FIJI NATIONAL PROVIDENT FUND

ANNUAL REPORT 2023

FNPF

securing your future

Corporate Statement

Vision

Securing your future

Mission

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

Values

E

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

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Cover

Our unwavering mission is to champion the paramount interests of our members. With a focus on stability and consistent savings, we are resolutely committed to elevating the financial prosperity of our members. As stewards of Fiji's only super, our perpetual duty extends to all generations of Fijians ensuring their financial security in retirement.

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

2023 AT A GLANCE

Total Assets
$9.5b
from $8.7b in 2022

Net Increase in Net Assets (available for allocation)
$721.7m
compared to $600.5m in 2022

Net Income
$775.8m
compared to $650.8m in 2022

General Reserve
$1.8b
from $1.7b in 2022

Member Fund
(excludes RIF and SDB)
$7.2b
from $6.7b in 2022

Contributions
$541.5m
compared to $395.2m in 2022

Interest Credited
$457.6m
at 7% compared to $370.3m in 2022 at 6%

Message from the CHAIRMAN

It is with great pride that we share another year of remarkable performance by your Fund. Our commitment to enhancing our strategies has not wavered, and we are pleased to report solid returns to you, our valued members.

The past year witnessed a significant upswing in economic activities in our tourism sector as the global economy recovered and businesses reopened.

However, we would continue to tread cautiously as we navigate the lingering effects of COVID-19, along with global uncertainties such as the conflicts in Ukraine and the Middle East, which continue to impact interest rates and inflation. Despite these challenges, our investments yielded high returns, allowing the Board to declare an impressive 7% interest rate to our members.

As a superannuation fund, we are not alone in the experiences we currently face given the evolving and challenging economic environment.

The resilience of different industries post-COVID has strengthened the need to adapt our strategies, taking into account the lessons learned from our observations and experiences.

FNPF post COVID amidst local & global economic developments

We are acutely aware of how shifts in the local and global economy can influence our performance and our ability to deliver the best returns to our members.

We acknowledge these complexities inclusive of skilled labor migration, generative artificial intelligence (AI), disruptive innovation, geopolitics, the growth of the informal sector, and the rising demand for greener and responsible investments.

Thus, the need for agility is paramount as processes and systems become increasingly integrated. Regardless of these disruptions, our commitment remains unwavering: to safeguard the best interests of our members in this challenging investment landscape.

Ongoing collaboration to advance strategic objectives

We are actively seeking opportunities to enhance the value we provide to our members. Collaborating with key stakeholders, we have laid the foundation for our five-year Strategic Plan.

An essential part of this Plan is a thorough review of the FNPF scheme design and the governing legislation, the Fiji National Provident Fund Act 2011.

The fulfillment of our strategic objectives depends heavily on our mandate to advise Government on policy issues affecting our members welfare, in particular strengthening and growing their retirement savings.

We welcome the Government's timely intervention in restoring mandatory contribution rates to 18%, effective from 1 January, 2024, which will significantly boost member balances. Further exploration of increased contribution rates, and the possibility of reducing withdrawals, are on the horizon, as we engage in progressive dialogue with the Government and other strategic stakeholders.

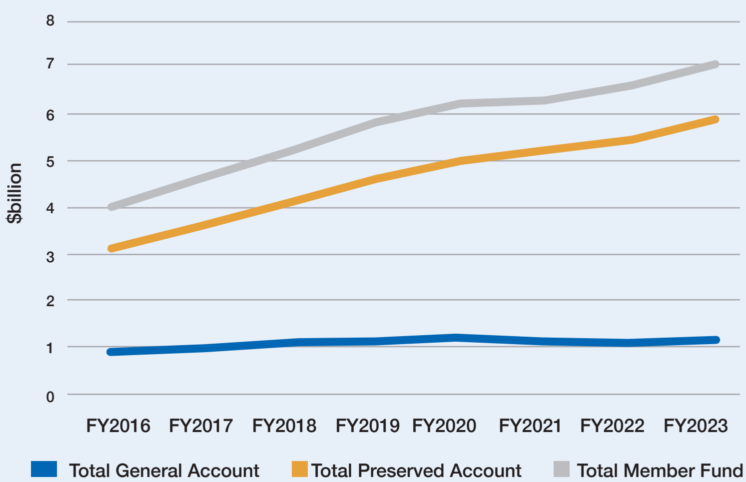
> **The Fund remains resolute in its long- term strategy for responsible investments, together with its other strategic pillars dovetailed towards consistently delivering sustainable returns to members.**

Responsible investment performance

In response to global economic shifts, the need for greener and socially responsible investments is growing. We have incorporated Environmental, Social, and Governance (ESG) principles into our investment decisions and operations. We are committed to sustainable investment strategies, social responsibility, and a balanced approach to investments. Our core focus though is to ensure we maximize investment returns for our members. Our investments in telecommunications, banking, and the health sector, along with the recovery of the tourism sector, have provided better returns for our members.

We are working closely with our regulator, the Reserve Bank of Fiji, to expand our offshore dealings to enable a more diversified investment approach.

Graph 1: Preservation Rule FY23



Our People

Our people remain a critical component of our strong performance in the last few years. We are committed to attracting, retaining and nurturing our people so we can sustain and maintain a high performing culture.

We invest in the professional development of our employees through training and capacity building programs.

We have embarked on a journey to broaden our horizons by collaborating with renowned superannuation entities such as Australian Super, Australia's largest superannuation fund, for learning opportunities.

The Fund is also a member of the Australian Super Funds Association (ASFA) and has benefitted from industry insights shared by the association.

Guidance by the board of directors

We saw changes to our Board of Directors during the year, bidding farewell to three valued members and welcoming three new directors. We express our heartfelt appreciation to those who have left - Mr. Sanjay Kaba, Ms. Kalpana Lal, and Mr. Joel Abraham - for their dedication and service to FNPF members.

We are equally thrilled to welcome our new Directors, Mr. Joweli Vueta Taoi, Mr. Attar Singh, and Mr. Adish Naidu, who bring invaluable expertise to our team. We are pleased to highlight that after several years, workers are once again represented on the Board.

Once more, the Board composition is an embodiment of the tri-partite representation of our most important constituents, working in concert to advance the interests of FNPF members.

It has always been important for the Board to remain as a strategic governing body that advises and challenges our Management team to guide FNPF into the future.

In pursuit of improving our operations, the Board has commissioned a review of our governance, which will result in new initiatives to enhance the Fund's performance.

FNPF-2024 and Beyond

As we take the opportunity to reflect on the past year we are also privileged that we can look forward to the future. The series of events unfolding around the world will continue to impact us in the years ahead. The lessons we learnt through COVID-19 reminds us that we must continue to work together during the most challenging and uncertain of times.

The Board and I are optimistic about FNPF's long-term fundamentals. We are confident that the Fund is well placed to deliver long-term value for our members. Our strategies are geared towards serving our members with excellence.

I would like to reiterate a message I shared during Fiji's National Economic Summit at the Grand Pacific Hotel in April 2023. Our purpose is simple, to serve the best interests of our members, enhance their return and safeguard their retirement funds.

Finally, I would like to take this opportunity to thank the CEO, management and the staff of FNPF for another successful year, for staying true to our calling in securing the future of our members.

Daksesh Patel
Board Chairman

7%

INTEREST

Highest in the last 24 years

$2b

Paid in interest to members' FNPF accounts in the last 6 years

12%

Growth in contributing members

42%

of contributing members

6%

decrease in benefit payout

Message from the CHIEF EXECUTIVE

It is indeed an honour and a blessing to present the Fiji National Provident Fund's performance for the financial year 2023.

Despite, navigating formidable challenges and the ever-evolving economic landscape, we remained resolute in our commitment to continually safeguard your savings and deliver the best outcomes for your retirement.

The Fund has been tested on every front, and this year was a turning point as we charted our way through the uncertain winds of change, learning from the past and anchoring ourselves to traverse through these challenges.

A significant takeaway from the global pandemic and its lingering effects is the importance of adaptation and responsive decision-making to influence our recovery and the welfare of our members.

We had to strike a balance between the hardships faced by members to implement measures such as reduced contribution rates and withdrawal assistance to help them through the crisis. Whilst these affected the accumulation of retirement savings, it did not change our objectives to always put your interest first.

Nevertheless, we are diligently exploring and capitalizing on available avenues to ensure that we grow your savings, every opportunity we can.

Our five-year Strategic Plan was implemented this year to make us more nimble and forward-thinking. This planning stage was crucial to our success throughout the year as we addressed underlying concerns and guided the Fund into a new era. These goals fuel our long-term goals and produce results. We are proud of our success across key measures, and a survey found that 96% of our members are satisfied and 77% trust FNPF for investments, a preference over other organizations.

Delivering and Growing for our Members

Operational Performance
Our policies and initiatives must benefit you during your career and retirement as a long-term performance institution.

We have worked diligently to produce the following in the year:

1) Worked with Government to increase the contribution rate to 18% effective January 1, 2024. This restores your contribution to pre-pandemic rates allowing you to accumulate more to benefit from our attractive interest rates.

2) Increasing the retirement age to 60; this is an issue that we have continually pressed Government to consider, and we applaud the decision to raise the retirement age for civil servants, who make up 18.5% of our active membership and 23.9% of required contributions.

3) The introduction of the DrawDown Account, provided our members with another retirement plan option. This product allows members to access their funds as needed, demonstrating our commitment to empower you to make informed retirement decisions.

4) The Government committed to guarantee the returns on Retirement Income Fund (RIF) bond investments for our Life Pension package. This product

> **"... we are diligently exploring and capitalizing on available avenues to ensure that we provide you with the utmost support and to also achieve our strategic goals."**

Our membership age is as young as 6 years old, enabling our minor members to start early with their retirement savings.

provides lifetime monthly income to retirees.

5) We reviewed the education assistance based on your suggestions. Members can now apply for professional development courses to improve their job prospects. In the digital age, laptop assistance for tertiary students is essential, which was reintroduced.

6) Our advocacy efforts increased, with 356 nationwide campaigns. These included workplace seminars, community outreach programmes, expos, collaborations with other ministries and employers, one-on-one appointments, and frontline services.

7) We enhanced our digital solutions and improved mobile apps by adding Visa, Mastercard, and M-PAiSA payment options for employers and members. For better customer support, we added a Chatbot to our website and enabled live chat on Facebook.

8) The FNPF Act was amended to allow the Fund to open an office in Australia to provide Fijian migrant workers to continue to access and build on their retirement savings while working in Australia.

9) An additional 23,889 new members joined the Fund and 13,026 exited the Fund, through entitlement withdrawal

Financial Performance

Market volatility was an ever-present threat, last year. Despite this and other challenges, our efforts yielded these financial results:

1) The Fund recorded a positive $100.3 million after two years of negative net contributions. Halting the pandemic-related withdrawals, increasing the contribution rate from 12% to 14% (7% employer and 7% employee), restoring wages, more people returning to work as businesses reopened, and collecting additional and voluntary contributions contributed to this turnaround.

2) Members benefited from saving with the Fund, leading to increased voluntary and additional contributions. These totalled $74.6 million, 19.9% more than last year.

3) Our net income increased by 19.2% to $775.8 million, allowing us to declare a 7% interest rate. This resulted in $457.6 million being distributed to member accounts.

4. We continued to diversify our investment portfolio. Compared to last year, this strategy boosted our assets to over $9.5 billion. Even in tough times, we strive for optimal performance to maximise results.

5. Strong financial and operational success led to a $521.7 million increase in member funds to $7.5 billion. Members' average and median balances have increased, supporting our commitment to secure retirement for all.

6) Offering $441 million in withdrawal assistance to 52,375 members, our hybrid strategy met both retirement and pre-retirement needs. These withdrawals provided timely support to our members and sustenance to many industries to stimulate economic growth in a much-needed time.

Graph 2: Interest Credited to Members

Way Forward & Acknowledgement

We recognise that extending our portfolio will require increased engagement and collaboration with diverse sectors of the economy.

Our objective remains unchanged as we embark into 2024.

We would continue to craft retirement strategies that maximize savings and introduce policies that offer customised solutions for our members.

We also extend an invitation to all Fiji citizens in non-formal sectors to join FNPF and take advantage of our long-term savings scheme.

We have a lot to be thankful for and are grateful for the opportunities and the favourable circumstances that have allowed us to thrive.

We extend our appreciation to our members, employers, and pensioners' for their patience and trust.

We apologise for any actions or conduct that fell short of your expectations or professional standards. Our goal is to listen, act, and improve. We are open to receive you or your feedbacks.

We also wish to acknowledge the continued guidance, insights and counsel of our Chairman and the Board of Directors in leading and steering the Fund through our a dynamic year.

Our people are our greatest asset. Vinaka vakalevu to all our staff for their dedication, commitment and support that has culminated in the achievements we celebrate today.

Finally, we acknowledge the divine guidance and blessings we have received throughout the year. We could not have succeeded without God's grace and steadfastness.

We eagerly anticipate another rewarding year ahead and to work with all of you to reach our goals.

Viliame Vodonaivalu
CHIEF EXECUTIVE OFFICER

HIGHLIGHTS

BENEFITS

$441m

paid out to members during the year & $467m in 2022

Early*	Housing
$49.4m	**$61.9m**
$64.4m in 2022	$78.5m in 2022

Retirement	Death
$189.7m	**$42.8m**
$209.8m in 2022	$48.3m in 2022 *(includes SDB)*

Disability	Migration
$7.5m	**$83.8m**
$5.6m in 2022	$42.9m in 2022

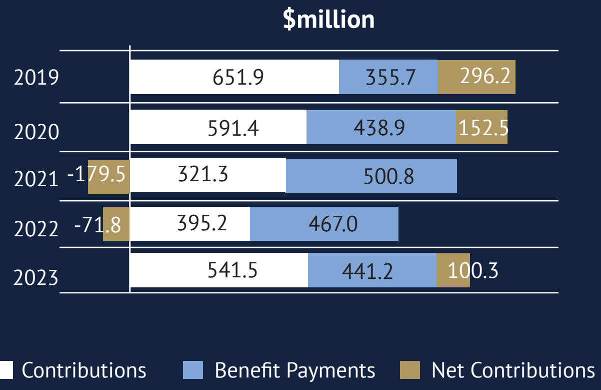
$5.9m	**$0.1m**
Small Account	DrawDown Account
$17.5m in 2022	
(includes Low Balance Account)	

For breakdown of Early Withdrawals accessed by members in 2023 please turn to page 19.

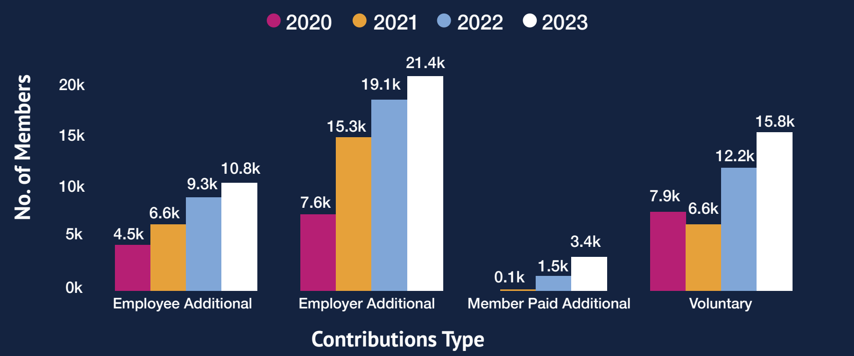
CONTRIBUTIONS

Net Contribution

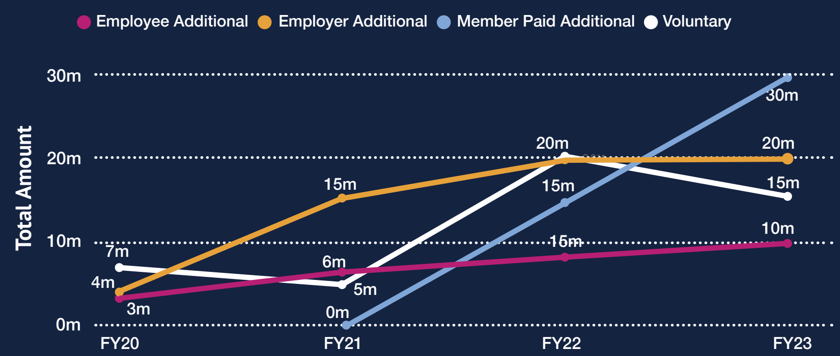
Contributions less Benefit Payments



ADDITIONAL & VOLUNTARY CONTRIBUTING MEMBERS BY FY



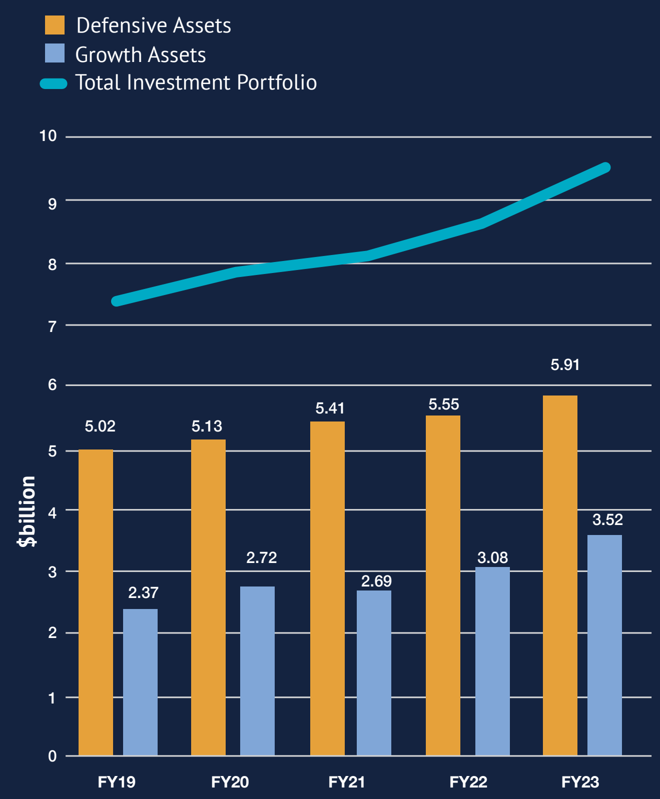
ADDITIONAL & VOLUNTARY CONTRIBUTION AMOUNT BY FY



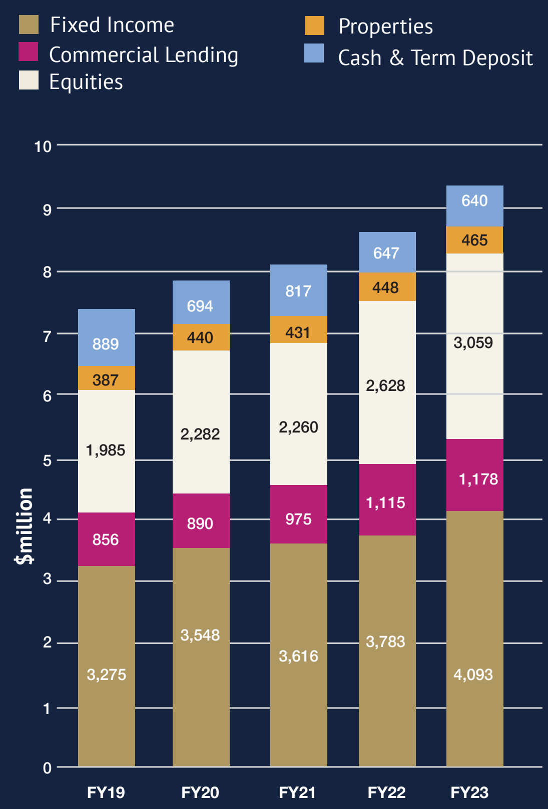
HIGHLIGHTS

INVESTMENT

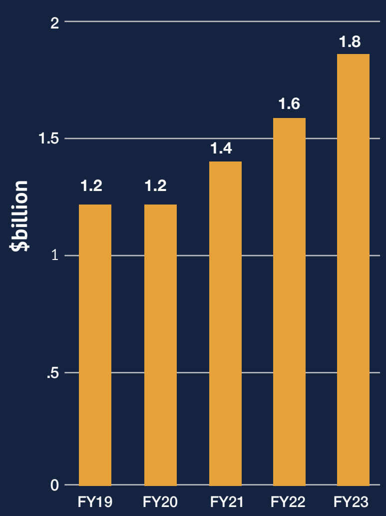
Defensive Vs Growth Investment Portfolio



