



Creating Home Ownership

Annual Report 2010



A surveyor with dark skin and short black hair is seen from the side, looking through the eyepiece of a blue and silver theodolite. The instrument is mounted on a grey tripod with yellow legs. The background shows a vast, flat, reddish-brown landscape under a cloudy sky. The text is overlaid on the left side of the image.

With the availability
of land, we are
dedicated to
providing higher
standards in
residential living for
our customers.



Future Housing Projects



Tacirua East Stage 2 Sub-division

Total Land Area:	184 acres
Land Tenure:	Native Land
Total Number of Lots Yield:	1000 lots
Total Lots Only:	553 (340 Upper Class)
Land/Housing Units:	400 lots
Commercial Lots:	25
Industrial Sites:	13
Civic Sites:	8
School Site:	1
Play Ground	3

Nepani Stage 2 Sub-division

Total Land Area:	40 acres
Land Tenure:	Crown Land
Total Number of Lots Yield:	185 lots
Total Lots Only:	180
Land/Housing Units:	250
Commercial Lots:	1
Civic Sites:	1
School Site:	1
Play Ground	1

Wainibuku Sub-division

Total Land Area:	46 Acres
Land Tenure:	State Land
Total Number Of Lots Yield:	264 Lots
Lot Details	
Lot Type:	Number
Community/Civic Lots:	205 Lots
Commercial Lots:	2 Lots
Lots For Low Income Earners	
Residential D:	30 Lots
Residential C:	27 Lots

Matavolivoli Sub-division

Total Area:	45 acres
Tenure:	Native
Ownership:	Saunaka Village
Expected Lot Yield:	420 lots

Naqere, Savusavu Sub-division

Total Area:	5 acres
Tenure:	Crown
Ownership:	State
Expected Lot Yield:	49 lots

Koronisalusalu Tavua Sub-division

Total Area:	33 acres
Tenure:	Native
Ownership:	Mataqali Navusabalavu Tavua Village
Expected Lot Yield:	220 Class B, C & D lots min 400 - 600 m range

Waila City

- About 700 plus acres at Waila Nausori, approximately 15km from Suva City and around 4km from Nausori Town.
- A self-contained city, to accommodate an eventual population of between 25,000 to 30,000 people.
- 5000 plus residential units are planned - ranging from affordable terrace and four-storey flats to medium and high-end semi-detached and detached homes.
- Wide range of social facilities and amenities - schools, religious sites, commercial and industrial development, hotel, sports facilities, and a City-Centre Hospital, fire station and police station are allowed for.
- City to have a distinctive 21st century character to ensure sustainability with sound planning and design principles.





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Our Vision

To be the dynamic leader in housing

Our Mission

The purpose of Housing Authority is to develop and produce affordable lots and mortgage financing with attractive loan packages on a competitive basis to all customers with special focus on low-income earners.

Our Values

- Dynamic
- Excellence in service
- Innovativeness
- Understand, Appreciate and Involve staff
- Ethic and Moral Values



Housing Authority

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VALELEVU, NASINU
P.O. BOX 1263, SUVA
TEL: (679) 339 2977, FAX: (679) 334 0082
EMAIL: info@housing.com.fj WEBSITE: www.housingfiji.com

All correspondence to be addressed to the Chief Executive Officer

14th December 2011

The Minister
Ministry of Local Government, Urban Development, Housing &
Environment
P O Box 2131
Government Buildings,
Suva

Dear Mr. Minister,

Re: ANNUAL REPORT FOR 2010

In accordance with Section 21 of the Housing Act, Cap 267, I am pleased to present the Authority's Annual Report for 2010 which incorporates a detailed summary of its operations and activities including Financial Statements for the year ending 31st December 2010.

For the year 2010, the Housing Authority recorded a surplus of \$0.954m in comparison to a surplus of \$0.548m in 2009.

On behalf of the Management of the Authority, I take this opportunity to thank Government for its continued and unwavering support.

Yours sincerely,


Col. Mosese Tikoitoga
BOARD CHAIRMAN

Lautoka
Housing Authority Building
14 Tavewa Avenue, Lautoka.
PO Box 2611, Lautoka
Telephone: (679) 666 0299
Fax: (679) 666 5602

Labasa
FNPF Building
Raisawa Street, Labasa.
PO Box 78, Labasa.
Telephone: (679) 881 1977
Fax: (679) 881 3919

Suva
Level 1, Sukuna House
Telephone: (679) 339 9570
Fax: (679) 331 5135

Nadi
Queens Rd.
Shop 1 Grand Melanesian
Hotel Namaka.
Telephone: (679) 670 7999
Fax: (679) 670 7499

