

FIJI NATIONAL PROVIDENT FUND

ANNUAL REPORT

2024



Corporate Statement

VISION

Securing your future

MISSION

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

VALUES

E

Excellence

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

T

Teamwork

We work effectively within and across teams to deliver results

H

Humility

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

I

Integrity

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

C

Courage

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



Cover

Theme: Growth and Security in Retirement

As Fiji's only retirement fund, we recognize that for many of our members, the funds we manage represent their primary savings. While our members diligently work towards their future, we are equally dedicated to maximizing returns on their savings for retirement. Our vision and mission guide us in striving for the best outcomes for our members, and we remain steadfast in this commitment. We take pride in our achievements during the FY2024 financial year and will continue to support our members in preparing for their retirement.

About FNPf

The Fiji National Provident Fund (FNPf) is a retirement savings fund that collects mandatory contributions from both employers and employees to build the retirement savings for all workers in Fiji. FNPf offers various retirement income options, including life pensions, term annuities, and drawdown accounts. It also provides pre-retirement benefits like housing, medical assistance, education support, unemployment aid, and funeral assistance.

Additionally, FNPf is a significant local investor and one of the largest property owners in the country. It holds majority shares in companies like Amalgamated Telecom Holdings, Vodafone Fiji, and Home Finance Company. FNPf also fully owns several popular resorts and hotels, including the InterContinental Fiji 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

At a Glance	3	Case Study	
Highlights	4-5	Future Farms Pte Limited	27
Member Profile	6	Why Growth Assets Matter?	29
		Why Invest in Offshore Equities?	29
Message from the Chairman	8	Our Enablers	30
Message from the Chief Executive Officer	10	Engaging our members	32
		Communication & Advocacy	
Board of Directors	14	Managing our Risks	34
Leadership Team	15	Risk Management	
Our Strategy	16	Policy & Governance	
Our Scorecard	17	Insurance	
		Internal Audit	
Our Operations	18	Our Governance	36
Member Services		The Board	
Contribution Collection & Compliance		Our People	38
Legal & Prosecution		Our Corporate Diary	40
Our Investments	22	Our Structure	41
Fixed Income		Our Financials	43 - 112
Treasury			
Equities			
Investment Governance			
Commercial Lending			
Properties			
Projects			

Courteous and friendly service - We strive to provide quality service for a better member experience.



2024 AT A GLANCE



\$819.4
million

Net Increase in Net Assets

(available for allocation)

\$721.7m in 2023

\$882.1
million

Net Income

(available for allocation)

\$775.8m in 2023

\$2.1
billion

General Reserve

\$1.8b in 2023

\$8.1
billion

Member Fund

(excludes RIF and SDB)

\$7.2b in 2023

\$779.8
million

Contributions

\$541.5m in 2023

\$572.4
million

Interest Credited 8%

\$457.6m in 2023 at 7%

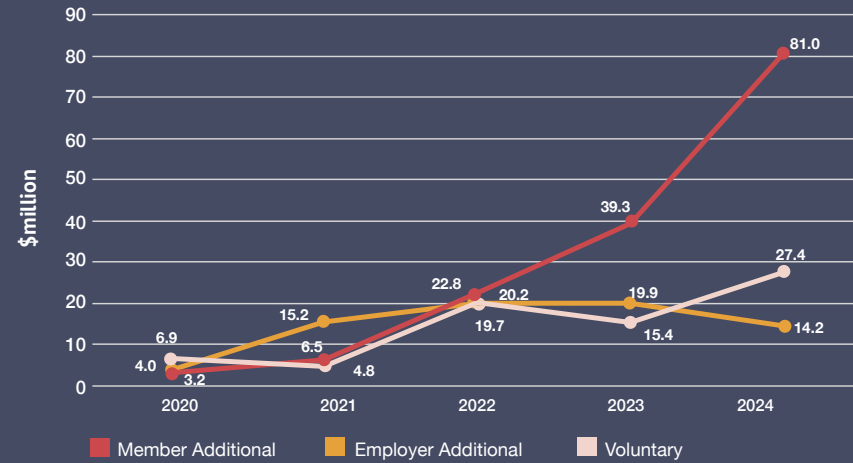
CONTRIBUTIONS & WITHDRAWALS HIGHLIGHTS

Net Contribution

Contributions less benefit payments



Additional & Voluntary Contributions



Retirement



\$194.9m

\$189.7m in 2023

Death



\$35.8m

\$34.1m in 2023

Disability



\$5.4m

\$7.5m in 2023

Migration



\$73.4m

\$83.8m in 2023

Small Account



\$4.7m

\$5.9m in 2023

Early*



\$66.3m

\$49.4m in 2023

Housing



\$56.4m

\$61.9m in 2023

Annuity Payments



\$26.4m

\$26.2m in 2023

DrawDown Account



\$1.7m

\$0.1m in 2023

Special Death Benefit



\$9.2m

\$8.7m in 2023

BENEFITS

(includes all pre-retirement, retirement & SDB payments)

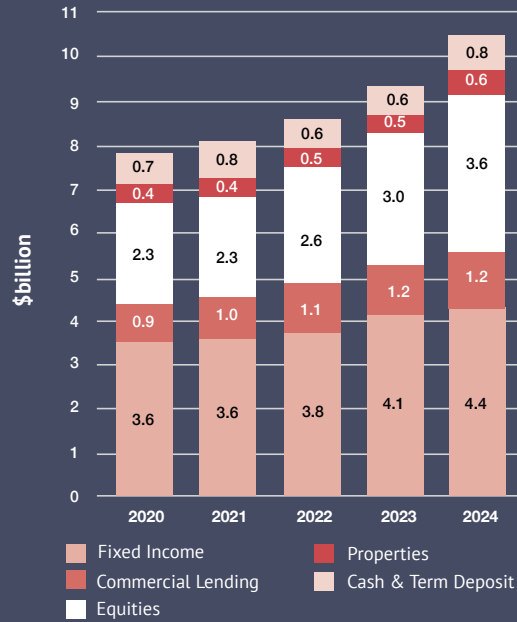
\$474.2m

paid to members

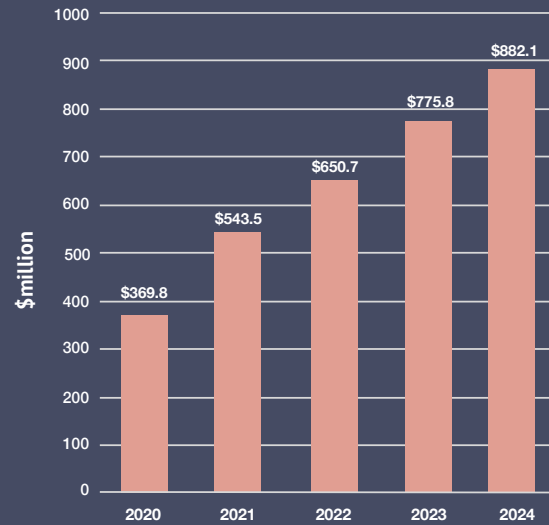
\$476.3m in 2023

INVESTMENT HIGHLIGHTS

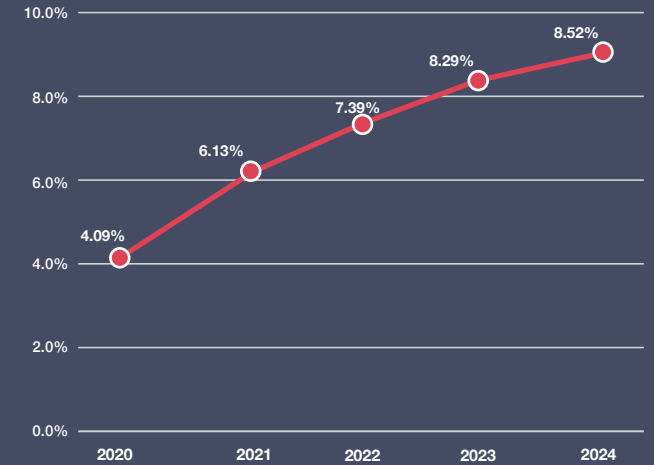
Investment Portfolio



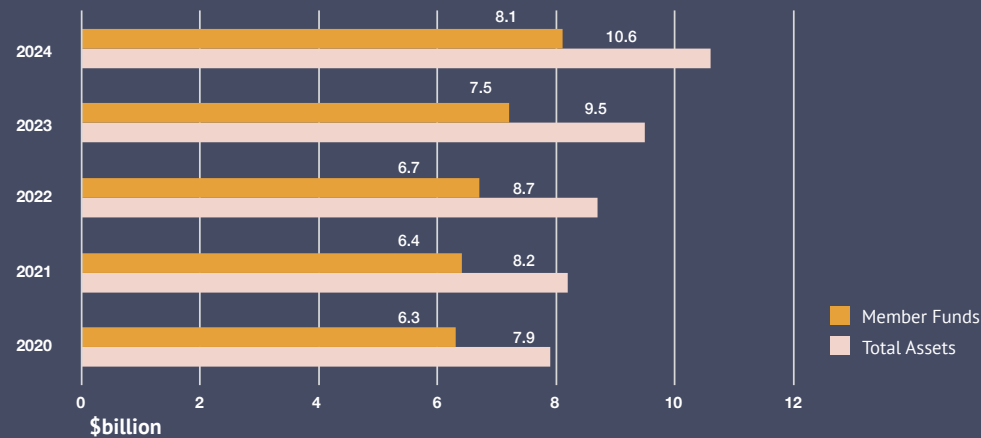
Net Income



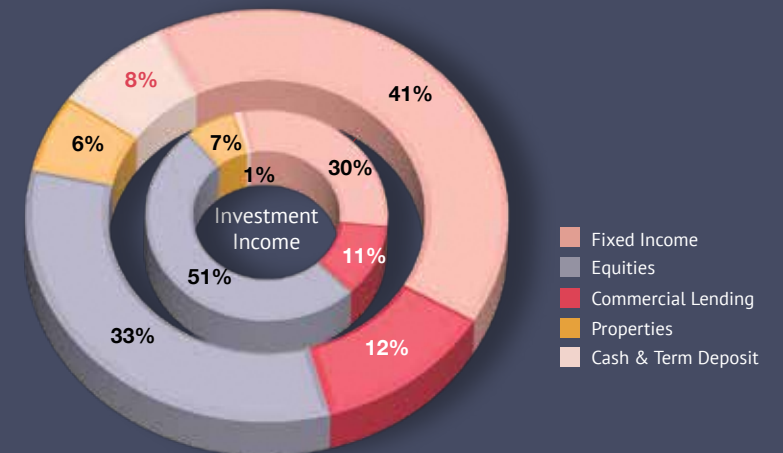
Return on Investment (Net)



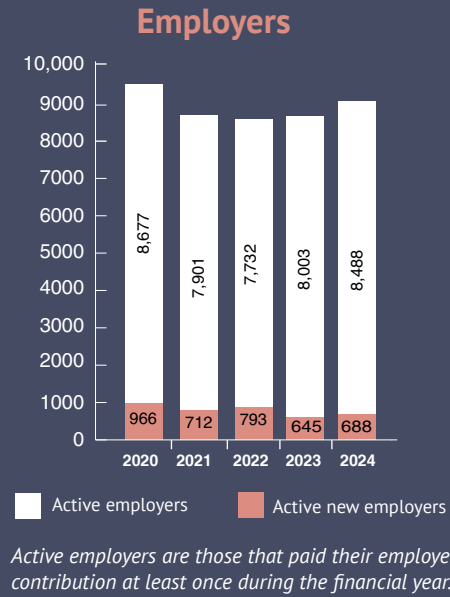
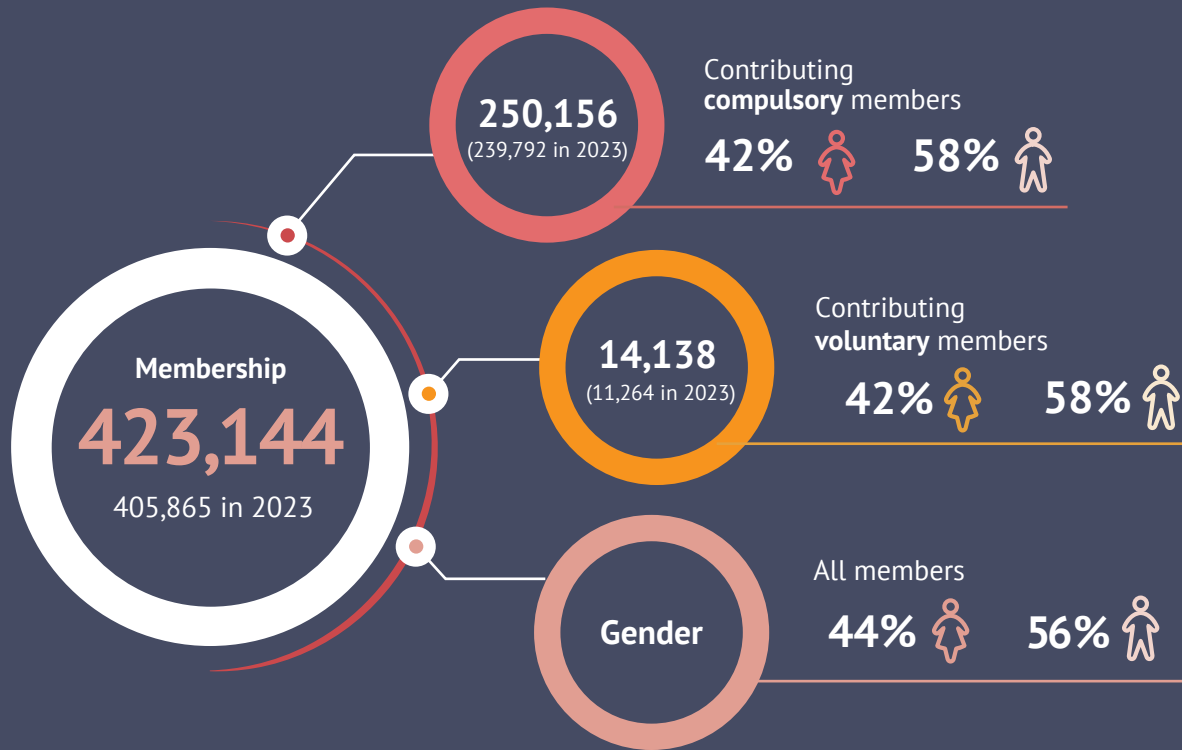
Total Assets & Member Funds



Investment Asset & Income Allocation - 2024



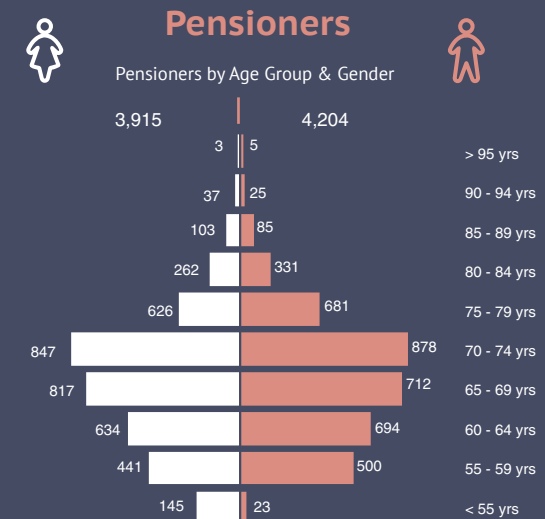
MEMBER PROFILE



Member balances by age

Member Balances	≤ 15yrs	16-24yrs	25-34yrs	35-44yrs	45-49yrs	50-54yrs	≥ 55yrs	Total
Zero Balance	34	2,006	1,714	863	365	275	779	6,036
\$0.01 and \$5,000.00	2,437	54,246	70,126	43,421	16,097	10,261	7,104	203,692
\$5,000.01 and \$20,000.00	56	3,485	47,968	38,748	13,378	7,864	3,349	114,848
\$20,000.01 and \$40,000.00	4	41	14,131	21,293	7,631	5,725	1,454	50,279
\$40,000.01 and \$100,000.00	1	4	3,662	17,736	8,314	6,122	1,478	37,317
\$100,000.01 and \$250,000.00	1	4	135	2,645	2,590	3,050	1,001	9,426
\$250,000.01 and \$500,000.00			7	206	243	358	306	1,120
\$500,000.01 and above			1	43	60	101	221	426
GRAND TOTAL	2,533	59,786	137,744	124,955	48,678	33,756	15,692	423,144

*This includes 28,703 Voluntary members





S15096

Our membership varies across industries including this group of Bluescope Steel workers, seen here taking a break.



Message from the CHAIRMAN Daksesh Patel

2024, has been a remarkable year and I am delighted that the Fund has elevated its performance delivering solid returns and improved services to our members. We hold steadfast in our commitment to safeguard your savings and deliver the best return for your retirement.

This long-established commitment has kept us grounded on the principle of sustaining FNPF to provide for members – today and for future generations. It has seen the growth of the Fund to the size, reach and complexity it is today and the Board remains committed that it will put the members interest in the forefront of everything we do.

The Board will continue to strive to meet the changing needs of our members by building resilience, pursuing opportunities and fueling creativity in our business to generate long-term value for our members.

Financial Performance

Our main goal is to provide growth and security for our member's retirement savings. Despite the challenging operating environment, the Fund now manages an asset portfolio of \$10.6 billion for over 423,000 members, with the expectation that we will continue to deliver strong investment performance. We have delivered, with a record performance from our diversified investment portfolio, resulting in a crediting rate of 8% to members - a high for the last 25 years.

With the improving economic landscape, we've strategically capitalized on various investment opportunities. By leveraging favorable market conditions and focusing on high-potential projects, we've successfully diversified our portfolio and boosted returns, further strengthening our financial position and adding value for our members.

Partnerships with strong and globally recognized brands through direct equity interest continue to serve us well. This was further enhanced with the signing of a memorandum of understanding (MOU) with Google. The future is exciting, and I can only imagine the possibilities this presents to FNPF and to Fiji.

We recognize the size and impact of the Fund on the local financial system. This poses a challenge as we lack the head space to unlock values and secure meaningful investments locally that will continue to provide the required rate of return. Our continued engagement with the Reserve Bank of Fiji opens opportunities for new investments offshore.

We are fortunate to have on-board Naibuka Saune as our Chief Investment Officer, who brings a wealth of experience in fund management, private equity and mergers and acquisition in overseas markets. The Fund is well placed to pursue our growth strategy with his leadership.

Looking ahead, we will continue to evolve our investment model to deliver long-term performance. This will involve working towards expanding our offshore investment portfolio, building new partnerships and diversifying into resilient sectors.

Delivering for Members

Our commitment to members extends beyond delivering high investment return. We continue to look for ways to improve our processes and engagement to support and connect with our members. In the past year, we further expanded our digital services providing faster and more convenient services.

Our latest customer survey shows a marked improvement in member satisfaction. Whilst this is an achievement, there is still room to leverage technology not only to improve service deliveries but also to transform our business processes.

We also acknowledge that a large proportion of Fijians such as seasonal workers and the growing informal sector are not included in any superannuation scheme. The Fund will work towards extending coverage in these areas over the next few years. A significant step forward includes the extension of the Fund's responsibilities to collect funds from Fijians living abroad including the Recognized Seasonal Employer Scheme (RSE) and the Pacific Australia Labour Mobility (PALM) Scheme.

Executing our Strategy

Two years into the implementation of our five-year plan, the foundations have been laid to drive implementation in the next three years.

The Fund is continuously assessing its current operations and seeking reforms where necessary to meet the needs of members. An integral part of the plan is the review of the scheme design and governing legislation. We have re-affirmed our core purpose and pushed through the changes that are needed to improve operational effectiveness.

Key changes expected to come through in early 2025 include an equitable penalty regime for non-compliant employers, distribution of penalties collected to affected members and limits the Fund's catastrophic risk under its Special Death Benefit Scheme.

Customer Satisfaction Index

4.1
out of 5
(3.97 in 2022)

- above international benchmarks
- indication of members trust and confidence in the Fund
- reflects our member-centric focus
- more than 10,000 survey respondents

Table 1: Customer Satisfaction results

Area	2022	2024
Corporate Performance	3.98	4.21
Customer Service	3.21	4.28
eServices	4.00	4.08
Member Services	3.87	3.98
Withdrawals	3.70	3.80
Customer Interactions	4.12	4.17
myFNPF Mobile App	-	4.25
Employer Portal	-	4.07
Member Portal	-	4.12
myFNPF Website	-	4.10
Customer Service Index	3.97	4.10

We continue to collaborate with Government on retirement savings, exploring a health insurance scheme for members and advise on the concerns of pensioners affected by the 2012 FNPF Pension Reform.

In the next three years, we will focus on formulating a legislation that strengthens the delivery of the Fund's core purpose, an operating model that will establish a robust operational framework that supports sustainable growth and competitive advantage and we will continue to strengthen discipline in our investment process, ensuring that decisions are aligned with the Fund's long-term objectives.

Board Governance

We welcomed a legislative change to have better representation of key stakeholders in the Board and maintain the requirement for appropriate skills and expertise to manage FNPF. The Fund will have an employer and an employee representative on the Board.

During the year, we farewelled Director Muktar Ali whose term ended. We thank him for his unwavering commitment and willingness to share his knowledge and expertise. A warm welcome to Ms. Susie Waqanibaravi, who brings extensive financial and commercial experience from the private sector.

The Board continues to drive for good governance, accountability and instil a culture of caring for members. To achieve this the Board is actively working with the Government and RBF to make necessary improvements in the Fund's governance, ensuring we have the necessary skills and expertise to make astute decisions for our members.

As part of our oversight, we provide constructive feedback to management particularly regarding alignment with our core purpose, significant investment decisions and a re-focus on sound cost management for the value being generated for members. We are confident that the decisions we make are always in the best interest of members.

Acknowledgement

Every day our people continue to work hard to meet member expectations - our services, our products and growing their retirement savings. The Board acknowledges the dedication and commitment of the team, ably led by the CEO Viliame Vodonaivalu, for the Fund's progress and achievements this year. Thank you for your resilience, professionalism and passion – qualities that truly embody the essence of FNPF.

Thank you also to my fellow Directors for their guidance, wisdom and ongoing commitment to members. I must also thank the Government for your on-going support and collaboration. Finally, and most importantly, we thank our members for your trust and confidence in us. It's a great privilege to serve you. We look forward to another strong year ahead.



Daksesh Patel
Board Chairman



Message from the CHIEF EXECUTIVE OFFICER

Viliame Vodonaivalu

It is with great honour and humility that I present our performance for the financial year 2024. From the outset, I would like to thank our members for their continued confidence in the Board, management and staff to manage, protect and grow their retirement savings.