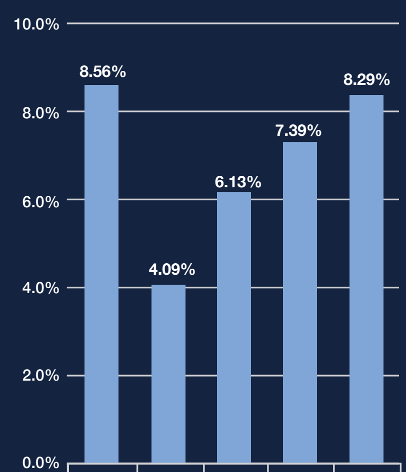
Investment Portfolio



FNPF Total Reserves 2019-2023

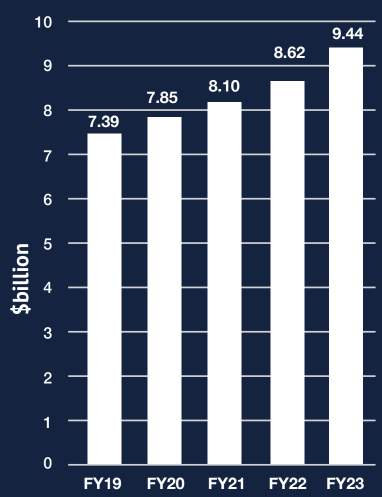


Return on Investment (Net)



	FY19	FY20	FY21	FY22	FY23
ROI-Net	8.56%	4.09%	6.13%	7.39%	8.29%

Portfolio Growth



MEMBER PROFILE

MEMBERSHIP
405,865
compared to 398,593 in 2022

239,792 – Contributing **Compulsory** members: 41% / 59%

11,264 – Contributing **Voluntary** members: 55% / 45%

Gender – All members: 43% / 57%

SHARE OF WEALTH

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

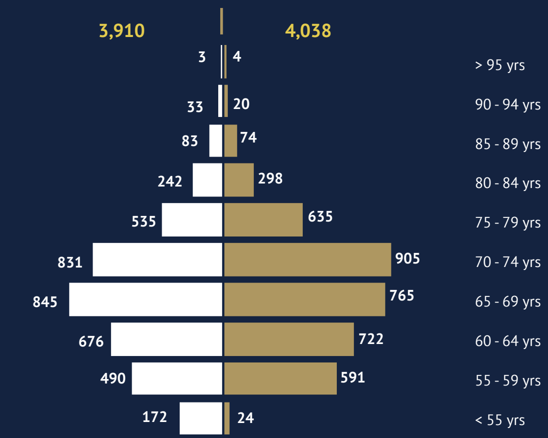
MEMBER BALANCES BY AGE

Member Balances	≤ 15yrs	16-24yrs	25-34yrs	35-44yrs	45-49yrs	50-54yrs	≥ 55yrs	Total
Zero Balance	26	2, 360	1,796	875	320	261	684	6,322
$0.01 and $5,000.00	1,798	50,318	68,511	42,455	14,872	9,396	6,629	193,979
$5,000.01 and $20,000.00	33	2,642	46,073	38,256	12,558	7,609	2,690	109,861
$20,000.01 and $40,000.00	1	24	14,266	20,872	7,111	5,602	1,209	49,085
$40,000.01 and $100,000.00	1	3	3,606	17,523	7,774	5,833	1,232	35,972
$100,000.01 and $250,000.00		1	134	2,652	2,620	2,977	823	9,207
$250,000.01 and $500,000.00			8	205	237	357	266	1,073
$500,000.01 and above				37	46	95	188	366
GRAND TOTAL	1,859	55,348	134,394	122,875	45,538	32,130	13,721	405,865

**This includes 23,105 Voluntary members*

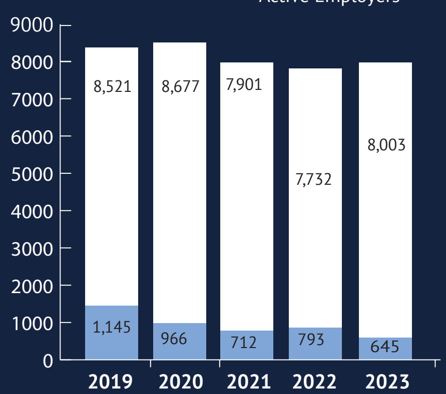
PENSIONERS

Pensioners by Age Group & Gender



EMPLOYERS

Active Employers



Active* employers   Active* new employers

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


Sunbeam

Our Strategy

Our strategy has been crafted in response to a tumultuous and highly volatile period, with the clear objective of reevaluating our operational and financial approaches to tackle the challenges within the Fund.

Our ultimate aim is to reassess our approaches to address operational and financial challenges within the Fund. Our goal is to strengthen our growth trajectory, ensuring its sustainability not only in the coming year but also well into the future, extending beyond 2027.

As we step into 2023, the inaugural year of our five-year plan, we are prepared to initiate the execution of key strategic initiatives.

A comprehensive overview of our performance can be found in the highlights section, further elaborated upon in the CEO's message.

You can access these details through our corporate scorecard dashboard which is extensively covered through this report.

Looking forward to 2024, we have chartered our key priorities that seamlessly align with our five-year roadmap and are in perfect harmony with our overarching strategic plan.

These priorities are thoughtfully designed to bring us closer to the achievement of the success indicators outlined in our Strategic Plan, which we aim to fulfill by the end of this five-year period.

VISION - Securing Your Future

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

STRATEGIC ASSUMPTIONS

Challenges	Trends & Key Drivers	Operating Environment
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	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	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	Responsible Investment & Performance	Simplicity & Operational Efficiency	Growing & Engaging Our People	Protection & Sustainability
• 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.	• 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.	• 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.	• 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.	• 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 Performance Report

Strategic Focus Area	Key Performance Indicators	Rationale For Measure	Performance Report	Performance Comments
Grow Member Balance				
Member Centric & Experience	Declaration of 6% crediting interest rate to members	Reflects how we managed member funds and the returns we are able to provide to grow members' savings.	7%	Despite the subdued interest environment, the Fund managed to declare an interest rate of 7% to credit to member accounts
	Improve Net Contribution Position (Difference between Contribution collected and Early retirement payments)	Noting the reduction in contribution rates and increase in benefits paid out to members due to COVID-19 related measures and unemployment; improving the net contribution position was key to cushion the impact on Cashflow.	$100.3 million	After three years, net contribution return to positive position surpassing the negative target set. Contributions - $541.5 million Withdrawals - $441.2 million
Financial Performance				
Responsible Investment & Performance	Net Income	Measure of our investment performance on how well we have managed members funds to earn sustainable returns for the growth of members balances.	$775.8 million	Achieved above target against a subdued interest environment.
	Return on Investment		8.3%	A gross return of 8.7% was realised with a net return of 8.3%
	Funds Under Management		$9.4b	Growth of 9.4% from 2022
Enhance Member Experience				
Member Centric & Experience	Implement new Product	To improve our product offering to members for a meaningful retirement	DrawDown Account	Implementation of the retirement product DrawDown Account that has a take up rate of 4.2% in its first year of implementation surpassing existing products.
	Pre-retirement or Early Withdrawal Assistance (these assistance stimulate economic activity)	These measures reflect the number of members that utilized early withdrawals to improve their quality of life during the accumulation period.	20,916 members for education	Close to twenty-one thousand members were assisted for education in the year with a payment totaling $33.2 million
			5,375 members for housing	More than five thousand members assisted for housing assistance costing $61.9 million
			866 members for medical assistance	A total of $11.2 million was paid out to support members with their medical needs under early and full withdrawal.
Simplicity & Operational Efficiency	Member engagements through digital channels	The digital strategy plays a critical role in enhancing member experience with the Fund. These measures reflect member engagement on our digital channels.	Mobile app take up: 243,799 Member portal take up: 45,295	The roll out of digital solutions is seeing an increase in uptake of our digital platforms – 53% of members registered on mobile app.
Staff Engagement				
Growing & Engaging our People	Employee Engagement Index	A measure of our staff satisfaction, is critical in order to gauge FNPF as an employer of choice.	3.97 out of 5	Although short of our target, our achievement is well within the benchmark of satisfaction level set globally.
Reporting & Disclosures				
Protection & Sustainability	Publication of Annual Report & Conduct Annual Member Forum	Reporting on the Fund's annual performance and financial statements.	Completed	Annual Report completed within 4 months of the end of the financial year with the Member Forum carried out reporting the Fund's financials to members in all major centers across the country
	Statutory Actuarial Reports	Ensure that estimates of liabilities and assets 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.

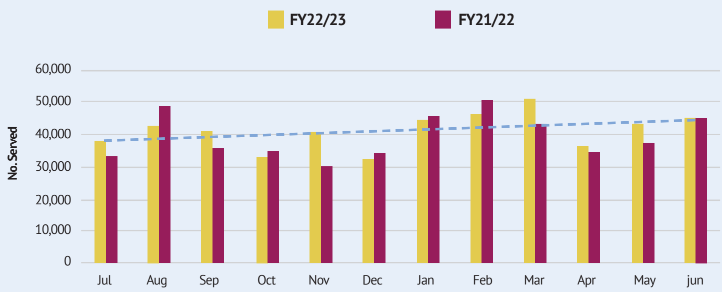
OUR OPERATIONS

Member Services

Similar to many businesses, we recognize that our achievements hinges on our ability to provide exceptional service to our members. Member service expectations are being shaped by their daily interactions with banks, online shopping, and mobile companies hence our engagements with members must adapt to cater for these evolving needs. Members can now access information and advice through our website via live chat, telephone, emails, social media platforms and in person.

This year has seen a continued high level of activity as members reached out to the Fund to access our services, seek advice and to gain trust and confidence.

Graph 3: Customer Served Comparison Analysis



Customers Served

The members' mode of contact largely depends on the nature of their needs. The total interactions increased by 4.8% when compared to last financial year. Of the 496,002 members served, 72% visited our FNPF service centers whilst others accessed our services via email, telephone and chat. Whilst all modes of interactions increased, member walk-ins increased substantially by 46% which is a result of a full year post COVID and the set-up of the Nakasi agency.

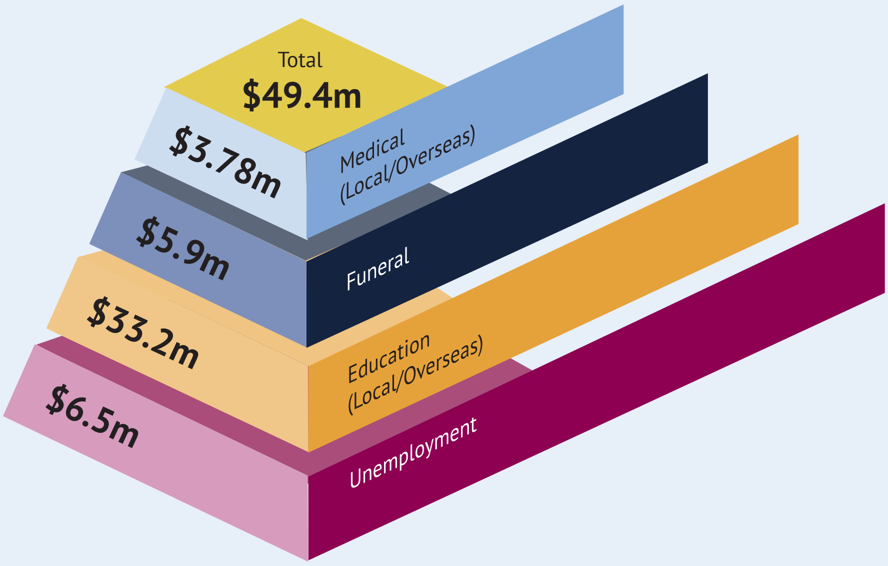
Comparison figures for services provided at our Service Centers in the three (3) geographical locations Fiji-wide is shown in Table 1. It is notable that whilst there was a decrease in the Central Division, both Western and Northern Divisions have increased by 37% and 23% respectively.

Benefit Payments

The total amount withdrawn by members under Full Withdrawal (retirement, migration, medically incapacitation, small account and nominee claims) in 2023 was around $329.7 million a 1.5% increase compared to the 2022 payment of $324.1 million for 16,538 applications, decrease by 12% when compared to 14,538 applications approved in 2023.

The total paid under early withdrawals for 2023 amounted to $49.4 million for 32,440 applications. This is compared to a payout of $64.4 million for 44,305 applications in 2022. The paid amount decreased by 23% while the number of applications decreased by 27%.

Figure 1: Early Withdrawal FY2023



Housing withdrawals includes a wide range of activities for both urban and village housing projects. Housing withdrawal applications for 2023 totalled 5,397 and amounting to $61.9 million paid out compared to 2022 payment of $78.5 million for 7,580 applications. Paid amount decreased by 21% while the number of applications decreased by 29%.

Pension Services

Our Pension Centre served 17,876 customers during the year, an increase of 48% from the previous year. Of these, 59% were for renewal certificates, 23% were for pension payments and the remaining services were for change of nominees and other pension services.

Pension Renewal Certificates

These are processed every six months. A total of 12,036 pension renewal certificates were processed this year, resulting in a reduction of 8% when compared to 13,092 for last financial year.

Pension take-up rate

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

The pension take-up rate for the year was 3.7% compared to 4.9% for last year.

DrawDown Account

The DrawDown Account (DDA) was launched in January 2023 as an additional retirement option for retirees. Unlike life and term annuities, it serves as an interest earning account and allows members to receive a monthly income while retaining the ability to tap into their retirement funds as needed.

A member is eligible to opt for a DDA under the following conditions: (i) they have reached 55 years or above, (ii) they are medically incapable of returning to work, or (iii) they are the sole nominee for a deceased member. The product witnessed a take-up rate of 4.2% within six months of its introduction to the market.

Table 1: Members Served at Locations

LOCATION	FY22/23	FY21/22	Variance	▲▼	%
Central	320,565	342,625	-22,060	▼	-6.4%
Western	137,586	100,063	37,523	▲	37.5%
Northern	37,851	30,822	7,029	▲	22.8%
TOTAL	496,002	473,510	22,492	▲	4.8%

Membership

The Fund's total membership at the end of the year was 405,865, this reflected an increase of nearly 2% from 398,593 for the last year. The includes a total 23,105 registered voluntary members, an increase of 21% from last year. the Increase has been a result of more targeted awareness in the informal sector and in villages and communities

Contribution, compliance and collection

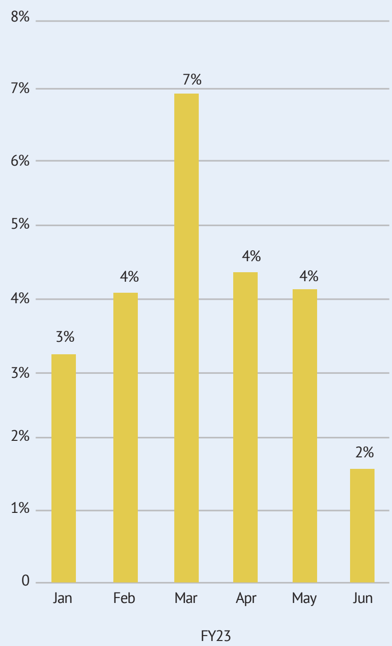
During the year, the Fund registered 890 new employers, an increase from 793 in 2022. This brought up a total of 8,648 active employers during the financial year – active meaning that in the past 12 months, there was a minimum of one contribution from the employer.

The Fund continued to build its engagement with employers in FY23. From the enhancement of the employer portal, to improving its internal processes, the outcome was a value-added relationship with our employer partners.

Consistent Fund awareness to employers increased employer knowledge, understanding and compliance in their responsibilities. These awareness were conducted during inspection visits.

We conducted a total of 8,834 employer visits during the year with 4,278 receiving multiple visits.

Graph 4: DrawDown Account takeup rate



In the realignment of internal structures, the Fund also improved in the following areas:

1. Efficiency in debt recovery
2. Employer compliance
3. Increased presence of FNPF in the employer/business community

We also continued to collaborate with key organisations to conduct verification checks on new businesses.

The Fund carried out a mass waiver of penalties towards the end the financial year. These penalties were for the publicly announced amnesty period in 2018 and as part of the Employer COVID-19 relief response between January 2020 and June 2021. A total of $21.7 million was waived as we continued to support our employers during a period of difficulty in the business environment.

The Fund also published a new Employer Handbook that would be distributed to newly registered employers as part of their onboarding kit and also used during workshops in the coming year. Through the handbook, employers can access key information that encourage compliance to the FNPF law (FNPF Act 2011).

Employers actively used the employer portal and of the 10,108 that are registered, 99% used the portal during the financial year.

Total Contribution

Contributions collected totaled $541.5 million compared with $395.2 million last year, an increase of 37%.

The Fund also collected $14.9 million from voluntary members and $29.5 million from member's additional contributions.

Contribution Debtors

The balance of unpaid contributions was $14.5 million at the end of the financial year, compared to $17.5 million in 2022.

Suspense

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

A total of $110,610.27 was recorded in the suspense account in 2023 compared to $67,157.00 in 2022.

Unclaimed Deposits Account

The Fund transferred $52 million of members funds to Unclaimed Deposits Account after reasonable diligent inquiry.

Employer Inspection

The Fund conducted 8,834 employer inspections with 4,278 firms receiving multiple visits this financial year.

Employer Complaints – Nonpayment of member contributions

The Fund received 175 member complaints against 119 employers for non-compliance. Of these, 68 were recorded in the Central Division, 47 for the West and 4 for the North.

The team resolved 164 of the 175 member concerns received with six pending employer response and five are under investigation.

Legal Advice

A total of 69 legal advice were issued by the Legal Department during the year. The Fund also drafted and reviewed contracts during the year for and on behalf of FNPF and its subsidiaries.

Civil Litigation

A total number of 30 civil litigation cases were handled by the Legal Department. Out of these 2 have been closed while 28 cases are pending in court by the end of the financial year.

Member Account Transfers- Family Court Orders

Pursuant to section 136 of the FNPF Act 2011, family court orders are allowed for maintenance award where funds can be transferred between FNPF accounts. Once court orders is issued by the court and served on the Fund, it ensures that these are compiled to after certain due diligence is carried out.

A value of $121,937.60 comprising of 36 court orders were processed for transfers between member accounts in the last financial year.

Recovery of member contributions - prosecution

A total of 78 employers cases were registered during the year with the following breakdown:

	Sum	No of cases
Opening debt (Jun 2022)	$1.22 million	73
Registered FY23	$1.17 million	78
Recovered FY23	$1.77 million	66
Outstanding debt FY23	$0.62 million	85
Civil recoveries	$0.55 million	9

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 submit monthly remittance.

Prior to the start of the year, legal team commenced the application of section 112 of the FNPF Act 2011 to recover interest lost by members when their contribution were not paid on time and referred to the legal team for recovery. A total of $44,072.38 was recovered as loss of interest from the files referred for prosecution.

Discharge of Property Titles

FNPF is actively discharging all property titles belonging to members who withdrew for housing assistance prior to November, 2014 and is an on-going exercise.

Below is the breakdown of the titles that is currently held with the Fund as at 30 June 2023.

Total number of titles currently held in custody	2,857
Titles ready for collection	2,582
Titles awaiting ROT endorsement	84
Release of Charges yet to be lodged with ROT	191

OUR INVESTMENTS

Artist impression of a restaurant at the Westin Resort.

FNPF is dedicated to providing its members with retirement savings, social security and various financial services. The Fund operates as a defined contribution pension fund, meaning that the benefits received by members are based on contributions made during their working years and the returns earned on those contribution. Despite the persistently low interest rate environment, the past year's remarkable financial performance has exceeded expectations.

Despite the ongoing global uncertainties and economic challenges, the Fund has made substantial progress in recovering from the adverse impacts of the COVID-19 pandemic during the first half of the financial year.

Throughout this period, FNPF has remained steadfast in its commitment to safeguard the savings of its members for their future and providing support to those in need.

Our investment portfolio experienced growth, increasing from $8.6 billion in 2022 to reaching $9.4 billion by the end of 2023.

As an institutional investor, our strategic approach involves diversifying funds across a wide array of assets, with the primary goal of nurturing the long-term growth of our members' savings.

FNPF's overarching investment objective is to maximize long-term investment returns, while managing constraints aimed at minimizing short-term return fluctuations to maintain a suitable balance between risk and return. The Fund remained committed to investing in accordance with its current investment policy statement.

The Fund persisted in its investments in the bonds market, driven by the reliable fixed income returns it offered. Nevertheless, the abundance of liquidity in the financial system resulted in stiff competition among investors, leading to a decline in interest rates. As the financial year of 2023 progressed into the 3rd and 4th quarters, the coupon rates did slightly move upwards.