2010

Financial Highlights

\$954m

Profit

0.3%

Return On Equity

7.34%

Weighted Average Cost

85%

Operation Expenses To Income Ratio

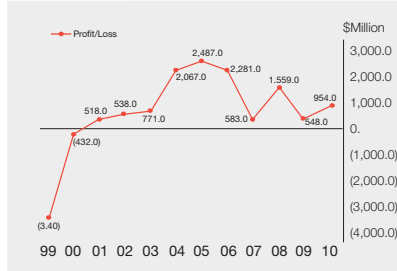
7.33%

Effective Lending Rate

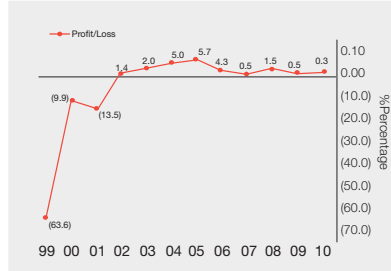
234

Number Of Loans To Low Income Earners

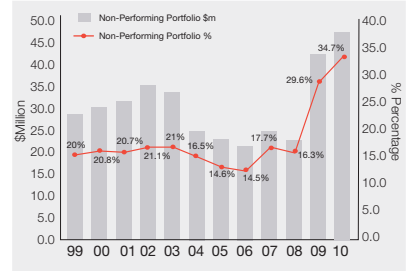
Profitability Trend (1999-2010)



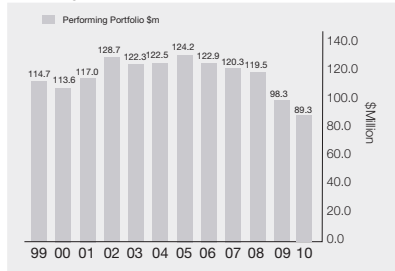
Return On Equity (1999-2010)



Non-Performing Portfolio (1999-2010)



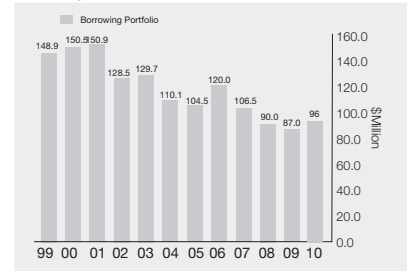
Performing Portfolio (1999-2010)



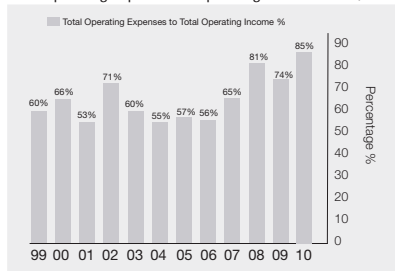
Weighted Average Cost (1999-2010)



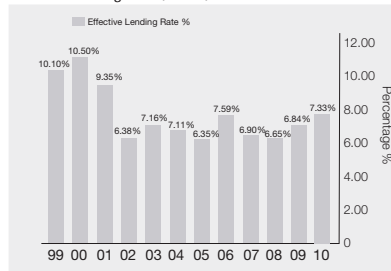
Borrowing Portfolio (1999-2010)



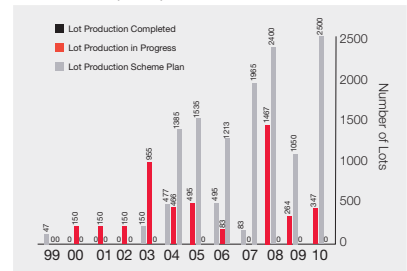
Total Operating Expenses to Operating Income Ratio (1999-2010)



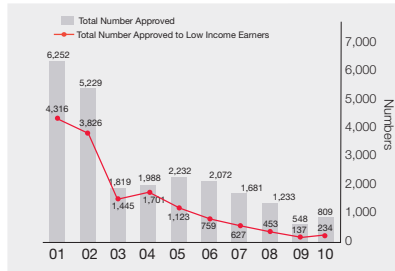
Effective Lending Rate (1999-2010)



Lot Production (1999-2010)



Low Income Focus (2001-2010)



The Board chaired by Col. Mosese Tikoitoga appointed in March 2008 continued to oversee the implementation of policies in terms of the Peoples' Charter for Change, Peace & Progress to provide affordable housing to low income earners and squatters. With the Government's theme of "Affordable, Decent and Quality Housing by the Year 2020" in mind this Board was to ensure that the Authority aligns itself in the right direction towards its fulfillment.

Board Composition

The Board comprised of six other directors namely, Rt. Josateki Nawalowalo, Fr. Kevin Barr, Ms. Lavinia Padarath, Mr. Chandar Singh and Ms. Rosie Langi, all of whom were appointed by the Minister for Housing. The Chief Executive by virtue of his position is an ex-officio member of the Board, but does not have any voting rights nor is regarded as a Board Director for the purpose of forming a quorum.

In August of 2010 the Authority mourned the loss of Board member Rt Josateki Nawalowalo. Ratu Jo's passing was a loss to the Authority as he had played a key role in securing some major projects for the Authority. Rt Josateki was an active member of the Board and was always vocal with his thoughts and aspirations for the greatness of the Authority.