The Fund recorded rewarding achievements, alongside challenges that have fostered our growth and development. One of these challenges, is our members' ability to save due to rising cost of living and limited employment opportunities. In response, a significant number are pursuing opportunities abroad, resulting in a shortage of labour for both employers and the nation.

Therefore, we continually reinvent ourselves to be relevant to the evolving needs and concerns of our members. This includes revising our policies, processes and introducing solutions to help members accumulate sufficient savings to achieve their retirement goals.

Highlights

Several key initiatives from our five-year Strategic Plan for 2023 to 2027 were successfully implemented.

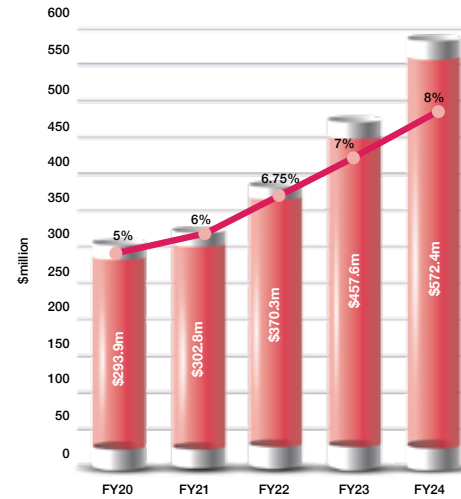
Financial Performance

Our financial performance improved through the diversification of our investment portfolio, balancing growth and defensive allocations. Despite investment limitations, we formed new partnerships, increased existing stakes, and secured new deals that resulted in an 11.6% growth in total assets, from \$9.5 billion to \$10.6 billion. A notable achievement was our partnership with Google, which is expected to lead to multimillion-dollar projects in the coming years, benefiting both the Fund and the nation.

Other key accomplishments include:

- The net return on investment (ROI) increased to 8.5%, up from 8.3% in 2023. This enabled the Fund to declare a crediting rate of

Graph 1: Interest Credited to Members



8%, resulting in \$572.4 million in interest distributed to members' accounts.

- Members' funds grew by \$900 million, rising from \$7.2 billion to \$8.1 billion, reflecting a 12.5% increase year-over-year, partly driven by higher contribution collections.
- In collaboration with the Government, the contribution rate was reinstated to 18% in January 2024, highlighting their support towards members' retirement savings.
- A net contribution of \$323.2 million was recorded, reflecting a return to pre-pandemic trends, with total contributions of \$779.8 million against \$456.6 million in withdrawals.
- The increase in contributions is linked to more members making additional and voluntary contributions, with a 106% rise in additional contributions to \$81 million and an 83% rise in voluntary contributions to \$27.4 million.
- Pre-retirement withdrawals by members totalled \$122.8 million for education, unemployment, medical expenses, funeral costs, and housing needs whilst full withdrawals amounted to \$260.4 million.
- A notable payment of \$73.4 million was

further made to migrating members, with withdrawals for relocation doubling compared to pre-pandemic levels as more Fijians seek overseas residency.

Operational Performance

We are actively reviewing our policies and processes to revitalize the Fund's operations and provide value-added benefits for members. Our initiatives for the year include:

- Starting September 2024, membership was extended to infants from birth to encourage early savings accumulation, aligning with our goal to help members prepare for significant life events and retirement.
- A Gift Card initiative was introduced in July 2024, allowing members to enhance their retirement savings.
- The education withdrawal benefit has been extended to include laptop purchases and internationally recognized professional development courses.
- A more practical penalty system was approved to enhance contribution collection.
- Employers are now required to submit remittance statements for employees on the 15th of each month to strengthen compliance and efficiency.

Major Trends

Changes in emigration and labour regulations in Australia and New Zealand have presented new challenges with high labour mobility and migration as Fijians pursue opportunities abroad for an improved quality of life. Members are using temporary work or student visas to apply for permanent residency resulting in increased education withdrawals.

Data shows that more than 2,000 members accessed migration withdrawals, compared to less than 1,500 last year. Past trends indicate that this withdrawal has grown from \$40 million to \$83 million in 2023 and \$73 million in 2024.

Additionally, overseas education withdrawals have surged from \$8.3 million in 2023 to \$11.3 million in 2024 compared \$4 million or less



Our local equity portfolio includes shares in Fiji Ports Corporation Limited

“ We continually reinvent ourselves to be relevant to the evolving needs and concerns of our members. This includes revising our policies, processes and introducing solutions to help members accumulate sufficient savings to achieve their retirement goals. **”**

\$2.3b

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



5%

Growth in contributing members

8%

Interest

Highest in the last 25 years



42%

of contributing members

in prior years. These trends suggest increasing labour migration from Fiji, which not only affects withdrawals but also contributions to the Fund.

In response to these shifts, the Fund is actively pursuing agreements with jurisdictions like Australia, New Zealand, and Pacific Island nations to allow Fijians abroad to continue contributing to their retirement savings with FPNP.

Looking Ahead

Fiji's economic recovery looks promising, largely driven by tourism and increasing remittances.

Expected growth in wages and recent adjustments to the national minimum wage and civil servants' pay aim to address the rising cost of living, which will positively impact members' contributions.

As the Fund enters its third year of implementing current strategies, we have significant plans to enhance our services to members, with the primary goal of ensuring financial sustainability in retirement. While immediate results may not be feasible, we are focused on long-term success.

Over the next three years, we will undertake major initiatives to review our scheme design and determine the optimal operating model for FPNP, ensuring the best financial outcomes for our members.

Acknowledgement

I attribute all glory to God Almighty, who has been my guiding light.

I am grateful for the opportunity to serve our members for another year. Your confidence in us has been vital to our success.

I appreciate the guidance of the Chairman and the Board, whose trust and support have been invaluable in shaping the Fund's direction.

In addition, the accomplishments of our organization are a testament to the dedication of the management and staff, and I thank them for their commitment and hard work.

I also acknowledge our stakeholders and employers for their ongoing support of FPNP members' retirement savings.

I look forward to the upcoming year and the promising prospects it holds for us all. Vinaka vakalevu and we wish you a prosperous and successful year ahead.

Viliame Vodonaivalu
Chief Executive Officer



The daily grind ... while members are hard at work, FNPF works hard to manage and grow their savings through strategic investment

BOARD OF DIRECTORS



Mr DAKSESH PATEL

Since January 2020

Chair of the FPNF Board & Board IT and Director on the Board Investment Committee, 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 long steel products distributor with operations in all states of Australia. He possesses extensive leadership experience in the Australian steel industry, 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 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

Director on 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

Chair of the Board Human Resource Committee and Director on 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 FPNF. Mr Singh also serves as Chair of Telecom Fiji Limited Board and FINTEL, and Director for the ATH Limited, Vodafone (Fiji), Fiji Airways Limited and Vodafone (PNG).



Mr ADISH NAIDU

Since April 2023

Director on the 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 Chair for Hotel subsidiary boards for the FPNF and is the current president of the Fiji Association of Architects



Mrs SUSIE WAQANIBARAVI

Since March 2024

Appointed as a Director on the FPNF Board on March 1st 2024 and Chair for the Audit and Risk Committee. Mrs. Waqanibaravi has extensive business experience with specialized skills in finance and accounting. She is currently the Chief Financial Officer at Fijian Holdings Limited and brings with her more than 10 years of senior leadership experience, including working with multi-jurisdictional teams. She is a council member of the Fiji Institute of Chartered Accountants and a trustee on the Women in Fisheries Network, Fiji.



Our
LEADERS

Wainikiti Bogidrau

Acting General Manager Human Resources
(Nov 2022 - Apr 2024)

Alipate Waqairawai

General Manager Member Services

Ashwin Pal

Acting General Manager Fixed Income & Treasury

Laisa Saumaki

General Manager Corporate Governance & Risk

Viliame Vodonaivalu

Chief Executive Officer

Naibuka Saune

Chief Investment Officer
(from Sep 2023)

Tevita Lomalagi

Chief Finance Officer

Josua Naisau

General Manager Human Resources
(from May 2024)

Rukshan Rajapaksha

Chief Information & Technology Officer

Millie Low

General Manager Business Transformation

Our Strategy

Our Strategic Plan 2023-2027 was developed on the backdrop of a tumultuous and highly volatile period, reassessing our approaches to address operational and financial challenges. Our goal is to strengthen our growth projectory leading into and beyond 2027.

This year, 2024 marked the second year of our five-year plan, and the implementation of key strategic initiatives. A comprehensive overview of our performance is encapsulated in the highlights section, CEO's message, our corporate scorecard dashboard and throughout this report.

Looking ahead to 2025, we have outlined key priorities that align with our five-year roadmap and our overall strategies.

These priorities would allow us to achieve the success indicators detailed in our Strategic Plan.

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
<p>Operational Challenges</p> <ul style="list-style-type: none"> i. Clarity on FNPF Role ii. Low Member Balances iii. Relevance of Our Products iv. Low Retirement Products Take-Up Rate (new product DDA introduced) <p>Financial Challenges</p> <ul style="list-style-type: none"> i. Sustainability of Life Pension ii. Negative Net Contribution Cashflow (Resolved) iii. Investment Diversification in the local Market & Exit Strategies 		<ul style="list-style-type: none"> i. Embracing ESG (Environmental, Social & Governance) ii. Recognising Changing Employment Pattern & Arrangement (labour migration & seasonal work schemes) iii. Adaptable Scheme Design & Operating Model iv. Digital Technology Revolution v. Stakeholder Engagement & Collaboration 		<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.
PRIORITIES FOR 2025				
<ul style="list-style-type: none"> • SDB implementation • Voluntary product review • Medical insurance scheme for members • Onboard seasonal workers 	<ul style="list-style-type: none"> • Land Development • Offshore investment • Medical investment • Growth Investments 	<ul style="list-style-type: none"> • Operating Model • Cyber Security • ISO certification 	<ul style="list-style-type: none"> • Coporate Culture • Staff Engagement • Staff Retention 	<ul style="list-style-type: none"> • Law Review • Scheme Design Review • Collaboration with stakeholders • Branding exercise

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 7% crediting interest rate to members	Reflects how we managed member funds and the returns we are able to provide to grow members' savings.	8.0%	The Fund declared an interest rate of 8%, equivalent to \$572.4m credited to members account. Achieving above target of 7%.
	Net Contribution	Ensures collection of contribution members rightfully earns from their employers and this must be more than withdrawals made in the year. The difference becomes new money available for investments.	\$323.2m	Net contribution target of \$200-\$250m was well surpassed in the year Contribution - \$779.8m Withdrawals - \$456.6m
Financial Performance				
Responsible Investment & Performance	Net Investment Income	Measure of our investment performance on how well we have manage member funds to earn sustainable returns for the growth of members balances.	\$852.6m	Achieved above target against a subdued interest environment.
	Return on Investment		8.7%	A gross return of 9.1% was realised with a net return of 8.7%.
	Investment Portfolio Growth		\$10.1b	Growth of 7.4% from 2023
Enhance Member Experience				
Member Centric & Experience	Develop New Products	Improve our product offering to members for a meaningful retirement	1. Gifting Products 2. Laptop assistance 3. Professional development courses	Grow member balance product - Gifting product Pre-retirement (early withdrawal) assistance - Member laptop assistance - Professional development courses
	Reirement Income product take-up rate	The success of the Fund's system and the retirement income products it offers as members transition to retirees with a consistent income stream.	12%	Achievement for the year improved to 12% for members retiring with \$20,000 or more opting for either of our retirement Income products - Life Pension, Term Annuity or DrawDown account.
	Customer Satisfaction Index	Assess the measure of our service delivery performance and meeting our fiduciary obligation	4.1 out of 5	Surpassed the target of 4 set indicating member satisfaction overall with FNPF's delivery in every aspect of its functions. An improvement from 3.97% in 2022.
Simplicity & Operational Efficiency	Implement Digital Projects	The digital strategy plays a critical role in enhancing member experience with the Fund. These measures reflect member engagement on our digital channels.	83.3%	Achieved 83.3% of planned work as demand for IT continue to grow including unplanned work engagement that were prioritised in the year.
Protect Member Value				
Protection & Sustainability	FNPF Risk Maturity Rating	Rates the risk management maturity and adaptability of the Fund to response and cushion disruptions to business operation, and clarity in its appetite level	Integrated -Advance risk maturity level	The Fund is operating at the integrated to advance level of risk maturity – met all conditions at mature and integrated level and has met 50% of the advance level to fully comply - improved from the last assessment rating at mature level.
	FNPF Law Review	Adapt and modernize FNPF policies and legislation relevant to the challenges of today and meets member needs	Completed as per planned work	Planned work for 2024 are preliminary work for the major law review exercise - collation of internal law amendment submission, firming our policy principle, establishing the role & purpose of the Fund and quick-wins law amendment approved by parliament
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.	78.8%	A 78.8% or 3.15 out of 4 compared to 3.97 scored in 2023. Attributed to changes in baseline matrix used in questions but there is definitely room for improvement.
Reporting & Disclosures				
Protection & Sustainability	Publication of Annual Report & Conduct Annual Member Forum	Reporting on the Fund's annual performance and financial statement	Completed	Annual Report completed within 4 months of the end of the financial year with member forum carried out thereafter 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

The FNPf will continue to strive to meet the changing needs of our members.

Member Services

Several key policy changes to unemployment, medical and education withdrawals were activated in FY24, as a response and commitment to members' feedback.

The six-month deadline for members to apply for the Unemployment benefit has been changed, extending the timeframe to one year. Additionally, the three-month stand-down period for members who resigned from their jobs has been eliminated.

Members who are still unemployed could re-apply for unemployment withdrawal a year from their last unemployment withdrawal.

A review of the incidental expenses limit for members with insurance coverage who used the medical withdrawal has led to an increase in the limit from \$5,000 to \$10,000 from their general account. These policy changes were implemented from 1st August 2023.

The educational withdrawal benefit now covers professional development courses. This year, the FNPf processed 40 applications and allocated a total of \$81,246.07 for this purpose.

To enhance accessibility, the Pension Services Centre at My FNPf Centre in Nadi was officially opened on April 2, 2024. While it primarily serves our pensioners, we also provide assistance to members and employers.

Customers Served

Out of the 521,764 services accessed in 2024, 375,031 were personal visits to FNPf centers.

Table 2 shows comparative figures for services provided at our service centers across geographical locations. Notably, there was an increase of 14.6% in the west and 27.3% in the north compared to the last financial year.

Membership

The Fund's total membership at the end of the year was 423,144 this reflected an increase of about 4.3% from 405,865 last year. This includes a total of 28,703 registered voluntary

members, an increase of 24.2% from 2023. The increase has been a result of more targeted awareness in the informal sector and in villages and communities.

Withdrawal Grounds

Full withdrawals include retirement, migration, medical incapacitation, small accounts, and nominee claims. In 2024, the total amount withdrawn under Full Withdrawal was approximately \$333.8 million, a 0.9% decrease compared to \$337.1 million in 2023. There were 13,575 applications in 2024, representing a 6.6% decrease compared to the 14,538 applications approved in 2023.

The count of Early Withdrawal applications was 44,419 applications totaling \$66.3 million compared to \$49.4 million for 32,440 applications in 2023. The amount paid increased by 34.2%, while the number of applications increased by 36.9%.

Housing withdrawals, which include both village and urban areas, totaled 4,867 applications valued at \$56.4 million, compared to \$61.9 million for 5,397 applications in 2023. The amount paid decreased by 9%, and the number of applications decreased by 10%.

Laptop Assistance

Since the laptop assistance was launched on 15 April, 2024, FNPf has paid out \$3.6 million for this assistance. This benefitted 1,997 students highlighting the scheme's far-reaching impact on their educational development, equipping them with a vital tool needed for tertiary education.

Product Development

A suite of products has been developed to encourage retirement savings among members. Gift cards have been introduced to allow individuals to contribute to their loved ones' retirement funds, making it an ideal way to help someone build their future.

Pension Services

Pension-related services catered to 17,639 visits from pensioners. A breakdown of these services reveals that 61.0% were for the renewal of certificates, 21.2% pension payment follow up, 6.2% to the issuance of pensioner's letters, 9.6% involved updates to nominees, and the remaining 1.7% covered various other pension-related services.

In comparison with last year, there was a notable demand for all categories of services, contributing to an overall increase of 47% in the demand for pension services. This indicates a significant enhancement in the utilization of pension services offered.

Pension Renewal Certificates

This year, 14,809 Pension Renewal Certificates were issued, which represents a 23.04% increase from the 12,036 renewal certificates processed in the previous financial year. Pension certificates are renewed every six months as part of the Fund's life verification process.

Pension take-up rate

The pension take-up rate is defined as the proportion of members who opted for one or more of FNPF's pension or annuity offerings out of the total number of members who made a selection during the year.

The take-up rate for pensions stood at 4.57%, which is lower than the 5.42% recorded last year.

DrawDown Account

The Draw Down Account (DDA), introduced in January 2023, is a retirement product that offers an interest earning account, allowing members to receive a monthly income and the ability to withdraw their retirement funds as needed. The monthly payments stop once all funds in this account has been withdrawn. In the last financial year, the uptake for this account was 3.86%.

Table 2: Members served by location

LOCATION	FY23/24	FY21/22	Variance	▲▼	%
Central	315,954	320,565	-4,611	▼	-1.4%
Western	157,632	137,586	20,046	▲	14.6%
Northern	48,178	37,851	10,327	▲	27.3%
TOTAL	521,764	496,002	25,762	▲	5.2%

Contribution, Collection and Compliance

The Fund understands the significance of collaborating with employers as they play a vital role in our members' retirement futures. Engagement is essential to this partnership, and we offer support and guidance to help employers meet their responsibilities. The Employer Self Service portal has been improved, and our contact platforms are well-equipped to ensure timely responses to employers.

Over the last financial year, we recorded 9,176 active employers compared to 8,467 in 2023. Active employers are those who paid their employees contributions at least once during the financial year. A total of 902 new employers were registered compared to 890 in 2023.

Total Contribution

Member contributions reached \$779.6 million, a significant increase from \$541.5 million in FY2023, an increase of 69%. This growth was primarily driven by the mandatory contribution rate reverting to 18% from 1 January, 2024. Contributions from voluntary members amounted to \$27.3 million, while additional contributions from members totalled \$71.5

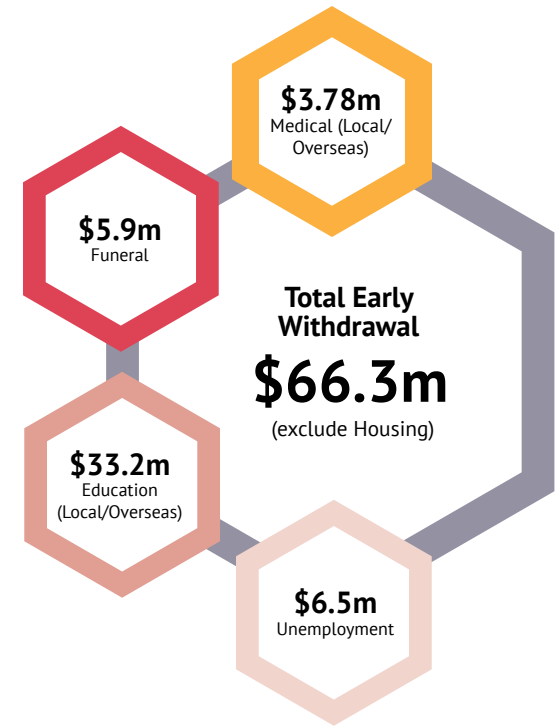
million. Unpaid contributions decreased to \$12.5 million from \$14.5 million last year.

Employer Inspection

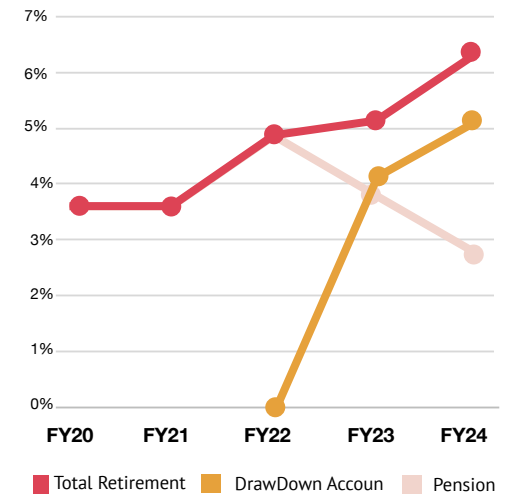
The objectives of employer inspections or visits is to ensure compliance with the FNPF Act and to educate employers about their responsibilities and fostering professional relationships. In total, 6,796 employers were inspected; 3,181 in the Central Division, 2,919 in the West, and 696 in the North. This represents an increase from 2023, when 4,278 employers were visited, some of whom received multiple inspections. The team prioritized quality inspections focusing on resolving outstanding issues and ensuring compliance through payroll audits.

Suspense Accounts

These contributions have been collected but not allocated to members' accounts due to insufficient information from employers. In 2024, a total of \$185,714.62 was recorded in the suspense account, compared to \$110,610.27 in 2023, which pertains to contributions from previous periods. The increase is attributed to the recovery of aging contribution debts and undistributed contributions from past years, which the team is actively working to resolve.



Graph 2: Pension Take-up-rate by Count



A significant challenge in addressing these suspense entries is the closure of businesses, making it difficult to ascertain who these funds belong to. For those still operating, the team has reached out to assist them in identifying their employees and submitting accurate details so that contributions can be credited to their members' accounts.

Unclaimed Deposits Account

The Fund transferred \$12,640.61 of members funds to Unclaimed Deposits Account after reasonable diligent inquiry. These are member funds that cannot be identified due to insufficient member details provided by their employers. Employers are responsible for providing correct member details when they are registered after recruitment.

The Fund continues to work with employers with suspense account listings to address the issue of member savings currently in the suspense account.

Employer Portal

The number of employers that registered for the Employer Self Service portal is 9,651 and 9,176 employers (95%) used the portal within the financial year. The enhancements to the portal, allow employers to register their new employees and with strict requirements regarding member information. The portal also allows employers to track outstanding payments or debts, as well as printing statements, amongst others.

Employer Complaints – Non-payment of member contributions

The Fund received 120 member complaints against 90 employers for non-compliance. Of these, 85 were recorded in the Central Division, 29 for the West and 6 for the North. The team resolved 94 of the 120 member concerns received with 15 pending employer responses and 11 are under investigation. The reduction in complaints (compared to 175 in 2023) is attributed to an increased awareness

of employer responsibilities and the portal providing employers with the relevant updates about their payments and deadlines.

Legal & Prosecution

A total of 79 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

There were 38 civil litigation cases handled by the Legal Department. Out of these 12 have been closed while 26 cases are pending in court at the end of the FY.

Member Account Transfers- Family Court Orders

A value of \$178,354.47 comprising of 42 court orders were processed for transfers between member accounts in the last financial year.

