPF has been a member of the ISSA since the 1980s and in 2016, was appointed to be the host of the ISSA Focal Point for the Pacific Island Countries.



"As one of the longest serving staff of the Fund, I'm grateful for the opportunities which has motivated and inspired me all these years. I've seen the Fund's services, leadership and people evolve to adapt to members and pensioners expectations."

BOARD OF DIRECTORS

Mr DAKSESH PATEL

Since January 2020

CHAIRMAN

Mr Patel is the Chief Executive Officer of Infrabuild, Australia. He has extensive leadership experience in manufacturing, retail and governance. Mr. Patel was instrumental in establishing the Vinod Patel Group's, three manufacturing businesses and he played a pivotal leadership role in corporate transformation, governance and business disruption.

Mr MUKHTAR ALI

Since January 2020

DIRECTOR

Member of the Board Audit and Risk Committee and of the Board Investment Committee. Mr Ali is the Chief Operating Officer of the Community Bank of the Bay in Oakland, California, USA. He is an expert in enhancing profitability, developing strategic lending initiatives and has vast knowledge in banking regulations.

Ms MAKERETA KONROTE

Since January 2016

DIRECTOR

Chairperson of the Board Human Resources Committee and Member of the Board Audit and Risk Committee. Board Member Reserve Bank of Fiji (RBF) and Fiji Revenue and Customs Service (FRCS).

Ms KALPANA LAL

Since April 2019

DIRECTOR

Chairperson of the Board Audit and Risk Committee and a member of the Board Investment Committee. She has extensive experience in financial reporting, management of procurement processes and other related functions, the review and compliance of financing contracts, consultancies and local subsidiaries.

Mr SANJAY KABA

Since January 2020

DIRECTOR

Chairperson of the Board Investment Committee. He has extensive experience in project development, project management and planning and structural engineering. He is a member of the Australian Institute of Engineers and the Fiji Institute of Engineers.

Mr JOEL ABRAHAM

Since April 2019

DIRECTOR

Chairperson of the Board Information and Technology Committee and Member of the Board Audit and Risk Committee. He has extensive experience in the areas of compliance, finance, business advisory, accounting and research.

EXECUTIVE TEAM

1. **Chief Investment Officer** - Viliame Vodonaivalu
2. **Chief Finance Officer** - Pravinesh Singh
3. **Chief InformationTechnology Officer** - Rukshan Rajapaksha
4. **General Manager Business Transformation** - Millie Low
5. **General Manager Human Resources** - Ravinesh Krishna
6. **General Manager Governance and Risk** - Uday Singh
7. **Chief Executive Officer** - Jaoji Koroi
8. **General Manager Member Services** - Alipate Waqairawai

Message from the Chairman

Like all equivalent superannuation funds, FNPF has been challenged by the health and economic crisis, which started in early 2020, putting our resilience to the test.

As an organisation, FNPF remains committed to what it stands for, which is built on our investment strategy, our organisational values, and focuses firmly on the long term.

Navigating risk and return in a once in a hundred year crisis

The full extent of COVID-19 suddenly became apparent in early March 2020. Global markets dropped significantly, while borders closed without notice.

Fiji was not spared. As an economy reliant on international tourism, border closures meant an immediate negative impact on Fiji's economy. This in turn impacted FNPF's members and the employers who employ our members.

Governments globally, had to manage a health contagion while reacting to the unfolding economic crisis affecting all sectors of most globally integrated economies. The Fijian Government played its part in managing the health crisis efficiently and economically.

There was an immediate impact on the movement of people and goods due to the abrupt closure of our borders. Supply lines were impacted, and while some sectors saw surges in demand, most sectors were affected significantly.

FNPF played an important role with the Government to react swiftly to cushion the negative impact on the economy and our members' livelihoods. These details are set out in full in this Annual Report.

> FNPF remains committed to what it stands for, which is built on our investment strategy, our organisational values, and focuses firmly on the long term.

Global markets remain volatile with substantial daily movements in price and value.

How does one look at the value, and the subsequent impairment of assets, when COVID-19 continues to unfold in waves in crucial source markets for Fiji? Will this virus be eliminated, or do we have to live with a COVID-19 contained environment and adjust accordingly? These are, and continue to be critical strategic and operational issues that the FNPF has grappled with in constrained circumstances in 2020.

FNPF is reliant on long-term Fiji domestic investments, over investments for the shorter term or in international markets. FNPF's investment strategy and portfolio is aligned around enhancing Fiji's economic capability so that our member numbers grow as do returns for members.

FNPF continues to invest in its systems and processes to bring efficiencies into FNPF's operations so the Fund can react effectively and adequately to meet members' needs. The Fund continues to invest in its staff and systems to enhance agility in its operations, to benefit members.

While there are some signs of recovery in global markets and national economies, FNPF appreciates the social, economic and commercial challenges Fiji will face going forward. Many businesses will not survive, most business models will need to change to meet the new commercial realities, and workplaces and employment opportunities will need to be modified.

It becomes vital that the Fund continues its focus on the social aspects of corporate resilience in Fiji as well as enhancing its environmental, social and governance considerations. Further details of these strategies and activities are set out in this Annual Report.

The Board's most important challenge through the year

The crucial challenge for the FNPF Board was to obtain information in constrained and volatile circumstances, so that FNPF was well informed and able to align its responses in a rapidly changing and imperfect environment.

FNPF's response to the pandemic's implication on Fiji's economy and on our members' livelihoods, was going to be significant. The impact on the value of certain assets was affected as well.

The Fund was also cognisant of opportunities which arose. The Fund is a long-term investor and its assets have to be deployed to meet its investment growth strategies as opportunities arise.

Continuation of FNPF's strategy

It is crucial to maintain discipline, and focus on the fundamentals in these trying times. FNPF must react to the daily incoming tasks but also look at the emergence from this health and economic crisis.

It is important that FNPF considers and deliberates the long-term implications of the Fund's decisions. And it remains that the Fund explains its rationale, its decision making processes and outlines how FNPF is enhancing its environmental, social and governance considerations.

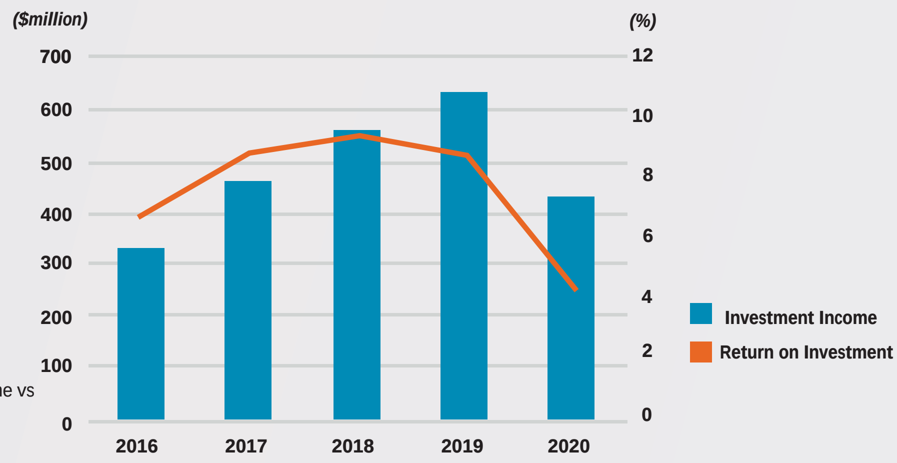


Figure 1: Investment income vs return on investment

Pensioners attending the FNPF Golden Pensioner Day at the Sheraton Fiji, Nadi.

FNPF's ambition is to adjust sufficiently so that the organisation remains agile and is accurately aware of the challenges for the Fund's members, the employer organisations in Fiji, Government and members of the Fijian society at all levels.

These are challenging times and FNPF will play its part so that Fiji emerges from this crisis ready and willing to tackle the opportunities ahead.

Acknowledgment

Mr. Ajith Kodagoda, FNPF's chairperson for ten years ended his term in late 2019. I would like to sincerely thank Mr. Kodagoda for his commitment and service to FNPF for the past decade.

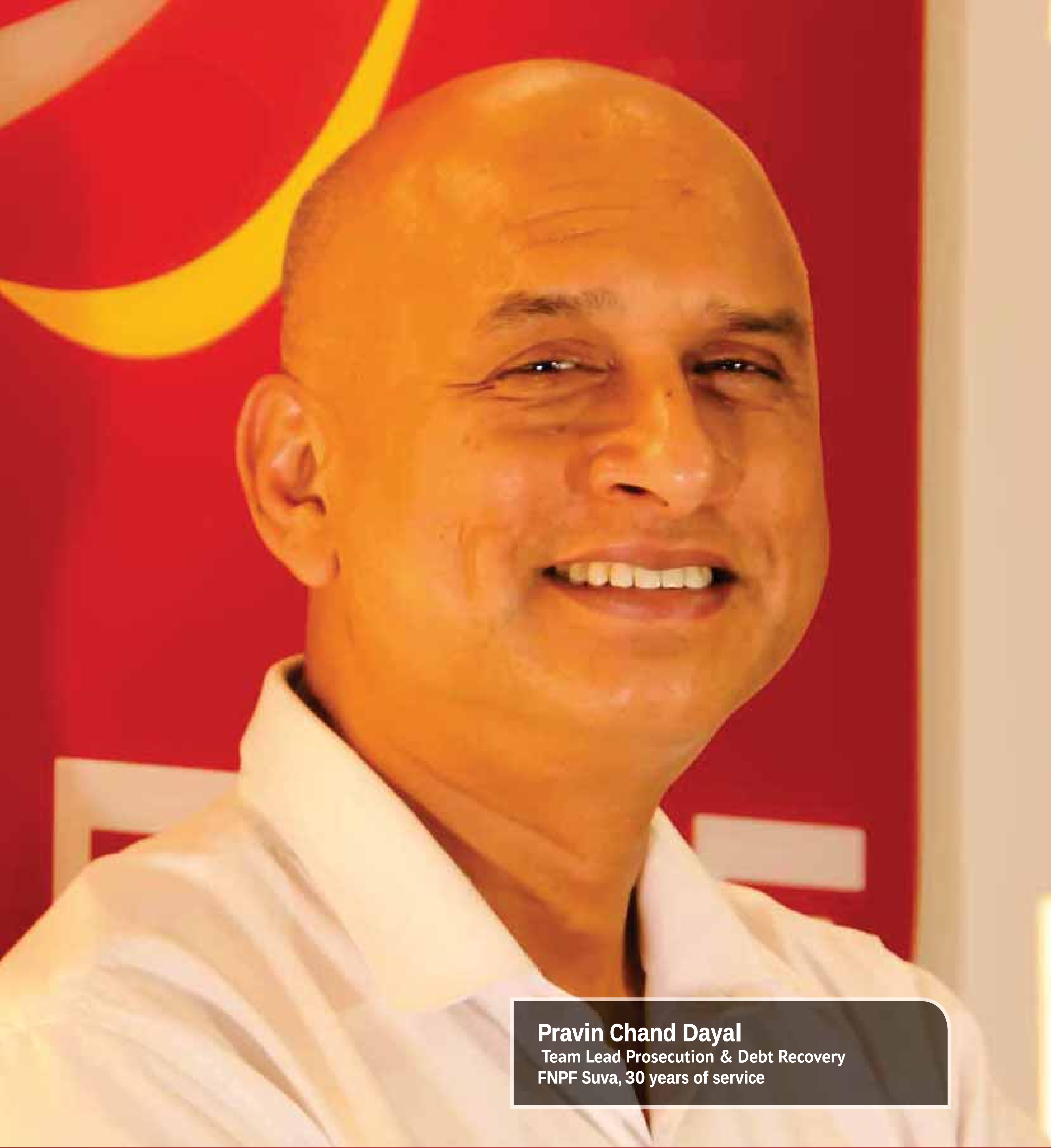
Similarly, Mr. Tevita Kuruvakadua served as FNPF's deputy chairperson for a decade until late 2019. I also extend my gratitude to Mr. Kuruvakadua for his service to FNPF.

This is my first statement as chairperson of FNPF and it is pleasing to see the FNPF's improvement over the last decade in its investment framework, governance and internal capability.

I have valued the input of FNPF's board members, the FNPF's chief executive Mr. Jaoji Koroi, the senior management and staff.

I also value the opportunity to lead an organisation which has an important role in the lives of Fijians and its significance to the Fijian economy.

Mr Daksesh Patel
Chairman



Pravin Chand Dayal
Team Lead Prosecution & Debt Recovery
FNPF Suva, 30 years of service

"In my current role, I'm involved in the prosecution and debt recovery process. The satisfying part of my job is seeing members' hard-earned contributions paid to their accounts. It reassures me of the Fund's vision to secure members' future."

Chief Executive's Report

Transforming our business has been the key driver in progressing our strategies to provide members with simple, accessible and relevant services. Our member-centric approach has seen improvements in our system capacities, a significant game changer this financial year.

Multiple digital channels were rolled out enabling key stakeholders to access FNPF services anywhere, anytime and at a minimal cost.

We also enhanced the member and employer portals and revamped our processes with the end-user in mind.

This is especially critical given the uncertainty and devastating effects of the COVID-19 pandemic, which required us to be agile and adaptive to survive and meet the expectations of all our stakeholders.

COVID-19

The Fijian economy is expected to contract by 21.7% in 2020, given the resultant closure of our borders, collapse in tourism revenue, declining remittances, low investor confidence and the projected fall in other sectors.

Since March 2020, about 1,000 employers have closed shop and more than 50,000 members are unemployed, with a further 25,000 workers on extended leave. The impact on the informal labour force has also been alarming. While the numbers appear to stabilise, the full effects of COVID–19 is yet to be realised. It is however clear that workers in the tourism-related sectors are the most affected.

Sadly, most of these workers have no means of income protection. In line with our mandate, the Fund was again at the forefront, providing for our affected members. We worked collaboratively with the Fijian Government through prescribed phased schemes to provide assistance to those affected. (Refer to page 20)

The changing risk landscape required swift decisions and agility. An external review of the Fund's risk framework reaffirmed that FNPF was well poised to respond to these risks.

Apart from attending to the immediate operational needs of COVID-19, we also embarked on the following during the year:

- Cleansing and digitising old member withdrawals records to ensure safe keeping and accessibility;
- Completion of the renovation of the Archives and Records Management;
- Reconciliation and transfer of old member records to the new IT Administration system;
- Commencement of the IT infrastructure project with the appointment of a key partner;
- Implementation of the data warehouse project to enable the Fund to make data-based decisions.

The impact of COVID–19 on FNPF's investments, financial performance and operations are substantive but manageable.

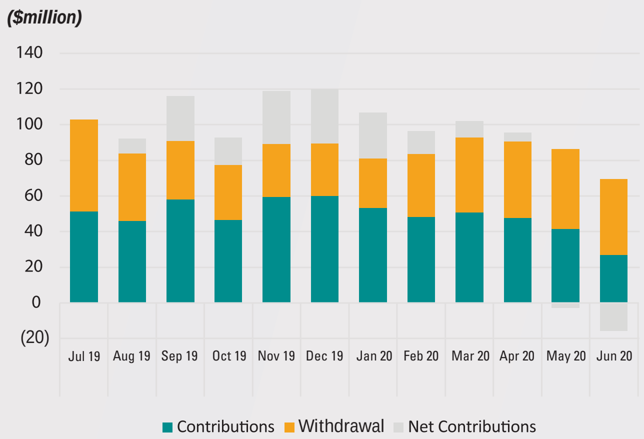
> Our member-centric approach has seen improvements in our system capacities, a significant game changer this financial year.

Challenges and Responses

Liquidity

In its COVID-19 response budget and the subsequent national budget, Government reduced the contribution rates from 18% to 10% effective from 1 April 2020 to 31 December 2021, to assist employers meet their operational expenses. The reduction in rates resulted in a 9.3% decline in contributions from $651.9 million in 2019 to $591.4 million.

Figure 2: Net contribution during FY2020



The Fund expects an average monthly contribution of about $23 million until the contribution rate of 18% is reinstated. This is a reduction of more than 40% when compared to pre-pandemic monthly collection.

For withdrawals, the Fund paid out $438.9 million, an increase of 23%, driven by retirement, migration and unemployment withdrawals that included COVID-19 related assistance totalling 101,879 applications valued at $55.8 million.

Net contribution remained positive at $152.5 million compared to $296.2 million recorded last year. The Fund anticipates a negative net contribution next year as a result of reduced contributions and high withdrawals.

The Fund's cash flow declined from $889.2 million to $693.9 million, a reduction of 23.3%. The current and projected cash flow position is well above the buffer limits and management is confident that we will continue to manage this situation.

The Fund actively manages its liquidity levels and funding to support our strategies and meet regulatory requirements. To do this, we monitor our position using a number of risk appetite measures such as the Liquidity Buffer, set out in the Treasury Policy. This buffer safeguards against mass withdrawals or unforeseen circumstances and accordingly provides investment assets that are liquid or can be converted to meet these needs.

Should there be additional stress on our cash flow position, FNPF has offshore equities available, which can be sold and made available within five days and an agreed line of tradeable facility with the Reserve Bank of Fiji.

Operational and Administrative Responsiveness

With the closing of borders in March and subsequent lockdowns, the Fund was faced with the impending challenge of providing services in a period of social distancing. Members needed the assistance quickly. Moreover, we needed to ensure the stability and continuity of our operating systems so that services were uninterrupted.

FNPF's transformation and investment in our digital space was at the forefront of our response to these challenges. Labour intensive tasks of processing applications were automated with the introduction of Robotic Process Automation (RPA), a first for FNPF. As withdrawals continued, more processes have been automated to ensure operational efficiency and effectiveness. These automations were initiated for the member administration system and the financial management information system, to ensure the efficient payment of COVID-19 relief.

The Fund's digital portals, the employer and member portals, were the key receiving platforms for withdrawal applications. This replaced the need for members to visit our offices to lodge applications. Multiple payment options were provided to members to ensure that they received their funds swiftly.

Being classified as essential services meant that our staff were expected to deliver and go beyond their normal call of duty. I must thank our staff for the effort and passion that they have displayed in serving our members during this difficult time.

Data mining and analytics continue to provide insight into behavioural patterns and trends which assists us with designing and developing products and services that will add-value to our members.

Engaging with our members and managing expectations

A fundamental challenge would be managing the expectations of our stakeholders and protecting the Fund's reputation. There is high reliance on the Fund and it is expected to continue to deliver on its promises while at the same time managing the social security aspect of savings for retirement.

The Fund is adamant that empowering members will help them make informed decisions. We continue to create awareness through the dissemination of key information about the Fund, emphasising the importance of retirement savings.

Targeted communication has enabled us to be more proactive on social media. As the social media landscape continues to evolve, we will review the channels where we have a presence and explore new opportunities to reach our members.

Addressing Low Member Balance

Similar to other superannuation funds, low member balance is an ongoing concern. This has been exacerbated by the COVID-19 withdrawals with more than 17,000 members' now left with zero balances in their General Account. Although the preservation policy has secured 70% of their savings in their Preserved Account, these members will still need to build their balance for a meaningful retirement.

To assist members' build their balance, the Fund will review the withdrawal policies to provide value-added services, encourage members to repay early withdrawals, and continue with our campaign for more members to sign up for additional contributions.

Key to addressing these concerns will be our collaboration with Government and other relevant stakeholders. These changes will include structural changes in the scheme design. We will also continue to advocate on the protection and conservation of the Preserved Account. The steadfastness of protecting 70% of members savings for retirement has led to the doubling of this account from $2.5 billion in 2014 to $5.0 billion in 2020.

Amidst this crisis, we salute those employers who have retained employer contribution rates at 10% despite the mandated 5% reduction.

The same holds true for members, who have collectively deposited $1 million in employee additional contribution.

Financial Results

The Fund recorded a net increase in net assets of $320.4 million for the year, which was the basis of a declared interest to members of 5% that saw the distribution of $293.9 million to 388,071 members. Whilst still competitive, it is well known that both the net change in net assets and interest crediting rate have decreased in comparison to the last financial year. The Fund has now paid $1.4 billion in interest to members in the last five years.

The Fund's total assets increased by 6% to $7.9 billion. Net assets available for member benefits now stands at $6.5 billion.

In 2018 and 2019 the Fund recorded investments in subsidiaries at fair value.

"We salute those employers who have retained employer contribution rates at 10%. The same holds true for members, who have collectively deposited $1 million in employee additional contribution."

Members line up outside the FNPF Headquarters to apply for the COVID-19 withdrawal scheme. The queues spanned Ellery Street because of the physical distancing requirement which was closely monitored by authorities.

In 2019, the Fund fully adopted IFRS 9. This change resulted in significant valuation gains in the Fund's performance in 2018 and 2019. It was understood then that changes in investment valuations would be a major source of volatility in the future. However, the added economic downturn caused by COVID-19 has resulted in further uncertainties in the market.

The Fund revalued all investments in subsidiaries and properties to assess the impact of the pandemic.

As expected, our investments in the tourism sector, which accounts for approximately 8% of our portfolio, have been affected specifically recording a fair value loss of $128.4 million. This decline is expected to continue until international borders open and even when they do, we anticipate that it will take some time for pre–pandemic levels to be achieved.

Fortunately, increased demand for data and technology, driven by COVID-19 induced social distancing solutions, has seen continued growth in sectors like telecommunications. This has driven new investment opportunities and has been the source for fair value gains of $80.2 million in FNPF's investment in the information and communications sector, which constitutes around 37% of our portfolio.

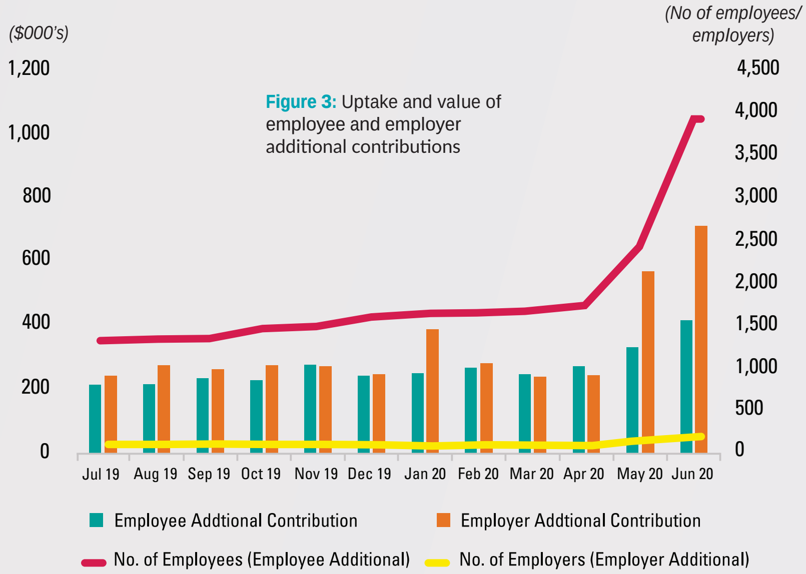
Together with investments in health, transport, properties and the financial sector, the combined fair value gain realised totalled $116.8 million, helping to cushion the fair value loss experienced in the tourism sector, and resulting in a net fair value loss of $11.6 million.

Mirroring the impact of the pandemic on sectoral valuations, investments that were adversely impacted declared reduced dividend payouts. This resulted in FNPF recording a dividend income of $78.7 million, a decrease of 12.8%.

While our investment in Growth assets has given us high returns during good times, they have been the cause of volatility as opposed to our investments in Fixed Income, which is predominantly made up of investments in Government securities, loans and advances, term deposits and other fixed interest securities.

Collectively, FNPF recorded interest income of $323.6 million, an increase of

Figure 3: Uptake and value of employee and employer additional contributions



8%. FNPF's investment in Government securities, which is around 43% of the investment portfolio accounted for 70.7% of this interest income.

If we are to compare our net increase in net assets without taking into consideration the fair value changes, then the underlying position of FNPF has grown by 4.8% from $418.5 million to $438.7 million during the year.

FNPF invests with a view to ensure that a member joining today will expect his savings to accumulate for over 30 years. Our investment portfolio is diverse and positions us well to withstand the tough times.

Looking Beyond the Pandemic

In everything that we do, we will continue to be led by our social security purpose and our vision of "Securing your Future".

While its important that we manage the challenges today, what we leave for our future generation is more important.

The challenges outlined in this report are the new reality of doing business. Understanding and embracing this is critical and will dictate how we set our goals into the future. These include meeting our members' increasing needs now and ensuring that they retire with a meaningful balance.

We embark 2021 with a new corporate plan themed "Resetting and Repositioning the Fund". This was developed keeping in mind the key social and economic role the Fund plays. The goal is to emerge post COVID-19 better positioned to deliver our core purpose and vision.

While the Fund has endured well thus far, the COVID-19 pandemic has further accelerated the need to address lower member balance, extending coverage to the informal sector and pursuing universal pension into the future. Some imminent measures include but are not limited to:

1. Reinstatement of Contribution Rates;
2. Introduction of special deduction for disaster withdrawals;
3. Build-up phase for new members;
4. Semi-mandating of coverage in the informal sector; and
5. Universal pension coverage into the future.

Acknowledgement

We have a Board and leadership team with the right experience and skills to take us through the next chapter of opportunities and challenges. The support and wise counsel of our Board is acknowledged.

We continue to build our people's skills, capabilities now and for the future, to create an environment where our people can fulfil their potential to deliver for our members.

The resilience of our staff have been the underlying basis of all our efforts and results. Their talent and agility have allowed us to successfully navigate a tough operating environment. I wish to thank them and their families for their loyalty and dedication to their work through all the challenges we faced together.

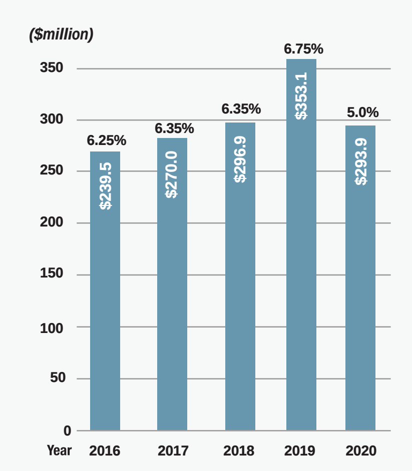
I must also record our sincere gratitude to our nine colleagues who have each dedicated more than 30 years and collectively over 284 years of their working life with FNPF. This is surely a testament of commitment and we thank them and their families for their contributions and perseverance over the past three decades.

We thank our members, employers, pensioners and stakeholders. We also acknowledge the Fijian Government for their support.

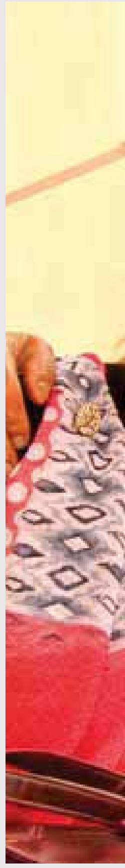
We appreciate your trust and confidence in us and assure you that as custodians of your funds, we work each day to grow the value of your investment in the Fund and to ensure that your future remains secured as we are here with you for the long haul.

Jaoji Koroi
Chief Executive

Figure 4: Interest Credited FY16-FY20



"My passion to serve members has been inspired by the role FNPF plays in the lives of members. The Fund has been my employer for three decades and I am blessed with this opportunity to serve and be part of efforts to achieve excellence in our services."



Being there for our stakeholders

The emergence of COVID-19 in the latter part of the financial year was an extraordinary and unique time for the Fund. The uncertainty surrounding the pandemic, negatively impacted our economy and severely affected our members.

Members lost their jobs, are on leave without pay, reduced wages and/or reduced hours.