Later in the year the Authority lost two other active Board members in Lavinia Padarath and Rosie Langi as their term had expired and had ventured for greener pastures. Following their exit two new Board members were appointed by the Minister. The new Board appointees were Mr. Adrian Sofield and Mr. Umarji Musa who brought with them a wealth of knowledge and experience in their respective fields.

Board Function

The Board was responsible for the overall governance of the Housing Authority and for managing it under the Housing Act. As such, the relationship between the Board and the Management was of a partnership that was vital to the delivery of its objectives and Authority's long term success. While the Chief

Executive Officer is responsible to the Board for the day to day operations of the Authority, the Board gives direction and exercises firm judgments in setting the Authority's objectives and overseeing their full implementation.

Some of the major responsibilities of the Board of Directors are:

- The Corporate Governance of the Authority, including the establishment of Sub-Committees
- Oversight of business and the affairs of the Authority by:
- Establishing with Management the strategies and financial objectives;
- Approving major corporate initiatives
- Establishing appropriate system of risk management; and
- Monitoring the performance of the management.
- Communicating with shareholders, results of, and developments in the operations of the Authority;
- Appointments of the Chief Executive Officer; and
- Approval of the Authority's major Human Resources policies and overseeing the development strategies for senior and high performances executives

Board Meetings

During the year a total of 14 Board Meetings were convened, of which 2 were Special Board meetings. Attendance at these meetings averaged at 90.3%.

Board Sub-Committee Meetings

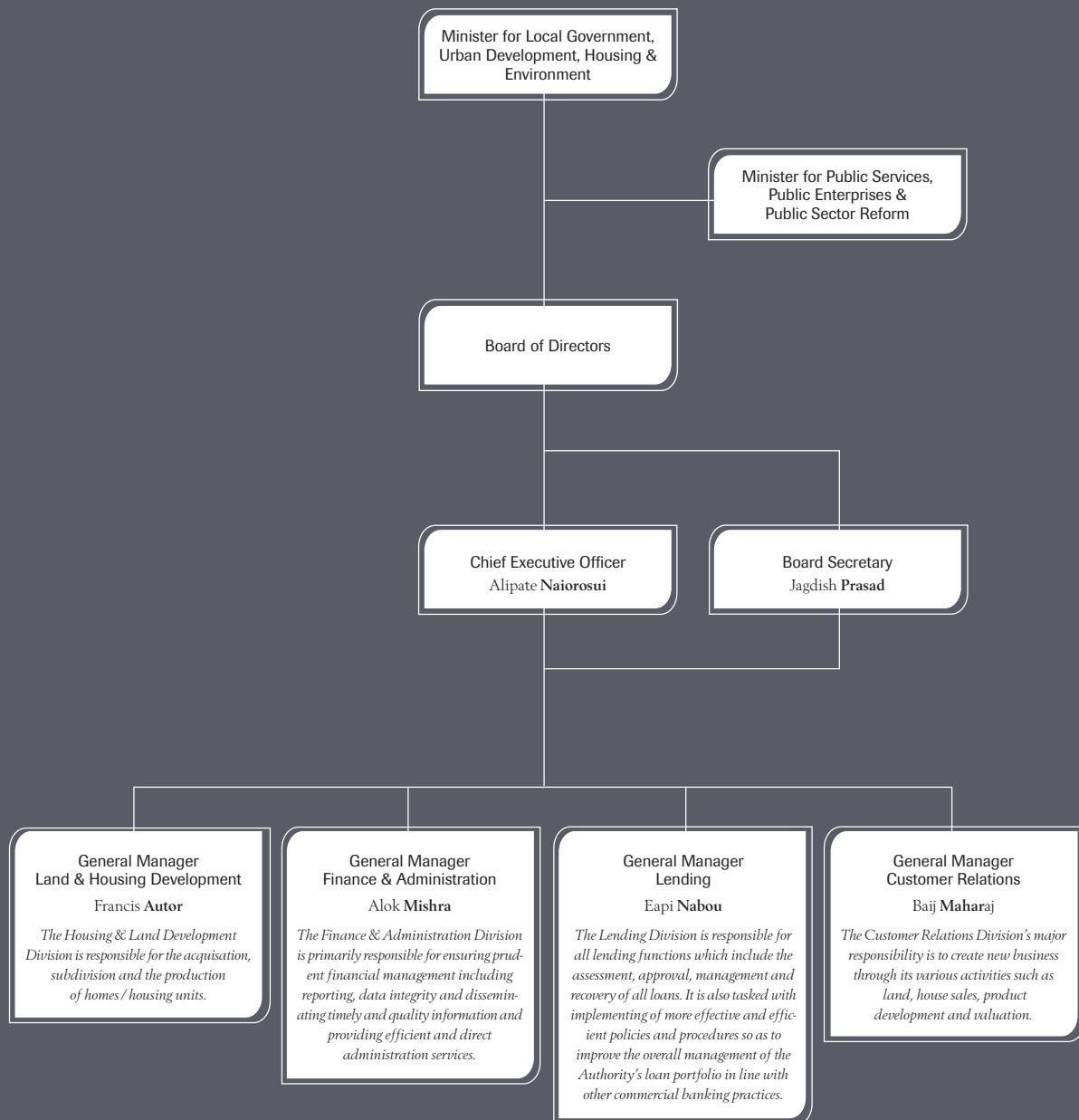
To assist the Board to plan and support its activities and administration, 3 sub-committee were formed, namely, Land, Housing & Squatter Resettlement Sub-Committee, Finance, Audit & Risk Management Sub-Committee and Human Resource Subcommittee. The Board had allocated its responsibilities between the Board and the three Sub-Committees so that the Board efficiently utilized its time on those issues requiring full participation. The use of Committees allowed issues requiring detailed consideration to be dealt with by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and the effectiveness of the Board.