Commercial

Investment and Subsidiaries

With a dedicated in-house legal counsel, this ensures that regulatory compliance is adhered to at all times for investment ventures and proper legal due diligence is conducted with legal advisory services accorded to the various FNPF 100% owned subsidiaries.

Recovery of member contributions - prosecution

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

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.

Table 3: No of Cases Prosecuted

	\$m	No of cases
Opening debt (Jun 2023)	\$1.7m	109
Registered FY24	\$1.1m	102
Recovered FY24	\$1.2m	82
Outstanding debt FY24	\$.9m	106
Civil recoveries	\$0.05m	6

Prior to the start of the FY 23, the legal team commenced the application of section 112 of the FNPF Act 2011 to recover interest lost by members when their contributions were not paid on time and referred to the legal team for recovery. A total of \$109,326.59 was recovered as loss of interest from the files referred for prosecution in the FY compared to \$44,072.38 recovered in FY 23.

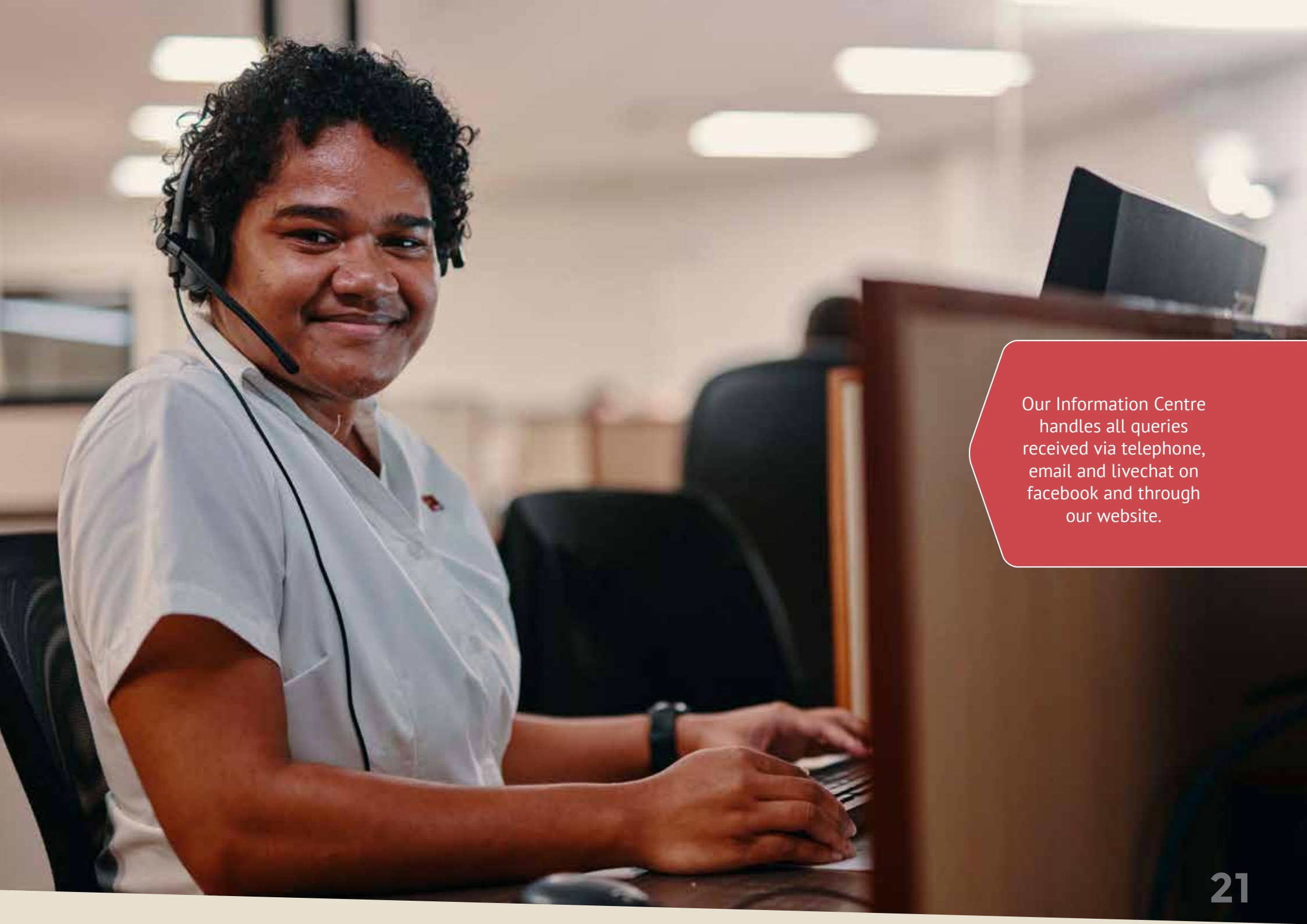
Discharge of Property Titles

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

A brief breakdown as follows:

Titles held in custody	2,747
Titles collected in 2024	110
Titles ready for collection	2,716
Titles awaiting ROT endorsement	13
Release of Charges to be lodged with ROT	18

Table 4: Discharge of Titles



Our Information Centre handles all queries received via telephone, email and livechat on facebook and through our website.



Our INVESTMENTS

FNPF fully-owned hotel Fiji Marriott Resort Momi Bay has received numerous global awards over the years.

The investment portfolio grew from \$9.4 billion in 2023 to close at \$10.6 billion in 2024.

The Fund's broad investment objective is to maximize long-term returns, subject to constraints aimed at containing fluctuations in return over short-term periods, to ensure an appropriate balance between risk and return. The Fund continued to invest in the investment market as per the current asset allocation strategy of the Fund.

We expanded our investments into resilient sectors capable of withstanding economic challenges. Several of our recent investments, such as the acquisition of shares in Future Farms – Rooster Chicken, Fletcher Higgins of Fletcher Construction, and mixed-use commercial/industrial property assets, reflect our forward-looking strategy. Our offshore investments, though restricted, grew exponentially and generated strong returns. All these investments contributed significantly to the overall growth of the Fund.

Despite the low interest rate environment due to excess liquidity in the financial system, we maintained our investment in fixed income securities and commercial lending. Conversely, the equities portfolio experienced considerable growth, driven by robust performances in sectors providing higher dividends, both domestically and internationally. This success highlights the importance of diversification as a crucial strategy for maximizing returns.

The FNPF hotels have delivered favorable returns, driven by the resurgence in the tourism sector. As travel and tourism activities have picked up, our hotels have benefited from increased occupancy rates and higher revenues. This boost in tourism has significantly enhanced the performance of our hotel investments, reflecting the positive impact of the sector's recovery on our financial returns.

At FNPF, we are dedicated to generating robust returns and fostering significant financial growth. Our strategic investments and diverse portfolio are designed to maximize

value, demonstrating our unwavering commitment to enhancing the financial well-being and security of our members.

Overall, the Funds' net investment income before expenses this financial year 2024 was \$882.1 million which has increased compared with last year.

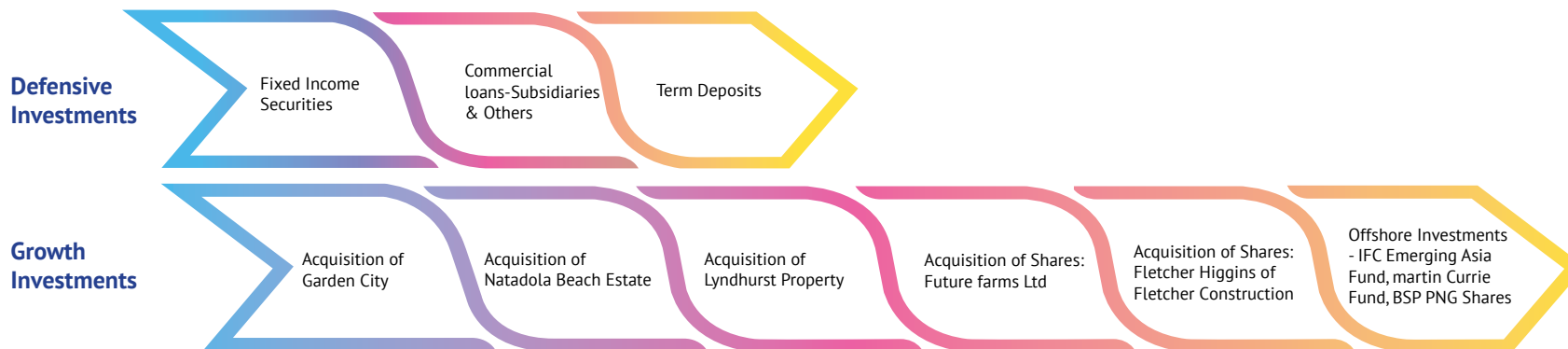
FNPF implemented a balanced investment strategy by integrating both defensive and growth-oriented assets. On the defensive front, the Fund invested in long-term fixed income bonds, commercial debt, and term deposits to ensure capital preservation and stable returns. Concurrently, FNPF pursued growth opportunities through strategic real estate acquisitions, including Garden City, Natadola Beach Estate, and Lyndhurst Property, as well as equity investments in Future Farms Ltd. Additionally, the Fund diversified its portfolio internationally with allocations to IFC Emerging Asia Fund, Martin Currie – Real Income Fund, and BSP PNG shares, to capture growth in emerging and developed markets while managing risk.

The Fund recorded \$10.6 billion in net assets as at 30 June 2024, which formed the basis of the declared 8% interest resulting in the distribution of \$572.4 million to 417,722 members.

FNPF members can be confident that the Fund is in a strong position to continue fulfilling its primary mission – delivering exceptional returns on their investments. Our portfolio is structured to maintain a prudent balance between growth potential and risk mitigation.

Fixed Income Investments

Being part of the defensive asset, the investments in bonds has its own set of benefits and challenges. However, the advantages far outweighs the challenges, making bonds a resilient and attractive long-



term investment for the main FNPF (Member) Fund, Retirement Income Fund, and Special Death Benefit Fund. Bonds provide a steady flow of income and low risk, making them an ideal investment for securing long-term financial stability. Despite market fluctuations, the fixed income portfolio has consistently delivered robust performance, resulting in significant interest credits for FNPF members.

The heightened liquidity poses competition from other investors, resulting in interest rates to decline. While the market was tough on interest rates in previous years, FY24 saw a positive shift with quarterly increases in interest rates, offering a brighter outlook for investors.

The Fixed Income portfolio's robust performance is a requirement for defensive assets to remain as a strategy. Not only will this portfolio sustain during crisis but contribute to long term liability management.

Government Securities

Investments in the Fijian Government securities remained the dominant asset class. The portfolio showed a marked increase during the year and closed at \$4.3 billion compared to \$4.0 billion in FY23. The increase was due to higher investment and low maturities. For this reporting period, investments in government

bonds was \$487 million while maturities amounted to \$227.5 million.

We continue to hold green bonds in our portfolio demonstrating our commitment to a greener environment - long term securities are invested in these bonds aligned to the members long term withdrawal needs, as part of the Fund's Environmental, Social and Governance (ESG) strategy.

The bond yields have increased during the year. The 20-year bond yield closed at 4.98 percent at 30 June 2024 compared to 4.61 percent at 30 June 2023.

Quasi-Government Securities

This portfolio consists of Government guaranteed securities in statutory bodies. The portfolio closed at \$5 million as at 30 June 2024 compared to \$23 million for the same period last year. The decline here was due to no floats by the quasi-government institutions. The reduction in the overall portfolio was due to maturities noted from Fiji Development Bank. Most statutory bodies were able to source cheaper short-term funding from the commercial banks due to high liquidity and the low interest environment. As a result, most institutions did not float long term bonds.

Treasury

Treasury monitors current and long term cash flows of the Fund. This includes managing member cash flows, investment cash flows and operational flows under a long term strategy scope. This vigilance guarantees that the organization has access to adequate cash resources to meet its obligations, thereby maintaining financial health and stability essential for securing our members' future solvency and viability.

Despite the pressure on interest rates, safeguarding FNPF's cash resources is crucial due to the excessive liquidity in the banking financial system. As at 30 June, 2024, the banking system's liquidity stood at \$1,919.3 million compared to \$2,476.8 million last year.

Fund's Cash Holdings

The Fund's cash holdings (cash and terms deposits) at the end of the financial year were \$847 million from \$640 million in June 2023. This increase is attributed to two key factors: the reinstatement of the contribution rate to 18%, which has significantly boosted the amount of funds being allocated and a marked rise in investment activity. The higher contribution rate has led to greater capital inflow, while the increased investment activity has enhanced the Fund's overall performance and growth.

Local Term Deposits

The portfolio grew from \$126.5 million to \$246.5 million in the 12 months to June 2024. The increase is a result of new term deposits in the last year, underscoring the Fund's proactive approach to optimizing returns on cash assets. By strategically investing funds in term deposits, we secure a steady and secure income stream that contributes to the overall financial stability and growth of members' savings.

Offshore Term Deposits and Cash

The offshore term deposit and cash portfolio closed at \$80.8 million in the review period compared to \$45.9 million in 2023. The increase was driven by dividends from offshore Equity investments and the injection of new funds approved by the RBF for offshore investments. Through constant dialogue with the Board and Management of RBF, the Fund gained approval for an additional \$100 million for offshore investments to Dec 31, 2024. Most of these deposits are held in US dollars. The investments during the financial year were mostly placed in equities investments, commercial loans investment, USD term deposits and AUD term deposits.

Signed and sealed ... the Fund acquired a 25% stake in Higgins Holdings (Fiji) Pte Ltd from Higgins Group Holdings Limited, a subsidiary of Fletcher Building Limited



Equities

Local Equities

The local equities portfolio grew by 13.0% in the last Financial Year to close at \$2.6 billion, compared to \$2.3 billion at the end of FY23.

This growth was primarily driven by additional capital investments, dividend reinvestments, new acquisition and changes in the fair value of investee companies which was driven by their strong financial performance.

Significant investments were made in HFC Bank (dividend reinvestment of \$22 million) and HealthCare Fiji (\$16.8 million), while dividends were reinvested for Pleass Global Limited, Fijian Holdings Unit Trust and the Unit Trust of Fiji.

The Fund's diversification strategy resulted in a partnership formed with BSP Life Fiji Limited with the Fund acquiring a 40% stake in Future Farms Pte Limited, trading as Rooster Poultry, previously 100% owned by BSP Life. This investment has boosted the relationship between the country's two largest institutional investors and the Fund looks forward to capitalizing on more opportunities together.

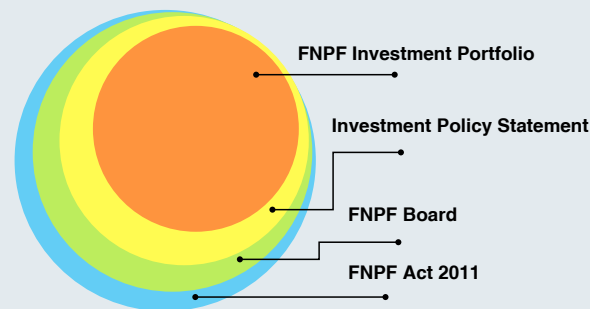
Dividend income from the local equity portfolio totalled \$93.6 million compared to \$66.7 million in FY 23, mainly driven by strong performances in the Fund's investee companies like ATH, Vodafone, HFC Bank, Fiji Ports and the Hotels, to name a few. 2024 was a remarkable year for the Fund as one of its hotel subsidiaries, Momi Bay Resort Limited paid dividends for the first time since opening in 2017. This is in addition to the interest income the Fund realized from this investment over the years.

The annual fair value movements in subsidiaries and associates also assisted with the uplift in the carrying value of the

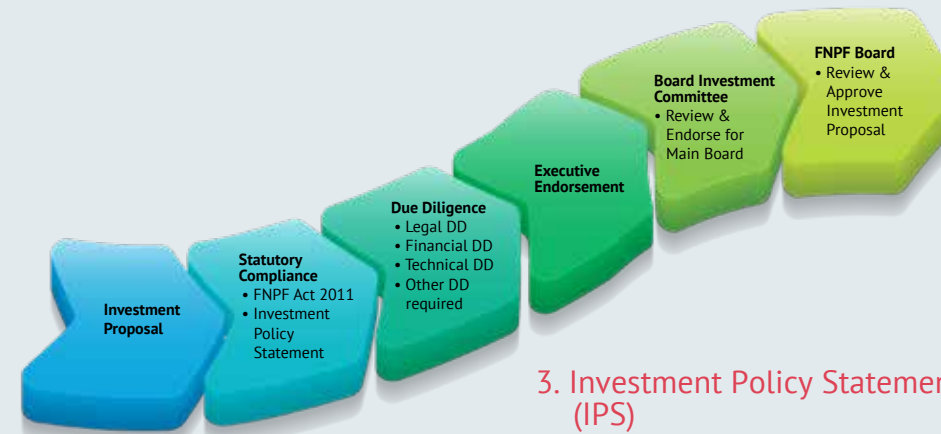
The FNPF Act provides the legal framework for the operation of the Fund, including the management and governance of its investments. The Act outlines specific guidelines and principles on how the Fund should invest members' contributions to ensure their safety, growth, and sustainable returns. Here's a general overview of the investment guide as stipulated under the FNPF Act:

1. Investment Objectives

- *Preservation of capital:* The Fund prioritizes this investment strategy with the primary goal of ensuring that the original investment or principal amount invested is not lost, even in times of market volatility or economic downturns.
- *Sustainable and competitive returns:* To enhance member benefits over time the Fund aims to achieve returns that are both enduring over the long term and competitive relative to other investments in the market.
- *Liquidity management:* The Fund ensures that it has sufficient cash flow to meet short-term obligations, long term obligations and operating needs without incurring unnecessary costs.



Investment Governance



2. Permitted Investments

The FNPF Act also specifies the types of investments that are permitted for the Fund, ensuring diversification and minimizing risk. These include:

- Government securities: Bonds, debentures, or other forms of government debt instruments.
- Equities: Investments in publicly traded companies.
- Fixed income securities: Bonds, debentures, and other debt instruments from reputable issuers.
- Real estate: Investments in property and real estate development projects.
- Alternative Investments: Such as private equity, infrastructure, and other non-traditional asset classes.
- The Act also list certain types of high-risk investments that are prohibited to safeguard the Fund's assets.

3. Investment Policy Statement (IPS)

- The IPS is a document that outlines the guidelines, objectives, and strategies for managing and investing funds in FNPF. It serves as a framework to ensure that the investments made by the Fund are aligned with the Fund's goals, risk tolerance, and fiduciary responsibilities. The Fund's IPS is crucial in guiding investment decisions to ensure that the fund meets its obligations to its members, including providing retirement benefits. IPS for the Fund is approved by the FNPF Board.

4. Governance and Oversight

- The Act mandates the establishment of a Board of Directors responsible for the overall governance of FNPF's investments and the Board is tasked with setting the strategic direction and ensuring compliance with the investment policies.
- The Act also allows for the creation of an Investment Committee to provide more focused oversight and expertise in investment decisions.
- It also requires regular independent audits and reviews to ensure that investment activities comply with the Act and internal policies.

investment portfolio. A total of \$196.2 million in gains were recorded for the Fund's fully owned subsidiaries (Hotels) and non-hotel subsidiaries (ATH, VFL, HFC) and associate companies (FPCL and FAL). Hotel subsidiaries accounts for more than 30% of total gains, which is reflection of the dramatic recovery of the tourism market post-COVID.

Offshore Equities

The offshore portfolio grew from \$700.7 million in FY23 to \$855.5 million in FY24 resulting in a 22.1% growth. This was predominantly driven by unrealised capital gains, new investment and reinvestments. Key offshore investments made by the Fund in FY24, included:

- Additional acquisition of \$25.8 million worth of shares in BSP PNG.
- Additional investment of \$20 million in Martin Currie Real Income Fund.
- Dividend reinvestment of \$6.2 million in both Martin Currie Portfolios.
- Additional investment of \$3.5 million in IFC Emerging Asia Fund.

The Fund successfully acquired 2,965,759 (0.63%) shares in BSP PNG to become the second largest shareholder (based on BSP's PNG 2023 Annual Report), with ownership of 49,006,304 (10.49%) shares.

The offshore dividend income for FY24 was \$51.2 million (FY23 was \$54.5 million); a reduction of 6.1% which is predominantly from BSP PNG's reduction in DPS due to increase in PNG's commercial bank sector tax rate. Albeit, the lower dividend income, the portfolio has experienced a significant share appreciation of \$117.2 million in FY24.

Commercial Lending

The Commercial Lending portfolio closed at \$1,223.9 million (after impairment) compared to \$1,175.2 million in 2023, equating to a growth on portfolio (net of impairment) of 4.1%. Gross growth in portfolio amounted to 1.3%

Total income for the year was \$65.3 million compared with \$61.3 million last year. New investments were approved in sectors such as tourism and telecommunications. The Fund sought to enhance partnerships with other commercial banks through syndicate lending opportunities, which were achieved in the telecommunication sector.

The aviation and tourism industry have normalised following recovery from the impact of COVID-19. Subsequently, the loan repayments on the principal and interest have normalised from these affected sectors.

The lending portfolio continues to face challenges relating to low interest rates in the market, financial liquidity and aggressively competitive stances taken by the Fund's competitors.

Per requirements of the IFRS 9, the portfolio was assessed for impairments based on an expected and forward-looking credit loss model as opposed to an incurred loss basis.

A number of conservative parameters which were adopted as a result of COVID-19 pandemic for financial years 2020, 2021 and 2022 were rolled back to pre-pandemic levels as a significant decrease in credit risk was noted. Compared to 2023, credit risk of the portfolio has improved, leading to an overall lower provision for impairment compared to last year.

Properties

The Fund's Investment Properties completed the year with another strong performance, with three major acquisitions during the year:

- Garden City: 100% occupancy of the 10,630 sqm of gross leasable area contributing \$4.2 million in annual income.
- Lyndhurst Properties: 100% occupancy contributing \$4.1 million annual income.
- Natadola Beach Villa: allowing FNPF to consolidate ownership of its beachfront properties along Natadola.

The portfolio value increased by 29.4% as a result of the positive re-valuation gain and total property acquisition of \$107.8 million in FY24 which attributed to the closing value of \$602.4 million.

Our strong leasing results contributed to the portfolio occupancy of 96%, which have delivered like-for-like income growth of 30% for the 12 months, demonstrating the quality of the Fund's assets and its effective management.

The My FNPF Centre Nadi has reduced its vacancy rate to 17% through the leasing of the second floor to DMC, while also celebrating the opening of the FNPF pension center, LIC and the Fiji Sun office. The Fund hopes to open a customer service department early next year.

The Fund's strategy focuses on acquiring assets with strong income and capital growth potential, implementing effective leasing and active asset management to enhance property income and value, thereby addressing challenges such as market volatility and tenant turnover.