The Fund responded by initiating relief packages for our key stakeholders – our members, employers and pensioners.

Supporting our members

In partnership with the Government, the Fund activated withdrawal schemes to help affected members with their immediate needs. Government provided top-up to members with insufficient General Account balances.

As of 30 June 2020, the Fund had activated two phases, targeting different groups of people as outlined in Figure 5.

Figure 5: COVID-19 Phases during FY2020

Phase 1	
Target Group	a. Employees in tourism and tourism-related businesses b. Employees in industries affected by health protection measures such as physical distancing and travel restrictions (nightclubs, gyms, swimming pools, employees in lock down areas) c. Employees in businesses directly impacted by the COVID-19 economic slowdown d. Sole Proprietors (Taxi/Mini Van/Hire Drivers) e. Small enterprise owners impacted by COVID-19 f. Unemployment (Normal)
Scheme dates	1 April to 29 May
Total no of members	85,959
Total paid	$54.2m

Phase 2	
Target Group	a. Members unemployed from 1 October 2019 b. Employees on leave without pay indefinitely
Scheme dates	9 June to 14 August
Total no of members	15,920
Total paid	$1.57m* (as at 30 June 2020)

Supporting our employers

Reduced employer and employee contribution

To help employers in Fiji, the statutory FNPF employer contribution was halved from 10% to 5% effective from 1 April 2020. This provided a $130 million relief to employers.

The employee contribution was also reduced from 8% to 5%, putting back about $80 million in members' pockets.

The Government's initiative to implement a 150% tax deduction for employers who contribute more than the 5%, is indicative of its support to also help members acquire financial security in retirement.

Relief package

FNPF also implemented the following measures to assist employers with effect from 1 January 2020 to 30 June 2021:

- ***Waiver of penalties*** penalties – waiver of the $100 penalty per member for contribution payments received after the due date.
- ***Time payment arrangements*** – upfront payment of employee's contribution to be reduced to 10% and the balance of the debt to be repaid over 12 months.
- ***Compliance letters*** – conditional compliance letters were issued if employers were unable to resolve their FNPF payments due to the impact of COVID-19.
- ***Other third-party recoveries*** – reduction of third-party notices to 50% of the value of the invoice due and payable to employer for both existing and new notices.
- ***Departure prohibition order (DPO)*** – employers on DPO are required to pay at least 20% of the debt prior to any travel. Those employers on DPO and making a second travel request, are required to pay at least 40% of the debt prior to travel.

Supporting our pensioners

Being mindful of the preventative measures against the pandemic, the Fund waived the renewal of pensioner certificate due between March to June. Pensioners continued to receive their monthly pension without filing this certificate.

Additional Payment to Pensioners

More than 7,000 pensioners received a total of $4.3 million as a one-off COVID-19 relief payment in May, 2020.

The amount paid ranged from $300 to $900, equivalent of three pension payments up to a maximum of $900 or whichever is less.

The Fund was able to provide this one-off payment following amendments to the FNPF Act that allowed for the distribution of surplus in the Retirement Income Fund (RIF) to eligible pensioners.

The provision of this relief is attributed to the success of the FNPF Pension reform in 2012. It is also a reflection of the Fund's financial capability to consider specific benefit improvements for FNPF pensioners, evenduring a crisis.

The Coronavirus pandemic has forced members to explore other sources of income whereby many have now become self-sustainable & self-sufficient.

Our Learnings from COVID-19

Implementation

The COVID-19 withdrawal scheme was in high demand and required swift turnaround solutions so that members could access this assistance despite challenges inclusive of imposed restrictions such as social distancing. Teamwork and agility saw the Fund overcome these challenges.

Immediate Challenges	Strategy
Digital/online readiness	Online and remote services
Rebuilding member balances	Review of scheme design & stakeholder collaboration
Reinstate investment income	Diversification and Rebalancing
Managing Stakeholder Perception	Strategic Communication
Informal & Unstructured Employment	Legislative changes & Stakeholder Collaboration

Crisis management

Limited options available meant that the Fund had to utilise internal and existing resources. There was heavy reliance on existing processes, available data and insights, external alliances and staff support. The learnings from this scheme will have a bearing on the management of similar crisis in the future.

Challenges	Solutions
Social distancing	Online and remote services
Payments	Omni – payment modes
Operational & Administrative Capacity	Agility and Digital Innovation
Government Expectation & Governance	Preservation Rule & Stakeholder Collaboration
Public Perception	Awareness, Education & Visibility
Liquidity	Operational Efficiency & Cash - flow Management

Way forward

We identified operational and strategic gaps, which have been converted to strategic deliverables to be addressed. While the coronavirus was unexpected, unwelcomed and disruptive, it provided the opportunity for the Fund to resolve recurring issues.

Existing measures	Lessons learnt
Collaboration with external parties	Remote work testing
Proper checks & balances	Data driven insights
Operational & Administrative Capacity	Targeted digital offerings
Project Management	Improved & enhanced documentation
Staff resilience	Awareness, Education & Visibility

Our Governance

The International Social Security Association (ISSA) President, Professor Dr Joachim Breuer and Permanent Secretary for Economy, Ms Konrote unveil the plaque during the opening of the ISSA Pacific Focal Point for Pacific Island Countries.

"The Board provides strategic guidance and advice to Management to ensure the sound management of members' funds."

FNPF Board

The functions and powers of the Board are defined in the FNPF Act 2011. The Board is entrusted with managing the affairs of the Fiji National Provident Fund in an efficient and effective manner. The Board provides strategic guidance and advice to management to ensure the sound management of members' funds.

The Board meets at least once a month or as required depending on decisions to be made. Board decision papers are first scrutinized by the respective sub-committees of the Board before recommendations are provided for Board decision. In turn, the decisions of the Board are conveyed to management and staff on a timely basis.

Board Composition and Membership

Mr Daksesh Patel is the Chairman, and joined the Board on 1 January, 2020. Mr Patel succeeds Mr Ajith Kodagoda, whose term expired in accordance with the provisions of the Act.

Mr Sanjay Kaba rejoined the Board on 1 January, 2020 as a director and was appointed Deputy Chairman, following the expiry of Mr Tevita Kuruvadua's term.

Mr Mukhtar Ali is a new appointee to the Board from 24 January, 2020. Mr Patel and Mr Ali are based in Australia and USA respectively, Both directors have consistently and successfully attended Board meetings online.

The six directors are Mr Patel (Chairman), Mr Kaba (Deputy Chairman), Ms Makereta Konrote, Ms Kalpana Lal, Mr Ali and Mr Joel Abraham.

Board Committees

As stipulated under Section 16 of the FNPF Act, the Board has established sub-committees on Audit and Risk, Human Resources, Investments and Information Technology.

The sub-committees provide technical and expert advice on these areas. The Board appoints independent directors to the sub-committees who are experts in the field of governance, investments, accounting, actuary, IT, HR and economics.

The sub-committees meet quarterly or as required to deliberate on specific matters before these are tabled to the Board for decision.

There are currently 4 sub-committees of the Board:

(i) Board Investment Committee (BIC)

Mr Sanjay Kaba (Chairperson)
Ms Kalpana Lal (Board Member)
Mr Mukhtar Ali (Board Member)
Ms Emily Yalimaiwai (Independent Member)

(ii) Board Audit and Risk Committee (BARC)

Ms Kalpana Lal (Chairperson)
Mr Mukhtar Ali (Board Member)
Mr Gitesh Nair (Independent Member)
Mr Geoffrey Rashbrooke (Independent Member)
Mr Nacanieli Rika (Independent Member) newly appointed - July, 2020

(iii) Board Human Resources Committee (BHR)

Ms Makereta Konrote (Chairperson)
Mr Taito Waqa (Independent Member)
Ms Thelma Savua (Independent Member)
Mr Kameli Batiweti (Independent Member) newly appointed - July, 2020

(iv) Board Information and Technology Committee (BIT)

Mr Joel Abraham (Chairman)
Mr Timoci Tuisawau (Independent Member)
Mr Vilash Chand (Independent Member)
Mr Chinthake Ranasinghe (Independent Member)
Mr John Magnifico (Independent Member)

Board Fees

Board member allowances are determined by the Minister for Economy, and is aligned to the Public Service Commission guidelines on allowances for board members of statutory organisations.

The fees are processed on a monthly and quarterly basis. Chairman Mr Patel, and deputy, Mr Kaba, have both opted not to be paid fees and allowances.

Table 1: Board and Board Committee meetings and attendance for FY2020

Board Members	BOARD		BARC		BIC		BHR		BIT	
	No of meetings		No of meetings		No of meetings		No of meetings		No of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1 July 2019 to 31 January, 2020										
Mr Ajith Kodagoda (Former Chairman)	6	5			1	1				
Mr Tevita Kuruvakadua (Former Deputy Chairman)	6	6	3	2	1	1			2	1
Ms Makereta Konrote	6	4	3	2			2	2		
Mr Joel Abraham	6	4	1	1					2	1
Ms Kalpana Lal	6	6			4	4				
1 January 2020 to 30 June, 2020 (New Board of Directors)										
Mr Daksesh Patel (Chairman)	7	7								
Mr Sanjay Kaba (Deputy Chairman)	7	7			3	3				
Ms Makereta Konrote	7	6	1	0			3	3		
Ms Kalpana Lal	7	7	1	1						
Mr Mukhtar Ali	7	7	1	1						
Mr Joel Abraham	7	5	1	1						
Other Board Committee Members										
Mr Taito Waqa							5	5		
Ms Thelma Savua							5	4		
Mr Geoffrey Rashbrooke			4	4						
Mr Gitesh Nair			4	3						
Mr Timoci Tuisawau									2	2
Mr Vilash Chand									2	2
Mr Chinthake Ranasinghe									2	1
Ms Emily Yalimaiwai					4	2				
Mr John Magnifico									2	1

Tiu Fasala
Inspector Contribution, Collection & Compliance
FNPF Suva, 31 years of service

"I feel blessed and grateful that I am still employed with the Fund after all these years. FNPF has looked after my family and I. We own a home thanks to the housing assistance provided by the Fund to members."

Prudential supervision

FNPF works with the Reserve Bank of Fiji (RBF) to ensure adequate regular oversight and reporting are done to strengthen governance and compliance to the FNPF Act 2011 and the Insurance Act 1998.

Three quarterly meetings were held with RBF on updates on the implementation of recommendations of the on-site examinations and prudential consultations.

Several on-site examinations will be conducted in the next financial year, once operation normalises.

The Fund ensures that key prudential standards and guidelines issued by RBF on pension fund governance, risk and asset investment management, are adopted.

A closer off-site oversight was maintained by the Bank on the COVID-19 operations as well.

Compliance Management

The Fund continually reviews its policies to ensure these are benchmarked to international standards and local regulated guidelines.

The reviewed policies were:
i. Compliance Management Framework;
ii. Anti-money Laundering Policy; and
iii. Conflict of Interest Policy.

Additionally, in compliance with the indicators listed in the compliance management framework, and in light of the pandemic, the following were completed:

i. A comprehensive Delegated Level of Authority (DLA) review was conducted in response to the pandemic;
ii. Submissions under the Declaration of Interest forms were assessed for management and staff, and the report was forwarded to the CEO;
iii. Compliance check on DLA were issued for withdrawal operations;
iv. Monthly monitoring and reporting on cash transactions reports and suspicious transactions reports; and
v. Compliance and conformance to the Health and Safety Act.

Energy Fiji Limited (EFL), CEO, Hasmukh Patel and FNPF CEO, Jaoji Koroi during an MOU signing encouraging information sharing between the two organisations.

Risk Management

The risk management framework, policy and adequacy of the risk profile and its register were independently reviewed and aligned to the ISO 31000:2018 standards.

The external review provided an assurance to the Board that the Fund's risk management processes have adequately covered key risks. The risk framework and policies are forward looking to ensure that emerging risks are identified and documented for monitoring and reporting purposes.

The review also complemented our risk culture which has matured over the years. It also identified areas which needed attention to improve the risk maturity of the organization from the current status of "mature" to "advanced" level.

Risk Culture

Awareness on the newly approved risk policies were conducted to ensure discussions on risks are ongoing and to build the culture on risk identification and management.

Business Continuity Planning

The Fund successfully conducted two simulation tests to assess system readiness and staff responsiveness to situations which may require operations to resume off-site, without disrupting the provision of services to our members.

The first simulation test involved the connectivity of branches and agencies to the business resumption and data recovery

The Fund's risk framework and policies are forward looking to ensure that emerging risks are identified.

site, which was the Fund's first off-site test in terms of its business continuity planning.

The second test was aligned to the COVID-19 pandemic response plan to ensure the FNPF database and staff could carry out critical services off-site.

This exercise involved connectivity to the Fund's infrastructure from home.

In response to the COVID-19 pandemic situation, the Fund completed the following successfully:

i. Developed a supplementary Business Continuity Plan;
ii. COVID-19 Response Policy; and
iii. Risk identification, mitigation strategy and tolerance limits for the COVID-19 withdrawal scheme.

COVID-19 Risk Assessment

In light of the changing operating environment, the Fund's risk universe continues to change as emerging risks will pose challenges to the operations and sustainability of the Fund.

Being mindful of this, the Fund has taken the initiative of reviewing its risk position and re-ranked key risks that need monitoring in the short to medium term.

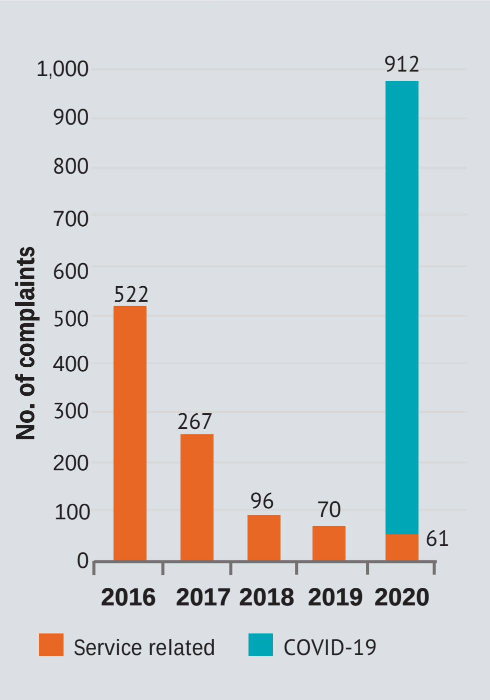


Figure 6: Complaints trend (FY2016-FY2020)

Operational Risk

The Fund developed the Natural Disaster response plan and procedures outlining the process and response plan for various scenarios under different settings.

Evacuation drills were conducted to ensure staff were aware of the response plan and procedures.

Quarterly walk-through inspections and assessments were completed to identify key risks pertaining to OHS, IT, property inspections and key projects.

Reviewing key risks associated with a major development project undertaken by the Fund were done with quarterly reports compiled and updates provided for deliberation and remedial action.

Complaints Management

The Complaints Management system or 'myfnpfHub' was introduced in 2019 to capture complaints from registration to resolution and root cause analysis.

As the system matured and to meet business needs, the Fund enhanced the "myfnpfhub" system during the year to further streamline processing of complaints and escalation levels.

Total complaints registered pre-COVID was 61, a reduction from the 70 complaints last year.

A resurgence in complaints, particularly associated with delay in processing, was recorded in the latter part of the financial year coinciding with the pandemic assistance. The assistance was multi-layered and relied on employers to upload application forms for their employees through the employer portal.

The time taken to process applications led to delays, resulting in member complaints. The total number of complaints registered for COVID-19 was 912. Approximately 590 appeals were registered for the COVID-19 Phase 1 assistance.

Internal Audit

Control monitoring and data analytics were conducted to assess compliance and control gaps in the COVID-19 withdrawals. The Fund ensured that real time monitoring and audits were undertaken to mitigate losses that may arise.

A progressive approach through analytics was undertaken to automate compliance and control assessments on operational areas administered through the Fund's administration system.

Majority of the 64 planned audits were completed.

Fraud Management

Investigations related to fraud stemmed from reports received through the Whistleblower policy and the complaints management system including those referred by Management.

Majority of the cases registered in 2020 involved false claims on unauthorised withdrawals and attempts to obtain financial advantage via falsified/ forged documentations.

Cases where fraud was proven, were referred for prosecution.

The Fund has zero tolerance on fraud and/or unethical behavior. Awareness campaigns are carried out to serve as a reminder to all key stakeholders.

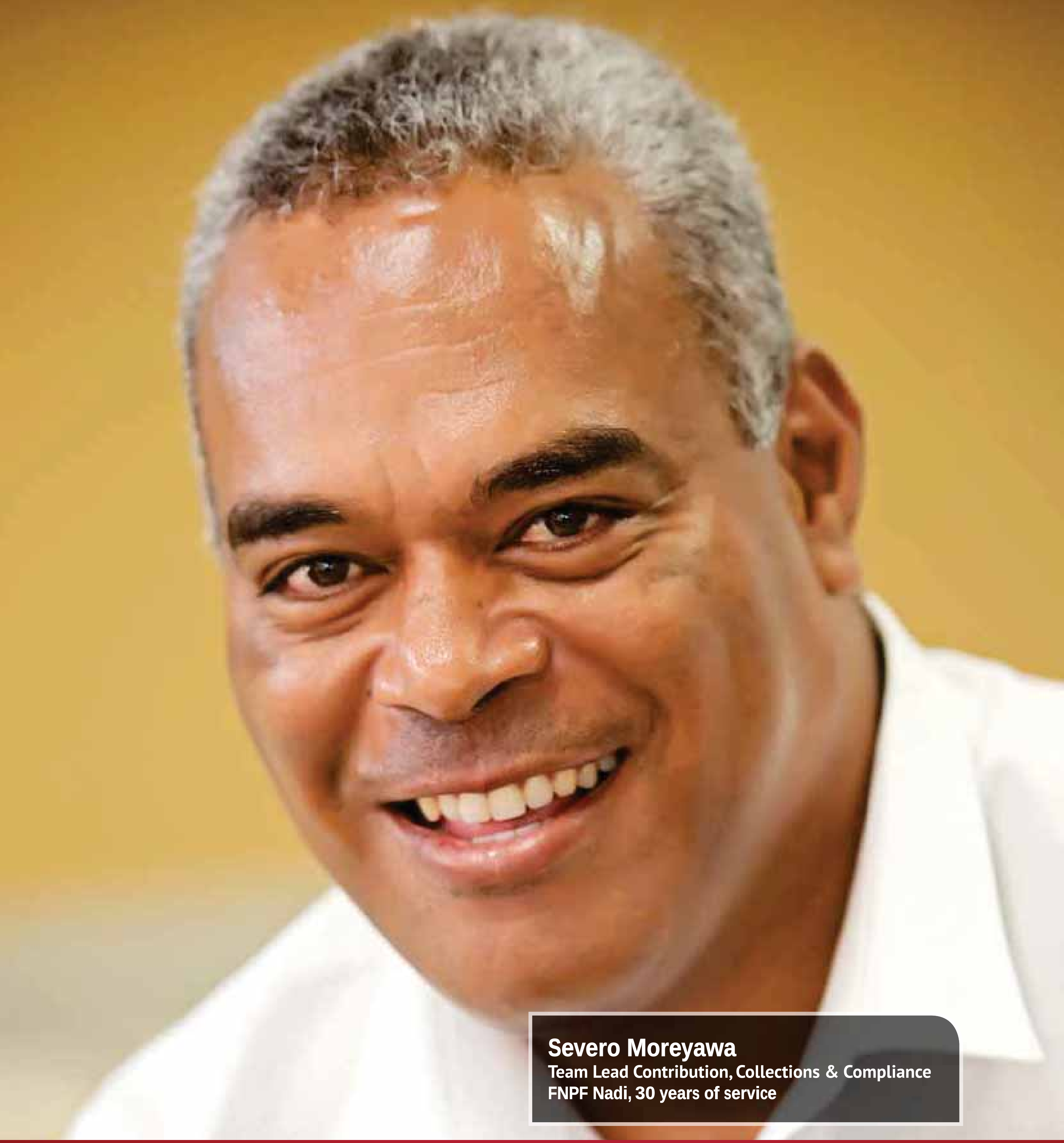
Quality Assessment

An independent external assessment was completed on the Fund's quality assurance and improvement program, which is part of the internal auditing standards required under the International Professional Practice Framework (IPPF) aimed at evaluating the extent of conformance of internal audit activity.

A Malaysian consultant firm was engaged to undertake the quality assessment review, completed in November 2019.

The final report indicated that the overall assessment of the FNPF Internal Audit function "generally conforms" to the International Standards: Attribute and Performance Standards including the Code of Ethics.

FNPF staff don protective gear as they serve members outside the FNPF Headquarters.



Severo Moreyawa
Team Lead Contribution, Collections & Compliance
FNPF Nadi, 30 years of service

“We are fortunate to be employed and looked after by an employer that promotes a positive work environment & culture, recognizes accomplishments and provides opportunities for personal growth.”

Our Investments

The Fund's broad investment objective is to maximise long-term investment returns. This is subject to constraints aimed at containing fluctuations in returns over shorter-term periods to ensure an appropriate balance between risks and returns.

The Fund was positioned underweight in growth assets and maintained an overweight defensive assets during the year. The current assets allocation strategy of the Fund aims at 60% Growth and 40% Fixed Income assets.

In cases of constraints posed by a constricted economic environment and limited investment opportunities, the contingency asset allocation strategy of the Fund is a moderate 40% to 60% Growth to Fixed Income, as funds earmarked for growth assets are invested in the readily available Fixed Income securities.

The investment portfolio showed considerable growth, increasing from $7.5 billion in 2019 to finish at $7.9 billion in 2020.

The Fund returned a strong performance on an absolute basis relative to Growth assets performance, which was affected by market valuation. The realised investment income earned for the period was $422.0 million and unrealised investment loss was $53.6 million.

Net investment income before expenses was $368.4 million.

The first half of the financial year projected a positive outlook with better opportunities and returns.

As the market gathered strength in the first quarter, there were strong growth in Government securities, term deposits and land acquisitions bought for further investment prospects.

In the second quarter, the Fund's strategy on Growth assets investment was optimised. FNPF acquired 20% shares in Energy Fiji Limited (EFL) and further invested in the Vision Investments Limited (VIL) stock with the South Pacific Stock Exchange. The tourism sector investments enhanced with a $39.0 million loan to the Grand Pacific Hotel (GPH).

The third quarter unfolded with COVID-19 causing halts to major economies and posing threat to the investment environment across the globe. This, however, did not deter the Fund's investments initiatives.

Our focus was on risk-free Government bonds and supporting our subsidiaries through our commercial lending arm.

As part of the tourism industry investment and support, the Fund financed major renovation works at Sheraton Fiji Resort and provided loans to Fiji Airways Limited.

Local Equities

The local equities portfolio closed at $1.8 billion at the end of the financial year, when compared to the 2019 portfolio of $1.5 billion.

The increase was driven by the:

- Acquisition of 20% shares in EFL for $206 million from the Fijian Government;
- Additional acquisition of shares in Vision Investments Limited (VIL) for $13.8 million;
- Reinvestment of FNPF's dividend income in HFC Bank of about $9.6 million; and
- Other dividend reinvestments in Unit Trust of Fiji (UTOF) and Pleass Global Limited (PGL).

FNPF also invested an additional $3.2 million in our subsidiary, Health Care (Fiji) Pte Limited, which is a Public Private Partnership for the Lautoka and Ba hospitals.

Moreover, we pursued divestment of some of our existing investee companies in line with the Fund's strategy to actively assess and enhance value in its current portfolio.

Dividend income from the local equity portfolio was $41.9 million as opposed to $59.5 million in 2019. This is a reduction of about 29.6% driven mainly by the general slowdown in the Fijian economy and the impact of COVID-19 on the tourism portfolio, wholesale and retail, financial sector and infrastructure assets.

Furthermore, the FNPF undertakes fair value measurement on equity investments on an annual basis. Given COVID-19, there has been a downward revaluation of the FNPF hotel subsidiaries and investment in HFC Bank, which are two sectors heavily impacted by the pandemic and economic downturn.

Offshore Equities

The offshore portfolio grew from $400.1 million in 2019 to $463.5 million in 2020, a growth of 15.9%. The growth is a result of strategic investments in the financial sector and in the emerging Asian markets.

Key offshore investments made by the Fund in 2020 included:

- additional shares acquired in Bank of South Pacific (BSP) from two sellers and in two separate tranches, amounting to F$64.9 million. Total returns from this investment was about 22%.
- Additional investment of $4 million in the IFC Emerging Asia Fund. The Fund has committed US$50 million in investment until 2021; and
- Dividend re-investment of $1.8 million in The Infrastructure Fund.

The Fund's investment in the Australian equities market suffered losses in the third quarter as the pandemic took its toll. However, a significant portion of these losses were recovered in the fourth quarter as the markets resurged.

Overall, the offshore dividend income for 2020 was $36.8 million (FY19: $31 million); an increase of 18.7%.

Commercial Lending

This portfolio closed at $889.3 million (after impairment) compared to $854.1 million last year, equating to a growth in portfolion net of impairment of 4.12%.

The growth was a result of new lending to various entities such as Fiji Airways Limited, Grand Pacific Hotel Ltd and Barton Limited. Total income for the year was $46.0 million compared to $38.4 million last year, a growth of 19.8%.

In 2019, the Fund adopted the expected credit loss model for booking of impairment in compliance with IFRS 9. The same practice continued during the year, however due to the pandemic, loans in the aviation, hotel and tourism sectors faced increased impairment.

Although there were no default in loans, as a precautionary measure the Fund assessed the impairments on an expected and forward looking basis as opposed to an incurred basis.

> "After COVID-19, our focus was on risk-free Government bonds and supporting our subsidiaries through our commercial lending arm."

Treasury

The Fund continued to ensure short and long-term availability of liquidity to allow for the access of sufficient cash resources to meet our various financial obligations.

Active treasury management became an essential management tool to support the Fund's operations given the prevailing economic conditions.

The challenge of declining market interest rates attributed to excess liquidity in the system, which was further exacerbated by the impact of COVID-19 unemployment contributing to increased member withdrawals, as well as the cash outflow for TC Harold.

At the end of 2020, liquidity in the banking system stood at $751.8 million against $434.1 million for June 2019. The increase was due to RBF's investment in Government bonds, reduction in currency circulation and higher foreign reserves.

The Fund's cash holdings (cash, terms deposits and cash interest receivable) as at 30 June 2020 was $693.9 million compared to $889.2 million for the same period last year. The decrease is attributed to investment outflows during the year, COVID-19 and TC Harold withdrawals.

Local Term Deposits

The local term deposits portfolio stood at $383.0 million compared to $431.0 million in June, 2019. The reduction was due to cash utilised for additional share acquisition, commercial loans and property investments.

Offshore Term Deposits and Cash

FNPF's offshore investments were held and denominated in PNG Kina, US Dollars, NZ Dollars and Australian Dollars.

The foreign term deposits and cash closed at $1.7 million in the review period compared to $40.4 million in 2019.

The decrease is a result of the Fund's investment in additional BSP share acquisition and RBF's instructions to recall FJ$45 million into Fiji in the last quarter of the financial year.

Properties

FNPF's portfolio comprises 28 properties with a total value of $440 million compared to $387 million last year.

The growth in the portfolio by 13.7% is attributed to the acquisition of four prime vacant land earmarked for future development in line with investment strategy to increase our Growth assets.

Acquisition of properties totalled $13.8 million which includes land in Nausori and Lautoka.

A notable achievement was the re-opening of the FNPF Place, Dolphins food court along Victoria Parade, Suva.