However, the Board retained ultimate responsibility for the functions of the committees and determined their responsibility from time to time.

Each of these Sub-Committees has an appointed Chairman and had their meetings prior to the scheduled monthly Board meeting. Minutes of these sub-committee meetings are tabled at Board meetings and all resolutions of these committees require Board approval.

The table below shows the total number of different Sub-Committee meetings held during the period under review.

SUB-COMMITTEE	NUMBER OF MEETINGS	AVERAGE ATTENDANCE %
Human Resources Sub-Committee	8	94%
Land, Housing & Squatter Resettlement	11	91%
Finance, Audit & Risk Management	11	91%



Board of Directors



**Col. Mosee
Tikoitoga**

CHAIRMAN

Appointed to the Board on 5th February 2010 Col Mosee Tikoitoga holds a Master's Degree in Defense Studies from the University of Canberra and a Master of Philosophy in Defense from the Madras University in India along with other military credentials and over 29 years of Military experience. He is currently the Land Force Commander of the Royal Fiji Military Forces and also the Chairman of Fiji Rugby Union Board of Directors.



Adrian Sofield

Appointed to the Board on 6th September 2010 Mr. Sofield is an architect by profession with over 33 years' experience in the field. Originally from Perth in Western Australia Mr. Sofield has been a Fiji citizen since 1976. He is the current Chairman of the FTIB, IF, AFL and Rewa Dairy. He is also the managing director for Adrian Sofield & Associates Ltd.



Umaji Musa

Appointed to the Board on 6th September 2010 Umarji Musa holds a Bachelor of Arts degree in Economics and other professional credentials. He joined the Fiji Development Bank in 1974 and retired in 2010 after 36 years of service. He now works as an independent Business and Finance Consultant.



Fr. Kevin Barr

Appointed to the board in 1st March 2008 Fr Barr holds a Bachelor's degree in Theology (Sacred Heart Monastery), Education, Anthropology and Sociology (University of Queensland) and Political Theology & Contextual Theology (University of Toronto). He worked for 15 years in Papua New Guinea and the last 29 years in Fiji in areas of education, research, social and pastoral work. He is the former Dean of Studies at the Pacific Theological College and founder of the Chevalier Hostel. He currently works as a Consultant for Peoples Community Network.



Chandar Singh

Appointed to the Board in 1st March 2008 Mr. Singh is also Member & Official of various Religious, Social and Cultural Organizations. He was a former Senator of the Parliament of Fiji and also a former Councilor & Finance Committee Chairman for the Nasinu Town Council. Following the end of his term Mr. Singh continues to work as a businessman.



Lavinia Padarath

Appointed to the Board in 1st March 2008 Ms. Padarath a nurse by profession with considerable management experience is a former Cabinet Minister and Senator. Prior to those appointments she has served in various other government and non government organizations both in Fiji and abroad. She is well versed with Human Resources Management and Industrial Relations as she studied and obtained formal qualification in the field from the New School for Social Research in New York. At the end of her term as Board Director she continues to work as a consultant.



Rosie Langi

Appointed to the Board on 8th May 2008 Ms. Langi has had over 30 years of industry and academic experience. Over the past years, Ms. Langi has worked as an Accountant, Tax Auditor, Intelligence Analyst, Teacher and Lecturer in the fields of Accounting and Fraud Examination. Following the end of her term Ms. Langi continues to work as a Consultant on Forensic Accounting and Fraud Examination.



**Ratu Josateki
Nawalowalo**

Appointed to the Board in 1st March 2008 Mr. Nawalowalo is also a Board Member for the Native Land Trust Board and a member of the People's Charter Advisory Council. He has served in various Boards, namely, The Fijian Affair Board, Fiji Pine Ltd, National Fire Authority and also the Housing Authority. Prior to being appointed as a Director for the Housing Authority & Public Rental Board Mr. Nawalowalo was a member of the National Council for Building a Better Fiji and was also the Chairman for the Kadavu Provincial Council. He was called to eternal rest on August of 2010 and will be greatly missed.