The high liquidity, lower interest rates, and intense competition from the Fund's competitors continue to impact both the Fixed Income Portfolio and the Commercial Loans Portfolio. Conversely, the Equities portfolio has shown remarkable growth, with impressive performances in sectors that provide enhanced dividends, both domestically and internationally.

This achievement underscores the importance of diversification as a crucial investment strategy for attaining substantial returns. Furthermore, the tourism sector regained momentum, reflecting the positive outcomes of our investments in the tourism-related industry.

The Fund's net income before expenses for the fiscal year 2023 amounted to $775.8 million, representing an increase compared to the previous year. Throughout the fiscal year, the Fund diversified its investments across various asset classes, which included fixed income securities, cash and cash equivalents, commercial loans and equities.

- ATH IV SHARE ACQUISITION
- HFC CAPITAL INJECTION
- TTS SHARE ACQUISITION
- SECONDARY MARKET GOVT BONDS PURCHASE
- BSP PNG SHARE ACQUISITION
- COMMERCIAL LOANS - SUBSIDIARIES & OTHERS

In line with its participation in the expanding secondary market, the Fund executed a secondary market trading deal to acquire high-yielding government bonds from an investor. Additionally, several share purchase deals were conducted, including the acquisition of ATH IV shares, TTS shares and BSP PNG shares, aligning with the Fund's strategy to grow its portfolio of growth assets.

For the year, the Fund reported net assets totaling $9.5 billion, serving as the basis for declaring a 7% interest rate that led to the distribution of $457.6 million to 405,621 members.

We have consistently upheld a strong track record of delivering impressive short and long-term investment performance, accompanied by outstanding services. FNPF members can be confident that the Fund is well positioned to continue excelling in its core mission, which is to offer our members exceptional returns on their investments.

Fixed Income Investments

As a substantial component of the overall portfolio, the fixed income portfolio has consistently played a vital role this financial year as the sturdy backbone of FNPF's investment portfolio. Nevertheless, the heightened liquidity in the financial system brought about intense competition among investors and a decline in interest rates. However, as FY23 drew to a close, there was a reversal in the trend, with coupon rates showing a slight upward movement.

Bonds continue to present an excellent long-term investment option, offering attractive returns, which is well evident in their interest rates credited to FNPF members' accounts at year-end due to the dependable income they provide.

Government Securities

Government Securities continue to be a dominant asset class within the Fixed Income Portfolio. The government bonds portfolio increased from $3.7 billion in 2022 to $4.0 billion in 2023. The increase was primarily driven by investments surpassing maturities, with total investments in government bonds amounting to $435 million compared to maturities totalling $113 million. During the year, bond rates experienced a decline. For instance, the 15-year bond rate closed at 4.15% on 30 June 2023, as opposed to 4.25% on 30 June 2022. Similarly, the 20-year bond rate closed at 4.59% on 30 June 2023, in contrast to 4.68% on 30 June 2022.

Quasi-Government Securities

The quasi-government securities portfolio comprises borrowings from semi- government institutions such as the Housing Authority of Fiji, Energy Fiji Limited, Fiji Development Bank and Fiji Sugar Corporation. These investments are backed by government guarantees. In FY23, the portfolio's value stood at $23 million compared with $39 million in FY22.

The reduction in the overall portfolio was primarily due to maturities of holdings from Fiji Development Bank and Housing Authority of Fiji.

Additionally, the prevailing lower interest rate environment provided an advantage to some institutions, leading them to early redeem their higher-yielding bonds to take advantage of the more cost-effective short-term funding offered in the market. This resulted in fewer institutions issuing long-term bonds, in which the Fund did participate but was not successful. Consequently, no new investments were made by the Fund in this regard.

Treasury

The Treasury function plays a crucial role in overseeing all present and future financial inflows and outflows of the Fund, ensuring it maintains sufficient cash reserves to meet its organizational obligations.

Despite the downward pressure on interest rates, safeguarding FNPF's cash resources was imperative due to the surplus liquidity in the banking financial system during the fiscal year. The banking system's liquidity amounted to $2,476.8 million as of 30 June 2023, in contrast to $2,402.5 million in June 2022.

In June 2023, the Fund's cash holdings (Cash & Term Deposits) amounted to $640.0 million down from $646.9 million in June 2022.

Local Term Deposits

Local term deposits increased from $109.5 million to $126.5 million last financial year. The term deposit portfolio has grown due to new term deposits made during the financial year.

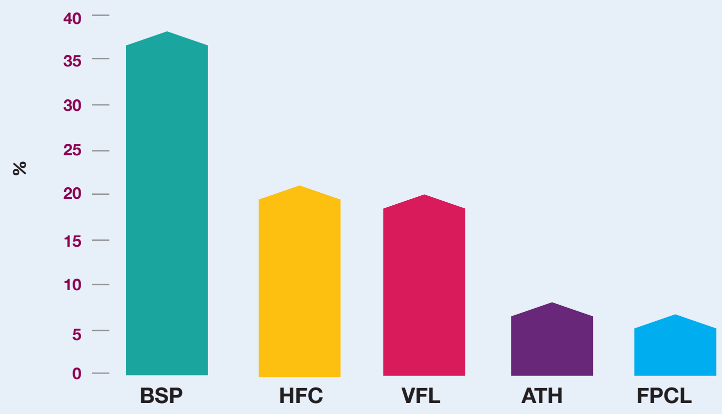
Offshore - Term Deposits and Cash

Throughout the year, the Board and Management engaged in a continuous dialogue with the Reserve Bank of Fiji (RBF) to secure additional approval for offshore investments. This effort resulted in the successful approval of $60 million for the 2023 calendar year.

These investments primarily found placement in equities investments, USD term deposits and AUD term deposits. A notable, $19.9 million, was allocated to foreign term deposits, which offered more favourable rates compared to the local market.

By the end of the review period, the offshore term deposit and offshore cash portfolio had reached $45.9 million compared to $46.6 million in 2022. This was attributed from the receipt of dividends from offshore equity investments and the injection of new funds approved by the RBF for offshore investments. The deposits were predominantly in US dollars.

Graph 5: Top 5 Dividend Contributors



Equities

Local Equities
The local equities portfolio experienced robust growth of 15% in the previous fiscal year, closing at $2.30 billion compared to $2.02 billion in FY22. This growth was primarily driven by additional capital investments and changes in the fair value of subsidiaries within the portfolio.

Notable investments were made in HFC Bank ($45 million), Toyota Tsusho (South Sea) Limited ($8.3 million) and HealthCare Fiji Limited ($7.96 million). Additionally, dividends were reinvested for Pleass Global, Fijian Holdings Unit Trust and the Unit Trust of Fiji.

The Fund recorded dividend income of $66.7 million, a 29.8% increase from the $51.4 million recorded in FY22.

The main contributors of dividend income were ATH Limited, Vodafone Fiji Limited, Fiji Ports Corporation Limited, HFC Bank and Toyota Tsusho (South Seas) Limited.

In terms of the effective monitoring of investee companies, the team focused on regular reporting to Board Investment Committee and the Board on key performance indicators of the local equities portfolio, both in terms of performing and non-performing investments as well as its key exposures.

The team also engaged in meetings with investee companies to foster a strong investor-investee working relationship and align shared goals. Additionally, the team collaborated with key investee companies to review their Articles of Association, clearly setting out the Fund's expectations.

The team also reviewed the Fund's representatives in these key investee companies to strengthen the Fund's influence and active monitoring through FNPF's appointed Board members.

Offshore Equities

The offshore portfolio grew from $562.6million in FY22 to $700.6million in FY23, a growth of about 24.5% (Refer to graph 6). The growth is a result of additional investment in Bank of South Pacific Papua New Guinea (BSP PNG), ATH International Venture Ltd (ATHIV), the IFC Emerging Asia Fund and dividend reinvestments in the Martin Currie Portfolio. Another contributor to this growth is capital gains from BSP PNG and Australian Equities.

The key offshore investments made by the Fund in FY23, included:

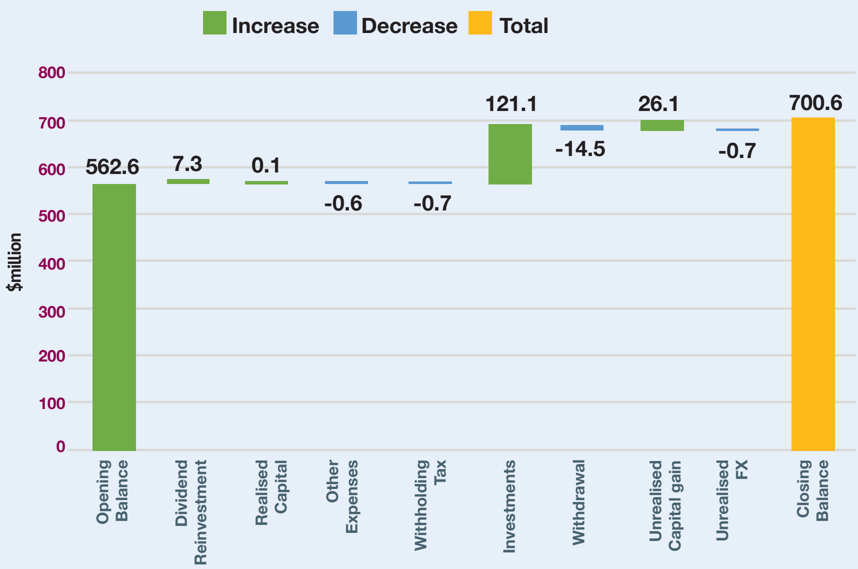
- Additional acquisition of $39.7 million worth of shares in BSP PNG in June 2023.
- Additional investment of $54.7 million in ATHIV during the year;
- Additional investment of $18.3 million in the IFC Emerging Asia Fund portfolio of which the Fund has committed circa $100.0 million in investment;
- Dividend reinvestment of $5.7 million in the Martin Currie Portfolio.

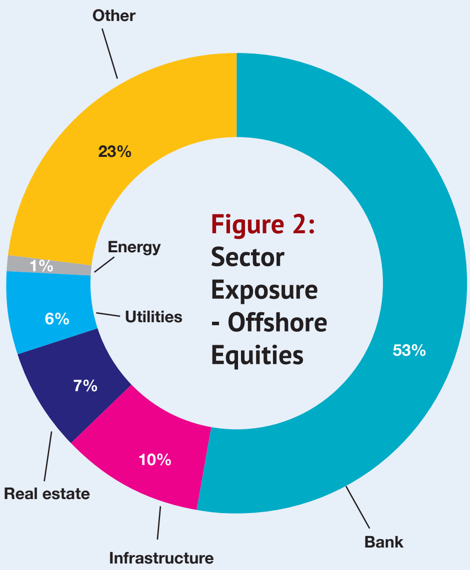
The Fund successfully acquired 5,493,482 shares in BSP PNG from the IFC Group at a price of K11.88, which is a significant discount of approximately 7.19% to the prevailing market price of K12.80.

The Fund has made a capital gain of 7.74% (approx. FJ$2.8 million) in the value of this additional investment. The discounted purchase price provides an immediate boost to the Fund's overall profitability.

This gain can be attributed to the favourable variance between the discounted acquisition cost and the current market value of the shares. Following the acquisition of shares in BSP PNG, FNPF has emerged as the fourth largest shareholder, with ownership of 46,040,545 shares being 9.85% of the total shares in BSP PNG.

Graph 6: Portfolio Movement





The successful acquisition not only strengthens the Fund's financial position but also underscores our sharp investment strategy to our members. By seizing the discounted opportunity, a significant gain has been realised, showcasing the Fund's capacity to generate substantial returns by identifying advantageous market conditions for securing profitable investments that will ultimately benefit our members.

Overall, the offshore dividend income for FY23 was $54.5 million (FY22: $48.6 million); an increase of about 12.1%. The growth in dividend income was mainly driven by the Fund's investment in BSP PNG which accounted for 79.5% of the total offshore dividends.

Commercial Lending

The commercial lending portfolio, closed at $1,175.2 million (after impairment) compared to $1,112.4 million in 2022, reflecting a net growth in the portfolio (net of impairments) to a growth on portfolio (net of impairment) of 5.65%. The gross growth in portfolio amounted to 1.79%.

Total income for the year reached $61.3 million compared with $59.8 million recorded in the previous year. New investments were approved in sectors such as tourism, and food manufacturing. The Fund also successfully established partnerships with other commercial banks through syndicate lending opportunities, particularly in the telecommunications sector.

The impact of the COVID-19 pandemic on debt related to the aviation and tourism industry lessened during the year, thanks to the reopening of borders and the recovery of travel and tourism towards pre-pandemic levels. Consequently, many of the loans for which repayment relief was provided began full principal and interest repayments.

The lending portfolio continues to face challenges relating to low interest rates in the market, financial liquidity constraints and aggressive competition from the Fund's competitors.

In line with the requirements of IFRS 9, the portfolio was assessed for impairments based on an expected and forward-looking credit loss model, rather than an incurred loss basis. Several conservative parameters adopted during the COVID-19 pandemic for financials years 2020, 2021 and 2022 were adjusted back to pre-pandemic levels due to a significant decrease in credit risk. This adjustment resulted in a lower provision for impairments compared to the previous year.

Properties

Our properties portfolio represents a diverse collection of commercial real estate assets situated throughout Fiji.

Reflecting on the highlights of FY23, we can observe the following performance achievements:

- The portfolio's value increased by 4% in FY23, surpassing market performance compared to FY22.
- Rental income surged by 19%, driven by robust demand for space in the portfolio's core markets.
- The portfolio occupancy rate was maintained at 93%, a testament to the quality of the assets and the management teams leasing efforts.
- Signing tenants for Mercury House, ATH Land, Oxfam and Coffee Hub within the last financial year contributed an income of $2.3million.
- Progress has being made in leasing out MyFNPF Centre Nadi, with full occupancy on the ground floor.
- The upcoming opening of the FNPF Member Services in the next financial year, is expected to attract further interest and reduce vacancies within the complex.

The team is also focusing on a space maximization plan to unlock additional income-generating opportunities. The efficient and strategic use of space plays a crucial role in ensuring the Fund's operations remain productive and profitable. Furthermore, the use of tenant satisfaction surveys is deemed essential in the management of property investments, allowing the team to maintain a competitive edge in the real estate market.

The property portfolio comprises 26 properties, including 20 leased for retail, commercial and office use, and 6 vacant land parcels held in the land bank, offering potential for future development.

Projects

The Westin Resort Refurbishment

Guest room block renovations are on track with Fletcher Construction as the main contractor for both guest rooms and roofing.

The central facilities interior design phase is nearly complete, and consultants are finalizing drawings for tendering, including FF&E. Fixed furniture for guest rooms is in place, and loose furniture for both guest rooms and central facilities will arrive in March 2024.

The revised Westin refurbishment is expected to take 18-24 months, targeting completion in the third quarter of 2024.

Grand Pacific Hotel Rebranding

The Grand Pacific Hotel will be rebranded to InterContinental brand under the IHG portfolio. Mock-up-room refurbishment is underway with interior designer and service engineering consultant appointed. The building contractor for the mock-up-room is in the tender process and the revised construction program aims for completion by February 2024.

CASE STUDY

FIJI AIRWAYS

Background
The Fund secured 30.02% ownership in Air Pacific Limited t/a Fiji Airways on 30 June 2022 strategically positioning itself to seize a pivotal role in the travel sector of the tourism value chain. This acquisition perfectly complements its existing portfolio of seven hotels. Beyond this synergy, this bold move represents a remarkable diversification of the Fund's investment portfolio, making a decisive shift away from conventional fixed-income investments towards high-growth assets.

Benefit of the Fund's Investment
In just one year since its shares acquisition in the national carrier, the Fund's investment in the airline has surged to an astounding $168 million, representing a remarkable 80% increase from the initial acquisition cost of $93.1 million. This monumental gain constitutes a substantial 20% share of the total income generated within the equity investment portfolio.

In addition to this impressive fair value gain, the Fund also continued to receive interest income on its loans to Fiji Airways. This amounted to $15.9 million compared to $13.3 million in FY22, an increase of 19.82%.

Moving forward, the Fund will remain committed to exploring further opportunities with Fiji Airways, with a primary focus on ensuring a sustainable return on member's funds. This exploration is set to revolve around the strategic alignment and synergies between the airline and the Fund's hotel portfolio, fostering a cohesive profitable investment strategy.

Fiji Airways Performance
As one of the first airlines to be operational when international borders reopened post-pandemic, the airline has experienced a boost in travel bookings for travelers wanting to holiday in Fiji and for Fijians abroad wanting to return/ visit home. This greatly enhanced Fiji Airways' performance, with earnings surpassing pre-pandemic levels. The increased visitor arrivals to the country, 70% of which travelled with Fiji Airways, has not only contributed to the recovery of the tourism sector but the nation as a whole.
In June this year, Fiji Airways was awarded the Best Airline in the Australia-Pacific region for 2022, ahead of other big players Qantas and Air New Zealand.
Fiji Airways also won the Skytrax Best Airline Staff Service in Australia/ Pacific and Best Airport Service in Australia/Pacific awards.

Protection of Member Funds
The Fund's exposure to Fiji Airways is currently maintained at reassuring and manageable level.
The Fund's overarching strategy prioritizes portfolio diversification, a strategy that yielded a commendable return on investment of 8% during the fiscal year 2023.
This financial achievement not only reinforces the Fund's robust financial position but also enables the distribution of an attractive 7% interest payout to its valued members.

CASE STUDY

Photo courtesy of BSP PNG.

BANK OF SOUTH PACIFIC

On 26 June 2023, FNPF acquired an additional 5,493,482 fully paid ordinary shares in BSP PNG from the International Finance Corporation and the IFC Capitalization (Equity) Fund to become the Fourth largest shareholder owning 9.85% of the total shares in BSP PNG. This is the 8th parcel of shares acquired by FNPF since 2015.

Why the additional investment BSP PNG?

Investment in the banking sector has proven to be high yielding and this is evident through the dividend yield and capital gains received from BSP PNG over the past years. The objective of this additional investment as follows:

- **Investment in resilient sector** - The acquisition of additional shares in BSP PNG is aligned to the Fund's strategy to pursue investment in resilient sectors for sustainable returns. The banking sector has been identified as one of the resilient sectors which thrives and provides sustainable returns when other sectors are affected which was observed during the pandemic.
- **Potential for Growth** - BSP continues to invest in the pacific and expand their retail branch network to improve customer service levels across the pacific.
- **Continued Returns to FNPF and its Members** - BSP has been consistently paying out dividends to its shareholders for the past 7 years which has provided dividend income for the Fund which flows on to members. BSP PNG shares are high yielding providing the highest yield in the equity portfolio. In the last two years the shares currently yield on average 10% to 14% annually. This yield is substantially higher than other alternate investment opportunities available in the market.
- **Capital Appreciation** – the Fund has made a capital gain of 7.74% in the value of its investment which has been possible due to the favourable difference between the discounted acquisition cost and the market value of the shares.
- **Share Value Growth** – Given that shares of most growing companies tend to grow, it is expected BSP PNG shares will continue to appreciate in value as noted historically in the past five years where the share price has increased from K9.55 (2018) to K12.85 (as at 30th June 2023).

Benefit of the Fund's Investment to Members

The additional investment in BSP PNG will increase the dividend income that the Fund receives and also add to the growth in the value of FNPF's shares in BSP PNG over time. The dividend income and capital growth contribute to the determination of the interest rate to be credited to members accounts in any given year.

How are Member Funds Protected?

The Fund aims to invest members funds in a diversified portfolio to ensure members funds are protected and sustainable returns provided to members through annual interest payments. The Fund's investment exposure in the BSP PNG is 11.8% of the FNPF's total equities portfolio.

OUR ENABLERS

In the past financial year, Digital transformation has made significant progress in various aspects of the Fund's operation, processes and strategies to fundamentally change its operations and value delivery to its customers.

The technical requirements of the FNPF Member Drawdown Account, accelerated our development trajectory, ensuring our solution exceeded regulatory deadlines. This enabled our retiring members to access this innovative offering from FNPF swiftly.