The development of the old Nadi Hotel property is expected to open for business next year and will be branded as the myFNPF Centre, Nadi, and will include a supermarket, retail outlets and office spaces.

Property occupancy and income have improved in the past few years. Vacancy has been low but is expected to increase in the new year.

As a relief measure to assist FNPF tenants during the pandemic, the Fund issued rental concessions in the last quarter of the year.

Portfolio income for the year was $19.6 million compared to $18.8 million in 2019, a growth of 4.3%.

Fixed Income

Government Securities

The value of Government bonds held by the Fund increased from a balance of $3.0 billion at the end of 2019 to close at around $3.4 billion in 2020.

The increase in investment came directly as a result of the COVID-19 pandemic. The unanticipated effects of the virus in Fiji had necessitated an increased Government borrowing to cater for additional resources for COVID-19 prevention and containment measures.

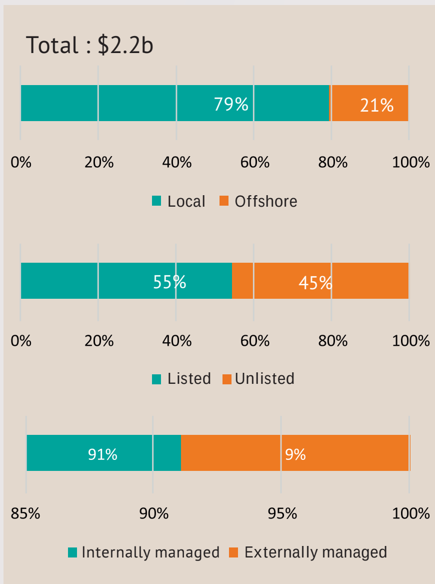
There were no new investments in treasury bills during the year.

Quasi Government Securities

The semi-government securities portfolio consists of borrowings by institutions (e.g, Housing Authority, Energy Fiji Limited, Fiji Development Bank and Fiji Sugar Corporation) whose loans are guaranteed by the Government. The portfolio closed at $124.0 million compared to $134.8 million last year.

Inside the re-developed myFNPF Centre, Nadi.

Figure 7: Snapshot of the Equities Portfolio



Fiji Government US Denominated Bonds
In October 2019, the balance of the USD Bond totaling US$25.15 million were offloaded in the secondary market as part of the portfolio re-balancing exercise. The purpose of the sale was to re-invest the funds in higher yielding equity investments.

FNPF Hotels

Whilst our hotels performed well during the first eight months of the year, nothing prepared the Fund for what the latter four months would bring. As a result, our hotels' performance was tremendously impacted, leading to losses at the end of the financial year.

Maintaining solvency became critical as all hotels would require owner intervention.

Since the beginning of the pandemic and commencement of lock-down in March, FNPF owned hotels have been making losses.

Hotels have struggled to break-even as they compete for the local market share.

The hotels have been operating with low occupancy of up to 15%.

Various cost-cutting measures were implemented such as the closure of facilities that were not needed during the lock-down, operating one restaurant only, adjusting menus to match the local prices, encouraging staff to utilize their leave entitlements, pay cuts for management and staff, laying off workers, and sending staff on indefinite leave without pay.

Due to the uncertainties surrounding the opening of borders, hotel mangement terminated the employment of staff.

With hotel businesses impacted, FNPF commenced the refurbishment of the Sheraton Fiji Resort. Opening is scheduled in 2021.

The Westin Fiji Resort which is currently operating with 40 rooms is also planned for refurbishment in November 2020 and planned to open for business at the end of 2021.

The InterContinental in Natadola is expected to undergo a major upgrade after ten years of operation. Engagement of the consultancy team has commenced and works are expected to begin in 2021.

The Grand Pacific Hotel (GPH) underwent a change in management during the year with the InterContinental Hotel Group (IHG) signing a 10-year management agreement.

The GPH will also undergo property improvements in the first two years before being re-branded with the international brand.

Significant value is expected to be extracted from IHG in revenue and capitalizing on operational synergies with Holiday Inn.

Management was also able to sign a Deed of Variation to the Hotel Management Agreement with IHG, for the extension of the term in managing the Holiday Inn.

Hotel managements are also preparing and aligning their systems, processes and resources to meet the requirements of the "new norm".

FNPF is hopeful that when the borders re-open, the tourism industry will gather momentum, even if at a slower pace than expected.

The FNPF Group comprises strong local and international brands such as:

InterContinental Fiji Golf Resort & Spa, Marriott, Grand Pacific Hotel, Holiday Inn, Yatule Resort and Spa Natadola Fiji, Sheraton Fiji Resort, The Westin Denarau Island Resort & Spa Fiji, Vodafone, Fintel, ATH, tfl, Yellow Pages, HFC Bank

“I’m grateful that the Fund has helped develop my knowledge and skills and has trusted me enough to contribute to the vision of securing members’ future – mine included.”

SUCCESS STORY

Bonds – The backbone of our investments

This financial year has seen the investment world challenged, raising questions on asset allocation strategies used by fund managers across the globe.

The pandemic grab on economic activities has certainly seen markets decelerate.

For Fiji, the impact has been no different.

Growth asset investments were directly impacted as stock markets and property markets felt the brunt of this drastic change.

However, the bonds market retained its ability and significance to withstand the market effect, due to the long-term nature of maturity profiles and associated risks.

At the end of the financial year, the value of Government bonds held by FNPF was $3.4 billion. This is approximately 43% of our investment assets.

Net investments (new investments less maturities) in Government bonds in the last financial year totalled $356.1 million.

A diversified portfolio has proven to be a successful investment strategy for FNPF.

It is this investment story that our members should know, in order to appreciate the sources of return on their funds. It is this strategy that grows members' funds.

What are Government bonds?
This is a debt security issued by a Government to support its spending, obligations and to generate investment activities in the economy.

The issuing of bonds by Government is a universal practice. Like FNPF, many superannuation funds around the world invest in government bonds. Government bonds are a public sector security that are floated publicly.

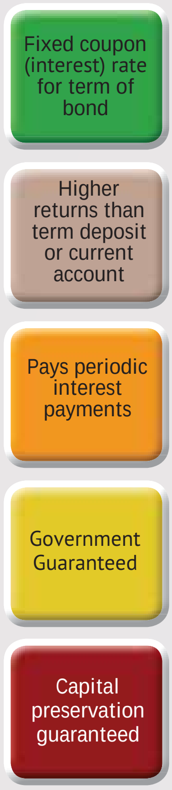
The Australian Government issues the Commonwealth Government Securities (CGS), while the New Zealand Government issues Kiwi Bonds. In Fiji, our Fijian Government issues what is known as the Fiji Infrastructure Bonds.

Accounting for bonds
Fiji Government bonds provide substantial returns to the Fund.

Bonds valuation on mark to market will attract volumes of unrealised capital gain and this remains untouched due to historical cost measurements applied in the accounting records.

The mark-to-market accounting holds a potential of approximately $300 million worth of gains not yet realised by the Fund.

Key Features of a bond



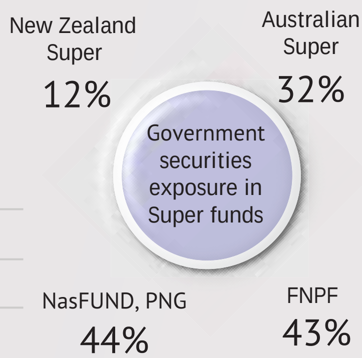


Figure 8: Investment Income vs Income from Govt. bonds

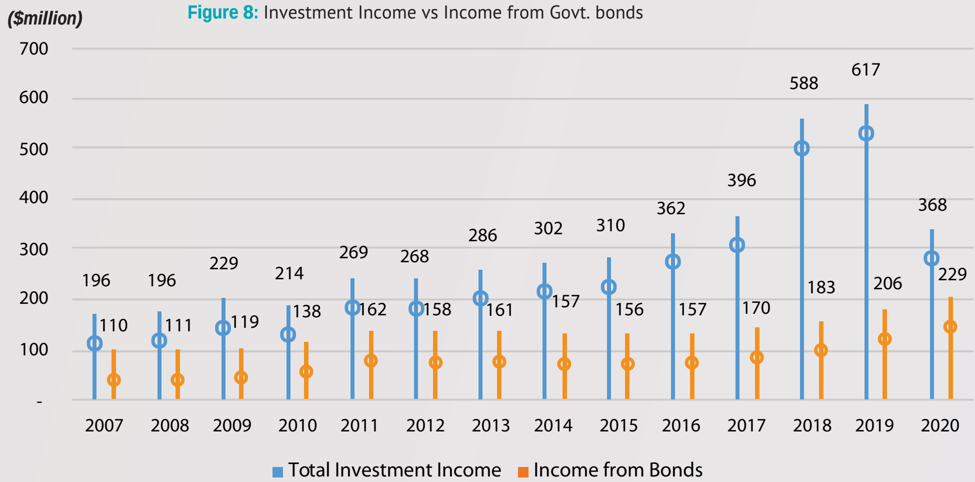
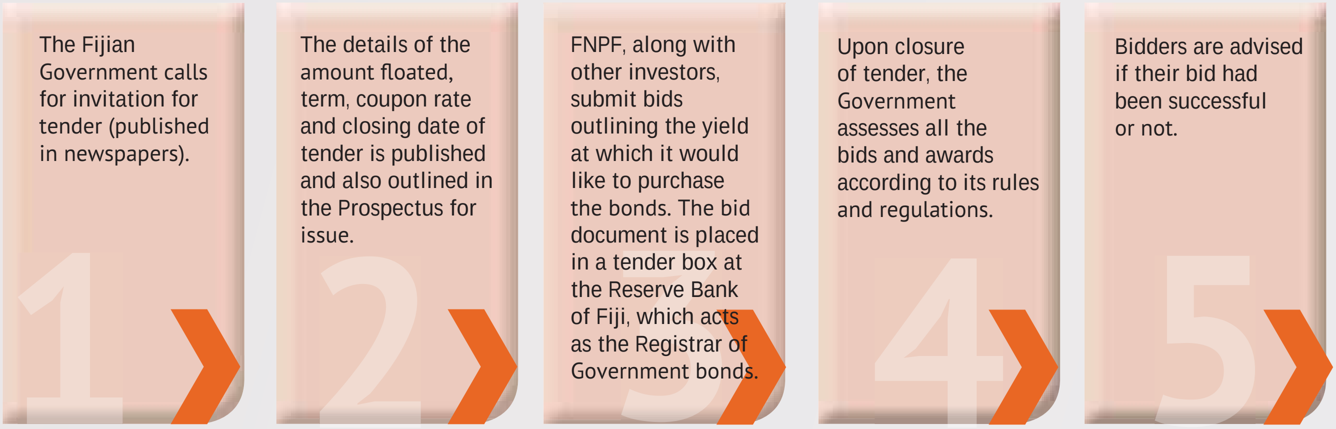


Figure 9: Process of investing in bonds



FNPF is not the sole bidder for Government bonds. Since the process is public, many investors can choose to bid. Some of the key organisations, which invest in bonds, include life insurance companies, commercial banks and other financial institutions.

FNPF's intent to help develop secondary market trading in Fiji will see an establishment of a liquid market. Additionally, gains from secondary trading could attract premium on sales.

The sales process could include bonds repurchase by the Government, finding a secondary market overseas that have the required appetite and loading off to local investors who have preference in bonds with specific maturity profiles.

FNPF's bonds investment

The Fund's investment in Government bonds have fared well.

Over the last 10 years, the Fund's investment portfolio on bonds have grown from $2.1 billion in 2011 to $3.4 billion in 2020.

The growth (for the last 10 years) has yielded an investment income totalling $1.7 billion from bonds alone.

Earnings from our bonds investment from the year 2007 until 30 June 2020 was $2.2 billion contributing to an average of 7.1% return on bonds investments.

Bonds investments have undeniably been a substantial contributor towards the annual interest declared and distributed to members' accounts.

In 2007, the bonds income stood at $110.0 million. It has increased to $229.1 million in 2020.

Investments in growth assets are impacted by the market fluctuations while the bonds investments maintain their value.

At the end of the 2020 financial year, the Fund had an investment portfolio of $7.9 billion. The bonds portfolio for same period was valued at $3.4 billion with a return of 6.8%.

In 2004, the Bonds portfolio made up 46% of the Investment portfolio compared to 43% in 2020.

The market movements did not wither bonds investment. It has helped defensive assets reign in during these times of market crisis.

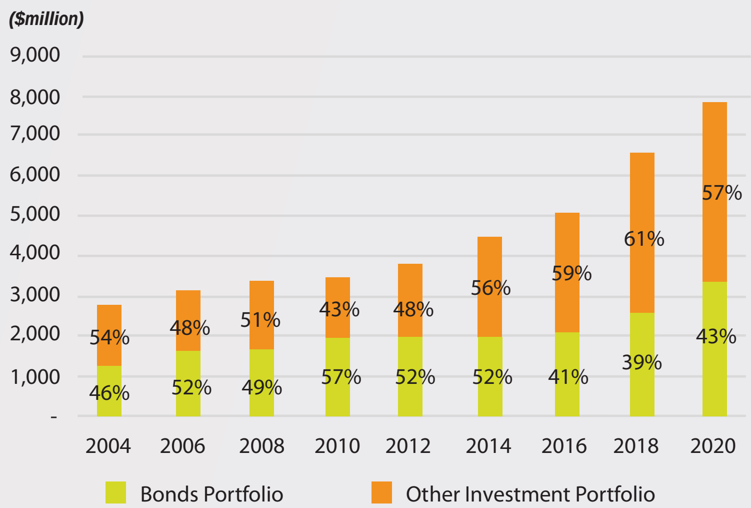
The bonds investments is an ideal investment for a long-term investor.

FNPF as one of the few long-term investors in Fiji, has capitalised on this strategy and the returns, growth and sustainability of investment in bonds has been substantial.

Generally, defensive assets like bonds help the investor sail through turbulent times when market vulnerabilities affect growth assets performance.

Bond investment is indeed one of the most important strategic success stories for the Fund.

Figure 10: This shows the positive growth of the Fund's investment portfolio.



Our Members

The role and nature of serving our customers at FNPF continues to evolve given changing expectations and circumstances.

The first three quarters was business as usual then COVID-19 was the focus of the final quarter.

In partnership with the Ministry of Housing and Community Development, the First Home Agreement for Government grant for village housing assistance was rolled out in March 2019.

At year end, we registered 278 applications, of which 89 applications were forwarded to the Ministry of Housing for approval and payment.

Customers served

Our Member Service centers served a total of 553,072 members compared to 552,146 members last year. The slight increase is attributed to the COVID-19 assistance.

Of the total members served, 85% personally visited our offices and the remainder accessed our services via email or telephone.

In previous years, education assistance was the most sought after withdrawal. However this year unemployment surpassed education, a reflection of the COVID-19 withdrawals.

Pension Services

Pension-related services saw 10,957 customers served during the year. Of these 22.7% inquired about payments, 61.7% were for renewal certificates, 8.8% for pension advice and 6.7% for pension orders.

As a consequence of social distancing, the Fund waived the submission of renewal certificates for pensioners.

This contributed to the reduction of pensioner's visiting our Pension Centers.

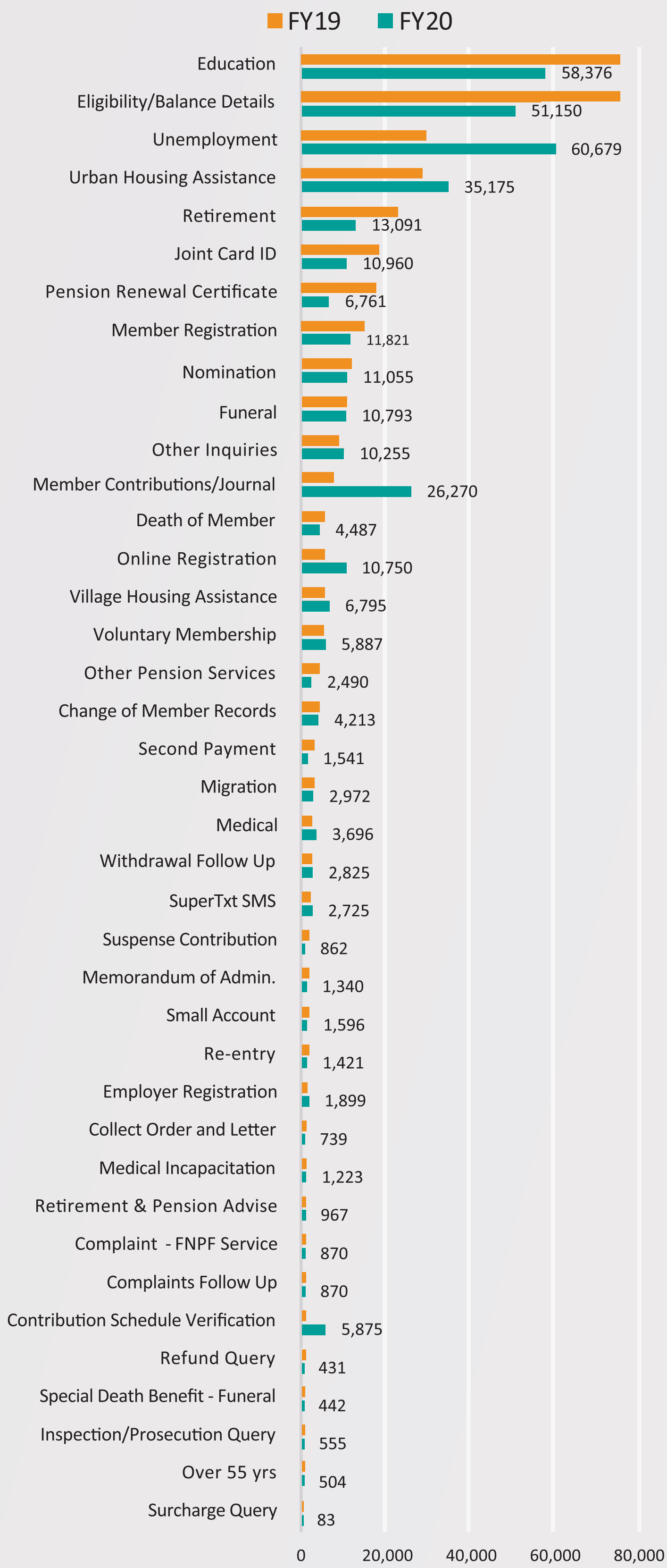


Figure 11: Services accessed by members FY19 and FY20.

Pension take-up rates

The Pension take-up rate refers to the number of members purchasing any combination of FNPF's pension/annuity products over the total number of members that came forward to make an option during the year.

The pension take-up rate was 3.6% compared to 4.8% last year.

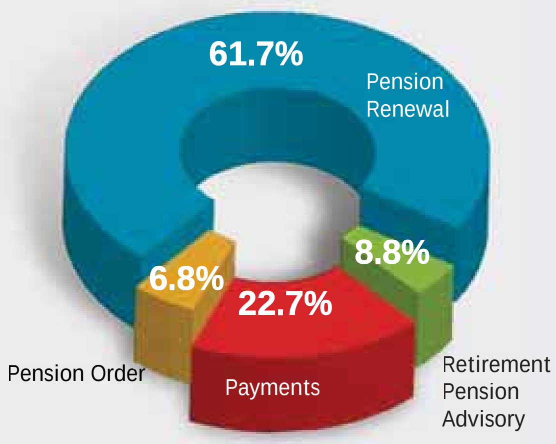
Customers Served by Contact Types

Face to Face
470,129

Email
36,403

Phone
46,540

Figure 12: Pension Services



Membership

The Fund’s total membership was 447,635, which is an increase of 1% from 2019.

This figure includes 21,436 members registered under the Voluntary Membership scheme.

Employers

The Fund’s active employers totaled 8,677 compared to 8,521 in 2019.

These are those employers that paid their employees' contributions at least once during the financial year.

A total of 966 new employers were registered compared to 1,145 in 2019.

Total Contribution

Contributions collected totalled $591.4 million compared to $651.9 million last year. The decrease is due to the reduction in mandatory contribution from 18% to 10% on 1 April 2020, as a COVID-19 response measure to assist all Employers.

From the total contributions, $6.8 million was collected from Voluntary members.

Contribution Debtors

The balance of unpaid contributions was $18.2 million at the end of the financial year, compared to $16.1 million in 2019.

Suspense

These are contributions collected but not distributed to members' accounts because of insufficient information supplied by employers. A total of $0.7 million was recorded in the suspense account in 2020 compared to $1.3 million in 2019.

Unclaimed Deposits Account

The Fund transferred $0.2 million of members’ funds to Unclaimed Deposits Account after reasonable diligent inquiry.

Employers Portal

Employers that registered for the Employer Portal totaled 1,620 bringing the total user numbers to 10,649 with a usage rate of 96%. Majority of registered employers are now submitting their monthly contribution schedules online.

Civil Litigation

Forty six civil litigation cases were under process this year. Of these, eight were closed while 38 are pending as of 30 June, 2020.

Member Account Transfers- Family Court Orders

Transfers ordered by the Family Court valued at $0.2 million for 52 cases were processed between member accounts during the financial year.

Recovery of Member contribution

The Fund took 79 employers to court to recover $1.6 million in unpaid member contributions.

Cases prosecuted were initiated based on the following offences under the FNPF Act 2011;

a) Failing to pay contributions for workers;
b) Failing to produce documents on demand; and
c) Deduction of 8% from workers without remittance to FNPF.

At the end of the financial year, the Fund had closed off a total of 78 court cases, enabling the recovery of $1.2 million of outstanding member contributions.

In addition to its powers of enforcement, the Fund continues to actively pursue civil recovery against those persons listed as directors and business owners. A total of 16 cases, valued at $0.8 million, were initiated against company directors and business owners for unpaid contributions.

Discharge of Property Titles

FNPF actively discharges property titles belonging to members who withdrew for housing assistance prior to November 2014. A total of 794 property titles were released to members and the financial institutions, 2,728 cleared property titles are ready for collection by members while 394 are currently awaiting the endorsement of the Registrar of Titles before they are released to members or the banks.

"The nature of our work is such that you go above and beyond what's expected of you and that's what being a steward of the Fund is about. It's these experiences that define your character, preparing you for the future and the Fund has prepared me for this."

"I consider myself fortunate to be working in a prestigious organisation. FNPF has been an important part of Fijians lives and I am humbled to have contributed in some way to the future of many members and pensioners. I hope to continue to do so, until I retire."

Member Advocacy

The Fund continued to engage with members under the Education and Advocacy programs, creating awareness on the importance of savings. We conducted 152 sessions throughout Fiji, attended by 2,316 members. The Fund also hosted a retirement counselling event in Suva, before pandemic restrictions were imposed.

Annual Member Forum

As stipulated in the Fund's legislation, a forum to discuss our financial results, must be held for FNPF members no earlier than 4 months and no later than 8 months from the start of the financial year. The Fund held forums in Labasa, Ba, Lautoka and Nadi where over 400 members attended. Due to adverse weather conditions, the Suva forum was eventually cancelled.

Media and Communications

The year 2020 was the most challenging for the Fund's communication efforts since the Reforms in 2012.

The use of social media continued to be the most popular and engaging channel used by members to contact FNPF.

The Fund continued to improve its relationship with the media during the year by conducting two media briefings; one in November 2019 held at the newly constructed Nadi Retail Development and the other in June 2020. These briefings allowed the media to obtain the latest updates from the Chief Executive and executive team.

Apart from the briefings, FNPF held seven press conferences, issued 19 media releases generating around 90 mentions.

The Fund also participated in talkback programs on both radio and television.

FNPF's quarterly member newsletters, distributed via email blast provided updated information on the latest developments as well as member testimonials. The use of the email blast platform proved effective during the year, keeping us in direct contact with stakeholders.

The latter part of 2020 arrived with its own set of communication challenges as the COVID-19 restrictions set in, physical distancing rules were enforced, pressuring the Fund and its stakeholders to correspond and conduct its business digitally.

Faced with the challenge of having to reduce operating costs, the Fund heavily relied on online media to disseminate information on its COVID-19 withdrawal phases.

To complement this, the Fund conservatively used mainstream media, specifically radio and newspaper.

However, it was important that the Fund continued to keep its members informed with the latest information as the pandemic progressed.

Over 9,000 messages were received on the Funds Facebook Messenger platform (2019: 2,000).

A key learning from the year is the need to rebuild the Fund's reputation and member confidence which was shaken by a volatile economy and uncertainty that was brought about by the pandemic.

Coupled with other learnings from COVID-19, we will reshape our communication strategies requiring a more proactive and targeted stakeholder engagement for 2021, addressing recurring strategic issues.

Facebook
41,597 Likes

Twitter
952 Followers

Our Digital Services

FNPF continues to invest in our digital transformation to improve access, navigation and usability for all of our customers, driven by their needs and feedback. We are pleased to note that we provided break-through technological solutions for our COVID-19 withdrawals scheme, taking into account social distancing rules.

Improving efficiency by robotic process automation

In a first for the Fund, the robotic process automation (RPA) technology was introduced during the COVID-19 pandemic, replacing manual efforts to process and pay out withdrawal applications. The Fund piloted the use of RPA technology for the COVID-19 withdrawal scheme, commencing with Phase 2.

Prior to the introduction of the RPA, our staff worked late hours, engaged non-operation staff, established shift-work to meet the demands of the COVID-19 assistance, similar to the TC Winston assistance. This was a time-consuming and costly exercise.

Changes that have been brought about by RPA are faster turn-around times in processing members' applications, reduction in error rate and improved processing efficiency.

Mobile Technology and member engagement

The power of mobile technology was evident during the year. The number of members who downloaded and installed the myFNPF app more than doubled during year. Members were able to enquire about their account and eligibilities through the myFNPF app and they were also able to apply directly for the COVID-19 withdrawal phases.

This was cost effective for members and they were able to monitor the progress of their applications from their phones.

The myFNPF app is one of the most used local app compared to other mobile apps used in Fiji with a subscriber portfolio of over 70,000. Approximately 46% of members that accessed the COVID-19 withdrawal assistance, used the app.

(Front left) Fund Chief Information Technology Officer, Rukshan Rajapaksha assists in on-boarding members on the myFNPF mobile app to enable them to apply for COVID-19 withdrawal.

Employer portal employer engagement

The Fund's employer portal was enhanced to receive applications for the COVID-19 withdrawal assistance. Applications that came through the portal were integrated to the Fund's administration system for processing.

This established an efficient online employer and Fund document exchange platform for members to submit applications. This was a critical approach given the physical distancing restrictions imposed by authorities. Additionally, this resulted in improved processing accuracy and efficiency.

As part of our digital strategy, the FNPF employer portal was also reviewed with re-design workshops conducted internally to analyse and review the existing portal and an employer survey was commissioned to obtain feedback service improvements.

The enhanced portal will improve user experience and will provide more self-service facilities with shorter turnaround times.

Fast adoptive development and change response

Given the uncertainty and demand for quick turnaround times, the Fund was expected to be agile and provide quick solutions to members COVID-19 needs while still maintaining high level of quality outputs. To this end, our software development process had to adapt an agile software development methodology to respond to these demands.

Automated System Validations for accuracy

To mitigate risks that could affect data quality, the Fund implemented additional automations to validate data and improve exceptions reporting that was outside the norm.

Data mining and reporting on the visibility

The Fund invested in its first ever data mining and data warehouse project during the year. The capabilities and outcomes of this would further enhance the Fund's decision-making approach to be more data driven-both strategically and operationally.

This has enabled good insights on data available in the Fund and it has also improved the turnaround time for key decisions.