As of FY24, the property portfolio comprises 31 properties, including 24 leased for retail, commercial, and office use, along with 6 vacant lands held in a land bank for future development opportunities.

Projects

Grand Pacific Hotel Rebranding

The Grand Pacific Hotel mock-up-room refurbishment is underway with the contractors and FF&E suppliers appointed. The expression of interest for the consultancy services for the full refurbishment of the hotel tendered and consultants shortlisted. The key consultants issued with the request for fee proposal (RFP) on their respective field of work. The Project Manager for the refurbishment is in tender process and the full refurbishment to resume in 2025.

Westin Fiji Resort Refurbishment

Refurbishment at the Westin Fiji Resort commenced in January 2023, focusing on guest rooms, central facilities and back of house redesigns. To stay competitive and meet the evolving expectations of travelers, the Board has approved an expanded scope of work to enhance the resort's offerings. Design and documentation for this additional scope includes main pool expansion, enclosure and air condition of all day dining restaurant, kids and teens club, five accommodation villas, adult pool with food & beverage area. All these are currently in progress, with a target for practical completion by August 2025.

CASE STUDY

Future Farms Pte Limited (trading as Rooster Poultry)

The Fund secured 40% ownership in Future Farms Pte Limited (trading as Rooster Poultry) at a cost of \$34.28 million. This acquisition strategically positions the Fund to play a pivotal role in the consumer staples industry.

This investment is part of the Fund's strategy to invest further in high-growth assets and represents a remarkable diversification of the Fund's investment portfolio into the food and agribusiness sector.

The acquisition capitalises on the resilience and rapid growth of the consumer staples sector.

The decision to invest in Rooster Poultry followed an extensive due diligence process, that not only aligns with our investment objectives, but also a long-term value creation for our members.

Potential for Growth

Rooster Poultry has significant growth plans, including exports and expansion into other product lines. In May 2024, Rooster Poultry commissioned a \$13 million state-of-the-art processing facility in Ba, which now enables chicken processing to be increased from 650,000 whole chickens in a month to 1.95 million chickens a month. This increased processing capacity along with other initiatives will enhance Rooster Poultry's product lines, market share and its footprint in other export markets.

Investment in resilient sector strategy

The acquisition of shares in Rooster Poultry is aligned to the Fund's strategy to pursue investment in resilient sectors for sustainable returns.

Potential Synergies

Through this acquisition, there is potential for synergies across the Fund's current investments.

BSP Life Partnership

The acquisition marks the partnership between the two largest institutional investors in the country and paves the way for future co-investment opportunities to positively contribute to Fiji's economy.


Corporate Social Responsibility and Green Initiatives

The Fund is committed to responsible investing, focusing on companies that prioritize strong corporate citizenship and environmental responsibility. Rooster Poultry is a perfect example, showcasing a commitment to sustainability, community engagement, and ethical governance, making it an ideal investment.

Rooster Poultry has actively engaged with the community, notably supporting women's rugby through major sponsorships. Additionally, it became Fiji's first solar-powered poultry operation in 2014. The Fund's investments in green initiatives will yield positive impacts in the future, benefiting both our investment portfolio and the economy, supporting both financial and environmental growth.



The Fund's investment in resilient sectors includes the acquisition of shares in Rooster Poultry. Seen here is a Rooster Poultry employee at the Navau factory in Ba.

A group of construction workers in orange safety gear and hard hats are working on a wooden structure. One worker in the center is kneeling and pointing towards a vertical wooden post. Another worker is kneeling to the left, and a woman in a white hard hat and orange safety vest stands in the background. The scene is set in a construction site with wooden beams and scaffolding visible.

Fletcher Construction workers
engaging in refurbishment
works at the FPNF-owned
Westin Denarau Island Resort
& Spa Fiji.

Why Growth Assets Matter?

Growth assets are so called as they appreciate over time and provide capital gains in the long term - these include investments into private and listed equities, both locally and offshore, and properties. Defensive assets, like term deposits and bonds, are those that do not offer capital gains.

The Fund is shifting its focus towards growth assets as it allows for further diversification to achieve long-term investment returns and grow member funds. As per the current asset allocation strategy, the long-term objective is to have a portfolio allocation of 60% for growth assets and 40% for defensive assets. This is currently under review.

Higher Potential Returns

Growth assets, while riskier, provide higher returns and is the driver for increased returns, allowing the Fund to declare higher interest rates.

Defensive assets are less volatile than growth assets, offering steadier returns and protecting the portfolio during market downturns, like the impact of COVID on tourism. In recent years, bond yields have dropped due to the pandemic and increased market liquidity. While growth assets can provide regular value increases and usually offer higher returns over time, defensive assets tend to deliver consistent income.

Over the past six years, an average portfolio allocated 35% to growth assets, which generated 46% of total income, while defensive assets, making up 65% of the portfolio, provided 54% of income. Notably, as the share of growth assets increased, income trends have shown upward movement.

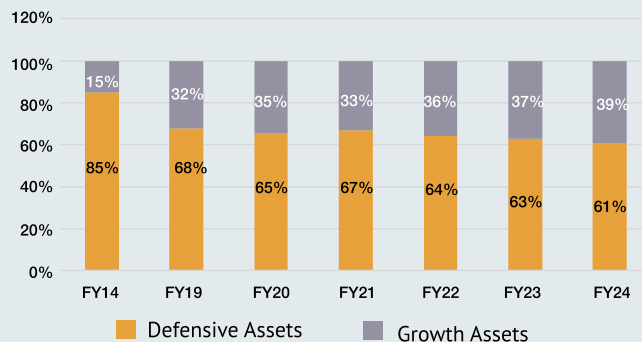
Inflation Hedge

Growth assets, especially equities and real estate, often outpace inflation over time, preserving and potentially increasing purchasing power.

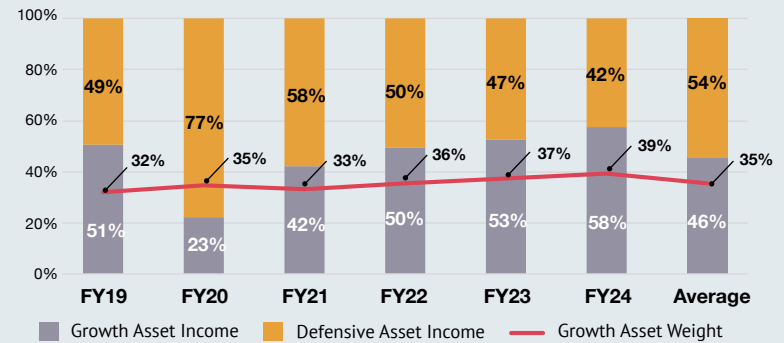
Diversification Benefits

Over 10 years ago, the allocation between defensive to growth assets was around 80/20 deriving an ROI of 5.90%. Diversifying across growth can assist in managing risks and the expectation of higher returns. This balanced approach will also allow for optimal results to capture the upside of potential of growth assets while mitigating downside risk with defensive assets.

Graph 3: Defensive vs Growth Assets



Graph 4: Growth Assets - Performing above its weight



Why invest in Offshore Equities

We plan to grow our offshore portfolio in search of attractive yielding returns. The Fund is diversifying and expanding its offshore equity investments to boost returns, manage risks, and ensure long-term sustainability. By investing in international markets, sectors, and currencies, the Fund reduces its reliance on the local economy, protecting itself from domestic market fluctuations. This strategy opens opportunities for higher growth in both developed and emerging markets, especially in sectors not available at home.

The plan is to grow the offshore equities portfolio by seeking investments with attractive returns. This aligns with the Fund's goal of diversifying into new areas. The Fund also emphasizes responsible investing by integrating Environmental, Social, and Governance (ESG) factors into its decisions. By focusing on sustainable companies, the Fund aims for strong financial returns while making a positive impact on society and the environment.

The Fund investment strategy includes generating income from dividends, preserving capital, and achieving growth, all guided by its Investment Policy Statement (IPS). Partnerships with global asset managers further enhance the Fund's access to specialized knowledge and opportunities in international markets, allowing it to leverage economic trends and innovations.

While growth assets such as offshore equities are vital for higher returns, the Fund maintains a balance with defensive assets to safeguard against market downturns. This balanced approach ensures both the stability and long-term growth of members' retirement savings, aligning with the Fund's overall sustainability.



Our ENABLERS

The Fund made considerable strides in our digital transformation, impacting various aspects of operations, processes, and strategies. These initiatives are designed to significantly improve the value we provide to our customers.

We addressed the technical requirements and expedited local development to meet regulatory deadlines for new products launched during the year that included laptop assistance, professional certification and gifting. These developments allowed our members to access these benefits and invest in their own education, as well as that of their immediate family members.

Additionally, our mobile platform now includes two-way communication messages, and also allows members to now apply for medical and funeral withdrawals. With these supplementary features, members can submit applications for local medical assistance or funeral assistance from any location using their own mobile device, without visiting our offices. Our officers will respond to members' inquiries via the app, and members may also send messages.

Over 98% of employers registered on the Employers Portal are now actively using the platform to submit their monthly contributions and manage their service inquiries, thanks to recent upgrades. The addition of the live chat feature has also enhanced communication efficiencies with our team.

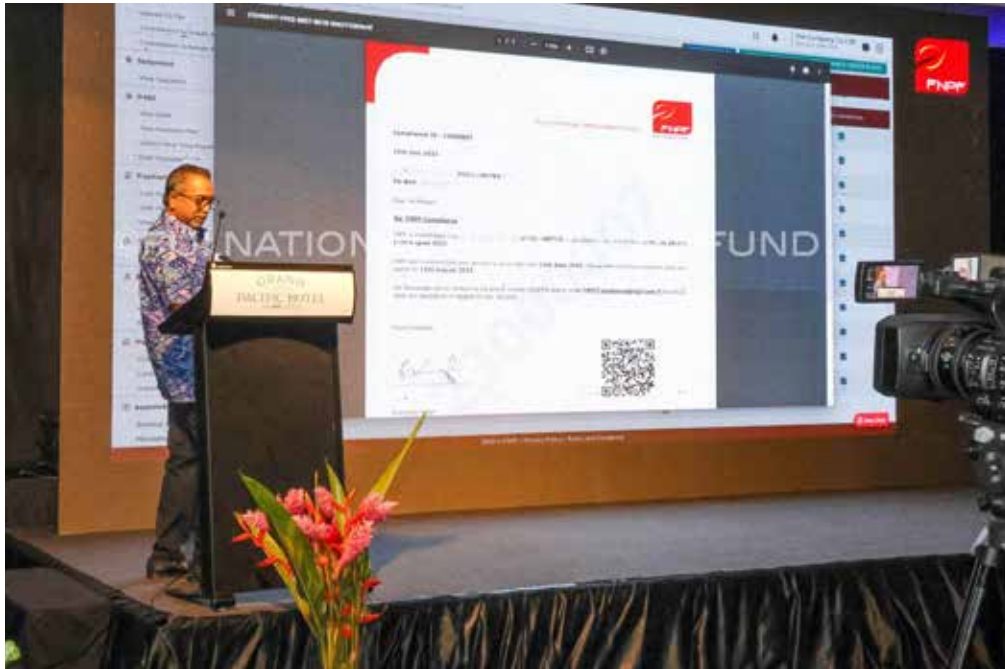
Our online platform was used to conduct workshops nationwide. During these sessions, we showcased the employer portal's features, helping employers access our services more effectively. This initiative brought the Fund's services directly to their doorstep and enabled employers to securely obtain compliance letters through the portal efficiently.

The implementation of Robotic Process Automation (RPA) by FSNP in the interest crediting verification procedure has achieved 100% verification accuracy. Additionally, the Fund has successfully introduced an automated bank receiving process for funds received from one of our main banks. This innovative approach ensures exceptional accuracy and speed, demonstrating our commitment to delivering reliable and efficient services, with a strong focus on our members' financial well-being.



Partial Withdrawal on Mobile app

- ▶ Education Assistance
- ▶ Unemployment Assistance
- ▶ Advice of Death
- ▶ Funeral Assistance
- ▶ Medical Assistance



The ProMIS ERP system has been upgraded, leading to significant enhancements in our back-office processes. These improvements facilitate faster and accurate processing, as well as efficient resource management, underscoring our commitment to operational excellence. Consequently, there has been a reduction in the data maintenance pertaining to members accounts.

The ProMIS Framework is being upgraded to enhance performance and efficiency, allowing

for future development in line with any regulatory and policy changes.

Similarly, our FMIS system, Epicor, is also being upgraded to ensure accurate financial monitoring and efficient business operations. This enhancement will improve decision-making, streamline processes, and allow us to adapt quickly to changing requirements. Additionally, Epicor Kinetic will enhance customer service by increasing the efficiency, accuracy, and responsiveness of our

operations, ultimately improving the overall experience for our members.

To integrate technology, processes, and personnel, we have significantly strengthened our IT security and disaster recovery capabilities.

We recently introduced the two-factor authentication and a firewall upgrade, bolstering the Fund's security, reducing the risk of breaches and unauthorized access. These upgrades safeguard sensitive data and demonstrates our commitment to maintaining a secure platform, thereby preserving our members' trust. The Fund is working toward ISO 27001:2022 accreditation, which will enhance our information security management framework and align us with international best practices in the protection of our members' assets and personal data, ultimately improving their confidence.

Additionally, the Fund is actively pursuing several initiatives, including the implementation of a Customer Relationship Management (CRM) system and a Property Management System. The CRM system will help strengthen member relationships, boost operational efficiency, and ensure superior service while adhering to regulations and optimizing resources. Implementing a property management system will streamline operations, improve tenant satisfaction, ensure regulatory compliance, and enhance the financial performance of our property portfolio.

myFNPF Mobile App installs



225,145

Website



page views
1,032,304
Recorded users
698,614



Registered Email
232,612



Registered mobile numbers
279,262



*MyFund (*567#) users*
6,250



Online Portal users
Employers **8,215**
Members **46,875**



ENGAGING *Our* MEMBERS

Visibility played a crucial role in our public relations and marketing efforts. We aimed to connect with our stakeholders through targeted marketing and communication strategies whilst valuing their feedbacks to assess the effectiveness of our initiatives.

We conducted a communications and marketing survey to evaluate the success of our messaging to members. Unlike previous, smaller-scale feedback efforts, this survey reached a broader audience by utilizing our digital platforms (including our emails and social media), resulting in participation from over 28,000 members and pensioners.

The survey aimed to establish a baseline for our branding initiative, and the key findings revealed:

- The Fund has established an effective communication channels.
- We provided clear marketing messaging through radio, television, digital, and static billboards.
- Preferred information sources for members included social media, the website, and email.
- A strong trust in FNPF for retirement savings, with 96% satisfaction regarding financial performance.
- A significant shift in perception from a withdrawal scheme to a retirement savings provider, with 82% recognizing this change.
- High confidence in FNPF's investment decisions, with 77% preferring us over other financial institutions.
- A positive perception of the Fund's transparency and customer service, with 67% expressing satisfaction.

Increased visibility

We leased multiple billboards, bus shelters, and other advertising spaces for our marketing campaigns. These placements not only provided high visibility but also increased brand awareness amongst our diverse audience, including members, pensioners, and other stakeholders. The survey confirmed that our messaging on the leased billboards was easily understood by the public.

Rebranding Campaign

With a strong response rate from the survey, the Fund initiated a rebranding campaign focused on creating an integrated marketing and communications plan to enhance the FNPF brand. Australia-based PR and behavior change specialists, *The Shannon Company*, was engaged, through a tender process, to lead this rebranding effort. The project commenced in October 2023 and is slated for launch in the second quarter of FY2025.

Annual Member Forum

The FY2024 Annual Member Forum took place in February 2024 at seven locations across Viti Levu and Vanua Levu. Legally mandated, this forum allows the Fund to present its performance, achievements, and future plans, while also providing a platform for members to inquire about operations, policy decisions, and governance.

A total of 428 members and pensioners attended in person, while over 13,000 people viewed the livestream on Facebook and YouTube. Sign language interpreters were present to assist members with hearing and speech impairments. Feedback was overwhelmingly positive, with attendees expressing satisfaction with the information shared. Many pensioners took the opportunity to voice their concerns directly to Fund executives.

Member advocacy

We have continued to enhance our members' understanding of retirement savings through advocacy sessions and community visits throughout the year. By collaborating closely with employers, we offered retirement literacy awareness sessions, equipping them to support their employees' knowledge of retirement savings. This initiative has led to a significant increase in additional contributions from members.



To ensure inclusivity, we took our services to members through community visits, especially to areas where our services are not available, such as Koro, Levuka and Taveuni. We also visited our members in the informal sectors, alerting them to digital modes of payment, as well as signing them up for the myFNPf Mobile App.

Our advocacy efforts have also extended to Fiji nationals participating in the seasonal work program in New Zealand, facilitated through a partnership with the Ministry of Employment, Productivity, and Workplace Relations.

During these awareness sessions, one-on-one counseling has emerged as the most impactful component of our retirement literacy programs, now a vital part of our advocacy efforts. In total, we conducted 542 awareness sessions this year, up from 356 in 2023.

Changing Mindsets

Many members adopt a “set and forget” approach to their retirement savings. This

often leads to resistance when we engage them in educational programs or encourage proactive financial planning. Cultural beliefs play a significant role, with many members relying more on family support than on individual savings.

To address the lack of familiarity with our digital platforms, we will conduct targeted training sessions and workshops to help members navigate our online tools. These initiatives aim to boost confidence and ensure members can effectively use resources like the retirement calculator and educational content on our website.

Furthermore, we plan to enhance our digital communication strategies, including step-by-step guides and video tutorials, to make these tools more accessible. By fostering this familiarity, we hope to encourage a proactive approach to retirement planning, empowering members to take control of their financial futures and make informed decisions.

The way forward

Expanding our digital education platforms is a key priority. We will create tailored tools and resources to meet the diverse needs of different member segments.

To enhance engagement, we will implement more online consultations and digital initiatives, making it easier for members to access information and support. We are committed to actively incorporating member suggestions into our strategies to continually improve their experience with FNPf. By fostering an open dialogue, we aim to create a more inclusive and effective approach to retirement planning for all our members.



Member – **5,537** subscribers
Employers – **1,757** subscribers
Pensioners – **518** subscribers



2,340 subscribers

92,227
Facebook ↑5% followers

28,997
LinkedIn ↑18% followers

6,320
Twitter ↑14% followers



MANAGING *Our* RISKS

Prudential Supervision

The Reserve Bank of Fiji (RBF) plays a critical role in overseeing the Fund's operations as stipulated in the FNPF Act 2011 and the Insurance Act 1998. Through sections 117, 118, and 119 of the FNPF Act 2011, RBF ensures compliance and governance.

RBF conducts regular assessments of the Fund's performance, facilitated by prudential consultation meetings and specific reporting requirements. Additionally, they perform on-site examinations to evaluate various functions within the Fund.

The RBF's supervision policy statements and guidelines serve as essential frameworks that help the Fund align with regulatory standards, ensuring transparency, accountability, and sound financial management. This collaborative oversight reinforces the Fund's commitment to safeguarding members' interests while maintaining regulatory compliance.

Risk Management and Business Continuity

The Fund employs an integrated risk management approach that aligns with the international standard ISO 31000:2009, ensuring a comprehensive framework for managing risks across all operational areas. This holistic strategy encompasses various levels of risk management, including operational and enterprise risks, and is implemented across multiple business units such as Finance, Properties, Investment, Human Resources, IT, and Member Services.

Key activities undertaken in this area include:

1. Tender process risk review: evaluating risks associated with procurement processes to ensure transparency and compliance.
2. Property risk inspections: conducting assessments to identify and mitigate risks related to the Fund's property investments.
3. Alignment of CCC policy to FNPF Act: ensuring that policies are in accordance with regulatory requirements.
4. Westin project risk register: maintaining a dedicated

register to track and manage risks specific to the Westin project.

5. Business continuity plan simulation exercise: testing the effectiveness of business continuity plans to prepare for potential disruptions.
6. Operational risk monitoring: ongoing assessment of operational risks to safeguard the Fund's activities.
7. Strategic risk monitoring: aligning risk management with the Fund's five-year corporate plan to ensure long-term strategic goals are met.

The Fund continually engages in business continuity planning to minimize operational disruptions, ensuring resilience and continuity in our services during unforeseen events. This proactive approach reinforces the Fund's commitment to protecting our assets and members' interests.

Compliance Management

Compliance at the Fund is overseen through a robust framework approved by the Board, ensuring adherence to the FNPF Act and other relevant legislation. Key activities carried out during the year include:

- Monitoring and reporting: the Fund closely monitors cash transactions and suspicious activity, in line with the Financial Transaction Reporting Act 2004 and Regulations 2007 (FTR).
- Training and awareness: Fund-wide training sessions were conducted to enhance awareness of cash transaction reporting and the detection of suspicious transactions among staff.
- Declaration of interests: the Fund facilitated the declaration of interests for all staff and board directors, promoting transparency and ethical governance.
- Regular updates: functional updates were regularly provided to the Board Audit and Risk Committee (BARC) to ensure ongoing compliance and address any emerging issues.

These efforts reflect the Fund's commitment to maintaining high standards of compliance and governance, safeguarding both our operations and the interests of our members.

Policy & Governance

Policy review and development are integral to the Fund's operations, ensuring that governance and compliance frameworks are continuously aligned and strengthened. This ongoing process involves:

- Regular assessments: policies are regularly assessed to ensure they meet current legal, regulatory, and operational requirements.
- Stakeholder engagement: input from stakeholders is considered during reviews, ensuring that policies are practical and effective.
- Adaptation to changes: the Fund adapts policies in response to changes in regulations, industry standards, and member needs.
- Training and communication: updates to policies are communicated effectively to all staff, accompanied by training sessions to ensure understanding and adherence.

By prioritizing policy review and development, the Fund reinforces our commitment to governance excellence and compliance, ultimately benefiting our members and stakeholders.

Insurance

The FNPF group insurance scheme, which provides comprehensive coverage for assets, profits, and liabilities, was successfully renewed on 30 June 2023 and again on 30 June 2024. This renewal reflects the Fund's commitment to maintaining robust risk management practices.

To ensure adequate protection, the Fund actively monitors the insurance market and evaluates our coverage options. This ongoing assessment helps to identify gaps in risk

coverage and allows us to make informed decisions about our insurance needs, ensuring that operations remain secure and resilient in the face of potential challenges.

Complaints Management

The Fund is committed to our member-centric approach to service delivery by actively implementing the complaints management system and conducting thorough reviews of all complaints received. Monthly complaints reports are regularly shared with senior management, and quarterly reports are provided to the Reserve Bank of Fiji (RBF).