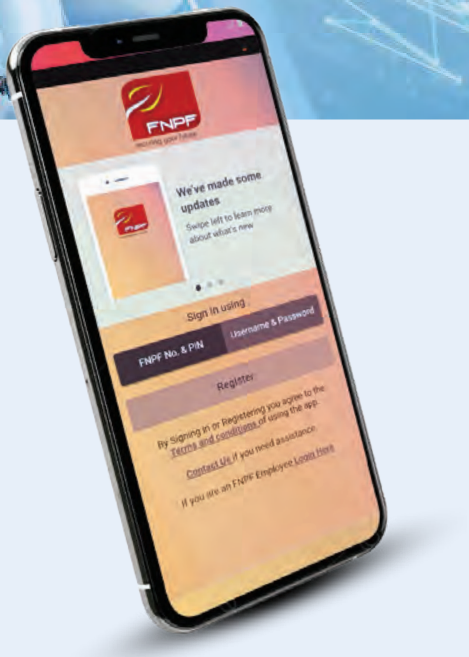
Our mobile application now features integrations with Visa, Master Card, M-PAiSA, and BSP EasyCard, exponentially elevating user convenience. This improvement grants members the freedom to handle funds with their preferred payment method from any location, at any time.

In line with our unwavering drive towards innovation, FNPF has successfully established direct integration with the M-PAiSA platform, bolstering our automation capabilities.

This advancement provides members immediate and seamless access to payments made into their M-PAiSA accounts. This initiative amplifies our member-centric ethos, offering a more convenient, efficient, and secure approach to financial management.

A strategic alliance with Vodafone Fiji has enabled FNPF to launch QR Pay, further simplifying financial transactions for our members and employers. By utilising this advanced technology, we offer instantaneous and secure payments, processed through a simple scan. This initiative exhibits our commitment to improving the convenience and efficiency of financial management for our stakeholders.

We have revolutionised our customer communication strategy by implementing automated SMS and email notifications, providing immediate updates on essential account activities. This development promotes transparency and trust, ensuring members remain informed and engaged with their financial affairs, demonstrating our devotion to superior customer service.



To download the myFNPF mobile app please QR scan below;

PlayStore *AppStore*

To foster member engagement, FNPF has introduced a Live Chat feature on our Facebook page and a Chatbot on our website. These modern solutions offer round-the-clock support, addressing member inquiries promptly and accurately. This commitment to technological adoption underlines our pledge to enhance the customer experience continuously.

By refining the Employer Portal with features like Employer and Member registration, automated Compliance Letters, third-party validation, and online payments, DPO visibility, FNPF has simplified administrative tasks for employers. This transformation is indicative of our dedication to delivering premium, user-centric services and empowerment to employers.

FNPF's adoption of Robotic Process Automation in the Interest Crediting Verification process ensured 100% verification of credited interest. This novel initiative guarantees unparalleled precision and speed, enhancing our commitment to offering reliable and efficient services with our members' financial prosperity at the forefront.

Our ERP system, ProMIS, has undergone enhancements, which have markedly improved back-office operations. These advancements facilitate fast, error-free processing and optimal resource management, emphasising our focus on operational excellence.

As part of our continuous quest for operational excellence, we have improved the Power BI functionalities, providing a more intuitive experience for our staff. This enhancement aligns with our commitment to fostering an innovative workplace that enhances efficiency and decision-making.

Our IT security and disaster recovery capabilities have been notably strengthened to encompass technology, processes, and people.

This essential upgrade heightens our resilience against potential threats and disruptions, ensuring the integrity and continuity of member data and services. It underscores our dedication to maintaining a secure platform, safeguarding member trust and financial futures.

Lastly, FNPF has excelled in forging integrations with various government agencies, such as the Registrar of Births, Deaths and Marriages; Registrar of Companies; and Fiji Revenue and Customs Services. These initiatives ensure accurate member information while adhering to regulatory norms, reflecting our commitment to a seamless, user-centric service experience.

Website

myfnpf.com.fj

page views **435,580**

Recorded users **129,903**

Registered Email **211,091**

Registered mobile numbers **243,799**

*MyFund (*567#) users* **9,054**

Online Portal users

Employers **10,108**

Members **45,295**

myFNPF Mobile App installs

216,444

Facebook *87,727* ↑11% *followers*

Twitter *5,563* ↑46% *followers*

LinkedIn *24,577* ↑30% *followers*

ENGAGING OUR MEMBERS

In the fiscal year 2023, the paramount focus resolved around robustly bridging the communication gap between the Fund and its valued members. This imperative endeavour was necessitated by the aftermath of the pandemic, prompting us to restrategize and deliver succinct and focused messaging to our members. Our overarching goal was to enhance member engagement through a multipronged approach, ranging from steadfast continuation of our integrated marketing tactics to the formulation of strategies to safeguard and nurture our corporate reputation.

The following were implemented during the year as engagement initiatives:

1. Media appearances by Executives
2. Weekly radio programs in the vernacular languages
3. Press conference and media releases
4. SMS updates to members and employers
5. Video and print member testimonials
6. Quarterly newsletters for members
7. Hosting members/employers and pensioners at the HFC Stadium Corporate Box during key sporting events
8. Viber channels for members, employers and pensioners
9. Podcast channel for members

The Fund increased its brand presence with the use of out of home advertising modes such as billboards, digital screens and electric poles. Messaging on these mediums complemented our advocacy strategies.

Managing our public reputation

Throughout the year, vigilant measures were implemented to fortify the Fund as a impregnable institution. The Fund rolled out a Issues Management plan that identified a spectrum of challenges and their correlated risks. It devised strategic responses to tackle each challenge head-on. Of paramount concern was the surge in cyber-attacks directed at the Fund, but these nefarious threats were swiftly and resolutely mitigated through efficiency and timeliness in our responses.

Communication & Marketing survey

To evaluate the impact of the Fund's communication and marketing endeavours during the year, we conducted a Communication and Marketing Survey. The survey yielded a response rate of 13%, indicating that 28,928 members actively participated.

Over 80% of the respondents agreed that:

- FNPF's communication channels are effective
- Marketing messages via radio, TV and billboards are clear
- Staff possess thorough knowledge of the Fund's products and services.
- They have confidence in the Fund's investment decisions.
- They would consider working for the Fund if given the opportunity.
- They feel welcomed when visiting the Fund offices.
- The Fund understands the needs and aspirations of its members.
- Social media, website and email were the more relied upon source of updates for members.



Hosting our key stakeholders at our Corporate box at the HFC stadium



Annual Member Forum FY2022

Some of our marketing materials.

The results of this survey is a valuable source of data to inform decision making process and improve marketing strategies, ultimately leading to more effective communication with target audiences and better outcome for next financial year.

Annual Member Forum

Every year, the Fund invites all it's members to attend its Annual Member Forum where the Fund provides an update on its performance and outlook for the year ahead. Members have the opportunity to ask questions about the governance and operation of the Fund during these forums.

The Fund conducted 8 forums around the country with approximately 700 members in attendance. Each forum was streamed live on the Fund's facebook page which gathered around 35,000 viewers; and was also simultaneously streamed on the Fund's official YouTube channel. Once again, sign language interpreters from the Fiji Association of the Deaf were also available at all forums for the benefit of our hearing and speech impaired members.

Member advocacy

We conducted a total of 356 advocacy sessions during the year, attended by 11,336 members. These sessions included communities, schools, associations, employer groups and villages. Implemented this year was the concept of "Pop-up services" where we setup mobile service points at remote locations with no nearby FNPF office. In total we conducted seven pop up events during the year. We also conducted three retirement expos during the year, in Nadi, Levuka and Taveuni.

A key tool used during all advocacy sessions was the FNPF Retirement calculator which enable members to project their current balance to a retirement income in order to meet a desired retirement savings amount. With this insight, members were convinced of the need to increase their contributions in order to have a more meaningful income upon retirement.

In addition to creating awareness, the Advocacy team conducted routine visits with farmers who were under the Voluntary Membership scheme to collect their FNPF deposits, as they could not make it to the office. We frequented farmers in Naitasiri, Lomaivuna, Muanaweni, Navua and Sigatoka to ensure they were able to consistently contribute towards their retirement savings.

MANAGING OUR RISKS

Prudential Supervision

The Reserve Bank of Fiji (RBF) supervises the Fund through the FNPF Act 2011 Sections 117, 118, and 119, and the Insurance Act 1998.

RBF also undertakes assessments of the Fund's performance through various Prudential Consultation meetings and reporting requirements and also carries out On-Site examinations on the various functions within the Fund.

RBF's Supervision Policy Statements and Guidelines are tools for oversight and supervision that guide the Fund in its alignment to regulatory requirements.

Risk Management and Business Continuity

The Fund's integrated risk approach is aligned and benchmarked to International Standard ISO 31000: 2009 and integrates the operational risk and enterprise risk management levels bringing a wholistic approach to risk management within the Fund.

This approach entails risk management in the areas of policy, controls, procedures and general operations, and is implemented across business units from Finance, Properties, Investment, Human Resources, IT and Member Services.

The following activities were undertaken in this area;

1. Tender Process Risk Review
2. Property Risk Inspections
3. Alignment of CCC Policy to FNPF Act
4. Westin Project Risk Register
5. Business Continuity Plan Simulation Exercise
6. Operational Risk Monitoring
7. Strategic Risk Monitoring for the Fund's 5 year Corporate Plan.

The Fund placed particular attention in its Business Continuity Planning to ensure that the business operations face minimal impact during times of disruptions.

Compliance Management

Compliance is managed through a framework approved by the Board that ensures the Fund and its operations comply with the FNPF Act and relevant legislations.

The Fund facilitated and carried out the following during the year;

- Monitored and reported cash and suspicious transaction report in accordance with the Financial Transaction Reporting Act 2004 and Regulations 2007 (FTR).
- Undertook Fund wide training and awareness on cash transaction reporting and the detection of suspicious transactions.
- Facilitated the declaration of interest of staff and board directors.
- Provided regular functional updates to Board Audit and Risk Committee.

Policy & Governance

Policy review and development is a continuous process and activity within the Fund as this supports and ensures that governance and compliance are aligned and strengthened.

Insurance

The FNPF Group Insurance Scheme, which covers the assets, profits and liabilities was successfully renewed on 30 June 2022 and Fund has also renewed this coverage on 30 June 2023.

The Fund continues to monitor the insurance market and its coverage to ensure sufficient risk coverage for the Fund's operations.

Complaints Management

The Fund has remained committed to its member-centric approach to service delivery by actively implementing the Complaints Management Policy and conducting reviews of the complaints received and recorded in the system.

Monthly Complaints Reports are shared with Senior Management on a regular basis and quarterly reporting to RBF is also in place.

The Fund has in place a robust complaints management system that facilitates swift responses and resolutions to complaints and issues. Furthermore this system allows for inclusion of key areas of concern from complaints in risk assessments and policy considerations.

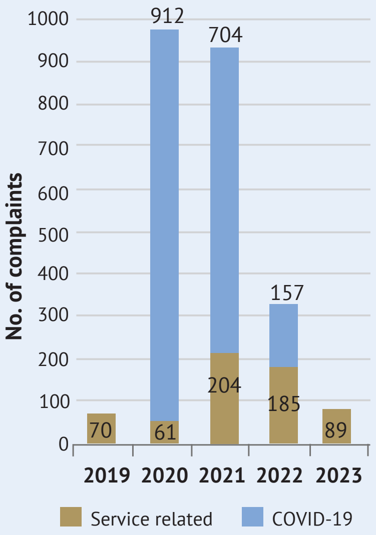
It is worth noting that there has been a decrease in the total number of complaints received, dropping from 185 in FY22 to 89 in FY23, showcasing an improvement in our service quality and member satisfaction.

The Internal Audit Team executed a comprehensive work program throughout the year, encompassing vital and high-priority engagements spanning various aspects of our operations. These engagements have addressed critical areas including IT and Support functions, Finance, Operations, Investments & Subsidiaries.

The thorough coverage by the Internal Audit team has not only enhanced processes and procedures but also strengthened compliance and risk management, while providing valuable strategic insights into our primary Fund priorities.

Throughout the fiscal year, we have continued to cultivate stronger partnerships and improve coordination with Senior Management, risk management & governance functions, as well as the Fund's Board Audit & Risk Committee.

This collaboration has enabled us to operate more dynamically and offer more profound analytical support to management, especially through the increased utilization of



Graph 7: Complaints Trend

Computer-Assisted Audit Techniques (CAATs) in auditing Member Services & Contributions Collections & Compliance, End of Year Processes on Interest Crediting, SDB and Transfers to the UDA.

In our alignment with our commitment to fulfilling 2023 Board Audit & Risk Committee approved risk-based Annual Work Plan, the Internal Audit Team successfully completed 20 of the planned audits. This accomplishment underscores our dedication to upholding the highest standards of internal scrutiny.

Audit Status	2023	2022
Planned –Audits & Investigations	69	55
Completed Audits & Investigations	51	46

Audit Follow-Up & Reporting

To guarantee the execution of audit recommendations, we have established an improved reporting procedure.

This involves regular updates provided to the Board Audit & Risk Committee (BARC) and greater emphasis placed on these recommendations within Management Performance Plans.

Reports are systematically presented to the Executive Committee before reaching the BARC.

As of 30 June 2023, we are proud to report an overall implementation rate of 97%, representing a notable improvement from the 91% achieved in FY22.

The scheduled enhancement of our Audit Management System in FY24 will further bolster ability to monitor and report on outstanding audit recommendations.

Fraud Risk Management

Our dedicated Fraud & Control Unit has successfully completed a total of 31 Fraud & Ethics related investigations during the fiscal year.

These investigations were initiated based on complaints received through various channels, including the Complaints Management System, Whistleblower reports, audits, and referrals from management.

Throughout FY23, the Fund referred a total of 9 cases for further investigation and prosecution. These cases involve a variety of fraudulent activities, such as members using falsified documentation to secure withdrawals, employers forging FNPF Compliance letters, misusing housing assistance withdrawals, deceiving for financial gain and submitting false claims for unauthorized withdrawals.

The FNPF maintains a strict zero-tolerance policy against fraud, and any staff or member found in violation is dealt with in accordance with the Fund's HR Policy and Code of Conduct.

If the breach includes any criminal element that contravene the Crimes Act or FNPF Act, the matter is promptly handed over to prosecuting authorities.

This comprehensive approach to managing fraud risks underscores our unwavering dedication to safeguarding the interests and assets of our stakeholders.

OUR GOVERNANCE

The Board

The Board plays a pivotal role in shaping the strategic direction of the Fund and ensuring the safeguarding of FNPF's governance framework.

Presently, the Board is composed of 6 Non-Executive Directors. The appointment of all directors on the Board falls under the purview of the Minister of Economy, as stipulated in section 7 of the FNPF Act, 2011. These appointments are contingent upon the successful completion of Fit & Proper Assessments conducted by the Reserve Bank of Fiji.

To effectively carry out their responsibilities, the subcommittees of the Board are granted the authority to act as subject matter experts in specific functions. These subcommittees are tasked with providing essential recommendations and feedback to the Board, facilitating a more comprehensive and informed decision-making process within FNPF.

(i) Board Audit & Risk Committee (BARC)

The Audit and Risk Committee is delegated to provide audit and risk oversight for all Audit, Governance and Risk functions for the Fund. BARC also provides assurance on financial reporting and ensures proper governance in audit compliance and policy on other key operational matters with necessary recommendations to the Board.

(ii) Board Investment Committee (BIC)

The Investment Committee conducts a deep dive into investment decisions in order to drive the investment strategy and implementation. The Investment Committee considers the investment recommendations and provides necessary recommendations to the Board.

(iii) Board Human Resources Committee (BHR)

The BHR Committee reviews recommendations and assessments of all people management, remuneration and culture related policies for the Board. It provides oversight on the effectiveness of Human resources management and provides the Board with recommendations for continuous improvement.

(iv)Board Information & Technology Committee (BIT)

BIT provides the necessary oversight and support to ensure the IT functionality effectively supports the FNPF business. Ongoing digital improvements is critical for the efficient function of FNPF. The ongoing implementation of the FNPF digital transformation strategy is reviewed by the Board IT Committee.

Table 2: Board and Board Committee Meetings and Attendance for the Period of 1 July 2022 to 30 June 2023

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, 2022 to 30 June, 2023										
Mr. Daksesh Patel (Chairman)	14	14			6	2				
Mr. Sanjay Kaba (Deputy Chairman) *	14	5			6	2				
Ms. Kalpana Lal *	14	6	7	4	6	2				
Mr. Joel Abraham*	14	3			6	1	3	2	2	1
Mr. Mukhtar Ali	14	13	7	7	6	6			2	1
Mr. Shiri Gounder	14	5					3	-	2	-
Mr. Attar Singh**	14	7	7	2			3	1		
Mr. Joweli Vueta Taoi**	14	6			6	3				
Mr. Adish Naidu**	14	3								
INDEPENDENT COMMITTEE MEMBERS										
Mr Kameli Batiweti							3	3		
Mr Geoffrey Rashbrooke			7	7						
Mr Gitesh Nair			7	5						
Mr Nacanieli Rika			7	6						
Mr Timoci Tuisawau									2	1
Mr Vilash Chand									2	2
Mr Chinthake Ranasinghe									2	1
Mr John Magnifico									2	2

**Director exited the Board during the year*
*** New Director appointment*

DIRECTOR	BOARD/SUBCOMMITTEE	DATE COMMENCED	DATE CEASED
NEW APPOINTMENTS			
Attar Singh	FNPF Board	20th Feb 2023	-
Joweli Vueta Taoi	FNPF Board	20th Feb 2023	-
Adish Naidu	FNPF Board	25th April, 2023	-
OUTGOING DIRECTORS			
Sanjay Kaba	FNPF Board	1st Jan, 2020	17th January 2023
	Investment Committee	17th Feb, 2020	
Joel Abraham	FNPF Board	2nd April, 2019	2nd February 2023
	Information & Technology Committee (Chairman)	31st October, 2019	
Kalpana Lal	FNPF Board	2nd April, 2019	2nd April 2023
	Audit & Risk Committee (Chairperson)	17th Feb, 2020	
DIRECTORS TRANSITION IN BOARD SUBCOMMITTEE			
Attar Singh	Human Resources Committee (Chairman)	9th May, 2023	-
	Audit & Risk Committee	9th May, 2023	-
Joweli Vueta Taoi	Investment Committee	24th March, 2023	-
Daksesh Patel	Investment Committee	24th March, 2023	26th June 2023
Mukhtar Ali	Investment Committee (Chairman)	26th June, 2023	-
	Audit & Risk Committee (Chairman)	24th April, 2023	-
Adish Naidu	Investment Committee	26th June, 2023	-
Shiri Gounder	Human Resources Committee	6th May, 2023	-

BOARD OF DIRECTORS

Mr DAKSESH PATEL

Since January 2020

Chairman of the FNPF Board.
Mr Patel is a member of a well-established private sector group-Vinod Patel Group and is also the founder of Australia's leading independent steel long products distributor with operations in all states of Australia. He possesses 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. Mr Patel is also a Director of Infrabuild (Australia), Energy Fiji Limited, ATH Limited, Vodafone Fiji, Vodafone PNG and Fiji Airways Limited.

Mr MUKHTAR ALI

Since January 2020

Chairman of the Board Audit and Risk Committee. Member of the Investment, Human Resource and Information & Technology Committees. Mr Ali is the 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. Director Ali is also a member of the HFC Board.

Mr SHIRI GOUNDER

Since March 2021

Director on the Board Human Resources and Board IT Committees. Mr Gounder is the Permanent Secretary for Finance and has over 16 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 Director of the Reserve Bank of Fiji, Fiji Revenue and Customs Service and Energy Fiji Limited.

Mr JOWELI VUETA TAOI

Since February 2023

Member of the Board Investment Committee. Mr Taoi is an industry expert who has over 30 years of expertise in international shipping and trade. He founded Freight Services (Fiji) and played a pivotal role in the formation of Fiji's National trade facilitation committee and Export promotion scheme. Currently he serves as a Director for ATH, Vodafone Fiji Limited and the Vodafone (PNG) Board.

Mr ATTAR SINGH

Since February 2023

Chairman of the Board Human Resource Committee and Member of the Board Audit & Risk Committee. Mr Singh brings over 40 years of experience as an advocate for workers' rights and as the Assistant General Secretary of the Fiji Trades Union Congress (FTUC). His role on the Board champions the interests of Fijian Workers whose retirement savings are overseen by FNPF. Mr Singh also serves as Chairman of Telecom Fiji Limited Board and FINTEL, and Director for the ATH Limited, Telecom Fiji Limited, Vodafone (Fiji), Fiji Airways Limited and Vodafone (PNG).