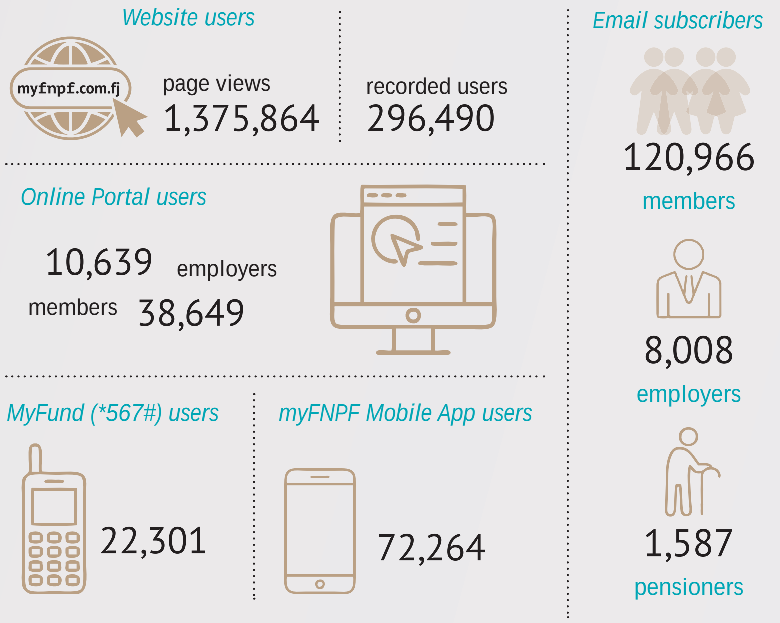
Infrastructure Availability

The Fund's capability to provide service continuity to its members was tested through planned disaster simulations, where improvements were made to our infrastructure based on key findings.

This was part of our continued efforts to build on data security and safeguarding member information from external threats.

The infrastructure project will progress in to the next year and will acquire further security measures safeguarding member information.

These measures provide confidence to members that in the case of a disaster, the Fund will be ready to continue its services with minimal interruption and with a safe and secure member engagement.



Our People

Milestones

Despite the onset of COVID-19, the Fund embarked on key and enterprise activities to bring about process improvements and create engagement within the Fund.

These include the:
- Re-alignment of the West and North branches and agencies to synchronise their reporting lines and structure;
- Delivery of the corporate culture and household income and expenditure survey reports; highlighting areas which need further work;
- Successful implementation of the 2019 Job Evaluation exercise undertaken by PricewaterhouseCoopers;
- Successful implementation of the Records Management Project which digitized more than 95% of the Fund's withdrawal's records, making it accessible;
- Migration of payroll via biometric facility making staff accountable and compliant in terms of attendance and leave management;
- Roll-out of staff engagement activities;
- Continuation of training programmes via the Fund's online learning platform Percipio (includes audio books, books, courses and videos); and
- Key capabilities developed on Percipio were Excel, communication essentials, essential customer service skills, project management and six sigma.

The Fund's People

At the end of June 2020, the Fund had 398 employees.

The Fund had worked extensively propagating the stewardship culture whilst reinforcing the values and behaviour required for all FNPF personnel.

This has been the essence of the transformation journey that we embarked on since 2018.

Table 2 reveals that the Fund has achieved some success in implementing corporate culture initiatives resulting in the following:
- Reduction in leave turn over by 3.0%;
- Increase in the corporate culture survey rating to 80%;
- Reduction in employee relations cases by 33%;
- Despite the reduction in staff numbers by 14.6% (end of contracts for temporary staff) the Fund was still able to sufficiently deliver services to

The Fund prides itself as an employer that develops, recognizes and retains cultured staff as well as providing a stable working environment.

members during Phase 1 and Phase 2 of the COVID-19 withdrawal scheme; and

- Reduction in face-to-face learning due to the increased uptake of Percipio (76% usage)

Our corporate culture initiatives will continue, to ensure it is sustained and reinforced as a norm over the next 3 years and beyond.

Looking Ahead

Going forward, supporting operational flexibility, adaptability and resilience to these disruptions whilst developing innovative cross functional processes is essential for success and reduction in cost.

Several activities have been organized for staff and includes:

- "Leading through Crisis" training to ensure leaders are able to lead and guide the Fund past the COVID-19 outbreak and other future disruptions;
- Enhancing the HR dashboard to aid the Fund's leaders in making informed decisions through readily available data and for resource and capacity planning;
- Financial literacy programs (includes budgeting, financial literacy and business start-ups) to ensure better cash management for all staff;
- Counselling (psychosocial and clinical) to ensure services and advise are provided to staff to mitigate stress posed by the current crisis;
- Reinforcement of COVID-19 health protocols to ensure our people are able to attend to the needs of members and employers; and
- Health and Wellness Activities to further reinforce the Fund's efforts in combating non-communicable diseases and other ailments.

Table 2: FNPF staff welfare profile

ITEM	FY19	FY20
Staff Numbers	466	398
Recruits	73	12
Exits	51	78
Labour Turn Over (temporary and permanent staff)	10.8%	16.3%
Labour Turn Over (permanent staff only)	5.5%	2.5%
Employment Relations Cases	21	14
Years of Service (average)	8	9
Age (average)	36	37
Corporate Culture Survey	30%	80%
Attendance Ratio (average)	98.1%	91.3%
Training Activities (face-to-face)	88	25

OUR CORPORATE DIARY 2020

july

- **26th - 29th:** Financial literacy program in Gau, Lomaiviti.
- **4th** - Voluntary payments through M-PAISA enabled on MyFNPF app

august

- **1st** - FNPF celebrates 53rd anniversary. Managers CS Day.
- **23rd** - FNPF buys 20% EFL shares worth $206m
- **25th -** FNPF wins Best Reporting and Disclosure Award at the South Pacific Stock Exchange Annual Report Awards.

october

- **1st** – Fund moves to Electronic Payment mode for all members and vendors.
- **1st** - The Sugar Cane Growers Fund is now an approved lender, recognized by FNPF.

november

- **13th** - FNPF and Energy Fiji Limited signed a Memorandum of Understanding to formalize partnership that will promote information sharing for compliance purposes that will benefit our members

- Member Forums: Labasa, Ba, Lautoka, Nadi, Suva Forum (Cancelled due to measles outbreak)
- **22nd -** Pensioners Day was held at Friendly North Inn, Labasa for the North Pensioners
- **30th** – Pensioners Day was held at Sheraton Fiji Resort, Nadi for the pensioners residing between Sigatoka to Rakraki

december

- **18th** - Fund staff collected and handed over gifts to Prison Fellowship Fiji.

january

- **1st** – New board members appointed. Mr Daksesh Patel (Chairman), Mr Mukhtar Ali and Mr Sanjay Kaba.
- **30th** - Official Opening of the ISSA Focal Point for the Pacific Islands Countries by the ISSA President Professor Dr. Joachim Breuer at the GPH.

february

- **1st** – Fund suspends processing fees for all early withdrawal assistance
- **29th** – One-to-One Counselling Session for members at FNPF Suva office.

march

- **14th** – Fund waives the pension renewal certicate process as part of its adherence to national helath requirements for COVID-19.

april

- **2nd** – COVID-19 withdrawal extended to working members in the Suva to Nausori corridor.
- **6th** – COVID-19 withdrawal Phase 1 opened for members working in the Tourism Sector and those residing/ working in Lautoka and affected by lockdown restrictions, reduced hours, leave without pay, laid off / terminated due to COVID-19. Also included taxi drivers and small business operators. d small business operators.
- **8th** – Waiver of submissions of pensioner Renewal Certificates extended until 28 May 2020.
- **14th** – Natural Disaster withdrawal opened for members whose homes were damaged during TC Harold.

may

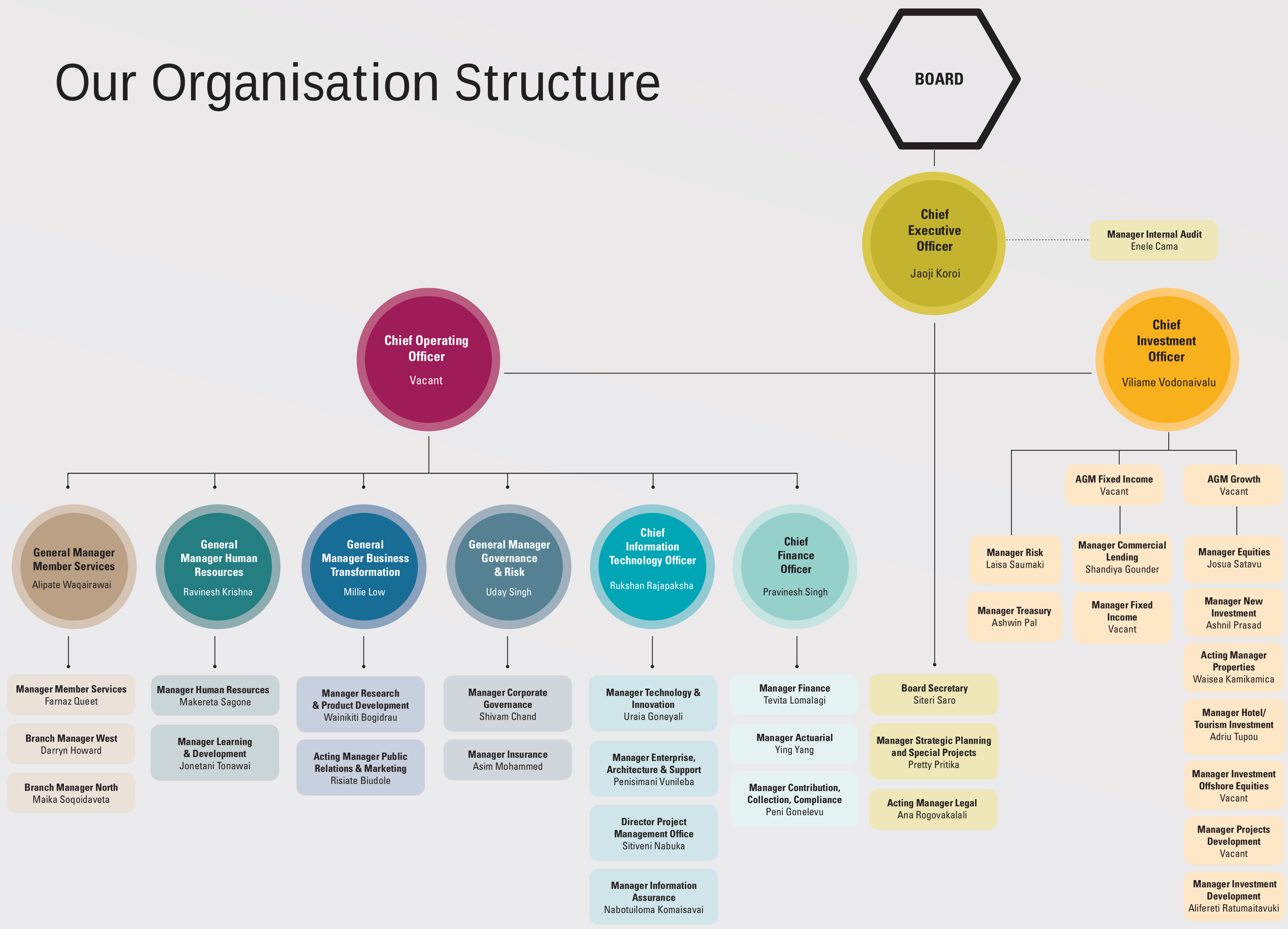
- **12th** - Waiver of submissions of pensioner Renewal Certificates extended until end of June 2020.
- **26th** – 7,000 pensioners received one-off relief payment for COVID-19.
- **29th** – COVID-19 Phase 1 withdrawal closed.
- **29th** – TC Harold Natural Disaster withdrawal closed.

june

- **8th** – Dolphins Food Court reopened after the completion of refurbishment works.
- **9th** – Phase 2 opens for members who are unemployed from Oct 2019
- **10th** – Phase 2 extended to those on leave without pay
- **30th** – FNPF Board declares 5% interest.

5%
Interest Rate for FY 2020

Our Organisation Structure



Our Financial Statements

The Board members present their report together with the financial statements of Fiji National Provident Fund ("the Fund") for the year ended 30 June 2020 and report as follows:

Board Members
The Board members of the Fund during the year and up to the date of this report were:

Mr. Daksesh Patel (Chairman – appointed 1 January 2020)
Mr. Ajith Kodagoda (Former Chair - completion of term under FNPF Act - 23 January 2020)
Mr. Mukhtar Ali (Appointed 24 January 2020)
Mr. Tevita Kuruvakadua (Deputy Chair - completion of term under FNPF Act - 23 January 2020)
Mr. Sanjay Kaba (Appointed 1 January 2020)
Ms. Makereta Konrote
Ms. Kalpana Lal
Mr. Joel Abraham

Operation of the Fund
The Fund is a defined contribution fund and the operation of the Fund has been carried out in accordance with the provisions of the Fiji National Provident Fund Act 2011.

Principal Activities
The principal activity of the Fund during the financial year was the provision of superannuation services to its members.

Going concern and impact of COVID-19
The Fund has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of issuing the financial statements.

The impact of the COVID-19 pandemic has resulted in the Fund's operations experiencing challenging and uncertain times. Whilst the situation is evolving, the Fund remains confident that it will be able to continue as a going concern which assumes the Fund will be able to continue operating and realise assets and discharge liabilities in the ordinary course of business for the foreseeable future. In reaching this position, the following factors have been considered:

- the Fund has cash of $298.8million as at 30 June 2020 and has adequate levels of liquidity through term deposits held with local banks of $383.0 million of which 90% or $343.0 million is maturing within 12 months.
- the Fund's exposure where the potential credit risk is more severe including hospitality and accommodation, tourism, transport and telecommunication is approximately 17% of the financial assets base as disclosed in note 3.1(b) under the heading "Concentration of credit exposure".
- the Fund has prepared for several scenarios assuming the COVID-19 pandemic continues for the next 6 and 12 months, stress testing operating cash flows and in all cases the Fund expects to remain sufficiently liquid and solvent.
- The outcome of all of the above leads the Fund to determine that the Fund's financial position is strong, and it will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of the financial statements.
- The financial statements have therefore been prepared on a going concern basis.

Operating Results
The net surplus attributable for allocation for the year ended 30 June 2020 was $320,440,000 (2019:$568,383,000).

Reserves
The Board approved the allocation of net surplus to member's accounts from the Fund's income statement as annual interest at a rate of 5.00% (2019:6.75%).

Bad and Doubtful debts

The Board members took reasonable steps before the Fund's financial statements were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts.

At the date of this report, the Board members are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts, inadequate to any substantial extent.

Significant events during the year

(i) The unprecedented uncertainty in the economic environment continues post year end and it is difficult to predict what the eventual impact it may have on the Fund. Actual economic events and conditions in future may be materially different from those estimated by the Fund at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the fair value of the Fund's portfolio and a future price achieved if the assets are to be realised. At the date of the annual report, an estimate of the future effects of the COVID-19 pandemic on the Fund's portfolio cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

Further considerations in relation to the COVID-19 pandemic are included in the going concern disclosure on above and expected credit losses, equity investments and properties valuations in notes 3.1(b), 14 and 15 to the financial statements respectively.

(ii) In response to the effects of COVID-19 pandemic on the Fijian Economy, the contribution rates were reduced to a total of 10% from 18% being 5% contribution from the employer and 5% deducted from the total wages of the employee effective from 1st April 2020.

(iii) During the year, The Fund acquired 20% equity interest in Energy Fiji Limited. The shares were previously held by the Government of the Republic of Fiji. Following the divestment, the Government retains 75% of the shares in EFL, with the remaining shares held by FNPF (20%) and the general public of Fiji (5%).

(iv) The Fijian Government in collaboration with the Fund in response to the COVID-19 pandemic allowed members to access their General account held with the Fund. The members were eligible to withdraw a maximum of $1,000 if they had been employed in the tourism industry and $500 if they would have lost their incomes as a result of COVID-19 related lock downs. The total applications received for COVID-19 phase 1 was 85,959 amounting to $54,246,000. The government further announced phase 2 assistance to affected members whereby a maximum of $1,100 would be paid over 5 fortnights commencing 23 June 2020. As at 30 June 2020, 15,920 members were assisted as part of phase 2 amounting to $1,571,000.

Events Subsequent to the Balance Date

(a) COVID-19 Pandemic

The unprecedented uncertainty in the economic environment continues post year end and it is difficult to predict what the eventual impact it may have on the Fund. Actual economic events and conditions in future may be materially different from those estimated by the Fund at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the fair value of the Fund's investment portfolio of properties and equities and of future prices achieved if the assets are to be realised. It may also adversely impact the level of expected credit losses attaching to loans and advances, receivables and government securities and fixed interest securities and their final realised positions, as the counterparties will all experience their own impacts of COVID-19 on their business activities and cash flows.

At the date of the release of the financial statements an estimate of the future effects of the COVID-19 pandemic on the Fund's portfolio cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown. The financial statements, however, reflect the best estimates of the Fund's Board and management based on the information available at the time of preparation.

Future changes in valuations, realised values and expected or actual credit losses are non-adjusting events at 30 June 2020 and will impact on the value of net assets available for members' benefit and on the income statement in future periods. The Fund will continue to assess the impact of COVID-19 and take relevant measures to respond to the evolving environment. Further considerations in relation to the COVID-19 pandemic impact on equity valuations, investment properties valuations and expected credit losses at balance date and in future periods are included in the respective notes in the financial statements.

Events Subsequent to the Balance Date (continued)

(b) Assistance to members
On 11th August 2020, a total of 26,894 members have been assisted under the COVID-19 Assistance program with withdrawal payments amounting to $8,152,000 bringing the total amount of phase 2 payment processed from members' account to $9,723,000. The final date of phase 2 payment is 18 August 2020.

(c) The Government in its 2020/2021 budget announced COVID-19 phase 3 assistance which includes payments to members who have been placed on reduced hours and wage reduction across all sectors of the economy. To date a total of 2,500 applications have been received and are to be processed by the end of August 2020.

(d) Amalgamated Telecom Holdings Limited's (ATH) share rights issue
On 17 July 2020, FNPF exercised its rights to subscribe to ATH's Share Rights Issue and acquired a total of 23,000,000 new shares at the share rights issue price of $2.00 amounting to $46,000,000. Consequently raising its equity interest in ATH to 73.2% from 72.2% previously.

Apart from the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transactions or event of a material and unusual nature likely, in the opinion of the Board members, to affect significantly the operations of the Fund, the results of those operations or the state of affairs of the Fund.

Basis of preparation
The financial statements of the Fund have been drawn up in accordance with International Financial Reporting Standards and the requirements of the Fiji National Provident Fund Act 2011.

Related party transactions
In the opinion of the Board members all related party transactions have been recorded in the books of the Fund and adequately disclosed in the attached financial statement.

Other circumstances
At the date of this report, the Board members are not aware of any circumstances not otherwise dealt with in this report or financial statements which render any amounts stated in the financial statements misleading.

Unusual transactions
The results of the Fund's operations during the financial year have not in the opinion of the Board members been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

Actuary's certification
The Fund's Actuary has signed off on the liabilities and solvency of the RIF and SDBF and that interest credited to FNPF members will not place undue stress on the solvency of the FNPF on the basis of the valuation of assets undertaken at reporting date.

Board members' interest
No Board member of the Fund has, since the end of the previous financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Board members as shown in the Fund's financial statement) by reason of a contract made by the Fund or related corporation with the Board member or with a firm of which he/she is a member, or with an entity in which he/she has a substantial financial interest.

Dated at Suva this 16th day of October 2020.
Signed in accordance with a resolution of the Board:

Chairperson

Director

Statement by Board Members

In the opinion of the Board members:

(a) The accompanying income statement is drawn up so as to give a true and fair view of the results of the Fund for the year ended 30 June 2020;

(b) The accompanying statement of net assets available for benefits is drawn up so as to give a true and fair view of the state of the affairs of the Fund at 30 June 2020;

(c) The accompanying statement of changes in member benefits is drawn up so as to give a true and fair view of movement in member benefits of the Fund for the year ended 30 June 2020;

(d) The accompanying statement of changes in reserves is drawn up so as to give a true and fair view of movement in reserves of the Fund at 30 June 2020;

(e) The accompanying statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the Fund for the year ended 30 June 2020;

(f) At the date of this statement there are reasonable grounds to believe that the Fund will be able to pay their debts as and when they fall due; and

(g) All related party transactions have been recorded and adequately disclosed in the attached financial statement.

Dated at Suva this 16th day of October 2020.

Signed in accordance with a resolution of the Board:

Chairperson

Director

pwc

Independent Auditor's Report

To the Members of Fiji National Provident Fund

Report on the audit of the financial statements of the Fund

Opinion

We have audited the accompanying financial statements of the Fiji National Provident Fund (the Fund), which comprise the statement of net assets available for benefits and the statement of net assets available for benefits by Fund as at 30 June 2020, and the income statement, the income statement by Fund, statement of changes in members' benefits, statement of changes in reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance, changes in members' benefits, changes in reserves and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements of the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in Fiji, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of Matter

We draw attention to Notes 2.1 and 31 (a) which relate to COVID-19 and its impact on the Fund during the year and the ongoing associated uncertainties post year end. We also refer to Note 4, which summarises the areas of critical accounting estimates and judgment applied in the fair value measurement of financial assets and investment properties as well as impairment assessments of financial and non-financial assets. The unprecedented uncertainty of the economic environment at the date of signing the financial statements has heightened the estimation uncertainty and actual economic events and conditions in future may be materially different from those estimated by the Fund in their above assessments, since anticipated events frequently do not occur as expected. This increases the risk of a material adjustment to the carrying amount of financial assets and investment properties within the next financial year. In our judgement, this issue is fundamental to the users' understanding of the financial statements, the financial position and performance of the Fund. Our opinion is not modified in respect of this matter.

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Other Information

Board members and management are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2020 (but does not include the financial statements and our auditor's report thereon).

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard, except that not all other information was available to us at the date of our signing.

Responsibilities of Board Members' and Management for the Financial Statements

Board members and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Fiji National Provident Fund Act 2011, and for such internal control as the board members and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members and management are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board members and management either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The board members and management are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members and management.

- Conclude on the appropriateness of the board members' and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

We communicate with board members and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion the financial statements have been prepared in accordance with the requirements of the Fiji National Provident Fund Act 2011 in all material respects, and;

a) we have obtained all the information and explanation that, to the best of our knowledge and belief, were necessary for the purpose of the audit; and

b) we have been given all information, explanations and assistance necessary for the conduct of the audit.

Restriction on Use

This report is made solely to the Fund's members, as a body, in accordance with the Fiji National Provident Fund Act 2011. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members as a body, for our audit work, for this report, or for the opinions we have formed.

PricewaterhouseCoopers
Chartered Accountants

Wiliki Takiveikata
Partner

16 October 2020
Suva, Fiji

Fiji National Provident Fund
Income statement
For the year ended 30 June 2020

	Notes	2020 $000	2019 $000
Income			
Interest	6(a)	323,638	298,750
Dividend	6(b)	78,747	90,438
Property rental		19,574	18,841
Change in fair value of investment properties	15	-	18,467
Change in fair value of equity investments	7(a)	-	198,510
Net foreign exchange gains	7(b)	806	-
Other income	8	1,396	2,096
Reversal of impairment on mortgaged loans		-	8,425
Reversal of Impairment of assets held at amortized cost		284	-
Total income		**424,445**	**635,527**
Less:			
Impairment of mortgaged loans		40,340	-
Impairment of assets held at amortized cost		7	3,557
Foreign exchange losses	7(b)	-	13,251
Change in fair value of investment properties	15	2,676	-
Change in fair value of equity investments	7(a)	11,628	-
Net income		**369,794**	**618,719**
Expenses			
Investment expenses		7,353	8,952
Property expenses		7,869	6,351
Interest expenses		19	19
General administration expenses	9	26,737	24,303
Depreciation and amortization		3,641	3,505
Net impairment of contribution receivable	19	3,735	7,206
Total expenses		**49,354**	**50,336**
Net increase in net assets available for allocation		**320,440**	**568,383**
Other comprehensive income			
Items that may be reclassified subsequently to income statement		-	-
Net increase in net assets available for allocation	27	**320,440**	**568,383**
Net increase in net assets allocated to:			
Member's accounts		293,957	353,145
Funds		26,483	215,238
Total		**320,440**	**568,383**

The income statement is to be read in conjunction with the notes to and forming part of the financial statements

Fiji National Provident Fund
Statement of net assets available for benefits
As at 30 June 2020

	Notes	2020 $000	2019 $000
Assets			
Cash and cash equivalents			
Cash and cash equivalents	16	311,466	459,455
Receivables			
Investment income receivable	20	139,499	118,399
Other receivables	19	43,071	49,794
Investments			
Term deposits	10	382,748	429,785
Government securities	11	3,362,100	3,008,547
Other fixed interest securities	12	123,882	196,120
Loans and advances	13	889,337	854,084
Equity investments	14	2,221,834	1,939,782
Investment properties	15	438,107	385,868
Other assets			
Property, plant and equipment	18	11,636	11,461
Right of use assets	23(a)	249	236
Intangible assets	17	8,396	10,254
Total assets		**7,932,325**	**7,463,785**
Liabilities			
Other payables and accruals	21	36,024	19,984
Lease liability	23(b)	9,302	243
Employee entitlements	22	1,034	1,157
Total liabilities (excluding net assets available to pay benefits)		**46,360**	**21,384**
Net assets available for member benefits and reserves	24	**7,885,965**	**7,442,401**
Comprising:			
Member benefits			
Allocated to members		6,529,884	6,098,652
Unallocated to members		16,034	8,686
Total member benefits		**6,545,918**	**6,107,338**
Reserves			
Investment reserve		583,189	629,668
Solvency reserve		756,858	705,395
Total reserves		**1,340,047**	**1,335,063**
Total Funds		**7,885,965**	**7,442,401**

These financial statements have been approved in accordance with a resolution of the Board of Directors.

For and on behalf of the Board

Chairperson

Director

Statements of changes in member benefits

As at 30 June 2020

	Notes	2020	2019
		$000	$000
Opening balance of members' benefits		**6,107,338**	**5,460,079**
Adjustment on initial application of IFRS 9 * on 1 July 2018			
- SDB		-	(48)
- RIF		-	(310)
Balance at 1 July		**6,107,338**	**5,459,721**
Contributions:			
Employers		328,568	362,201
Members		262,854	289,760
Total contribution	26(a)(ii)	**591,422**	**651,961**
Benefit payments to members	24(e)	(438,973)	(355,755)
Pension payments to pensioners	24(e)	(29,339)	(24,356)
Benefits allocated to members' account, comprising:			
Interest to members	26(a)(iii)	293,957	353,145
Current year investment returns			
- SDB	27	3,134	2,699
- RIF	27	26,616	25,709
Transfer to solvency reserve			
- SDB	26(c)	(7,091)	(6,180)
- RIF	26(b)	(1,171)	394
Transfer from general reserve		25	-
Closing balance of members' benefits		**6,545,918**	**6,107,338**

* Impairment allowance on financial assets

The statement of changes in member benefits is to be read in conjunction with the notes to and forming part of the financial statements.

