FNPF

securing your future

ANNUAL REPORT 2022

Repositioning for the future

Corporate Statement

Vision

Securing your future

Mission

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

Values

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

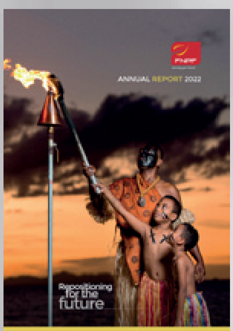
T — Teamwork
We work effectively within and across teams to deliver results

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

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

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

Cover



Coming out of the global health pandemic, the re-opening of our borders and subsequent return to normalcy is reason enough to celebrate life, embrace opportunities and growth. The cover photo depicts the Fund's journey – where we mitigated and restrategised our business to support our members, pensioners and employers. Now, we are 'Repositioning for the Future', the theme of our Annual Report this year.

This photo was provided by the Marriott team, property managers for the Sheraton Fiji Golf and Beach Resort (and other resorts) following the multimillion-dollar refurbishment undertaken during the lockdown period. The fire symbolises our road to recovery – resetting, repositioning and ready for the future. For 56 years, the Fund has been a beacon of hope and stability for thousands of Fijians and we will continue to uphold our promise 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

2022 AT A GLANCE

Net Income
$650.8m
compared to $543.5m in 2021

General Reserve
$1.7b
from $1.5b in 2021

Member Fund (excludes RIF and SDB)
$6.7b
from $6.4b in 2021

Total Assets
$8.7b
from $8.2b in 2021

Contributions
$395.2m
compared to $321.3m in 2021

Interest Credited
$370.3m
at 6% compared to $302.8m in 2021 at 5%

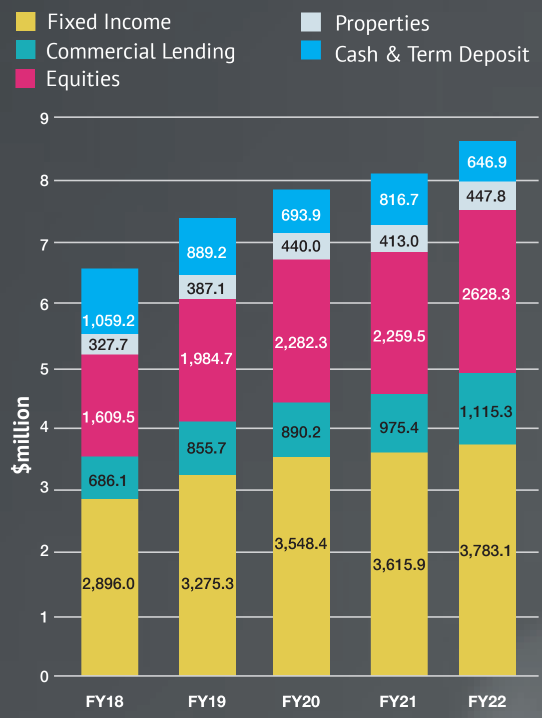
Net Increase in Net Assets (available for allocation)
$600.5m
compared to $496.6m in 2021

2022 HIGHLIGHTS

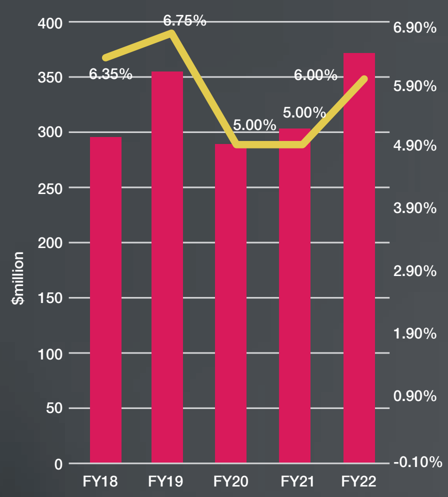
INVESTMENT

Defensive Vs Growth Investment Portfolio

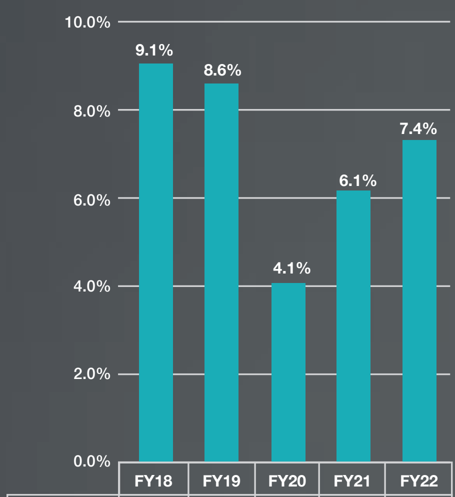
Investment Portfolio



Interest Credited to Members

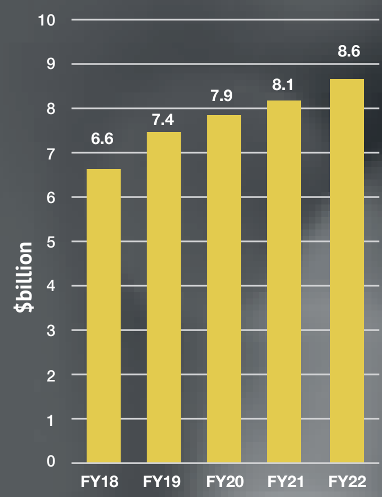


Return on Investment (Net)



	FY18	FY19	FY20	FY21	FY22
ROI-Net	9.1%	8.6%	4.1%	6.1%	7.4%

Portfolio Growth



HIGHLIGHTS

BENEFITS
$467m
paid out to members during the year

Early*	Housing
$64.4m	**$78.5m**
$144.9m in 2021	$66.9m in 2021

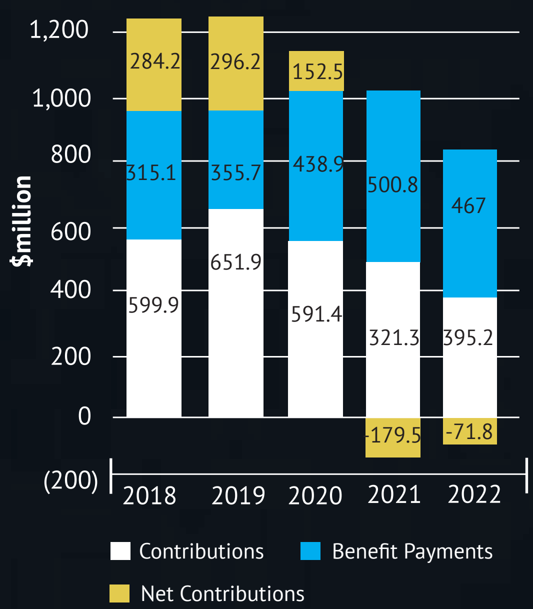
Retirement	Death	Disability	Migration	Small Account
$209.8m	**$48.3m**	**$5.6m**	**$42.9m**	**$17.5m**
$217.9m in 2021	$34.2m in 2021 *(includes SDB)*	$5.1m in 2021	$29.9m in 2021	$1.9m in 2021 *(includes Low Balance Account)*

For breakdown of early withdrawals accessed by members in 2022 please turn to page 24.

CONTRIBUTIONS

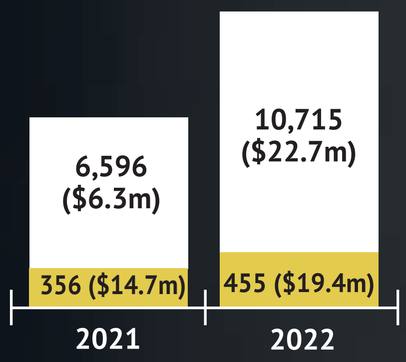
Net Contribution

Contributions less Benefit Payments

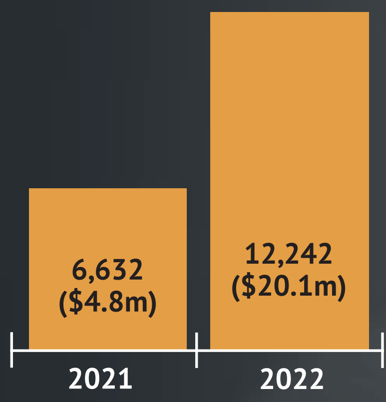


The bar graphs below show the increase in additional and voluntary contribution paid during the financial year.

Additional Contribution



Voluntary Contribution



Employer Additional - No. of employers & value

Employee Additional - No. of employees & value

(Incusive of payments through walk-in, myFNPF app and/or bank deposits).

MEMBER PROFILE

MEMBERSHIP
398,593
compared to 446,658 in 2021

214,536 Contributing **Compulsory** members
41% (female) 59% (male)

12,242 Contributing **Voluntary** members
55% (female) 45% (male)

Gender All members
43% (female) 57% (male)

SHARE OF WEALTH

	Female	Male
Count	43%	57%
Share of Wealth	35%	65%

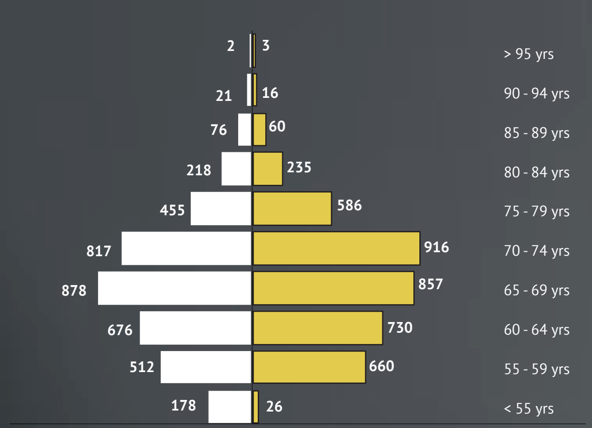
MEMBER BALANCES BY AGE

Member Balances	≤ 15yrs	16-24yrs	25-34yrs	35-44yrs	45-49yrs	50-54yrs	≥ 55yrs	Total
Zero Balance	21	2,989	1881	909	289	223	574	6,886
$0.01 and $5,000.00	1,242	46,032	67,385	42,391	14,441	8,974	10,739	191,204
$5,000.01 and $20,000.00	20	2,616	46,168	37,776	12,232	7,859	3,586	110,257
$20,000.01 and $40,000.00	1	24	13,824	20,140	6,673	5,313	1,407	47,382
$40,000.01 and $100,000.00	1	3	3,218	16,296	7,102	5,565	1,256	33,441
$100,000.01 and $250,000.00		2	137	2,372	2,319	2,574	793	8,197
$250,000.01 and $500,000.00			2	185	217	315	222	941
$500,000.01 and above				25	40	79	141	285
GRAND TOTAL	1,285	51,666	132,615	120,094	43,313	30,902	18,718	398,593

*This includes 19,145 Voluntary members

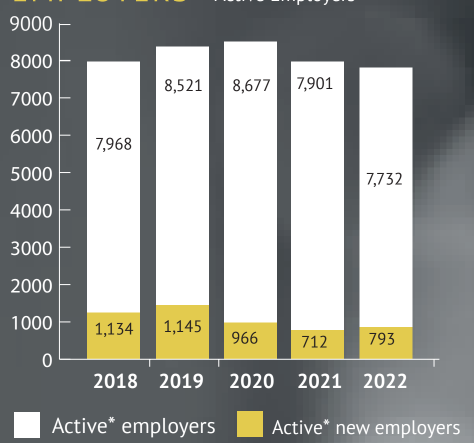
PENSIONERS

Pensioners by Age Group & Gender



EMPLOYERS

Active Employers



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

CASE STUDY

RESOLVING ZERO & DORMANT ACCOUNTS

The Fund has dealt with dormant accounts for years, similar to other financial organisations. Specifically, it is those accounts with zero balances, with no contributions received and have continued to increase over time.

In 2021, the number hit an all-time high of about 60,000, constituting a considerable portion of our total membership.

In addition to misrepresenting our overall membership, it also distorted our most important statistical measures which may have affected the reporting of policy progress and transition made through the years.

As highlighted in the 2021 Annual Report case study, the Fund was legally unable to close a dormant account with a zero balance till after a specified time of inactivity.

Only one of our entitlement events specified in Section 36(6) of the FNPF Act of 2011 and particularly identified in Section 4 triggered the closure of member accounts.

To solve the issue, the exercise had to be structured as a project outlining the necessary procedures, risks, and scope, with potential solutions periodically presented to a project steering committee for approval.

In resolving the issue, the Fund undertook the following to find potential defined solutions:

1. Aged the accounts to determine how long the zero-balance accounts have been inactive, ensuring alignment to relevant laws and regulations.
2. Detected duplicate accounts, withdrawn accounts that remain active, and accounts in null status for failing to register a single contribution since opening; and
3. Identified deceased members that have not been reported to the Fund and whose accounts have remained active. This has been an outcome of a data sharing initiative with the Office of the Registrar of Births, Deaths and Marriages.

The outcomes of the analysis led to the following results:

1. 91% of accounts had been inactive for at least seven years;
2. 7% were identified as duplicated, null, or withdrawn accounts; and
3. 2% were categorised as deceased members after validating data with BDM records.

Noting the outcomes of the analysis, the following decisions were agreed on:

1. Seek an amendment of Section 36(6) of the FNPF Act of 2011 as this would allow the Fund to terminate inactive accounts. This was proposed to Government and the law was enacted as part of Bill 42 of 2022 that came into effect on 1 August, 2022. This would affect around 53,000 accounts;
2. Duplicate and null accounts were then deleted; and
3. Other account statuses were updated or categorised accordingly in accordance with the Fund's member definition table.

As a result of this exercise, a new member count has been recorded; overall membership is currently 398,593 compared to 446,658 in 2021. Although it is a 10.8% decrease, this accurately represents the FNPF membership count.

As the Fund embarks on a new course to reset itself, striving for growth and relevance; data, definitions, and categorization have proved their importance in a technologically and information-driven world.

We realise the need to increase our capabilities in this area and would strive to bring it to the forefront in order to understand our members and improve our services to them.

Members and pensioners read the Fund's financial report during the Annual Member Forum held at the Grand Pacific Hotel last year.

Message from the CHAIRMAN

It is remarkable to cast our minds back and think that only 12 months ago we were at the height of the COVID-19 pandemic and the future seemed uncertain. I am very pleased to be writing this report at a time when our organisation, and our community, is well down the path of recovery from the impacts of the pandemic.

The journey during the past year was not easy as it required us to reset our sails a few times but we can now claim to have succeeded. We have recorded high investment returns and declared another year of positive interest for our members.

Despite the challenges brought about by the reduction in contribution rates and subdued economic activity, the Fund's achievement has been quite remarkable; as further elaborated in the Chief Executive's message.

The Board is cognisant that while the economy is recovering, we now have to deal with fresh challenges. The impact of the Ukraine-Russia conflict has sent ripples through the global economy and the cost of living and inflation is at an all-time high. On a more positive note, the tourism industry is slowly improving, and the challenge is to now look beyond Fiji's shores for opportunities and solutions that will contribute to our efforts to safeguard the future of FNPF members.

We must remain ahead of our game

The Fund invests in opportunities that align with our long-term plan for sustainability and growth while remaining responsive to the changing economic environment. All investment decisions are made following extensive and rigorous due diligence processes.

We will continue to expand on our initiatives to increase the Fund's portfolio of growth assets (both domestic and foreign), diversity, and climate-friendly investment opportunities in accordance with international standards and Environmental, Social, and Governance (ESG) practices.

The legal environment of superannuation has continued to develop across the world, and Fiji is no exception. We are assessing the legal frameworks that regulate the FNPF and have evaluated modifications that may assist the Fund to accomplish its objectives and serve our members more effectively.

We are aware that the viability of superannuation benefits has been questioned in recent years, as well as the ongoing tension between retirement savings and early retirement withdrawals.

We will endeavour to adopt a realistic attitude for the future. In regards to retirement savings, members must maintain control over their own destinies. Eligibility for a pension is not an issue of charity or the possible enjoyment of another's generosity. It is something for which employees have exchanged a substantial amount of value through their labour and contributions. For some members' their FNPF funds are among their most valuable assets.

Our major responsibility at FNPF is to continue securing the future of our members by growing their FNPF funds for retirement.

Our major responsibility at FNPF is to continue securing your future and growing that asset (your FNPF funds) towards your retirement.

Strong & steady road towards recovery

The Board strongly supports the reinstatement of the 18% contribution rate and on multiple occasions has approached the Government on this issue. We have noted Government's pledge to gradually boost mandatory payments, which is currently 12%, and would increase to 14% from 1 January, 2023. We applaud the increase and will constantly pursue this matter in the best interest of our members.

Our efforts in the telecommunications industry saw a significant breakthrough this financial year, when we effectively entered the PNG market, the largest market in the Pacific (excluding Australia and New Zealand). The Fund's investments in Papua New Guinea through ATH and Digitec PNG demonstrate our ongoing commitment to expand our regional telecommunications footprint. During the pandemic, the telecommunications industry was a hive of activity, and business remained unaffected, since mobile connectivity played a crucial role for families during lockdowns.

A staff member of the Sheraton Fiji Golf and Beach Resort during the re-opening of the refurbished resort earlier this year.

The Fund's strength is in its investments in major strategic assets that not only generate significant returns but are also transformational for the nation. This includes our investments in the healthcare sector, which will benefit members through the availability and progress of tertiary healthcare locally and the establishment of a medical tourism industry while also providing attractive investment returns. As tertiary healthcare is now available in Fiji, we should anticipate a decrease in the outflow of FNPF savings to finance the expenses of members requiring tertiary healthcare abroad.

As part of the previous Board's initiative to invest in a healthcare facility under the Public Private Partnership and Healthcare Fiji, we continue to pursue this with eagerness, in spite of the complexities brought about by the pandemic and its impact on supply chain. The Fund is focussed on identifying attractive investment opportunities that will contribute to the decarbonisation of the economy. We would also seek strategic investment opportunities in renewable energy focusing on circular economy activities that supports environmentally sustainable programs.

A major focus for 2023 is the development of an Environment, Social and Governance framework that would ensure the alignment of all future investments to good governance and social responsibility practices.

As a major player and leader in the investment and financial market, FNPF is acutely aware of the critical need to benchmark for responsible investing.

In further enhancing the independency of our investment decisions, the Board has now engaged a renowned investment firm in Australia to review our Investment Policy Statement. In addition, the Fund will employ a full time independent investment advisor to the Board.

Investment in Fiji Airways

As part of FNPF's strategic positioning within the Tourism sector the Fund took the opportunity to acquire 30.02% equity in Fiji Airways. The Fund reached this decision after seeking independent reviews and carrying out extensive due diligence to ensure its investment in Fiji Airways was executed on attractive terms and providing maximum benefits to our members.

Setting the controls for effective recovery

In May 2022, the Fund convened a workshop to develop a five year strategic plan with the assistance of an accomplished advisor to the FNPF Board, who holds substantial superannuation industry experience.

Viliame – a staff of the Sheraton Fiji Golf and Beach Resort teaches these young guests weaving skills.

We conducted this planning exercise with key stakeholders, namely the Fiji Trades Union Congress, Fiji Commerce & Employers Federation, the Reserve Bank of Fiji and Government.

Themed “Resetting and Repositioning the Fund to Beyond”, our FY2023 – FY2027 Strategic Plan focuses on recalibrating our approaches to address the imminent operational and financial challenges and opportunities to bolster our growth trajectory beyond 2027.

During the COVID-19 outbreak 160,000 FNPF members tapped into their retirement funds for COVID assistance. That was a large proportion of our current membership base. While we acknowledge that withdrawals were necessary during the pandemic to assist families with acute financial needs, the FNPF’s primary mission is to always safeguard its members future savings.

To ensure that members continue to safeguard their retirement assets, we are collaborating closely with the Government to establish controls and disciplines via legislation and other measures that may be implemented in the field of social security. In the future, it will be of utmost importance to examine the reasons for withdrawal permitted on members’ savings. To propel our members toward target balances for a financially secure retirement, we must re-examine whether any of the reasons currently permitted for withdrawal should be modified or eliminated.

We acknowledge that by law, our members are entitled to withdraw their funds during their working life and in that regard, FNPF will continue to advocate the need for members to save for retirement.

Remaining vigilant and prepared

While it feels at times that we are in a perpetual cycle of global crises, we are optimistic about the Fund’s performance and the opportunity to maintain a sustained upward trend in performance. However, we are aware of the need to not be complacent and to remain vigilant regarding the risks posed by global events.

One area of ongoing focus is ensuring that the Board operates to best serve the interests of members. To this end, in the coming year we will be seeking external assistance for a governance review with the objective of ensuring that the Board operates to the highest possible standard of corporate governance.

I am thankful to the courageous and devoted men and women of the FNPF Management and Staff, as well as my fellow Board members, who worked well through the obstacles and challenges during the year. I would also want to thank all our stakeholders for their support along this journey. Let’s continue to work together to secure the future of our members.

Daksesh Patel
Chairman

During the pandemic, the Fund's investment in the telecommunications sector fared quite well. Seen in this photo, is a Telecom Fiji Limited staff setting up internet connection for a family.

Message from the CHIEF EXECUTIVE

As we reach the end of 2022 and look forward to 2023 one cannot fail to acknowledge but be thankful to the Almighty God, the creator of heaven and earth for his love and blessing that has enabled the Fund to withstand one of the most difficult periods in history.

The past year has been challenging for our members and businesses, as we have had to adjust to a pandemic that has altered our lifestyle and routines. As we have seen throughout the years, despite the fact that it has not been easy, our people have been strong and resilient.

What a year it has been to manage a well valued organization, with such high expectations from members! I am appreciative of the Chairman and Board of Directors' trust in me to lead FNPF.

Due to COVID-19, we began the year under difficult conditions, with limitations on our travel and social interactions. With the easing of restrictions and return to normalcy, the second half of the year brought us some respite. We applaud the efforts made by the Government, the Ministry of Health, donor countries and agencies, NGOs, civil societies, and the general public to battle the pandemic. The assistance offered to keep members afloat and the attempts to achieve economic recovery are acknowledged.

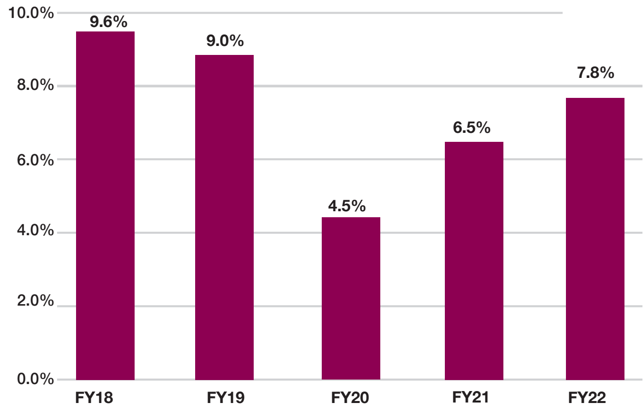
At FNPF, we are happy with our response and reassured by the fact that our members received assistance during one of the most difficult moments of their lives. In the middle of the global crisis, it was unquestionably a challenge to maintain focus and fulfil our commitments while juggling our responsibilities.