The robust complaints system ensures swift responses and effective resolutions to member issues. This system also incorporates key areas of concern from complaints into risk assessments and policy considerations, facilitating continuous improvement.

Notably, the total number of complaints received has decreased significantly, dropping from 185 in FY23 to 89 in FY24. This reduction highlights the Fund's commitment to enhancing service quality and increasing member satisfaction.

Internal Audit

The Internal Audit team focused on delivering a high-impact work program in the 2024 financial year, prioritizing engagements in investments, subsidiaries, finance, operations, and support functions. This approach strengthened governance, risk management, and internal controls within the Fund while providing strategic insights on key priorities.

The team fostered deeper partnerships and coordination with senior management, the risk management and governance functions, and the Board Audit & Risk Committee. This collaboration ensured alignment on strategic objectives and enhanced oversight.

To increase efficiency and effectiveness, the team adopted more agile processes and utilized Computer Assisted Audit Techniques (CAATs) for deeper analysis. This was particularly applied in auditing Member Services, Contributions Collections & Compliance, and end-of-year crediting and transfer processes.

As part of the FY24 BARC approved risk-based annual work plan, the Internal Audit team successfully completed 21 audits, including 7 unplanned engagements, demonstrating adaptability and responsiveness to emerging risks and priorities.

Table 5: Audit & Investigations

Audit Status	2024	2023
Planned – Audits & Investigations	61	69
Completed Audits & Investigations	51	51

Audit Management System & Follow-Up Reporting

A significant effort was dedicated to upgrading the Audit Management System—TeamMate. This enhancement facilitated an automated process for tracking and following up on outstanding audit recommendations, improving overall audit administration efficiency.

The BARC receives periodic updates on the implementation progress of recommendations highlighted in audit reports. These updates are also integrated into management scorecard achievements, ensuring accountability and transparency.

For FY2024, the overall implementation rate of audit recommendations reached an impressive 91%. This high-rate highlights management's

commitment to improving processes and the diligent oversight provided by BARC. It reflects the Fund's focus on maintaining a well-controlled environment that prioritizes compliance, effective risk management, and robust internal controls

Fraud Risk Management

The Fund is dedicated to fostering a zero-tolerance fraud culture, as emphasized in our code of conduct and anti-fraud policies. In FY2024, 30 investigations related to fraud and ethics was conducted addressing complaints received through the complaints management system, whistleblower reports, and management referrals.

Cases determined to be fraudulent were escalated to Police for further investigation and prosecution, with a total of nine cases referred during the financial year. These referrals included:

- Members submitting falsified documents to obtain withdrawals
- Employers forging FNPF compliance letters
- Misuse of housing assistance withdrawals
- Members gaining financial advantages through impersonation
- Falsified claims regarding unauthorized withdrawals
- Cash misappropriation

To strengthen our commitment, the Fund continues to promote fraud awareness both internally and externally, including the ongoing review of our Anti-Fraud Policy.

Table 6: Board and Sub-Committee Attendance for the period 01 July 2023 to 30 June 2024

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, 2023 to 30 June, 2024										
Mr. Dakesh Patel (Chairman)	15	13			5	1			3	1
Mr. Shiri Gounder (Deputy Chairman)	15	8					5	1	3	0
Mr. Mukhtar Ali*	15	9	6	4	5	4			3	2
Mr. Attar Singh	15	14	6	4			5	5		
Mr. Joe Taoi	15	13			5	5				
Mr. Adish Naidu	15	14			5	5				
Ms. Susie Waqanibaravi**	15	4	6	2						
INDEPENDENT COMMITTEE MEMBERS										
Mr. Kameli Batiweti							5	4		
Ms. Neelta Goundar**							5	3		
Mr. Geoffrey Rashbrooke			6	6						
Mr. Gitesh Nair			6	6						
Mr. Nacanieli Rika			6	2						
Mr. Timoci Tuisawau									3	3
Mr. Vilash Chand									3	2
Mr. Chinthake Ranasinghe									3	1
Mr. John Magnifico									3	3

*Exited during the year

** New appointment

DIRECTOR	BOARD/SUBCOMMITTEE	DATE COMMENCED	DATE CEASED
New Appointments			
Susie Waqanibaravi	FNPF Board	1st March 2024	-
Neelta Goundar	Board Human Resources Committee	23rd January 2024	-
Outgoing Directors			
Mukhtar Ali	FNPF Board	24th January 2020	23rd January 2024
	Investment Committee	28th July 2020	
	Audit & Risk Committee (Chair)	17th February 2020	
Directors Transition In Board Subcommittee			
Susie Waqanibaravi	Audit & Risk Committee (Chair)	12th April 2024	
Dakesh Patel	Information Technology Committee (Chair)	17th April 2024	



Our **PEOPLE**

The Fund is focused on cultivating a capable, motivated, and value-driven workforce. The 2024 financial year has seen notable growth and development, reflecting our commitment to attracting, nurturing, and retaining top talent. Through targeted recruitment, comprehensive training programs, and a supportive work environment, we aim to empower our employees to contribute effectively to the Fund's mission and enhance member services.

Recruitment

Recruiting and retaining top talent remains a priority. The efforts to reduce attrition are deeply embedded in our recruitment strategies. FNPF aims to attract the best-qualified personnel by offering competitive compensation and benefits.

At the close of FY24, the Fund had 409 staff members. These included the 63 recruited to fill vacant positions. The recruitment efforts are aligned to our strategic goal of sustaining organizational excellence by attracting highly skilled individuals whose values complement those of the organisation.

Retention

Employee retention is crucial to our long-term success. We recognize that recognition, praise, and rewards are key motivators that inspire employees to excel. Our retention strategies focus on creating clear career advancement paths and fostering an environment where staff members feel valued and engaged.

Succession planning is the cornerstone of our approach, aimed at nurturing long-term career growth. By systematically identifying and developing internal talent, we ensure continuity and preserve organizational knowledge, which ultimately strengthens our capacity to serve our members effectively.

Learning & Development

In the evolving landscape of employee development, leadership remains a key component of the Fund's commitment to motivating people. Leaders and emerging leaders were given the opportunity to participate in Project Management and Change Management training in collaboration with Dale Carnegie. These programs equip leaders with essential skills to drive organizational success and manage resource allocation effectively.

We achieved a commendable 93.22% completion rate for the required trainings, which include both mandatory compliance and optional development programs. Our focus is on reaching 100% completion of the Competency-Based Training plan.

As key drivers of quality service, it's essential that every employee undergoes thorough product awareness training. This initiative supports FNPF's strategic goals of enhancing member satisfaction and achieving operational excellence. By empowering employees with this knowledge, we ensure that each team member can contribute effectively to FNPF's mission.

The extension of the Skillsoft license has further encouraged continuous and accessible learning, with 86% of the Fund's workforce actively engaging in learning and development courses on Percipio.

Moreover, the Fund remains dedicated to supporting staff development, ensuring a competent, innovative, and motivated workforce.

OHS & Wellbeing

The Fund is committed to maintaining a safe and healthy work environment through a



Staff Count

409 - FY2024
from 371 in 2023



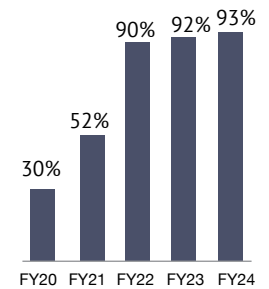
Staff Entries

63 - FY2024
from 34 in 2023



Staff Exit

40 - FY2024
from 44 in 2023



Training Plan Implementation

proactive approach to Occupational Health & Safety (OHS). This year, we conducted a comprehensive review of our OHS Policy to ensure it aligns with current safety standards and best practices. Regular safety audits and inspections, led by our OHS wardens, were implemented to ensure compliance with safety regulations and to identify areas for continuous improvement.

Health and well-being remain a significant focus, as both directly contribute to the success and productivity of our workforce.

We have prioritized OHS and Fire Warden training to effectively mitigate workplace hazards and risks. These initiatives are central to our commitment to safeguarding the well-being of all employees, ensuring that our workplace remains secure and conducive to productivity.

Corporate Social Responsibility

FNPF's dedication to Corporate Social Responsibility (CSR) is exemplified by our meaningful contributions to vulnerable communities. In FY24, we supported WOWS Kids, the Father Law Home and the Society for the Prevention of Cruelty to Animals, showcasing our commitment to making a positive societal impact.

These initiatives not only reinforced our core values but also strengthened our relationship with the community, fostering goodwill and collaboration in addressing local needs.

Market Relativity

To ensure that individual performance aligns with the Fund's strategic objectives, we conducted a comprehensive job evaluation exercise with the help of an independent consultant.

This evaluation, benchmarked against industry standards and market rates, has provided valuable insights into our compensation structure. The findings will enhance our ongoing efforts to maintain equitable and competitive compensation practices, ensuring that our workforce is motivated and aligned with our strategic goals.

Employee Engagement and Development Initiatives

Shadow Executives Program

This year, we launched the Shadow Executives Program to provide employees with valuable insights into the decision-making processes. This initiative aims to bridge the gap between different levels of the organization, fostering a deeper understanding of our strategic goals and operational challenges. By pairing employees with senior leaders, we facilitate hands-on learning experiences that enhance career development and promote a culture of mentorship, empowering our workforce and strengthening organizational cohesion.

Employee Value Proposition (EVP)

The Employee Value Proposition (EVP) program was introduced to define and enhance the unique benefits and opportunities the Fund offers. This initiative underscores our commitment to professional growth, work-life balance, and fostering an inclusive work culture. By aligning employee expectations with our organizational values, the EVP aims to boost satisfaction and retention, ensuring that our workforce feels valued and engaged in their roles.

Lunch and Share Program

The implementation of the lunch & share program provides a platform for informal learning and collaboration across the

organization. This initiative encourages employees to share their expertise, experiences, and insights during casual lunch sessions. By promoting cross-departmental knowledge sharing, the program aims to build relationships among staff and stimulate innovative thinking, fostering a more cohesive and collaborative workplace culture.

Looking Ahead

We hope to build on the successes of FY24 by focusing on strategic initiatives that drive organizational excellence. Key priorities include enhancing training programs, improving retention rates, and deepening our commitment to Corporate Social Responsibility.

To stay competitive, we are considering the adoption of a Human Resources Management Information System (HRMIS). This system will streamline HR operations, improve data management, and enhance the overall employee experience. It is also essential for ensuring compliance and supporting strategic HR planning.



FNPF Corporate Diary FY24



JULY:

- 14th: Announcement of appointment of Naibuka Saune as the Chief Investment Officer
- 20th: Extension of Education Withdrawal Assistance to include internationally recognized professional development courses
- 27th: Early withdrawal for unemployment, overseas medical and education assistance revised
- 31st: Communications and Marketing survey rolled out

AUGUST:

- 1st: FNPF 57th Anniversary
- 8th – 10th: Employers workshop, Suva
- 15th – 16th: Employers Workshop, Savusavu and Labasa
- 23rd – 24th: Employers Workshop Nadi and Lautoka

SEPTEMBER

- 5th – 14th: Artwork installed on Fund leased billboards in Viti Levu and Vanua Levu
- 18th – 27th: FNPF Pop-up services at Tutu Technical College and Naqara, Taveuni
- 26th: Fund announces acquisition of Garden City Complex in Raiwai
- 27th: Fund joins I-Recycle Hub Bin program

OCTOBER

- 4th: Employers Awareness Workshop, Hexagon Plaza, Nausori
- 7th – 8th: FNPF Booth at the Fiji Day celebrations in Bay Area, USA
- 21st: FNPF Pop-up services at Navua

NOVEMBER:

- 2nd: Employers Awareness Workshop, Ba
- 8th: Awareness session for Member Services staff on regulations and requirements for remittance of FNPF members savings overseas
- 20th – 23rd: FNPF Pop-up services, Levuka
- 23rd: Employers Awareness Workshop, Levuka
- 24th – 25th: FNPF Pop-up services, Tavua

DECEMBER

- 1st: FNPF FY23 Annual Report released after being tabled in Parliament
- 6th: New look Employer Self Service portal launched and Employer Appreciation Cocktail
- 20th: myFNPF App features updated to include medical withdrawal and two-way communications
- 23rd: Government announces increase in monthly allowance for FNPF pensioners, backdated to August 2023

JANUARY

- 1st: Contribution rate reverts to 18%
- 12th: FNPF Board Chairman reappointed, effective January 1st 2024
- 18th – 19th: FNPF Pop up services at the Raiwaqa Health Centre Expo, Garden City
- 25th: Annual Member Forum dates announced
- 29th: Fund calls on Employers to provide correct details for contributions being paid

FEBRUARY

- 7th: Member Forum, Ba
- 8th: Member Forum, Nadi
- 9th: Member Forum, Lautoka
- 14th: Member Forum, Nausori
- 15th: Member Forum, Suva
- 21st: Member Forum, Savusavu
- 22nd: Member Forum, Labasa

MARCH

- 1st: Chartered Accountant Susie Waqanibaravi appointed to the FNPF Board
- 8th: Fund celebrates International Women's Day
- 18th: FNPF and iTLTB sign MOU to facilitate issuance of TLTB leases

APRIL

- 2nd: Opening of the Pension Centre at My FNPF Centre, Nadi
- 15th: Education Withdrawal benefit extended

- to include purchase of laptops
- 19th: Voluntary members hosted at the FNPF Corporate Box for the Super Rugby Games - Fijian Drua vs Hurricanes and Fijian Drua Women vs Western Force

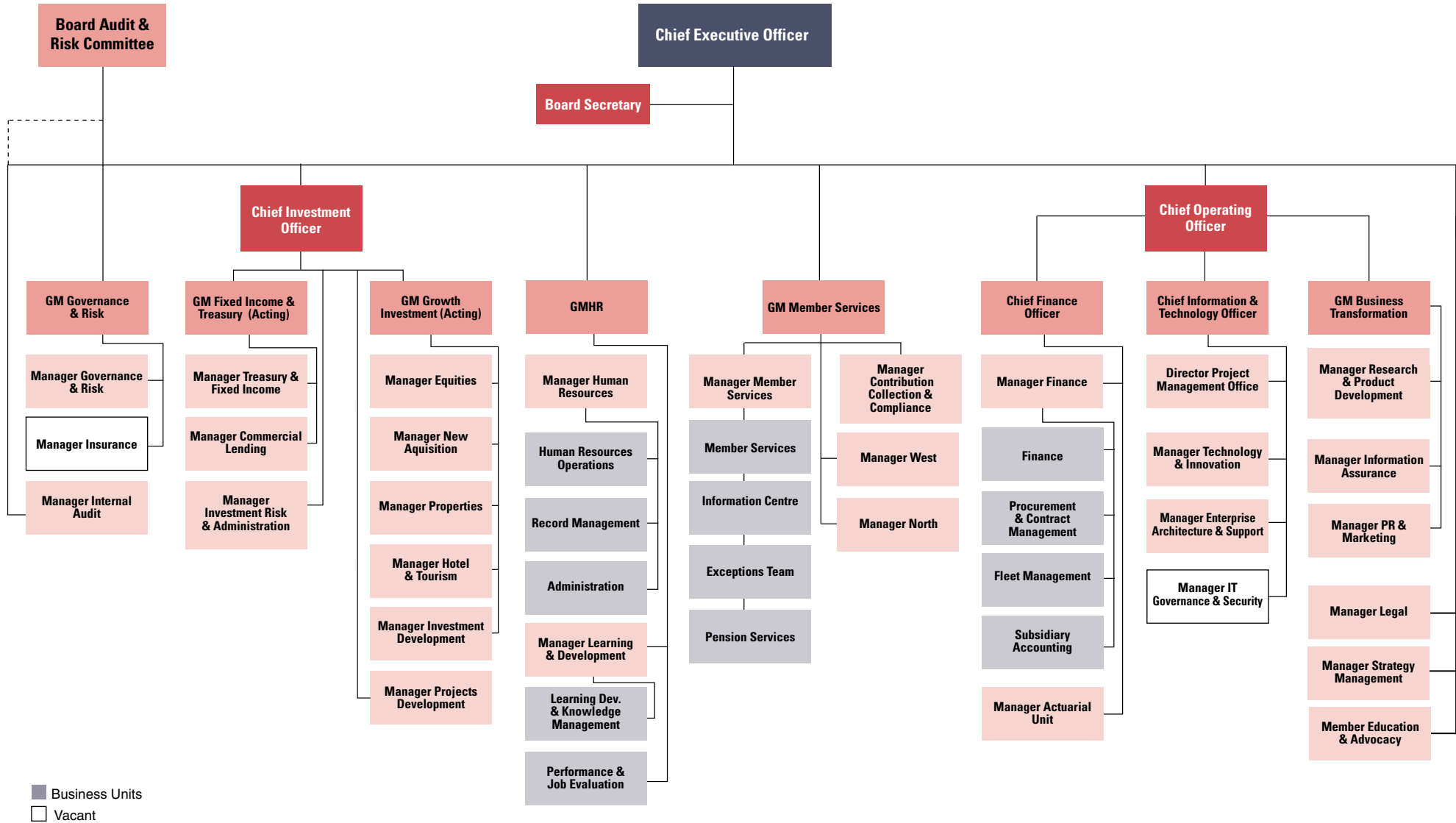
MAY

- 3rd – 4th: Minor voluntary members hosted at the FNPF Corporate Box for the Coca Cola Games
- 18th: Fund hosts Natadola and Momi landowning units at the FNPF Corporate Box for the Fijian Drua vs Queensland Reds match
- 21st: Fund acquires 40% shares in Future Farms Pte Limited (trading as Rooster Poultry)

JUNE

- 7th: Fund signs partnership agreement with Google to establish a green ICT park in Fiji and other projects
- 18th: Fund acquires 25% shares in Higgins Holdings Limited (Fiji) Pte Ltd
- 19th: Fund acquires mixed-use commercial and industrial portfolio at Kalabu Tax Free Zone from Lyndhurst Investments Pte Limited.
- 28th: 8% interest rate announced for FY24

Organisation Structure





FIJI NATIONAL PROVIDENT FUND

FINANCIAL STATEMENTS

30 JUNE 2024

Contents

Board members' report	44 - 45
Statement by board members	46
Independent auditor's report to the members of Fiji National Provident Fund	47 - 49
Income statement	50
Statement of net assets available for benefits	51
Statement of changes in member benefits	52
Statement of changes in reserves	53
Income statements by Fund	54
Statements of net assets available for benefits by Fund	55-56
Statement of cash flows	57
Notes to and forming part of the financial statements	58 - 112

Fiji National Provident Fund Board Members' Report For the year ended 30 June 2024

The Board members present their report together with the financial statements of Fiji National Provident Fund ("the Fund") for the year ended 30 June 2024 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. Dakesh Patel (Chairman)
Mr. Mukhtar Ali (Term expired – 24th January 2024)
Mr. Shiri Gounder
Mr. Attar Singh
Mr Adish Naidu
Mr. Jowell Vueta Taoi
Mrs. Susie Waqanibaravi (Appointed – 1st March 2024)

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 2024 was \$819,376,000 (2023: \$721,678,000).

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 8.00% (2023:7.00%).

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) Investment property acquisition
 - On 1st December 2023, the Fund acquired Natadola Villa at a consideration amount of \$5.3 million.
 - On 1st December 2023, the Fund acquired Garden city Complex at a consideration amount of \$54 million.
 - On 19th June 2024, the Fund acquired Lyndhurst property at a consideration amount of \$48.1 million.
- (ii) Equity investments
 - On 16th May 2024, the Fund acquired 40% shares in Future Farms Pte Limited (trading as Rooster Poultry) from BSP Life at a consideration amount of \$34.3 million.
 - On 3rd June 2024, the Fund injected additional capital amounting to \$30 million into Farleigh Pte Limited.
- (iii) Restoration of contribution rate to 18%
 - From 1st January 2024 the contribution rate was reinstated to 18% (10% employer contribution and 8% employee contribution). During Covid-19 the contribution rate was reduced to 10% from 1st April 2020 and thereafter gradually increased to 12% on 1st January 2022 and 14% on 1st January 2023.

Fiji National Provident Fund Board Members' Report For the year ended 30 June 2024

Events Subsequent to the Balance Date

Acquisition of shares in Higgins of Fletcher Construction (Higgins)

The Fund acquired 25% equity interest in Higgins at a value of \$14.2 million. The acquisition was completed on 31st July 2024.

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

All Board members have complied with their obligation to disclose interests as required under the FNPF Act and relevant RBF Supervisory Statements. During the current financial year, no Board member of the Fund has received or become entitled to receive direct personal benefits from the Fund except for approved benefits and expenses as per FNPF policies as shown in the Fund's financial statements or receivable by them as members of the Fund.

Dated at Suva this 27 day of October, 2024.

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 2024

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 2024;
- (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 2024;
- (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 at 30 June 2024;
- (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 2024;
- (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 2024;
- (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 statements 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 October, 2024.

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 financial statements of Fiji National Provident Fund ("the Fund"), which comprise the statement of net assets available for benefits as at 30 June 2024, the income statement, the statements of changes in member benefits, reserves and cashflows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance, changes in member benefits, changes in reserves and its cashflows for the year ended in accordance with *IFRS Accounting Standards* as issued by the International Accounting Standards Board (IFRS Accounting 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 are independent of the Fund in accordance with the ethical requirements of the International Ethics Standards Board for *Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Fiji. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for opinion.

Other Information

Other Information is financial and non-financial information in the Fund's annual report and Board Member's Report which is provided in addition to the financial statements and the auditor's report.

The Other Information we obtained prior to the date of this auditor's report was the Board Member's Report. The remaining Other Information is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the Other Information and accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information. When we read the annual report, if we conclude that there is a material misstatement therein of this Other Information, we are required to communicate that fact. Based on the work performed on the Other Information that we have obtained prior to the date of this auditor's report, we have nothing to report in relation to the Board Member's Report.



Responsibilities of Board Members and Management for the financial statements

Board members and management are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and with the requirements of the Fiji National Provident Fund Act 2011, and for such internal control as board members and management determines 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, 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 board members and management either intends 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.

Our objectives are to obtain reasonable assurance about whether each of 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 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 the audit in accordance with the ISAs, we exercise professional judgement and maintain professional skepticism 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 controls.
- 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 management.
- Conclude on the appropriateness of the 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 those 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 the 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.