**Alipate Naiorosui****CHIEF EXECUTIVE OFFICER**

is the Housing Authority's Chief Executive Officer. Mr. Naiorosui a Chartered Accountant by profession first joined the Authority in 1994 as Manager Finance and Administration. He was appointed Chief Executive Officer in 2003 and has held that position ever since. During that same year he won the Young Accountants of the Year Award which was organized by the Fiji Institute of Accountants. Apart from being a Chartered Accountant, Mr. Naiorosui also holds a Bachelor of Arts degree, majoring in Accounting and Economics and MBA from the University of the South Pacific.

**Sailosi Soqo**

Is the General Manager Finance and Administration, with over 20 years of financial and management experience. He holds a Master's in Business Administration and Bachelor's Degree in Economics and Accounting from the University of the South Pacific and is a member of the Fiji Institute of Accountants. Prior to joining the Authority Mr. Soqo was the Finance Manager and Company Secretary for Air Terminal Services Ltd in Nadi.

**Isikeli Navuda**

Is the General Manager Land and Housing Development. He joined the Authority in 1993 as a Senior Valuer and has also held other management positions for the Lending and the Land Development division over the years. He holds a Post Graduate Diploma in Planning (3rd World) from the Queensland University and a Bachelor's Degree in Land Management from the University of the South Pacific.

**Fantasha Lockington**

Is the General Manager Customer Relations with over 20 years' experience in customer service management, product development & marketing in the tourism industry. She holds a Master's Degree in Business Administration from the University of the South and other academic credentials. Prior to joining the Authority Mrs. Lockington was the Director Sales & Marketing for Blue Lagoon Cruises.

**Francis Autor**

Was the General Manager, Land and Housing Development and is originally from the Philippines. Mr. Autor has over 25 years of professional experience in various Engineering and Management works in the Philippines, Thailand, Korea, France and the Fiji Islands. Prior to joining the Authority he worked with the Ministry of Agriculture, Fiji as Senior Engineer/Divisional Engineer in HQ & Central Division and also as Project Manager/Consultant in the Department of Energy. He had worked in many offices in the Philippines as Director, Manager etc. and Consultant for various Multi-Million Dollar projects funded by USAID, Asian Development Bank and the World Bank. He is a registered/licensed Professional Civil Engineer, with Degrees in B.S. Civil Engineering, MS Engineering and Master of Business & Public Administration and also with various Post Graduate Studies in Engineering and Management. He later resigned from the Authority in September 2010.

**Baij Maharaj**

Was the General Manager Customer Relations, responsible also for Squatter Management? Prior to joining Housing Authority Mr. Maharaj was Manager with ANZ Bank spanning some 30 years. He holds a Master of Management from the University of Sunshine Coast, Brisbane Australia. Mr. Maharaj later resigned from his post to migrate overseas.

**Alok Mishra**

Was the General Manager Finance & Administration. He has over 30 years of professional experience in the field of Finance and has authored two books of the same. He holds Master Degree in Commerce and a Master's Degree in Management Accounting. Over the past years he has worked as a Manager, Senior Manager and Consultant. Later in the year Mr. Mishra was appointed General Manager Lending following the resignation of Mr Eapi Nabou.

**Eapi Nabou**

was the General Manager, Lending. Mr. Nabou joined the Authority in 1991 as a Valuer. Between 1994 and 2006 he held various Managerial positions in the West including Manager Sales, and Manager West. From 2000 to 2006 he was transferred to Suva and was appointed Manager Lending and Manager Customer Relations, Central respectively, prior to his present appointment. Mr. Nabou holds a BA in Land Management from USP and a Post-Graduate Diploma and MBA from Queensland University. Following a management restructure Mr. Nabou resigned from his post as General Manager Lending in September 2010.



2010 has been an interesting year for the Authority as it organized itself to fulfilling the theme of "Affordable, Decent and Quality Housing by the Year 2020". This meant taking up the challenge and adjusting for the future. As such 2010 was mainly a year of preparation and lobbying and dialogue. Through the various forums the Authority was able to secure projects such as Tacirua East, Nepani and Waila City.

Colonel Mosese Tikoitoga | Chairman

Throughout these economically difficult times and into the future, the Housing Authority again plays an integral role as the social pulse of Governments' commitment to adequate, affordable and quality housing.

With the various products and services that are offered, the Authority has been able to assist customers with home loans, village scheme, educational loans and loans to upgrade their existing homes. Part of this service the Authority also assists its customers with valuation, peg redefinition, house plans and insurance cover under our mortgage protection insurance scheme.

The report will underline the key achievements that the Housing Authority has met in its commitment to create and sustain adequate, affordable and quality housing solutions for all Fijians. It will also provide a keen insight to the various challenges that we continue to face and aim to overcome.

Financial Results

The economic downturn affects the Housing Authority much the same way it affected other businesses. As forecasted by the Reserve Bank of Fiji, recovery from the economic downturn would be very slow. As such, the Authority recorded a profit of \$0.954m for the year 2010 which compared to the previous year represented an increase in profits by 42.55%.