The test of time

COVID-19 has pushed us to rethink and reset our assumptions and priorities. The pandemic thwarted our retirement savings objectives, as members were forced to withdraw from their funds. This was exacerbated by decreased contributions, growing unemployment and extended periods of unemployment benefits, particularly for members with low account balances. A issue we face in enhancing member outcomes. The pandemic has demonstrated that nothing is ever certain, and that our models and operational design must be more adaptable and sustainable.

FNPF has a history of producing strong returns; this means we make sound investments, which enables us to pay our members consistently competitive interest rates.

Figure 1: Return on Investment (Gross)



Negative net contribution position

As a result of the cut in contribution rate from 18% to 10%, collection was low. Although, it was 23.7% more than the 2021 estimates, withdrawals were significant at $467 million, resulting in negative net contribution yet again. Additional & Voluntary contributions, brought in a total of $62.2 million to offer a cushion to our financially challenged cash flow position.

Risks and Abnormal Trends

Liquidity topped our list of major strategic concerns but they were effectively controlled allowing the Fund to continue meeting its obligations. As a result of the hotels and resorts returning to full operation before the end of the year, the value of FNPF's assets has increased.

FNPF staff Ulamila Bukebuke serves a member at our Sigatoka Agency.

On the other hand, a telling trend emerged from withdrawals made on the grounds of Death. The total amount paid out in 2022 was $48.3 million, an increase from the $34.2 million paid out in 2021 but less than $30 million for the amounts paid in previous years. Withdrawal requests on the grounds of Death were received from 2,054 members, an increase from 1,490 in 2021 but fewer than 2,000 for previous years.

Government bond rates decreased dramatically throughout the course of the year, impacting current long-term yields as well, as a result of high liquidity in the financial system. The Retirement Income Fund, which oversees the pension business, forecasted reduced returns, which is insufficient to sustain the present conversion factors for new annuitants. This may lead to a probable decrease in annuity rates. However, we will evaluate all possibilities and work closely with the Government to determine the best course of action.

Delivering despite the crisis

Return to Members

The returns on our investments are a testament of our business astuteness. The Fund's investment revenue increased by 19.7% from last year, allowing us to distribute $370.3 million in interest to all members' with positive account balances, with a 6% interest declaration compared with 5% in 2021.

FNPF has a history of producing strong returns; this means we make sound investments, which enables us to pay our members consistently competitive interest rates.

COVID-19 Support & Pre-retirement benefit for members

FNPF's COVID-19 assistance withdrawals were extended for the third year in a row. Payments totaling $22.8 million were for COVID-19 unemployment withdrawals and $10.1 million for COVID-19 housing assistance. Micro-Business Withdrawals Assistance was designed for members who had ventured into SME projects, expand an existing one, as well as those wishing to reopen or revive their business. A total of $0.71 million was disbursed to these members.

These grounds for withdrawal were purposefully offered to mitigate the impact of the crisis on members. The social and economic impact on our nation exceeds the amount of savings distributed.

As we are all experiencing a crisis of this magnitude for the first time, many people had no alternative support options. The cost of not offering any assistance was unfathomable. We took stock and helped out. Our members needed us and we were there for them.

The Fund continued to provide pre-retirement benefits for funerals, medical, educational, and housing expenses, as well as all other customary full withdrawal grounds.

Resolving zero balance accounts

A key matter the Fund resolved during the year was the managing of FNPF accounts with a zero balance.

These accounts made up a significant number of the total FNPF membership count, therefore portraying an inaccurate picture of our members profile. In the 2021 Annual Report, we outlined in a Case Study how these accounts were derived and our commitment to resolving it this year.

Although the exercise has notably reduced the total membership count by 10.8%, our indicators would now reflect the right indices that measures our policy intervention and performance. A Case Study on the approach to the resolutions are provided on page 6 of this Annual Report.

A future of recovery, rebuilding and sustainability

Sustainability and adaptability are a priority that must be incorporated into our operational design and model to guarantee that we can respond effectively and adapt to whatever circumstance we encounter and that the Fund will continue to exist for its members in the future.

Immediate emphasis is placed on restoring member balances, necessitating a review of our contribution collecting platforms. The overall number of active members for the year is 214,536 compared to 215,200 in 2021. Of these members 12,242 are active voluntary contributors, compared to 6,632 in 2021.

There were 8,000 active employers contributing to members' retirement before the outbreak. At the end of June 2022, about 7,700 enterprises, of which 793 are newly registered, are still operational. Approximately 2% of firms have taken advantage of government incentives by paying the maximum 18% contribution while the majority have opted for the lower 12% rate.

As a result of the pandemic, the non-formal sector has grown rapidly as members have established small enterprises as part of SME's. These members are being encouraged to join our voluntary membership program so that they could continue to save for retirement. This is the impact of this benefit.

Fijians have also joined seasonal workers and long-term job programs abroad. The Fund continues to advocate on the need for these members to contribute to their FNPF savings so that they are able to save for life after work.

With the aim of resetting and repositioning the Fund, we have prepared a 5-year strategy to guide our future orientation. It will focus on recalibrating ways to manage the Fund, which will enhance the results of our mandated duty as well as tackling pressing concerns at the heart of some of our current challenges. These include low member balances, providing suitable products to meet member demands both pre- and post-retirement, diversifying our assets in a constrained Fijian market and guaranteeing the long-term viability of the FNPF funds.

Perhaps the most important issue is addressing the clarity of our position to ensure that we continue to work closely with the Government to fulfil our primary goal which is to promote and improve the retirement outcomes of our members.

After putting a hold on our advocacy and engagement initiatives for more than a year, we are pleased to reintroduce the program to campaign and educate members on the importance of retirement savings. We will increase the number of planned interactions and expect to reach more members in the coming year. We will also push for the protection of their funds and the strengthening of the Government's coordination of social security and retirement issues.

Recognition and appreciation

As we strive towards recovery and leave the spectre of COVID-19 behind us, it is only fitting that I thank members for their patience over the past two years as we have united as a country to combat the pandemic. Despite the obstacles faced, the fuel for our delivery was their unwavering faith and confidence.

I thank the diligent FNPF employees for demonstrating tremendous courage and care under extreme conditions in order to serve Fijians and dutifully respond to the call of our nation to give assistance, despite the risk to their own lives.
We convey our thanks to the Government and acknowledge their assistance and leadership in guiding the nation through difficult times. The fact that we were one of the first nations to return to normality is testament of the tremendous effort that has been accomplished by all.

I am grateful to the Board Chairman, Mr. Daksesh Patel, and the Directors for their counsel and direction as well as to the Management team for managing the Fund's operations. The Directors have definitely pushed us to be better, stronger, and eager to lead the FNPF to greater heights. Members can take comfort in that the Fund is in good hands with the existing Board.

Now, the goal is to rebuild smarter, in order to properly recover from the lingering effects of the COVID-19 pandemic, so we can shape a better tomorrow.

Viliame Vodonaivalu
Chief Executive

Retirement planning can be quite fulfilling when done right. This is one of the Fund's marketing material that focussed on additional contribution.

Global recognition

The Fiji National Provident Fund has once again been recognized by the International Social Security Association (ISSA) and received Good Practice Awards for the Asia and Pacific region on 23 August, 2021.

Of the 168 entries received from 30 members in 19 countries from the region, the Fund was awarded Certificates of Merit for the following:

(1) A robust and sound mechanism for guiding the crediting rate determination: A case of the Fiji National Provident Fund
(2) Collaboration, innovation and data insight during a time of need Delivering COVID-19 income protection assistance: The Fiji National Provident Fund story
(3) Developing in-house actuarial function and strengthening actuarial governance: A case of the Fiji National Provident Fund.

The Fund received similar awards in 2018 for its responsiveness to stakeholders' needs, as well as developing online services for ease of business.

FNPF was awarded Certificates of Merit on 'Transforming and reforming its services via an integrated administration IT system' and Internal Audit good practices awards for 'Quality Assurance and Improvement Programme' and 'Internal Audit Staff External Secondment Programme' in 2015.

The Fund achieved a milestone in 2012 by becoming the first superannuation fund in the Pacific to receive two merit awards from the ISSA for Good Practices award for "Reforming the Fiji National Provident Fund Pension Scheme" and for "Promoting External Financial Literacy."

The FNPF is honoured to have received these recognitions; as these are a testament of our efforts to benchmark with best practices and assurance from ISSA, the world's leading international organisation for social security institutions, government departments and agencies.

issa

Mr Viliame Vodonaivalu
Chief Investment Officer and Acting CEO
Fiji National Provident Fund
Plaza 2
33 Ellery Street
Private Mail Bag
FJ- Suva
Fiji

ISSA/GPA/ASIA-PACIFIC 2021

5 November 2021

Results of the competition for the ISSA Good Practice Award for Asia and the Pacific 2021

Dear Mr Vodonaivalu,

I am writing to thank you for your organization's participation in the competition for the International Social Security Association (ISSA) Good Practice Award for Asia and the Pacific 2021, and to inform you of its results.

The independent international Jury met on 23 August 2021 to decide on the winner of the Award as well as the recipients of the ISSA Certificates of Merit with Special Mention, Certificates of Merit and Attestations. A total of 168 entries were received from 30 members in 19 countries from the region.

I am pleased to inform you that the Jury has awarded the following good practice entries of your organization:

Certificates of Merit

- *A robust and sound mechanism for guiding the crediting rate determination A case of the Fiji National Provident Fund*
- *Collaboration, innovation and data insight during a time of need Delivering COVID-19 income protection assistance: The Fiji National Provident Fund story*
- *Developing in-house actuarial function and strengthening actuarial governance A case of the Fiji National Provident Fund*

I would like to express my sincere congratulations to you and your colleagues on this important achievement for your institution.

Key 2022 events

June 2022

24 FNPF Board declares 6% interest
25 Integration to Internet Payment Gateway (IPG)
29 FNPF acquires 30.02% shares in Fiji Airways

May

7 FNPF partners with Home & Living for Mother's Day event with Loloma Home & Care Centre residents in Nadi.
11/12 Board and Executive Management Strategic Planning workshop
14 - FNPF Nationwide Clean Up Campaign (Suva, Lautoka and Labasa)

April

8 Ba Hospital opens to the public - under Health Care Fiji, a Public Private Partnership

March

3 myFNPF app enhanced to accept Funeral and Advice of Death applications
16 Opening of the newly refurbished Sheraton Fiji Golf & Beach Resort

February

14 Unemployment COVID relief ends - FNPF reverts to normal Unemployment withdrawal
18 - Savusavu Annual Member Forum
19 - Labasa Annual Member Forum
19 -Launch of the Retirement Calculator & Pension Estimator

January

1 Compulsory contribution rate increase to 12%

December

1 Lautoka Member Forum at RSH Hall
3 Nadi Member Forum at myFNPF Centre
6 myFNPF Centre in Nadi opens to the public
7 Suva Member Forum at Grand Pacific Hotel
31 COVID-19 Home Loan Assistance ends

November

5 FNPF signs MOU with Fiji Cooperative Dairy - enabling farmers to join as Voluntary members
26 Cabinet passes 2021 FNPF Annual Report

October

11 Microbusiness relief opens
31 Round 1 and 2 of Government-funded Unemployment assistance outside Viti Levu ends

September

25 Aug - 1 Sep Government-funded Unemployment assistance outside Viti Levu

August

11 Board announces the appointment of Viliame Vodonaivalu as FNPF CEO
16 FNPF increase withdrawal limit for Low Balance Account full withdrawal to $10,000 (formally Small Account)
23 Awarded ISSA Certificates of Merit

July 2021

Our Strategy

Operating in a disruptive and an abnormal environment over the past couple of years has necessitated the need to reimagine and restructure our approach to plan and work. The outcome is the development of a new five-year Strategic Plan.

Centered on the theme "Resetting and Repositioning the Fund to Beyond", our FY2023 – FY2027 Strategic Plan is aligned towards excelling our members pre and post retirements needs and expectations.

We would collaborate with all stakeholders, be it members, employers, relevant institutions or Government to address areas of concerns. Motivated by our passion to improve the quality of life of members, our Plan is ambitious but we are confident of our capacity and ability to succeed with established frameworks and related work to assist in elevating our performance and delivery.

VISION - Securing Your Future

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

STRATEGIC ASSUMPTIONS

Challenges

Operational Challenges
i. Clarity on FNPF Role
ii. Low Member Balances
iii. Relevance of Our Products
iv. Low Retirement Products Take Up Rate

Financial Challenges
i. Sustainability of Life Pension
ii. Negative Net Contribution Cashflow
iii. Investment Diversification in the Local Market & Exit Strategies

Trends & Key Drivers

i. Embracing ESG (Environmental, Social & Governance)
ii. Recognizing Changing Employment Pattern and Arrangement
iii. Adaptable Scheme Design & Operating Model
iv. Digital Technology Revolution
v. Stakeholder Engagement & Collaboration

Operating Environment

i. COVID-19 implications
ii. Disruptive operation
iii. Economic recovery efforts & policies
iv. High Inflation
v. Resurgence of a health crisis or pandemic
vi. Global economic volatility
vii. Legal and Policy framework changes
viii. Threat of natural disaster and climate change
ix. Retention of people

STRATEGIC FOCUS AREAS

Member Centric & Experience

- Demonstrates the Fund's commitment to serve and deliver with excellence to fulfil our obligation and exceed expectation
- Offer a satisfying experience by enhancing our practices and processes
- Simplify and improve our product offering
- Provide tools that empower members
- Elevate our services and interaction platforms.

Responsible Investment & Performance

- Our Investment direction is about sustainable, resilient and responsible investments that generate organic returns for the Fund today and in the long-term
- FNPF will commit to investments that are ethical
- We will take measured approaches to grow the Fund taking into account the impact on the environment and society
- Our strategy is centered on Diversity, ESG, Resiliency and National Development.

Simplicity & Operational Efficiency

- The Fund will drive digital innovation that offers simplicity and efficiency for our members and employees
- We aim to elevate the experiences of our members through all our digital modes
- To enable our members and staff to be part of an innovating and technological savvy organization.

Growing & Engaging Our People

- A fundamental aspect of our journey is on translating the changes so we can manage and engage our people better
- We would create a conducive working environment that nurtures the right behavior and encourage growth
- Ensure we improve the wellbeing of our people, promote a balanced lifestyle that enable them to thrive and have a personal connection to our purpose
- Build the skills of our people to create leaders that inspire, and establish a culture that is rooted to the core of who we are and what we stand for.

Protection & Sustainability

- To review our Governance and legislative provision to support our strategic direction, protect the policy framework governing the objective of the Fund and stay abreast of the ever-changing environment
- We will review our governance and risk framework to develop a balance model that is adaptable, and supports our purpose as enshrined in our legislation.

Our Scorecard for 2022

KEY PERFORMANCE INDICATORS	RATIONALE FOR MEASURE	PERFORMANCE REPORT	PERFORMANCE COMMENTS
Grow Member Balances			
Declaration of 5% crediting interest rate to members	Reflects how we managed member funds and the returns we are able to provide to grow members' savings.	6%	The successful performance of the Fund in the year enabled a 6% interest credited to members, above the target of 5%.
Drive for collection of additional contribution (Employee/Employer & Voluntary)	To drive additional contribution from members to pay on top of mandatory amount to increase their savings and importantly as a measure in the year to support and sustain cashflow position.	$62.2m	Above the target of $60 million. • Employee Additional - $22.7m • Employer Additional - $19.4m • Voluntary Contribution - $20.1m
Improve Net Contribution Position (Difference between Contribution collected and Early retirement payments)	Improving the net contribution position was key to cushion the impact on cashflow - noting the reduction in contribution rates and increase in benefits paid out to members due to COVID-19 related measures and unemployment;	($71.8m)	The past two years have been in a negative position due to the impact of COVID-19 and this year it improved by 55.9%. The target was to reduce the negative position from $179.5m in 2021 to $100m in 2022.
Investment Performance			
Investment Net Income	Measures how well we have managed member funds to earn sustainable returns to grow members balances.	$650.8m	Achieved above target of $414m calculated against a subdued environment.
Return on Investment		7.4%	Achieved above target of 6%
Funds Under Management		$8.6b	Growth of 6.1% from 2021
Enhance Member Experience			
Enhance digital platforms to members	To enhance members non- face-to-face service experiences with the Fund through our digital platforms	Completed	Upgrade of mobile app enabling members to access 75% of early retirement withdrawal products submission as well as contribution payment for voluntary and additional contribution through M-PAiSA and BSP. Improvements were also made to both the Employer and Member portals for the payment of contribution process and online services.
Resolved 80% of Complaints on time	Ensuring that member complaints are attended to on time and complaints are kept within the acceptable level	93%	Achieved above the target of 80% set based on COVID-19 restrictions and online service influx.
Achieved Customer Service Satisfaction Index of 4%	Assess the measure of our delivery of services, performance and meeting our fiduciary obligation.	3.97%	A 99% satisfaction rate based on a target of 4% out of a maximum satisfaction rate of 5%. With room for improvement, the target will be staggered up in coming years to reach the ideal position.
Reporting & Disclosures			
Publication of Annual Report	Reporting on the Fund's annual performance and financial statement	Completed	Completed within 4 months of the end of the financial year
Conduct Annual Member Forum	Hold annual forums to discuss the Fund's performance with members	Completed	Carried out between the months of November to February in major centers across the country.
Quarterly Report to Government	Providing key statistical and quarterly performance of the Fund to Government and reporting on key retirement matters for policy decision	Completed	FY2022 was the first year the Fund consistently started to provide quarterly reports to Government as part of improving collaboration on matters of retirement and national interest.
Statutory Actuarial Reports	Ensure that estimates of liabilities are projected annually to maintain actuarially sound financial reporting of the Fund.	Completed	All key 'Valuation Reports' and 'Funding and Solvency Certificates' issued by the Fund Actuary in the year.

Adhering to COVID-19 protocols – the Fund as an essential service provider, ensured that staff and our customers followed the required safety measures.

Supporting our members

Ane Tiko – a tourism industry worker – was amongst the thousands who found themselves without jobs during the pandemic. She used her FNPF COVID-19 relief funds to start a canteen business at Nacula Village in Yasawa.

With borders opening in 2021 and businesses transitioning out of a pandemic stricken situation, COVID-19 support for affected members also began to wind down.

Whilst the lockdown relief and support for pensioners and employers ended, the Fund continued to offer Unemployment relief for Phase 2 (unemployed from October 2019, Phase 3 (reduced working hours or wages), Phase 4 (unemployed prior to the pandemic) and for Voluntary members.

In addition, the Fund introduced two reliefs aimed at assisting members with small or micro business ventures and those nearing retirement with low account balances.

Unemployment Relief

Although the Fijian Government subsidy had ended in June 2021, the Fund continued with its efforts to provide Unemployment relief to its eligible members by paying out $22.8 million.

Members eligible for Phase 2 and 3 received $18.4 million and those that were unemployed prior to COVID-19 (Phase 4) and voluntary members received $4.4 million. This assistance closed early this year in February 2022 as the Fund resumed its normal unemployment assistance.

Home Loan (mortgage assistance)

The FNPF rolled out the COVID-19 Response (Home Loan Assistance) from 1 April 2021 which continued into 2022.

The assistance enabled members to access their FNPF savings - inclusive of up to 50% of their Preserved Account to pay for their monthly home loan repayments for a minimum of three months to a maximum of 12 months.

During the financial year, the Fund has paid out $10.1 million to over 1,000 members. From the commencement date of the product, the Fund has assisted a little over 1,500 members with total payment of $15.4 million. The COVID-19 Home Loan Assistance closed in December 2021.

Low Balance Account

In the National Budget announcement on 16 July 2021, the withdrawal limit for Small Accounts, now known as Low Balance Accounts, increased from $5,000 to $10,000.

This change allowed members aged 50 to 54 who have been unemployed for at least a year with balances equal to or below $10,000 to fully withdraw their funds.

The change was effective from 16 August 2021 with a total of $17.5 million paid out to members of which $9.6 million is attributed to the increase in withdrawal limit.

Micro Business

The Micro Business product provided funding for members between the ages of fifty (50) to fifty four (54) to venture into income generating activities in order to sustain themselves whilst transitioning into early retirement due to the effects of COVID-19.

Since its commencement date on 11 October 2021, the Fund has paid out less than a million ($0.7 million) to 133 members. This product is still available to eligible members.

Back on track – FNPF staff continued to raise awareness about the importance of planning for retirement. This was a session at Lelean Memorial School in Nausori.

Our Operations

An FNPF awareness session at Koro Island in the Lomaiviti Group.

Member Services

The year began with our continued focus on meeting the needs of members that were still affected by the pandemic through the Unemployment Relief and Home Loan Assistance withdrawals. Our mode of operations saw staff redeployed to respond to the surge in queries received via email, telephone, web and social media chat services.

We had to close the FNPF Valelevu Agency during the year and relocated to Nakasi Rups Mega Centre Complex. The Nakasi Agency is to service members, pensioners and employers living along the Nasinu and Nausori corridor, and will also be operational on Saturdays.

The Fund has also recognised the potential for development of our membership and employer base in the North which aligns to our strategy aimed at increasing the quality of our service delivery in this division.

Customers Served

The members' mode of contact largely depends on the nature of their needs.

A total of 473,510 members sought FNPF services during the year, a 32% reduction compared to the last financial year. Of these members, 243,379 visited the Fund offices, 230,131 contacted the Fund by email, telephone and chat. Email inquiries have increased by 17% to 77,238 compared to 65,786 in 2021.

Benefit Payments

In 2022, the total amount withdrawn under full withdrawals was approximately $324.1 million, a 12.2% increase compared to $289.0 million in 2021.

The total sum paid for early withdrawals was $64.4 million, compared to $144.9 million last year. The decline in withdrawals is attributed to the return to work of our members who accessed Unemployment assistance because of the pandemic in 2021.

Withdrawals for housing assistance totaled $78.4 million and increased by 17.3% given that the Home Loan Assistance was offered during the year.

Pension Services

During the course of the year, 12,094 customers were provided with pension-related services.

Of these, 57.7% were for renewal certificates, 23.1% for pension payments, 9% for a pensioner's letter, 7.5% for a nominee change, and 2.5% for other pension services.

However when compared to the last financial year, it is notable that only two services illustrated an increase whilst contributing to the overall decrease of 35% in the pension service.

Figure 2: Pension Services accessed in 2022

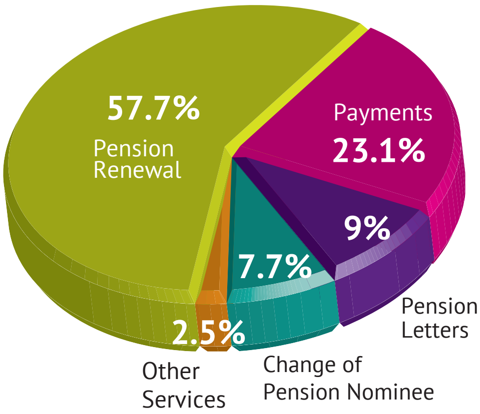
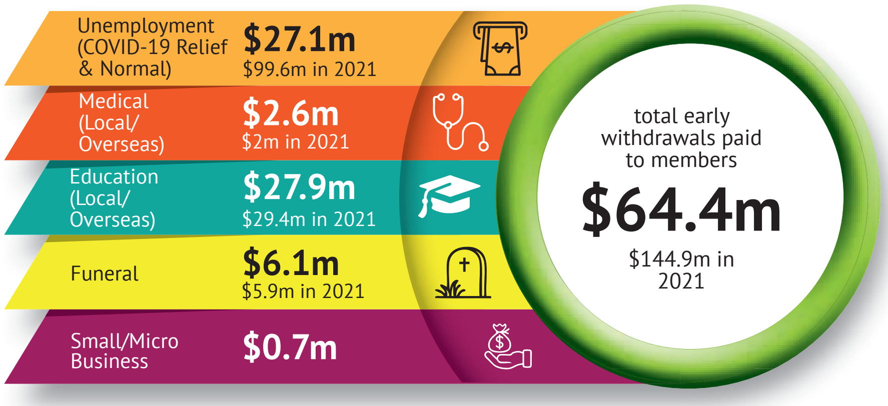


Figure 4: Early Withdrawals in 2022



Pension take-up rate

The Pension take-up rate is the percentage of the number of members who purchased any combination of FNPF's pension/annuity products against the total number of members who made a choice during the year. The take-up rate was 4.9%, compared to 3.7% last year.