Steve Nutley
Partner

Suva, Fiji
29 October, 2024

Fiji National Provident Fund Income Statement For the year ended 30 June 2024

	Notes	2024 \$000	2023 \$000
Income			
Interest	6(a)	337,996	322,896
Dividend	6(b)	144,785	121,270
Property rental		29,452	24,596
Change in fair value of equity investments	7(a)	331,960	248,914
Change in fair value of investments properties	15	29,052	16,066
Other Income			
Foreign exchange gains	7(b)	-	143
Surcharge and other fee	8	3,665	1,243
Reversal of impairment on financial assets		232	1,693
Reversal of impairment on mortgaged loans		32,189	39,748
Reversal of impairment on contribution receivable		83	2,578
Total income		909,414	779,147
<i>Less:</i>			
Foreign exchange losses	7(b)	27,090	3,371
Impairment on financial assets		176	8
Net income		882,148	775,768
Expenses			
Investment expenses		15,453	9,920
Property expenses		8,783	9,721
Interest expenses		15	18
General administration expenses	9	14,783	12,145
Personnel expense		20,840	19,290
Depreciation and amortization	9(a)	2,898	2,996
Total expenses		62,772	54,090
Net increase in net assets available for allocation		819,376	721,678
Net increase in net assets allocated to:			
Members' accounts		572,372	457,572
Funds		247,004	264,106
Total		819,376	721,678

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 2024

	Notes	2024 \$000	2023 \$000
Assets			
Cash and cash equivalents	16	598,846	512,866
Term deposits	10	246,285	126,431
Investment income receivable	20	160,049	119,999
Government securities	11	4,278,821	4,003,273
Other fixed interest securities	12	4,995	22,976
Loans and advances	13	1,223,888	1,175,243
Other receivables	19	30,359	53,026
Investment properties	15	602,411	465,468
Equity investments	14	3,471,910	3,009,337
Property, plant and equipment	18	12,101	14,869
Right-of-use assets	23(a)	355	201
Intangible assets	17	8,012	2,883
Total assets		10,638,032	9,506,572
Liabilities			
Other payables and accruals	21	25,664	20,078
Employee entitlements	22	954	742
Lease liability	23(b)	9,986	9,233
Total liabilities (excluding net assets available to pay benefits)		36,604	30,053
Net assets available for member benefits and reserves	24	10,601,428	9,476,519
Comprising:			
Member benefits			
Allocated to members		8,354,891	7,459,404
Unallocated to members		15,504	15,808
Total member benefits		8,370,395	7,475,212
Reserves			
Investment reserve		1,243,387	1,117,304
Solvency reserve		987,646	884,003
Total reserves		2,231,033	2,001,307
Total Funds		10,601,428	9,476,519

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

The statement of net assets available for 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 member benefits As at 30 June 2024

	Notes	2024 \$000	2023 \$000
Balance at 1 July		7,475,212	6,953,439
Contributions:			
Employers – Mandatory Member		349,629	233,106
Employer - Additional Member - Additional Voluntary		305,275	233,106
		14,145	19,894
		81,023	39,270
		27,393	14,975
Others		2,365	1,141
Total contribution	26(a)(ii)	779,830	541,492
Benefit payments to members	24(e)	(447,932)	(441,214)
Pension payments to pensioners	24(e)	(26,365)	(26,179)
Benefits allocated to members' account, comprising:			
Interest to members	26(a)(iii)	572,372	457,572
Current year investment returns			
- SDBF	27	3,854	3,849
- RIF	27	27,436	26,935
Transfer to solvency reserve			
- SDBF	26(c)	(6,346)	(6,026)
- RIF	26(b)	(7,666)	(18,381)
Transfer from/(to) general reserve		-	(16,275)
Closing balance of members' benefits		8,370,395	7,475,212

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 2024

	Investment Reserve \$000	Solvency reserve \$000	Total \$000
Balance at 1 July 2022	920,520	806,783	1,727,303
Net transfers to/from member benefits/reserves			
- FNPF	(52,813)	52,813	-
- SDBF	-	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
Net transfers to/from member benefits/reserves			
- FNPF	(89,631)	89,631	-
- SDBF	-	6,346	6,346
- RIF	-	7,666	7,666
Net current year investment returns	215,714	-	215,714
Transfer from member liability	-	-	-
Balance at 30 June 2024	1,243,387	987,646	2,231,033

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

For the year ended 30 June 2024

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Income	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Interest	306,420	291,757	27,749	27,283	3,828	3,856	337,996	322,896
Dividends	144,785	121,270	-	-	-	-	144,785	121,270
Property rental	29,452	24,596	-	-	-	-	29,452	24,596
Change in fair value of equity investments	331,960	248,914	-	-	-	-	331,960	248,914
Change in fair value of investment properties	29,052	16,066	-	-	-	-	29,052	16,066
Other Income								
Foreign exchange gain	-	143	-	-	-	-	-	143
Surcharge and other fee	3,665	1,243	-	-	-	-	3,665	1,243
Reversal of impairment on assets held at amortized cost	155	1,678	50	14	26	1	232	1,693
Reversal of impairment on mortgaged loans	32,189	39,748	-	-	-	-	32,189	39,748
Reversal of impairment on contribution receivable	83	2,578	-	-	-	-	83	2,578
Total income	877,761	747,993	27,799	27,297	3,854	3,857	909,414	779,147
<i>Less:</i>								
Foreign exchange losses	27,090	3,371	-	-	-	-	27,090	3,371
Impairment on financial assets	176	-	-	-	-	8	176	8
Net income	850,495	744,622	27,799	27,297	3,854	3,849	882,148	775,768
Expenses								
Investment expenses	15,453	9,920	-	-	-	-	15,453	9,920
Property expenses	8,783	9,721	-	-	-	-	8,783	9,721
Interest expense	15	18	-	-	-	-	15	18
General administration expenses	14,668	12,049	116	96	-	-	14,783	12,145
Personnel expense	20,593	19,024	247	266	-	-	20,840	19,290
Depreciation and amortisation	2,897	2,996	-	-	-	-	2,898	2,996
Total expenses	62,409	53,728	363	362	-	-	62,772	54,090
Net increase in net assets available for allocation	788,086	690,894	27,436	26,935	3,854	3,849	819,376	721,678
Allocated to:								
Members' accounts	572,372	457,572	-	-	-	-	572,372	457,572
Funds	215,714	233,322	27,436	26,935	3,854	3,849	247,004	264,106
Total	788,086	690,894	27,436	26,935	3,854	3,849	819,376	721,678

The income statements 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
As at 30 June 2024

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets								
Cash and cash equivalent	581,443	498,194	15,039	10,366	2,364	4,306	598,846	512,866
Term deposits	246,285	126,431	-	-	-	-	246,285	126,431
Investment income receivable	152,438	112,232	6,836	6,703	775	-	160,049	119,999
Government securities	3,843,421	3,578,253	357,571	355,694	77,829	69,326	4,278,821	4,003,273
Other fixed interest securities	4,995	22,976	-	-	-	-	4,995	22,976
Loans and advances	1,223,888	1,175,243	-	-	-	-	1,223,888	1,175,243
Other receivables	28,812	51,791	93	126	1,454	2,245	30,359	53,026
Investment properties	602,411	465,468	-	-	-	-	602,411	465,468
Equity investments	3,471,910	3,009,337	-	-	-	-	3,471,910	3,009,337
Property, plant, and equipment	11,996	14,822	105	47	-	-	12,101	14,869
Right of use asset	355	201	-	-	-	-	355	201
Intangible assets	8,012	2,883	-	-	-	-	8,012	2,883
Total assets	10,175,966	9,057,831	379,644	372,936	82,422	75,877	10,638,032	9,506,572
Liabilities								
Other payables and accruals	16,425	11,278	-	191	9,239	8,681	25,664	20,078
Employee entitlements	954	742	-	-	-	-	954	742
Lease liability	9,986	9,233	-	-	-	-	9,986	9,233
Total liabilities	27,365	21,253	-	191	9,239	8,681	36,604	30,053
Net assets available for member benefits and reserves	10,148,601	9,036,578	379,644	372,745	73,183	67,196	10,601,428	9,476,519

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

Fiji National Provident Fund
Statements of net assets available for benefits by Fund (continued)
As at 30 June 2024

	FNPF		Retirement Income Fund ("RIF")		Special Death Benefit Fund ("SDBF")		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net assets available for member benefits comprise:								
Member benefits								
Allocated to members	8,082,370	7,186,116	272,521	273,288	-	-	8,354,891	7,459,404
Unallocated to members	13,278	13,223	-	-	2,226	2,585	15,504	15,808
Total member benefits	8,095,648	7,199,339	272,521	273,288	2,226	2,585	8,370,395	7,475,212
Reserves								
Investment reserve	1,243,387	1,117,304	-	-	-	-	1,243,387	1,117,304
Solvency reserve	809,566	719,935	107,123	99,457	70,957	64,611	987,646	884,003
Total reserves	2,052,953	1,837,239	107,123	99,457	70,957	64,611	2,231,033	2,001,307
Total funds	10,148,601	9,036,578	379,644	372,745	73,183	67,196	10,601,428	9,476,519

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 2024

	Notes	2024 \$000	2023 \$000
Cash flows from operating activities			
Interest received		322,474	311,388
Dividends received		80,838	103,813
Property rentals received		27,612	23,278
Other income received		1,443	1,243
Payments to suppliers and employees		<u>(59,637)</u>	<u>(58,042)</u>
Net cash generated from operating activities		372,730	381,680
Cash flows from investing activities			
Government securities matured/(acquired)		(239,628)	(322,218)
Other securities matured/(acquired)		18,000	16,000
Loans and advances (provided/repaid)		(6,562)	(13,978)
Term deposits (invested)/matured		(120,000)	(17,000)
Shares in subsidiaries (acquired)/disposed		(46,829)	-
Equity investments (acquired)/disposed		(80,026)	(142,340)
Purchase of property, plant and equipment		(2,721)	(1,125)
Acquisition of intangible assets		(6,846)	(446)
Amount spent to acquire/develop investment properties		<u>(107,799)</u>	<u>(1,695)</u>
Net cash (used in) investing activities		(592,411)	(482,802)
Cash flows from financing activities			
Contributions received from employers		364,532	273,778
Contributions received from members		416,056	270,746
Withdrawal payments to members		(447,932)	(441,214)
Pension annuity paid to members		(26,365)	(26,179)
Principal elements of lease repayments		<u>(756)</u>	<u>(723)</u>
Net cash from financing activities		305,535	76,408
Net increase/(decrease) in cash and cash equivalents		85,854	(24,714)
Cash and cash equivalents at beginning of the financial year		513,273	537,987
Cash and cash equivalents at end of the financial year	28	<u>599,127</u>	<u>513,273</u>

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 2024

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 2024 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, Employee Benefits. 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, Retirement Benefit Plan. 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 _____ 2024.

2 Summary of material 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 Government securities, loans and advances, investment properties and equity investments 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 IFRS 10, Consolidated Financial Statement (IFRS 10):

- 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 (continued)

For the year ended 30 June 2024

2 Summary of material accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS form the basis of International Financial Reporting 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 the annual reporting period commencing 1 July 2023:

- (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.

(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) IFRS 18 Presentation and Disclosure in Financial Statements is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Effective date for the adoption for the new standard is beginning or after 1st January 2027.

- (ii) IFRS S1 sets out overall 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.

- (iii) IFRS S2 sets out the requirements for identifying measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

While IFRS S1 and IFRS S2 has been effective from periods beginning on or after 1 January 2024, there has been shift in mandatory implementation as announced by Fiji Institute of Chartered Accountant for Fiji jurisdiction from 1 January 2026. However, early adoption is permitted.

- (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.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

2 Summary of material accounting policies (continued)

2.2 Changes in accounting policies and disclosures (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 re-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	• Motor Vehicles	4 – 7 years
• Buildings	40 – 80 years	• Furniture, fittings and office equipment	3 – 8 years
• Plant and machinery	4 – 17 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 (continued)

For the year ended 30 June 2024

2 Summary of material 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 (continued) For the year ended 30 June 2024

2 Summary of material accounting policies (continued)

2.8 Financial instruments

Financial assets

(a) Recognition and initial measurement

Term deposits, investment income receivable, Government securities and other fixed interest securities (collectively known as debt investment securities), loans and advances and other receivables 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.

For certain financial assets, the fair value approximates amortised cost and accordingly, the Fund has elected to disclose amortised cost (and expected credit loss) disclosures in the financial statements. Refer Note 5 for details.

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 (continued)

For the year ended 30 June 2024

2 Summary of material accounting policies (continued)

2.8 Financial instruments – (continued)

(b) Classification (continued)

Solely Payment of Principal and Interest Assessment (SPPI)

Financial assets that are assessed for contractual cash flows that 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 using an internally generated provisioning methodology.

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 (continued) For the year ended 30 June 2024

2 Summary of material 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 (continued)

For the year ended 30 June 2024

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 expired. 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 Other receivables

Receivables are carried at amortised cost less provision for impairment on the basis set out in note 2.8. Receivables measured at amortised cost approximates fair value.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

2 Summary of material 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 (continued)

For the year ended 30 June 2024

2 Summary of material 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 (continued) For the year ended 30 June 2024

2 Summary of material 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.

The contribution rates were 12% (employee 6% and employer 6%) until 30th December 2022 and further increased to 14% (employee 7% and employer 7%) before reinstated to 18% from 1st January 2024 (10% contribution from employer and 8% from employee).

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

2.18 Income recognition

Income is recognised as follows:

Income	Nature, timing and significant payment terms
Dividend income	Dividend income from investments is recognized when the right to receive payment is established.
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.
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 (continued)

For the year ended 30 June 2024

2 Summary of material 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 FPNF 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 - 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:

- FPNF's Board Investment Committee;
- FPNF's Corporate Governance and Enterprise Risk Department; and
- FPNF's Internal Audit Department.

Risk management is carried out by executive management under policies approved by the Board of Directors. FPNF 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 (continued) For the year ended 30 June 2024

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 FID'000):

	2024	2023
	\$000	\$000
Assets		
<i>Cash and cash equivalents</i>		
AUD	7,740	6,030
NZD	279	390
USD	72,760	39,515
<i>Foreign equities</i>		
AUD	249,328	218,909
USD	156,915	148,263
PGK	452,207	333,492
<i>Commercial Lending</i>		
USD	122,331	45,300

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 (continued) For the year ended 30 June 2024

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 2024 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 2024 and 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:

Assets	Carrying Amount	Impact on net change	
		-10% \$000 (FJD)	+10% \$000 (FJD)
30 June 2024			
USD	352,006	39,112	(32,001)
AUD	257,068	28,563	(23,370)
PGK	452,207	50,245	(41,110)
NZD	279	31	(25)
		117,951	(96,506)
30 June 2023			
USD	233,078	25,898	(21,189)
AUD	224,939	24,993	(20,449)
PGK	333,492	37,055	(30,317)
NZD	390	43	(35)
		87,989	(71,990)

(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 (continued) For the year ended 30 June 2024

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 10% it would have had an equal but opposite effect.

Sensitivity Analysis

Index	Carrying Amount	Carrying Amount	Impact on net change in assets
	2024 \$000	2023 \$000	2024 \$000
South Pacific Stock Exchange	240,307	234,088	24,031
Australian Securities Exchange	140,818	113,360	14,081
Papua New Guinea Stock Exchange	452,207	333,439	45,221
			<u>83,333</u>
			<u>34,044</u>

(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 2024 (2023: 3.75%). The calculated proportion of RIF asset cash flows was 71.8% (2023:73.3%) under this assumption and assumptions stated in note 26(b), this means that 71.8% (2023:73.3%) 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:

	2024 \$000	2023 \$000
Cash and cash equivalents	(126)	(404)
Investment income receivable	(51)	(1,147)
Other receivables	(83)	(2,578)
Term deposits	146	(78)
Government securities	(5)	(35)
Other fixed interest securities	(19)	(20)
Loan and advances	(32,336)	(39,824)
Undrawn loan commitments	146	76
	<u>(32,328)</u>	<u>(44,010)</u>

Fiji National Provident Fund

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2024

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 and advances 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.

Further extension of moratorium was granted up to 30 June 2024 for Farleigh Pte Ltd and Dubbo Pte 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, the resetting of rates did not result in any change to the outstanding principal balance.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts arising from Expected Credit Loss (ECL) (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 1.86% to 50.07% at 30 June 2024 (2023: 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% at 30 June 2024 (2023: 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 in note 30(b).

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts arising from Expected Credit Loss (ECL) (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 (before impairment) by financial asset type were as follows, before impairment:

	2024	2023		2024	2023
	\$000	\$000	%	\$000	%
Cash and cash equivalents (excluding restricted cash)	599,127	513,273	9	513,273	8
Investment income receivable	160,272	120,273	2	120,273	2
Term deposits	246,500	126,500	4	126,500	2
Government securities	4,280,698	4,005,155	64	4,005,155	65
Other fixed interest securities	5,000	23,000	-	23,000	1
Loans and advances – Quasi-government loans	40,849	43,996	1	43,996	1
Loans and advances – commercial loans	1,279,891	1,260,435	19	1,260,435	20
Other receivables	45,288	68,038	1	68,038	1
	6,657,625	6,160,670	100	6,160,670	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

	2024	2023
	%	%
A- to A+	11	14
BBB- to BBB+	4	4
BB- to BB+	0	0
B- to B+	77	75
CC to CCC+	4	4
N/R	4	3
	100	100

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

Concentration of credit exposure (continued)

Credit risk concentration in loans and advances (before impairment) disclosed in note 13 are as follows:

	2024		2023	
	\$000	%	\$000	%
Agriculture	40,849	3	43,996	3
Financial institutions	-	-	30,000	2
Telecommunications	207,218	16	151,527	12
Private others (includes staff loans)	-	-	70	-
Real estate development	25,898	2	27,708	2
Education	-	-	3,528	-
Transport and storage	218,152	17	226,530	17
Wholesale and retail	55,178	4	59,975	5
Other (Hotels & Restaurants)	773,445	58	761,097	59
Total	1,320,740	100	1,304,431	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 2024 and 2023 would have increased/(decreased) the net change in net assets and net assets by the amounts shown below:

	2024	Increase \$000	Decrease \$000
Loans and advances	PD +/- 5%	330	(330)
Loans and advances	LGD +/-50%	3,301	(3,301)
2023		Increase \$000	Decrease \$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 consideration for staging is disclosed in note 2.8 (d).

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts arising from Expected Credit Loss (ECL) (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.

	2024			2023		
	12-month ECL	Lifetime ECL	Lifetime ECL	12-month ECL	Lifetime ECL	Lifetime ECL
	Stage 1 \$000	not credit- impaired Stage 2 \$000	credit- impaired Stage 3 \$000	Stage 1 \$000	not credit- impaired Stage 2 \$000	credit- impaired Stage 3 \$000
Credit grade			Total			Total
Standard	1,062,008	40,849	-	1,041,717	43,996	-
Special mention	-	14,978	-	-	15,715	-
Doubtful	-	-	202,905	-	-	203,003
Loss	-	-	-	-	-	-
Gross carrying amount	1,062,008	55,827	202,905	1,041,717	59,711	203,003
Loss allowance	(3,461)	(2,950)	(90,441)	(3,815)	(2,950)	(122,423)
Carrying amount	1,058,547	52,877	112,464	1,037,902	56,761	80,580
			\$000			\$000
			1,320,740			1,304,431
			(96,852)			(129,188)
			1,223,888			1,175,243

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

Maximum exposure to credit risk (continued)

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	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	Stage 1	Stage 2	Stage 3	
	\$000	\$000	\$000	\$000
Loss allowance at 1 July 2022	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
Movements with impact to income statement	-	-	(31,982)	(31,982)
Transfer from stage 2 to stage 1	-	-	-	-
New loans originated	-	-	-	-
Loans that have been derecognized	(354)	-	-	(354)
Changes in PDs/LGDs/EADs	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-
Loss allowance at 30 June 2024	3,461	2,950	90,441	96,852

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	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	Stage 1	Stage 2	Stage 3	
	\$000	\$000	\$000	\$000
Gross carrying amounts at 1 July 2022	795,262	267,650	218,526	1,281,438
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)
Gross carrying amounts at 30 June 2023	1,046,093	39,813	218,525	1,304,431
New loans originated	176,684	-	-	176,684
Loans derecognised during the period other than write-offs	(159,540)	(835)	-	(160,375)
Gross carrying amounts at 30 June 2024	1,063,237	38,978	218,525	1,320,740

Cash and cash equivalents and Term Deposits

The Fund held cash and cash equivalents of \$599,127,000 and term deposits of \$246,500,000 at 30 June 2024 (2023: \$513,273,000 and \$126,500,000). 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.

Fiji National Provident Fund

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

Debt investment securities

Debt investment securities includes government bonds and other fixed interest securities.

The Fund held debt investment securities of \$4,285,698,000 at 30 June 2024 (2023: \$4,028,155,000). 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 counterparty 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.

(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 2024 comprise of net assets attributable to members. As at 30 June 2024, the financial liabilities were worth \$8,435,589,000 (2023: \$7,532,340,000) and the financial assets were valued at \$10,084,247,000 (2023: \$9,101,969,000). Upon matching the financial assets to liabilities, there is a residual net positive position of \$1,648,658,000 (2023: \$1,569,629,000). 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.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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 2024 and 2023. Except for lease liabilities, all other Fund's financial liabilities and gross assets are based on their contractual maturities using undiscounted cash flows.

2024	On demand	Less than or equal to 3 months	3 – 12 months	1 to 5 years	Greater than 5 years	Total
Financial Liabilities	\$000	\$000	\$000	\$000	\$000	\$000
Member balance-Fund	857,818	69,630	220,574	1,133,600	5,814,026	8,095,648
Allocated to members – Retire-ment income Fund	-	6,868	20,603	98,628	146,422	272,521
Allocated to members – SDBF	-	234	701	774	517	2,226
Total member liabilities	857,818	76,732	241,878	1,233,002	5,960,965	8,370,395
Other payables and accruals	6,509	7,818	11,337	-	-	25,664
Lease liabilities	-	-	739	3,183	35,607	39,529
Total financial liabilities	864,327	84,550	253,954	1,236,185	5,996,572	8,435,588
2023						
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 – Retire-ment 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 (continued) For the year ended 30 June 2024

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

2024 Financial Assets	On demand \$000	Less than or equal to 3 months \$000	3 – 12 months \$000	1 to 5 years \$000	Greater than 5 years \$000	Total \$000
Cash and cash equivalents	599,127	-	-	-	-	599,127
Term deposits	-	63,000	183,500	-	-	246,500
Government securities	-	59,500	29,400	1,119,296	3,072,502	4,280,698
Other fixed interest securities	-	-	3,000	2,000	-	5,000
Equity investments	1,042,882	-	-	-	2,429,028	3,471,910
Loans and advances	-	16,977	52,204	428,962	822,597	1,320,740
Investment income receivable	-	160,272	-	-	-	160,272
Total financial assets	1,642,009	299,749	268,104	1,550,258	6,324,127	10,084,247

2023

Financial Assets	On demand \$000	Less than or equal to 3 months \$000	3 – 12 months \$000	1 to 5 years \$000	Greater than 5 years \$000	Total \$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
Investment income receivable	-	120,273	-	-	-	120,273
Total financial assets	1,392,258	243,377	308,457	1,247,625	5,910,252	9,101,969

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.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

4. Critical accounting estimates and judgments (continued)

(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.