Statement of changes in reserves

As at 30 June 2020

	Investment Reserve $000	Solvency reserve $000	Total $000
Balance at 30 June 2018	**516,578**	**636,078**	**1,152,656**
Adjustment on initial application of IFRS 9	(10,209)	-	(10,209)
Balance at 1 July 2018	**506,369**	**636,078**	**1,142,447**
Net transfers to/from member benefits/reserves			
- FNPF	(63,531)	63,531	-
- SDB	-	6,180	6,180
- RIF	-	(394)	(394)
Net current year investment returns	186,830	-	186,830
Balance at 30 June 2019	**629,668**	**705,395**	**1,335,063**
Net transfers to/from member benefits/reserves			
- FNPF	(43,201)	43,201	-
- SDB	-	7,091	7,091
- RIF	-	1,171	1,171
Net current year investment returns	(3,267)	-	(3,267)
Transfer to member liability	(11)	-	(11)
Balance at 30 June 2020	**583,189**	**756,858**	**1,340,047**

The statement of changes in reserves are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund
Income statement by Fund
For the year ended 30 June 2020

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Income	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Interest	293,647	270,011	26,850	26,036	3,141	2,703	323,638	298,750
Dividends	78,747	90,438	-	-	-	-	78,747	90,438
Property rental	19,574	18,841	-	-	-	-	19,574	18,841
Change in fair value of investment properties	-	18,467	-	-	-	-	-	18,467
Change in fair value of equity investments	-	198,510	-	-	-	-	-	198,510
Net foreign exchange gain	806	-	-	-	-	-	806	-
Other income	1,396	2,096	-	-	-	-	1,396	2,096
Reversal of impairment on assets held at amortized cost	178	-	106	-	-	-	284	-
Reversal of impairment on mortgaged loans	-	8,425	-	-	-	-	-	8,425
Total income	**394,348**	**606,788**	**26,956**	**26,036**	**3,141**	**2,703**	**424,445**	**635,527**
Less:								
Net impairment of assets held at amortized cost	-	3,540	-	13	7	4	7	3,557
Net impairment of mortgaged loans	40,340	-	-	-	-	-	40,340	-
Net foreign exchange losses	-	13,251	-	-	-	-	-	13,251
Change in fair value of investment properties	2,676	-	-	-	-	-	2,676	-
Change in fair value of equity investments	11,628	-	-	-	-	-	11,628	-
Net income	**339,704**	**589,997**	**26,956**	**26,023**	**3,134**	**2,699**	**369,794**	**618,719**
Expenses								
Investment expenses	7,353	8,952	-	-	-	-	7,353	8,952
Property expenses	7,869	6,351	-	-	-	-	7,869	6,351
Interest expense	19	19	-	-	-	-	19	19
General administration expenses	26,399	23,992	338	311	-	-	26,737	24,303
Depreciation and amortisation	3,639	3,502	2	3	-	-	3,641	3,505
Net impairment of contribution receivable	3,735	7,206	-	-	-	-	3,735	7,206
Total expenses	**49,014**	**50,022**	**340**	**314**	**-**	**-**	**49,354**	**50,336**
Net increase in net assets available for allocation	**290,690**	**539,975**	**26,616**	**25,709**	**3,134**	**2,699**	**320,440**	**568,383**
Allocated to:								
Member's accounts	293,957	353,145	-	-	-	-	293,957	353,145
Funds	(3,267)	186,830	26,616	25,709	3,134	2,699	26,483	215,238
Total	**290,690**	**539,975**	**26,616**	**25,709**	**3,134**	**2,699**	**320,440**	**568,383**

The Income statement by Fund is to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund
Statement of net assets available for benefits by Fund
As at 30 June 2020

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Assets	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Cash and cash equivalent								
Cash and cash equivalent	304,750	450,268	3,913	7,150	2,803	2,037	311,466	459,455
Receivables								
Investment income receivable	132,406	111,172	6,178	6,404	915	823	139,499	118,399
Other receivables	42,350	49,241	-	-	721	553	43,071	49,794
Investments								
Term deposits	382,748	429,785	-	-	-	-	382,748	429,785
Government securities	2,987,497	2,650,978	321,228	309,211	53,375	48,358	3,362,100	3,008,547
Other fixed interest securities	*123,882*	*196,120*	-	-	-	-	*123,882*	*196,120*
Equity investments	2,221,834	1,939,782	-	-	-	-	2,221,834	1,939,782
Loans and advances	889,337	854,084	-	-	-	-	889,337	854,084
Investment properties	438,107	385,868	-	-	-	-	438,107	385,868
Other assets								
Property, plant and equipment	11,589	11,412	47	49	-	-	11,636	11,461
Intangible assets	8,396	10,254	-	-	-	-	8,396	10,254
Right of use asset	249	236	-	-	-	-	249	236
Total assets	**7,543,145**	**7,089,200**	**331,366**	**322,814**	**57,814**	**51,771**	**7,932,325**	**7,463,785**
Liabilities								
Other payables and accruals	27,385	11,107	190	159	8,449	8,718	36,024	19,984
Lease liability	9,302	243	-	-	-	-	9,302	243
Employee entitlements	1,034	1,157	-	-	-	-	1,034	1,157
Total liabilities	**37,721**	**12,507**	**190**	**159**	**8,449**	**8,718**	**46,360**	**21,384**
Net assets available for member benefits and reserves	**7,505,424**	**7,076,693**	**331,176**	**322,655**	**49,365**	**43,053**	**7,885,965**	**7,442,401**

The statements of net assets available for benefits by fund are to be read in conjunction with the notes to and forming part of the financial statements.

Fiji National Provident Fund
Statement of net assets available for benefits by Fund (continued)
As at year ended 30 June 2020

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets available for member benefits comprise:	$000	$000	$000	$000	$000	$000	$000	$000
Member benefits								
Allocated to members	6,279,045	5,855,162	250,839	243,490	-	-	6,529,884	6,098,652
Unallocated to members	13,897	5,770	-	-	2,137	2,916	16,034	8,686
Total member benefits	**6,292,942**	**5,860,932**	**250,839**	**243,490**	**2,137**	**2,916**	**6,545,918**	**6,107,338**
Reserves								
Investment reserve	583,189	629,668	-	-	-	-	583,189	629,668
Solvency reserve	629,293	586,093	80,337	79,165	47,228	40,137	756,858	705,395
Total reserves	**1,212,482**	**1,215,761**	**88,337**	**79,165**	**47,228**	**40,137**	**1,340,0477**	**1,335,063**
Total funds	**7,505,424**	**7,076,693**	**331,176**	**322,655**	**49,365**	**43,053**	**7,885,965**	**7,442,401**

The statements of net assets available for benefits by Fund are to be read in conjunction with the notes to and forming part of the financial statements.

Statement of cash flows
For the year ended 30 June 2020

	Notes	2020 $000	2019 $000
Cash flows from operating activities			
Interest received		318,752	291,457
Dividends received		51,526	81,892
Property rentals received		17,216	17,199
Other income received		2,566	2,096
Payments to suppliers and employees		(41,916)	(67,878)
Net cash generated from operating activities		348,144	324,766
Cash flows from investing activities			
Government securities matured/(acquired)		(352,485)	(428,437)
Other securities matured /(acquired)		73,341	50,552
Loans and advances provided / (repaid)		(96,859)	(164,149)
Term deposits matured/ (invested)		59,416	146,053
Equity investments (acquired)/disposed		(291,673)	(180,932)
Purchase of property, plant and equipment		(1,653)	(1,189)
Acquisition of intangible assets		(164)	-
Amount spent to acquire/develop investment properties		(21,062)	(41,834)
Net cash from investing activities		(631,139)	(619,936)
Cash flows from financing activities			
Contributions received from employers		326,565	354,577
Contributions received from members		262,854	289,760
Withdrawal payments to members		(382,989)	(345,790)
Payments for COVID-19 assistance		(55,817)	-
Pension annuity paid to members		(29,339)	(24,356)
Finance lease repayments		(132)	(165)
Net cash from financing activities		121,142	274,026
Net decrease in cash and cash equivalents		(161,853)	(21,144)
Cash and cash equivalents at beginning of the financial year		460,681	481,825
Cash and cash equivalents at end of the financial year	28	298,828	460,681

The statement of cash flow is to be read in conjunction with the notes to and forming part of the financial statement.

1 General information

The Fiji National Provident Fund (the "Fund") is a defined contribution superannuation fund domiciled in Fiji. The address of the Fund's registered office is at 33 Ellery Street, Suva.

The financial statements of the Fund as at and for the year ended 30 June 2020 comprise of three Funds set out below:

(i) The 'FNPF' – a defined contribution superannuation scheme, including reserves for members benefits as yet unallocated;
(ii) The 'Special Death Benefit Fund' (SDBF) – a life insurance scheme for FNPF members;
(iii) The 'Retirement Income Fund' (RIF) – a fund which accepts retirement benefits from FNPF members in return for a commitment to pay life or term annuities.

The Fund is constituted by the Fiji National Provident Fund ("FNPF") Act 2011 to provide superannuation benefits to employees in Fiji.

The FNPF including the SDBF and the RIF is considered a defined contribution plan as defined under IAS 19. Under the FNPF Act, the liability of employers is limited to making contributions as defined in section 37 of the FNPF Act. The Board of the FNPF is required under the Act to manage financial risk. Key financial risks for the FNPF are investment risk and mortality risk. However, even if there is extremely adverse investment performance (or mortality experience), the Board of the FNPF cannot seek any additional contributions from employers or other source which is consistent with the definition of a defined contributions plan as set out in IAS 19. Therefore, investment risk (and mortality risk) is borne wholly by the FNPF membership. Since these risks are borne wholly by the FNPF membership, the FNPF is considered a defined contribution plan for the financial reporting purpose of IAS 26. According to the FNPF Act, the Actuary is required to provide advice to the Board on the annual crediting rate and the solvency position of the Fund.

The financial statements were authorised for issue by the Board of Members on 16 October 2020.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance

The financial statements of the Fund are general purpose financial statements and have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Fiji National Provident Fund Act 2011. The financial statements have been prepared under the historical cost convention, as modified by the fair valuing of investment properties and equity investments.

The financial statements of the Fund represent all the Fund's investment and operation activities and accounts for all equity interests at fair value. As per IAS 27, the Fund has prepared a separate financial statement to provide a more comprehensive and precise financial statement for its members in relation to the Fund's activities and operations. The consolidated financial statements are prepared separately.

IFRSs form the basis of International Accounting Standards adopted by the IASB. The preparation of financial statements in accordance with IFRS requires management to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern and impact of COVID-19

The World Health Organisation declared a pandemic in relation to the Novel Coronavirus (COVID-19) in 2020, bringing a significant health impact globally. Measures taken to contain the virus are already having a significant negative economic impact on global markets including Fiji's major trading partners. Economic activity in Fiji has been drastically impacted with business disruptions and levels of activity reduced in most sectors. The Fiji tourism industry, in which the Fund has a significant stake hold, has been severely impacted.

In response to the economic impact of the COVID-19 outbreak, and in support of the initiatives identified by the Fiji Government, the Fund introduced an assistance program whereby qualifying members could withdraw specified sums from their accounts. At the year-end, this totalled to $55,817,000 and is continuing.

There is considerable uncertainty around the possible duration of and the resulting depth of impact that may come from the disruption caused due to the fluidity of the situation. The impact of the COVID-19 pandemic has resulted in the Fund's operations experiencing challenging and uncertain times and it is uncertain what the impact may be on the Funds operating results and liquidity for the financial year. Whilst the situation is evolving, the Fund remains confident that it will be able to continue as a going concern which assumes the Fund will be able to continue operating and realise assets and discharge liabilities in the ordinary course of business for the foreseeable future. In reaching this position, the following factors have been considered:

2 Summary of significant accounting policies (continued)

Going concern and impact of COVID-19 (continued)

- the Fund has cash of $298.8 million as at 30 June 2020 and has adequate levels of liquidity through term deposits held with local banks of $383.0 million of which 90% or $343.0 million maturing within 12 months.
- the Fund's exposure where the potential credit risk is more severe including hospitality and accommodation, tourism, transport and telecommunication is approximately 17% of the financial assets base as disclosed in note 3.1(b) under the heading "Concentration of credit exposure".
- the Fund has prepared for several scenarios assuming the COVID-19 pandemic continues for next six and 12 months, stress testing operating cash flows. These scenarios include the current commitments on COVID-19 related withdrawals and potential financial support it may need to provide to its investments in the tourism sector. In all cases, the Fund expects to remain solvent.

The outcome of all of the above leads the Fund to determine that the Fund's financial position is strong, and it will be able to meet its debts as and when they fall due for at least a period of 12 months from the date of the financial statements.

The financial statements have therefore been prepared on a going concern basis

2.2 Changes in accounting policies and disclosures

(a) Standards issued but not yet effective

No new standards, amendments and interpretations are expected to have a significant effect on the financial

(b) Changes in accounting policies

The Fund has consistently applied the accounting policies to all periods presented in this financial statements.

2.3 Foreign currency translation

(a) Functional and presentation currency

The Fund operates principally in Fiji and hence the financial statements are presented in Fiji dollars, which is both the functional and presentation currency. Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Fund at the exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

2.4 Property, plant and equipment

Freehold land is measured at cost. Properties are measured at cost less depreciation except investment properties which are measured at fair value. All plant and equipment is measured at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other repairs and maintenance are charged to the expenses during the financial period in which they are incurred.

Freehold land is not depreciated. Leasehold land is accounted for in accordance with note 2.11. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Leasehold land — Term of lease
- Buildings — 40 – 80 years
- Plant and machinery — 4 – 17 years
- Vehicles — 4 – 7 years
- Furniture, fittings and equipment — 3 – 8 years
- Computer equipment and software — 3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7). Upon impairment, the revised carrying value of the asset is depreciated over the remaining estimated useful life of the asset. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2 Summary of significant accounting policies (continued)

2.5 Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Fund, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years).

2.6 Investment properties

Investment properties, principally comprising freehold and leasehold land and buildings, are held for long-term rental yields and are not occupied by the Fund. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value, determined by external independent valuers who have appropriate recognised professional qualification and recent experience in the location and category of property being valued. Changes in fair values are recorded in the income statement.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Property that is being constructed for future use as investment property is accounted for as investment property until construction or development is complete, at which time it is re-measured to fair value. Any gain or loss arising on re-measurement is recognised in the income statement.

All leases that meet the definition of investment property are classified as investment property and measured at fair value.

Investment property that is obtained through a lease is measured initially at the lease liability amount adjusted for any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred by the Fund, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the consolidated statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain or loss arising on this remeasurement is recognised in the income statement.

2.7 Impairment of non-financial assets

The carrying amounts of the Fund's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Summary of significant accounting policies (continued)

2.8 Financial instruments

Financial assets

(a) Recognition and initial measurement

Receivables, loans and advances and debt investment securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification

On initial recognition, a financial asset is classified and measured at amortised cost or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments are measured at amortised cost.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business Model Assessment

The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets are assessed whether contractual cash flows are solely payments of principal and interest.

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(b) Classification (continued)

Business Model Assessment (continued)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

(c) Subsequent measurement and gains and losses

i. Financial assets at FVTPL

These assets include equity investments that are subsequently measured at fair value through profit and loss. Net gains and losses, including any interest or dividend income, are recognised in income statement. Movement in fair value of equity investments are recognised as gain/(loss) and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at prior year end or cost (if the investment was acquired during the period).

ii. Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in income statement. Any gain or loss on derecognition is recognised in income statement.

(d) Impairment

The Fund recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost and loan commitments issued.

The Fund measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, loans and advances, term deposits and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(d) Impairment – (continued)

Loss allowances for other receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be BBB or higher per rating agency Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Fund if the commitment is drawn down and the cash flows that the Fund expects to receive. The date the operation becomes a party to the irrecoverable loan commitment that is to be the date of initial recognition for the purposes of applying the impairment requirements.

ECLs consider the effective interest rate of the financial asset.

In practical terms the Fund applies Standard & Poors ratings to certain financial assets to determines the ECLs attributable to those financial assets, as detailed in note 3.1(b)

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

(d) Impairment – (continued)

Presentation of allowance for ECL in the statement of net assets available for benefits

Loss allowances for ECL are presented in the statement of net assets available for benefits as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Fund cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Fund presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

(e) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

(f) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Fund enters into transactions whereby it transfers assets recognised in its statement of net assets available for benefits, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(g) Modifications of financial assets

If the terms of a financial asset are modified, the Fund evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Fund recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in income statement. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

If the terms of a financial asset were modified because of financial difficulties of the borrower and the asset was not derecognised, then impairment of the asset was measured using the pre-modification interest rate.

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

Financial liabilities

(a) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income statement. Any gain or loss on derecognition is also recognised in income statement.

(b) Derecognition

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Receivables

Receivables are carried at amortised cost less provision for impairment on the basis set out in note 2.8. Receivables are categorised as being at amortised cost under financial assets.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are categorised as amortised cost under financial assets.

2.11 Leases

At inception of a contract, the Fund assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

i. As a lessee

The Fund recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund and the Fund's incremental borrowing rate. Generally, the Fund uses its incremental borrowing rate as the discount rate.

2 **Summary of significant accounting policies (continued)**

2.11 Leases (continued)

i. As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Fund is reasonably certain to exercise, lease payments in an optional renewal period if the Fund is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Fund is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Fund's estimate of the amount expected to be payable under a residual value guarantee, or if the Fund changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Fund presents right-of-use assets (other than for investment properties) and lease liabilities as separate line items in the statement of net assets available for benefits.

Short-term leases and leases of low-value assets
The Fund has elected not to recognise right-of-use assets and lease liabilities for short-term leases of space that have a lease term of 12 months or less and leases of low-value assets. The Fund recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Fund applies IFRS 15 to allocate the consideration in the contract. The Fund recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

2.12 Employee entitlements

(a) Wages and salaries and sick leave

Liabilities for wages and salaries and incentives expected to be settled within 12 months of the reporting date are recognised in employee entitlements liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Payments for non-accumulating sick leave and other leave arrangements are recognised when the leave is taken and measured at the rates paid.

(b) Termination benefits

The Fund recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a formal plan without the possibility of withdrawal; or providing termination benefits as a result for an offer made for redundancy. Benefits falling due more than 12 months after the balance date are disclosed at their present value.

2 Summary of significant accounting policies (continued)

2.12 Employee entitlements (continued)

(c) Annual leave, long service leave, gratuity benefits and retirement benefits

Gratuity and retirement benefits are paid in respect of services provided up to the reporting date by employees and on retirement and/or on completion of their contractual term. The liability for annual leave, long service leave, gratuity benefits and retirement benefits is recognised in employee entitlements measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(d) Bonus incentive

The Fund pays bonuses to employees based on performance of the Fund and achievement of individual objectives by the employees. The Fund recognises a provision where contractually obliged or where there is a past practice, subject to performance evaluation.

2.13 Other payables and accruals

Other payables and accruals are measured at amortised cost.

2.14 Income tax

The Fund is exempt from income tax under Part 6 (2) of the Income Tax Act 2015. Hence, income tax is not separately accounted for in the Fund's financial statements.

2.15 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

2.16 Liability for accrued benefits

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries. It has been calculated as each Fund's net assets as stated on the statement of net assets available for benefits less the investment reserve account, if any.

For members of the FNPF this represents the amount standing to the balance in member accounts as at reporting date, plus solvency as set out in the Act of 10%.

For the Retirement Income Fund (RIF), this represents the actuarial value of future annuity payments plus amounts required to meet solvency by the regulator, as determined by the Fund Actuary.

For the Special Death Benefit Fund (SDBF) this represents the reserve for claims incurred but not yet reported plus amounts required in meeting the solvency requirements by the regulator, as determined by the Fund Actuary.

2.17 Contributions

Contributions from employers and members are recorded when control of the asset is ascertained which is upon receipt of the contribution schedule forms from the employers and the registration of the forms by the Fund. The Fund does not accrue for contributions for which no contribution schedule forms are received or received but not registered as it is not able to reliably estimate the contributions balance. Under the FNPF Act, the amount of contributions for an employee for a month is the amount equal to 18% of the total wages payable to the employee by the employer for the month. The contribution shall be paid as an 8% deduction from the total wages of the employee and a 10% contribution by the employer. The legislation allows for additional contributions to be made.

In response to the effects of COVID-19 pandemic on the Fijian Economy, the contribution rates were reduced to a total of 10% being for 5% contribution from the employer and 5% deducted from the total wages of the employee effective from 1 April 2020.

The contributions shown in the statements of changes in member benefits represents total contributions received/receivable from employers and members.

2 Summary of significant accounting policies (continued)

2.18 Income recognition

Income is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Fund recognises income when it transfers control over a product or provides a service to a third party.

Income is recognised as follows:

Income	Nature, timing of satisfaction of performance obligations and significant payment terms
Dividend income	Dividend income from investments is recognized when the right to receive payment is estalished. Settlement terms are within one year.
Interest Income	Interest income is earned from investments such as government securities, other fixed securities, loans and advances and term deposits. Interest income is recognised using the effective interest rate method.
Property Rentals	Property rental income from operating leases is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Settlement terms are 30 days.
Fees	Fees comprise housing application, withdrawal, voluntary contribution application, documentation, investment application, loan confirmation, commitment and computer service fees. Income from fees and commissions is recognised when related services have been provided. Effective from February 2020, housing application, withdrawal and voluntary contribution application fees have been waived.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.19 Comparative figures

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

2.20 Reserves

Reserves comprises both the legislative solvency reserve equivalent to 10% of the total benefits accrued to members of the Fund as required under the FNPF Act 2011 and an investment reserve held in order to maintain a high level of confidence that the legislative solvency requirement will be met at all times.

2.21 Subsidiaries and Associates

Subsidiaries - Subsidiaries are entities controlled by the Fund. The Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The consolidated financial statements incorporates the assets and liabilities of all entities controlled by the Fund as at 30 June 2020 and the results of all controlled entities for the financial year then ended. The effects of all transactions between entities in the consolidation entity are eliminated in full.

Investment in subsidiaries is accounted for at fair value through profit or loss in the separate financial statements of the Fund.

Associates - Associates are those entities in which the Fund has significant influence, but not control, over the financial and operating policies. Investment in associates is accounted for at fair value through profit or loss in the separate financial statements of the Fund.

The investments in subsidiaries and associates are accounted in accordance with IFRS 10 and IAS 28 in the consolidated financial statements.

3. Financial risk management

3.1 Financial risk factors

The Fund's objective is to take a strategic and consistent approach to managing risks across the Fund through risk management and associated activities that assist in the safeguarding of the Fund's assets and seeks to avoid potential adverse effects on the Fund's financial performance.

The respective Board of Directors and Board Audit Risk Committee are responsible for the risk management, monitoring and reporting functions. At the Fund level, they are supported by:
- FNPF's Board Investment Committee;
- FNPF's Corporate Governance and Enterprise Risk Department; and
- FNPF's Internal Audit Department.

Risk management is carried out by executive management under policies approved by the Board of Directors. FNPF caters for the retirement funding of its members and invests to cater for this. The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

The Fund has investments in foreign currencies and procures certain services from abroad and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US, Australian and NZ dollar, PGK as well as the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The Fund's Treasury departments manage foreign exchange risk against their functional currency, in this case the Fiji dollar. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Fiji Dollar. For significant settlements, the Fund is required to seek quotations from recognised banks and use the most favourable exchange rate for purposes of the settlement.

The Fund's total exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows (amounts denominated in FJD'000):

	2020 $000	2019 $000
Assets		
Cash and cash equivalents		
AUD	1,680	40,467
Foreign equities		
AUD	172,566	185,839
USD	18,837	24,884
PGK	272,150	189,473
Liabilities		
AUD	-	-
USD	-	-
EURO	-	-

The Board maintains foreign investment exposures reflective of the Fiji dollar weighted basket of currencies as a natural hedge against relative movements in foreign exchange rates.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Sensitivity Analysis

Following analysis of historical data over the past 5 years and expected currency rate movements during the 2020 financial year together with consultation with the investment consultant, the Fund's Investment Department considered a 10% movement in the Fiji Dollar as reasonably possible for the 2020/19 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% strengthening/weakening of the FJD against the AUD, USD, Euro, PGK and NZD at 30 June would have increased/ (decreased) the income statement and net assets by the amounts shown below:

		Impact on net assets	
	Carrying Amount	-10%	+10%
	$000's	*$000's*	*$000's*
Assets	(FJD)	(FJD)	(FJD)
30 June 2020			
USD	18,837	4,030	(4,029)
AUD	174,246	25,643	(25,636)
PGK	272,150	15,220	(15,218)
		44,893	**(44,883)**
30 June 2019			
USD	77,831	32,191	(23,908)
AUD	185,839	20,755	(13,536)
PGK	189,474	11,288	(10,086)
		64,234	**(47,530)**
Liabilities			
30 June 2020			
USD	-	-	-
EURO	-	-	-
		-	-
30 June 2019			
USD	-	-	-
EURO	-	-	-
		-	-

(ii) Price risk

The Fund is significantly exposed to equity securities price risk because of investments held by the Fund classified in the Statement of net assets available for benefits at fair value through income statement. The Fund is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund restrictions by Reserve Bank of Fiji ("RBF") over offshore investments. The Fund's investments in equities are largely those which are publicly traded on the South Pacific Stock Exchange (for local investments) and Australian Stock Exchange (for offshore investments). The table below summarises the sensitivity of increases / (decreases) of the above two exchanges prices on Fund's profit. The net profit would increase/ (decrease) as a result of gains/ (losses) on equity securities classified at fair value through income statement.

Assuming that the equity investment prices increased / (decreased) in value by 5% it would have had an equal but opposite effect.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

Sensitivity Analysis (continued)

(ii) Price risk (continued)

	Carrying Amount	Impact on net change in assets	
Index	**2020**	**2020**	**2019**
	$000	**$000**	**$000**
South Pacific Stock Exchange	208,403	10,420	8,424
Australian Securities Exchange	86,727	4,336	5,137
		14,756	13,561

(iii) Cash flow interest rate risk and fair value interest rate risk

The Fund has significant interest-bearing assets in the form of short and long-term cash deposits, government securities, fixed interest securities, and loans and advances. These are at fixed interest rates and hence there are no cash flow interest rate risks arising from fluctuations in market interest rates during the period of investment or loan. Consequently there is limited cash flow interest rate risk. Risks arising from variable rate instruments are considered not to be material.

For re-investment of short and long term cash deposits, the Fund negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. For fixed interest securities, the prices and terms are usually set by the issuer and the terms are determined and agreed at the start. Terms for loans and advances are set by the Fund and agreed at its commencement.

Given the fixed nature of interest rates described above, the cash flow interest rate risk is minimal.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Fund's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management on a regular basis.

Impairment losses /(reversals) on financial assets at amortised cost recognised in changes in net assets were as follows

	2020	2019
	$000	**$000**
Cash and cash equivalents	389	643
Investment income receivable	(6)	658
Other receivables	3,926	8,054
Term deposits	(963)	(346)
Government securities	(1,068)	420
Other fixed interest securities	(1,103)	(102)
Loan and advances	40,340	(6,989)
Undrawn loan commitments	2,283	-
	43,798	**2,338**

These 2020 balances largely represent impairment of loans, financial assets at amortised cost and contribution receivables in the current year, or the reversal of previous impairment losses and are reflected in the income statement.

Amounts arising from Expected Credit Loss (ECL)

Inputs, assumptions and techniques used for estimating impairment.

Refer to accounting policy in Note 2.8 (d)

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts arising from Expected Credit Loss (ECL) (continued)

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and expert credit assessment and including forward-looking information.