Lot Production

The Housing Authority has continued to note a huge demand for housing especially in the Suva - Nausori corridor due to urban migration and squatter resettlement and as such land development continues to be at the helm of the Authority's core function. One of the major land development project that was the highlight of 2009 is the development of the Wainibuku residential subdivision. The construction of the project will cost about \$6.7m with a total yield of 264 lots. However this project was suspended in 2010 following some disagreements between the contractor and the Housing Authority.

In other developments the Tacirua East Stage 2 and Nepani Stage 2 subdivisions in Nasinu will be constructed simultaneously. The subdivision was launched by the Hon. Prime Minister on 13th September 2010 and would take 44 months to complete, land infrastructure and housing developments that will provide 1050 singular developed lots and an estimated 900 housing units comprising of singular, 2 bedroom and 3 bedroom properties. These subdivisions will be the first of its kind to cater for not only low, middle and high income

earners but also for commercial, religious and civic lots, all ranging from 200 to 600 square meters.

Also in the pipeline is Waila Housing City in Nausori which the Housing Authority envisions will eventually become the third city for Fiji. Covering approximately 700 acres this site is expected to provide over 5000 homes for Fijian families in the future that will ease the burden on infrastructure in Suva and will see the establishment of its own industrial, commercial and education centers. As we develop this area, Housing Authority is committed to ensuring that we create a sustainable environment that is conducive to living, working and recreation. This site is situated just 14 kilometers north of Suva city.

Low-Income Focus

The Housing Authority continued to subsidize the interest rate of 2% on housing loans for all low-income earning customers from unutilized Government Grants from past years. Additionally customers under the Housing Authority's Village Housing Scheme, whose annual household income did not exceed \$6,500, also had interest on their loan accounts subsidized by 2%. Land development subsidies were also made available to improve the socio-economic status of all Fijians in particular those who are on the margins.

In light of the sluggish performance of the Fijian economy, the Housing Authority has continued to overcome challenges unique to the sector while meeting the housing needs of Fijian citizens. In 2010 the Authority assisted a total of 809 customers out of which 234 customers were classified as low income earners according to their financial eligibility. The Authority is mandated to assist low income earners and has set programs to assist this group of customers.

To the Future

Looking forward, the Housing Authority aims to stand true to its corporate values of overcoming challenges related to land and housing development, provide excellent customer service and continue to redefine and maintain innovative in meeting Fiji's housing needs. On behalf of the Board of Directors, I am pleased to present the Annual Report of the Housing Authority of Fiji for the financial year ending 31st December, 2010.


Colonel Mosese Tikoitoga
Chairman



This year has been about building stronger partnerships, not only internally with our management recruitment process but also externally with our stakeholders and development partners to ensure that as we move forward in meeting our commitment of providing adequate, affordable and decent housing - our relationships contribute toward this common outcome.

Alipate Naiorosui | Chief Executive Officer

The 2010 financial year has not been met without our fare share of challenges however through it all we have remained resilient and committed to meeting our goal of housing the national.

The financial year for Housing Authority experienced an increase in profit from \$0.548m in 2009 to \$0.954m for 2010.

Financial Performance Highlights

- A profit of \$0.954m was achieved for the year against a budget of \$0.128m. Compared to the 2009 financial the 2010 profit represents an increase of 42.6% over last year's profit.
- Return on Equity achieved was 1.69% against target of 2.01%.
- Total operating income increased by 20.97% from \$9.182m in 2009 to \$11.619m in 2010.
- Total operating expenses increased by 19.04% (or \$2.031m) from \$8.634m in 2009 to \$10.665m in 2010.
- Interest income increased by 9.03% from \$10.87m in 2009 to \$11.951m in 2010.
- Interest costs increased by 3.78% from \$6.382m in 2009 to \$6.633m in 2010.
- Total Performing Loans portfolio decreased by 10.07% from \$98.26m in 2009 to \$89.32m in 2010

- Total Non-Performing portfolio increased by 12.82% from \$41.33m in 2009 to \$47.41m in 2010
- Borrowing portfolio increased by 6.66% from \$89.5m in 2009 to \$96.0m in 2010.

Non Financial Performance Highlights

- Total of 809 customers and families were provided new housing and other related financial assistance compared to 548 families in 2009. More information is provided in Customer Relations Divisional Report.
- A total of 234 low income families with income on or below \$16,500 per annum were assisted. This represents 28.92% (target is 50%) out of the total of 809 customers assisted.

Housing Assistance Programme for Low Income Earners and Squatters

Under its mandate, Housing Authority is charged with its responsibility to provide housing accommodation to the people of Fiji with special focus for middle to low income earners. In this regard, the Authority has entered into a Memorandum of Understanding with the Government and has agreed that not less than 50% of all customers it assisted are middle to low-income earners. During the year, the Authority was confronted with many challenges such as the lack of affordable lots and homes for our target market. The Authority will remain committed and

focused in the coming years to address this problem.