Mr ADISH NAIDU

Since April 2023

Member of the FNPF Board Investment Committee. Mr Naidu holds over three decades of architectural and project management experience. His firm, Yellow Architects designed a number of major architectural landmarks in Fiji. He is the former Director Properties and Facilities for the University of the South Pacific. Currently serves as a Director on the Telecom Fiji Limited Board, Fiji Airports Limited, Fiji Development Bank and the Chairman for Hotel subsidiary boards for the FNPF and is the current president of the Fiji Association of Architects

EXECUTIVE TEAM

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

Ms Millie Low

General Manager Business Transformation

Ms Wainikiti Bogidrau

General Manager Human Resources (Acting)

Mr Rukshan Rajapaksha

Chief Information & Technology Officer

Mr Alipate Waqairawai

General Manager Member Services

Mr Ashwin Pal

General Manager Fixed Income (Acting)

The Fund believes that fostering a holistic, member-centric culture is pivotal to its actions. This cultural framework is built upon five primary principles: Excellence, Teamwork, Humility, Integrity, and Courage. These principles are not merely segments of our culture; they define our identity and direct our collaborative endeavors.

Actively giving precedence to these values and integrating them into every facet of our operations assists us in effectively addressing the challenges that come our way.

Culture and Conduct

It is essential that, as the Fund grows and evolves, we maintain our dedication to cultivating and ingraining our principles within the staff.

The Fund's Code of Conduct includes guidelines for making well-informed decisions as well as channels for voicing concerns in a constructive manner. In an effort to cultivate a culture of ethical decision-making, we have implemented various awareness initiatives throughout the organisation.

These initiatives were intended to reinforce our fundamental values and behaviours and they were supplemented by an online evaluation. Adopting the Fund's values is essential to accomplishing our mission of assisting members achieve a meaningful retirement outcomes.

A great Place to Work

Annually, the Fund conducts the Employment Engagement Survey (EES) to measure and assess the level of employee engagement and satisfaction. This survey functions as an invaluable instrument for accumulating input, pinpointing areas for enhancement, and cultivating a constructive workplace atmosphere.

In the most recent survey, 97% of colleagues expressed their pride in being associated with the Fund and their willingness to recommend the Fund to friends and family as a wonderful place to work.

Nonetheless, it is essential to note that staff departures have increased by 6%, and this trend is expected to continue. This increase is primarily attributable to changes in visa regulations and our colleagues' marketability to other companies.

The task at hand entails identifying the most effective staff retention strategies to resolve the ongoing outflow and ensure the retention of our organisation's valuable skills and knowledge.

Diversity, Equity, and Inclusion

We recognise our responsibility as an employer to foster an inclusive, respectful, and secure environment for all employees. This year, our team joined the global commemoration of women advancing transformative technology and digital education by participating in International Women's Day.

We crafted guidelines for a respectful workplace, vital for ensuring fairness and professionalism, preventing discrimination and conflicts. Ultimately, these guidelines foster a positive work environment by promoting ethics, enhancing reputation, and prioritising employee welfare.

Growing and Upskilling our People

To foster the evolution of our personnel, we have provided a variety of learning and advancement opportunities. These include opportunities for employment rotation, temporary assignments, and centrally coordinated, employee-accessible courses.

During the year, four staff members were awarded AUSAID scholarships. Our staff are encouraged to seek professional opportunities such as

these. It is important to note that a significant number of women have ascended to leadership positions after attaining their academic qualifications.

This underlines our commitment to cultivating a more diverse workforce, with an increased number of women assuming leadership responsibilities.

In addition, a concerted effort was made to certify our personnel in a variety of domains that align with the Fund's strategic direction. These disciplines include, among others, change management, Power BI, project management, and ISSA Training.

The development plan was meticulously constructed to support the strategic goals of the Fund. This was achieved through the strategic and methodical implementation of training initiatives.

The emphasis was primarily on two aspects:

- Addressing competency gaps by providing training that honed specific technical skills;
- Improving the leadership abilities of Team Leaders, Managers, and Executives.

Developing our Leaders

Throughout the course of this year, we implemented a variety of leadership initiatives in an effort to develop value-driven leaders. These programmes were designed for various categories of executives.

All the training sessions were meticulously designed to be consistent with our leadership framework. The objective was to provide them with a comprehensive understanding of the Fund's leadership expectations and the critical success factors.

In addition, we conducted a survey to assess the level of maturity of our executives. The resultant index is a direct indication of the success of our leadership development efforts.

Staff Count

371 - FY23

from 361 in 2022

Staff Entries

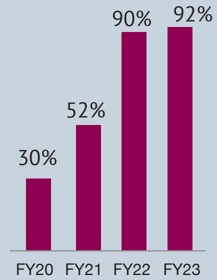
34 - FY23

from 38 in 2022

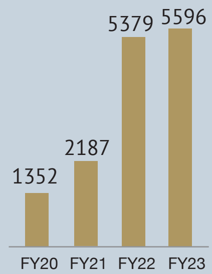
Staff Exits

44 - FY23

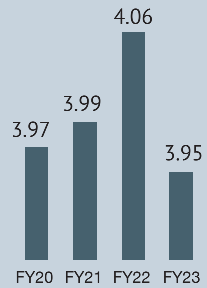
from 52 in 2022



Training Plan Implementation

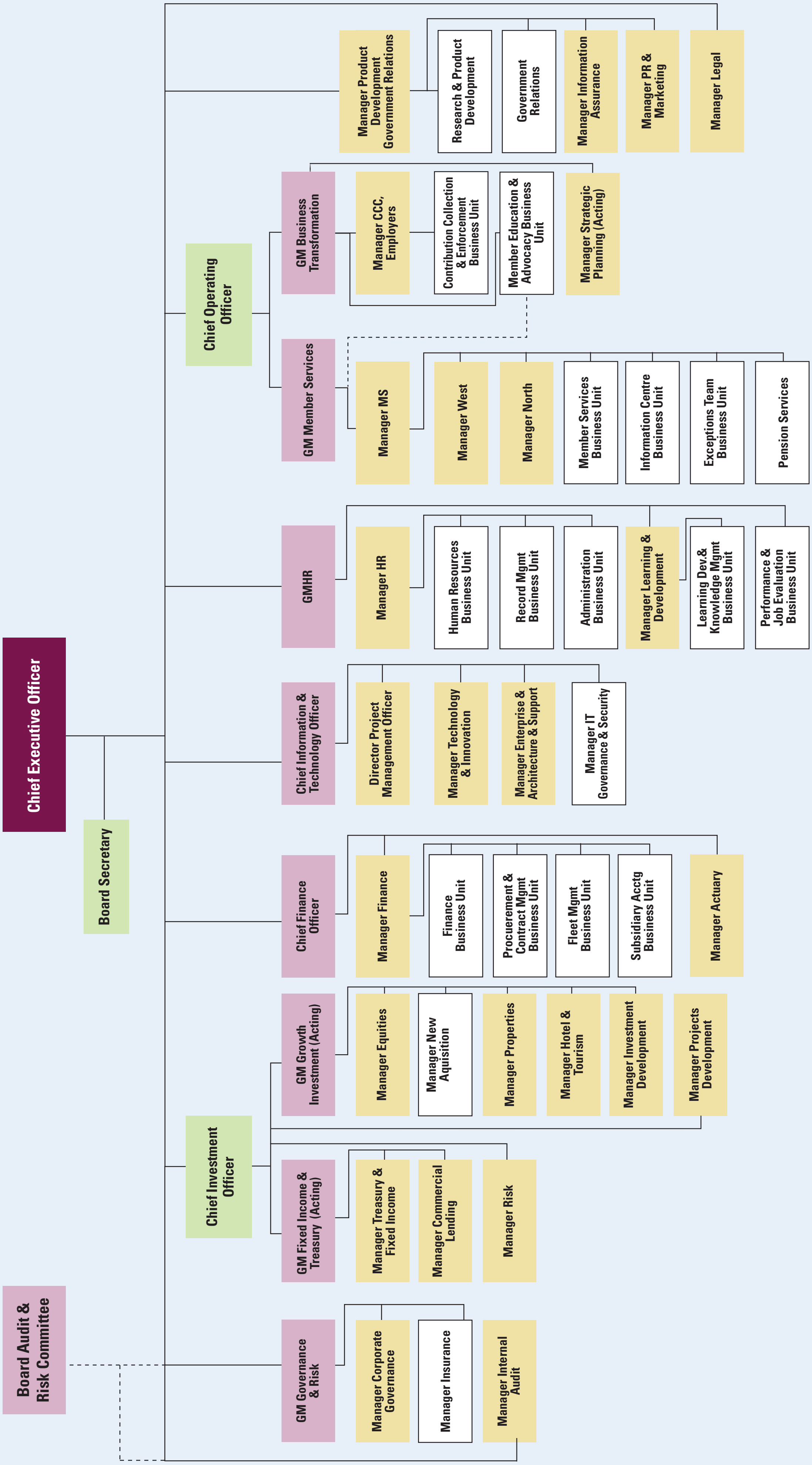


Percipio Completed Courses



Employee Engagement Index

Organisation Structure



OUR CORPORATE DIARY

July

i. **4th** – Term Annuity rates revised downwards
ii. **7th** - FNPF acquires 30.02% shares in Fiji Airways Limited
iii. **19th** – myFNPF App enhanced to allow for payment of additional and voluntary contributions, and submission of funeral withdrawal applications

August

i. **1st** – Amendments to FNPF Act come into effect, i.e. S36, S40 & S56
ii. **12-14th** – Advocacy Team joins the UN REACH Awareness in Levuka

September

i. **1st** – Nakasi Agency opened at Rups Complex in Nakasi
ii. **14th** – SMS blast to members to download their statements from the myFNPF App

October

i. Advocacy Team visit to Koro Island
ii. **14-31** - Free Medical Clinic for FNPF pensioners and members to mark Pinktober

November

i. **1st – 31st December** – Free medical check up at myFNPF Centre
ii. **11th** – Pinktober Bra for a cause competition
iii. **16th** – statements available on the myFNPF App
iv. **24th** – Fund announces new retirement product – DDA which will be available from January 2023
v. **26th** – FNPF Walkathon for Movember

December

i. **8th** – MoU signed with Bureau of Statistics for data/statistics sharing
ii. **16th – 30th** – Internal Housing Withdrawal Survey
iii. **21st – 23rd** – Christmas Carol at the Food Court @ My FNPF Centres Suva & Nadi and Dolphins Food Court
iv. Member Forum dates advertised

January

i. **1st** – 14% contribution rate implemented for compulsory members
ii. **3rd** – Retirement product, the DrawDown Account is activated
iii. **24th** Jan – Member Forum, Suva
iv. **26th** Jan – Member Forum, Nadi
v. **27th** Jan:
- Member Forum Lautoka
- Automated responses activated for transactions in member accounts

vi. **31st** – Member Forum, Koronivia

February

i. **10th** – Member Forum, Savusavu
ii. **11th** – Member Forum, Labasa
iii. **16th** – Member Forum, Taveuni
iv. **15th** – 17th – Retirement Expo, Naqara, Taveuni
v. **22nd** – Board directors Attar Singh and Joe Taoi appointed
vi. **25th** – Corporate Social Responsibility: CWMH Clean Up
vii. **27th** – Board directors induction

March

i. **8th** – International Women's Day
ii. **28th** – PR & Marketing Survey

April

i. **1st** – FNPF Members hosted at the Corporate Box to watch the Fijian Drua and Melbourne Rebels match
ii. **20-21** April – National Economic Summit. Chairman and CEO participate in the summit
iii. **25th** – Board director Adish Naidu appointed

May

i. **6th** – Employers hosted at the FNPF Corporate Box to watch the Fijian Drua vs Wellington Hurricanes match
ii. **10th – 12th** – Retirement Expo Nadi
iii. **12th** – COVID-19 Micro Business Assistance ends
iv. **20th** – Family Fun Day

June

i. **16th** – MoU signed with Fiji Crop and Livestock Council for the inclusion of farmers as voluntary FNPF members
ii. **24th** – Viber channels created for FNPF Members, Pensioners and Employers
iii. **30th** – Credit Interest Rate announcement

FIJI NATIONAL PROVIDENT FUND

Financial Statements

30 JUNE 2023

CONTENTS

Fiji National Provident Fund
Board Members' Report
For the year ended 30 June 2023

The Board members present their report together with the financial statements of Fiji National Provident Fund ("the Fund") for the year ended 30 June 2023 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. Shiri Goundar
Mr Attar Singh- Appointed 20th February 2023
Mr Adish Naidu-Appointed on 25th April 2023
Mr. Joweli Vueta Taoi – Appointed 20th February 2023
Mr. Sanjay Kaba – Resigned on 17th January 2023
Mr. Joel Abraham – Resigned on 2nd February 2023
Ms. Kalpana Lal – End of term 2nd April 2023

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 2023 was $721,678,000 (2022: $600,526,000).

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 7.00% (2022:6.00%).

Bad and Allowance for Impairment Loss
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 allowance were made for impairment loss.

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 allowance for impairment, inadequate to any substantial extent.

Significant events during the year
(i) Amalgamated Telecom Holding International Venture Pte. Limited (ATHIV) Share

FNPF was allotted a total of 33,783,784 new shares amounting to US$25,000,000 in two tranches in the financial year ending 30th June 2023. Upon allotment of shares, FNPF now holds an equity interest in ATHIV of around 11.7%.

(ii) Additional Investment in BSP PNG

FNPF acquired an additional 5,493,482 fully paid ordinary shares in BSP PNG amounting to US$18,012,468 and owning 9.85% of the total shares in BSP PNG.

Fiji National Provident Fund
Board Members' Report
For the year ended 30 June 2023

Events Subsequent to the Balance Date

Loans to related parties

An additional loan of US$35,000,000 was approved by the FNPF Board subsequent to 30 June 2023. This additional facility will be on the same terms and conditions as the existing Syndicate Financing Agreement.

Investment Property Acquisitions

The Fund is in the process of acquiring the Natadola Beach Villa and Garden City properties awaiting completion of the settlement and title transfer. The sale and purchase agreement have been executed with the title to be transferred to the Fund upon settlement. Settlement is yet to be made as at the date of the accounts signing. The total acquisition cost of the two properties is $59.3 million (VEP).

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.

Going Concern
The Fund's financial statements have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of the financial statements as we believe that the Fund has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

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 statements.

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 **27** day of **September**, 2023.

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 2023

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 2023;

(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 2023;

(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 2023;

(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 2023;

(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 2023;

(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 Fund Act 2011.

Dated at Suva this **27** day of **September**, 2023.

Signed in accordance with a resolution of the Board:

Chairperson

Director

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 2023, 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 2023, 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.

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

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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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the Fund has kept financial records sufficient to enable the financial statements to be prepared and audited.

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

PricewaterhouseCoopers
Chartered Accountants

Wiliki Takiveikata
Partner

27 September 2023
Suva, Fiji

Fiji National Provident Fund
Income Statement
For the year ended 30 June 2023

	Notes	2023 $000	2022 $000
Income			
Interest	6(a)	322,896	319,041
Dividend	6(b)	121,270	100,077
Property rental		24,596	20,615
Change in fair value of equity investments	7(a)	248,914	167,392
Change in fair value of investments properties	15	16,066	16,245
Other Income			
Foreign exchange gains	7(b)	143	20,096
Surcharge and other fee	8	1,243	2,484
Reversal of impairment on assets held at amortized cost		1,609	1,128
Reversal of impairment on mortgaged loans		39,824	1,186
Reversal of impairment on contribution receivable		2,578	2,500
Total income		**779,139**	**650,764**
Less:			
Foreign exchange losses	7(b)	3,371	-
Net income		**775,768**	**650,764**
Expenses			
Investment expenses		9,920	10,272
Property expenses		9,721	7,828
Interest expenses		18	20
General administration expenses	9	12,145	10,894
Personnel expense	9(a)	19,290	18,203
Depreciation and amortization		2,996	3,021
Total expenses		**54,090**	**50,238**
Net increase in net assets available for allocation		**721,678**	**600,526**
Net increase in net assets allocated to:			
Members' accounts		457,572	370,331
Funds		264,106	230,195
Total		**721,678**	**600,526**

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 2023

	Notes	2023 $000	2022 $000
Assets			
Cash and cash equivalent	16	512,866	537,176
Term deposits	10	126,431	109,353
Investment income receivable	20	119,999	103,115
Government securities	11	4,003,273	3,681,020
Other fixed interest securities	12	22,976	38,956
Loans and advances	13	1,175,243	1,112,426
Other receivables	19	53,026	73,362
Investment properties	15	465,468	447,696
Equity investments	14	3,009,337	2,591,824
Property, plant and equipment	18	14,869	14,583
Right of use assets	23(a)	201	356
Intangible assets	17	2,883	4,446
Total assets		**9,506,572**	**8,714,313**
Liabilities			
Other payables and accruals	21	20,078	23,050
Employee entitlements	22	742	1,132
Lease liability	23(b)	9,233	9,389
Total liabilities (excluding net assets available to pay benefits)		**30,053**	**33,571**
Net assets available for member benefits and reserves	24	**9,476,519**	**8,680,742**
Comprising:			
Member benefits			
Allocated to members		7,459,404	6,937,531
Unallocated to members		15,808	15,908
Total member benefits		**7,475,212**	**6,953,439**
Reserves			
Investment reserve		1,117,304	920,520
Solvency reserve		884,003	806,783
Total reserves		**2,001,307**	**1,727,303**
Total Funds		**9,476,519**	**8,680,742**

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 2023

	Notes	2023 $000	2022 $000
Balance at 1 July		**6,953,439**	**6,664,248**
Contributions:			
Employers		270,746	197,622
Members		270,746	197,622
Total contribution	26(a)(ii)	**541,492**	**395,244**
Benefit payments to members	24(e)	(441,214)	(466,999)
Pension payments to pensioners	24(e)	(26,179)	(25,740)
Benefits allocated to members' account, comprising:			
Interest to members	26(a)(iii)	457,572	370,331
Current year investment returns			
- SDB	27	3,849	3,679
- RIF	27	26,935	26,441
Transfer to solvency reserve			
- SDB	26(c)	(6,026)	(4,235)
- RIF	26(b)	(18,381)	(9,586)
Transfer from/(to) general reserve		(16,275)	56
Closing balance of members' benefits		**7,475,212**	**6,953,439**

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 2023

	Investment Reserve $000	Solvency reserve $000	Total $000
Balance at 1 July 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 to member liability	(56)	-	(56)
Balance at 30 June 2022	**920,520**	**806,783**	**1,727,303**
Net transfers to/from member benefits/reserves			
- FNPF	(52,813)	52,813	-
- SDB	-	6,026	6,026
- RIF	-	18,381	18,381
Net current year investment returns	233,322	-	233,322
Transfer from member liability	16,275	-	16,275
Balance at 30 June 2023	**1,117,304**	**884,003**	**2,001,307**

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 2023

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Income	$000	$000	$000	$000	$000	$000	$000	$000
Interest	291,757	288,776	27,283	26,601	3,856	3,664	322,896	319,041
Dividends	121,270	100,077	-	-	-	-	121,270	100,077
Property rental	24,596	20,615	-	-	-	-	24,596	20,615
Change in fair value of equity investments	248,914	167,392	-	-	-	-	248,914	167,392
Change in fair value of investment properties	16,066	16,245	-	-	-	-	16,066	16,245
Other Income								
Foreign exchange gain	143	20,096	-	-	-	-	143	20,096
Surcharge and other fee	1,243	2,484	-	-	-	-	1,243	2,484
Reversal of impairment on assets held at amortized cost	1,602	935	14	178	(7)	15	1,609	1,128
Reversal of impairment on mortgaged loans	39,824	1,186				-	39,824	1,186
Reversal of impairment on contribution receivable	2,578	2,500	-	-	-	-	2,578	2,500
Total income	**747,993**	**620,306**	**27,297**	**26,779**	**3,849**	**3,679**	**779,139**	**650,764**
Less:								
Foreign exchange losses	3,371	-	-	-	-	-	3,371	-
Change in fair value of investment properties	-	-	-	-	-	-	-	-
Net income	**744,622**	**620,306**	**27,297**	**26,779**	**3,849**	**3,679**	**775,768**	**650,764**
Expenses								
Investment expenses	9,920	10,275	-	(3)	-	-	9,920	10,272
Property expenses	9,721	7,828	-	-	-	-	9,721	7,828
Interest expense	18	20	-	-	-	-	18	20
General administration expenses	12,049	10,803	96	91	-	-	12,145	10,894
Personnel expense	19,024	17,953	266	250			19,290	18,203
Depreciation and amortisation	2,996	3,021	-	-	-	-	2,996	3,021
Net impairment of contribution receivable	-	-	-	-	-	-	-	-
Total expenses	**53,728**	**49,900**	**362**	**338**	**-**	**-**	**54,090**	**50,238**
Net increase in net assets available for allocation	**690,894**	**570,406**	**26,935**	**26,441**	**3,849**	**3,679**	**721,678**	**600,526**
Allocated to:								
Members' accounts	457,572	370,331	-	-	-	-	457,572	370,331
Funds	233,322	200,075	26,935	26,441	3,849	3,679	264,106	230,195
Total	**690,894**	**570,406**	**26,935**	**26,441**	**3,849**	**3,679**	**721,678**	**600,526**