Generating the term structure of Probability of Default (PD)

The Fund collects performance and default information about its credit risk exposures and analyses by type of borrower to determine the term structure of PD for exposures. The Fund uses the rating tools developed by Standard & Poor's (S&P) to generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. The PDs used are the S&P rates based on sovereign risk ratings attaching to or appropriate to the counterparty or the S&P rates applying directly to the risk rating of the counterparty. These S&P rates are applied to commercial paper and treasury bills, other debt securities, term deposit, cash and cash equivalents, interest receivable and loans and advances. Those loans guaranteed by Government adopt the sovereign ratings of Government.

For "other receivables" and certain loans the Fund individually assesses the expected credit losses.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

The Fund renegotiates loans to borrowers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Generally, this forbearance is a qualitative indicator of a significant increase in credit risk.

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the Resorts, repayment relief in the form of moratorium of principal and interest has been provided from April 2020 to December 2020. The borrowers are experiencing only short-term liquidity difficulties and those difficulties will be mitigated by the payment holidays that reduce the risk of default and not experience a significant increase in credit risk. Loans contain pre-existing clauses permitting the borrower a payment holiday, so no modification to the original loan contract. Based on the assessment, the Fund considered that the payment holiday related to COVID-19 for hotels is not a significant increase in credit risk and remain in the same stages.

Definition of default

The Fund considers financial assets to be in default when:
- the counterparty is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the borrower is past due more than 30 days on any material credit obligation to the Fund.

In assessing whether a borrower is in default, the Fund considers indicators that are:
- qualitative – e.g. breaches of covenant;
- quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Fund; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether financial assets are in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Fund uses sovereign risk ratings which by their nature incorporate forward-looking information into the determination of both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Fund also considers the future direction of the respective economies. If necessary the Fund will develop a further individual assessment adjustment if its analysis suggests the need to do so.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Incorporation of forward-looking information (continued)

The Fund has incorporated the Gross Domestic Product (GDP) annual contraction rate of -21.7% as forecasted in the Fijian Government's FY2020/2021 budget in determination of expected credit losses. The Fund has also conservatively adjusted the credit rating of the total loan book downwards by one notch. The Loss Given Default (LGD) estimate for selected loans were also adjusted.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors and the rating tools developed by S&P. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. Probability of default for loan and advances range 1.98% to 52.59%.

LGD is the magnitude of the likely loss if there is a default. The Fund estimates LGD parameters based on the parameters determined for different types and natures of financial assets, and using guidance material developed by ratings agencies and other independent parties. LGD for loans and advances range from 10% to 20%.

The LGD rates reflect the structure, collateral, seniority of the claim and recovery costs of any collateral that is integral to recovery or settlement of the financial assets as well as the finance cost of settlement delays.

EAD represents the expected exposure in the event of a default. The Fund derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD is generally the gross carrying amount of the financial asset. As for expected losses a 100% factor is applied to drawn and undrawn committed exposures.

Collateral management

Collateral is used to mitigate credit risk, as the secondary source of repayment in case the counterparty cannot meet its contractual repayment obligations.

Impact of COVID-19 pandemic on the credit risk exposure

The COVID-19 pandemic has caused significant deteriorations in economic conditions for some organisations and an increase in economic uncertainty for others. As a result counterparts are undertaking a diverse and sometimes complex range of financing activities in response to the effects of COVID-19 on their businesses and industries. These activities include obtaining and utilizing credit facilities, calling on undrawn facilities and moratoriums. Given the unprecedented impact COVID-19 is having on various industries, historical collection patterns (past events) may no longer be a reliable indicator of the recoverability of an organisation's financial asset's portfolio. The effects of COVID-19 will impact the assumptions about the collectability of the financial assets and hence the expected credit loss (ECLs).

The Fund has used its judgments based on the specific facts and circumstances including the recovery forecasts of different industries, the various government stimulus packages and the organisation's own responses to determine the various possible future scenarios which forms the basis of their assumptions in their estimation of ECL.

Maximum exposure to credit risk

For financial assets recognised on statement of net assets available for benefits, the maximum exposure to credit risk is the carrying amount. For contingent exposures, the maximum exposure to credit risk is the maximum amount the Fund would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the committed facilities. The Fund uses a two-dimensional risk grading system, which measures both the customer's ability to repay (probability of default (PD)) and the loss in the event of default (LGD) (a factor of the security taken to support the lending). It also uses financial and statistical tools to assist in the risk grading of individual financial assets. These risk grades are actively and periodically reviewed and monitored to ensure the risk grade of the customer is accurately reflected at all times. The carrying amounts of financial assets represent the maximum credit exposure.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Concentration of credit exposure

The Fund's significant end-of-year concentrations of credit exposure by portfolio type were as follows, before impairment:

	2020 $000	%	2019 $000	%
Cash and cash equivalents	298,828	6	460,681	9
Investment income receivable	140,540	3	117,928	2
Term deposits	383,000	7	431,000	8
Government Bonds	3,363,983	62	3,011,498	58
Other Fixed Interest Securities	124,014	2	197,355	4
Loans and advances – Quasi-government loans	91,004	2	119,757	2
Loans and advances – commercial loans	950,955	17	846,609	16
Other receivables	59,807	1	46,484	1
	5,412,131	100	5,231,312	100

The following table presents the Fund's financial assets held with counterparties based on S&P's credit ratings. AAA is the highest quality rating possible and indicates the counterparty has a strong capacity to pay interest and principal. N/R indicates that the counterparty has not been rated based on S&P ratings.

Concentration by credit rating	2020 %	2019 %
A- to A+	10	14
BBB- to BBB+	3	5
BB- to BB+	72	5
B- to B+	3	50
CC to CCC+	3	9
N/R	9	17
	100	100

Credit risk concentration in loans and advances disclosed in note 13 are as follows:

	2020 $000	%	2019 $000	%
Agriculture	48,520	5	73,590	8
Construction	-	0	-	-
Financial institutions	30,000	3	30,000	3
Energy	42,484	4	46,166	5
Telecommunications	80,000	8	80,000	8
Manufacturing	-	0	-	0
Mining	-	0	-	0
Private others (includes staff loans)	104	0	104	0
Professional and business services	1,000	0	1,001	0
Real estate development	25,633	2	21,239	2
Education	4,562	1	5,001	1
Transport and storage	174,540	17	149,348	15
Wholesale and retail	-	0	-	-
Other (Hotels & Restaurants)	635,116	60	559,917	58
Total	**1,041,959**	**100**	**966,366**	**100**

There is no geographic credit risk concentration as there are no loan exposure outside of Fiji.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Sensitivity Analysis

The modelled ECL is sensitive to the length of time between a downturn and a recovery, and the period of time recovery action takes to complete, as it influences both the probability of default, and the value of collateral that may be utilised. A +/-5% change in PD and +/-50% change in LGD at 30 June 2020 would have increased/(decreased) the net change in net assets and net assets by the amounts shown below:

		Increase $000	Decrease $000
Loans and advances	PD +/- 5%	555	(555)
Loans and advances	LGD +/-50%	5,552	(5,552)

Loans and advances

The Fund adopts a similar approach to that adopted for debt securities to its consideration of ECLs for its loans and advances. Those loans not individually assessed for expected credit losses have PD rates assigned using S&P rates appropriate to the rating of the organisation, or a proxy for that rating if that organisation is not specifically rated.

Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of loans and advances for which an ECL allowance is recognized. The Gross carrying amount of loans and advances below also represents the Fund's maximum exposure to credit risk on these assets.

				2020	2019
	12-month ECL Stage 1 $000	Lifetime ECL not credit-impaired Stage 2 $000	Lifetime ECL credit-impaired Stage 3 $000	Total $000	Total $000
Credit grade					
Standard	652,087	169,436	-	821,523	745,487
Special mention	-	16,398	-	16,398	16,840
Substandard	-	-	-	-	-
Doubtful	-	-	203,037	203,037	203,039
Loss	-	-	1,001	1,001	1,000
Gross carrying amount	**652,087**	**185,834**	**204,038**	**1,041,959**	**966,366**
Loss allowance	(4,628)	(6,848)	(141,146)	(152,622)	**(112,282)**
Carrying amount	**647,459**	**178,986**	**62,892**	**889,337**	**854,084**

Credit-impaired assets	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Loans and advances	17,399	(1,372)	16,027	26,580
Total credit impaired assets	**17,399**	**(1,372)**	**16,027**	**26,580**

The following tables show reconciliations from the opening to the closing balance of the loss allowance for loans and advances for the Fund.

	12-month ECL Stage 1 $000	Lifetime ECL not credit-impaired Stage 2 $000	Lifetime ECL credit-impaired Stage 3 $000	Total $000
Loss allowance at 1 July	**5,144**	**104,943**	**2,195**	**112,282**
Movements with impact to income statement				
Transfer from stage 1 to stage 2	(422)	721	-	299
New loans originated	237	1,538	-	1,775
Loans that have been derecognised	(571)	-	(763)	(1,334)
Changes in PDs/LGDs/EADs	(2,370)	35,128	-	32,758
Changes to model assumptions and methodologies	1,861	4,981	-	6,842
Loss allowance at 30 June	**3,879**	**147,311**	**1,432**	**152,622**

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Maximum exposure to credit risk

The following tables show reconciliations from the opening to the closing balance of the gross carrying amounts for loans and advances to help explain their significance to the changes in the loss allowance:

	12-month ECL Stage 1 $000	Lifetime ECL not credit-impaired Stage 2 $000	Lifetime ECL credit-impaired Stage 3 $000	Total $000
Gross carrying amounts at 1 July	**745,487**	**16,840**	**204,039**	**966,366**
Movements with impact to income statement				
Transfer from stage 1 to stage 2	(216,187)	216,187	-	-
Financial assets derecognised during the period other than write-offs	(14,251)	(37,387)	(1)	(51,639)
New financial assets purchased or originated	88,481	38,751	-	127,232
Write-offs	-	-	-	-
Gross carrying amounts at 30 June	**603,530**	**234,391**	**204,038**	**1,041,959**

Cash and cash equivalents and Term Deposits

The Fund held cash and cash equivalents of $298,828,000 and term deposits of $383,000,000 at 30 June 2020 (2019: $460,681,000 and 431,000,000). The cash and cash equivalents and term deposits are held with banks, which are rated A- to B-, based on Standard and Poor's (S&P) ratings.

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Fund uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

Debt investment securities

Debt investment securities includes government bonds and other fixed interest securities.
The Fund held debt investment securities of $3,487,997,000 at 30 June 2020 (2019: $3,208,853,000).The debt investment securities are held with banks, credit institutions and the Fiji Government. Debt investment securities held with banks and the Fiji Government are rated B to B+, based on S&P ratings.

Impairment on debt investment securities held with banks and credit institutions has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its debt investment securities held with banks and credit institutions have low credit risk based on the external credit ratings of the counterparties (in relation to banks) and available press and regulatory information (in relation to credit institutions).

Impairment on debt investment securities held with the Fiji Government has been measured on the 12-month expected loss basis. Sovereign rating of B to B- based on Standard and Poor's (S&P) ratings has been adopted for government securities and those advances guaranteed by Government.

The Fund is exposed to credit risk which is the risk that a counter party will be unable to pay amounts in full when due. The Fund's maximum credit risk, excluding the value of collateral, is generally reflected in the carrying value of financial assets. The impact of possible netting of assets and liabilities to reduce potential credit exposure is not significant. Impairment provisions are provided for expected credit losses.

Credit risk on financial assets is minimized where applicable by dealing with recognised monetary institutions. Selection of a counterparty is made based on their respective credit ratings. Investment decisions are based on credit ratings of the particular issuer and counterparty limits, as well as liquidity and expected returns.

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Fund is unable to meet payment obligations associated with its financial liabilities when they fall due and to replace member funds when they are withdrawn. The consequence may be the failure to meet obligations to repay members.

The financial liabilities of the Fund at 30 June 2020 comprise of net assets attributable to members. As at 30 June 2020, the financial liabilities were worth $6,587,455,000 and the financial assets were valued at $7,433,618,000. The financial assets are added to the guaranteed interest income from Fixed Income risk free portfolio investments worth $2,428,540,000 thereby topping up the financial assets to $9,862,158,000. Upon matching the financial assets to liabilities, there a residual net positive position of $3,274,703,000. The Asset and Liability matching is an economic indicator of managing short and long-term liquidity risks. Net positive asset and liability funding gap signifies effective management of the Fund over a long-term retrospectively.

The Fund is restricted by the exchange controls of RBF in terms of offshore investments (RBF has imposed limits on amounts that can be invested offshore). As Fiji's capital market is not mature, the majority of the Fund's local investments do not have any significant sizable trading activities. These investments include Fiji Government and quasi government securities, which are held to maturity, and there is very little opportunity for the Fund to dispose or trade these investments.

The Fund also engages in commercial mortgages and property investments. These investments have limited liquidity within the local markets and significant sell down of positions may not be practical. Additionally, these investments also have different maturity horizons, which may not be in line with the timing of member withdrawals, which are allowed under the circumstance of retirement, death or incapacitation.

As a result, the Fund is susceptible to a risk that these investments may not be readily liquidated, as the capital market in Fiji is not developed enough due to the limited number of major financial market players (inadequate volume for an active market for these instruments). In addition, the sale of large blocks of investments may be difficult or may result in the sale of these investments at a price, which is a discount to the perceived market price.

The Fund's Treasury department manage the above liquidity risk through:

- monthly reporting on the position of these investments to the Board and Board Investment Committee ("BIC");
- an established prudent asset allocation strategy which has been approved by the Board; and
- monitoring of maturities of investments and investment outflows including the forecasting of the availability of funds.

The Treasury Policy on Liquidity Buffer safeguards the Fund from mass withdrawals or any unforeseen circumstances that could possibly pose liquidity threat. Thus, such level of buffer are retained because of business requirements. Given the controls the liquidity buffer holds or restrictions, which could be perceived on the contrary, investment assets that are liquid or convertible to cash within T + 5 days is treated as 'Cash on Call' and is placed as liquidity reserves. These funds will become prospective inflows when required to meet the Fund's cashflow needs.

The following items are treated as Cash on Call (Reserves) and are used as mitigation strategy to rectify any probable liquidity buffer breaches:

- Arrangement with RBF for Line of Tradeable Facility for $150 million to $200 million- (Bonds Buy Back Scheme) where FNPF sells government bonds to RBF at the market price as and when required. The confirmation from RBF was received on 1 September 2020.
- Include sell of ASX registered stock of $85 million, which has a 5 days turnaround time.

The BIC regularly monitors the Funds liquidity position and reviews the results of liquidity stress testing across a number of different scenarios. These tests assess the impact on the liquidity of the investment portfolio and any consequential impact on asset allocations for a range of stressed market events taking into account potential adverse impacts on cash flows resulting from investment switching options, rollover, on demand benefit request in accordance with the FNPF Act 2011, settling foreign currency transactions and funding capital call commitments.

3. **Financial risk management (continued)**

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The tables below shows the Fund's financial liabilities and assets for the year ended 30 June 2020 based on their contractual maturities using undiscounted cash flows.

Financial liabilities	On demand	Less than or equal to 3 months	3 – 12 months	1 to 5 years	Greater than 5 years	Total
	$000	$000	$000	$000	$000	$000
Member balance-Fund	502,099	100,205	153,385	854,295	4,682,958	**6,292,942**
Allocated to members – Retirement income Fund	-	6,207	18,622	79,333	146,677	**250,839**
Allocated to members - SDBF	-	259	776	941	161	**2,137**
Total member liabilities	**502,099**	**106,671**	**172,783**	**934,569**	**4,829,796**	**6,545,918**
Other payables and accruals	-	18,711	-	2,258	-	**20,969**
Lease liabilities	-	-	458	1,489	18,621	**20,568**
Total financial liabilities	**502,099**	**125,382**	**173,241**	**938,316**	**4,848,417**	**6,587,455**

Financial Assets	On demand	Less than or equal to 3 months	3 – 12 months	1 to 5 years	Greater than 5 years	Total
	$000	$000	$000	$000	$000	$000
Cash and cash equivalents	298,828	-	-	-	-	**298,828**
Term deposits	-	113,000	230,000	40,000	-	**383,000**
Government securities	-	28,456	120,500	645,399	2,569,628	**3,363,983**
Other fixed interest securities	-	7,000	34,189	82,825	-	**124,014**
Equity investments	-	-	-	-	2,221,834	**2,221,834**
Loans and advances	-	1,699	35,829	317,920	686,511	**1,041,959**
Total financial assets	**298,828**	**150,155**	**420,518**	**1,086,144**	**5,477,973**	**7,433,618**
Interest Income – Fund	-	64,723	176,312	897,821	1,063,003	**2,201,859**
Interest income - RIF	-	6,134	20,666	121,299	78,582	**226,681**
Total financial assets including interest income	**298,828**	**221,012**	**617,496**	**2,105,264**	**6,619,558**	**9,862,158**

3. Financial risk management (continued)

3.1 Capital risk management

The capital of the Fund is represented by the net assets available to pay benefits to its members. The amount of net assets available to pay benefits to its members can change significantly as the Fund receives contributions and pays benefits to members on a daily basis. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns and benefits to its members and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to monitor the level of monthly contributions income and benefits payable relative to the assets it expects to be able to liquidate and adjust the amount for investments and interest credited to the members account at the end of each reporting period. The Board members and executive management monitor capital on the basis of the value of net assets available to pay benefits.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets

Impairment of financial assets carried at amortized cost are assessed using the expected credit loss model. For details of impairment on financial assets, refer to note 2.8 (d) and note 3.1(b).

(b) Impairment of property, plant and equipment

The Fund assesses whether there are indicators of impairment of all property, plant and equipment at each reporting date. Where there are indicators of impairment an impairment test is performed. If the carrying amounts exceeds recoverable amount an impairment provision is recognised.

(c) Actuarial present value of accrued benefits

The Fund determines the actuarial present value of the accrued benefits in its Retirement Income Fund ("RIF") using economic and demographic assumptions, and taking into account likely future macroeconomic conditions and the recent experience of the Fund (if applicable). The demographic assumptions are applied to project benefit payments up to the date of the cessation of the last annuity.

Asset cash flows are also projected and the rate of future (re)investment return on the projected net cash flows of the RIF (projected asset cash flows less projected benefit payments less projected expenses) is assumed to be 5.25% per annum (2019:5.5%). The methodology requires the proportion of projected asset cash flows, which together with assumed reinvestment returns, is just sufficient to meet the projected annuity payments and expenses as they fall due. The implied discount rate after the allowance for expenses is 5.36% pa (2019: 5.63%).

For the valuation at 30 June 2020, the determination was carried out by Mr. Peter Martin, Fellow of the Institute of Actuaries of Australia, in accordance with the International Standard of Actuarial Practice #2 issued by the International Association of Actuaries.

Determination of the SDBF reserve for claims incurred but not reported was also carried out by Mr. Martin, applying the chain ladder method to reported run-off data.

(d) Fair value determination for financial assets and investment properties carried at fair value

The Fund carries a number of its financial assets, being equity investments at fair value. Refer to Note 5 and 14 for details. In addition, it carries its investment properties at fair value, as detailed in note 15. Refer also the comments above regarding COVID-19 impacts.

4. Critical accounting estimates and judgments (continued)

COVID-19 Pandemic

Due to the COVID-19 pandemic, there is heightened estimation uncertainty at balance date that increases the risk of a material adjustment to the carrying amounts of assets within the next financial year relates to expected credit losses, valuation of investment properties and equity investments. The impact of the COVID -19 pandemic on each of these accounting estimates is discussed further below:

Equity investments

Equity investments are carried at fair value at balance date based on market information and/or the best estimates of fair value as determined generally by independent and knowledgeable valuers, but markets are subject to considerable volatility (though it is noted that global markets have generally returned to their pre-COVID-19 levels at the time of release of the financial statements). The valuations bring with them an increased level of uncertainty, which increases the risk of values in future periods or on realisation being materially different to the values at which they are recorded. Similarly, future market movements may lead to similar impacts on the recorded values of those equities that are readily tradeable. This increases the risk of a material adjustment to the carrying amount of equity investments within the next financial year. The assumptions underlying the value in use calculations used to measure the fair value of equity investments were adjusted to through the discount rate and cash flow projections to reflect reasonable estimates of the impact of COVID-19 and the increased risk of associated with the estimated cash flows.

Further considerations in relation to the COVID-19 pandemic impact on equity valuations at balance date and in future periods are included in notes 5 and 14.

Investment properties

Investment properties are also carried at fair value at balance date based on the best estimates of fair value determined generally by independent and knowledgeable valuers. The property valuations also bring with them an increased level of uncertainty, which increases the risk of values in future periods or on realisation being materially different to the values at which they are recorded. The increased risk and the uncertainty associated with COVID- 19 were adjusted through the discount and capitalisation rates for the properties. This increases the risk of a material adjustment to the carrying amount of investment properties within the next financial year.

Further considerations in relation to the COVID-19 pandemic impact on investment properties valuations at balance date and in future periods are included in notes 5 and 15.

Expected credit losses

The Fund's holdings in financial assets carried at amortised cost, including loans and advances, receivables and government securities and fixed interest securities, are subject to consideration of expected credit losses that may result from delays in settlement or non-collection of the asset. The expected credit losses have been determined based on best estimates of probability of default and loss given default, taking into consideration the possible impact of COVID-19 on the counterparties. However, there is an increased level of uncertainty because of greater estimation around future events impacting the counterparties, which increases the risk of material adjustments being made to the level of expected credit losses as further information around the counterparties in future. This increases the risk of a material adjustment to the carrying amount of above mentioned financial asset within the next financial year. The Fund has used its judgments based on the specific facts and circumstances including the recovery forecasts of different industries, the various government stimulus packages and the organisation's own responses to determine the various possible future scenarios which forms the basis of their assumptions in their estimation of ECL.

Further considerations in relation to the COVID-19 pandemic impact on expected credit losses at balance date and in future periods are included in notes 3.1(b) and 10, 11, 12 and 13.

5. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

The Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Fund determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transactions price. Subsequently, that difference is recognised in the income statement on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurement are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

5. Fair value estimation (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities and investment properties, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value:

	Carrying amount			Fair value			
	Fair value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 30 June 2020							
Equity investments	2,221,834	-	2,221,834	676,740	29,210	1,515,884	2,221,834
Government securities*	-	3,363,983	3,363,983	-	3,817,675	-	3,817,675
Fiji Bonds*	-	124,014	124,014	-	129,427	-	129,427
Investment properties	438,107	-	438,107	-	-	438,107	438,107
Balance as at 30 June 2019							
Equity investments	1,939,782	-	1,939,782	573,742	29,251	1,336,789	1,939,782
Government securities*	-	3,011,498	3,011,498	-	3,273,013	-	3,273,013
Fiji Bonds*	-	134,800	134,800	-	137,254	-	137,254
Investment properties	385,868	-	385,868	-	-	385,868	385,868

* In accordance with IAS 26, retirement benefit plans investments shall be carried at fair value. However, the Government securities and Fiji Bonds are carried at amortised cost and the fair values of $3,817,000 and $129,000 respectively are determined by the indicative prices quoted by the Reserve Bank of Fiji. These investments are not measured at fair value as there is no secondary market to trade these instruments in Fiji. Therefore, the amortised cost method is used for valuation and management is of the view that it is more conservative and appropriate.

5. Fair value estimation (continued)

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	2020 $000	2019 $000
Equity investments		
Balance at 1 July	1,336,789	1,125,768
Unrealised gains (losses) included in income statement	(39,805)	111,038
Acquisition	218,900	99,983
Balance at 30 June	1,515,884	1,336,789
Investment properties		
Balance at 1 July	385,868	326,487
Unrealised gains (losses) included in income statement	(2,676)	18,467
Net Acquisition	45,877	40,914
Right of use asset	9,038	-
Balance at 30 June	438,107	385,868

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used by the Fund in level 2 and 3 fair value measurements.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Government Bonds	Market comparison: The fair value of the long term investment securities is based on market prices published by the Reserve Bank of Fiji.	Not applicable	Not applicable
Investment in other equity investments	The valuation techniques, significant unobservable inputs and inter-relationships are set out in note 14.		
Investment Properties	The valuation techniques, significant unobservable inputs and inter-relationships are set out in note 15.		

Sensitivity analysis

For the fair values of equities – investment in other equity investments and investment properties, a reasonable possible change of 5% and 0.5% at the reporting date to one of the significant unobservable inputs, holding other inputs constant would have the following effects on fair value of other equity investments and investment properties respectively:

	Increase $000	Decrease $000
Other equity investments		
Discount rate (+/-5%)	(10,645)	10,929
Adjusted market multiple (+/-5%)	(3,873)	3,873
Cost of equity rates (+/-5%)	(131,886)	146,903
Investment properties		
Capitalization rates (+/- 0.5%)	(9,570)	11,480
Rate per acre (+/-5%)	(9,720)	9,720

	Note	2020	2019
6. Income		**$000**	**$000**
(a). Interest income			
Fixed interest securities			
- Government securities		229,128	206,397
- Other fixed interest securities		8,191	12,835
Loans and advances		45,774	38,182
Term deposits		23,706	24,444
Other interest income		16,839	16,892
		323,638	**298,750**
(b). Dividend			
Dividends from other equities		51,959	48,132
Dividends from related parties	30(b)	26,788	42,306
		78,747	**90,438**

7. Net change in value of investments

		2020	2019
(a). Fair value changes - equity investments			
Unrealised (losses)/gains on investments		(10,022)	194,415
Realised (losses)/gains on investments		(1,606)	4,095
Net fair value (losses)/gains		**(11,628)**	**198,510**
(b). Net foreign exchange gain/(loss)			
Unrealised exchange loss		(326)	(8,178)
Realised exchange gains		1,132	(5,073)
Net foreign exchange gain/(loss)		**806**	**(13,251)**

8. Other income

		2020	2019
Other income includes the following specific items:			
Gain on sale of fixed assets and investment property		183	6
Fees and commissions		1,286	191
Surcharge income		651	269
Performance bond*		(1,157)	1,157
Other revenue		433	473
		1,396	**2,096**

*Performance bond relates to Nadi Retail development project.

	Note	2020	2019
		$000	$000
9. General administration expenses			
Auditor's remuneration:			
- Audit – PwC		104	125
- Other services - PwC		4	-
- Other firms		-	62
Directors fees		67	37
Electricity		554	536
Insurance		61	55
Personnel expenses:			
- Salaries and wages		16,637	14,777
- Other staff benefits and expenses		1,782	1,608
Repairs and maintenance		225	188
Other operating and general expenses	9(a)	7,303	6,915
		26,737	**24,303**

9(a). Other operating and general expenses

	2020	2019
Training	527	862
Advertising	746	743
Professional subscription	20	34
Software maintenance and support	2,044	914
Motor vehicle cost	128	138
Communication	681	907
Stationery and printing	102	131
Travelling and subsistence	241	456
General and operating expenses	215	236
Small assets	30	36
Computer sundries	144	164
Consultancy	481	321
Legal cost	28	55
Office cleaning	133	156
Rent	1,547	1,528
Water rates	7	15
Office sundries	57	53
Security expense	170	166
Member expenses	2	-
	7,303	**6,915**

	2020	2019
	$000	$000
10. Term deposits		
Local banks and financial institutions– local currency	383,000	431,000
Impairment provision	(252)	(1,215)
	382,748	**429,785**
Maturity represented as:		
Less than or equal to 3 months	113,000	98,000
3 to 12 months	230,000	303,000
1 to 5 years	40,000	30,000
	383,000	**431,000**
11. Government securities		
Fiji Government Registered Stock	3,363,983	3,001,973
Treasury Bills	-	9,525
	3,363,983	**3,011,498**
Impairment provision	(1,883)	(2,951)
	3,362,100	**3,008,547**
Maturity represented as:		
Less than or equal to 3 months	28,456	45,200
3 to 12 months	120,500	92,555
1 to 5 years	645,399	701,844
Greater than 5 years	2,569,628	2,171,899
	3,363,983	**3,011,498**

The above investments are accounted for at amortized cost and measured in accordance with note 2.8 to the financial statements.