Membership

The Fund's total membership at the end of the year was 398,593, a decrease of 10.8% from 2021, as a result of the deregistering of dormant accounts with zero balances, factoring in the number of deceased members and duplicate accounts. A total of 19,145 members are registered as Voluntary members.

Figure 3: Pension Takeup Rate for 2022

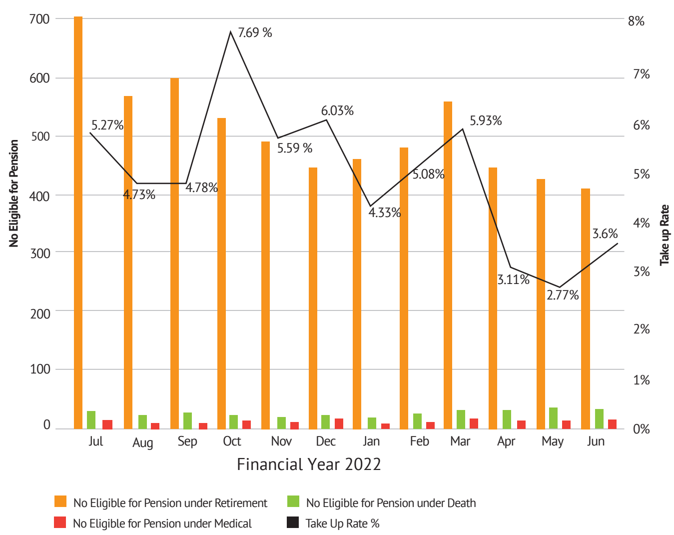


Figure 5: Customers Served by Contact Types in 2022

Employers

The Fund's active employers totaled 7,732 compared to 7,901 in 2021.

These are those employers that paid their employees contributions at least once during the financial year. A total of 793 new employers were registered compared to 712 in 2021.

Total Contribution

Contributions collected totaled $395.2 million compared with $321.3 million last year, an increase of 23%.

The increase in contributions is due to the review of the mandatory contribution rate from 10% to 12% on 1 January 2022. The Fund also collected $20.1 million from voluntary members and $42.1 million from members' additional contributions.

Contribution Debtors

The balance of unpaid contributions was $17.5 million at the end of the financial year compared to $20.4 million in 2021.

Suspense

These are contributions collected but not distributed to members' accounts because of insufficient information supplied by employers.

A total of $67,157was recorded in the suspense account in 2022 compared to $211,652 in 2021.

Unclaimed Deposits Account

The Fund transferred $80,834 of members' funds to Unclaimed Deposits Account after reasonable diligent inquiry.

Employer Portal

In the financial year, the employer portal was enhanced. The number of employers that registered for the Employer Portal is 9,370 and 9,051 employers (96%) used the portal within the financial year.

Employer Inspection

The Fund conducted 4,666 employer inspections with 2,152 firms receiving multiple visits this financial year.

Employer Complaints – Nonpayment of member contributions

The Fund received 135 member complaints against 102 employers for non-compliance. Of these, 80 were recorded in the Central Division, 52 for the West and three for the North.

The team handled 132 of the 135 member concerns received with one pending employer response and two are under investigation.

Legal Advice

The Fund's Legal Department issued a total of 83 legal opinions during the year.

Additionally, 73 contracts which were valued at $8.8 million were developed and evaluated for and on behalf of FNPF and its subsidiaries.

Civil Litigation

A total number of 26 civil litigation cases were handled by the Legal Department. Out of these 2 have been closed while 24 cases are pending in court by the end of the financial year.

Member Account Transfers-Family Court Orders

The impacts of the second wave of the COVID-19 pandemic have halted transfers for matrimonial cases under section 136 of the FNPF Act 2011.

A value of $86,783 comprising 26 court orders were processed for transfers between member accounts in the last financial year.

Recovery of member contributions - prosecution

A total of 15 employer cases were registered during the year with the following:

2022	No of cases	Sum
Opening debt	132	$2 million
Current value of active cases	15	$0.5 million
Debt recovered	75	$1.0 million
Outstanding debt	73	$1.2 million
Civil recoveries	4	$0.04 million

Cases prosecuted were initiated based on the following offences with penalties prescribed under the FNPF Act 2011

a) Failing to pay contributions for workers;
b) Failing to submit documents on demand;
c) Failure to pay contributions after making deductions and;
d) Failing to register as an employer.

Discharge of Property Titles

FNPF is in the process of discharging all property titles belonging to members who withdrew under the housing assistance before November, 2014.

So far, 72 property titles were collected 2,231 are available for collection and 167 are awaiting the endorsement of the Registrar of Titles before they are delivered to their lenders.

As of 30 June 2022, 58 property charges valued at $0.7 million were deposited at the Registrar of Titles office.

Our Investments

A side view of the newly refurbished rooms at the Sheraton Fiji Golf and Beach Resort

A fundamental role of the FNPF is to provide our members with sustainable retirement outcomes. Following strong returns from last year, this year exceeded expectations which was visible through the declaration of 6% interest credited to members' accounts despite the low-interest rate environment continuing from 2021.

The rapid and unexpected effects of COVID-19 impacted the domestic and international markets significantly. Despite the ensuing effects, the Fund remained committed to preserving and growing members' funds and providing support to members in need where possible.

The long-awaited border openings provided a positive way forward as 2022 was a year of recovery for the Fund and the nation. There was renewed confidence and trust in the tourism industry and this showed in FNPF's hotel investments. Despite the obstacles posed by the pandemic, 2022 was a strong year for some of FNPF's key investments which had an overall impact on Fund investments.

The investment portfolio grew from $8.1 billion in 2021 to close with $8.6 billion in 2022. Despite the significant COVID-19 pay-outs to members, the Fund was able to achieve growth in the investment portfolio. The Return on Investment achieved in 2022 was 7.4% (net).

The FNPF's broad investment objective is to maximize returns to members over the medium to long term, subject to constraints in the operating environment, cyclical economic impacts and fluctuations in returns over the short-term, to ensure an appropriate balance between risk and return. The Fund continued to invest as per its current asset allocation strategy.

Long-term bond rates fell significantly during the year. The decline affected the reinvestment rate for the Fixed Income Portfolio and resulted in lower income compared to last year. This was inevitable due to the high liquidity and tough competition among investors pushing the rates downward as investment opportunities offshore were minimized due to stringent restrictions.

The Fixed Income Portfolio and the Commercial Loans Portfolio were mostly affected by the high liquidity and lower interest rates. However, the Equities Portfolio showed strong performances due to investments in resilient sectors providing increased dividends, both local and offshore, with fair value appreciation from its key investment exposures. Similarly, the properties portfolio recorded the same reflecting the impact of diversification as an important investment strategy.

The Funds' net investment income before expenditures for the 2022 financial year has grown from $543.5 million last year to $650.8 million.

The Fund invested in fixed income securities, cash and cash equivalents, commercial loans and equities. At the peak of COVID-19, our focus was on risk-free Government Bonds and supporting our subsidiaries through our Commercial Lending arm. However, since the economy is in recovery mode and with businesses improving gradually, the FNPF acquired 30.02% stake in Fiji Airways, a milestone investment in the airline industry. This is in line with the Fund's strategy to increase investments in Growth Assets and in strategic sectors of the Fijian Economy.

The Fund recorded $8.7 billion of net assets for the year, which was the basis of declaring 6% interest with distribution of $370.3 million to 392,175 members with positive balances.

Some investment highlights for 2022 are

1. Commercial loan to ATH
2. Second tranche of ATH share rights
3. Completion of Refurbishment and Re - opening of Sheraton Resort
4. Fiji Airways share acquisition
5. Purchase of Secondary Market Government bonds
6. Nadi Retail Project Completion and opening
7. Paradise Beverages divestment.
8. Opening of Ba Hospital

Fixed Income

The Fixed income portfolio is a defensive asset which helps investors manoeuver through turbulent times and a major strength in the Fund's investment portfolio making it an attractive investment. The COVID-19 pandemic tested our Fixed Income portfolio. It turned out to be the most suitable investment from which we derived benefits during the pandemic and it was due largely to its salient features of good and steady income and cash flow as per investments done in previous years.

The attractive interest rates that it fetches are ideal for a long-term investor and earning a long term income. However, over the year, due to the high levels of liquidity and tough competition the interest rates have been declining but the Fund has managed to maintain its investments in bonds as part of its long-term strategy.

Government Securities

The portfolio of government bonds grew from $3.5 billion in 2021 to $3.7 billion in 2022.

The increase was due to investments exceeding maturities. Total investments in Government bonds were $401 million compared to maturities amounting to $215.8 million. The increase in investments came directly as a result of Government's initiative to cushion the effects of the COVID-19 pandemic on the economy.

The bond rates had fallen during the year. The 15-year bond rate closed at 4.25% on 30 June 2022 compared to 4.80% on 30 June 2021. The 20-year bond rate closed at 4.68% on 30 June 2022 compared to 5.25% on 30 June 2021.

Quasi-Government Securities

The quasi-government securities portfolio comprises borrowings by statutory semi - government institutions such as Housing Authority of Fiji (HA), Energy Fiji Limited (EFL), Fiji Development Bank (FDB), and Fiji Sugar Corporation (FSC). The portfolio closed at $39 million in 2022 compared with $56 million in 2021.

The reduction in the overall portfolio was a result of maturities noted from Fiji Development Bank and Housing Authority of Fiji holdings. Total investment in this portfolio was $2 million compared to none that were invested last year. Most institutions continued to tap into lower rates with the commercial banks for their financing needs and did not float long- term bonds. Investments in these bodies are guaranteed by the Government.

Treasury

The Treasury function ensures all current and projected cash inflows and outflows of the Fund is monitored to enable the Fund to have access to sufficient cash resources to meet its legislated financial obligations.

Excess liquidity in the banking financial system during the financial year necessitated the protection of FNPF's cash resources so that it remained yielding despite the downward pressure on interest rates.

The liquidity of the financial system increased to $2,402.5 million on 30 June 2022 from $1,668.5 million in June 2021. The surge is attributed to increased liquidity injection through RBF's special facilities and large foreign reserves.

The Fund's cash holdings (Cash & Terms Deposits) in June 2022 was $646.9 million compared with $816.7 million in June 2021.

However, the decline in cash levels was evidence of the Fund's ongoing efforts to diversify its investment portfolio and look for growth prospects.

Local Term Deposits

The local term deposits declined from $215.5 million last year to close at $109.5 million this financial year. The decline was due to redemption of term deposits and retaining into cash for investments and member withdrawals.

Offshore Term Deposits and Cash

During the review period, the Offshore Term Deposit and cash portfolio closed at $46.6 million compared to $71.5 million in 2021. The decrease was due to funds committed for offshore investments. On the other hand, injection of new funds approved by RBF was also done for offshore investments and dividends were received from offshore Equity investments.

Equities

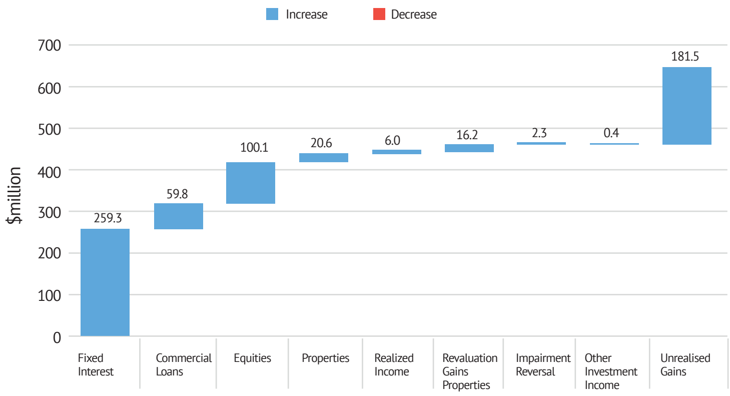
Local Equities

The portfolio of local equities increased by 17.9% from the last financial year to end at around $2.0 billion in June 2022, up from $1.7 billion in June 2021.

Additional investment in Amalgamated Telecom Holdings Ltd (ATH) of $40 million, new investment of $93.1 million in Air Pacific Limited (t/a Fiji Airways) additional capital investments in HealthCare Fiji Limited, dividend reinvestment for Unit Trust of Fiji (UTOF) and Pleass Global Limited were some of the key drivers of the growth.

Similarly, the movement in annual fair value of subsidiaries/associates contributed to the increase in the local equities portfolio.

Figure 6: Investment Income



In addition, dividend income from the local equities portfolio increased to $51.4 million in 2022 from $36.0 million in 2021. This is mostly attributed to the Fund's investments in ATH, Vodafone Fiji, HFC Bank, Fiji Ports Corporation Ltd, Vision Investments Limited and others.

Offshore Equities
With COVID-19 recovery, international borders reopening and investor confidence generally improving, the offshore equities portfolio increased by 11.7% from $503.8 million in 2021 to $562.6 million in 2022. The growth is due to additional investments in the IFC Emerging Asia Fund, on-going dividend re-investment capital gains from the Martin Currie Australia portfolios and currency movements resulting from the positive effects of the USD and PGK .

Key offshore investment made by the Fund in 2022 is the additional investment of $39.2 million in the IFC Emerging Asia Fund portfolio.

The offshore dividend income for 2022 was $48.6 million, a 38.5% increase from $35.1 million in 2021 with the key contributor being a higher dividend income received from Bank of South Pacific (PNG).

Commercial Lending

The Commercial Lending portfolio closed at $1,112.4 million (after impairment) compared to $974.4 million in 2021, representing a growth of 14.2% (net of impairment). Gross portfolio growth was 11.9%.

The total income increased to $59.8 million from $53.1 million. The impact of the COVID-19 pandemic on aviation and tourism industry debt continued throughout the year. The repayment relief granted at the onset of the pandemic was extended to 30 June 2022. The relief provided to these specific sector loans which were cushioned by the stable performance of loans in other sectors such as telecommunications, banking, real estate, and wholesale and retail trade.

The reopening of the borders in December 2021 had a significant influence on the recovery of the affected industries, particularly airlines and hotels. Upon expiration of the repayment relief period, majority of the loans will recommence with full repayments.

In accordance with IFRS 9, the portfolio was assessed for impairments using a forward-looking expected credit loss model.

Properties

The Fund's property portfolio's overarching theme for the year was resilience and reconnection. The focus of the third quarter of 2022 was getting FNPF tenants back to work in a safe and welcoming environment.

FNPF continued to assist tenants who were directly impacted by COVID-19 through to December 2021.

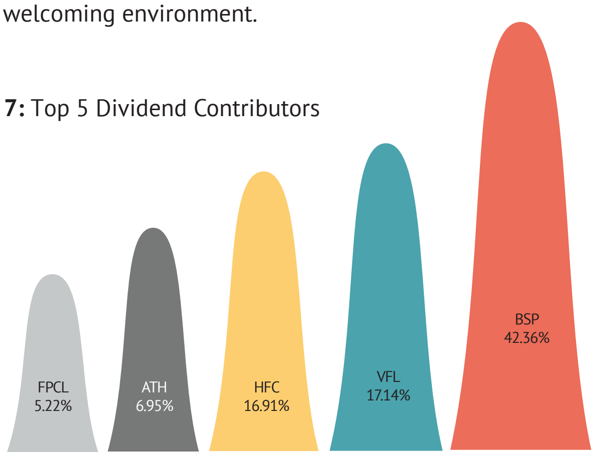
The portfolio consists of 29 properties, including 19 commercial properties leased for retail and office use and 10 undeveloped land holdings with the potential for future development.

The improvement in the portfolio performance compared to the last financial year reflects Fiji's broad-based recovery. The value of the properties' portfolio at the end of 2022 was $447.7 million compared to $430.7 million in 2021, representing about a 4% increase in fair value.

My FNPF Centre, Nadi, which was successfully completed last year and opened to tenants and consumers on 6 December, 2021, contributed to the overall increase in rentable space.

Specific vacancy rates decreased resulting in an occupancy rate of 93% for the portfolio. Rental income for the year was $20.6 million, compared to $19.0 million in 2021.

Figure 7: Top 5 Dividend Contributors



A multimillion dollar facelift – the interior fixtures, fittings and furniture at Sheraton Fiji Golf and Beach Resort

Projects

Sheraton Refurbishment Project

The Sheraton Fiji Golf and Beach Resort has been successfully refurbished by FNPF's wholly-owned subsidiary Barton Pte Ltd. The newly renovated facilities were transferred to Marriott (operator) in March 2022 and it coincided with the recent opening of Fiji's international borders.

As a result of the renovation, Sheraton Fiji has set a new standard on Denarau and now offers superior services and products in comparison to other hotels in the area. The Fund's decision to refurbish the resort was well-timed due to the closing of borders and low occupancy.

Westin Upgrade

Currently, the Westin refurbishment is at the design documentation phase and tenders or requests for proposals will be submitted to the shortlisted contractors.

Marriott has completed and approved the mock room. The reopening of Westin's business operations is anticipated to occur in the second quarter of 2024 based on a comprehensive refurbishment programme and a 15-month construction timeline.

Figure 8: Local Equities Sector Exposure

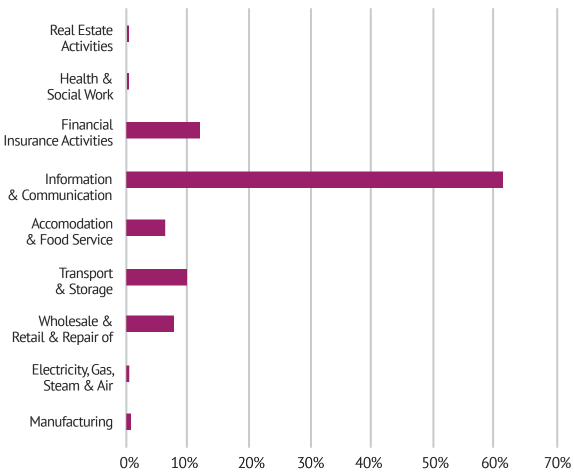
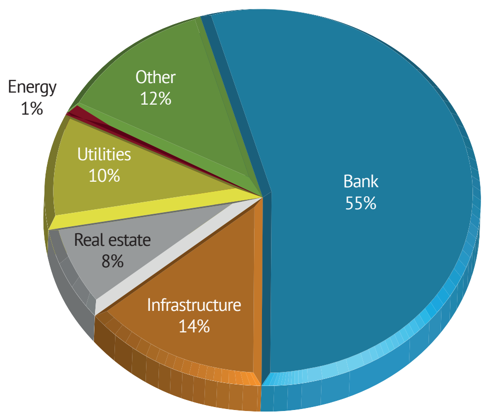
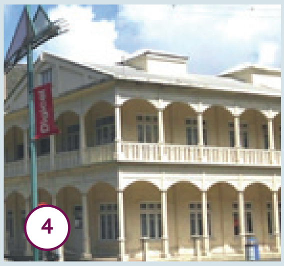


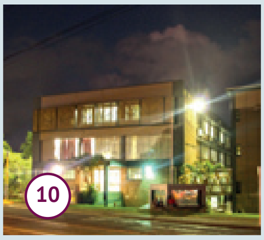
Figure 9: Offshore Equities Sector Exposure

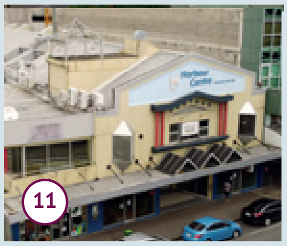


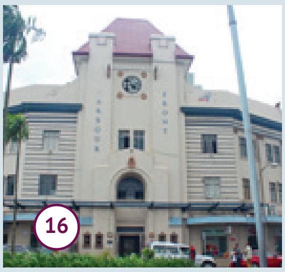
We invest with the best, for the best, for you.

With tourism being the backbone of our economy, the Fund has continued to support its 100% owned iconic hotel properties matched with continued support towards our national airline carrier that transports thousands of tourists into our friend isles. As the Fijian economy gains momentum and the tourism industry strengthens, a positive outlook is certain for our Fund investments.









KNOW YOUR PROPERTIES

1. FRCS Complex, Nasese
2. Velop House , Suva
3. Vodafone Building, Tamavua
4. Mercury House, Suva
5. Provident Plaza, Lautoka
6. Ganilau House, Suva
7. My FNPF Centre, Nadi
8. QBE Building, Suva
9. Grantham Plaza, Raiwaqa
10. Robinson Complex, Raiwaqa
11. Harbour Centre, Suva
12. FNPF Place, Suva
13. Kwong Tiy, Suva
14. Victoria Parade, Suva
15. Provident Plaza, Suva
16. Harbour Front, Suva
17. My FNPF Centre, Suva
18. FNPF Office, Labasa
19. Vodafone Exchange, Vuda

CASE STUDY

On 30 June 2022, FNPF bought 30.02% shares in Air Pacific Limited, trading as Fiji Airways.

The acquisition was completed, after nine months of extensive due diligence and negotiations by the Board, Management along with renowned and competent external due diligence and transaction experts.

Why did FNPF invest in Fiji Airways?
This investment was considered on its merit. Fiji Airways was always on FNPF's radar as a potential equity investment appropriately fitting our long-term investment strategy and objectives as follows:

- Investment diversification away from fixed income to growth investment
- High return potential both in interest income, dividends and capital appreciation
- Enabler to other investment opportunities such as medical tourism, aged care, and commercial agriculture ventures for exports.
- Synergies with FNPF's existing investment holdings, in particular its Hotel & Tourism Portfolio.

Whilst COVID-19 had an adverse impact on Fiji Airways (similar to all other airlines globally), the Fund saw this investment as an opportunity to acquire a strategic and national asset to Fiji at a discounted valuation (versus had it acquired pre-COVID-19).

As a strategic investor, FNPF's investment objective is investing in long-term strategic assets.

How does the acquisition in Fiji Airways benefit the member?
It will enable the FNPF to receive dividend income from Fiji Airways and also the growth in the value of FNPF's shares in Fiji Airways over time.

For some years now, FNPF has been a lender to Fiji Airways and the Fund will continue to receive interest income on its loans.

Overall, the FNPF will be receiving dividend income and value appreciation of its shares in Fiji Airways over the years apart from interest income from existing loans. Ultimately, all this income will be taken into account when the interest to be credited in any given year is determined and the benefit to members will be in the form of interest that will be credited and distributed to their accounts.