(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 (2023: 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 4.2% pa (2023: 4.51%). 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 2024, 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% (2023: 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 (continued) For the year ended 30 June 2024

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. 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 assumptions in 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 (continued)
For the year ended 30 June 2024

5. Fair value estimation (continued)

The following table shows the gross amounts and fair values of material financial assets and investment properties, including their levels in the fair value hierarchy.

	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 2024							
Equity investments	3,471,910	-	3,471,910	1,042,882	42,178	2,386,850	3,471,910
Government securities*	-	4,280,698	4,280,698	-	-	4,280,698	4,280,698
Other fixed income securities	-	5,000	5,000	-	-	5,000	5,000
Investment properties	602,411	-	602,411	-	-	602,411	602,411
Loans and advances**	-	1,320,740	1,320,740	-	-	1,320,740	1,320,740
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
Loans and advances**	-	1,304,431	1,304,431	-	-	1,304,431	1,304,431

*In accordance with IAS 26, retirement benefit plans investments shall be carried at fair value. Given the magnitude of government securities held by the Fund and the absence of a secondary market to trade such a magnitude of instruments in Fiji, management have assessed that it is impractical to determine a fair value using conventional valuation techniques such as market yields applied to standard pricing models. Due to this uncertainty, management have considered that the most appropriate method of recognising these government securities at fair value is the amortised cost method.

Notwithstanding the above, if the conventional assumptions and techniques had been applied using market yields, an increase in the value of these government securities compared to the current carrying value reflected in the statement of net assets available for benefits of \$4,280,698,000 would be an additional \$571,000,000 to \$715,000,000 depending on whether callable options are exercised or not respectively. If all callable options were exercised, the carrying value would increase by \$571,000,000, whilst if no options were exercised, the carrying value would increase by \$715,000,000. This uncertainty has resulted in the fair value being categorized as a level 3 valuation technique.

The fair value of the Government securities applying these conventional valuation techniques has been determined using the following:

- discounted cash flow (DCF) method whereby cashflows received from the bond (coupon interest and par value) are discounted at market yields and thereafter, the present value of related cash flows is summed up to derive the fair value of the bond; and
- the market yields were obtained from the Government bond yield curve published by the Reserve Bank of Fiji on their website, with yields ranging from 0.05% to 6.99% depending on the remaining term of the Government securities.

**For loans and advances, amortised cost less impairment is considered an approximation of fair value given the majority of such loans and advances are charged at interest rates that approximate market rates.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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.

	2024	2023
	\$000	\$000
Equity investments		
Balance at 1 July	2,089,757	1,766,730
Unrealised gains included in income statement	215,981	220,308
New investments	81,112	102,719
Balance at 30 June	2,386,850	2,089,757
Investment properties		
Balance at 1 July	465,468	447,696
Unrealised gains (losses) included in income statement	29,052	16,066
Net acquisition	107,799	996
WIP	1,177	699
Transfer	(1,790)	-
Right of use asset	705	11
Balance at 30 June	602,411	465,468

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, other fixed income and loans & advances	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	Decrease
	\$000	\$000
Other equity investments		
Discount rate/ WACC (+/-5%)	(96,664)	110,003
Earnings multiple (+/-5%)	(13,186)	13,187
Capitalization rate (+/-5%)	(34,588)	34,280
Investment properties		
Capitalization rates (+/- 0.5%)	(23,515)	25,398
Rate per acre (+/- 5%)	11,105	(16,520)

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
6. Income			
(a). Interest income			
Fixed interest securities		261,700	253,973
- Government securities		832	1,584
- Other fixed interest securities		65,283	61,265
Loans and advances		5,331	1,749
Term deposits		4,850	4,325
Other interest income		337,996	322,896
(b). Dividend			
Dividends from other equities		57,699	61,604
Dividends from related parties	30(b)	87,086	59,666
		144,785	121,270
7. Change in fair value of equity investments			
(a). Fair value changes - equity investments			
Unrealised gains on investments		331,062	248,855
Realised gains on investments		898	59
Net fair value gains		331,960	248,914
(b). Net foreign exchange (loss)/gain			
Unrealised exchange (loss)/gain		(24,318)	143
Realised exchange losses		(2,772)	(3,371)
Net foreign exchange (losses)/gains		(27,090)	(3,228)
8. Surcharge and other fee			
Other income includes the following specific items:		340	-
Gain on sale of fixed assets and investment properties		377	508
Surcharge income		2,948	735
Other revenue		3,665	1,243
9. General administration expenses			
Auditor's remuneration:		306	-
- Audit – KPMG – current period		-	258
- PwC – current period		57	83
- prior period		83	55
Directors fees		398	469
Electricity		2,291	2,309
Insurance		-	7
Loss on sale of fixed assets and investment property		152	103
Repairs and maintenance		11,496	8,861
Other operating and general expenses	9(b)	14,783	12,145

Fiji National Provident Fund
Notes to and forming part of the financial statements (continued)
For the year ended 30 June 2024

	2024	2023
9(a). Personnel expense	\$000	\$000
- Salaries and wages	17,638	16,930
- Other staff benefits and expenses	3,202	2,360
	20,840	19,290

9(b). Other operating and general expenses		
Advertising	1,584	1,388
Software maintenance and support	2,532	2,304
Motor vehicle cost	212	231
Communication	1,480	825
Stationery and printing	147	85
Travelling and subsistence	590	279
General and operating expenses	677	705
Small assets	69	48
Computer sundries	214	222
Consultancy	1,517	311
Legal cost	175	251
Office cleaning	225	171
Rent	1,822	1,808
Water rates	4	10
Office sundries	49	54
Security expense	199	169
	11,496	8,861

10. Term deposits		
Local banks and financial institutions – local currency	246,500	126,500
Impairment provision	(215)	(69)
	246,285	126,431

Maturity represented as:		
Less than or equal to 3 months	63,000	67,500
3 to 12 months	183,500	54,000
1 to 5 years	-	5,000
	246,500	126,500

11. Government securities		
Fiji Government Registered Stock	4,280,698	4,005,155
Impairment provision	(1,877)	(1,882)
	4,278,821	4,003,273

Maturity represented as:		
Less than or equal to 3 months	59,500	43,095
3 to 12 months	29,400	184,420
1 to 5 years	1,119,296	848,686
Greater than 5 years	3,072,502	2,928,954
	4,280,698	4,005,155

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 Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

12. Other fixed interest securities

Fiji Bonds	2024	2023	
Impairment provision	\$000	\$000	
	5,000	23,000	
	(5)	(24)	
	<u>4,995</u>	<u>22,976</u>	
Maturity represented as:			
Less than 3 months	-	-	
3 to 12 months	3,000	18,000	
1 to 5 years	2,000	5,000	
	<u>5,000</u>	<u>23,000</u>	

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 as per note 5 to the financial statements.

13. Loans and advances

Loans and advances (quasi-government)			
Loans to related parties	2024	2023	
Customer term loans	\$000	\$000	
Staff loans	40,849	43,996	
	1,198,746	1,139,154	
	81,075	121,211	
	70	70	
	<u>1,320,740</u>	<u>1,304,431</u>	
Provision for Impairment	(96,852)	(129,188)	
	<u>1,223,888</u>	<u>1,175,243</u>	
Maturity represented as:			
Less than or equal to 3 months	16,977	12,509	
3 to 12 months	52,204	51,939	
1 to 5 years	428,962	388,939	
Greater than 5 years	822,597	851,044	
	<u>1,320,740</u>	<u>1,304,431</u>	

Loans and advances are accounted for at amortised cost which is deemed to be fair value as per note (5) to the financial statements.

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.

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 Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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 commenced repayment of principal from 1 January 2024 together with continued interest payment. Farleigh Limited and Dubbo Limited continued with interest capitalization.

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 \$303,459,000 (2023: \$308,682,000). 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 \$90,583,000 (2023: \$122,787,000). 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 \$103,501,000 (2023: \$129,635,000). 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 BSPA/c & HFCA/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 2022	-	-	70	70
Balance as at 30 June 2023	-	-	70	70
Balance as at 30 June 2024	-	-	70	70

Individually Assessed Provisions

Balance as at 1 July 2022	154,117	14,825	-	168,942
New and increased provisioning	-	287	-	287
Transfers from stage 2 to stage 1	11,604	(11,604)	-	-
Provisions no longer required	(40,111)	-	-	(40,111)
Balance as at 30 June 2023	125,610	3,508	-	129,118

New and increased provisioning	733	-	-	733
Provisions no longer required	(32,622)	(447)	-	(33,069)
Balance as at 30 June 2024	93,721	3,061	-	96,782

Total provision for impairment at 30 June 2023

125,610	3,508	70	129,188
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Total provision for impairment at 30 June 2024

93,721	3,061	70	96,852
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Total impairment provisions as at balance date are:

	Note	2024 \$000	2023 \$000
Collectively assessed provisions		70	70
Individually assessed provisions		96,782	129,118
		96,852	129,188

14. Equity investments

Traded equities	14(a)	1,085,060	919,580
Other equity investments	14(b)	2,386,850	2,089,757
		3,471,910	3,009,337

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

14. Equity investments (continued)

	2024	2023
(a) Traded equities	\$000	\$000
Level 1 - Local listed equities	240,307	234,088
Level 1 - Foreign equities (i)	802,575	644,897
Level 2 -Local Unit trust	37,205	33,989
Level 2 -Local unlisted equities	4,973	6,606
	1,085,060	919,580

- 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

For the period ending 30th June 2024, the Fund acquired 2,965,759 additional shares amounting to \$25.8 million. Furthermore, the Fund recorded an unrealized capital gain of \$117.2 million as a result of movement in share price from 12.85 PGK on 30th June 2023 to 17.50 PGK on 30th June 2024.

(b) Other equity investments

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

Name	Principal activities	Place of business	Valuer	% Ownership	2024 Fair value \$000	2023 Fair value \$000
Subsidiaries						
Amalgamated Telecom Holdings Limited	Telecommunications	Fiji	FTI Consulting(Australia) Pty Ltd	72.7	958,877	894,228
Home Finance Company Pte Limited	Financial services	Fiji	FTI Consulting (Australia) Pty Ltd	75.0	263,735	233,739
FNPF Holdings (PNG) Limited	Investment	PNG	Management	100.0	-	52
Yatule Beach Resort Pte Limited	Resort operations	Fiji	Assessment	100.0	13,113	9,090
FNPF Hotel Resorts Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	64,065	58,449
FNPF Nominees Limited*	Nominee Services	Fiji	Colliers New Zealand	100.0	-	-
Natadola Bay Resort Pte Limited*	Resort operations	Fiji	Management Assess-ment	100.0	-	-
Momi Bay Resort Pte Limited	Resort operations	Fiji	Colliers New Zealand	100.0	147,665	67,402
Dareton Pte Limited	Land development	Fiji	Colliers New Zealand	100.0	6,800	6,800
Health Care (Fiji) Pte Limited (i)	Healthcare	Fiji	Lomara Associates	80.0	40,181	10,874
Grand Pacific Hotel Pte Limited	Resort operations	Fiji	Management Assess-ment	100.0	24,699	14,971
Farteigh Pte Limited (ii)	Resort operations	Fiji	Colliers New Zealand	100.0	52,848	60,980
Associates						
Air Pacific Limited (Fiji Airways)	Aviation	Fiji	Colliers New Zealand	30.0	173,248	168,189
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	-	-
Future Farms Pte Limited (iii)	Wharfage	Fiji	FTI Consulting (Australia) Pty Ltd	40.00	34,283	-
Fiji Ports Corporation Limited	Shipping	Fiji	Management Assessment	39.0	112,987	111,299
Bligh Water Shipping Limited*	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	26.0	-	-
Vodafone (Fiji) Pte Limited	Telecommunications	Fiji	FTI Consulting (Australia) Pty Ltd	49.0	441,426	397,970
Other						
ATHIV	Telecommunications	Singapore	FTI Consulting (Australia) Pty Ltd	11.7	52,923	55,714
					2,386,850	2,089,757

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

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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.

For the period ending 30th June 2024, there was an equity call amounting to \$16.8 million. Furthermore, unrealise capital gain of \$12.5 million was recorded based on management assessment.

(ii) *Farleigh Pte Limited*

Farleigh Pte Limited is one of the 100% owned subsidiary of the Fiji National Provident Fund and is the parent company of Barton Pte Limited t/a Sheraton Fiji Resort, Dubbo Pte Limited t/a Westin resort and Rylestone Pte limited t/a Denarau Golf and Racquet Club at Denarau Island. For the period ending 30th June 2024, there was an equity call amounting to \$30 million.

(iii) *Investment in Future Farms Pte Limited*

Future Farms Pte Limited t/a Rooster Poultry is an associate for the Fiji National Provident Fund. In FY2024, the Fund acquired 40% equity interest in Future Farms Limited amounting to \$34.3 million from BSP Life.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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	<ul style="list-style-type: none"> Weighted Average Cost of Capital Discount Rate: Capitalization rate: 	10.75% 12.00% 11.75% 14.50% 10.5% 13.00%	<p>The estimated fair value would increase/ (decrease) if any of the significant unobservable inputs were changed:</p> <ul style="list-style-type: none"> Earnings multiple was higher (increase); Weighted Average Cost of Capital were lower (increase) Discount rate were lower (increase) Capitalization rate were lower (increase) 	2,044,279 (2023: 1,867,991)
	Management Assessment - Health Care		n/a	n/a	40,181 (2023: 10,874)
Total					2,386,850

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 carried 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 2024. 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 certain investments. Valuation uncertainties have been factored by adjusting the company specific risk premiums.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

14. Equity investments (continued)

(b). Other equity investments (continued)

Valuation Process (continued)

The valuation assumptions undertaken by Colliers is based on its view at 30 June 2024. 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.

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

	2024	2023
Properties at fair value	\$000	\$000
Balance at the beginning of the year	456,548	438,787
Change in fair value	29,052	16,066
Acquisitions	107,799	996
Work in progress	1,177	699
Transfer	(1,790)	-
	592,786	456,548
Add: Lease liabilities – leasehold land	9,625	8,920
Balance at the end of the year	602,411	465,468

The investment properties include properties that are held as right-of-use assets, as well as properties that are owned by the entity. The leases of investment properties contain an initial non-cancellable lease term up to 99 years. Some leases provide the lessees with options to extend at the end of the term.

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 2024 following the full valuation undertaken as at 30th June 2023. The decision to undertake a desktop valuation for the reporting period is based on Fiji's current economic condition. 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.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> Discount Rate (IRR) Exit Capitalization Rate Expected rental growth. Void period Annualised vacancy Market based management fee. Expected expense growth. 	<p>5.5%-9%</p> <p>7%-10%</p> <p>1%- 3%</p> <p>0% - 24%</p> <p>2%-6%</p> <p>1%-2.5%</p>	<p>The estimated fair values would increase (decrease) if:</p> <ul style="list-style-type: none"> Discount rates- (IRR) were lower (increase); Exit capitalization rates were lower (increase); void periods were shorter (increase); the occupancy rate were higher (increase); Expected rental growth were higher (increase); 	<p>461,111 (2023: 334,068)</p> <p>141,300 (2023: 131,400)</p>
Total					602,411

Fiji National Provident Fund
Notes to and forming part of the financial statements (continued)
For the year ended 30 June 2024

16. Cash and cash equivalents

	2024	2023
	\$000	\$000
Cash at bank	595,090	508,313
Cash on hand	4,037	4,960
Cash at bank – restricted*	222	222
	599,349	513,495
Impairment provision	(503)	(629)
	598,846	512,866

* The amount includes restricted cash of \$222,000 of government advance held in trust.

17. Intangible assets

	2024	2023
	\$000	\$000
Software at cost		
Balance at the beginning of the year	20,934	20,488
Additions during the year	6,846	446
Transfer during the year	(3,087)	-
Balance at the end of the year	24,693	20,934

Amortisation and impairment

Balance at the beginning of the year	18,051	16,042
Amortisation charge for the year	1,717	2,009
Transfer during the year	(3,087)	-
Balance at the end of the year	16,681	18,051

Carrying amount

At the beginning of the year	2,883	4,446
At the end of the year	8,012	2,883

Fiji National Provident Fund
Notes to and forming part of the financial statements (continued)
For the year ended 30 June 2024

18. Property, plant and equipment

2024	Freehold Land	Leasehold Land	Buildings	Office Equipment		Motor vehicles	Furniture & fittings		Work in Progress	Total
	\$000	\$000	\$000	FNPF \$000	RIF \$000	\$000	FNPF \$000	RIF \$000	\$000	\$000
Cost										
Balance as at 1 July 2023	371	97	12,759	9,326	132	2,406	2,683	44	4,984	32,802
Additions	-	-	16	849	47	1,765	32	12	-	2,722
Transfers	-	9	-	-	-	-	-	-	(4,475)	(4,466)
Balance as at 30 June 2024	371	106	12,775	10,176	179	4,171	2,715	56	509	31,058
Accumulated depreciation										
Balance as at 1 July 2023	-	94	4,600	8,343	86	2,319	2,447	44	-	17,933
Depreciation charge for the year	-	3	218	499	-	269	35	-	-	1,024
Balance as at 30 June 2024	-	97	4,818	8,842	86	2,588	2,482	44	-	18,957
Carrying amount										
As at 1 July 2023	371	3	8,159	983	46	87	236	-	4,984	14,869
As at 30 June 2024	371	9	7,957	1,334	93	1,583	233	12	509	12,101

Fiji National Provident Fund
Notes to and forming part of the financial statements (continued)
For the year ended 30 June 2024

18. Property, plant and equipment (continued)

2023	Freehold Land	Leasehold Land	Buildings	Office Equipment		Motor vehicles	Furniture & fittings		Work in Progress	Total
	\$000	\$000	\$000	FNPF \$000	RIF \$000	\$000	FNPF \$000	RIF \$000	\$000	\$000
Cost										
Balance as at 1 July 2022	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 as at 30 June 2023	371	97	12,759	9,326	132	2,406	2,683	44	4,984	32,802
Accumulated depreciation										
Balance as at 1 July 2022	-	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 as at 30 June 2023	-	94	4,600	8,343	86	2,319	2,447	44	-	17,933
Carrying amount										
As at 1 July 2022	371	4	8,363	499	46	292	148	-	4,860	14,583
As at 30 June 2023	371	3	8,159	983	46	87	236	-	4,984	14,869

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

19. Other receivables	Note	2024 \$000	2023 \$000
Contributions receivable		13,747	14,506
Impairment provision		(12,568)	(12,651)
Net contribution receivable		1,179	1,855

Receivable from related parties	30(b)	10,437	10,308
Other deposits and receivables		21,104	43,224
Provision for Impairment		(2,361)	(2,361)
Net other receivables		29,180	51,171
		30,359	53,026

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:

	2024 \$000	2023 \$000
Current	9,202	26,658
Non-current	36,086	41,380
	45,288	68,038

Movements in the provisions for impairment are as follows:

	Contributions receivable \$000	Other \$000
Balance at 1 July 2022	15,229	2,361
New and increased provisioning	-	-
Provisions reversed	(2,578)	-
Balance as at 30 June 2023	12,651	2,361
New and increased provisioning	-	-
Provisions reversed	(83)	-
Balance as at 30 June 2024	12,568	2,361

20. Investment income receivable

	Note	2024 \$000	2023 \$000
Interest receivable		78,197	70,165
Provision for impairment		(82)	(57)
Dividend receivable - others		3,688	3,344
Rent receivable		-	19
Provision for impairment		(141)	(217)
Dividend receivable from related parties	30(b)(ii)	78,387	46,745
		160,049	119,999

Movements in the impairment provision are as follows:

	Interest receivable \$000	Rent receivable \$000
Balance as at 1 July 2022	942	479
Provisions reversed	(885)	(262)
Balance as at 30 June 2023	57	217
Provisions reversed	-	(76)
New and increased provisioning	25	-
Balance as at 30 June 2024	82	141

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

21. Other payables and accruals	Note	2024 \$000	2023 \$000
Deposits		4,662	3,727
Deferred revenue		42	334
COVID-19 Government assistance*		222	221
Other payables		20,738	15,796
		25,664	20,078

*COVID-19 Government assistance of \$222,000 (2023: \$221,000) relates to the funds received in advance from government and awaiting refund to Government as the COVID-19 assistance has ceased.

22. Employee entitlements	2024 \$000	2023 \$000
Annual leave	825	622
Long service leave and gratuity	129	120
	954	742

As at 1 July	742	1,132
Additional provisions recognised	1,379	1,370
Paid during the year	(1,167)	(1,760)
Carrying amount as at 30 June	954	742

23. Leases	2024 \$000	2023 \$000
(a) Right-of-use assets		
Balance at 1 July	201	356
Additions	311	-
Depreciation charge for the year	(157)	(155)
Balance as at 30 June	355	201

The incremental borrowing rate for new lease was 6% (2023: 6%).

(b) Lease liabilities	2024 \$000	2023 \$000
Maturity analysis –contractual undiscounted cashflows		
Less than one year	739	703
One to five years	3,183	2,293
More than five years	35,607	34,054
Total undiscounted lease liabilities at 30 June	39,529	37,050

Lease liabilities at 30 June	2024 \$000	2023 \$000
Property leases (included in investment properties and right of use assets)		
Current	146	154
Non-Current	9,840	9,079
	9,986	9,233

Amount recognized in income statement	2024 \$000	2023 \$000
Interest on lease liabilities	15	18
Depreciation on right of use assets	157	155
Variable lease payments not included in the measurement of lease liabilities	63	339
	235	512

Amount recognized in the statements	2024 \$000	2023 \$000
Total cash outflow for leases	756	723

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

24. Net assets available to pay benefits

	Note	2024 \$000	2023 \$000
Net assets available to pay benefits		10,601,428	9,476,519
Represented by:			
Liability for accrued benefits	26(a)	8,095,648	7,199,339
Special death benefit fund reserve	24(a)	73,183	67,196
Retirement income fund reserve	24(b)	379,644	372,745
General reserve	24(c)	2,052,953	1,837,239
		10,601,428	9,476,519

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

		2024 \$000	2023 \$000
Balance at 1 July		67,196	60,984
Transfers from member accounts -premiums	24(d)	11,363	11,044
Payments to members' nominees	24(e)	(9,230)	(8,681)
Add transfers from statement of change in net assets		3,854	3,849
Balance at the end of the year		73,183	67,196

The amounts transferred to the Special Death Benefit Fund Reserve of \$11,363,000 (2023: \$11,043,985) represents annual deductions of \$35 (2023: \$35) or less from the accounts of each entitled member.