12. Other fixed interest securities	2020	2019
	$000	$000
Promissory notes	-	9,608
Fiji Bonds	124,014	134,800
Foreign Bonds	-	52,947
	124,014	**197,355**
Impairment provision	(132)	(1,235)
	123,882	**196,120**
Maturity represented as:		
Less than 3 months	7,000	26,000
3 to 12 months	34,189	37,108
1 to 5 years	82,825	134,247
	124,014	**197,335**

Promissory notes and Fiji bonds are guaranteed by the Government of Fiji. The above investments are measured at amortised cost as they are considered likely to be held to collect contractual cash flows in line with the fixed investment objectives of the Fund and the fixed price nature of the investments.

During the financial year, the Fiji Sugar Corporation Limited defaulted on principal repayment of bonds totalling $25.0 million. The bonds were secured by Government Guarantee, which were duly called upon by the Fund. In exercise of the Guarantee, the Government will repay the outstanding principal together with all accrued interest by July 2021.

13. Loans and advances

	Note	2020	2019
		$000	$000
Loans and advances (quasi-government)		91,004	119,757
Loans to related parties	30(b)	715,116	639,917
Customer term loans		235,735	206,587
Staff loans		104	105
		1,041,959	**966,366**
Provision for Impairment		(152,622)	(112,282)
		889,337	854,084
Maturity represented as:			
Less than or equal to 3 months		1,699	9,315
3 to 12 months		35,829	53,277
1 to 5 years		317,920	230,450
Greater than 5 years		686,511	673,324
		1,041,959	**966,366**

The maximum exposure to credit risk at the reporting date before collateral held or other credit enhancements is the carrying amount of each class of asset above. Collateral held against each of the above categories of loans and advances are as follows:

- Quasi government loans- Government Guarantee or a Debenture over all the assets. During the year, no quasi loans were disbursed;
- Loans to related parties – Usually a first charge over the mortgage is obtained, however other forms of security such as debentures, guarantees, liens etc are also accepted. For Natadola Bay Resort Pte Limited, the loan is largely unsecured. Refer below for further comments. During the year, the Fund advanced additional loans to Barton Limited and Dubbo Limited towards the refurbishment of the Sheraton and Westin Resorts. A loan which the Grand Pacific Hotel Limited had with Bank of South Pacific was also refinanced as part of the acquisition strategy of the equity interest in GPH;
- Customer term loans – The head security is a registered first mortgage over property and improvements or Government Guarantee. Lotus Garments Limited continued to progressively draw on the loan previously approved, while additional loan were disbursed to Air Pacific Limited.

A loan is assessed as impaired if the loan is non-performing and the loan balance is greater than the security value.

Due to the impact of COVID-19, which impacted the travel and tourism industry, repayment holidays were approved for the loans to Air Pacific Limited and the hotels. A principal moratorium was granted on loans to Air Pacific Limited until 31 December 2020, while they continue to pay interest during this period. Details of moratorium for the hotel loans are outlined in Note 30(b).

Natadola Bay Resort Pte Limited (NBRL)

The carrying value of the loan provided to NBRL by FNPF is $291,621,000 (2019: $291,543,000). Further details of the loan are in Note 30(b). As at year end, the Fund is carrying a provision for impairment against the loan of $140,499,000 (2019: $105,549,000). The increase in impairment is a result of the impact of a lower valuation outcome for the NBRL assets (being the value of the collateral) which has been affected due to the COVID-19 pandemic.

Momi Bay Resort Limited (MBRL)

The carrying value of the loan provided to MBRL for the Momi Resort development is $117,641,000 (2019: $120,181,000). The loan is secured by:

- First registered Debenture over the assets of the company
- First registered mortgage over Development lease LD Ref 60/782-3, and portion of freehold land described as DP 10698
- Assignment of Income
- Assignment of Bank Accounts BSP A/c & HFC A/c

13. Loans and advances (continued)

Movements in the impairment provision

	Loans to related parties $000	Customer term loans $000	Staff loans $000	Total $000
Collectively Assessed Provisions				
Balance as at 1 July 2018	-	-	177	177
New and increase provisioning	-	-	-	-
Provisions released as no longer required	-	-	(73)	(73)
Balance as at 30 June 2019	**-**	**-**	**104**	**104**
Balance as at 30 June 2020	**-**	**-**	**104**	**104**
Individually Assessed Provisions				
Balance as at 1 July 2018	114,023	1,764	-	115,787
Initial application of IFRS 9	2,334	1,810	-	4,144
New and increased provisioning	-	1,436	-	1,436
Provisions no longer required	(9,189)	-	-	(9,189)
Balance as at 30 June 2019	107,168	5,010	-	112,178
New and increased provisioning	35,371	4,969	-	40,340
Provisions no longer required	-	-	-	-
Balance as at 30 June 2020	**142,539**	**9,979**	**-**	**152,518**
Total provision for impairment at 30 June 2019	**107,168**	**5,010**	**104**	**112,282**
Total provision for impairment at 30 June 2020	**142,539**	**9,979**	**104**	**152,622**

Total impairment provisions as at balance date are:

	Note	2020 $000	2019 $000
Collectively assessed provisions		104	104
Individually assessed provisions		152,518	112,178
		152,622	**112,282**

14. Equity investments

	Note	2020 $000	2019 $000
Traded equities	14(a)	705,950	603,008
Other equity investments	14(b)	1,515,884	1,336,774
		2,221,834	**1,939,782**

14(a). Traded equities

	2020 $000	2019 $000
Level 1 - Local listed equities	208,403	168,423
Level 1 - Foreign equities	463,501	400,145
Local Unit trust	29,210	29,251
Local unlisted equities	4,836	5,189
	705,950	**603,008**

- Level 1 equity investments are classified at fair value through income statement and the Fund uses the closing market price as at reporting date.
- For Unit Trusts, the Fund uses exit prices at the reporting date.
- Local unlisted equities include investments in Fiji Gas Limited and Yatu Lau Company Limited. These are classified at fair value through income statement and is valued using "Kontiki Price Matching Services Over the Counter facility" as these shares are traded by a willing buyer and willing seller at the reporting date.

14. Equity investments (continued)

(b). Other equity investments

Investment in other equity investment consists of the following:

Name	Principal activities	Place of business	Valuer	% Ownership	2020 Fair value $000	2019 Fair value $000
Subsidiaries						
Amalgamated Telecom Holdings Limited	Telecommunications	Fiji	BDO New Zealand	72.2	645,434	594,682
Home Finance Company Pte Limited	Financial services	Fiji	BDO New Zealand	75.0	148,697	149,217
FNPF Holdings (PNG) Limited	Investment	PNG	Management Assessment	100.0	52	52
Yatule Beach Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	-	-
FNPF Hotel Resorts Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	44,245	53,822
FNPF Nominees Limited	Nominee Services	Fiji	Management Assessment	100.0	-	-
Natadola Bay Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	-	-
Momi Bay Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	9,488	43,825
Dareton Pte Limited	Land development	Fiji	Management Assessment	100.0	5,400	5,400
Health Care (Fiji) Pte Ltd	Healthcare	Fiji	Management Assessment	80.0	1,487	1,224
Grand Pacific Hotel Pte Ltd	Resort operations	Fiji	Colliers New Zealand	100.0	12,300	6,512
Farleigh Limited	Resort operations	Fiji	Colliers New Zealand	100.0	74,580	164,939
Associates						
Energy Fiji Limited*	Energy	Fiji	Management Assessment	20.0	206,110	-
Tropic Health Incorporated (Fiji) Limited	Medical	Fiji	Management Assessment	46.0	-	-
Active (Fiji) Co. Limited	Tourism	Fiji	Management Assessment	23.0	-	-
Halabe Investments Limited	Real Estate	Fiji	Management Assessment	25.0	884	884
Fiji Ports Corporation Limited	Wharfage	Fiji	Management Assessment	39.0	86,022	65,516
Bligh Water Shipping Limited	Shipping	Fiji	Management Assessment	26.0	-	-
Other						
Vodafone Fiji Pte Limited	Telecommunications	Fiji	BDO New Zealand	49.0	281,185	250,701
					1,515,884	**1,336,774**

The above investments have been measured at fair value in accordance with note 2.8(c)(i) and 2.21.

*During the year, the Fund acquired 20% equity interest in Energy Fiji Limited (EFL) from the Government of the Republic of Fiji. There is a condition in the sale and purchase agreement, that may enable EFL to exercise its option which includes the Fund divesting its interest. The option lapses 2 years after the date of acquisition.

Valuation technique and significant unobservable inputs

The following table shows the valuation techniques used by the independent valuers in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other equity investments	-Discounted Cash Flow Method (DCF) -Future maintainable earnings (FME)	• Earnings multiple 6.4x- 9.76x) • Weighted Average Cost of Capital (WACC) 13.2% -20.09% • Discount Rate - Hotels 5% -14.5%	The estimated fair value would increase/(decrease) if any of the significant unobservable inputs were changed: • Earnings multiple was higher(increase); • Weighted Average Cost of Capital were lower (increase) • Discount rate were lower (increase)

14. Equity investments (continued)

b. Other equity investments (continued)

Valuation Process

FNPF engages reputable and adequately qualified international firms to carry out valuations of its subsidiaries. The valuations firms are selected via a tender process. The valuation firms selected to carry out the subsidiary valuations, work with the Fund management team and the subsidiaries management team to prepare a business valuation required under IFRS 13. The Board reviews and approves the valuations undertaken by the independent valuers subsequent to the endorsement by the Board Investment Committee (BIC). The business valuations of ATH, VFL and HFC was carried out by BDO New Zealand and Colliers International-Auckland was engaged to carry out the valuation of the Fund's investments in hotel and resort operations.

BDO New Zealand have considered the increased risk caused by COVID-19 and the related forecast uncertainty in their assessments of discount rates and multiples. The uncertainty associated with COVID-19 was accounted through two adjustment mechanisms, either individually or in parallel, in the valuation assessments:
- Adjustments to cashflows
- Adjustments to risk assessments in discount rate calculations

Adjustments to cashflows are based on management forecast reductions in revenue, capital and operating expenditure. Adjustments to risk assessment are Valuer judgments based on increases to firm specific risk due to the increased uncertainity surrounding COVID-19. These adjustments had the impact of increasing the discount rate and decreasing the valuation.

Colliers have attached less weight to previous market evidence for comparison purposes in their assessment of hotel and resort valuations as at 30 June 2020. The recent status of COVID-19 by the World Health Organization as a global pandemic is having a significant impact on both the Fijian and global economy and particularly the tourism and hotel industry. Given the unknown impact that COVID-19 might have on the business operations, the hotel valuations are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty and higher degree of caution is advised to be attached to the valuations than would normally be the case. Border restrictions imposed on foreign nationals which began in February 2020, coupled with the suspension of international flights by Fiji Airways in March 2020 and the subsequent closure of Nadi International Airport, demand for hotel accommodation has diminished to levels that have resulted in many hotels being forced to close or to operate at significantly reduced occupancy levels primarily arising from domestic tourism, international visitors awaiting repatriation flights and quarantined individuals for self-isolation purposes.

Considering the above, the hotels are operating at a loss due to significant fixed costs. The following key assumptions have been considered in respect of the first projected year of operation commencing 1 July 2020:
- Domestic travel has commenced by quarter three of 2020 and domestic travel restrictions have been lifted.
- By quarter four, international border restrictions will ease, initially Australia, New Zealand and the wider Pacific assuming COVID-19 is contained in these nations, followed by the remainder of international nations on a progressive basis from quarter one/quarter two of 2021.
- Airline capacity to Fiji will slowly return to historic levels and border restrictions will be removed to wider market by no later than quarter one of 2021 on a progressive basis.
- Levels of promotional activity undertaken by Tourism Fiji will recommence towards the end of 2020.

Management assessment is based on income approach using future maintainable earnings and earnings multiples of similar industries. The impact of COVID-19 has been factored in the future earnings. The Board reviews and approves the valuation undertaken subsequent to the endorsement by the BIC.

15. Investment properties

	2020	2019
Properties at fair value	**$000**	**$000**
Balance at the beginning of the year	385,868	326,487
Transfer from/(to) property, plant and equipment and intangibles	(243)	(233)
Change in fair value	(2,676)	18,467
Acquisitions	38,759	33,546
Work in progress	7,361	7,601
	429,069	**385,868**
Add: lease liabilities – leasehold land	9,038	-
Balance at the end of the year	**438,107**	**385,868**

15. Investment properties (continued)

The fair values of investment properties were determined by external independent property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. The independent valuers provide the fair value of the Fund's investment property annually. The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Investment property comprises a number of commercial properties that are leased to third parties for rental income and vacant land which are held for future development for capital appreciation.

Rolle Associates had been engaged to undertake a "Desktop Update" valuation of the property portfolio as at 30 June 2020. Rolle had previously undertaken the valuation of these properties in 2019. As part of the valuation report, Rolle Associates has included a Novel Coronavirus (COVID-19) Limiting Condition which states the following:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activities have being impacted in many sectors. As at the valuation date, the valuer considers that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 meant that it is faced with an unprecedented set of circumstances on which to base a judgement. The valuation are therefore reported on the basis of 'material valuation uncertainty' as per IVS 104 (Bases of Value) under the International Valuation Standards 2017. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it is recommend that Fund keep the valuation of the subject properties under frequent review.

Rolle Associates have considered the increased risk and the uncertainty associated with COVID- 19 by adjusting the discount and capitalisation rates for the properties except for those properties with quality tenants and where there were contractual revision to rental income.

Valuation technique and significant unobservable inputs
The following table shows the valuation techniques of the independent valuers used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	*Significant unobservable inputs*	*Inter-relationship between key unobservable inputs and fair value measurement*
Income capitalization approach: Discounted cash flows and Direct Capitalisation: The valuation models of the independent valuers consider the present value of net operating income (NOI) to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The net income is converted into a value indicator using a direct and or yield capitalization model. The capitalisation rate has been developed using three techniques: extracted from comparable sale, debt coverage method and a band of investment method. *Market approach:* Given the lack of empirical data, land held for future development has been maintained at 2019 fair values, which the valuers believes to reflect the current view.	• Expected market rental growth 2.5%; 11% - 20% for Vodafone (Fiji) Pte Ltd • Annualised vacancy and credit loss allowance, 2% - 6% • Market based management fee 3.5% • Operating expense increases 1.5%-3% • Capitalisation rates – 7.5% - 10%	The estimated fair values would increase (decrease) if: • expected market rental growth were higher (increase); • void periods were shorter (increase); • the occupancy rate were higher (increase); • rent-free periods were shorter (increase); or • the capitalisation rates were lower (increase).

16. Cash and cash equivalents

	2020	2019
	$000	$000
Cash at bank	296,969	414,783
Cash on hand	1,859	45,898
Cash at bank – restricted*	14,253	-
	313,081	**460,681**
Impairment provision	(1,615)	(1,226)
	311,466	**459,455**

* The amount includes restricted cash of $13,571,000 of members' funds and government subsidy held in trust. The funds will be disbursed subsequent to balance date to affected eligible members of the Fund and it also includes $682,000 for first home owners under the Fijian Government's First Home Ownership Initiative

17. Intangible assets

	2020	2019
Software at cost	**$000**	**$000**
Balance at the beginning of the year	20,243	17,337
Additions during the year	164	15
Transfer from property, plant and equipment and investment property	-	2,891
Balance at the end of the year	**20,407**	**20,243**
Amortisation and impairment		
Balance at the beginning of the year	9,989	8,166
Amortisation charge for the year	2,022	1,823
Balance at the end of the year	**12,011**	**9,989**
Carrying amount		
At the beginning of the year	**10,254**	**9,171**
At the end of the year	**8,396**	**10,254**

18. Property, plant and equipment

	Land	Leasehold Land	Buildings at valuation	Office Equipment FNPF	RIF	Motor vehicles	Furniture& fittings FNPF	RIF	Work in Progress	Total
Cost	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at the beginning of the year	371	97	12,446	9,226	142	2,092	2,539	44	-	26,957
Additions	-	-	70	364	1	821	16	-	209	1,481
Transfer from investment property	-	-	243	-	-	-	-	-	-	243
Disposals	-	-	-	(133)	-	(507)	-	-	(70)	(710)
Balance at the end of the year	371	97	12,759	9,457	143	2,406	2,555	44	139	27,971
Accumulated depreciation										
Balance at the beginning of the year	-	89	3,786	7,473	95	1,739	2,270	44	-	15,496
Depreciation charge for the year	-	1	202	814	2	362	98	-	-	1,479
Disposals	-	-	-	(133)	-	(507)	-	-	-	(640)
Balance at the end of the year	-	90	3,988	8,154	97	1,594	2,368	44	-	16,335
Carrying amount										
At the beginning of the year	**371**	**8**	**8,660**	**1,753**	**47**	**369**	**253**	**-**	**-**	**11,461**
At the end of the year	**371**	**7**	**8,771**	**1,303**	**46**	**812**	**187**	**-**	**139**	**11,636**

	Note	2020 $000	2019 $000
19. Other receivables			
Contributions receivable		18,123	16,120
Impairment provision		(14,375)	(10,640)
Net contribution receivable		**3,748**	**5,480**
Receivable from related parties	30(b)	9,871	9,722
Other deposits and receivables		31,813	36,762
Provision for Impairment		(2,361)	(2,170)
Net other receivables		**39,323**	**44,314**
		43,071	**49,794**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of the asset above. There is no collateral held as security against any of the above receivable balances.

	$000	$000
Maturity of gross receivables represented as:		
1 to 12 months	27,319	50,823
1 to 5 years	32,488	11,781
	59,807	**62,604**

Movements in the provisions for impairment are as follows:

	Contributions receivable $000	Other $000
Balance at 1 July 2018	3,440	64
New and increased provisioning	7,200	2,106
Provisions reversed	-	-
Balance as at 30 June 2019	**10,640**	**2,170**
New and increased provisioning	3,735	191
Provisions reversed	-	-
Balance as at 30 June 2020	**14,375**	**2,361**

20. Investment income receivable

	Note	2020 $000	2019 $000
Interest receivable		77,852	72,965
Provision for Impairment		(744)	(750)
Dividend receivable- others		32,217	2,797
Rent receivable		2,183	1,342
Provision for Impairment		(297)	(121)
Dividend receivable from related parties	30(b)(ii)	28,288	42,166
		139,499	**118,399**

Movements in the impairment provision are as follows:

	Interest receivable $000	Rent receivable $000
Balance as at 1 July 2018	-	142
New and increased provisioning	750	-
Provisions reversed	-	(21)
Balance as at 30 June 2019	**750**	**121**
New and increased provisioning	-	176
Provisions reversed	(6)	-
Balance as at 30 June 2020	**744**	**297**

	Note	2020 $000	2019 $000
21. Other payables and accruals			
Deposits		2,258	1,799
Deferred revenue		347	1,361
COVID-19 Government assistance*		3,861	-
Other payables**		29,558	16,824
		36,024	**19,984**

*COVID-19 Government assistance of $3,861,000 relates to the funds received from government awaiting disbursement to members affected by the impacts of COVID-19 pandemic under phase one and phase two.
** Other payables include $9,718,000 of COVID-19 assistance transferred from members' accounts awaiting to be disbursed to members at reporting date.

22. Employee entitlements	2020 $000	2019 $000
Annual leave	853	845
Long service leave and gratuity	181	312
	1,034	**1,157**
As at 1 July	1,157	1,914
Additional provisions recognised	1,413	451
Paid during the year	(1,536)	(1,208)
Carrying amount as at 30 June	**1,034**	**1,157**

23. Leases	2020 $000	2019 $000
(a) Right-of-use assets		
Balance at 1 July 2019	236	389
Additions	153	-
Depreciation charge for the year	(140)	(153)
Balance as at 30 June 2020	**249**	**236**

The incremental borrowing rate for new lease was 6% (2019: 6%).

(b) Lease liabilities

	2020	2019
Maturity analysis –contractual undiscounted cashflows		
Less than one year	458	118
One to five years	1,489	143
More than five years	18,621	-
Total undiscounted lease liabilities at 30 June	**20,568**	**261**
Lease liabilities at 30 June		
Property leases (included in investment properties and right of use assets)		
Current	127	107
Non-Current	9,175	136
	9,302	**243**
Amount recognized in income statement		
Interest on lease liabilities	19	19
Depreciation on right of use assets	140	153
Variable lease payments not included in the measurement of lease liabilities	428	146
	587	**318**
Amount recognized in the statements		
Total cash outflow for leases	**131**	**165**

24. Net assets available to pay benefits

	Note	2020	2019
		$000	$000
Net assets available to pay benefits		**7,885,965**	**7,442,401**
Represented by:			
Liability for accrued benefits	26(a)	6,292,942	5,860,932
Special death benefit fund reserve	24(a)	49,365	43,053
Retirement income fund reserve	24(b)	331,176	322,655
General reserve	24(c)	1,212,482	1,215,761
		7,885,965	**7,442,401**

Special death benefit fund, Retirement income fund and FNPF reserves includes investment and solvency reserves. The movements in the reserves are as follows:

a). Special Death Benefit Fund Reserve		2020	2019
		$000	$000
Balance at 1 July 2019		43,053	37,463
Add/(less) transfers from/(to) member benefits:			
Transfers from member accounts -premiums	24(d)	11,627	11,609
Payments to members' nominees	24(e)	(8,449)	(8,718)
Add transfers from statement of change in net assets	27	3,134	2,699
Balance at the end of the year		**49,365**	**43,053**

The amounts transferred to the Special Death Benefit Fund Reserve of $11,627,000 (2019: $11,609,000) represents annual deductions of $35 (2019: $35) or less from the accounts of each entitled member.

The amounts transferred from the Special Death Benefit Fund Reserve of $8,449,000 (2019: $8,718,000) represent disbursements to the nominees of those members who died during the year at $8,500 (2019: $8,500) per member. These disbursements are in addition to the accumulated amounts owing to the deceased member.

(b). Retirement income fund reserve	Note	2020	2019
		$000	$000
Balance at 1 July 2019		322,655	310,152
Add/(less) transfers from/(to) member benefits:			
Transfer from		11,244	11,150
Transfer to	24(e)	(25,038)	(24,356)
COVID-19 assistance*	24(e)	(4,301)	-
Add transfers from statement of change in net assets	27	26,616	25,709
Balance at the end of the year		**331,176**	**322,655**

*The Retirement Income Fund Reserve discharged a one-off payment of $4,301,000 to pensioners as a relief assistance for COVID-19.

The amount transferred to the Retirement Income Fund Reserve of $11,244,000 (2019: $11,150,000) represents pension income during the year. The amounts transferred from the Retirement Income Fund Reserve of $25,038,000 (2019: $24,356,000) represent pension annuities to pensioners whilst amounts transferred to the Retirement Income Fund Reserve during the year of $26,616,000 (2019: $25,709,000) represents investment returns after allowing for operating expenses of $195,000 (includes reversal of impairment on financial assets of $145,000) (2019: $327,000).

(c). General reserve

General reserve comprises both the legislative solvency reserve equivalent to 10% of the total benefits accrued to members of the Fund as required under the FNPF Act 2011 and an investment reserve held in order to maintain a high level of confidence that the legislative solvency requirement will be met at all times.

	Notes	2020	2019
		$000	$000
Balance at 1 July 2019		1,215,761	1,028,931
Add transfers from statement of change in net assets	27	(3,267)	186,830
Less transfers to liability for accrued benefits		(12)	-
Balance at the end of the year		**1,212,482**	**1,215,761**

24. Net assets available to pay benefits (continued)

(d). Contributions to the Fund for benefits

The Fund receives contributions from members for investment, which are invested and become available upon retirement, or if earlier; death, permanent migration or incapacity. The premium for the Special Death Benefit (SDB) is deducted and paid to Special Death Benefit Fund ("SDBF"), with benefit payable to the nominee upon death of the member while still a member of the Fund.

Members purchase annuities by transferring part or all of their FNPF balance upon retirement or incapacity (or if a sole nominee, a member's FNPF balance on his or her death) into the Retirement Income Fund ("RIF").
The allocation of contributions is set out below:

	Notes	SDBF	RIF	FNPF	All funds
		$000	**$000**	**$000**	**$000**
2020					
Member contributions, net	26(a)(ii)	-	-	579,795	579,795
SDB premiums	24(a)	11,627	-	-	11,627
		11,627	**-**	**579,795**	**591,422**
Purchase of annuities		-	11,244	-	11,244
Total		**11,627**	**11,244**	**579,795**	**602,666**
		SDBF	**RIF**	**FNPF**	**All funds**
2019		**$000**	**$000**	**$000**	**$000**
Member contributions, net		-	-	640,352	640,352
SDB premiums	24(a)	11,609	-	-	11,609
		11,609	**-**	**640,352**	**651,961**
Purchase of annuities		-	11,150	-	11,150
Total		**11,609**	**11,150**	**640,352**	**663,111**

(e) Payments to beneficiaries

	SDBF	RIF	FNPF	All funds
	$000	**$000**	**$000**	**$000**
2020	8,449	29,339	430,524	468,312
2019	8,718	24,357	347,036	380,111

Total benefits paid, excluding pension annuity relating to RIF, amounted to $438,973,000 (2019:$355,753,000).
The details of the payments are as follows:

Benefit type	**2020** $000	**2019** $000
1 55 years and over	191,798	167,131
2 Death	26,742	23,455
3 Disability	3,899	4,517
4 Migration	24,190	26,681
6 Non-Citizens migrating	9,375	9,918
Small accounts	1,444	1,448
7-8 Partial including COVID-19*	117,527	56,341
9 Housing transfers	55,525	57,545
Lump-sum – Supplementary Fund	24	-
Total	**430,524**	**347,036**

*The Fijian Government in collaboration with the Fund in response to the COVID-19 pandemic allowed members to access their General account held with the Fund. The members were eligible to withdraw a maximum of $1,000 if they had been employed in the tourism industry and $500 if they would have lost their incomes as a result of COVID-19 related lockdowns. The total number of applications received for COVID-19 phase 1 was 85,959 amounting to payments of $54,246,000. The government further announced phase 2 assistance to affected members whereby a maximum of $1,100 would be paid over 5 fortnights commencing 23rd June 2020. As at 30 June 2020, 15,920 members were assisted as part of phase 2 amounting to payments of $1,571,000.

24. Net assets available to pay benefits (continued)

(e). Payments to beneficiaries (continued)

Total benefits exclude $11,244,000 (2019:$11,150,000) being the amount transferred from FNPF to RIF in respect of FNPF members purchasing annuities.

	2020	2019
	$000	$000
The breakdown of payments from RIF is:		
1 - Sole life annuity	11,843	11,544
2 - Joint life annuity	6,612	6,331
3 - Term annuity	1,765	1,466
4 - Top up pension (in respect of pre March 2012 pensioners)	4,594	4,780
5 - Commutation	225	236
6 - COVID-19 assistance	4,301	-
	29,340	**24,357**

Commutation refers to the lump sum paid in respect of the unexpired portion of the guarantee period for which a deceased annuitant would otherwise have received payment. The commuted sum is payable to the pensioner's nominee on death.