How are Member Funds Protected?
The FNPF has a diverse portfolio that was significantly tested during COVID-19. As a result, the Fund was able to declare and pay 5% interest to members in 2020 and 2021 based on the revenue it obtained from its diversified investment portfolio during those years.

Similarly, the Fund's investment exposure (including current loans) in Fiji Airways is less than 4% of the FNPF's overall investment portfolio.

SUCCESS STORY

Government Securities Investment and its Contribution to Investment Portfolio

Bonds are an essential component of a well-balanced and diverse portfolio with an excellent long-term investment option. FNPF, like other superannuation funds around the world, invests in government securities for fixed income returns with less risk associated than other investment assets.

Bonds are naturally "safe" assets, and when included in multi-asset investing portfolios, they offer the benefits of defensive risk diversification. FNPF invests in growth and defensive assets that gives return with its high earning capabilities to support the member liabilities.

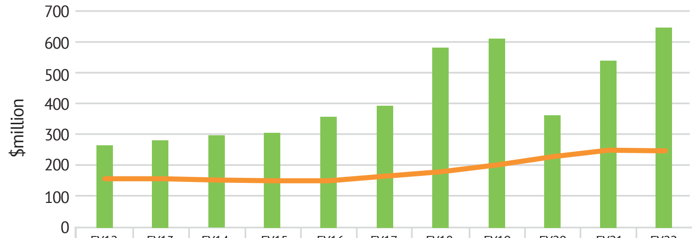
Government securities consist of bonds, treasury bills, and RBF notes and are net of provisions as illustrated in Figure 10.

In the current financial year, FNPF has solely invested in government Bonds as they give more attractive returns than treasury bills and RBF notes.

The COVID-19 pandemic impacted the global and domestic investment environment, but government bond issuance continued.

FNPF actively participated in the bidding procedure to win and grow the bonds portfolio for greater returns for our FNPF members through its stable interest and maturity payments.

Figure 11: Investment Income vs Government Securities Income



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Investment Income	268	286	302	310	362	396	588	617	368	541	646
Govt Securities Income	158	161	157	156	157	170	183	206	229	252	247

FNPF invests in bond instruments that reduce the overall cash flow gaps to support the long-term investment strategy of matching the FNPF asset and liabilities.

FNPF bond investments from earlier investment years were cushioning the cash flow situation even when the statutory FNPF contributions were reduced and during COVID-19 turbulence.

Over the years, government securities have been the major contributor of investment income for FNPF. In the last decade, FNPF's revenue from government securities has risen from $158 million in 2012 to $247 million in 2022 as illustrated in Figure 11.

The returns on investments in government securities are reflected in the 6% interest rate announced to our members for the financial year ended 2022.

The investment in Government securities by the Fund has progressed well. As indicated in Figure 10, the Fund's portfolio of government securities bonds has expanded from $2.0 billion in 2012 to $3.7 billion in 2022.

For FNPF, diversification of the investment portfolio is the most successful strategy, investing in defensive and growth assets.

Returns earned from government securities is in line with sustainability approach to manage portfolio by re-investing as per FNPF's asset allocation strategies.

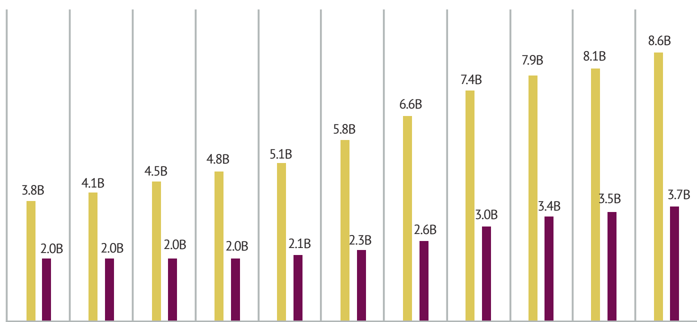
The FNPF's bonds portfolio is a crucial component of the investment portfolio's asset allocation, since bonds' stable returns assist to counter the volatility of equity prices. As the monopoly superannuation Fund, investing members fund is an obligatory role for sustainability of member's funds.

In 2012, the bonds portfolio made up of 52% of the investment portfolio compared to 43% in 2022.

The holdings in government securities in proportion to investment portfolio have been reducing since FY12 as the Fund embarked on growth investments to increase returns.

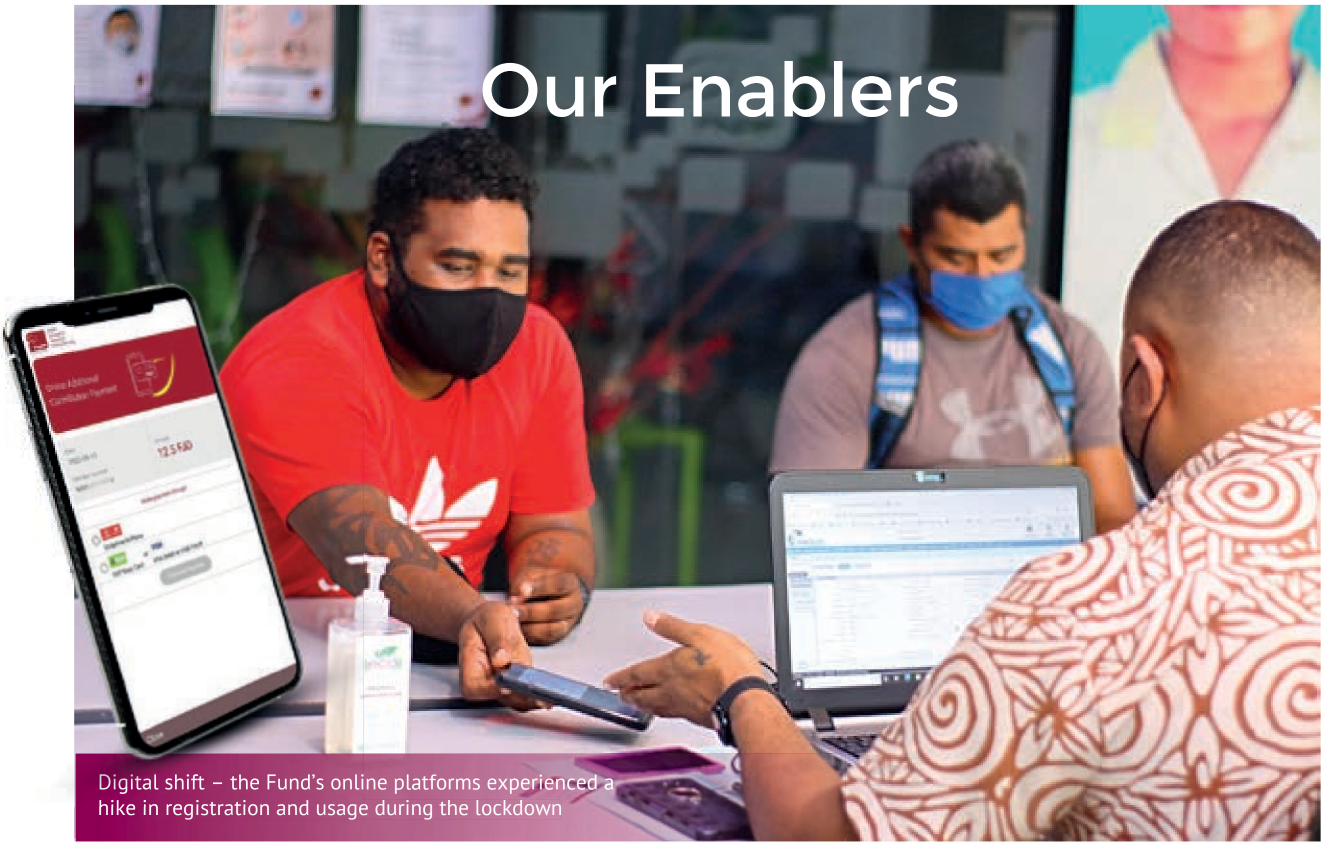
With investments in bonds, FNPF is assured of sustainable returns, and FNPF members are accumulating a portion of the profit to their growing balances each year.

Figure 10: Government Securities in Investment Portfolio



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Total Investment Portfolio	3.8B	4.1B	4.5B	4.8B	5.1B	5.8B	6.6B	7.4B	7.9B	8.1B	8.6B
Government Securities	2.0B	2.0B	2.0B	2.0B	2.1B	2.3B	2.6B	3.0B	3.4B	3.5B	3.7B

Our Enablers



Digital shift – the Fund's online platforms experienced a hike in registration and usage during the lockdown

The Fund's mobile application, the myFNPF app, has undergone many cycles of modifications as new capabilities have been introduced.

It was the primary instrument on which the Fund and its members relied on for COVID-19 Unemployment assistance. FNPF was also able to use the myFNPF app to assist the Government with the registration for its COVID-19 unemployment aid for persons residing beyond Viti Levu.

Integration of the myFNPF app with the Internet Payment Gateway (IPG) via a partnership with the Bank of South Pacific was a significant milestone. This has allowed members to make additional and voluntary contributions directly through the app and in the process enhance their user experience. This now complements the M-PAiSA payment facility that is already supported by the myFNPF app.

More than 205,000 members actively use the myFNPF app making it one of the most popular mobile applications in Fiji.

I have to say, so impressed with the FNPF app. Aside from being able to check transactions and updates - you can apply for withdrawals. Made a partial withdrawal on the app and got it approved within 24 hours. I didn't have to go anywhere.

Tweet from a member

New Employer Portal Features

Significant modifications to the FNPF Employer Portal began in 2021 with a test phase and it proceeded throughout 2022.

The partnership with the banks and lending institutions in the processing of Micro Business assistance withdrawal was a significant addition to the redesigned Employer Portal. The banks and lending institutions were able to easily log in to the Portal, register the applications of their FNPF-member clients and monitor the status of these applications.

This was a significant step towards improving the Fund's efficiency in aiding members who also required third-party clearance. Additionally, other key features in the enhanced Employer Portal allow for self-service and self-empowerment options that include the opportunity for employers to make revisions to their contribution schedules, see their debts, submit requests for contribution payment arrangements, book and organise meetings with FNPF and verify the validity of their submissions prior to submitting these online. Employers can also see past invoice records and generate or reprint receipts for previous payments.

After operating concurrently for over a year, the old Employer Portal was decommissioned and all employers migrated to the new Portal, demonstrating excellent teamwork and partnership.

"I run a small business, so I have to do many of the business administration work myself. The FNPF Portal has made it easier for me to ensure that I comply with the requirements of FNPF, allow me to easily monitor any issue that may need my attention, track my transactions, etc with FNPF, and manage my staff a little easier as well." Feedback from Sealife Investments Pte Ltd.

Responsive Administration System

The Fund's back-office processes continued to be automated in relation to the administration of members, pensioners and employers.

Numerous upgrades were made to the FNPF back-office system to guarantee that changes to FNPF laws were adopted, member and employer needs were taken into account and enhanced efficiency were achieved. The Fund continues to utilise digitization as an enabler to guarantee that its services are customer-centric.

Integration to Digital Fiji

The Fund was able to leverage on a Digital Fiji initiative by integrating to one of government's data hubs. It leveraged on this hub on our advice of death process (through the myFNPF app) ensuring an efficient process to reduce the turnaround time for processing funeral withdrawals. More integration geared to improving customer-centric services, is planned in the new financial year.

Integration to Internet Payment Gateway (IPG)

The Fund, in collaboration with BSP, implemented the Internet Payment Gateway (IPG) into the myFNPF app. This allowed members to perform end-to-end digital transactions. The app allows members to complete a transaction in its entirety. It also allows for payments of contributions and registration of new voluntary members. More integration into other customer-facing services is anticipated for the IPG next year.

Data Analytics & Data Intelligence

Technological solutions related to data analytics continue to be added and enhanced.

Whether for daily operations or strategic evaluations, the Fund continues to equip employees, Management, and Board with data analytics to aid in the decision-making process.

The Fund was also able to increase its efficacy and efficiency as a result of increased data-sharing partnerships with key stakeholders and more importantly, has taken great efforts to guarantee that data-driven insights are the primary foundation for decision-making, rather than experience alone.

Infrastructure and Security Enhancements

The IT Infrastructure modernization that begun in the last financial year was concluded this year. This has increased the adaptability, accessibility, and security of the FNPF's and members' technological infrastructure.

As a result of this infrastructure upgrade, online services were available more than 99.7% of the time during the year. Additionally, the Fund's data recovery capabilities have been greatly enhanced.

196,493
Registered Email

325,754
Registered mobile numbers

Facebook
78,401
19% *followers*

Twitter
3,794
54% *followers*

LinkedIn
18,803
67% *followers*

Online Portal users
Employers **9,370**
Members **43,664**

Website
myfnpf.com.fj
page views **955,904**

Recorded users **239,126**

*MyFund (*567#) users*
18,921

myFNPF Mobile App installs
211,083

Engaging our Members

Being accountable – the Fund's Executives, led by CEO Viliame Vodonaivalu (middle), Chief Operating Officer Pravinesh Singh (left) and General Manager Member Services Alipate Waqairawai respond to questions during the annual member forum

The Fund is committed to having an open and honest dialogue with our members. We continue to expand our reach through our social media platforms such as web chats to encourage members to reach us.

Interestingly, email remains the most popular mode of communication for our members.

The Fund ensured the timeliness of its responses to members and of its public disclosures about COVID-19 related topics thus increasing the impact of its announcements through traditional and social media.

COVID-19 relief assistance communication was prevalent in the first half of the year as affected members applied for COVID-19 assistance for Unemployment, Home Loan (Mortgage), Micro Business, and a revamped full withdrawal assistance for members over 50 years old, unemployed for at least 12 months and had a total FNPF balance of less than $10,000 - known as the Low Account Balance full withdrawal.

The Fund also disseminated information on the Government-funded $360 Unemployment Aid for those residing outside of Viti Levu, as well as the Fund's myFNPF app submission platform for those who qualified for the assistance.

The following were implemented to support our communication plans:

1. Weekly radio broadcasts to raise awareness of major Fund topics
2. Live question-and-answer sessions on social media with COVID-19 alleviation as its main focus
3. Video tutorials for withdrawal aid application filing
4. Email correspondence with members and employers
5. Frequent SMS updates to members about withdrawal application status
6. Press conferences and media announcements on current events
7. Members get quarterly updates on Fund developments
8. Promotion of Fund products in mainstream media (television, radio, and newspapers)
9. Promotion of Fund products on billboards and digital screens

The Fund also rolled out a robust marketing campaign for its Additional and Voluntary products encouraging members to increase their FNPF savings capacity, especially those who had found financial security in self-employment and those whose salary had also returned to normal post-COVID-19.

Perception Management

The Fund continued to experience opposition and criticism from individuals and organisations that undermined constructive attempts to support our members in times of distress, whether through withdrawals or investment.

The Fund dealt with re-occurring problems by addressing misperceptions quickly through the media (mainstream and social), focusing on positive-outcome-driven communications.

The Fund plans to continue to build member confidence by employing effective awareness and engagement initiatives to keep our members informed of wider efforts to grow and secure their retirement savings.

Annual Member Forum

Annually, the FNPF welcomes its members, employers and pensioners to the Annual Member Forum, where they get an update on the Fund's performance and a prognosis for the upcoming year. The forum provides members with the chance to inquire about the governance and management of the Fund.

For 2022, the Fund hosted forums in Suva, Nadi, Lautoka, Labasa and for the first time in Savusavu. Nearly 600 participants attended the five forums with the largest attendance reported in Suva.

Given the COVID-19 health limitations were still in effect, the Fund had to verify that all safety standards were adhered to at all locations, including immunisation, temperature checks, compulsory masks during all sessions, and compliance with sitting distance limits.

Additionally, the Fund aired the forums live on its own Facebook page, which averaged 7,500 views per site.

Promoting inclusion in the Forum, the FNPF engaged the services of the Fiji Association of the Deaf for the first time to provide sign language interpretation at forums in Nadi, Suva, Labasa, and Savusavu.

The presence of the interpreter made the discussion more interesting for our hearing-impaired members, allowing them to voice their concerns about the Fund's withdrawals and services in relation to their situation.

Advocacy & Awareness

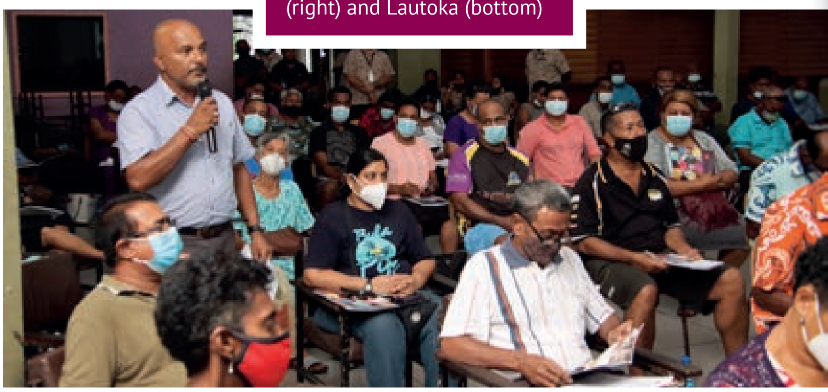
During the year, there were a total of 175 advocacy sessions conducted, attended by 4,332 members. These included both face-to-face and online sessions at the workplace and in the communities.

The Fund also participated in community collaboration activities through the ILO and JICA-sponsored Financial Literacy Working Group.


FNPF staff at the Naval Base, Walu Bay

Communication and marketing modes included billboards like the one pictured above and posters (below)

FNPF Annual Member Forum at Savusavu (left), Suva (right) and Lautoka (bottom)



Managing our Risks

Our Member Services team observed COVID-19 safety protocols at all times.

The RBF supervises and evaluates the Fund's performance through regular prudential meetings and reports as required under the Act and the Insurance Act of 1998. As part of its supervision responsibilities, the RBF performs on-site audits to verify that the FNPF is properly administered.

The most recent on-site examination of Investment and Information Technology risks by RBF was conducted in November 2021 with the final report evaluating the Fund's capital position and earnings level as satisfactory and the composite risk rating considering capital and earnings as above average and rising over the next 12 months.

Risk Management and Business Continuity

The Fund employs an approach to risk management that is consistent with the International Standard ISO 310000: 2009. This covers the Fund's policies, processes, and internal controls for risk management.

The Board continues to assess and report on the Fund's most significant post-COVID-19 risks.

Throughout the year, the focus has been on assessing and mitigating risks associated with new initiatives and operational strategies in collaboration with business units that included:

i. Two additional withdrawal features on the mobile app: Advice of Death/Funeral and Natural Disaster.
ii. Membership registration via the mobile app
iii. Micro Business assistance under the COVID-19 relief assistance.

To verify that the Fund can continue to function during a crisis, the Fund successfully executed a Business Continuity simulation test on the Fund's enhanced IT infrastructure with all of the Fund's operations running from a backup location.

Compliance Management

A compliance structure authorised by the Board guarantees that the Fund and its activities conform with the FNPF Act and other applicable laws; and carried out these activities during the year:

- Monitored and reported cash and suspicious transactions in line with the Financial Transaction Reporting Act of 2004 and the Financial Transaction Reporting Regulations of 2007. (FTR).
- Conducted Fund-wide training and education on the reporting of cash transactions and the detection of suspicious transactions.
- Ensure compliance with "Know Your Customer" Fiji Financial Intelligence Unit (FFIU) Policy Advisories and enforceable FTR Guideline criteria for the onboarding of members via digital modes and in person.
- Facilitated the RBF's on-site inspection.
- Facilitated staff and Board Director declarations of interest.
- Reviewed the Fund's registry of delegations of authority.
- Provided monthly updates to the Audit and Risk Committee of the Board.

Policy & Governance

The Fund continues to review and enhance its policies to strengthen governance and guarantee that they support the Fund's operation and conformity with applicable standards and laws. For this financial year, the following were reviewed:

- Procurement Policy
- Finance Policy
- Legal Services Policy and Standard Operating Procedures
- Complaints Policy
- Review of Decision and Determination Scheme Policy
- Performance Development and Rewards Framework
- FNPF Remuneration Framework
- Talent Acquisition & Development Framework
- FNPF Training Policy
- Medical Board Committee Charter
- Parametric Insurance Policy
- Member Records Policy
- Contribution Collection and Compliance Policy

Insurance

On 30 June 2021, the FNPF Group Insurance Scheme, which protects assets, profits, and liabilities, was successfully renewed. In the 2023 financial year, the Group Insurance will undergo a comprehensive review.

Complaints Management

With the Fund's continuous push for member-centric services, the Fund actively worked in resolving the core causes of complaints, culminating in the creation of Service Level Agreements between Member Services, Information Technology and Finance Divisions.

The Complaints Management Policy was also reviewed to enhance the efficacy of the escalation procedure and complaint resolution turnaround time as well as to expand coverage to include internal complaints.

In terms of reporting, Management receives monthly complaints reports, and the Fund submits quarterly reports to RBF in compliance with regulatory requirements. The overall number of complaints received declined by 19 from 2021, 204 (excluding COVID-19 complaints) to 185 in 2022.

As anticipated, the Fund continued to face significant challenges in 2022. Due to the rapidly changing risk environment, these obstacles necessitated the Fund to adjust and adapt swiftly in order to fulfil new and urgent demands that support the Fund's purpose and its members' responses.

The year included both assurance and advisory activities with a focus on the Fund's most significant risks and strategic initiatives. The risk-based yearly work plan included high-priority engagements in Development Projects & Investments, Information Technology, Finance, COVID-19 Assistance Schemes, and Contributions & Compliance.

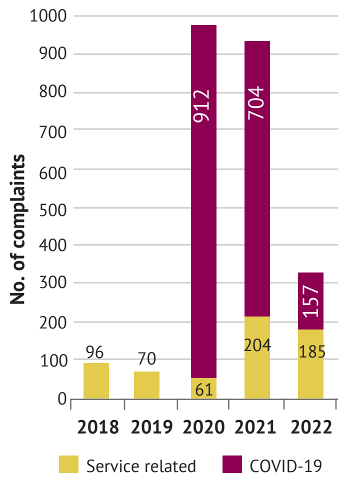


Figure 12: Complaints Trend

Internal Audit

A key performance measure is the achievement of the annual work plan which is reported quarterly to the Fund's Board Audit & Risk Committee (BARC) and monitored regularly.

Tabulated below are the results of the audit engagements and investigations undertaken during the year.

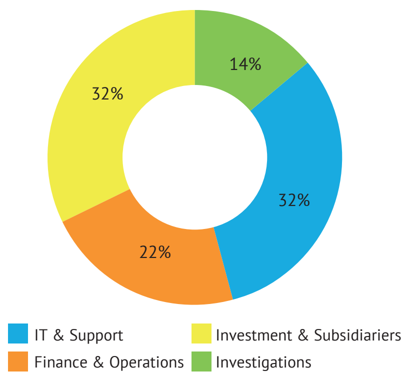
Audit Status	2022	2021
Planned –Audits & Investigations	55	50
Completed Audits & Investigations	46	43

Despite the difficulties of remote auditing, particularly during the first quarter of the year, the team continued to rely on technology to enable the achievement of key deliverables while strengthening our partnership and coordination with Management and the Board Audit & Risk Committee (BARC). Through the use of auditing tools and technology, we were able to conduct an in-depth study to deliver significant insights to aid management achieve its goals via consulting audits.