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 2023

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Assets	$000	$000	$000	$000	$000	$000	$000	$000
Cash and cash equivalent	498,194	520,885	10,366	13,161	4,306	3,130	512,866	537,176
Term deposits	126,431	109,353	-	-	-	-	126,431	109,353
Investment income receivable	112,232	95,540	6,703	6,559	1,064	1,016	119,999	103,115
Government securities	3,578,253	3,273,420	355,694	341,230	69,326	66,370	4,003,273	3,681,020
Other fixed interest securities	22,976	38,956	-	-	-	-	22,976	38,956
Loans and advances	1,175,243	1,112,426	-	-	-	-	1,175,243	1,112,426
Other receivables	51,791	72,519	54	-	1,181	843	53,026	73,362
Investment properties	465,468	447,696	-	-	-	-	465,468	447,696
Equity investments	3,009,337	2,591,824	-	-	-	-	3,009,337	2,591,824
Property, plant, and equipment	14,822	14,536	47	47	-	-	14,869	14,583
Right of use asset	201	356	-	-	-	-	201	356
Intangible assets	2,883	4,446	-	-	-	-	2,883	4,446
Total assets	**9,057,831**	**8,281,957**	**372,864**	**360,997**	**75,877**	**71,359**	**9,506,572**	**8,714,313**
Liabilities								
Other payables and accruals	11,278	12,587	119	88	8,681	10,375	20,078	23,050
Employee entitlements	742	1,132	-	-	-	-	742	1,132
Lease liability	9,233	9,389	-	-	-	-	9,233	9,389
Total liabilities	**21,253**	**23,108**	**119**	**88**	**8,681**	**10,375**	**30,053**	**33,571**
Net assets available for member benefits and reserves	**9,036,578**	**8,258,849**	**372,745**	**360,909**	**67,196**	**60,984**	**9,476,519**	**8,680,742**

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 year ended 30 June 2023

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Net assets available for member benefits comprise:	$000	$000	$000	$000	$000	$000	$000	$000
Member benefits								
Allocated to members	7,186,116	6,657,698	273,288	279,833	-	-	7,459,404	6,937,531
Unallocated to members	13,223	13,509	-	-	2,585	2,399	15,808	15,908
Total member benefits	**7,199,339**	**6,671,207**	**273,288**	**279,833**	**2,585**	**2,399**	**7,475,212**	**6,953,439**
Reserves								
Investment reserve	1,117,304	920,520	-	-	-	-	1,117,304	920,520
Solvency reserve	719,935	667,122	99,457	81,076	64,611	58,585	884,003	806,783
Total reserves	**1,837,239**	**1,587,642**	**99,457**	**81,076**	**64,611**	**58,585**	**2,001,307**	**1,727,303**
Total funds	**9,036,578**	**8,258,849**	**372,745**	**360,909**	**67,196**	**60,984**	**9,476,519**	**8,680,742**

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 2023

	Notes	2023 $000	2022 $000
Cash flows from operating activities			
Interest received		311,388	296,715
Dividends received		103,813	91,009
Property rentals received		23,278	19,285
Other income received		1,243	1,084
Payments to suppliers and employees		(58,042)	(35,785)
Net cash generated from operating activities		381,680	372,308
Cash flows from investing activities			
Government securities matured/(acquired)		(322,218)	(185,110)
Other securities matured/(acquired)		16,000	17,000
Loans and advances provided/(repaid)		(13,978)	(107,816)
Term deposits matured/(invested)		(17,000)	106,000
Deposit for ATHIV Share		-	(21,796)
Equity investments (acquired)/disposed		(142,340)	(141,577)
Purchase of property, plant and equipment		(1,125)	(1,148)
Acquisition of intangible assets		(446)	(57)
Amount spent to acquire/develop investment properties		(1,695)	(716)
Net cash (used in) investing activities		(482,802)	(335,220)
Cash flows from financing activities			
Contributions received from employers		273,778	200,488
Contributions received from members		270,746	197,622
Withdrawal payments to members		(441,214)	(444,219)
Payments for COVID-19 assistance		-	(22,780)
Pension annuity paid to members		(26,179)	(25,740)
Principal elements of lease repayments		(723)	(729)
Net cash from / (used in) financing activities		76,408	(95,358)
Net (decrease) in cash and cash equivalents		(24,714)	(58,270)
Cash and cash equivalents at beginning of the financial year		537,987	596,257
Cash and cash equivalents at end of the financial year	28	513,273	537,987

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 2023

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 33 Ellery Street, Suva.

The financial statements of the Fund as at and for the year ended 30 June 2023 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 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 27th September 2023.

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 Basis of preparation

The financial statements of the Fund are general purpose financial statements and have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in 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 at fair value through profit or loss. For the purposes of financial reporting under IAS 26, FNPF is also regarded as a defined contribution plan.

The Fund qualifies as an Investment Entity as it meets the following definition of an investment entity outlined in IFRS10, Consolidated Financial Statement (IFRS10):

a. Obtains funds from one or more investors for the purpose of providing those investors with investment management services – Investors would be highly represented by the members and their contributions are invested for a better return each year.
b. Commits to investors that the business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
c. Measures and evaluates the performance of substantially all its investment on a fair value basis.

Fair Value Measurement - FNPF has measured substantially all of its investments at fair value. When determining the fair value assessment, FNPF made a number of assumptions on the state of the market, the methods of valuation, and the inputs employed in the valuation process. Additionally, FNPF used its judgement (with external consultant) to choose the best inputs and valuation techniques based on the unique characteristics of each investment, disclosed in notes 5, 14 and 15.

Control assessment - FNPF has assessed its control over its investees as disclosed in note 14(b) and has the power over the investee, exposure or rights to variable return and has the ability to use this power to affect the returns.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS form the basis of International Accounting Standards adopted by the IASB. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors 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) New accounting standards, amendments and interpretations adopted

The Fund has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

i. The amendment to IAS 16, 'Property, Plant and Equipment (PPE)', prohibits an entity from deducting from the cost of an item of PPE, any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of PPE. The financial performance of the asset is not relevant to this assessment. Entities must separately disclose the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

   The amendment to the standard is effective for accounting periods beginning on or after 1 January 2022.

ii. The amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. In relation to onerous contracts, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, prior to recognising a separate provision. The amendment to the standard is effective for accounting periods beginning on or after 1 January 2022.

iii. Annual improvements to following IFRSs effective for accounting periods beginning on or after 1 January 2022:
   IFRS 9, 'Financial Instruments' clarifies what should be included in the test for derecognition of financial liabilities.
   IFRS 16, 'Leases' amendments to remove confusion about the treatment of lease incentives.

These amendments do not have significant impact on the financial statements.

(b) New accounting standards, amendments and interpretations issued but not yet adopted

A number of new accounting 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 includes the following:

(i) Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The amendments to IAS 1 require the Fund to disclose its material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies and disclosures (continued)

(b) New accounting standards, amendments and interpretations issued but not yet adopted (continued)

(ii) Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction.The International Accounting Standards Board has issued targeted amendments to IAS 12 to specify how entities should account for deferred tax on transactions such as leases and decommissioning obligations.

IAS 12 Income Taxes specifies how an entity accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions, such as leases and decommissioning obligations transactions for which entities recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that entities are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. These will not have any impact on the Fund as the Fund is exempted from income tax.

(iii) Amendment to IFRS 16 – Leases on sale and leaseback

These are amendments to IFRS 16, 'Leases', which add to requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction.

A sale and leaseback are a transaction for which an entity sells an asset and leases that same asset back for a period from the new owner.

Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

(iv) Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

(v) IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1), the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. This standard is effective from periods beginning on or after 1 January 2024.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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 these 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 accumulated 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 2023

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
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2 Summary of significant accounting policies (continued)

2.8 Financial instruments

Financial assets

(a) Recognition and initial measurement

Receivables, loans and advances and debt investment securities are initially recognised when they are originated using settlement date accounting. 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 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

2.8 Financial instruments – (continued)

Solely Payment of Principal and Interest Assessment (SPPI)

Financial assets that are assessed whether contractual cash flows are solely payments of principal and interest are measured at amortised cost.

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.(Refer note 3.1(b)).

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

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

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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 determine 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 2023

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 2023

2 Summary of significant accounting policies (continued)

2.10 Cash and cash equivalents

Cash on hand, short-term investments of three months or less, call deposits, and cash balances are all considered cash and cash equivalents. 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 right-of-use asset categorized under Investment Property is not depreciated and forms part of investment property.

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 2023

2. Summary of significant accounting policies (continued)

2.11 Leases (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 2023

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 the registration of the forms by the Fund and generation of invoice to employers. 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 6% contribution from the employer and 6% deducted from the total wages of the employee. This was further increased to 14% (7% contribution each from employer and employee) effective 1st January 2023.

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 2023

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.

Associates - Associates are those entities in which the Fund has significant influence, but not control, over the financial and operating policies.

As an investment entity, the Fund's investment in subsidiaries and associates are accounted for at fair value through profit or loss in accordance with IFRS 9.

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 risk, 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 rate risk and 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 2023

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):

	2023	2022
	$000	$000
Assets		
Cash and cash equivalents		
AUD	6,030	4,850
NZD	390	393
USD	39,515	41,369
Foreign equities		
AUD	218,909	206,398
USD	148,263	74,606
PGK	333,492	281,645
Commercial Lending		
USD	45,300	43,592

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 2023

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 2023 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 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 Amount	Impact on net change in assets	
		-10%	+10%
Assets	**$000's**	**$000's**	**$000's**
30 June 2023	**(FJD)**	**(FJD)**	**(FJD)**
USD	233,078	25,898	(21,189)
AUD	224,938	24,993	(20,449)
PGK	333,492	37,055	(30,317)
NZD	390	43	(35)
		87,989	**(71,990)**
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)**

(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 profit or loss.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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

Index	Carrying Amount 2023 $000's	Impact on net change in assets 2023 $000's	2022 $000's
South Pacific Stock Exchange	234,088	11,704	11,305
Australian Securities Exchange	113,360	5,668	5,358
Papua New Guinea Stock Exchange	333,439	16,672	14,080
		34,044	30,743

(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 remained unchanged at 3.75% at 30 June 2023. The calculated proportion of RIF asset cash flows was 73.3% under this assumption and assumptions stated in note 26(b), this means that 73.3% 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:

	2023 $000	2022 $000
Cash and cash equivalents	(404)	(76)
Investment income receivable	(1,147)	(255)
Other receivables	(2,578)	(2,500)
Term deposits	(78)	(566)
Government securities	(35)	(211)
Other fixed interest securities	(20)	(38)
Loan and advances	(39,824)	(1,186)
Undrawn loan commitments	76	18
	(44,010)	**(4,814)**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts arising from Expected Credit Loss (ECL)

These 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.

The Fund considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Qualitative Criteria - if the instrument meets one or more of the following criteria:
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only); and
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans.

Quantitative criteria - applies to performing loans risk graded at CCC credit rating system which are 'watch list' categories. By definition, these loans have experienced a SICR event since inception hence need to be classified as Stage 2, with lifetime PDs applicable. These criteria apply regardless of whether loans in this risk grade are in arrears or not i.e. the 30 day backstop clause does not apply.

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 PD rates 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 and/or adjusted for industry / market risks. 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.

Since the re-opening of the borders in 2021, majority of the hotels have commenced with loan repayments of principal and interest from July 2022. Further extension of moratorium was granted up to 30 June 2023 for Farleigh Ltd and Dubbo Ltd due to closure of Westin Resort which is undergoing major refurbishment. 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,

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk *(continued)*

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 90 days on any material credit obligation to the Fund.

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

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

Incorporation of forward-looking information

The Fund uses sovereign risk ratings which by their nature incorporate forward-looking information which includes economic data and forecasts published by Reserve Bank of Fiji such as GDP 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.

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 1.91% to 49.7%. 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, similar factors are 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. The details on collateral are on note 30(b).

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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 financial asset type were as follows, before impairment:

	2023		2022	
	$000	%	$000	%
Cash and cash equivalents	513,273	8	537,987	9
Investment income receivable	120,273	2	104,536	2
Term deposits	126,500	2	109,500	2
Government Bonds	4,005,155	65	3,682,937	63
Other Fixed Interest Securities	23,000	1	39,000	1
Loans and advances – Quasi-government loans	43,996	1	45,496	1
Loans and advances – commercial loans	1,260,435	20	1,235,942	20
Other receivables	67,940	1	90,952	2
	6,160,572	100	5,846,350	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	*2023*	*2022*
	%	%
A- to A+	14	11
BBB- to BBB+	4	4
BB- to BB+	0	0
B- to B+	75	79
CC to CCC+	4	3
N/R	3	3
	100	100

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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:

	2023		2022	
	$000	%	$000	%
Agriculture	43,996	3	45,496	4
Financial institutions	30,000	2	30,000	2
Telecommunications	151,527	12	164,352	13
Private others (includes staff loans)	70	-	170	-
Real estate development	27,708	2	26,909	2
Education	3,528	-	3,910	-
Transport and storage	226,530	17	226,530	18
Wholesale and retail	59,975	5	37,396	3
Other (Hotels & Restaurants)	761,097	59	746,675	58
Total	**1,304,431**	**100**	**1,281,438**	**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 2023 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%	338	(338)
Loans and advances	LGD +/-50%	3,382	(3,382)

Loans and advances

The Fund has used the S&P rates based on sovereign risk ratings appropriate to the counter party. 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. The inputs used have been disclosed in "measurement of ECL" section above and the considerations for staging in disclosed in note 2.8 (d).

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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	2023 Total $000	2022 Total $000
Credit grade					
Standard	1,041,717	43,996		1,085,713	1,062,912
Special mention	-	15,715	-	15,715	-
Substandard	-	-	-	-	15,522
Doubtful	-	-	203,003	203,003	203,004
Loss	-	-	-	-	-
Gross carrying amount	**1,041,717**	**59,711**	**203,003**	**1,304,431**	**1,281,438**
Loss allowance	(3,815)	(2,950)	(122,423)	(129,188)	(169,012)
Carrying amount	**1,037,902**	**56,761**	**80,580**	**1,175,243**	**1,112,426**

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	**3,252**	**12,999**	**152,761**	**169,012**
Movements with impact to income statement	-	-	-	-
Transfer from stage 2 to stage 1	-	(9,708)	-	(9,708)
New loans originated	396	-	-	396
Loans that have been derecognized	(176)	-	-	(176)
Changes in PDs/LGDs/EADs	(90)	91	(30,338)	(30,337)
Changes to model assumptions and methodologies	433	(432)	-	1
Loss allowance at 30 June	**3,815**	**2,950**	**122,423**	**129,188**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Maximum exposure to credit risk (continued)

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	**795,262**	**267,650**	**218,526**	**1,281,438**
Movements with impact to income statement	**-**	**-**	**-**	**-**
Transfer from stage 2 to stage 1	226,530	(226,530)	-	-
New loans originated	102,265	808	-	103,073
Loans derecognised during the period other than write-offs	(77,964)	(2,115)	(1)	(80,080)
Changes in PDs/LGDs/EADs	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-
Gross carrying amounts at 30 June	**1,046,093**	**39,813**	**218,525**	**1,304,431**

C***ash and cash equivalents and Term Deposits***

The Fund held cash and cash equivalents of $513,273,000 and term deposits of $126,500,000 at 30 June 2023 (2022: $537,987,000 and $109,500,000). 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 substantial portion of 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 $4,028,155,000 at 30 June 2023 (2022: $3,721,937,000). 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 substantial portion of 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 2023

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 assets.

The financial liabilities of the Fund at 30 June 2023 comprise of net assets attributable to members. As at 30 June 2023, the financial liabilities were worth $7,532,340,000 and the financial assets were valued at $8,981,794,000. The financial assets are added to the guaranteed interest income from Fixed Income risk free portfolio investments worth $2,634,217,000 thereby topping up the financial assets to $11,615,913,000. Upon matching the financial assets to liabilities, there is a residual net positive position of $4,083,573,000. 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 asset and liability positions.

The Fund's Treasury department manages 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 show the Fund's financial liabilities and assets for the year ended 30 June 2023. Except for RIF financial liabilities ($273,288,000), 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	722,398	60,759	185,667	1,013,455	5,217,060	7,199,339
Allocated to members – Retirement income Fund	-	6,497	19,490	84,645	162,656	273,288
Allocated to members – SDBF	-	246	739	938	662	2,585
Total member liabilities	**722,398**	**67,502**	**205,896**	**1,099,038**	**5,380,378**	**7,475,212**
Other payables and accruals	4,560	4,759	10,759	-	-	20,078
Lease liabilities	-	-	703	2,293	34,054	37,050
Total financial liabilities	**726,958**	**72,261**	**217,358**	**1,101,331**	**5,414,432**	**7,532,340**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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	513,273	-	-	-	-	513,273
Term deposits	-	67,500	54,000	5,000	-	126,500
Government securities	-	43,095	184,420	848,686	2,928,954	4,005,155
Other fixed interest securities	-	-	18,000	5,000	-	23,000
Equity investments	878,985	-	-	-	2,130,352	3,009,337
Loans and advances	-	12,509	52,037	388,939	850,946	1,304,431
Total financial assets	**1,392,258**	**123,104**	**308,457**	**1,247,625**	**5,910,252**	**8,981,696**
Interest income – Fund	-	62,790	165,158	985,225	1,197,581	2,410,754
Interest income – RIF	-	6,765	20,673	111,510	53,952	192,899
Interest income – SDBF	-	1,346	2,519	11,763	14,936	30,564
Total financial assets including interest income	**1,392,258**	**194,005**	**496,807**	**2,356,123**	**7,176,721**	**11,615,913**

3.2 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. Refer note 2.4.

Fiji National Provident Fund
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For the year ended 30 June 2023

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 (2022: 3.75%). 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 4.51% pa (2022: 4.25%). 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. Further details of the assumptions used are in note 26.

For the valuation at 30 June 2023, 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. Further information about the determination of SDBF reserves is in note 26.

(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.

(e) 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. The Fund uses ANZ buy rates to convert foreign currency into Fijian dollars.

(f) 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 market conditions 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, 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.

For estimates in relation to incremental borrowing rates for new lease is disclosed in note 23.

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 2023

4. Critical accounting estimates and judgments (continued)

(g) Expected credit losses

The Fund's holdings in financial assets carried at amortised cost, including loans and advances, cash , term deposits, 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, 12,13 and 16.

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 2023

5. Fair value estimation (continued)

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

	Carrying amount			Fair value			
	Fair value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
	$000	$000	$000	$000	$000	$000	$000
Balance as at 30 June 2023							
Equity investments	3,009,337	-	3,009,337	878,985	40,595	2,089,757	3,009,337
Government securities*	-	4,005,155	4,005,155	-	-	4,005,155	4,005,155
Other Fixed income securities*	-	23,000	23,000	-	-	23,000	23,000
Investment properties	465,468	-	465,468	-	-	465,468	465,468
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	-	-	3,682,937	3,682,937
Other Fixed income securities*	-	39,000	39,000	-	-	39,000	39,000
Investment properties	447,696	-	447,696	-	-	447,696	447,696

*In accordance with IAS 26, retirement benefit plans investments shall be carried at fair value. Government securities and Other fixed income securities are carried at amortised cost and their fair values of $4,005,155,000 (2022: $3,682,937,000) and $23,000,000 (2022: $39,000,000) respectively are determined by the indicative prices quoted by the Reserve Bank of Fiji. These investments are carried at amortised cost and there is no secondary market to trade these instruments in Fiji. The amortised cost method, therefore is deemed to represent its fair value.