Housing Development

This year saw Housing Authority launch its first mixed development project being the Tacirua East Stage 2 in the central division that eventually will provide over 1050 singular housing lots.

The development site is the first for Fiji in the sense that it will provide housing for all categories of low, middle and high income earners and will feature religious, commercial, recreational and civic lots.

Another land development project that will be carried out simultaneously with the Tacirua East development is the Nepani Stage 2 development. At its completion the project will produce 185 lots.

Another major land development project that was identified was the development of the 700 acre freehold land at Waila and the Authority had awarded the contract for the development to Top Symphony of Malaysia.

Human Resources, Industrial Relation and Training

Human Resources Management during the year was challenging given the economic situation which saw job losses, pay cuts and reduced hours of work across the spectrum of the employment sector. The Authority adopted strategies to minimize negative effects on its workforce ensuring job security.

During the 2010 financial year saw the expiration of all management contracts

and the recruitment process commenced which saw a 51% retention. Some management staff preferred to use this opportunity to exit Housing Authority and venture into different pastures.

Building on from last year, systematic training continued, these programs were aimed at lifting the mental of the staff to meet the challenges ahead and the changing dynamics of the housing market.

The Authority implemented the new Human Resource Management System. This system will encompass every aspect of Managing Human Resources from payroll to performance & structure management, role design, recruitment & progression (succession planning) to occupational health and safety.

Performance Management System

Our new performance management system was to be implemented annually. Methodology for this new system was endorsed in 2004 by the Union as well as the Board and Management. For performance appraisals, the new system adopted 3 pillars i.e. the corporate performance, individual staff performance and their behaviour. The performance management system would be reviewed next year and a new one adopted if necessary.

Corporate Planning and Monitoring of Performance

The Authority's (2010-2012) Corporate and Work Plan were implemented during the year and reports tabled to the Board monthly. Management also meets monthly for half day (or full day) to review progress and strategies to ensure we are on track and resolve issues and roadblocks. Management team is encouraged to freely discuss and express their views in order to address the issues and improve business performance.

Public Relations

During 2010, Management worked hard to maintain the Authority's good public image and improve Corporate Profile. To help achieve this image, the Authority issued press releases and

newspaper supplements from time to time and was happy with responses to the Authority's activities and its services.

Audit

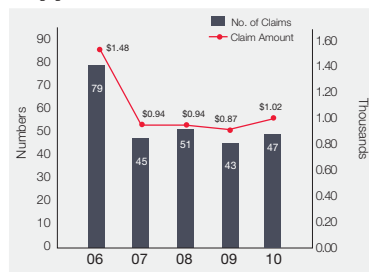
In 2010 the Housing Authority re-established its Internal Audit department to conduct services that was usually conducted by G.Lal & Company. Issues raised by the Internal and External Auditors were acted upon by the Management.

Insurance Services

The Authority continued to provide its customers insurance covers for their mortgaged debts and their properties under a Group Scheme. This arrangement enabled a total of 10,000 customers to enjoy a very competitive insurance premium for both the covers.

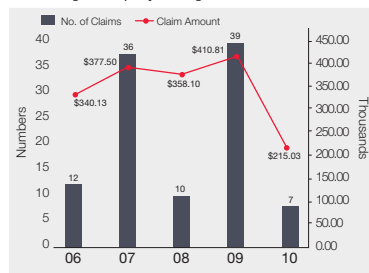
During the year under review, New India Assurance Co. Ltd paid 4 claims for fire damage and 3 claims for property damage under the House Insurance Cover. These claims amounted to \$215,030 with loss ratio of 49%.

Mortgage Protection Insurance Claims (2006-2010)



The Mortgage Protection Insurance cover was placed with Dominion Insurance Ltd and they paid claims arising due to death and/or total permanent disability of our customers amounting to \$1,023,973 with a loss ratio of 73%.

Fire Damage & Property Damage Insurance Claims (2006-2010)



Further, the Authority under the Group Health Insurance Cover, evacuated 8 customers to India for treatment of their cardiac & cancer conditions, all

of them were successfully treated.

Further, insurance covers were reviewed annually and premiums for the respective policies remained unchanged since 2004. The Authority continued to place the Mortgage Protection & Health Insurance policies on direct basis with Dominion Insurance and this arrangement enabled us to have a quick turnaround time for the payment of the claims and substantial savings in insurance brokerage fees.

The Year Ahead

Looking into 2011 and beyond, the Housing Authority will need to more innovative in its approach to housing the nation and a key component of that lies in resolving strategic issues that currently hinder its ability to meet its core objectives.

The next financial year will see exciting announcements from Housing Authority in terms of launching upcoming housing projects and an increased presence in the market.

I also take this opportunity to thank the Housing Authority team for their contribution during the year and also to the Union, customers and stakeholders for their support.