Audit Follow-Up & Reporting

Management periodically updates the BARC on the status of implementing recommendations noted in audit reports. When the year concluded 91% of tracked recommendations had been implemented and it reflects management's efforts and BARC's oversight in ensuring that the Fund works in a well-controlled environment that fosters a culture of compliance, risk management and effective internal controls. From 2023, the Fund will use its audit management system for monitoring and tracking.

Figure 13: Audit Resource Allocations



Fraud Management

In establishing the tone for the organisation, the Board has zero tolerance for fraud. The norm is specified in the Fund's Code of Conduct, Human Resources Policy and Anti-Fraud Policy. Infractions are punished in line with the Fund's regulations and applicable legislation.

During the COVID-19 Unemployment Assistance inquiry, the Fund's Fraud & Control Unit saw an upsurge in investigation cases involving member and employer fraud with document falsification identified as a major breach. As part of its mitigating strategies, internal and external campaigns for anti-fraud and whistleblower policies are ongoing.

Quality Assurance and Improvement Program

Quality Assurance & Improvement Program as required by International Professional Practice Framework (IPPF) is aimed at assessing the degree of conformity of the internal audit activities with the internal auditing standards. It also enhances the quality of audit by evaluating the efficiency and effectiveness of the internal audit activity and identifying areas for improvement.

During the course of the year, the Fund conducted internal assessments via peer reviews of certain audits conducted, gathered client feedback via a client satisfaction survey, and identified the need to strengthen its research and professional development commitments in 2023 as part of its development plans.

Our Governance

Participants at the Strategic Planning workshop held in May, with FNPF Directors and the Management team.

The Board

According to the Fiji National Provident Fund Act, 2011 (the "Act"), the FNPF Board is responsible for managing and administering the affairs of the Fund. Before the Minister of Economy designates a Board member, Section 7 of the Act requires that the Reserve Bank of Fiji (RBF) determines that those nominated are "fit and proper".

The FNPF Board currently has six appointed Directors. The Chairman is Daksesh Patel and Vice Chairman is Sanjay Kaba. The other directors are Joel Abraham, Mukhtar Ali, Kalpana Lal and Shiri Gounder.

The Board also has four committees that provide technical assistance and advice on significant matters brought to the Board for resolution by Management. These are Audit and Risk Management, Information Technology, Investments, and Human Resources committees.

The committees meet every three months or as needed to examine topics pertinent to their respective fields prior to these matters being submitted to the Board for consideration and approval.

Board Skills

The Act stipulates that Board members must have knowledge in investment management, corporate governance, accounting and auditing, finance and banking, risk management, law, serving as an actuary or auditor, and information technology or a related engineering area.

Members of the Board Committees, who are unaffiliated/independent, provide additional expertise and insights. There may also be some areas of competence for which the Board may seek external guidance as and when needed.

Representatives from FTUC and FCEF also attended the Strategic Planning workshop in May 2022.

Table 1: Board and Board Committee Meetings and Attendance for the Period of 1 July 2021 to 30 June 2022

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 2020 to 31 June, 2021										
Mr Daksesh Patel (Chairman)	15	13								
Mr Sanjay Kaba (Deputy Chairman)	15	15			7	7				
Mr Shiri Gounder*	15	5								
Ms Kalpana Lal	15	14	5	5	7	7				
Mr Mukhtar Ali	15	13	5	5	7	7				
Mr Joel Abraham	15	13			7	6	4	4	1	1
Other Board Committee Members										
Board Committee Members			BARC		BIC		BHR		BIT	
			Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Kameli Batiweti							4	4		
Mr Geoffrey Rashbrooke			5	5						
Mr Gitesh Nair			5	5						
Mr Nacanieli Rika			5	5						
Mr Timoci Tuisawau									1	1
Mr Vilash Chand									1	1
Mr Chinthake Ranasinghe									1	0
Mr John Magnifico									1	1

**Director Gounder* *did not attend 5 Special Meetings due to conflict of interest.*

01 AUDIT & RISK SUB-COMMITTEE (BARC)

Kalpana Lal (Chair)
Mukhtar Ali
Geoffrey Rashbrooke
Gitesh Nair
Nacanieli Rika

02 HUMAN RESOURCES SUB- COMMITTEE (BHR)

Joel Abraham (Chair)
Kameli Batiweti
Shiri Gounder

03 INVESTMENT SUB-COMMITTEE (BIC)

Sanjay Kaba (Chair)
Kalpana Lal
Mukhtar Ali
Joel Abraham

04 INFORMATION TECHNOLOGY SUB-COMMITTEE (BIT)

Joel Abraham (Chair)
Timoci Tuisawau
John Magnifico
Chinthake Ranasinghe
Vilash Chand

BOARD OF DIRECTORS

Mr DAKSESH PATEL

Since January 2020

Chairman

Mr Patel is a current Director of InfraBuild, Australia's largest vertically-integrated long steel manufacturer, as well as a member of the global LIBERTY Steel Group Board. He has extensive leadership experience in the Australian steel industry, in manufacturing, retail and governance and has held senior leadership roles in privately-held businesses operating throughout the Oceania region. He is also the current Chairman of EFL.

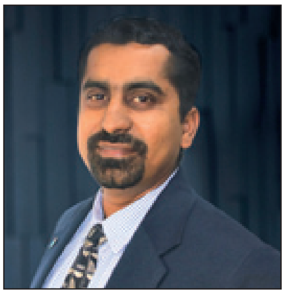
Mr MUKHTAR ALI

Since January 2020

Director

Member of the Board Audit and Risk Committee and of the Board Investment Committee. Mr Ali is the Executive Vice President and Chief Credit 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.



Mr SHIRI GOUNDER

Since March 2021

Director

Mr Gounder is the Permanent Secretary for Economy and has over 15 years of professional experience in the areas of National Budget Formulation, Taxation & Customs Policy, Public Financial Management, Macroeconomic Policy and Strategic Management.

He is also a Director of the Reserve Bank of Fiji, Fiji Revenue and Customs Service, Energy Fiji Limited, Unit Trust of Fiji and Fiji Investment Corporation Limited.

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 & other related functions, the review and Compliance of Financing Contracts, consultancies and local subsidiaries.

Ms. Lal is a Fellow of CPA Australia and a professional member of Australian Institute of Company Directors, Fiji Institute of Accountants and the Association of Certified Fraud Examiners.

Mr JOEL ABRAHAM

Since April 2019

Director

Chairperson of the Board Human Resources, Board Information and Technology Committee and Member of the Board Investment Committee. He has extensive experience in the areas of Accounting, Business Advisory, Compliance, Finance, Regulatory, and Research.

He is a member of the Australian Institute of Company Directors, Association of Certified Fraud Examiners, CPA Australia, and a Chartered Accountant.

Mr SANJAY KABA

Since January 2020

Director

Chairperson of the Board Investment Committee. He has vast experience in Project Development, Project Management and Planning and Civil/Structural Engineering.

He is also a Director of Vodafone Fiji Limited. He is a professional member of the Australian Institute of Engineers and the Fiji Institute of Engineers.

LEADERSHIP TEAM

1. Alipate Waqairawai
2. Millie Low
3. Viliame Vodonaivalu
4. Laisa Saumaki
5. Ravinesh Krishna
6. Josua Satavu
7. Wainikiti Bogidrau
8. Tevita Lomalagi
9. Ashwin Pal
10. Rukshan Rajapaksha
11. Pravinesh Singh
12. Laisani Macedru
13. Alifereti Ratumaitavuki

Our People

Board Director Kalpana Lal and female staff strike a pose during the International Women's Day celebration in March

There was a strong reliance on the Fund to guide our people through what was possibly the most severe health catastrophe in Fijian history. Despite the grave danger presented by COVID-19, broader measures to boost economic recovery and restore normality put a lot of pressure on our people to deliver.

The Fund had to ensure that it kept a balance between keeping workers safe and engaged while allowing them to grow and develop professionally under COVID-19 conditions.

We collaborated through these challenges as the fatalities caused by the Delta variant rose, vaccine dilemmas, safe return to work, border opening, widespread infections caused by the Omicron version, and our ongoing commitment to aid in the economic recovery.

The acceptance of the 2022 Plan effectively outlined the Board's expectations for addressing COVID-19's ongoing uncertainties.

The Fund's capacity to respond to each interruption, even a pandemic, continues to reflect the competence and dedication of its leaders and employees.

Gains amidst Delta & Omicron

The mandate for vaccination generated its own discourse. Through proper collaboration, as well as the successful execution of our COVID-19 Communication Plan, the Fund was able to guarantee that 98% of its staff had complied accordingly.

This necessitated a Safe Return to Work approach that monitored the progressive reintegration of staff members following a 10-month absence. As workers gradually had faith in the Fund's COVID-19 safety initiatives, the Fund's average Work-from-Office hours increased by more than 40 percent.

In December 2021, the COVID-19 Safe Work Guidelines were developed based on the outcomes of the Safe Return to Work Survey. The guideline continues to benefit the Fund with infection rates below 20% of the Fund's population.

Employee engagement, as assessed by employees of the Fund had a net promoter score (eNPS) of 49%, considerably above the target of 32%, notwithstanding the turbulent period from which the Fund's employees had emerged.

The Fund received a score of 3.99 for the Employee Engagement Index (EEI) survey. Although this was below our target of 4.10, it was still higher than the scores of 3.84 in 2018 and 3.95 in 2020 (pre-COVID-19).

About 70% of senior and managerial positions were filled internally during the year. The Fund also noted an increase of women appointed to our executive and management roles.

These show our commitment to the Fund's leadership development succession planning and providing equal opportunities to our employees.

Notable Achievements

There were several milestones that were achieved by the Fund which included the:

- Development of the new Performance Management System (PMS) Policy, which establishes the proper monitoring and evaluation of performance in the Fund. This will be implemented in 2023; PriceWaterhouse Cooper (PWC) and Strategic Pay also conducted peer reviews (NZ)
- Implementation of the Staff Engagement Plan, with a substantial emphasis on staff health and wellness in light of the challenges currently encountered by staff. This also includes the graduation of the second group of Complete Health Improvement Program employees (CHIP)
- Completion of the Power BI Dashboard Project. This project streamlines HR reporting and makes real-time monitoring possible.
- Completion of the chat services which allows employees to communicate discreetly and directly with HR people about a variety of HR services and questions
- Completion of 88% (29/33) of the Fund's Training Plan, a 36% increase from the previous year
- Collaboration with the IUCN to clean up Nabukalou Creek and Suva Foreshore is indicative of the Fund's commitment to support its local communities

People at a Glance

The Fund closed its staff numbers at 381 after posting an opening staff count of 387. A comparative summary of the FNPF staff trends for the last 3 financial years is reflected below:

ITEM	FY20	FY21	FY22
Staff Numbers	398	387	381
Recruits	12	11	30
Exits	78	15	33
LTO (All staff)	16.3%	3.8%	8.6%
LTO (permanent only)	2.5%	3.5%	8.3%
ER Cases	14	34	45
Years of Service (AvG)	9	10	11
Age (AvG)	37	38	39
OHS Incidents	3	2	2
Training Activities (Face to Face)	25	48	13
Training Investment	$270K	$48K	$280K
Percipio Cost	$100K	$80K	$100K
Percipio Uptake	71%	74%	90%
Courses Completed (Percipio)	1352	2187	5379

Despite an increase in staff departures and turnover rate, the Fund had positive outcomes, as indicated by the following:

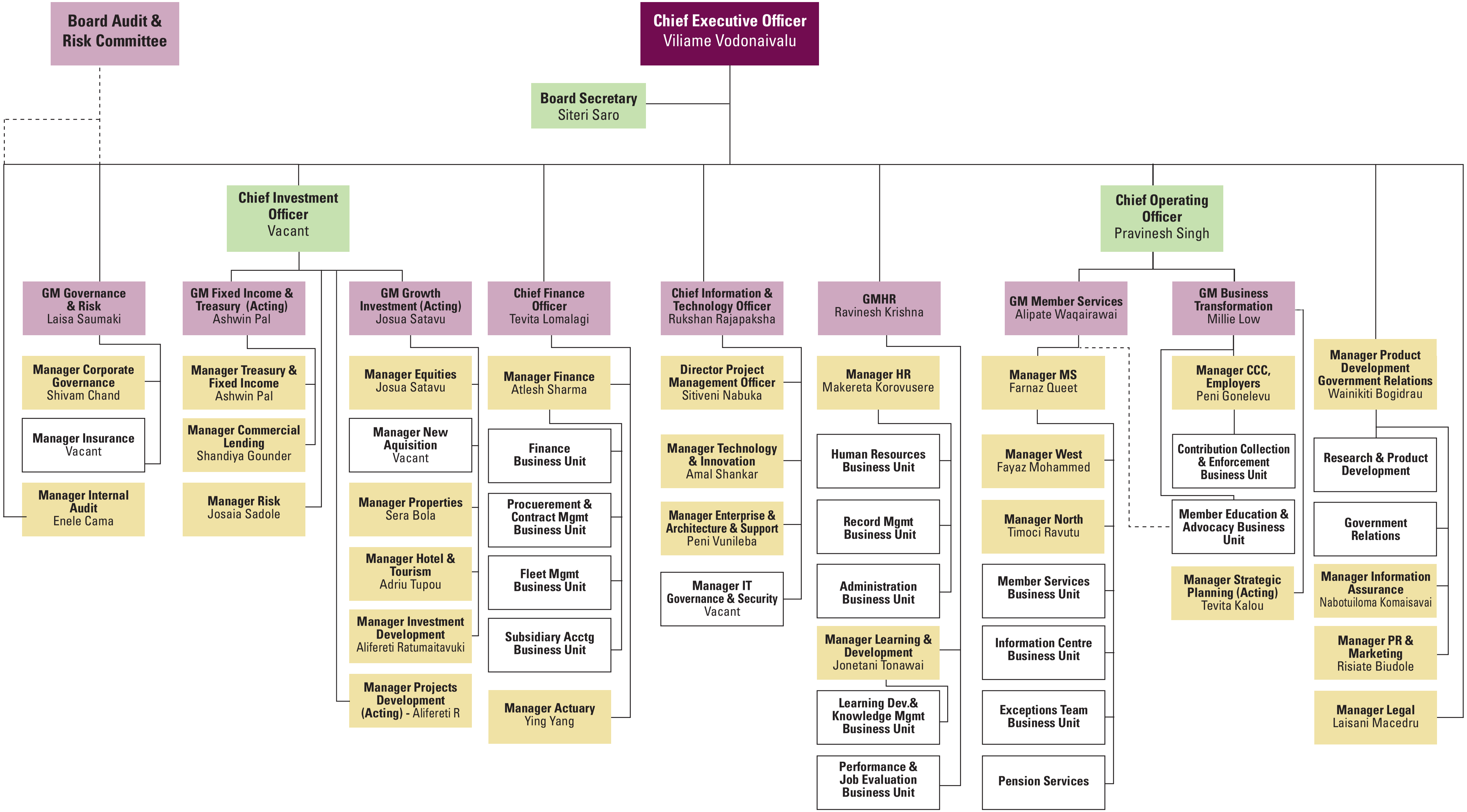
- Percipio (online learning platform) use increased by 16%
- ncreased Online Training Material Completion by 145%
- Realization of the Fund's Strategic Priorities while operating at less than 80 percent for the majority of 2022
- Gradual restoration of pre-COVID-19 training expenditures to support the Fund's efforts to develop and expand its personnel

Looking ahead

Among the activities the Fund plans to conduct in the coming year are:

- Integration of a Human Resources Information System to complement the Fund's digital transformation journey and ease of doing business.
- Review of the Fund's structure to align with its new strategic direction.
- Leadership and People Development to reinforce and support the Fund's cultural shift.
- Designing adaptable work patterns and policies to eliminate performance inhibitors.

Organisation Structure



FIJI NATIONAL PROVIDENT FUND

FINANCIAL STATEMENTS

30 JUNE 2022

CONTENTS

Fiji National Provident Fund
Board Members' Report
For the year ended 30 June 2022

The Board members present their report together with the financial statements of Fiji National Provident Fund ("the Fund") for the year ended 30 June 2022 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)
Mr. Mukhtar Ali
Mr. Sanjay Kaba
Ms. Kalpana Lal
Mr. Joel Abraham
Mr. Shiri Gounder

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.

Operating Results

The net surplus attributable for allocation for the year ended 30 June 2022 was $600,526,0000 (2021: $496,552,000).

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 6.00% (2021:5.00%).

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 were 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 continued Covid-19 assistance to members from previous financial years for Phases 2, Phase 3, Phase 4, lockdown and voluntary member assistance worth $22,780,000. Assistance was provided from members General Account balance with maximum assistance of $2,280. The final payment for the assistance was done in January 2022.

ii. FNPF exercised its rights to subscribe to ATH's Share Rights Issue and acquired a total of 20,000,000 new shares at the share rights issue price of $2.00 amounting to $40,000,000. The shares were issued to FNPF in July 2021. However, the payment for this transaction was done in June 2021.

iii. On 30th June 2022, the Fund acquired a 30.02% stake in Air Pacific Limited (APL) trading as Fiji Airways for $93,101,000. The investment by FNPF was part of the unsubscribed shares from the initial capital raising undertaken by APL to its existing shareholders in 2021.

   FNPF's due diligence process commenced in September 2021 and was conducted by reputable local and international firms with extensive knowledge of the aviation industry and expertise in the areas of valuation, deal advisory, financial and tax due diligence, legal due diligence, technical due diligence and peer review. The key advisors involved in the significant deal included ANZ Corporate Advisory out of Australia, IBA (one of the world's leading aviation advisors), Norton White (Australian law firm), McGrathNicol, Hall & Wilcox, Howard's Lawyers and Molony Advisory.

Fiji National Provident Fund
Board Members' Report
For the year ended 30 June 2022

Significant events during the year (continued)

The completion of the deal resulted in FNPF becoming the second largest shareholder in APL, with an entitlement to nominate two Directors on the APL Board. FTI was also engaged to provide an independent assessment of the value of the Fund's interest in Fiji Airways as at 30 June 2022 and it was concluded by FTI that the transaction price of $4.22 per share reflected a reasonable representation of the fair value at 30 June 2022.

Events Subsequent to the Balance Date

Amalgamated Telecom Holding International Venture Pte. Limited (ATHIV) Share
FNPF exercised its rights to subscribe ATHIV shares and paid for a total of 13,513,514 new shares amounting to US$10,000,000 on 10th June, 2022. As at 30th June 2022, acquisition amount of $21,795,989 was recorded under other receivables as shares were not issued on reporting date. The shares was issued to FNPF in August 2022, whereby, FNPF would ultimately hold an equity interest in ATHIV of around 5%.

Apart from the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transaction or events 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 30th day of September, 2022.

Signed in accordance with a resolution of the Board:

Chairperson **Director**

Fiji National Provident Fund
Statement by Board Members
For the year ended 30 June 2022

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 2022;

(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 2022;

(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 2022;

(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 2022;

(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 2022;

(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;

(g) All related party transactions have been recorded and adequately disclosed in the financial statement in accordance with IAS 24; and

(h) The financial statement and notes are in accordance with Fiji National Provident Act 2011.

Dated at Suva this 30th day of September, 2022.

Signed in accordance with a resolution of the Board:

Chairperson

Director

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Independent Auditor's Report

To the Members of Fiji National Provident Fund

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Fiji National Provident Fund (the 'Fund'), which comprise the statement of net assets available for benefits and the statements of net assets available for benefits by Fund as at 30 June 2022, and the income statement, the income statements by Fund, statements of changes in member benefits, statement of changes in reserves and 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 2022, and of its financial performance, changes in member 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.

Other Information

Board members and management are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

PricewaterhouseCoopers, Level 8 Civic Tower, 272 Victoria Parade, Suva, Fiji.
GPO Box 200, Suva, Fiji.
T: (679)3313955 / 3315199, F: (679) 3300947

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

pwc

- 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 managements 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 Act 2011 in all material respects, and;

a) we have obtained all 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

30 September 2022
Suva, Fiji

Fiji National Provident Fund
Income Statement
For the year ended 30 June 2022

	Notes	2022 $000	2021 $000
Income			
Interest	6(a)	319,041	331,315
Dividend	6(b)	100,077	71,023
Property rental		20,615	19,007
Change in fair value of equity investments	7(a)	167,392	167,564
Change in fair value of investments properties	15	16,245	-
Foreign exchange gains	7(b)	20,096	-
Other income	8	2,484	1,979
Reversal of impairment on assets held at amortized cost		1,128	1,737
Reversal of impairment on mortgaged loans		1,186	-
Reversal of impairment on contribution receivable	19	2,500	-
Total income		**650,764**	**592,625**
Less:			
Impairment on mortgaged loans		-	18,611
Impairment of assets held at amortized cost		-	245
Foreign exchange losses	7(b)	-	9,531
Change in fair value of investment properties	15	-	20,752
Net income		**650,764**	**543,486**
Expenses			
Investment expenses		10,272	6,070
Property expenses		7,828	8,266
Interest expenses		20	21
General administration expenses	9	29,097	25,787
Depreciation and amortization		3,021	3,436
Net impairment of contribution receivable	19	-	3,354
Total expenses		**50,238**	**46,934**
Net increase in net assets available for allocation		**600,526**	**496,552**
Other comprehensive income			
Items that may be reclassified subsequently to income statement		-	-
Net increase in net assets available for allocation	27	**600,526**	**496,552**
Net increase in net assets allocated to:			
Members' accounts		370,331	302,769
Funds		230,195	193,783
Total		**600,526**	**496,552**

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 2022

	Notes	2022 $000	2021 $000
Assets			
Cash and cash equivalents			
Cash and cash equivalents	16	537,176	595,687
Receivables			
Investment income receivable	20	103,115	106,464
Other receivables	19	73,362	86,799
Investments			
Term deposits	10	109,353	214,787
Government securities	11	3,681,020	3,495,699
Other fixed interest securities	12	38,956	55,918
Loans and advances	13	1,112,426	974,413
Equity investments	14	2,591,824	2,225,531
Investment properties	15	447,696	430,714
Other assets			
Property, plant and equipment	18	14,583	14,294
Right of use assets	23(a)	356	331
Intangible assets	17	4,446	6,394
Total assets		**8,714,313**	**8,207,031**
Liabilities			
Other payables and accruals	21	23,050	18,929
Lease liability	23(b)	9,389	9,357
Employee entitlements	22	1,132	1,034
Total liabilities (excluding net assets available to pay benefits)		**33,571**	**29,320**
Net assets available for member benefits and reserves	24	**8,680,742**	**8,177,711**
Comprising:			
Member benefits			
Allocated to members		6,937,531	6,648,909
Unallocated to members		15,908	15,339
Total member benefits		**6,953,439**	**6,664,248**
Reserves			
Investment reserve		920,520	748,823
Solvency reserve		806,783	764,640
Total reserves		**1,727,303**	**1,513,463**
Total Funds		**8,680,742**	**8,177,711**

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**

Fiji National Provident Fund
Statement of changes in member benefits
As at 30 June 2022