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

	2023 $000	2022 $000
Equity investments		
Balance at 1 July	1,766,730	1,462,140
Unrealised gains (losses) included in income statement	220,308	154,048
Acquisition	102,719	150,542
Balance at 30 June	**2,089,757**	**1,766,730**
Investment properties		
Balance at 1 July	447,696	430,714
Unrealised gains (losses) included in income statement	16,066	16,245
Net Acquisition	1,695	716
Right of use asset	11	21
Balance at 30 June	**465,468**	**447,696**

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	The fair value has been measured as a level 3 fair value input where its amortised cost is deemed to be fair value.	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/ WACC (+/-5%)	(114,309)	128,945
Earnings multiple (+/-5%)	11,687	(11,687)
Capitalization rate (+/-5%)	(31,504)	35,006
Investment properties		
Capitalization rates (+/- 0.5%)	(14,715)	17,098
Rate per acre (+/-5%)	10,588	(10,588)

Fiji National Provident Fund
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		Note	2023	2022
			$000	$000
6.	**Income**			
	(a). Interest income			
	Fixed interest securities			
	- Government securities		253,973	246,582
	- Other fixed interest securities		1,584	2,613
	Loans and advances		61,265	59,755
	Term deposits		1,749	3,659
	Other interest income		4,325	6,432
			322,896	**319,041**
	(b). Dividend			
	Dividends from other equities		61,441	53,803
	Dividends from related parties	30(b)	59,829	46,274
			121,270	**100,077**
7.	**Change in fair value of equity investments**			
	(a). Fair value changes - equity investments			
	Unrealised gains on investments		248,855	161,408
	Realised gains on investments		59	5,984
	Net fair value gains		**248,914**	**167,392**
	(b). Net foreign exchange gain/(loss)			
	Unrealised exchange gain/(loss)		143	20,096
	Realised exchange losses		(3,371)	-
	Net foreign exchange gains/(losses)		**(3,228)**	**20,096**
8.	**Other income**			
	Other income includes the following specific items:			
	Surcharge income		508	285
	Other revenue		735	2,199
			1,243	**2,484**

		Note	2023	2022
9.	**General administration expenses**	**Note**	**2023**	**2022**
	Auditor's remuneration:		**$000**	**$000**
	- Audit – PwC – current period		258	116
	– prior period		83	-
	Directors fees		55	11
	Electricity		469	476
	Insurance		2,309	3,125
	Loss on sale of fixed assets and investment property		7	-
	Repairs and maintenance		103	105
	Other operating and general expenses	9(b)	8,861	6,994
			12,145	**10,894**

Fiji National Provident Fund
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		Note	2023	2022
9(a).	**Personnel expense**		**$000**	**$000**
	- Salaries and wages		16,930	16,458
	- Other staff benefits and expenses		2,360	1,745
			19,290	**18,203**

		2023	2022
9(b).	**Other operating and general expenses**	**$000**	**$000**
	Advertising	1,388	556
	Software maintenance and support	2,304	1,812
	Motor vehicle cost	231	174
	Communication	825	867
	Stationery and printing	85	73
	Travelling and subsistence	279	148
	General and operating expenses	705	506
	Small assets	48	37
	Computer sundries	222	103
	Consultancy	311	543
	Legal cost	251	232
	Office cleaning	171	137
	Rent	1,808	1,642
	Water rates	10	9
	Office sundries	54	30
	Security expense	169	125
		8,861	**6,994**

10.	**Term deposits**		
	Local banks and financial institutions– local currency	126,500	109,500
	Impairment provision	(69)	(147)
		126,431	**109,353**
	Maturity represented as:		
	Less than or equal to 3 months	67,500	47,500
	3 to 12 months	54,000	57,000
	1 to 5 years	5,000	5,000
		126,500	**109,500**

11.	**Government securities**		
	Fiji Government Registered Stock	4,005,155	3,682,937
	Impairment provision	(1,882)	(1,917)
		4,003,273	**3,681,020**
	Maturity represented as:		
	Less than or equal to 3 months	43,095	30,830
	3 to 12 months	184,420	81,833
	1 to 5 years	848,686	802,366
	Greater than 5 years	2,928,954	2,767,908
		4,005,155	**3,682,937**

The government securities are accounted for at amortized cost which is deemed to be the fair value as per note (5) to the financial statements.

Fiji National Provident Fund
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12. Other fixed interest securities

	2023	2022
	$000	**$000**
Fiji Bonds	23,000	39,000
Impairment provision	(24)	(44)
	22,976	**38,956**
Maturity represented as:		
Less than 3 months	-	5,000
3 to 12 months	18,000	11,000
1 to 5 years	5,000	23,000
	23,000	**39,000**

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

13. Loans and advances

	Note	2023	2022
		$000	**$000**
Loans and advances (quasi-government)		43,996	45,496
Loans to related parties	30(b)	1,139,154	1,137,656
Customer term loans		121,211	98,216
Staff loans		70	70
		1,304,431	**1,281,438**
Provision for Impairment		(129,188)	(169,012)
		1,175,243	**1,112,426**
Maturity represented as:			
Less than or equal to 3 months		12,509	5,726
3 to 12 months		51,939	74,049
1 to 5 years		388,939	329,472
Greater than 5 years		851,044	872,191
		1,304,431	**1,281,438**

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 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 approved loans to Dubbo Pte Limited and Digitec Communications Ltd.
- 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. New loan was approved for Foods (Pacific) Pte Limited.

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

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

Repayment holidays previously approved for several hotel loans due to the COVID-19 pandemic ceased during the year, with commencement of repayment of principal and interest. Air Pacific Limited loans will commence repayment of principal from 1 January 2024. Air Pacific continues to pay interest only as per its contractual obligations.
Further details related to hotel loans are outlined in Note 30(b).

Natadola Bay Resort Pte Limited (NBRL)

The carrying value of the loan provided to NBRL by FNPF is $308,682,000 (2022: $311,220,000). 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 $122,787,000 (2022: $153,157,000). The reduction in provision was due to uplift in valuation post COVID-19 recovery.

Momi Bay Resort Limited (MBRL)

The carrying value of the loan provided to MBRL for the Momi Resort development is $129,635,000 (2022: $134,229,000). 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 2021	**-**	**-**	**104**	**104**
Balance as at 30 June 2022	**-**	**-**	**70**	**70**
Balance as at 30 June 2023	**-**	**-**	**70**	**70**
Individually Assessed Provisions				
Balance as at 1 July 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
New and increased provisioning	(39,935)	287	-	(39,648)
Transfers from stage 2 to stage 1	11,604	(11,604)	-	-
Provisions no longer required	(176)	-	-	(176)
Balance as at 30 June 2023	**125,610**	**3,508**	**70**	**129,188**
Total provision for impairment at 30 June 2022	**154,117**	**14,825**	**70**	**169,012**
Total provision for impairment at 30 June 2023	**125,610**	**3,508**	**70**	**129,188**

Total impairment provisions as at balance date are:

	Note	2023 $000	2022 $000
Collectively assessed provisions		70	70
Individually assessed provisions		129,118	168,942
		129,188	**169,012**

14.	**Equity investments**	Note	2023 $000	2022 $000
	Traded equities	14(a)	919,580	825,094
	Other equity investments	14(b)	2,089,757	1,766,730
			3,009,337	**2,591,824**

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		2023	2022
14.	**(a) Traded equities**	**$000**	**$000**
	Level 1 - Local listed equities	234,088	226,109
	Level 1 - Foreign equities (i)	644,897	562,596
	Level 2 -Local Unit trust	33,989	31,487
	Level 2 -Local unlisted equities	6,606	4,902
		919,580	**825,094**

- 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.

(i) Investment in BSP PNG

FNPF acquired an aggregate amount of 5,493,482 fully paid ordinary shares in BSP PNG from International Finance Corporation and the IFC Capitalization (Equity) Fund on 26th June 2023 amounting to US$18,012,468. FNPF has become the Fourth largest shareholder owning 9.85% of the total shares in BSP PNG. This is the 8th parcel of shares acquired by FNPF since 2015.

(b) Other equity investments

Investment in subsidiaries, associates and other equity investments consist of the following:

Name	Principal activities	Place of business	Valuer	% Owner-ship	2023 Fair value	2022 Fair value
Subsidiaries					**$000**	**$000**
Amalgamated Telecom Holdings Limited	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	72.7	894,228	864,358
Home Finance Company Pte Lim-ited	Financial services	Fiji	FTI Consulting (Australia) Pty Ltd	75.0	233,739	168,791
FNPF Holdings (PNG) Limited	Investment	PNG	Management Assessment	100.0	52	52
Yatule Beach Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	9,090	6,658
FNPF Hotel Resorts Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	58,449	43,303
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	67,402	18,588
Dareton Pte Limited	Land development	Fiji	Lomara Associates	100.0	6,800	6,800
Health Care (Fiji) Pte Ltd (i)	Healthcare	Fiji	Management Assessment	80.0	10,874	8,303
Grand Pacific Hotel Pte Ltd	Resort operations	Fiji	Colliers New Zealand	100.0	14,971	10,434
Farleigh Limited	Resort operations	Fiji	Colliers New Zealand	100.0	60,980	49,769
Associates						
Air Pacific Limited (Fiji Airways)	Aviation	Fiji	FTI Consulting (Austral-ia) Pty Ltd	30.0	168,189	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
Fiji Ports Corporation Limited	Wharfage	Fiji	FTI Consulting (Austral-ia) Pty Ltd	39.0	111,299	111,957
Bligh Water Shipping Limited*	Shipping	Fiji	Management Assessment	26.0	-	-
Vodafone (Fiji) Pte Limited	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	49.0	397,970	384,176
Other						
ATHIV (b)(ii)	Telecommunications	Singapore	FTI Consulting	11.7	55,714	-
					2,089,757	**1,766,730**

As at reporting date, the fair value for these investments is nil.

Fiji National Provident Fund
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14. Equity investments (continued)

b). Other equity investments (continued)

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

(i) 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.

The concession agreement with Fiji Government was executed in 2019 which stipulates the terms of this partnership with the main objective to improve the health facilities and services in the country. HCF assumed responsibility for the operation and management of Ba Hospital on 31 March 2022 and Lautoka Hospital on 9 April 2022 while at the same time work is ongoing to firm up the total cost and plan for the newly upgraded Lautoka hospital.

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.

(ii) Investment in ATHIV

FNPF exercised its rights to subscribe ATHIV shares for a total of 33,783,784 new shares amounting to US$25,000,000 in two tranches in the financial year ending 30th June 2023. The First tranche of shares was issued on 10th August 2022 which was for 13,513,514 shares worth US$10million, while the second tranche of shares were issued on 26th June 2023 for 20,270,270 shares worth $US15million. Upon allotment of shares, FNPF now holds a minority equity interest in ATHIV of around 11.7%.

FTI was engaged to provide an independent assessment of the value of the Fund's interest in ATHIV as at 30 June 2023.

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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.

Description	Valuation technique	Significant unobservable inputs	Range	Inter-relationship between significant unobservable inputs and fair value measurement	Fair Value $000
Equity investments	**ATH/VFL/HFC/FPCL/ ATHIV/ Air Pacific / Dareton** - Discounted Cash Flow Method (DCF) - Future maintainable earnings (FME) **Hotels:** - Discounted Cash Flow Method (DCF) - Income Capitalization	• Weighted Average Cost of Capital Note: does not include Digitec Communications (PNG) specific WACC range • Earnings multiple: • Discount Rate: • Capitalization rate:	9.9%-12.2% 25%-26% 0.93x -8.75x 9.75%-14.5% 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)	1,867,939 210,892
	Management Assessment - Health Care - FNPF Holdings (PNG) Limited	NTA	n/a	n/a	10,926
Total					**2,089,757**

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, ATHIV, Air Pacific Limited 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 2023. 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.

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14. Equity investments (continued)

b. Other equity investments (continued)

The valuation assumptions undertaken by Colliers is based on its view at 30 June 2023. 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.

The valuation for Dareton Pte Limited has been done by Lomara Associates and a market approach has been used adopted.

Management assessment is based on income approach using future maintainable earnings and earnings multiples of similar industries. The Board reviews and approves the valuation undertaken subsequent to the endorsement by the BIC.

15. Investment properties

	2023	2022
Properties at fair value	**$000**	**$000**
Balance at the beginning of the year	438,787	421,826
Change in fair value	16,066	16,245
Acquisitions	996	165
Work in progress	699	551
	456,548	**438,787**
Add: Lease liabilities – leasehold land	8,920	8,909
Balance at the end of the year	**465,468**	**447,696**

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.

Lomara Associates who were engaged for a three year term commencing FY2022 undertook a desktop valuation as at 30th June 2023 following the full valuation undertaken in FY2022 ending. The decision to undertake a desktop valuation for 2023 is on the assumptions that COVID19 has been controlled, herd immunity achieved through vaccination and Fiji's economic condition has stabilized with no known risk in the market. The discount and yield rates adopted by the valuers are reflective of market economic conditions including factors inherent to each property such as the security of income, type of property age and condition, and its location.

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15. Investment properties (Continued)

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.

Description	Valuation technique	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement	Fair Value $000
Investment Property	***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 tenant's 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) • Exit Capitalization Rate • Expected rental growth. • Void period Annualised vacancy • Market based management fee. • Expected expense growth.	5.5%-9% 7%-10% 1%- 3% 0% - 15% 2%-3% 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);	465,468
	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

	2023 $000	2022 $000
Cash at bank	508,313	537,621
Cash on hand	4,960	366
Cash at bank – restricted*	222	222
	513,495	**538,209**
Impairment provision	(629)	(1,033)
	512,866	**537,176**

* 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

	2023	2022
Software at cost	**$000**	**$000**
Balance at the beginning of the year	20,488	20,431
Additions during the year	446	57
Balance at the end of the year	**20,934**	**20,488**
Amortisation and impairment		
Balance at the beginning of the year	16,042	14,037
Amortisation charge for the year	2,009	2,005
Balance at the end of the year	**18,051**	**16,042**
Carrying amount		
At the beginning of the year	**4,446**	**6,394**
At the end of the year	**2,883**	**4,446**

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	8,766	134	2,406	2,567	44	4,860	32,004
Additions	-	-	-	912	-	-	116	-	124	1,152
Disposals	-	-	-	(352)	(2)	-	-	-	-	(354)
Balance at the end of the year	371	97	12,759	9,326	132	2,406	2,683	44	4,984	32,802
Accumulated depreciation										
Balance at the beginning of the year	-	93	4,396	8,267	88	2,114	2,419	44	-	17,421
Depreciation charge for the year	-	1	204	392	-	205	28	-	-	830
Disposals	-	-	-	(316)	(2)	-	-	-	-	(318)
Balance at the end of the year	-	94	4,600	8,343	86	2,319	2,447	44	-	17,933
Carrying amount										
At the beginning of the year	**371**	**4**	**8,363**	**499**	**46**	**292**	**148**	**-**	**4,860**	**14,583**
At the end of the year	**371**	**3**	**8,159**	**983**	**46**	**87**	**236**	**-**	**4,984**	**14,869**

Fiji National Provident Fund
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19. Other receivables	Note	2023 $000	2022 $000
Contributions receivable		14,506	17,538
Impairment provision		(12,651)	(15,229)
Net contribution receivable		**1,855**	**2,309**
Receivable from related parties	30(b)	10,308	10,629
Other deposits and receivables		43,224	62,785
Provision for Impairment		(2,361)	(2,361)
Net other receivables		**51,171**	**71,053**
		53,026	**73,362**

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:	2023 $000	2022 $000
Current	26,658	24,087
Non-current	41,282	66,865
	67,940	**90,952**

Movements in the provisions for impairment are as follows:

	Contributions receivable $000	Other $000
Balance at 1 July 2021	**17,729**	**2,361**
New and increased provisioning	-	-
Provisions reversed	(2,500)	-
Balance as at 30 June 2022	**15,229**	**2,361**
New and increased provisioning	-	-
Provisions reversed	(2,578)	-
Balance as at 30 June 2023	**12,651**	**2,361**

20. Investment income receivable	Note	2023 $000	2022 $000
Interest receivable		70,165	67,487
Provision for Impairment		(57)	(942)
Dividend receivable- others		3,344	561
Rent receivable		19	560
Provision for Impairment		(217)	(479)
Dividend receivable from related parties	30(b)(ii)	46,745	35,928
		119,999	**103,115**

Movements in the impairment provision are as follows:

	Interest receivable $000	Rent receivable $000
Balance as at 1 July 2021	**1,014**	**662**
Provisions reversed	(72)	(183)
Balance as at 30 June 2022	**942**	**479**
Provisions reversed	(885)	(262)
Balance as at 30 June 2023	**57**	**217**

Fiji National Provident Fund
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21. Other payables and accruals	**Note**	**2023 $000**	**2022 $000**
Deposits		3,727	3,039
Deferred revenue		334	244
COVID-19 Government assistance*		221	222
Other payables		15,796	19,545
		20,078	**23,050**

*COVID-19 Government assistance of $221,000 (2022: $222,000) relates to the funds received in advance from government and awaiting refund to Government as the Covid-19 assistance has ceased.

22. Employee entitlements	**2023 $000**	**2022 $000**
Annual leave	622	986
Long service leave and gratuity	120	146
	742	**1,132**
As at 1 July	1,132	1,034
Additional provisions recognised	1,370	1,364
Paid during the year	(1,760)	(1,266)
Carrying amount as at 30 June	**742**	**1,132**

23. Leases

	2023 $000	**2022 $000**
(a) Right-of-use assets		
Balance at 1 July	356	331
Additions	-	182
Depreciation charge for the year	(155)	(157)
Balance as at 30 June	**201**	**356**

The incremental borrowing rate for new lease was 6% (2022: 6%).

(b) Lease liabilities	**2023 $000**	**2022 $000**
Maturity analysis –contractual undiscounted cashflows		
Less than one year	703	726
One to five years	2,293	2,435
More than five years	34,054	34,571
Total undiscounted lease liabilities at 30 June	**37,050**	**37,732**
Lease liabilities at 30 June		
Property leases (included in investment properties and right of use assets)		
Current	154	170
Non-Current	9,079	9,219
	9,233	**9,389**
Amount recognized in income statement		
Interest on lease liabilities	18	20
Depreciation on right of use assets	155	157
Variable lease payments not included in the measurement of lease liabilities	339	188
	512	**365**
Amount recognized in the statements		
Total cash outflow for leases	**723**	**729**

Fiji National Provident Fund
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24. Net assets available to pay benefits	Note	2023	2022
		$000	$000
Net assets available to pay benefits		**9,476,519**	**8,680,742**
Represented by:			
Liability for accrued benefits	26(a)	7,199,339	6,671,207
Special death benefit fund reserve	24(a)	67,196	60,984
Retirement income fund reserve	24(b)	372,745	360,909
General reserve	24(c)	1,837,239	1,587,642
		9,476,519	**8,680,742**

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		2023	2022
		$000	$000
Balance at 1 July		60,984	56,297
Transfers from member accounts -premiums	24(d)	11,044	11,382
Payments to members' nominees	24(e)	(8,681)	(10,374)
Add transfers from statement of change in net assets	27	3,849	3,679
Balance at the end of the year		**67,196**	**60,984**

The amounts transferred to the Special Death Benefit Fund Reserve of $11,043,985 (2022: $11,382,000) represents annual deductions of $35 (2022: $35) or less from the accounts of each entitled member.

The amounts transferred from the Special Death Benefit Fund Reserve of $8,680,847 (2022: $10,374,000) represent disbursements to the nominees of those members who died during the year at $8,500 (2022: $8,500) per member. These disbursements are in addition to the accumulated amounts owing to the deceased member.

(b). Retirement income fund reserve	Note	2023	2022
		$000	$000
Balance at 1 July		360,909	345,791
Add/(less) transfers from/(to) member benefits:			
Transfer from		11,080	14,417
Transfer to	24(e)	(26,179)	(25,740)
COVID-19 assistance	24(e)	-	-
Add transfers from statement of change in net assets	27	26,935	26,441
Balance at the end of the year		**372,745**	**360,909**

The amount transferred to the Retirement Income Fund Reserve of $11,080,000 (2022: $14,417,000) represents new annuity purchases (previously stated as pension income) during the year. The amounts transferred from the Retirement Income Fund Reserve of $26,179,000 (2022: $25,740,000) represent pension annuities to pensioners whilst amounts transferred to the Retirement Income Fund Reserve during the year of $26,935,000 (2022: $26,441,000) represents investment returns after allowing for operating expenses of $347,000 (includes impairment reversal on financial assets of $15,000) (2022: $160,000 includes impairment reversal on financial assets of $182,000).

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

	Notes	2023	2022
		$000	$000
Balance at 1 July		1,587,642	1,387,623
Add transfers from statement of change in net assets	27	233,322	200,075
(Less)/add transfers from/to liability for accrued benefits		16,275	56
Balance at the end of the year		**1,837,239**	**1,587,642**

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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**
2023					
Member contributions, net	26(a)(iii)	-	-	530,448	530,448
SDB premiums	24(a)	11,044	-	-	11,044
		11,044	**-**	**530,448**	**541,492**
Purchase of annuities		-	11,080	-	11,080
Total		**11,044**	**11,080**	**530,448**	**552,572**
		SDBF	**RIF**	**FNPF**	**All funds**
2022		**$000**	**$000**	**$000**	**$000**
Member contributions, net		-	-	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**

(e). Payments to beneficiaries	SDBF	RIF	FNPF	All funds
	$000	**$000**	**$000**	**$000**
2023	8,681	26,179	432,533	467,393
2022	10,374	25,740	456,625	492,739

Total benefits paid, excluding pension annuity relating to RIF, amounted to $441,214,017 (2022: $466,999,000).