The amounts transferred from the Special Death Benefit Fund Reserve of \$9,230,000 (2023: \$8,680,847) represent disbursements to the nominees of those members who died during the year at \$8,500 (2023: \$8,500) per member. These disbursements are in addition to the accumulated amounts owing to the deceased member.

(b). Retirement Income Fund Reserve

	Note	2024 \$000	2023 \$000
Balance at 1 July		372,745	360,909
Add/(less) transfers from/(to) member benefits:			
Transfer from	24(e)	(26,365)	(26,179)
Transfer to		5,828	11,080
Add transfers from statement of change in net assets		27,436	26,935
Balance at the end of the year		379,644	372,745

The amount transferred to the Retirement Income Fund Reserve of \$5,828,000 (2023: \$11,080,000) represents new annuity purchases (previously stated as pension income) during the year. The amounts transferred from the Retirement Income Fund Reserve of \$26,365,000 (2023: \$26,179,000) represent pension annuities to pensioners whilst changes in net assets during the year of \$27,436,000 (2023: \$26,935,000) represents investment returns after allowing for operating expenses of \$313,000 (includes impairment reversal on financial assets of \$50,000) (2023: \$347,000 (includes impairment reversal on financial assets of \$14,000)).

(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	2024 \$000	2023 \$000
Balance at 1 July		1,837,239	1,587,642
Add transfers from statement of change in net assets	27	215,714	233,322
(Less)/add transfers from/to liability for accrued benefits		-	16,275
Balance at the end of the year		2,052,953	1,837,239

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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 \$000	RIF \$000	FNPF \$000	All funds \$000
2024					
Member contributions, net	26(a)(iii)	-	-	768,467	768,467
SDB premiums	24(a)	11,363	-	-	11,363
		11,363	-	768,467	779,830
Purchase of annuities		-	5,828	-	5,828
Total		11,363	5,828	768,467	785,658
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

(e). Payments to beneficiaries

2024

2023

Total benefits paid, excluding pension income relating to RIF, amounted to \$447,932,000* (2023: \$441,214,000).

The details of the payments are as follows:

Benefit type	2024 \$000	2023 \$000
1 55 years and over	208,680	194,600
2 Death	35,790	34,137
3 Disability	5,439	7,542
4 Migration	63,566	75,334
6 Non-Citizens migrating	9,790	8,457
Small accounts (Low balance)	4,725	5,912
7-8 Partial withdrawal	66,346	49,359
9 Housing transfers	56,429	61,997
DDA Payout	1,714	126
DDA Purchase	(13,777)	(4,931)
Total	438,702	432,533

*\$438,702,000 (benefit paid excluding pension income) plus \$9,230,000 (SDB payout).

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

24. Net assets available to pay benefits (continued)

(e). Payments to beneficiaries (continued)

The breakdown of payments from RIF is:

1 -	Sole life annuity	2024	2023
		\$000	\$000
2 -	Joint life annuity	11,740	11,674
3 -	Term annuity	2,669	7,320
4 -	Top up pension (in respect of pre-March 2012 pensioners)	3,857	2,711
5 -	Commutation	7,520	4,126
		579	348
		26,365	26,179

Commutation refers to the lump sum paid in respect of the unexpired portion of the guarantee period for which a deceased annuitant would otherwise have received payment. The commuted sum is payable to the pensioner's nominee on death.

25. Transfers between funds under the FNPF Act 2011

Amounts may be transferred between funds only in accordance with the FNPF Act 2011. Provisions include:

- Transfers from FNPF to RIF for purchase of annuities
- Deductions from FNPF for premiums due to SDBF
- Transfers from RIF and SDBF to FNPF to meet expenses incurred in managing RIF and SDBF respectively.
- Repaying amounts paid in error or recovering overpayments.

The Board may transfer a surplus in RIF or SDBF to FNPF in accordance with the regulations. These regulations require that any such transfer be recommended by the Fund Actuary and approved by the Reserve Bank of Fiji.

The Act also provides that the Board must allocate to RIF and SDBF sufficient assets of FNPF as will ensure that an actuary is able to issue a funding and solvency certificate in each case. Funding and solvency certificates for each of RIF and SDBF are currently in force and no transfer from FNPF is envisaged in the foreseeable future.

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

(a) FNPF

Balance at the beginning of the year	7,199,339	6,671,207	
Add transfers from statement of change in net assets	896,309	544,407	
Add transfers to/(from) general reserve	-	(16,275)	
Balance at the end of the year	8,095,648	7,199,339	
(i) Allocation of Benefits			
Allocated to Members' Accounts	7,965,052	7,076,868	
Drawdown Account (DDA)*	17,982	4,910	
Unclaimed Deposit Account (UDA)*	99,336	104,338	
Unallocated to Members' Accounts	13,278	13,223	
	8,095,648	7,199,339	
Solvency requirement of 10% of member accounts	809,565	719,934	
Other	1,243,388	1,117,305	
FNPF reserve	2,052,953	1,837,239	
	24(c)		
Net assets at end of year	10,148,601	9,036,578	

The liability for accrued benefits is the Fund's present obligation to pay benefits to members and beneficiaries and has been calculated in accordance with Note 2.16.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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

(a) FNPf (continued)

	Notes	2024 \$000	2023 \$000
(ii) Benefits accrued during the year			
Contributions received		779,830	541,492
Benefits paid including SDB claims	24(e)	(447,932)	(441,214)
Interest credited on members' accounts		572,372	457,572
Net amounts transferred:			
Special Death Benefit Reserve	24(a)	(2,133)	(2,363)
Transfer to Retirement Income Fund	24(b)	(5,828)	(11,080)
		896,309	544,407

The Board declared an annual interest rate for 2024 of 8% to be credited to members' accounts as at the reporting date (2023: 7%).

(iii) Movement in liability for accrued benefits:

Liability for accrued benefits at beginning of year	7,199,339	6,671,207
Net contributions*	768,467	530,448
Benefits paid**	(456,593)	(448,523)
DDA Purchase***	13,777	5,015
DDA Payout****	(1,714)	(105)
Interest allocated to members	572,372	457,572
Transfer from/(to) general reserve	-	(16,275)
Liability for accrued benefits at end of year	8,095,648	7,199,339

*Gross contributions less SDB premiums deducted.

** Members withdrawals including amounts transferred to Retirement Income Fund for RIF products purchased by retiring members.

*** DDA purchase is the transfer of liability from FNPf member balance to DDA liability. This is done via recording retirement expense and at the same time recording inflow as DDA purchase.

**** DDA payout is the payment done from DDA liability to members either through monthly annuity, Partial withdrawal, or full withdrawal.

(iv) Draw Down Account (DDA)

The DDA is a 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 opting 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 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.

Fiji National Provident Fund Notes to and forming part of the financial Statements (continued) For the year ended 30 June 2024

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

(a) FNPF (continued)

(iv) Draw Down Account (DDA) (continued)

The movement in liability at the end of financial year 2024 and 2023 are as follows

	Standard \$000	High \$000	Total \$000
Movement in Liability:			
Balance as at 1 July 2022	-	-	-
New purchase	1,257	3,758	5,015
Payment during the year:			
-Monthly annuity	(22)	(83)	(105)
-Partial withdrawal	-	-	-
-Full withdrawal	-	-	-
Interest credit	-	-	-
Balance as at 30 June 2023	1,235	3,675	4,910
New purchase	3,365	10,412	13,777
Payment during the year:			
-Monthly annuity	(185)	(846)	(1,031)
-Partial withdrawal	(129)	(101)	(230)
-Adjustment to prior year payment	-	(105)	(105)
-Full withdrawal	(70)	(383)	(453)
Interest credit - 2023*	25	75	100
Interest credit - 2024	256	758	1,014
Balance as at 30 June 2024	4,497	13,485	17,982

*Interest credit was not recorded in 2023 but was allocated to member.

(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.

Unclaimed Deposits	2024	2023
	\$000	\$000
	99,336	104,338

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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

(b) RIF

	2024	2023
	\$000	\$000
Liability for future annuity payments	272,521	273,288
Solvency reserve	107,123	99,457
Net assets	379,644	372,745

Movement in liability

Liability at start of year	273,288	279,833
New purchases	7,116	11,080
Expected reduction for year	(7,356)	(6,718)
Model and assumption changes and variation in experience	(527)	(10,907)
Liability at end of year	272,521	273,288

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 \$272,521,000 (2023: \$273,288,000). 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.

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

- Mortality for male life annuitants in 2024 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 11 years. Mortality for female life annuitants in 2024 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 11 years. Ongoing mortality rate reduction for males and females of 1% per annum from 2024 (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 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 10 years. Ongoing mortality rate reduction for males and females of 1% per annum from 2023);
- Fiji government bonds will be redeemed at the earliest opportunity; that is, up to 4 years before maturity, although not during 2024 to 2027 (2022: 4 years, although not during 2023 to 2027);
- 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 (2023: 3.75% pa);
- A continuous liquidity allowance of one year's worth of annuity payments which does not attract interest (2023: one year);
- An allowance for RIF expenses of 5.0% of annuity payments from time to time (2023: 5.0%).

The calculated proportion of RIF asset cash flows was 71.8%. This means that 71.8% of each RIF asset cash flow, together with interest at the assumed reinvestment rate, is calculated to be just sufficient to meet the projected in-force annuity payments and expenses as they fall due.

The liability assuming a reinvestment rate of return 50bp lower (3.25% per annum) is calculated as \$277,551,000 (73.1% of the face value of RIF investments). The liability assuming a reinvestment rate of return 50bp higher (4.25% per annum) is calculated as \$267,849,000 (70.6% of the face value of RIF assets).

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

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

(c) SDBF

Liability for claims incurred but not reported (IBNR)	2024	2023
Provision for mortality fluctuation	\$000	\$000
Catastrophe reserve	2,227	2,585
Net assets	3,400	3,740
	67,556	60,871
	73,183	67,196

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 (2023: \$2,890,000) and estimated additional claims related to Covid of \$510,000 (2023: \$850,000) 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 \$2,227,000. The actual IBNR liability will only ever be known with the benefit of hindsight but is reasonably likely to fall between \$2,005,000 and \$2,450,000.

IBNR at the start of the year	2024	2023
Utilized expected SDB benefit payments	\$000	\$000
Unutilized expected SDB benefit payments	2,585	2,399
Other experience effects and assumption changes	(794)	(923)
New business related	(116)	(46)
IBNR at the end of the year	(368)	208
	920	947
	2,227	2,585

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:

Change in net assets available for allocation	2024	2023
<i>Allocated to:</i>	\$000	\$000
Liability for accrued benefits	819,376	721,678
Special death benefit fund	(572,372)	(457,572)
FNPF fund	(3,854)	(3,849)
Retirement income fund	(215,714)	(233,322)
	(27,436)	(26,935)
	(247,004)	(264,106)
	(819,376)	(721,678)

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 but excludes restricted cash. 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:

Cash and cash equivalents	Note	2024	2023
Cash and cash equivalents at end of financial year	16	\$000	\$000
		599,127	513,273
		599,127	513,273

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

28. Notes to the statements of cash flows (continued)

(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

(a) Commitments

	2024	2023
	\$000	\$000
Undrawn facilities in relation to mortgage loans	66,553	26,382
	<u>66,553</u>	<u>26,382</u>
(b) Contingent liabilities		
Litigation *	100,820	92,465
	<u>100,820</u>	<u>92,465</u>

* 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.

(c) Operating lease revenue

	2024	2023
	\$000	\$000
Non- cancellable operating lease rentals are receivable as follows:		
Not later than 1 year	16,700	12,637
Later than 1 year but not later than 5 years	67,608	46,519
Greater than 5 years	82,498	66,354
	<u>166,806</u>	<u>125,510</u>

30. Related parties

(a) Board members

The Board members of the Fund during the year were:

- Mr. Dakesh Patel (Chairman)
- Mr. Mukhtar Ali (Term expired – 24th January 2024)
- Mr. Shiri Gounder
- Mr Attar Singh
- Mr Adish Naidu
- Mr Joweli Vueta Taoi
- Mrs. Susie Waqamibaravi (Appointed – 1st March 2024)

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

30. Related parties (continued)

(b) Transactions and balances with related parties

Directors*	2024	2023
Directors remuneration - fees and allowances	\$000	\$000
	83	55
	83	55

Any director who is a member of the Fund contributes and receives benefits on the same terms and conditions as those available to other members.

*Directors' remuneration includes amounts paid to the directors of the Fund.

Key management personnel

In addition to the directors, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly (whether executive or otherwise) of that entity. During the reporting period the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling of activities:

- Mr. Villame Vodonaivalu – Chief Executive Officer
- Mr. Naibuka Saune – Chief Investment Officer (appointed on 25th September 2023)
- Mr. Pravinesh Singh – Chief Operating Officer (Resigned on 29th February 2024)
- Mr. Tevita Lomalagi – Chief Finance Officer
- Ms. Laisa Saumaki – General Manager Governance & Risk
- Mr. Josua Naisau – General Manager Human Resources (Appointed - 29th April 2024)
- Mr. Alipate Waqirawai – 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 (Term expired – 29th April 2024)
- 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:

	2024	2023
	\$000	\$000
Short-term benefits	2,845	2,945

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).

(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:

	2024	2023
	\$000	\$000
Amalgamated Telecom Holdings Limited	94	2,351
Vodafone (Fiji) Pte Limited	4,276	6,047
Home Finance Company Pte Limited	1,526	1,233
Natadola Bay Resort Pte Limited	6,516	5,390
FNPF Hotel Resorts Pte Limited	177	286
Yatule Beach Resort Pte Limited	98	92
Momi Bay Resort Pte Limited	5,731	6,604
Farleigh Pte Limited	4,701	4,472
Barton Pte Limited	6,241	6,669
Dubbo Pte Limited	5,011	1,828
Grand Pacific Hotel Limited	3,316	2,466
Air Pacific Limited	15,797	15,917
Digitec Communications Limited	6,032	556
	59,516	53,911

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

30. Related parties (continued)

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

(i) Transactions with related parties during the year (continued)

Rental income

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

	2024	2023
	\$000	\$000
Amalgamated Telecom Holdings Limited	1,962	1,041
Vodafone (Fiji) Pte Limited	1,454	1,075
Telecom Fiji Pte Limited	671	583
Home Finance Company Pte Limited	196	909
	4,283	3,608

Dividend income from related parties

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

	2024	2023
	\$000	\$000
Amalgamated Telecom Holdings Limited	8,699	6,959
Home Finance Company Pte Limited	24,892	22,579
Vodafone (Fiji) Pte Limited	24,500	22,050
Momi Bay Resort Limited	15,000	-
Fiji Ports Corporation Limited	6,492	6,078
FNPF Hotel Resort Limited	3,000	2,000
Fiji Pacific Limited	4,503	-
	87,086	59,666

(ii) Balances with related parties

Dividend receivable from related parties

	2024	2023
	\$000	\$000
Vodafone (Fiji) Pte Limited	24,500	15,925
Home Finance Company Pte Limited	24,892	22,579
Fiji Ports Corporation Limited	6,492	6,078
FNPF Hotel Resorts Pte Limited	3,000	2,000
Momi Bay Resort Limited	15,000	-
Fiji Pacific Limited	4,503	-
	78,387	46,582

Other receivable from subsidiaries

	2024	2023
	\$000	\$000
Farleigh Pte Limited Group	119	110
Dubbo Pte Limited	4,712	4,670
Barton Pte Limited	5,239	5,184
Grand Pacific Hotel Pte Limited	22	89
ATH Group	63	157
FNPF Nominees Limited	-	98
FNPF Hotel Resorts Limited	56	-
Natadola Bay Resort Limited	121	-
Momi Bay Resort Pte Limited	105	-
	10,437	10,308

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

30. Related parties (continued)

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

(ii) Balances with related parties (continued)

Loans provided by the Fund to related parties

	2024	2023
	\$000	\$000
Natadola Bay Resort Pte Limited	303,459	308,682
Momi Bay Resort Pte Limited	103,501	129,635
FNPF Hotel Resorts Pte Limited – Holiday Inn	1,877	4,734
FNPF Nominees Limited	-	-
Yatule Beach Resort Pte Limited	4,314	1,839
Vodafone (Fiji) Pte Limited	84,887	107,172
Farleigh Pte Limited	96,581	91,881
Barton Pte Limited	138,067	127,089
Dubbo Pte Limited	125,577	51,069
Grand Pacific Hotel Pte Limited	-	46,167
Air Pacific Limited	218,152	226,530
Digitec Communications Limited	122,331	44,356
	1,198,746	1,139,154
	(93,721)	(125,610)
	1,105,025	1,013,544

Less: Impairment provision (Note 13)

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 \$6,516,000 (2023: \$5,390,000).

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 Nadrago;
 - Agreement for Lease Contract number 50034331, part of Vile, Malomalo, Nadrago;
 - 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;
 - Approval Notice LD Ref 4/11/732, Lot 30, DP 4724;
- Comprehensive insurance cover over the property with improvements thereon and FNPF's interest noted thereon;

- An equitable mortgage over the bank accounts of the Mortgagor and assignment of income arising out of the Hotel & Golf Operations and Residential subdivision to be effective when arrears of obligations are outstanding.

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.

For the period ending 30th June 2024, total outstanding loan is \$84.9 million.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

30. Related parties (continued)

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

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. This loan was fully settled in FY2024.

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.
- 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);

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.
- First registered Mortgage over State Lease No. 19371 described as Lot 7 on SO.5005 being the residential dwelling.

The moratorium on loan has been granted until 30 June 2025.

Digitec Communications Limited

In FY2023, 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. During the year an additional sum of US\$35,000,000 was advanced in this financial year towards the project. The loan is secured through a General Security Deed, Equity Guarantee with Amalgamated Telecom Holdings Ltd and Tripartite Agreement with Vodafone (Fiji) Pte Limited. For the period ending 30th June 2024, total of F\$122.3 million is outstanding.

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.

The Westin Resort is currently closed for renovation. The moratorium on loan has been granted until 30 June 2025.

Fiji National Provident Fund Notes to and forming part of the financial statements (continued) For the year ended 30 June 2024

30. Related parties (continued)

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

Momi Bay Resort Pte Limited

The loan of \$1,20,000,000 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.

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 \$1,876,994.62 (2023: \$4,734,000).

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.

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.

Yatule Beach Resort Pte Limited

Loan to Yatule Beach Resort Pte Ltd relates to the funding of the construction of the Yatule Beach Resort & Spa. The resort operations are outsourced to an operator. During the year, additional loan of \$4.5M was granted for the upgrade of the facility, which currently closed due to the ongoing refurbishment.

The loan is secured by:

- i. First Registered Debenture over the assets of YBRL.

31. Events Subsequent to the Balance Date

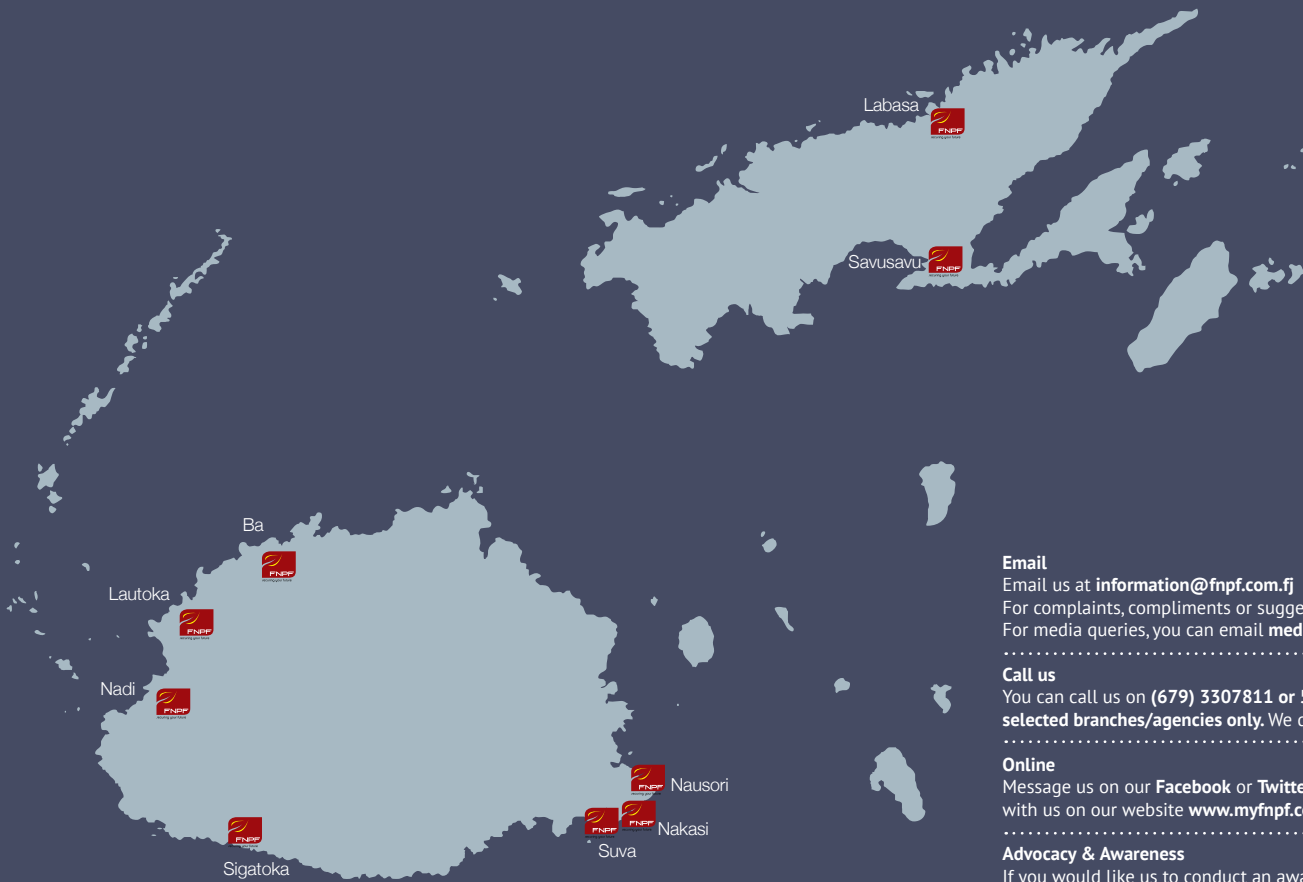
Acquisition of shares in Higgins of Fletcher Construction(Higgins)

The Fund acquired 25% equity interest in Higgins at a value of \$14.2 million. The acquisition was completed on 31st July 2024.

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. Except for the lead audit engagement partner and engagement quality control reviewer, the Fund's external auditors (KPMG) contribute to and receive benefits on the same terms and conditions as those available to other members and KPMG contributes to the Fund as required by the Act.



Email

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

Call us

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

Online

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

Advocacy & Awareness

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

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

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