	Notes	2022 $000	2021 $000
Balance at 1 July		**6,664,248**	**6,545,918**
Contributions:			
Employers		197,622	160,645
Members		197,622	160,645
Total contribution	26(a)(ii)	**395,244**	**321,290**
Benefit payments to members	24(e)	(466,999)	(500,815)
Pension payments to pensioners	24(e)	(25,740)	(25,281)
Benefits allocated to members' account, comprising:			
Interest to members	26(a)(iii)	370,331	302,769
Current year investment returns			
- SDB	27	3,679	3,363
- RIF	27	26,441	26,750
Transfer to solvency reserve			
- SDB	26(c)	(4,235)	(7,122)
- RIF	26(b)	(9,586)	8,847
Transfer from/(to) general reserve		56	(11,471)
Closing balance of members' benefits		**6,953,439**	**6,664,248**

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

Fiji National Provident Fund
Statement of changes in reserves
As at 30 June 2022

	Investment Reserve $000	Solvency Reserve $000	Total $000
Balance at 1 July 2020	**583,189**	**756,858**	**1,340,047**
Net transfers to/from member benefits/reserves			
- FNPF	(9,507)	9,507	-
- SDB	-	7,122	7,122
- RIF	-	(8,847)	(8,847)
Net current year investment returns	163,670	-	163,670
Transfer to member liability	11,471	-	11,471
Balance at 30 June 2021	**748,823**	**764,640**	**1,513,463**
Net transfers to/from member benefits/reserves			
- FNPF	(28,322)	28,322	-
- SDB	-	4,235	4,235
- RIF	-	9,586	9,586
Net current year investment returns	200,075	-	200,075
Transfer from member liability	(56)	-	(56)
Balance at 30 June 2022	**920,520**	**806,783**	**1,727,303**

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 Statements by Fund
As at 30 June 2022

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Income	$000	$000	$000	$000	$000	$000	$000	$000
Interest	288,776	300,675	26,601	27,261	3,664	3,379	319,041	331,315
Dividends	100,077	71,023	-	-	-	-	100,077	71,023
Property rental	20,615	19,007	-	-	-	-	20,615	19,007
Change in fair value of equity investments	167,392	167,564	-	-	-	-	167,392	167,564
Change in fair value of investment properties	16,245	-	-	-	-	-	16,245	-
Foreign exchange gain	20,096	-	-	-	-	-	20,096	-
Other income	2,484	1,979	-	-	-	-	2,484	1,979
Reversal of impairment on assets held at amortized cost	935	1,946	178	(199)	15	(10)	1,128	1,737
Reversal of impairment on mortgaged loans	1,186	-	-	-	-	-	1,186	-
Reversal of impairment on contribution receivable	2,500	-	-	-	-	-	2,500	-
Total income	**620,306**	**562,194**	**26,779**	**27,062**	**3,679**	**3,369**	**650,764**	**592,625**
Less:								
Impairment on mortgaged loans	-	18,611	-	-	-	-	-	18,611
Impairment of assets held at amortized cost	-	228	-	11	-	6	-	245
Foreign exchange losses	-	9,531	-	-	-	-	-	9,531
Change in fair value of investment properties	-	20,752	-	-	-	-	-	20,752
Net income	**620,306**	**513,072**	**26,779**	**27,051**	**3,679**	**3,363**	**650,764**	**543,486**
Expenses								
Investment expenses	10,275	6,070	(3)	-	-	-	10,272	6,070
Property expenses	7,828	8,266	-	-	-	-	7,828	8,266
Interest expense	20	21	-	-	-	-	20	21
General administration expenses	28,756	25,486	341	301	-	-	29,097	25,787
Depreciation and amortisation	3,021	3,436	-	-	-	-	3,021	3,436
Net impairment of contribution receivable	-	3,354	-	-	-	-	-	3,354
Total expenses	**49,900**	**46,633**	**338**	**301**	**-**	**-**	**50,238**	**46,934**
Net increase in net assets available for allocation	**570,406**	**466,439**	**26,441**	**26,750**	**3,679**	**3,363**	**600,526**	**496,552**
Allocated to:								
Members' accounts	370,331	302,769	-	-	-	-	370,331	302,769
Funds	200,075	163,670	26,441	26,750	3,679	3,363	230,195	193,783
Total	**570,406**	**466,439**	**26,441**	**26,750**	**3,679**	**3,363**	**600,526**	**496,552**

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
Statements of net assets available for benefits by Fund
As at 30 June 2022

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets	$000	$000	$000	$000	$000	$000	$000	$000
Cash and cash equivalent								
Cash and cash equivalent	520,885	565,499	13,161	26,367	3,130	3,821	537,176	595,687
Receivables								
Investment income receivable	95,540	99,332	6,559	6,208	1,016	924	103,115	106,464
Other receivables	72,519	85,988	-	-	843	811	73,362	86,799
Investments								
Term deposits	109,353	214,787	-	-	-	-	109,353	214,787
Government securities	3,273,420	3,124,113	341,230	313,217	66,370	58,369	3,681,020	3,495,699
Other fixed interest securities	38,956	55,918	-	-	-	-	38,956	55,918
Equity investments	2,591,824	2,225,531	-	-	-	-	2,591,824	2,225,531
Loans and advances	1,112,426	974,413	-	-	-	-	1,112,426	974,413
Investment properties	447,696	430,714	-	-	-	-	447,696	430,714
Other assets								
Property, plant and equipment	14,536	14,248	47	46	-	-	14,583	14,294
Intangible assets	4,446	6,394	-	-	-	-	4,446	6,394
Right of use asset	356	331	-	-	-	-	356	331
Total assets	**8,281,957**	**7,797,268**	**360,997**	**345,838**	**71,359**	**63,925**	**8,714,313**	**8,207,031**
Liabilities								
Other payables and accruals	12,587	11,254	88	47	10,375	7,628	23,050	18,929
Lease liability	9,389	9,357	-	-	-	-	9,389	9,357
Employee entitlements	1,132	1,034	-	-	-	-	1,132	1,034
Total liabilities	**23,108**	**21,645**	**88**	**47**	**10,375**	**7,628**	**33,571**	**29,320**
Net assets available for member benefits and reserves	**8,258,849**	**7,775,623**	**360,909**	**345,791**	**60,984**	**56,297**	**8,680,742**	**8,177,711**

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
Statements of net assets available for benefits by Fund (continued)
As at 30 June 2022

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net assets available for member benefits comprise:	$000	$000	$000	$000	$000	$000	$000	$000
Member benefits								
Allocated to members	6,657,698	6,374,608	279,833	274,301	-	-	6,937,531	6,648,909
Unallocated to members	13,509	13,392	-	-	2,399	1,947	15,908	15,339
Total member benefits	**6,671,207**	**6,388,000**	**279,833**	**274,301**	**2,399**	**1,947**	**6,953,439**	**6,664,248**
Reserves								
Investment reserve	920,520	748,823	-	-	-	-	920,520	748,823
Solvency reserve	667,122	638,800	81,076	71,490	58,585	54,350	806,783	764,640
Total reserves	**1,587,642**	**1,387,623**	**81,076**	**71,490**	**58,585**	**54,350**	**1,727,303**	**1,513,463**
Total funds	**8,258,849**	**7,775,623**	**360,909**	**345,791**	**60,984**	**56,297**	**8,680,742**	**8,177,711**

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 cash flows
For the year ended 30 June 2022

	Notes	2022 $000	2021 $000
Cash flows from operating activities			
Interest received		296,715	308,252
Dividends received		91,009	61,961
Property rentals received		19,285	18,714
Other income received		1,084	1,979
Payments to suppliers and employees		(35,785)	(35,886)
Net cash generated from operating activities		372,308	355,020
Cash flows from investing activities			
Government securities matured/(acquired)		(185,110)	(133,844)
Other securities matured/(acquired)		17,000	68,014
Loans and advances provided/(repaid)		(107,816)	(75,711)
Term deposits matured/(invested)		106,000	167,500
Deposit for ATH Share Rights Issue		-	(40,000)
Deposit for ATHIV Share		(21,796)	-
Equity investments (acquired)/disposed		(141,577)	181,570
Purchase of property, plant and equipment		(1,148)	(3,923)
Acquisition of intangible assets		(57)	(24)
Amount spent to acquire/develop investment properties		(716)	(13,359)
Net cash from/(used in) investing activities		(335,220)	150,223
Cash flows from financing activities			
Contributions received from employers		200,488	158,366
Contributions received from members		197,622	160,645
Withdrawal payments to members		(444,219)	(401,171)
Payments for COVID-19 assistance		(22,780)	(99,644)
Pension annuity paid to members		(25,740)	(25,281)
Finance lease repayments		(729)	(729)
Net cash(used in)/ from financing activities		(95,358)	(207,814)
Net increase/ (decrease) in cash and cash equivalents		(58,270)	297,429
Cash and cash equivalents at beginning of the financial year		596,257	298,828
Cash and cash equivalents at end of the financial year	28	**537,987**	**596,257**

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

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

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 2022 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) – entitlement payable on member's death as per the FNPF Act 2011;
(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 30 September 2022.

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 statement are presented 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.

2.2 Changes in accounting policies and disclosures

(a) Standards issued but not yet effective

A number of new standards, amendments to standards and/or interpretations which have been issued that are effective in future accounting periods that the Fund has decided not to adopt early:
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 Reference to Conceptual Framework
- Amendments to IAS 37 Onerous Contract – Cost of Fulfilling a Contract
- Annual Improvements to IFRS 2018-2020;

However, this did not have a material impact on the Fund.

b) Standard issued and adopted

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

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

(c) 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.

2.5 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

2.5 Intangible assets (continued)

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 recognized separately in the 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

2.8 Financial instruments (continued)

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

2.8 Financial instruments – (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.

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 BB- or higher per rating agency Standard & Poors.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

2.8 Financial instruments – (continued)

(d) Impairment (continued)

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.

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

2.8 Financial instruments – (continued)

(e) Write-off (continued)

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.

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

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.

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

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.

(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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

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% in FY2021 and increased to 12% in FY2022 being for 6% contribution from the employer and 6% deducted from the total wages of the employee.

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

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 established. 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 documentation, investment application, loan confirmation, commitment and computer service fees. Income from fees and commissions is recognised when related services have been provided.

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

2 Summary of significant accounting policies (continued)

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 incorporates the assets and liabilities of all entities controlled by the fund as at 30 June 2022 and the results of all controlled entities for the financial year then ended. The effects of all transaction 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 statement 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 and PGK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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 were as follows (amounts denominated in FJD'000):

	2022	2021
	$000	$000
Assets		
Cash and cash equivalents		
AUD	4,850	3,466
NZD	393	412
USD	41,369	67,642
Foreign equities		
AUD	206,398	201,644
USD	74,606	38,239
PGK	281,645	263,954
Commercial Lending		
USD	43,592	-
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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

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 2022 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 2023/22 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, PGK and NZD at 30 June would have increased/(decreased) the income statement and net assets by the amounts shown below:

	Carrying	Impact on net assets	
	Amount	-10%	+10%
	$000's	$000's	$000's
Assets	**(FJD)**	**(FJD)**	**(FJD)**
30 June 2022			
USD	159,567	17,730	(14,506)
AUD	211,248	23,472	(19,204)
PGK	281,645	31,294	(25,604)
NZD	393	44	(36)
		72,540	**(59,350)**
30 June 2021			
USD	105,881	11,765	(9,626)
AUD	205,110	22,790	(18,646)
PGK	263,954	29,328	(23,996)
NZD	412	46	(37)
		63,929	**(52,305)**
Liabilities			
30 June 2022			
USD	-	-	-
EURO	-	-	-
		-	-
30 June 2021			
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 profit or loss. 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), Port Moresby Stock Exchange and Australian Stock Exchange (for offshore investments). The table in the following page summarises the sensitivity of increases / (decreases) of the above two exchanges prices on Fund's change in net assets. The change in net assets would increase/ (decrease) as a result of gains/ (losses) on equity securities classified at fair value through income statement.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

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

Sensitivity Analysis

	Carrying	Impact on net change in assets	
Index	**2022**	**2022**	**2021**
	$000	**$000**	**$000**
South Pacific Stock Exchange	226,109	11,305	11,286
Australian Securities Exchange	107,154	5,358	5,595
Papua New Guinea Stock Exchange	281,593	14,080	13,195
		30,743	30,076

(iii) Cash flow 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.

The assumed average long run market rate of reinvestment of RIF asset cash flows over the term of current annuities have declined from 4.0% to 3.75% at 30 June 2022. This is mainly due to the reduction occurred in the government bond yield curve in FY2022. The calculated proportion of RIF asset cash flows was 77.6% under this assumption and assumptions stated in note 26(b), this means that 77.6% 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.

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:

	2022	2021
	$000	**$000**
Cash and cash equivalents	(76)	(506)
Investment income receivable	(255)	635
Other receivables	(2,500)	3,354
Term deposits	(566)	461
Government securities	(211)	245
Other fixed interest securities	(38)	(50)
Loan and advances	(1,186)	18,611
Undrawn loan commitments	18	(2,277)
	(4,814)	**20,473**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk *(continued)*

Amounts arising from Expected Credit Loss (ECL)

These 2022 balances largely represent reversal of impairment on 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.

Inputs, assumptions and techniques used for estimating impairment.

Refer to accounting policy in Note 2.8 (d).

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 & Poors (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 were initially provided from April 2020 to June 2021. Due to the second wave of the pandemic and continued closure of borders and restrictions in international travel, an extension of repayment holiday was provided until June 2022. The re-opening of borders in December 2021 and gradual easing of COVID-19 restrictions have had a tremendous positive impact on the hotel operations, with return to operational normalcy and profitability. Majority of the hotel loans will be recommencing with repayments from July 2022. Loans agreements contain pre-existing clauses permitting the borrower a payment holiday, so it is not considered a 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. Interest rates for several loans were reset during the year in line with prevailing market rates, which was in accordance to the contractual agreement. Furthermore the restructuring did not result in any change to the outstanding loan balance.

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;

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Definition of default (continued)

- 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.

The Fund has incorporated the Gross Domestic Product (GDP) annual contraction rate of -4.1% in determination of expected credit losses. 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 from 1.94% to 51.49%. 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 first onslaught of the COVID-19 pandemic in March 2020 and the second wave in April 2021 had caused significant deteriorations in economic conditions for some organisations and an increase in economic uncertainty for others. As a result, some counterparties had undertook to seek reliefs on repayment to mitigate the impact on their businesses and industries. The reopening of borders and easing of COVID-19 restrictions has had a positive impact on these businesses and industries and have in turn positively affected 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk *(continued)*

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.

Concentration of credit exposure

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

	2022		2021	
	$000	%	$000	%
Cash and cash equivalents	537,987	9	596,257	10
Investment income receivable	104,536	2	108,140	2
Term deposits	109,500	2	215,500	4
Government Bonds	3,682,937	63	3,497,827	61
Other Fixed Interest Securities	39,000	1	56,000	1
Loans and advances – Quasi-government loans	45,496	1	45,682	1
Loans and advances – commercial loans	1,235,942	20	1,099,964	19
Other receivables	90,952	2	106,889	2
	5,846,350	100	5,726,259	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	2022	2021
	%	%
A- to A+	11	10
BBB- to BBB+	4	-
BB- to BB+	-	76
B- to B+	79	3
CC to CCC+	3	3
N/R	3	8
	100	100

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Concentration of credit exposure (continued)

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

	2022		2021	
	$000	%	$000	%
Agriculture	45,496	4	45,682	4
Construction	-	-	-	-
Financial institutions	30,000	2	30,000	3
Energy	-	-	-	-
Telecommunications	164,352	13	71,761	6
Manufacturing	-	-	-	-
Mining	-	-	-	-
Private others (includes staff loans)	170	-	202	-
Professional and business services	-	-	1,001	-
Real estate development	26,909	2	26,702	2
Education	3,910	-	4,272	1
Transport and storage	226,530	18	226,531	20
Wholesale and retail	37,396	3	39,216	3
Other (Hotels & Restaurants)	746,675	58	700,279	61
Total	**1,281,438**	**100**	**1,145,646**	**100**

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 2022 would have increased/(decreased) the net change in net assets and net assets by the amounts shown below:

		Increase	*Decrease*
		$000	*$000*
Loans and advances	PD +/- 5%	787	(767)
Loans and advances	LGD +/-50%	7,867	(7,867)

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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.

	12-month ECL Stage 1 $000	Lifetime ECL not credit-impaired Stage 2 $000	Lifetime ECL credit-impaired Stage 3 $000	2022 Total $000	2021 Total $000
Credit grade					
Standard	790,886	272,026	-	1,062,912	925,581
Special mention	-	-	-	-	-
Substandard	-	-	15,522	15,522	16,027
Doubtful	-	-	203,004	203,004	203,037
Loss	-	-	-	-	1,001
Gross carrying amount	**790,886**	**272,026**	**218,526**	**1,281,438**	**1,145,646**
Loss allowance	(3,252)	(12,999)	(152,761)	(169,012)	(171,233)
Carrying amount	**787,634**	**259,027**	**65,765**	**1,112,426**	**974,413**

Credit-impaired assets

	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Loans and advances	15,522	(517)	15,005	24,770
Total credit impaired assets	**15,522**	**(517)**	**15,005**	**24,770**

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	**4,383**	**152,407**	**14,443**	**171,233**
Movements with impact to income statement	-	-	-	-
Transfer from stage 1 to stage 2	-	-	-	-
New loans originated	418	-	-	418
Loans that have been derecognised	(1,076)	-	-	(1,076)
Changes in PDs/LGDs/EADs	(748)	(5,017)	(176)	(5,941)
Changes to model assumptions and methodologies	111	4,267	-	4,378
Loss allowance at 30 June	**3,088**	**151,657**	**14,267**	**169,012**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

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	**657,931**	**267,650**	**220,065**	**1,145,646**
Movements with impact to income statement	-	-	-	-
Transfer from stage 1 to stage 2	-	-	-	-
Financial assets derecognised during the period other than write-offs	(13,369)	-	(505)	(13,874)
New financial assets purchased or originated	150,700	-	-	150,700
Write-offs	-	-	(1,034)	(1,034)
Gross carrying amounts at 30 June	**795,262**	**267,650**	**218,526**	**1,281,438**

Cash and cash equivalents and Term Deposits

The Fund held cash and cash equivalents of $537,987,000 and term deposits of $109,500,000 at 30 June 2022 (2021: $596,257,000 and $215,500,000). 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 $3,721,937,000 at 30 June 2022 (2021: $3,553,827,000).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 Poors (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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter exertion in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset.

The financial liabilities of the Fund at 30 June 2022 comprise of net assets attributable to members. As at 30 June 2022, the financial liabilities were worth $7,014,221,000 and the financial assets were valued at $8,242,686,000. The financial assets are added to the guaranteed interest income from Fixed Income risk free portfolio investments worth $2,545,832,000 thereby topping up the financial assets to $10,788,518,000. Upon matching the financial assets to liabilities, there a residual net positive position of $3,774,297,000. 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.

In terms of offshore investments, the Fund is limited by Reserve Bank of Fiji's (RBF) exchange regulations. RBF Exchange Control approves all outward funds transfers required for offshore investments. Due to an almost non-existent secondary market, most of the Fund's local investments in capital and money market do not have the opportunities of secondary trading. Fiji Government and quasi-government securities are among these investments, which are held to maturity with limited chance for the Fund to sell or exchange them. Moreover, commercial loans and property investments are also part of the Fund's portfolio. Within the local markets, these assets have limited liquidity and large sell downs of positions may not be possible. In addition, these investments have different investment maturity spans, which may not meet the timing of the member withdrawals. Therefore an active asset and liability management model is used to secure Fund's long-term assets and liability position.

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 Fund's liquidity risk is managed on a daily basis in accordance with the Fund's Treasury policy and Investment policy statements. Stress testing and scenario analysis are done on a regular basis. Generally, the Fund ensures availability of sufficient liquidity to meet its liability on maturity under normal and stressed conditions. The liquidity risk is managed actively to avoid any damage to the reputation of the Fund.

The tables below shows the Fund's financial liabilities and assets for the year ended 30 June 2022. Except for RIF financial liabilities ($279,833,000), all other Fund's financial liabilities and assets are 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	596,397	56,873	158,733	935,360	4,923,844	**6,671,207**
Allocated to members – Retirement income Fund	-	6,428	19,285	84,857	169,263	**279,833**
Allocated to members - SDBF	-	274	823	1,013	289	**2,399**
Total member liabilities	**596,397**	**63,575**	**178,841**	**1,021,230**	**5,093,396**	**6,953,439**
Other payables and accruals	3,692	6,970	12,388	-	-	**23,050**
Lease liabilities	-	-	726	2,435	34,571	**37,732**
Total financial liabilities	**600,089**	**70,545**	**191,955**	**1,023,665**	**5,127,967**	**7,014,221**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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	537,987	-	-	-	-	537,987
Term deposits	-	47,500	57,000	5,000	-	109,500
Government securities	-	30,830	81,833	802,366	2,767,908	3,682,937
Other fixed interest securities	-	5,000	11,000	23,000	-	39,000
Equity investments	-	-	-	-	2,591,824	2,591,824
Loans and advances	-	5,725	74,049	329,472	872,192	1,281,438
Total financial assets	**537,987**	**89,055**	**223,882**	**1,159,838**	**6,231,924**	**8,242,686**
Interest income – Fund	-	59,334	159,782	939,210	1,148,067	2,306,393
Interest income - RIF	-	6,603	20,281	117,223	64,737	208,844
Interest income - SDBF	-	1,280	2,412	12,574	14,329	30,595
Total financial assets including interest income	**537,987**	**156,272**	**406,357**	**2,228,845**	**7,459,057**	**10,788,518**

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4. Critical accounting estimates and judgments (continued)

(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 3.75% per annum (2021:4.00%). 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 4.25% pa (2021: 4.48%). The solvency reserve for RIF is determined after taking into account the projected liability cashflows of the in-force annuity business and the projected asset cashflows at the valuation date, including under reasonably foreseeable adverse circumstances.

For the valuation at 30 June 2022, 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. The solvency reserve for the SDBF is represented by both the provision for mortality fluctuations and catastrophe reserve.

(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.

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 mostly by independent and knowledgeable valuers. Whilst there may be some uncertainties around the forward looking assumptions, there are steps and processes undertaken to ensure that these assumptions are sense checked to provide a comfort of reasonableness.

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 discount and yield rates adopted by the valuers are reflective of Fiji's broad-based recovery including factors inherent to each property such as the security of income, type of property (age and condition), and its location. However minor adjustments were made as there remains downside risks to the medium-term outlook due to the rising inflation, global supply chain bottlenecks, the risk of new variants, a slower-than-expected tourism recovery and ongoing threats from natural disasters and climate change which were captured through the growth rate adopted for vacancy as well as expense and rental. Therefore, discount rates ranging from 5.5% to 9% were used to adjust the assumptions which were used to measure the fair value of investment properties.

The impact of investment properties valuations at balance date and in future periods are included in notes 5 and 15.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

4. Critical accounting estimates and judgments (continued)

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. While the expected credit losses were affected in the previous years due to the varying impact of COVID-19 on the counterparties, the level of uncertainty which had subsisted over the past financial years has decreased with the reopening of borders in December 2021. This, along with other actions such as easing of pandemic related restrictions has mitigated the risk of material adjustments 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 improvement in sovereign credit rating, positive forecasts of Gross Domestic Product and global growth forecasts to determine the various possible future scenarios which forms the basis of their assumptions in their estimation of ECL.

Financial impact from the expected credit losses at balance date 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).