The details of the payments are as follows:

		2023	2022
Benefit type		**$000**	**$000**
1	55 years and over	189,690	209,785
2	Death	34,137	37,908
3	Disability	7,542	5,637
4	Migration	75,334	36,184
6	Non-Citizens migrating	8,457	6,770
	Small accounts	5,912	17,509
7-8	Partial withdrawal	49,359	64,367
9	Housing transfers	61,997	78,465
10	DDA Payout	105	-
Total		**432,533**	**456,625**

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24. Net assets available to pay benefits (continued)

(e). Payments to beneficiaries (continued)

	2023	2022
The breakdown of payments from RIF is:	**$000**	**$000**
1 - Sole life annuity	11,674	11,526
2 - Joint life annuity	7,320	7,140
3 - Term annuity	2,711	2,434
4 - Top up pension (in respect of pre-March 2012 pensioners)	4,126	4,248
5 - Commutation	348	392
6 - COVID-19 assistance	-	-
	26,179	**25,740**

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.

	Notes	2023	2022
26. Net assets at balance date and liability for accrued benefits		**$000**	**$000**
a) FNPF			
Balance at the beginning of the year		6,671,207	6,388,000
Add transfers from statement of change in net assets	26(a)(ii)	544,407	283,151
Add transfers to/(from) general reserve	26(a)(iii)	(16,275)	56
Balance at the end of the year		**7,199,339**	**6,671,207**
(i) Allocation of Benefits			
Allocated to Members' Accounts		7,076,868	6,580,607
Drawdown Account (DDA)*	26(a)(iv)	4,910	-
Unclaimed Deposit Account (UDA)*	26(a)(v)	104,338	77,091
Unallocated to Members' Accounts		13,223	13,509
		7,199,339	**6,671,207**
Solvency requirement of 10% of member accounts		719,934	667,121
Other		1,117,305	920,521
FNPF reserve	24(c)	**1,837,239**	**1,587,642**
Net assets at end of year		**9,036,578**	**8,258,849**

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

(a) FNPF (continued)

	Notes	2023 $000	2022 $000
(ii) Benefits accrued during the year			
Contributions received		541,492	395,244
Benefits paid including SDB claims	24(e)	(441,214)	(466,999)
Interest credited on members' accounts		457,572	370,331
Net amounts transferred:			
Special Death Benefit Reserve	24(a)	(2,363)	(1,008)
Transfer to Retirement Income Fund	24(b)	(11,080)	(14,417)
		544,407	**283,151**

The Board declared an annual interest rate for 2023 of 7% to be credited to members' accounts as at the reporting date (2022: 6%).

	Notes	2023 $000	2022 $000
(iii) Movement in liability for accrued benefits:			
Liability for accrued benefits at beginning of year		6,671,207	6,388,000
Net contributions*		530,448	383,862
Benefits paid**		(443,613)	(471,042)
Interest allocated to members		457,572	370,331
Transfer from/(to) general reserve		(16,275)	56
Liability for accrued benefits at end of year		**7,199,339**	**6,671,207**

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

(iv) Draw Down Account (DDA)

The DDA is a new retirement product that was introduced on 3rd January 2023. DDA was established under section 44(3) of the FNPF Act for a member/nominee withdrawing under the specified entitlement events.

A member/nominee electing a DDA has a choice between a Standard DDA plan or a High DDA plan. The Standard payment option is intended to leave money in the DDA until approximately one third of DDA holders of the same commencement age remain alive. The High payment option is intended to leave money in the DDA until approximately two thirds of DDA holders of the same commencement age remain alive. Once commenced, monthly payments (calculated by multiplying the amount allocated to purchase a DDA with the applicable age-based conversion factor under the payment plan and then dividing by 12) are made out to the DDA holder's account until the balance is reduced to zero or the DDA holder dies, whichever comes first. At the end of each financial year, DDA accounts with positive balances are credited with annual interest at a rate determined by the Board. DDA holders may withdraw of part of their DDA balance once every 12 months, and may withdraw the whole balance in their DDA any time after 12 months have lapsed since the start of their DDA.

The sum of balances in the respective types of DDA at the end of financial year 2023 are as follows:

	2023 $000	2022 $000
Drawdown accounts:		
DDA Standard	3,653	-
DDA High	1,257	-
	4,910	**-**

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

(a) FNPF (continued)

(v) Unclaimed Deposits Account (UDA)

The Unclaimed Deposits Account is managed under Part 8 in the FNPF Regulations. It is intended as a separate account that is to be maintained by the Board to hold:

(a) Contribution amounts that cannot be credited to a preserved and/or general account because the relevant FNPF member cannot be identified after diligent inquiry is made within 2 years from the date the contributions were paid;

(b) The number of entitlements for a deceased member that remain unclaimed by their nominee(s) past the 1-year anniversary of the member's death; and

(c) The entitlements of members aged at least 55 years; for whom no contributions or any withdrawal benefit application had been received for at least 10 years.

Any sum that remains unclaimed after 5 years have expired since it was transferred to the Unclaimed Deposits Account, shall be transferred to the General Reserve Account of FNPF.

	2023 $000	2022 $000
Unclaimed Deposits	**104,338**	**77,091**

(b) RIF	**2023** **$000**	**2022** **$000**
Liability for future annuity payments	273,288	279,833
Solvency reserve	99,457	81,076
Net assets	**372,745**	**360,909**
Movement in liability		
Liability at start of year	279,833	274,301
New purchases	11,080	14,417
Expected reduction for year	(6,718)	(9,722)
Model and assumption changes and variation in experience	(10,907)	837
Liability at end of year	**273,288**	**279,833**

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 $273,288,000 (2022: $279,833,000). 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.

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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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

(b) RIF (continued)

The main assumptions used for the purpose of the calculation are as follows:

- Mortality for male life annuitants in 2023 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 10 years. Mortality for female life annuitants in 2023 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 10 years. Ongoing mortality rate reduction for males and females of 1% per annum from 2023 (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);
- Fiji government bonds will be redeemed at the earliest opportunity; that is, up to 4 years before maturity, although not during 2023 to 2027 (2022:4 years, although not during 2022 to 2023);
- 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 (2022: 3.75% pa);
- A continuous liquidity allowance of one year's worth of annuity payments which does not attract interest (2022: one year);
- An allowance for RIF expenses of 5.0% of annuity payments from time to time (2022: 5.0%).

The calculated proportion of RIF asset cash flows was 73.3%. This means that 73.3% 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 $277,699,000 (74.5% of the face value of RIF investments). The liability assuming a reinvestment rate of return 50bp higher (4.25% per annum) is calculated as $269,223,000 (72.2% of the face value of RIF assets).

(c) SDBF	**2023**	**2022**
	$000	**$000**
Liability for claims incurred but not reported (IBNR)	2,585	2,399
Provision for mortality fluctuation	3,740	4,590
Catastrophe reserve	60,871	53,995
Net assets	**67,196**	**60,984**

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 (2022: $2,890,000) and estimated additional claims related to Covid of $850,000 (2022: $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 $2,585,000. The actual IBNR liability will only ever be known with the benefit of hindsight but is reasonably likely to fall between $2,327,000 and $2,844,000.

	2023	**2022**
	$000	**$000**
IBNR at the start of the year	2,399	1,947
Utilized expected SDB benefit payments	(923)	(1,446)
Unutilized expected SDB benefit payments	(46)	631
Other experience effects and assumption changes	208	223
New business related	947	1,044
IBNR at the end of the year	**2,585**	**2,399**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

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:

	2023	2022
	$000	$000
Change in net assets available for allocation	**721,678**	**600,526**
Allocated to:		
Liability for accrued benefits	(457,572)	(370,331)
Special death benefit fund	(3,849)	(3,679)
FNPF fund	(233,322)	(200,075)
Retirement income fund	(26,935)	(26,441)
	(264,106)	(230,195)
	(721,678)	**(600,526)**

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	2023	2022
		$000	$000
Cash and cash equivalents	16	513,273	537,987
Cash and cash equivalents at end of financial year		**513,273**	**537,987**

(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 cashflows to simplify and understanding of the financial statements:

(i) sales and purchases of maturing government and fixed interest securities;
(ii) Investment and maturity of term deposits; and
(iii) Loans and Advances.

29. Commitments and contingent liabilities

	2023	2022
(a) Commitments	$000	$000
Undrawn facilities in relation to mortgage loans*	26,382	6,063
	26,382	**6,063**
(b) Contingent liabilities		
Litigation *	92,465	90,136
	92,465	**90,136**

* The Fund is a party to an on-going claim against one of its subsidiaries – Farleigh Pte Limited. This relates to claims for loss of entitlement under itaukei lease (Sheraton Land) which amounts to $87.9 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 2023

29. Commitments and contingent liabilities (continued)

(c) Operating lease revenue

	2023	2022
Non- cancellable operating lease rentals are receivable as follows:	**$000**	**$000**
Not later than 1 year	12,637	5,439
Later than 1 year but not later than 5 years	46,519	33,189
Greater than 5 years	66,354	68,551
	125,510	**107,179**

30. Related parties

(a) Board members

The Board members of the Fund during the year were:
Mr. Daksesh Patel (Chairman)
Mr. Mukhtar Ali
Mr. Shiri Goundar
Mr Attar Singh- Appointed on 20th February 2023
Mr Adish Naidu-Appointed on 25th April 2023
Mr Joweli Vueta Taoi – Appointed on 20th February 2023
Mr. Sanjay Kaba – Resigned on 17th January 2023
Mr. Joel Abraham – Resigned on 2nd February 2023
Ms. Kalpana Lal – End of term 2nd April 2023

(b) Transactions and balances with related parties	**2023**	**2022**
	$000	**$000**
Directors*		
Directors remuneration - fees and allowances	55	11
	55	**11**

*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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

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
- Mr. Ravinesh Krishna – General Manager Human Resources (Resigned -14th November 2022)
- Mr. Alipate Waqairawai – General Manager Member Services
- Ms. Millie Low – General Manager Business Transformation
- Mr. Rukshan Rajapaksha – Chief Information and Technology Officer
- Ms. Wainikiti Bogidrau- Acting General Manager Human Resources
- Mr. Ashwin Pal-Acting General Manager Fixed Income

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

	2023 $000	2022 $000
Short-term benefits	2,945	2,247

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:

	2023 $000	2022 $000
Amalgamated Telecom Holdings Limited	2,351	1,186
Vodafone (Fiji) Pte Limited	6,047	6,079
Home Finance Company Pte Limited	1,233	3,041
Natadola Bay Resort Pte Limited	5,390	6,229
FNPF Hotel Resorts Pte Limited	286	360
Yatule Beach Resort Pte Limited	92	97
Momi Bay Resort Pte Limited	6,604	9,049
Farleigh Pte Limited	4,472	4,254
Barton Pte Limited	6,669	6,535
Dubbo Pte Limited	1,828	1,163
Grand Pacific Hotel	2,466	2,358
Air Pacific Limited	15,917	13,273
Digitec Communications Ltd	556	-
	53,911	**53,624**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

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

Rental income

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

	2023 $000	2022 $000
Amalgamated Telecom Holdings Limited	1041	58
Vodafone (Fiji) Pte Limited	1075	985
Telecom Fiji Pte Limited	583	538
Home Finance Company Pte Limited	909	820
	3,608	**2,401**

Dividend income from related parties

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

	2023 $000	2022 $000
Amalgamated Telecom Holdings Limited	6,959	6,959
Home Finance Company Pte Limited	22,579	16,921
Vodafone (Fiji) Pte Limited	22,050	17,150
Fiji Ports Corporation Limited	6,078	5,228
FNPF Hotel Resort Limited	2,000	-
Yatu Lau	163	16
	59,829	**46,274**

Dividend receivable from related parties	2023 $000	2022 $000
Vodafone (Fiji) Pte Limited	15,925	12,863
Home Finance Company Pte Limited	22,579	16,921
Fiji Ports Corporation Limited	6,078	5,228
FNPF Hotel Resorts Pte Limited	2,000	900
Yatu Lau	163	16
	46,745	**35,928**

Other receivable from subsidiaries	2023 $000	2022 $000
Farleigh Pte Limited Group	110	76
Dubbo Pte Limited	4,670	4,650
Barton Pte Limited	5,184	5,177
Grand Pacific Hotel Pte Limited	89	478
ATH Group	157	248
FNPF Nominees Limited	98	-
	10,308	**10,629**

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

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

Loans provided by the Fund to related parties

	2023	2022
	$000	**$000**
Natadola Bay Resort Pte Limited	308,682	311,220
Momi Bay Resort Pte Limited	129,635	134,229
FNPF Hotel Resorts Pte Limited – Holiday Inn	4,734	6,199
FNPF Nominees Limited	-	98
Yatule Beach Resort Pte Limited	1,839	2,215
Vodafone (Fiji) Pte Limited	107,172	120,760
Farleigh Pte Limited	91,881	87,408
Barton Pte Limited	127,089	134,257
Dubbo Pte Limited	51,069	24,738
Grand Pacific Hotel Pte Limited	46,167	46,410
Amalgamated Telecom Holdings Limited	-	43,592
Air Pacific Limited	226,530	226,530
Digitec Communications Limited	44,356	-
	1,139,154	**1,137,656**
Less : Impairment provision (Note 13)	**(125,610)**	**(154,117)**
	1,013,544	**983,539**

The impairment on related party loans has been measured using the inputs as disclosed under "measurement of ECL" in note 3.1 (b).

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 $5,390,000 (2022: $6,229,000).

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;
  - Crown lease 16833
  - Crown 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; and
  - 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; and
- 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. With the re-opening of borders and recovery in the tourism sector, NBRL commenced with interest only repayment from 1 July 2022 and full principal and interest repayments has commenced from 1 January 2023.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

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

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 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 December 2022. With re-opening of borders and recovery in the tourism sector, GPHL commenced full repayment of principal and interest from 1 January 2023.

Barton Pte Limited

FNPF entered 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 Barton Pte Limited to the Fund amounted to $36,975,000, with loan maturing on 24 May 2033. Further loan was granted for the renovation of the Sheraton Fiji Resort property.
The loan is secured by:

- First Registered Mortgage over NL.34714 described as Lot 2 on ND.4946 being the Sheraton Property: and
- 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 has commenced repayment of principal and interest from 1 July 2022.

Farleigh Pte Limited

FNPF entered a Share Sale Deed with Marriott International, Inc. and Fiji Cayman Holdings Ltd in 2018 being Starwood Properties transaction, for the acquisition of 100% shares in Farleigh Limited, for $277,000,000 which was made up of Debt and Equity. The debt novated under Farleigh Limited to the Fund amounted to $82,220,000, with the loan maturing on 24 May 2033.

The loan is 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; and
- 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.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

(b) Transactions and balances with related parties (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. A sum of $22.9 million remained undrawn at financial year-end.
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 completion of the renovation.

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 has commenced repayment of principal and interest from 1 July 2022.

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. Current balance on the loans is to $4,734,000 (2022: $6,199,000).

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 2022 and FHRL has commenced repayment of principal and interest from 1 July 2022.

Amalgamated Telecom Holdings Pte Limited (ATHL)

A short-term bridging loan of US$20,000,000 was provided to ATHL in FY 2022 for utilization towards the PNG Project. The loan was secured by an account charge between ATHL and FNPF. The loan was settled during the financial year.

Fiji National Provident Fund
Notes to and forming part of the financial statements
For the year ended 30 June 2023

30. Related parties (continued)

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

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

Air Pacific Limited (APL)

Loans to APL were advanced for pre-delivery financing of its Airbus A330-200 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 mortgages over land and improvements owned by APL and Fiji Airlines Limited.

Digitec Communications Limited

During the year, FNPF provided a loan of US$20,000,000 to Digitec Communications Ltd for the PNG Telecommunications project. The lending was in syndication with Bank of South Pacific (BSP PNG) and Kina Bank per terms and conditions agreed in a Syndicated Facilities Agreement. The loan is secured through a General Security Deed, Equity Guarantee with Amalgamated Telecom Holdings Ltd and Tripartite Deed with Vodafone (Fiji) Pte Limited.

31. Events Subsequent to the Balance Date

Loans to related parties

An additional loan of US$35,000,000 was approved by the FNPF Board subsequent to 30 June 2023. This additional facility will be on the same terms and conditions as the existing Syndicate Financing Agreement.

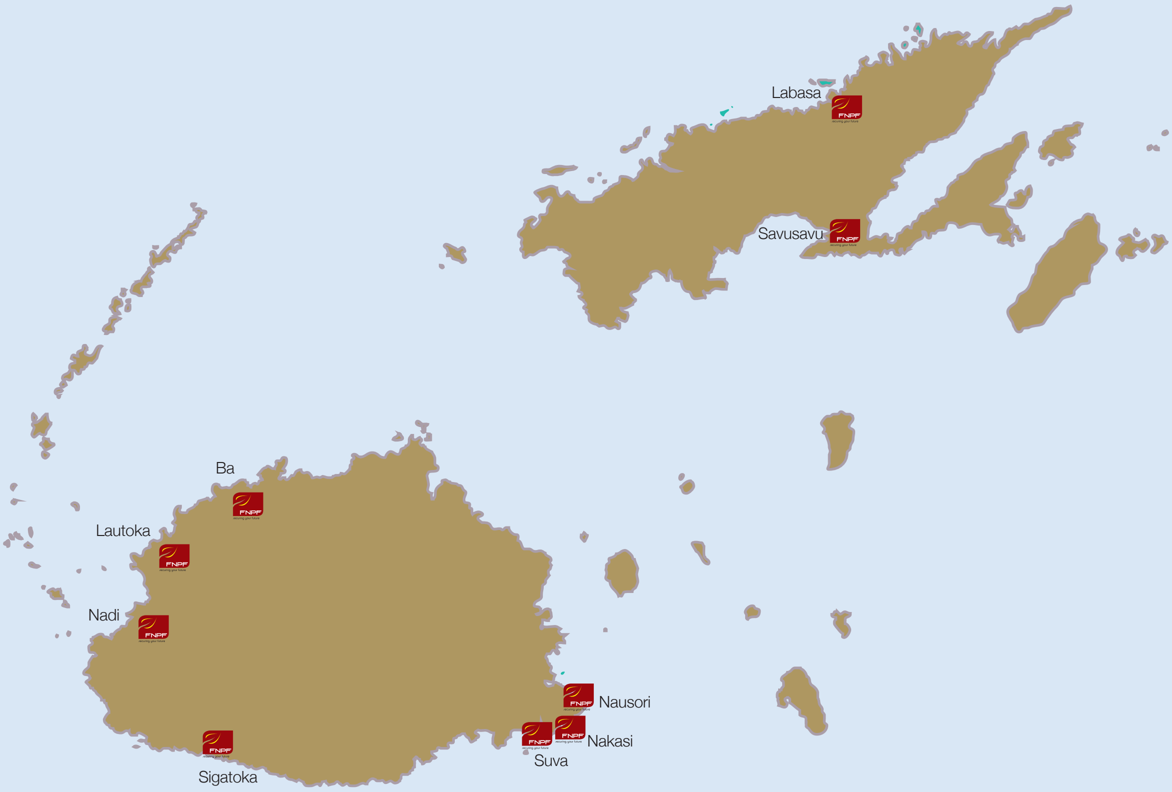
Investment Property Acquisitions

The Fund is in the process of acquiring the Natadola Beach Villa and Garden City properties awaiting completion of the settlement and title transfer. The sale and purchase agreement have been executed with the title to be transferred to the Fund upon settlement. Settlement is yet to be made as at the date of the accounts signing. The total acquisition cost of the two properties is $59.3 million (VEP).

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.



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You can call us on **(679) 3307811 or 5857** (mobile short code). We are available **8.30am to 4.30pm, weekdays and on Saturdays for selected branches/agencies only.** We do not operate on public holidays.

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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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Nausori Agency
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Lautoka Branch
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Naviti Street, Lautoka,
Phone: (679) 330 7811

Nadi Agency
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Subdivision, Namaka, Nadi
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Ba Agency
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Ba CBD
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Labasa Branch
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Savusavu Agency
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