25. Transfers between funds under the FNPF Act 2011

Amounts may be transferred between funds only in accordance with the FNPF Act 2011. Provisions include:
- Transfers from FNPF to RIF for purchase of annuities
- Deductions from FNPF for premiums due to SDBF
- Transfers from RIF and SDBF to FNPF to meet expenses incurred in managing RIF and SDBF respectively
- Repaying amounts paid in error or recovering overpayments

The Board may transfer a surplus in RIF or SDBF to FNPF in accordance with the regulations. These regulations require that any such transfer be recommended by the Fund Actuary and approved by the Reserve Bank of Fiji.
The Act also provides that the Board must allocate to RIF and SDBF sufficient assets of FNPF as will ensure that an actuary is able to issue a funding and solvency certificate in each case. Funding and solvency certificates for each of RIF and SDBF are currently in force and no transfer from FNPF is envisaged in the foreseeable future.

26. Net assets at balance date and liability for accrued benefits

	Notes	2020	2019
		$000	$000
(a) FNPF			
Balance at the beginning of the year		5,860,932	5,225,622
Add transfers from statement of change in net assets	26(a)(ii)	431,985	635,310
Add transfers from general reserve	26(a)(iii)	25	-
Balance at the end of the year		**6,292,942**	**5,860,932**
(i) Allocation of Benefits			
Allocated to Members' Accounts		6,279,045	5,855,162
Unallocated to Members' Accounts		13,897	5,770
		6,292,942	**5,860,932**
Solvency requirement of 10% of member accounts		629,294	586,093
Other		583,188	629,668
FNPF reserve	24(c)	**1,212,482**	**1,215,761**
Net assets at end of year		**7,505,424**	**7,076,693**

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated in accordance with Note 2.16.

26. Net assets at balance date and liability for accrued benefits (continued)

(a) FNPF (continued)

	Notes	2020 $000	2019 $000
(ii) Benefits accrued during the year			
Contributions received		591,423	651,961
Benefits paid	24(e)	(438,973)	(355,755)
Interest credited on members' accounts		293,957	353,145
Net amounts transferred:			
Special Death Benefit Reserve	24(a)	(3,178)	(2,891)
Transfer to Retirement Income Fund	24(b)	(11,244)	(11,150)
		431,985	**635,310**

The Board declared an annual interest rate for 2020 of 5.00% to be credited to members' accounts as at the reporting date (2019: 6.75%).

	2020 $000	2019 $000
(iii) Movement in liability for accrued benefits:		
Liability for accrued benefits at beginning of year	5,860,932	5,225,622
Net contributions*	579,795	640,352
Benefits paid**	(441,767)	(358,187)
Interest allocated to members	293,957	353,145
Transfer from general reserve	25	-
Liability for accrued benefits at end of year	**6,292,942**	**5,860,932**

*Gross contributions less SDB premiums deducted.
** Members withdrawals including amounts transferred to Retirement income Fund for RIF products purchased by retiring members.

(b) RIF

	2020 $000	2019 $000
Liability for future annuity payments	250,839	243,490
Solvency reserve	80,337	79,165
Net assets	**331,176**	**322,655**
Movement in liability		
Liability at start of year	243,490	230,903
New purchases	11,244	11,150
Expected reduction for year	(7,716)	(6,302)
Model and assumption changes and variation in experience	3,821	7,739
Liability at end of year	**250,839**	**243,490**

The actuarial present value of RIF annuitant liabilities determined on a basis consistent with Government Bonds being recorded at face value has been calculated as $250,839,000 (2019: $243,490,000). The valuation was carried out by Mr Peter Colin Martin, Fellow of the Institute of Actuaries of Australia, in compliance with International Standard of Actuarial Practice No. 2 issued by the International Actuarial Association. The annual benefits payable from the RIF together with assumed expenses are projected year by year, allowing for expected life annuitant deaths and completion of term annuities and guaranteed payments, until all benefits in respect of annuitants in force at the valuation date have been paid. The asset cashflows arising from RIF investments (Fiji government bonds and cash) are projected year by year, allowing for reinvestment of those cashflows not required to immediately finance annuity payments at an assumed market rate of interest.

26. Net assets at balance date and liability for accrued benefits (continued)

(b) RIF (continued)

The proportion of RIF asset cashflows which, together with assumed reinvestment interest, is just sufficient to meet all projected annuity payment obligations and expenses as they fall due is then applied to the face value of RIF investments at the valuation date to determine a liability value.

The main assumptions used for the purpose of the calculation are as follows:

- Mortality for male life annuitants in 2020 in accordance with World Health Organisation 2008 Fiji population life table scaled by a factor derived by linear interpolation, with one year of mortality improvement at 1 per cent at all ages; Mortality for female life annuitants in 2020 in accordance with World Health Organisation 2008 Fiji population life table, assuming 2% per annum reduction in female rates continuously for 11 years and set back one year, and a further year of mortality improvement at 1 per cent at all ages; ongoing mortality rate reduction for males and females of 1% per annum from 2020 (2019: Mortality for male life annuitants in 2019 in accordance with World Health Organisation 2008 Fiji population life table scaled by a factor derived by linear interpolation; Mortality for female life annuitants in 2019 in accordance with World Health Organisation 2008 Fiji population life table, assuming 2% per annum reduction in female rates continuously from 2013 and set back one year; ongoing mortality rate reduction for males and females of 1% per annum from 2019);
  - Fiji government bonds will be redeemed at the earliest opportunity; that is, up to 4 years before maturity (2019:4 years)
  - An average long run market rate of reinvestment of RIF asset cash flows of 5.25% per annum over the term of the current annuities (2018: 5.5% pa)
  - A continuous liquidity allowance of one year's worth of annuity payments which does not attract interest (2019: one year)
  - An allowance for RIF expenses of 5.5% of annuity payments from time to time (2019: 5.9%)

The calculated proportion of RIF asset cash flows was 75.8%. This means that 75.8% of each RIF asset cash flow, together with interest at the assumed reinvestment rate, is calculated to be just sufficient to meet the projected in-force annuity payments and expenses as they fall due.

The liability assuming a reinvestment rate of return 50bp lower (4.75% per annum) is calculated as $255,136,000 (77.1% of the face value of RIF investments). The liability assuming a reinvestment rate of return 50bp higher (5.75% pa) is calculated as $246,874,000 (74.6% of the face value of RIF assets).

(c) SDBF	**2020**	**2019**
	$000	**$000**
Liability for claims incurred but not reported (IBNR)	2,137	2,916
Provision for mortality fluctuation	4,647	4,795
Catastrophe reserve	42,581	35,342
Net assets	**49,365**	**43,053**

The IBNR has been calculated by the actuary using the chain ladder method applied to a run-off triangle of SDB claims by financial year of death and year of payment. The provision for mortality fluctuation is based on 6 months claim with an additional 10% of that amount. The balance in the fund is held against the possibility of major catastrophic loss of life amongst those eligible for SDB. Fiji could suffer a major catastrophe or catastrophes, with significant loss of life. Such a disaster causing more than two to three thousand additional member deaths is very unlikely, but not unfortunately impossible. Consequently, the catastrophe presents a theoretical risk to the solvency of the SDBF.

The best estimate for the IBNR liability is $2,173,000. The actual IBNR liability will only ever be known with the benefit of hindsight but is reasonably likely to fall between $1,920,000 and $2,350,000.

	2020	**2019**
	$000	**$000**
IBNR at the start of the year	2,916	3,554
Utilized expected SDB benefit payments	(735)	(800)
Unutilized expected SDB benefit payments	(610)	(875)
Other experience effects and assumption changes	(519)	(383)
New business related	1,085	1,420
IBNR at the end of the year	**2,137**	**2,196**

27. Change in net assets available for allocation

The net change for the year has been appropriated to accrued benefits and the funds as follows:

	2020	2019
	$000	$000
Change in net assets available for allocation	**320,440**	**568,383**
Allocated to:		
Liability for accrued benefits	(293,957)	(353,145)
Special death benefit fund	(3,134)	(2,699)
FNPF fund	3,267	(186,830)
Retirement income fund	(26,616)	(25,709)
	(26,483)	(215,238)
	(320,440)	**(568,383)**

28. Notes to the statements of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents includes cash on hand and 'at call' deposits with other financial institutions. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows is reconciled to the related items in the statements of net assets as follows:

	Note	2020	2019
		$000	$000
Cash and cash equivalents	16	298,828	460,681
Cash and cash equivalents at end of financial year		**298,828**	**460,681**

(b) Cash flows presented on a net basis

Cash flows arising from the following activities are presented on a net basis in the statements of cash flows:
(i) sales and purchases of maturing fixed interest securities; and
(ii) Investment and maturity of term deposits.

29. Commitments and contingent liabilities

(a) Commitments	2020	2019
	$000	$000
Capital expenditure commitments	6,114	3,239
Undrawn facilities in relation to mortgage loans*	60,279	7,669
	66,393	**10,908**

During the financial year, the Board approved a loan of $53.6 million to Air Pacific Limited for general working capital purposes. The loan was disbursed in July 2020 and is secured by Government Guarantee.

(b) Contingent liabilities	2020	2019
	$000	$000
Litigation *	79,334	79,334
	79,334	**79,334**

* The Fund is a party to a claim against one of its subsidiary - Farleigh Pte Limited. This relates to claims for loss of entitlement under itaukei lease (Sheraton Land) which amounts to $77 million. The case is pending before the high court as at the year end. There are other claims against the Fund, however these are insignificant in the opinion of the directors.

The Fund has provided a Letter of support to its hotel subsidiaries for working capital purposes.

(c) Operating lease revenue

Non- cancellable operating lease rentals are receivable as follows:		
Not later than 1 year	11,677	11,545
Later than 1 year but not later than 5 years	27,350	21,903
Greater than 5 years	16,671	5,153
	55,698	**38,601**

30. Related parties

(a) Board members

The Board members of the Fund during the year were:
Mr. Daksesh Patel (Chairman – appointed 01 January 2020)
Mr. Ajith Kodagoda (Former Chair - completion of term under FNPF Act - 23 January 2020)
Mr. Mukhtar Ali (Appointed 24 January 2020)
Mr. Tevita Kuruvakadua (Deputy Chair - completion of term under FNPF Act - 23 January 2020)
Mr. Sanjay Kaba (Appointed 01 January 2020)
Ms. Makereta Konrote
Ms. Kalpana Lal
Mr. Joel Abraham

(b) Transactions and balances with related parties

	2020 $000	2019 $000
Directors*		
Directors remuneration - fees and allowances	67	37
Other services provided to the Fund	10	9
	77	**46**

Any director who is a member of the Fund contributes and receives benefits on the same terms and conditions as those available to other members.

*Directors remuneration includes amounts paid to the directors of the Fund.

Key management personnel

In addition to the directors, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity. During the reporting period the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities:
- Mr. Jaoji Koroi – Chief Executive Officer
- Mr. Viliame Vodonaivalu – Chief Investment Officer
- Mr. Pravinesh Singh – Chief Financial Officer
- Mr. Uday Singh – General Manager Governance & Risk
- Mr. Ravinesh Krishna – General Manager Human Resources
- Mr. Alipate Waqairaiwai – General Manager Member Services
- Ms. Millie Low – General Manager Business Transformation
- Mr. Rukshan Rajapaksha – Chief Information and Technology Officer

The aggregate compensation of the key management personnel for the Fund comprises of short-term benefits and is set out below:

	2020 $000	2019 $000
Short-term benefits	1,652	1,433

Management personnel who are members of the Fund contribute and receive benefits on the same terms and conditions as those available to other members (except in some instances the Fund contributes over and above the minimum statutory levels in line with the individual's employment contract).

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

The investments and ownership interests in subsidiary companies are disclosed in Note 14(b).
During the year, further capital injection was done in Health care (Fiji) Pte Ltd of $3,216,000 and dividend reinvestment was done in Home Finance Company (Pte) Ltd (HFC bank) of $9,590,000.

(i) Transactions with related parties during the year

Interest income

The amount of interest income from loans, current account and term deposits from related parties during the year is as follows:

	2020 $000	2019 $000
Vodafone Fiji Pte Limited	3,439	1,525
Home Finance Company Pte Limited	8,479	10,995
Natadola Bay Resort Pte Limited	7,025	7,181
FNPF Hotel Resorts Pte Limited	340	387
Yatule Beach Resort Pte Limited	99	114
Momi Bay Resort Pte Limited	8,327	8,491
Farleigh Pte Limited	3,908	4,049
Barton Pte Limited	3,640	2,122
Dubbo Pte Limited	311	-
Grand Pacific Hotel	1,359	-
	36,927	**34,864**

Rental income

The amount of rental income from related parties during the year is as follows:

	2020 $000	2019 $000
Amalgamated Telecom Holdings Limited	63	47
Vodafone Fiji Pte Limited	825	665
Telecom Fiji Pte Limited	693	579
Home Finance Company Pte Limited	733	784
	2,314	**2,075**

Dividend income from related parties

The amount of dividend income from related parties during the year is as follows:

Amalgamated Telecom Holdings Limited	-	7,666
Home Finance Company Pte Limited	4,738	9,590
Vodafone Fiji Pte Limited	22,050	22,050
FNPF Hotel Resorts Pte Limited	-	3,000
	26,788	**42,306**

(ii) Balances with related parties at the year end

Dividend receivable from related parties

	2020 $000	2019 $000
Amalgamated Telecom Holdings Limited	-	7,666
Vodafone Fiji Pte Limited	22,050	22,050
Home Finance Company Pte Limited	4,738	9,450
FNPF Hotel Resorts Pte Limited	1,500	3,000
	28,288	**42,166**

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Interest receivable from related parties	2020 $000	2019 $000
FNPF Hotel Resorts Pte Limited	-	30
Barton Pte Limited	-	316
Farleigh Pte Limited Group	-	411
	-	757
Other receivable from related parties		
Farleigh Pte Limited Group	60	50
Dubbo Pte Limited	4,647	4,639
Barton Pte Limited	5,164	5,033
	9,871	9,722

Loans provided by the Fund to related parties		
Natadola Bay Resort Pte Limited	291,621	291,543
Momi Bay Resort Pte Limited	117,641	120,181
FNPF Hotel Resorts Pte Limited – Holiday Inn	5,500	5,997
FNPF Nominees Limited	98	98
Yatule Beach Resort Pte Limited	2,025	2,354
Vodafone Fiji Pte Limited	80,000	80,000
Farleigh Pte Limited	78,867	78,459
Barton Pte Limited	90,209	61,285
Dubbo Pte Limited	10,217	-
Grand Pacific Hotel Pte Limited	38,938	-
	715,116	**639,917**
Less : Impairment provision	(142,539)	(107,168)
	572,577	**532,749**

Natadola Bay Resort Pte Limited (NBRL)

Loans that were advanced to the subsidiary, NBRL for the construction of the Intercontinental Hotel and Golf Course at Natadola were restructured in 2011. The loan agreements for these loans were executed as at 30 June 2014. There has been no change in the interest rate during the current year. Interest charged by FNPF in the current financial year is $7,025,459 (2019: $7,181,188). The loans were restructured effective from 1 August 2011 as follows:

Name	Amount ($)	Term of loan	Interest rate	Interest plus principal repayments
Loan 1	$60,000,000	26 years	8.00%	Principal plus interest repayment commenced from 1 August 2012.
Loan 2	$40,000,000	26.5 years	8.00%	Interest only for first 18 months and principal plus interest repayment commenced from 1 February 2013.
Loan 3	$202,835,111	Indefinite	Interest free	All surpluses from Natadola Residential Development shall be applied to the outstanding balance. All cash surpluses that are not required by NBRL for expenses other than in the normal course of the business shall be applied to the outstanding balance. FNPF reserves the right to commence charging and capitalising interest against the balance outstanding at any time in the future.

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Transactions with other related parties (continued)

Natadola Bay Resort Pte Limited (NBRL) (continued)

The carrying value of the loan has been reassessed for impairment at balance date.

The loans are secured by the securities outlined below, for which the security has not been executed as at balance date:

- First registered mortgage with improvement thereon over:
    - TLTB reference no. 4/11/11438, part of Sanasana and Navo Island, Tikina Malomalo, Province Nadroga;
    - Agreement for Lease Contract number 50034331, part of Vile, Malomalo, Nadroga;
    - Crown Lease 16834;
    - Cown lease 16833
    - Cown lease 7491
    - Crown Lease 559677, Lot 24, DP 4724;
    - Crown Lease 559662, Lot 32, DP 4724;
    - Approval Notice LD Ref 4/11/710, Lot 27, DP 4724;
    - Approval Notice LD Ref 4/11/711, Lot 28, DP 4724;
    - Approval Notice LD Ref 4/11/703A, Lot 33, DP 4724;
    - Approval Notice LD Ref 4/11/732, Lot 30, DP 4724;
- Comprehensive insurance cover over the property with improvements thereon and FNPF's interest noted thereon;

- An equitable mortgage over the bank accounts of the Mortgagor and assignment of income arising out of the Hotel & Golf Operations and Residential subdivision to be effective when arrears of obligations are outstanding.

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the Resort, repayment relief in the form of moratorium of principal and interest has been provided from April 2020 to December 2020.

Vodafone Fiji Pte Limited (VFL)

In March 2006, Vodafone Fiji Pte Limited entered into a lease agreement with the Fund for its head office. The term of the lease was for 10 years beginning from the date of occupation and ending in March 2016, with right of renewal for a further two 10 year terms. The lease agreement review process for additional term has been completed with the terms and conditions agreed between FNPF and Vodafone.

In 2019 the Fund had advanced a sum of $80,000,000 to VFL for purposes of capital expenditure and upgrade of its infrastructure. The loan is for 7 years and secured by a Corporate Guarantee. The loan continues to be repaid as normal and not impacted by COVID-19.

Grand Pacific Hotel Pte Limited

During the year, the Fund refinanced a loan of $ 39,015,789 previously held with the Bank of South Pacific. The refinancing of the loan was part of the strategy of reacquiring the remaining 75% shares in the Grand Pacific Hotel. The loan is for a term of 15 years.

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the hotel, repayment relief in the form of moratorium on principal and interest has been provided from April 2020 to December 2020.

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Transactions with other related parties (continued)

Barton Pte Limited

The debt novated under Barton Limited amounted to $36,980,000 as part of the Starwood Properties acquisition. To date additional loans of $52,497,000 have been disbursed to Barton Limited towards the refurbishment of the Sheraton properties on the same terms and conditions as the novated loan. The loan will mature on 24 May 2033.

The loans are secured by:

- First Registered Mortgage over NL.34714 described as Lot 2 on ND.4946 being the Sheraton Property.
- First Registered Mortgage Debenture over all the assets and undertakings of Barton Ltd (This is a fixed and floating charge over all present and future assets, undertakings (including goodwill) and unpaid/uncalled capital of the company);

Due to the closure of the Resort due to renovation, a moratorium on principal and interest was granted from December 2019 to November 2020 and then principal only moratorium from December 2020 to May 2021.

Momi Bay Resort Pte Limited

The loan of $120,000,000 was approved by FNPF Board on 30 July 2015 for a term of 25 years. The loan term included a moratorium period of 2 years, and an interest only period of 1 year with principal and interest repayment over a term of 22 years. Monthly interest only repayment on the loan commenced from November 2017, with monthly principal and interest repayments commencing from November 2018.

The loan is secured by:

- First registered Mortgage over Development Lease – LD Ref: 60/782-3
- First registered Mortgage over a portion of Freehold Land described as DP. 10698
- First registered Debenture over all assets of Momi Bay Resort Limited
- Other conditions of the Loan Agreement remains in full force and effect

The Equitable mortgage over the bank accounts of the borrower and an assignment of income arising out of the Hotel operation will apply when arrears of obligations are outstanding

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the hotel, repayment relief in the form of moratorium on principal only has been provided from July 2020 to December 2020.

Farleigh Pte Limited

FNPF entered into a Share Sale Deed with Marriott International, Inc. and Fiji Cayman Holdings Ltd in 2018 being Starwood Properties transaction, for the acquisition of 100% shares in Farleigh Limited, for $277,000,000 which was made up of Debt and Equity. The debt novated under Farleigh Limited to the Fund amounted to $82,220,000, with the loan maturing on 24 May 2033. The loan is repayable in quarterly installments of $1,955,932, inclusive of interest and principal.

The loan is secured by:

- First Registered Mortgage over NL 34718 described as Lot 1, Denarau Island being the Westin property.
- First registered Mortgage over State Lease No. 13451 described as Lots 1, 2 and 3 on SO.3705 being the Golf Course & Racquet Club.
- First registered Mortgage over State Lease No. 19370 described as Lot 9 on SO.5005 being the Dump Site and ponds.
- First registered Mortgage over State Lease No. 19371 described as Lot 7 on SO.5005 being the residential dwelling.

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the hotel, repayment relief in the form of moratorium on principal and interest has been provided from April 2020 to December 2020.

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Transactions with other related parties (continued)

FNPF Hotel Resorts Pte Limited (FHRL)

The Fund disbursed a loan of $8,000,000 to FHRL in 2016. The loan is for a period of 10 years with quarterly repayments of principal and interest of $289,219. Current balance on the loans is to $5,500,000 (2019: $5,997,000).

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the hotel, repayment relief in the form of moratorium of principal and interest has been provided from May 2020 to December 2020.

Dubbo Pte Limited

During the year, the Fund disbursed a sum of $10,217,000 to Dubbo Pte Limited towards the renovation of the Westin Resort renovations. The loan is for a term of 15 years and matures on 30 September 2034.

The loan is secured by:

- First Registered Mortgage over NL 34718 described as Lot 1, Denarau Island being the Westin property.
- First registered Mortgage over State Lease No. 13451 described as Lots 1, 2 and 3 on SO.3705 being the Golf Course & Racquet Club.
- First registered Mortgage over State Lease No. 19370 described as Lot 9 on SO.5005 being the Dump Site and ponds.
- First registered Mortgage over State Lease No. 19371 described as Lot 7 on SO.5005 being the residential dwelling.

Due to the impact of COVID-19 which resulted in the closure of borders and suspension of international flights, affecting the operations of the hotel, repayment relief in the form of moratorium on principal and interest has been provided from April 2020 to December 2020.

31. Events Subsequent to the Balance Date

(a) COVID 19 Pandemic

The unprecedented uncertainty in the economic environment continues post year end and it is difficult to predict what the eventual impact it may have on the Fund. Actual economic events and conditions in future may be materially different from those estimated by the Fund at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts to the fair value of the Fund's investment portfolio of properties and equities and of future prices achieved if the assets are to be realised. It may also adversely impact the level of expected credit losses attaching to loans and advances, receivables and government securities and fixed interest securities and their final realised positions, as the counterparties will all experience their own impacts of COVID-19 on their business activities and cash flows.

At the date of the release of the financial statements an estimate of the future effects of the COVID-19 pandemic on the Fund's portfolio cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown. The financial statements, however, reflect the best estimates of the Fund's Board and management based on the information available at the time of preparation. Future changes in valuations, realised values and expected or actual credit losses are non-adjusting events at 30 June 2020 and will impact on the value of net assets available for benefits and on the income statement in future periods.

The Fund will continue to assess the impact of COVID-19 and take relevant measures to respond to the evolving environment.

Further considerations in relation to the COVID-19 pandemic impact on equity valuations, investment properties valuations and expected credit losses at balance and in future periods are included in the respective notes in the financial statements.

31. Events Subsequent to the Balance Date (continued)

(b) Assistance to members

On 11th August 2020, a total of 26,894 members have been assisted under the COVID-19 Assistance program with withdrawal payments amounting to $8,152,000 bringing the total amount of phase 2 payment processed from members' account to $9,723,000. The final date of phase 2 payment is 18 August 2020.

(c) The Government in its 2020/2021 budget announced COVID-19 phase 3 assistance which includes payments to members who have been placed on reduced hours and wage reduction across all sectors of the economy. To date a total of 2,500 applications have been received and are to be processed by the end of August 2020.

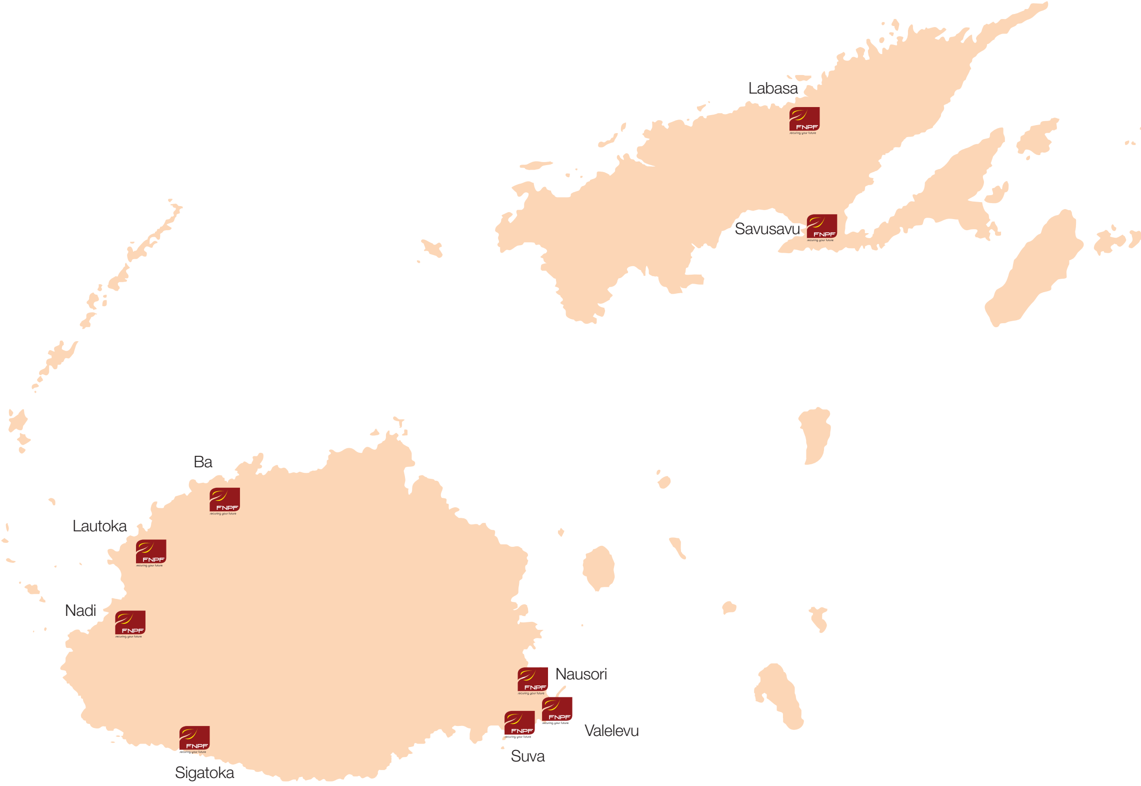
(d) Amalgamated Telecom Holdings Limited's (ATH) share rights issue

On 17 July 2020, FNPF exercised its rights to subscribe to ATH's Share Rights Issue and acquired a total of 23,000,000 new shares at the share rights issue price of $2.00 amounting to $46,000,000 and consequently raising its equity interest in ATH to 73.2% from 72.2% previously.

Apart from the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transactions or event of a material and unusual nature likely, in the opinion of the Board members, to affect significantly the operations of the Fund, the results of those operations or the state of affairs of the Fund.

32. Auditors

The Fund is a compulsory superannuation scheme legislated by the FNPF Act and continuing under the FNPF Act 2011. Section 13 of the FNPF Act and Section 37 of the FNPF Act 2011 requires every employer and employee to make contributions to the Fund. Team members of PricewaterhouseCoopers (PwC), the Fund's external auditors contribute to and receive benefits on the same terms and conditions as those available to other members and PricewaterhouseCoopers contributes to the Fund as required by the Act.



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