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

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 3**	**Level 3**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance as at 30 June 2022							
Equity investments	2,591,824	-	2,591,824	793,607	31,487	1,766,730	2,591,824
Government securities*	-	3,682,937	3,682,937	-	4,556,256	-	4,556,256
Fiji Bonds*	-	39,000	39,000	-	41,676	-	41,676
Investment properties	447,696	-	447,696	-	-	447,696	447,696
Balance as at 30 June 2021							
Equity investments	2,225,531	-	2,225,531	734,349	29,042	1,462,140	2,225,531
Government securities*	-	3,497,827	3,497,827	-	4,257,379	-	4,257,379
Fiji Bonds*	-	56,000	56,000	-	60,253	-	60,253
Investment properties	430,714	-	430,714	-	-	430,714	430,714

* 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 $4,556,256,000 and $41,676,000 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

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.

	2022 $000	2021 $000
Equity investments		
Balance at 1 July	1,462,140	1,515,884
Unrealised gains (losses) included in income statement	154,048	104,453
Acquisition	150,542	47,913
Disposal	-	(206,110)
Balance at 30 June	1,766,730	1,462,140
Investment properties		
Balance at 1 July	430,714	438,107
Unrealised gains (losses) included in income statement	16,245	(20,752)
Net Acquisition	716	13,509
Right of use asset	21	(150)
Balance at 30 June	447,696	430,714

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%)	(102,441)	134,816
Adjusted market multiple (+/-5%)	4,246	(4,246)
Cost of equity rates (+/-5%)	(21,286)	29,627
Investment properties		
Capitalization rates (+/- 0.5%)	(11,602)	13,385
Rate per acre (+/-5%)	10,311	(10,324)

Fiji National Provident Fund
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For the year ended 30 June 2022

		Note	2022 $000	2021 $000
6.	**Income**			
	(a). Interest income			
	Fixed interest securities			
	- Government securities		246,582	251,997
	- Other fixed interest securities		2,613	5,463
	Loans and advances		59,755	53,119
	Term deposits		3,659	12,264
	Other interest income		6,432	8,472
			319,041	**331,315**
	(b). Dividend			
	Dividends from other equities		59,047	47,718
	Dividends from related parties	30(b)	41,030	23,305
			100,077	**71,023**
7.	**Change in fair value of equity investments**			
	(a). Fair value changes - equity investments			
	Unrealised gains on investments		161,408	140,307
	Realised gains on investments		5,984	27,257
	Net fair value gains		**167,392**	**167,564**
	(b). Net foreign exchange gain/(loss)			
	Unrealised exchange gain/(loss)		20,096	(9,364)
	Realised exchange losses		-	(167)
	Net foreign exchange gains/(losses)		**20,096**	**(9,531)**
8.	**Other income**			
	Other income includes the following specific items:			
	Surcharge income		285	257
	Other revenue		2,199	1,722
			2,484	**1,979**
9.	**General administration expenses**	**Note**		
	Auditor's remuneration:			
	- Audit – PwC		116	108
	- Other services - PwC		67	77
	Directors fees		11	45
	Electricity		476	524
	Insurance		3,125	2,201
	Loss on sale of fixed assets and investment property		-	20
	Personnel expenses:			
	- Salaries and wages		16,458	14,779
	- Other staff benefits and expenses		1,745	1,417
	Repairs and maintenance		105	143
	Other operating and general expenses	9(a)	6,994	6,473
			29,097	**25,787**

Fiji National Provident Fund
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For the year ended 30 June 2022

		2022 $000	2021 $000
9(a).	**Other operating and general expenses**		
	Advertising	556	367
	Software maintenance and support	1,812	2,075
	Motor vehicle cost	174	175
	Communication	867	834
	Stationery and printing	73	36
	Travelling and subsistence	148	60
	General and operating expenses	506	539
	Small assets	37	16
	Computer sundries	103	83
	Consultancy	543	305
	Legal cost	232	20
	Office cleaning	137	163
	Rent	1,642	1,550
	Water rates	9	4
	Office sundries	30	42
	Security expense	125	204
		6,994	**6,473**
10.	**Term deposits**		
	Local banks and financial institutions– local currency	109,500	215,500
	Impairment provision	(147)	(713)
		109,353	**214,787**
	Maturity represented as:		
	Less than or equal to 3 months	47,500	73,000
	3 to 12 months	57,000	137,500
	1 to 5 years	5,000	5,000
		109,500	**215,500**
11.	**Government securities**		
	Fiji Government Registered Stock	3,682,937	3,497,827
	Impairment provision	(1,917)	(2,128)
		3,681,020	**3,495,699**
	Maturity represented as:		
	Less than or equal to 3 months	30,830	70,900
	3 to 12 months	81,833	144,990
	1 to 5 years	802,366	783,601
	Greater than 5 years	2,767,908	2,498,336
		3,682,937	**3,497,827**

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

Fiji National Provident Fund
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12. Other fixed interest securities

	2022	2021
	$000	**$000**
Fiji Bonds	39,000	56,000
Impairment provision	(44)	(82)
	38,956	**55,918**
Maturity represented as:		
Less than 3 months	5,000	5,000
3 to 12 months	11,000	14,000
1 to 5 years	23,000	37,000
	39,000	**56,000**

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.

13. Loans and advances

	Note	2022	2021
		$000	**$000**
Loans and advances (quasi-government)		45,496	45,682
Loans to related parties	30(b)	1,137,656	772,138
Customer term loans		98,216	327,722
Staff loans		70	104
		1,281,438	**1,145,646**
Provision for Impairment		(169,012)	(171,233)
		1,112,426	**974,413**
Maturity represented as:			
Less than or equal to 3 months		5,726	3,886
3 to 12 months		74,049	14,165
1 to 5 years		329,472	240,314
Greater than 5 years		872,191	887,281
		1,281,438	**1,145,646**

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 Natadola Bay Resort Pte Limited and Dubbo Pte Limited. New loans were disbursed to Vodafone Fiji Pte Limited and Amalgamated Telecom Holdings Pte Limited;
- Customer term loans – 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.

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 in FY2020. Due to the second wave of the pandemic in April 2021, the moratoriums for hotel loans were extended until 30 June 2022. The moratorium for several loans customers have ceased on 30th June 2022 and repayments will commence from next financial year. Further details related to hotel loans are outlined in Note 30(b).

Fiji National Provident Fund
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13. Loans and advances (continued)

Natadola Bay Resort Pte Limited (NBRL)
The carrying value of the loan provided to NBRL by FNPF is $311,220,000 (2021: $298,990,000). 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 $153,157,000 (2021: $153,104,000).

Momi Bay Resort Limited (MBRL)
The carrying value of the loan provided to MBRL for the Momi Resort development is $134,229,000 (2021: $125,179,000). 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

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 2020	**-**	**-**	**104**	**104**
Balance as at 30 June 2021	**-**	**-**	**104**	**104**
Balance as at 30 June 2022	**-**	**-**	**70**	**70**
Individually Assessed Provisions				
Balance as at 1 July 2020	142,539	9,979	-	152,518
New and increased provisioning	13,033	5,578	-	18,611
Provisions no longer required	-	-	-	-
Balance as at 30 June 2021	155,572	15,557	104	171,233
New and increased provisioning	(454)	(731)	-	(1,185)
Provisions no longer required	(1,001)	(1)	(34)	(1,036)
Balance as at 30 June 2022	**154,117**	**14,825**	**70**	**169,012**
Total provision for impairment at 30 June 2021	**155,572**	**15,557**	**104**	**171,233**
Total provision for impairment at 30 June 2022	**154,117**	**14,825**	**70**	**169,012**

Total impairment provisions as at balance date are:

	Note	2022 $000	2021 $000
Collectively assessed provisions		70	104
Individually assessed provisions		168,942	171,129
		169,012	**171,233**

14. Equity investments

	Note	2022 $000	2021 $000
Traded equities	14(a)	825,094	763,391
Other equity investments	14(b)	1,766,730	1,462,140
		2,591,824	**2,225,531**

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		2022	2021
14(a).	**Traded equities**	**$000**	**$000**
	Level 1 - Local listed equities	226,109	225,725
	Level 1 - Foreign equities	562,596	503,788
	Local Unit trust	31,487	29,042
	Local unlisted equities	4,902	4,836
		825,094	**763,391**

- Level 1 equity investments are classified at fair value through Profit or loss and the Fund uses the bid 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 Profit or loss 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.

(b) Other equity investments

Investment in other equity investment consists of the following:

Name	Principal activities	Place of business	Valuer	% Ownership	2022 Fair value $000	2021 Fair value $000
Subsidiaries						
Amalgamated Telecom Holdings Limited	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	72.7	864,358	712,677
Home Finance Company Pte Limited	Financial services	Fiji	FTI Consulting (Australia) Pty Ltd	75.0	168,791	164,462
FNPF Holdings (PNG) Limited	Investment	PNG	Management Assessment	100.0	52	49
Yatule Beach Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	6,658	4,081
FNPF Hotel Resorts Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	43,303	42,967
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	18,588	-
Dareton Pte Limited	Land development	Fiji	Lomara Associates	100.0	6,800	8,000
Health Care (Fiji) Pte Ltd	Healthcare	Fiji	Management Assessment	80.0	8,303	6,109
Grand Pacific Hotel Pte Ltd	Resort operations	Fiji	Colliers New Zealand	100.0	10,434	8,853
Farleigh Limited	Resort operations	Fiji	Colliers New Zealand	100.0	49,769	35,280
Associates						
Fiji Airways Limited	Aviation	Fiji	FTI Consulting (Australia) Pty Ltd	30.0	93,101	-
Tropic Health Incorporated (Fiji) Limited	Medical	Fiji	Management Assessment	47.0	-	-
Active (Fiji) Co. Limited	Tourism	Fiji	Management Assessment	23.0	-	-
Halabe Investments Limited	Real Estate	Fiji	Management Assessment	25.0	440	884
Fiji Ports Corporation Limited	Wharfage	Fiji	FTI Consulting (Australia) Pty Ltd	39.0	111,957	109,716
Bligh Water Shipping Limited	Shipping	Fiji	Management Assessment	26.0	-	-
Other						
Vodafone Fiji Pte Limited	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	49.0	384,176	369,062
					1,766,730	**1,462,140**

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14. Equity investments (continued)

(b). Other equity investments (continued)

Investment in other equity investment consists of the following:
The above investments have been measured at fair value in accordance with note 2.8(c)(i) and 2.21.

Air Pacific Limited T/A Fiji Airways

On 30th June 2022, the Fund acquired a 30.02% stake in Air Pacific Limited (APL) trading as Fiji Airways for $93,101,000. The investment by FNPF was part of the unsubscribed shares from the initial capital raising undertaken by APL to its existing shareholders in 2021.

FNPF's due diligence process commenced in September 2021 and was conducted by reputable local and international firms with extensive knowledge of the aviation industry and expertise in the areas of valuation, deal advisory, financial and tax due diligence, legal due diligence, technical due diligence and peer review.

The key advisors involved in the significant deal included ANZ Corporate Advisory out of Australia, IBA (one of the world's leading aviation advisors), Norton White (Australian law firm), McGrathNicol, Hall & Wilcox, Howard's Lawyers and Molony Advisory. The completion of the deal resulted in FNPF becoming the second largest shareholder in APL, with an entitlement to nominate two Directors on the APL Board.

FTI was also engaged to provide an independent assessment of the value of the Fund's interest in Fiji Airways as at 30 June 2022 and it was concluded by FTI that the transaction price of $4.22 per share reflected a reasonable representation of the fair value at 30 June 2022.

Health Care (Fiji) Pte Limited

Health Care (Fiji) Pte. Limited (HCF) is a subsidiary of Fiji National Provident Fund and a joint venture with Aspen Medical Pty Limited, based in Australia. HCF is the special purpose vehicle that holds the concession agreement with the Fiji Government for the Public Private Partnership (PPP) for Lautoka and Ba Hospitals.

During the course of the financial year, both the Lautoka and Ba hospitals were handed over to HCF. Similarly, the new Ba Hospital commenced providing medical services from 9th April 2022, whilst for Lautoka Hospital, there has been considerable progress to firm up the total cost to completing the newly upgraded hospital based on the current designs and build/refurbishment methodology.

The concession agreement with the Fiji Government is for a period of 23 years (inclusive of construction period for Lautoka Hospital) with an option to extend for a further 20 years. At the end of the concession term, both the hospitals will be handed back to the Fiji Government, free of any encumbrances and in a condition no worse than the hand back conditions noted in the concession agreement.

Investment on ATHIV – Subsequent event

FNPF exercised its rights to subscribe ATHIV shares and paid for a total of $13,513,514 new shares amounting to US$10,000,000 on 10th June, 2022. As at 30th June 2022, acquisition amount of $21,795,989 was recorded under other receivables as shares were not issued on reporting date. The shares was issued to FNPF in August 2022, whereby, FNPF would ultimately hold an equity interest in ATHIV of around 5%.

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14. Equity investments (continued)

(b). Other equity investments (continued)

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	**ATH/VFL/HFC/FPCL:** -Discounted Cash Flow Method (DCF) -Future maintainable earnings (FME) **Hotels:** -Discounted Cash Flow Method (DCF) -Income Capitalization	• Weighted Average Cost of Capital (WACC): 9.9% -12.2% Note: does not include Digitec Communications (PNG) specific WACC range of 25-26%. • Earnings multiple: 0.93x- 8.75x • Discount Rate: 9.75% -14.5% • Capitalization rate: 8.75% -12.25%;	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); • Capitalization rate were lower (increase).

Valuation Process

FNPF engages independent, reputable and adequately qualified international firms to carry out valuations of its investment in equities. The valuation firms are selected via a tender process in compliance with the Fund's Procurement Policy. The firms selected to carry out the valuations work with the Fund management team and the investee's 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, HFC and FPCL were carried out by FTI Consulting (Australia) Pty Limited and Colliers International-Auckland was engaged to carry out the valuation of the Fund's investments in hotel and resort operations.

FTI Consulting (Australia) has undertaken the valuation in accordance with the Accounting Professional & Ethical Standards Board Limited Professional Standard APES 225 'Valuation Services'. The Valuation reports are based on information available as at 30 June 2022. A combination of both Discounted cashflow (DCF) and Capitalization of future maintainable earnings (CFME) methodologies were used to ascertain the values at year end. An illiquidity discount or discount for lack of marketability (DLOM) has been factored in arriving at the fair value of the investments. Valuation uncertainties have been factored by adjusting the company specific risk premiums.

Colliers have attached less weight to previous market evidence for comparison purposes in their assessment of the hotel and resort valuations as at 30 June 2022. It must be noted that the valuation assumptions undertaken by Colliers is based on its view at 30 June 2022. The Discounted Cashflow method (DCF) has been adopted as the most reflective of the fair value of the Fund's investments in hotel and resort operations.

Management assessment is based on income approach using future maintainable earnings and earnings multiples of similar industries. Refer note 14(b) for other equity investment. The Board reviews and approves the valuation undertaken subsequent to the endorsement by the BIC.

Fiji National Provident Fund
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15. Investment properties

	2022	2021
Properties at fair value	**$000**	**$000**
Balance at the beginning of the year	421,826	429,069
Change in fair value	16,245	(20,752)
Acquisitions	165	11,960
Work in progress	551	1,549
	438,787	**421,826**
Add: lease liabilities – leasehold land	8,909	8,888
Balance at the end of the year	**447,696**	**430,714**

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.

There was a change in Valuer in 2022 whereby Lomara Associates were engaged to undertake full valuation of the property portfolio as at 30 June 2022. The decision to undertake full valuation for 2022 as well is to capture the impact of economic recovery on the assumptions that current outbreak has been controlled, herd immunity achieved through vaccination and the reopening of both internal and local borders. Therefore, the discount and yield rates adopted by the valuers are reflective of Fiji's broad-based recovery including factors inherent to each property such as the security of income, type of property (age and condition), and its location. However minor adjustments were made as there remains downside risks to the medium-term outlook due to the rising inflation, global supply chain bottlenecks, the risk of new variants, a slower-than-expected tourism recovery, investor caution in light of the upcoming General Elections and ongoing threats from natural disasters and climate change which were captured through the growth rate adopted for vacancy as well as expense and rental.

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 approach: Discounted cash flows (DCF) In this approach the valuation models of the independent valuers consider the present value of each year's net operating income (NOI) to be generated from the property, taking into account the expected rental growth rate, expenses growth rate and void periods (probability of tenants lease renewal). The net operating income is discounted by applying the discount rate, sometimes called yield rate or internal rate of return (IRR). The DCF also calculate the future selling price at the end of the 10 year period. This is done by applying an exit capitalization rate on the 11th year stabilized NOI. These values were reconciled with the other valuation techniques to come to a value estimate.	• Discount Rate (IRR) 5.5%-9% • Exit Capitalization Rate 7%-10% • Expected rental growth 1%- 5%; • Void period Annualised vacancy 3% - 15% • Market based management fee 2%-3% • Expected expense growth 1%-2.5%	The estimated fair values would increase (decrease) if: • Discount rates- (IRR) were higher (decrease); • Exit capitalization rates were higher (decrease); • void periods were shorter (increase); • the occupancy rate were higher (increase); • Expected rental growth were higher (increase);
Market approach: This approach was adopted for all the land held for future development. The market approach utilizes sales of comparable properties, adjusted for differences to indicate the value for the subject.	• Land rate per acre $72k- $5m	• Land rates per acre were higher (increase)

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16. Cash and cash equivalents

	2022	2021
	$000	**$000**
Cash at bank	537,621	593,677
Cash on hand	366	2,580
Cash at bank – restricted*	222	539
	538,209	**596,796**
Impairment provision	(1,033)	(1,109)
	537,176	**595,687**

* The amount includes restricted cash of $222,000 of government advance held in trust. The funds will be refunded to Government subsequent to balance date.

17. Intangible assets

	2022	2021
Software at cost	**$000**	**$000**
Balance at the beginning of the year	20,431	20,407
Additions during the year	57	24
Balance at the end of the year	**20,488**	**20,431**
Amortisation and impairment		
Balance at the beginning of the year	14,037	12,011
Amortisation charge for the year	2,005	2,026
Balance at the end of the year	**16,042**	**14,037**
Carrying amount		
At the beginning of the year	**6,394**	**8,396**
At the end of the year	**4,446**	**6,394**

Fiji National Provident Fund
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18. Property, plant and equipment

	Freehold Land	Leasehold Land	Buildings	Office Equipment		Motor vehicles	Furniture & fittings		Work in Progress	Total
				FNPF	RIF		FNPF	RIF		
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Cost										
Balance at the beginning of the year	371	97	12,759	9,612	134	2,406	2,557	44	3,855	31,835
Additions	-	-	-	133	-	-	10	-	1,005	1,148
Disposals	-	-	-	(979)	-	-	-	-		(979)
Balance at the end of the year	371	97	12,759	8,766	134	2,406	2,567	44	4,860	32,004
Accumulated depreciation										
Balance at the beginning of the year	-	91	4,192	8,811	88	1,909	2,406	44	-	17,541
Depreciation charge for the year	-	2	204	435	-	205	13	-	-	859
Disposals	-	-	-	(979)	-	-	-	-	-	(979)
Balance at the end of the year	-	93	4,396	8,267	88	2,114	2,419	44	-	17,421
Carrying amount										
At the beginning of the year	**371**	**6**	**8,567**	**801**	**46**	**497**	**151**	**-**	**3,855**	**14,294**
At the end of the year	**371**	**4**	**8,363**	**499**	**46**	**292**	**148**	**-**	**4,860**	**14,583**

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19. Other receivables	**Note**	**2022 $000**	**2021 $000**
Contributions receivable		17,538	20,403
Impairment provision		(15,229)	(17,729)
Net contribution receivable		**2,309**	**2,674**
Receivable from related parties	30(b)	10,629	10,044
Other deposits and receivables		62,785	76,442
Provision for Impairment		(2,361)	(2,361)
Net other receivables		**71,053**	**84,125**
		73,362	**86,799**

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.

Maturity of gross other receivables represented as:	**2022 $000**	**2021 $000**
1 to 12 months	24,087	64,191
1 to 5 years	66,865	42,698
	90,952	**106,889**

Movements in the provisions for impairment are as follows:

	Contributions receivable $000	**Other $000**
Balance at 1 July 2020	**14,375**	**2,361**
New and increased provisioning	3,354	-
Provisions reversed	-	-
Balance as at 30 June 2021	**17,729**	**2,361**
New and increased provisioning	-	-
Provisions reversed	(2,500)	-
Balance as at 30 June 2022	**15,229**	**2,361**

20. Investment income receivable	**Note**	**2022 $000**	**2021 $000**
Interest receivable		67,487	73,209
Provision for Impairment		(942)	(1,014)
Dividend receivable- others		5,789	5,785
Rent receivable		560	959
Provision for Impairment		(479)	(662)
Dividend receivable from related parties	30(b)(ii)	30,700	28,187
		103,115	**106,464**

Movements in the impairment provision are as follows:

	Interest receivable $000	**Rent receivable $000**
Balance as at 1 July 2020	**744**	**297**
New and increased provisioning	270	365
Balance as at 30 June 2021	**1,014**	**662**
Provisions reversed	(72)	(183)
Balance as at 30 June 2022	**942**	**479**

Fiji National Provident Fund
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21. Other payables and accruals

	2022 $000	2021 $000
Deposits	3,039	2,296
Deferred revenue	244	566
COVID-19 Government assistance*	222	1,762
Other payables	19,545	14,305
	23,050	**18,929**

*COVID-19 Government assistance of $222,000 relates to the funds received from government in advance awaiting to be refunded to Government as the Covid-19 assistance has ceased.

22. Employee entitlements

	2022 $000	2021 $000
Annual leave	986	944
Long service leave and gratuity	146	90
	1,132	**1,034**
As at 1 July	1,034	1,034
Additional Provisions recognised	1,364	1,034
Paid during the year	(1,266)	(1,034)
Carrying amount as at 30 June	**1,132**	**1,034**

23. Leases

	2022 $000	2021 $000
(a) Right-of-use assets		
Balance at 1 July	331	249
Additions	182	227
Depreciation charge for the year	(157)	(145)
Balance as at 30 June	**356**	**331**

The incremental borrowing rate for new lease was 6% (2021: 6%).

	2022 $000	2021 $000
(b) Lease liabilities		
Maturity analysis –contractual undiscounted cashflows		
Less than one year	726	712
One to five years	2,435	2,420
More than five years	34,571	35,070
Total undiscounted lease liabilities at 30 June	**37,732**	**38,202**
Lease liabilities at 30 June		
Property leases (included in investment properties and right of use assets)		
Current	170	158
Non-Current	9,219	9,199
	9,389	**9,357**
Amount recognized in income statement		
Interest on lease liabilities	20	21
Depreciation on right of use assets	157	145
Variable lease payments not included in the measurement of lease liabilities	188	98
	365	**264**
Amount recognized in the statements		
Total cash outflow for leases	**729**	**729**

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24. Net assets available to pay benefits

	Note	2022 $000	2021 $000
Net assets available to pay benefits		**8,680,742**	**8,177,711**
Represented by:			
Liability for accrued benefits	26(a)	6,671,207	6,388,000
Special death benefit fund reserve	24(a)	60,984	56,297
Retirement income fund reserve	24(b)	360,909	345,791
General reserve	24(c)	1,587,642	1,387,623
		8,680,742	**8,177,711**

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		2022 $000	2021 $000
Balance at 1 July		56,297	49,365
Transfers from member accounts -premiums	24(d)	11,382	11,197
Payments to members' nominees	24(e)	(10,374)	(7,628)
Add transfers from statement of change in net assets	27	3,679	3,363
Balance at the end of the year		**60,984**	**56,297**

The amounts transferred to the Special Death Benefit Fund Reserve of $11,382,000 (2021: $11,197,000) represents annual deductions of $35 (2021: $35) or less from the accounts of each entitled member.

The amounts transferred from the Special Death Benefit Fund Reserve of $10,374,000 (2021: $7,628,000) represent disbursements to the nominees of those members who died during the year at $8,500 (2021: $8,500) per member. These disbursements are in addition to the accumulated amounts owing to the deceased member.

(b). Retirement income fund reserve	Note	2022 $000	2021 $000
Balance at 1 July		345,791	331,176
Add/(less) transfers from/(to) member benefits:			
Transfer from		14,417	13,146
Transfer to	24(e)	(25,740)	(25,243)
COVID-19 assistance	24(e)	-	(38)
Add transfers from statement of change in net assets	27	26,441	26,750
Balance at the end of the year		**360,909**	**345,791**

The amount transferred to the Retirement Income Fund Reserve of $14,417,000 (2021: $13,146,000) represents new annuity purchases (previously stated as pension income) during the year. The amounts transferred from the Retirement Income Fund Reserve of $25,740,000 (2021: $25,243,000) represent pension annuities to pensioners whilst amounts transferred to the Retirement Income Fund Reserve during the year of $26,441,000 (2021: $26,750,000) represents investment returns after allowing for operating expenses of $160,000 (includes impairment reversal on financial assets of $182,000) (2021: impairment on financial assets of $209,966).

(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	2022 $000	2021 $000
Balance at 1 July 2021		1,387,623	1,212,482
Add transfers from statement of change in net assets	**27**	200,075	163,670
(Less)/add transfers from/to liability for accrued benefits		(56)	11,471
Balance at the end of the year		**1,587,642**	**1,387,623**

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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**
2022					
Member contributions, net	26(a)(iii)	-	-	383,862	383,862
SDB premiums	24(a)	11,382	-	-	11,382
		11,382	**-**	**383,862**	**395,244**
Purchase of annuities		-	14,417	-	14,417
Total		**11,382**	**14,417**	**383,862**	**409,661**

		SDBF	RIF	FNPF	All funds
2021		**$000**	**$000**	**$000**	**$000**
Member contributions, net		-	-	310,093	310,093
SDB premiums	24(a)	11,197	-	-	11,197
		11,197	**-**	**310,093**	**321,290**
Purchase of annuities		-	13,146	-	13,146
Total		**11,197**	**13,146**	**310,093**	**334,436**

(e). Payments to beneficiaries	SDBF	RIF	FNPF	All funds
	$000	**$000**	**$000**	**$000**
2022	10,374	25,740	456,625	492,739
2021	7,628	25,281	493,187	526,096

Total benefits paid, excluding pension annuity relating to RIF, amounted to $466,999,000 (2021:$500,815,000).

The details of the payments are as follows:

		2022	2021
Benefit type		**$000**	**$000**
1	55 years and over	209,785	217,917
2	Death	37,908	26,561
3	Disability	5,637	5,080
4	Migration	36,184	20,847
6	Non-Citizens migrating	6,770	9,085
	Small accounts	17,509	1,883
7-8	Partial including COVID-19*	64,367	144,948
9	Housing transfers	78,465	66,866
Total		**456,625**	**493,187**

*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. There were separate products introduced to assist members in different scenarios with total payment from member's general account of $22,780,000 (2021:$99,644,000).

Total benefits exclude $14,417,000 (2021:$13,146,000) being the amount transferred from FNPF to RIF in respect of FNPF members purchasing annuities.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

24. Net assets available to pay benefits (continued)

(e). Payments to beneficiaries (continued)

The breakdown of payments from RIF is:	2022 $000	2021 $000
1 - Sole life annuity	11,526	11,466
2 - Joint life annuity	7,140	7,013
3 - Term annuity	2,434	2,189
4 - Top up pension (in respect of pre March 2012 pensioners)	4,248	4,386
5 - Commutation	392	189
6 - COVID-19 assistance	-	38
	25,740	**25,281**

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	2022 $000	2021 $000
(a) FNPF			
Balance at the beginning of the year		6,388,000	6,292,942
Add transfers from statement of change in net assets	26(a)(ii)	283,151	106,529
Add transfers to(from) general reserve	26(a)(iii)	56	(11,471)
Balance at the end of the year		**6,671,207**	**6,388,000**
(i) Allocation of Benefits			
Allocated to Members' Accounts		6,657,698	6,374,608
Unallocated to Members' Accounts		13,509	13,392
		6,671,207	**6,388,000**
Solvency requirement of 10% of member accounts		667,121	638,800
Other		920,521	748,823
FNPF reserve	24(c)	**1,587,642**	**1,387,623**
Net assets at end of year		**8,258,849**	**7,775,623**

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

26. Net assets at balance date and liability for accrued benefits (continued)

(a) FNPF (continued)

	Notes	2022 $000	2021 $000
(ii) Benefits accrued during the year			
Contributions received		395,244	321,290
Benefits paid including SDB claims	24(e)	(466,999)	(500,815)
Interest credited on members' accounts		370,331	302,769
Net amounts transferred:			
Special Death Benefit Reserve	24(a)	(1,008)	(3,569)
Transfer to Retirement Income Fund	24(b)	(14,417)	(13,146)
		283,151	**106,529**

The Board declared an annual interest rate for 2022 of 6.00% to be credited to members' accounts as at the reporting date (2021: 5.00%).

	Notes	2022 $000	2021 $000
(iii) Movement in liability for accrued benefits:			
Liability for accrued benefits at beginning of year		6,388,000	6,292,942
Net contributions*		383,862	310,093
Benefits paid**		(471,042)	(506,333)
Interest allocated to members		370,331	302,769
Transfer from/(to) general reserve		56	(11,471)
Liability for accrued benefits at end of year		**6,671,207**	**6,388,000**

*Gross contributions less SDB premiums deducted.
** Members withdrawals including amounts transferred to Retirement income Fund for RIF products purchased by retiring members.

(b) RIF	2022 $000	2021 $000
Liability for future annuity payments	279,833	274,301
Solvency reserve	81,076	71,490
Net assets	**360,909**	**345,791**
Movement in liability		
Liability at start of year	274,301	250,839
New purchases	14,417	13,146
Expected reduction for year	(9,722)	(6,327)
Model and assumption changes and variation in experience	837	16,643
Liability at end of year	**279,833**	**274,301**

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 $279,833,000 (2021: 274,301,000). 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 (coupon and maturity payments) 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
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26. Net assets at balance date and liability for accrued benefits (continued)

(b) RIF (continued)

The proportion of RIF asset cash flows 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 2022 in accordance with World Health Organisation 2008 Fiji population life table, assuming 15% reduction at all ages with 1% per annum reduction in male rates continuously for 9 years. Mortality for female life annuitants in 2022 in accordance with World Health Organisation 2008 Fiji population life table, set back 1 year with further 15% reduction at all ages, and 1% per annum reduction in female rates continuously for 9 years. Ongoing mortality rate reduction for males and females of 1% per annum from 2022 (Mortality for male life annuitants in 2021 in accordance with World Health Organisation 2008 Fiji population life table, assuming set back 2 years from age 70 with 1% per annum reduction in male rates continuously for 8 years. Mortality for female life annuitants in 2021 in accordance with World Health Organisation 2008 Fiji population life table, set back 1 year with further 15% reduction at all ages, and 1% per annum reduction in female rates continuously for 8 years. Ongoing mortality rate reduction for males and females of 1% per annum from 2021);
- Fiji government bonds will be redeemed at the earliest opportunity; that is, up to 4 years before maturity, although not during 2022 to 2023 (2021:4 years) ;
- An average long run market rate of reinvestment of RIF asset cash flows of 3.75% per annum over the term of the current annuities (2021: 4.00% pa);
- A continuous liquidity allowance of one year's worth of annuity payments which does not attract interest (2021: one year);
- An allowance for RIF expenses of 5.0% of annuity payments from time to time (2021: 5.0%).

The calculated proportion of RIF asset cash flows was 77.6%. This means that 77.6% 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 (3.25% per annum) is calculated as $285,413,000 (79.1% of the face value of RIF investments). The liability assuming a reinvestment rate of return 50bp higher (4.25% per annum) is calculated as $274,646,000 (76.1% of the face value of RIF assets).

(c) SDBF	2022 $000	2021 $000
Liability for claims incurred but not reported (IBNR)	2,399	1,947
Provision for mortality fluctuation	4,590	4,590
Catastrophe reserve	53,995	49,760
Net assets	**60,984**	**56,297**

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 includes estimated random variation and systematic impact to the expected annual SDB claims of $2,890,000 (2021: 2,890,000) and estimated additional claims related to Covid of $1,700,000 (2021: $1,700,000) during the following financial year. 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 $2,399,000. The actual IBNR liability will only ever be known with the benefit of hindsight but is reasonably likely to fall between $2,159,000 and $2,639,000.

	2022 $000	2021 $000
IBNR at the start of the year	1,947	2,137
Utilized expected SDB benefit payments	(1,446)	(818)
Unutilized expected SDB benefit payments	631	(155)
Other experience effects and assumption changes	223	(113)
New business related	1,044	896
IBNR at the end of the year	**2,399**	**1,947**

Fiji National Provident Fund
Notes to and forming part of the financial statements
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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:

	2022 $000	2021 $000
Change in net assets available for allocation	**600,526**	**496,552**
Allocated to:		
Liability for accrued benefits	(370,331)	(302,769)
Special death benefit fund	(3,679)	(3,363)
FNPF fund	(200,075)	(163,670)
Retirement income fund	(26,441)	(26,750)
	(230,195)	(193,783)
	(600,526)	**(496,552)**

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	2022 $000	2021 $000
Cash and cash equivalents	16	537,987	596,257
Cash and cash equivalents at end of financial year		**537,987**	**596,257**

(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	2022 $000	2021 $000
Capital expenditure commitments	-	-
Undrawn facilities in relation to mortgage loans*	6,063	1,447
	6,063	**1,447**

*During the financial year, several loans approved remained undrawn at the year end.

(b) Contingent liabilities	2022 $000	2021 $000
Litigation *	79,236	81,100
	79,236	**81,100**

* 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. Furthermore, there are two cases related to same claim for damages in lieu of or in addition to specific performance by Tropic Health Investment amounts to $2.1 million. The cases are pending before the high court as at the year end. There are other claims against the fund, however these are insignificant.

The Fund has provided a Letter of support to its hotel subsidiaries for working capital purposes.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

29. Commitments and contingent liabilities (continued)

(c) Operating lease revenue

	2022	2021
Non- cancellable operating lease rentals are receivable as follows:	**$000**	**$000**
Not later than 1 year	5,439	8,504
Later than 1 year but not later than 5 years	33,189	26,534
Greater than 5 years	68,551	15,526
	107,179	**50,564**

30. Related parties

(a) Board members

The Board members of the Fund during the year were:
Mr. Daksesh Patel (Chairman)
Mr. Mukhtar Ali
Mr. Sanjay Kaba
Ms. Kalpana Lal
Mr. Joel Abraham
Mr. Shiri Goundar

(b) Transactions and balances with related parties	2022	2021
	$000	**$000**
Directors*		
Directors remuneration - fees and allowances	11	45
Other services provided to the Fund	-	-
	11	**45**

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. Viliame Vodonaivalu –Chief Executive Officer
- Mr. Pravinesh Singh – Chief Operating Officer
- Mr. Tevita Lomalagi – Chief Finance Officer
- Ms. Laisa Saumaki – General Manager Governance & Risk (Appointed - 28th September 2021)
- Mr. Ravinesh Krishna – General Manager Human Resources
- Mr. Alipate Waqairawai – General Manager Member Services
- Ms. Millie Low – General Manager Business Transformation
- Mr. Rukshan Rajapaksha – Chief Information and Technology Officer
- Mr. Uday Singh – General Manager Governance & Risk (Retired - 30 November 2021)

The aggregate compensation of the key management personnel for the Fund comprises of short-term benefits and is set out below:

	2022	2021
	$000	**$000**
Short-term benefits	2,247	1,781

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

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).

The investments and ownership interests in subsidiary companies are disclosed in Note 14(b).

(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:

	2022 $000	2021 $000
Amalgamated Telecom Holdings Limited	1,186	-
Vodafone Fiji Pte Limited	6,079	3,348
Home Finance Company Pte Limited	3,041	8,134
Natadola Bay Resort Pte Limited	6,229	7,369
FNPF Hotel Resorts Pte Limited	360	339
Yatule Beach Resort Pte Limited	97	99
Momi Bay Resort Pte Limited	9,049	8,444
Farleigh Pte Limited	4,254	4,040
Barton Pte Limited	6,535	5,626
Dubbo Pte Limited	1,163	590
Grand Pacific Hotel	2,358	2,173
Fiji Airways Limited*	13,273	-
	53,624	**40,162**

*Interest from loans were recorded at $13,260,000 in 2021. In 2021 Fiji Airways Limited was not a related party.

Rental income

The amount of rental income from related parties during the year is as follows:

	2022 $000	2021 $000
Amalgamated Telecom Holdings Limited	58	56
Vodafone Fiji Pte Limited	985	842
Telecom Fiji Pte Limited	538	693
Home Finance Company Pte Limited	820	733
	2,401	**2,324**

Dividend income from related parties

The amount of dividend income from related parties during the year is as follows:

	2022 $000	2021 $000
Amalgamated Telecom Holdings Limited	6,959	-
Home Finance Company Pte Limited	16,921	11,055
Vodafone Fiji Pte Limited	17,150	12,250
	41,030	**23,305**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Balances with related parties at the year-end (continued)
(ii) Balances with related parties at the year end

	2022	2021
Dividend receivable from related parties	**$000**	**$000**
Vodafone Fiji Pte Limited	12,863	17,763
Home Finance Company Pte Limited	16,921	9,024
FNPF Hotel Resorts Pte Limited	900	1,400
	30,684	**28,187**

Other receivable from related parties

	2022	2021
	$000	**$000**
Farleigh Pte Limited Group	76	75
Dubbo Pte Limited	4,650	4,647
Barton Pte Limited	5,177	5,164
Grand Pacific Hotel Pte Limited	478	66
ATH Group	248	92
	10,629	**10,044**

Loans provided by the Fund to related parties

	2022	2021
	$000	**$000**
Natadola Bay Resort Pte Limited	311,220	298,990
Momi Bay Resort Pte Limited	134,229	125,179
FNPF Hotel Resorts Pte Limited – Holiday Inn	6,199	5,839
FNPF Nominees Limited	98	98
Yatule Beach Resort Pte Limited	2,215	2,118
Vodafone Fiji Pte Limited	120,760	71,761
Farleigh Pte Limited	87,408	83,155
Barton Pte Limited	134,257	127,723
Dubbo Pte Limited	24,738	14,453
Grand Pacific Hotel Pte Limited	46,410	42,822
Amalgamated Telecom Holdings Limited	43,592	-
Fiji Airways Limited**	226,530	-
	1,137,656	**772,138**
Less : Impairment provision	(154,117)	(155,572)
	983,539	**616,566**

** Loan to Fiji Airways Limited were recorded at $226,530,000 in 2022. In 2021, Fiji Airways Limited was not a related party.

Fiji National Provident Fund
Notes to and forming part of the financial statements
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30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Balances with other related parties at the year end (continued)

Natadola Bay Resort Pte Limited (NBRL)

The loans that were advanced to NBRL was for the construction of the Intercontinental Hotel and Golf Course at Natadola. Interest charged by FNPF in the current financial year is $6,229,000 (2021: $7,369,000).

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 had 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 was provided from April 2020 to June 2022. NBRL will commence interest only repayment only from 1 July 2022 and principal and interest repayments will commence from 1 January 2023.

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 secured by a Corporate Guarantee. In 2021, a loan of $60,000,000 was approved, terms and conditions of which were under negotiations. The legal documentation for the loan was completed in FY2022 and loan fully drawn. The loan is secured by a Corporate Guarantee and Fixed and Floating Mortgage Debenture over the assets of Vodafone.

Grand Pacific Hotel Pte Limited

In FY2020, the fund had 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 had been provided from April 2020 to June 2022. This has been further extended to December 2022, with repayments due to commence from 1 January 2023.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Balances with other related parties at the year end (continued)

Barton Pte Limited

- 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 because of renovation, a moratorium on principal and interest was granted from December 2019 to November 2020. Upon expiry of the initial moratorium period and in light of the impact of the COVID-19 pandemic, additional moratorium was granted to 30 June 2022. The Sheraton Resort re-opened for business in March 2022 and will commence repayment of principal and interest from July 2022.

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 was provided from July 2020 to June 2022. The moratorium has ceased as of June 2022 and MBRL will commence repayment of principal and interest from July 2022.

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 was 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 June 2021 and further extension has been granted until June 2022. With the closure of the Westin Resort for renovation, moratorium has been further extended to 30 June 2023.

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 $6,199,000 (2021: $5,839,000).

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 was been provided from May 2020 to June 2022. Moratorium has ceased as of June 2002 and FHRL will commence repayment of principal and interest from July 2022.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2022

30. Related parties (continued)

(b) Transactions and balances with related parties (continued)

Balances with other related parties at the year end (continued)

Dubbo Pte Limited

Funds were disbursed to Dubbo Pte Limited towards the renovation of the Westin Resort. 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 was been provided from April 2020 to June 2022. In light of the closure of the Westin Resort for renovation, moratorium has been further granted until June 2023.

Amalgamated Telecom Holdings Pte Limited (ATHL)

During the year, a short term bridging loan of US$20,000,000 was provided to ATHL for utilization towards the PNG Project. The loan is secured by an account charge between ATHL and FNPF.

Air Pacific Limited (APL)

Loans to APL were advanced for pre-delivery financing of its Boeing 737 aircrafts, acquisition of ATR and Twin Otter aircrafts as well as for working capital.

Due to impact of COVID-19 which resulted in closure of borders and suspension of international flights thus affecting company revenue, repayment relief was approved for APL through granting of principal moratorium until 31 December 2023, while they continued to pay interest during this period. The loan terms were also extended by seven (7) years.

The loans are secured by Government Guarantee, first mortgage over the APL's shares in Richmond Limited, first mortgage over Government's 51% shareholding in APL, mortgages over the ATR and Twin Otter aircrafts, Term Deposit Charge, General Security Agreement, and Parri Passu mortgages over land and improvements owned by APL and Fiji Airways Limited.

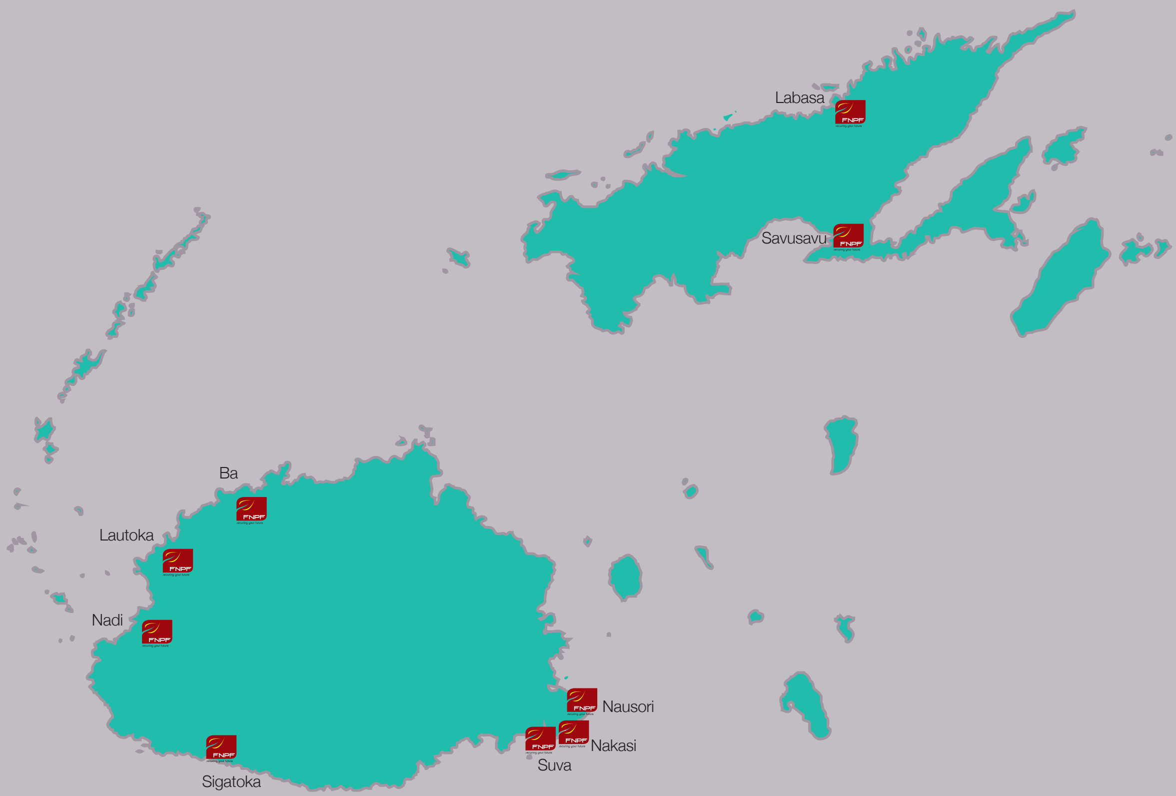
31. Events Subsequent to the Balance Date

Amalgamated Telecom Holding International Venture Pte. Limited (ATHIV) Share
FNPF exercised its rights to subscribe ATHIV shares and paid for a total of 13,513,514 new shares amounting to US$10,000,000 on 10th June, 2022. As at 30th June 2022, acquisition amount of $21,795,989 was recorded under other receivables as shares were not issued on reporting date. The shares was issued to FNPF in August 2022, whereby, FNPF would ultimately hold an equity interest in ATHIV of around 5%.

Apart from the matter noted above, there has not arisen in the interval between the end of the financial year and the date of this report, any transaction or events 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.



Email
Email us at **information@fnpf.com.fj**
For complaints, compliments or suggestions you can email **complaints@fnpf.com.fj.**
For media queries, you can email **mediaqueries@fnpf.com.fj.**

Call us
You can call us on **(679) 3307811 or 5857** (mobile short code). We are available **8.30am to 4.30pm, weekdays only.** We do not operate on weekends or public holidays.

Online
Message us on our **Facebook** or **Twitter** pages where our support team will get back to you during working hours. You can **livechat** with us on our website **www.myfnpf.com.fj** on weekdays.

Advocacy & Awareness
If you would like us to conduct an awareness at your organisation or community groups, you can email **AdvocacyTeam@fnpf.com.fj.** We can help you financially plan your retirement. You can also contact us if you wish to have a one on one appointment.

If you would like a copy of the Annual Report or seek clarification on related matters , please reach us on **publicrelations@fnpf.com.fj.**

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