Finally, I wish to express my gratitude to the Board Chairman, Colonel Mose Tikoitoga Board members and the Ministries of Housing, Finance and Public Enterprises for their continued support and guidance during the year.

Alipate Naiorosui
Chief Executive Officer



The Waila City Project

On January 4th 2011, we launched our most ambitious project that would see the Housing Authority of Fiji partner with Top Symphony Limited from Malaysia to develop a city that will eventually provide housing for 5,000 Fijian families.

Waila City will consist of various housing designs and these houses will be friendly to young couple who are starting life in the form of two bedroom walk-up style apartments leading toward three to four bedroom housing options.

With the slogan, "My Home, My Dream, My World", the Waila city project has also taken into account commercial, recreational, educational and spiritual facilities making it a versatile project catering to its citizens every need. The commercial development covers shops, malls, food courts and a unique light industry for manufacturing. Its recreational parks and educational facilities will include primary, secondary and tertiary schools to an international standard rugby stadium.

The Waila city project which will be built over 10 years and is valued at approximately 1 billion Fijian dollars and will be built:

- To create a self-contained city, with a distinctive character, compatible with 21st century era for the new generation of Fijians to live, work and play.
- To provide a wide range of housing types within a safe, pleasant and attractive living environment.
- To provide accessible and adequate community facilities.
- To provide a comprehensive transportation network
- To provide adequate open space and recreational area.

The Waila City project is expected to take up to 10 years to develop with an estimated cost of close to a billion dollars when completed.

This Project also signifies what can be achieved through collaboration between the public and private sectors as the Government of Fiji, Housing Authority, Top Symphony of Malaysia and EXIM Bank of Malaysia will work together to deliver Fiji's third city.



With service as the key focus for the Customer Relations Division, refurbished branches are now located in the 5 key areas of customer growth. These are Suva, Lautoka, Nadi, Labasa and Valelevu - the Head Office. The Division's spread across Fiji ensures the Authority's social obligations and responsibilities are realised through the provision of affordable housing packages specifically targeting low and middle income earners whilst ensuring our "one stop shop" strategy for the provision of a range of lending products and services are available in support our customers' needs and our commercial commitments.

Fantasha Lockington | General Manager - Customer Relations



The divisions other responsibilities include the creation of new business, corporate branding as well as the provision of various products like land and house sales, marketing initiatives, research, valuation, works assessment and general product development.

Residential Home Loan

The Authority has retained its variable interest rate of 7.99% since 2003 despite increased borrowing costs and the constantly changing trends in market mortgage lending rates. In the face of these challenges and whilst the vigorous marketing of products and fixed interest rates by other financial institutions continued, the Authority has remained focused on stimulating the residential lending environment particularly for the low and middle income earners.

Low Income focus

234 low-income clients were assisted in 2010 with a loan value amounting to \$2.5m. This amount reflected 23% of the total number of approved loans.

Loans Approved

Total value and number of loans approved in 2010 are shown in Table 1 below. A total of 712 loans were approved with a value of \$11,112,000, of which 14% were for house and land purchases, 43% for home repairs/extensions and personal loans and 34% were for cash loans.

Table 1 (2008-2010)

Products	2010		2009		2008	
	No	Value (\$'000's)	No	Value (\$'000's)	No	Value (\$'000's)
Cash Loans	307	8,488	327	8,516	409	12,026
Village Loans	0	0	0	0	4	125
Personal, Quick Repair and Car Loan	307	1,484	236	1,179	708	1,888
Home and Land Sales	99	1,140	168	1,854	82	1,465
Total	712	11,112	731	11,549	1,203	15,504

*Loans approved includes cash sales

Land Sales

With no new land lots coming from production this year, land sales were by and large from existing stock inventory from subdivisions developed previously. In the Western Division these included stock from Namosau, Ba and Field 40 in Lautoka. For the Central Division, the focus was on the Authority's main products of financing for land and house purchases. Total land sales were

Informal Settlers

The assistance to informal settlers and the allocation of 212 lots at its Waila subdivision has seen the Authority continue its priority of resettling eligible tenants from the various areas they were settled in.

The Authority continued to assist the Ministry of Housing in the relocation of settlers with 7 families being assisted this year. 3 families were provided land at Waila 3B and 4 families were resettled at Sasawira.

Customer Complaints

Customer complaints reduced from the previous year with the implementation of new policies and procedures. Complaints are formally responded to within 24 hours and the target to resolve the complaint within 5 business days continues.

Human Resource Development

Staff development continued with in-house service training, job rotation within branches and the completion of tertiary courses encouraged. New appointments of branch managers in Lautoka, Nadi and Suva took place during the year with emphasis on process improvements and service quality being the focus for all branches.

Fantasha Lockington
General Manager Customer Relations



TACIRUA EAST STAGE 2 LAND DEVELOPMENT PROJECT

On 13th September 2010 the Prime Minister launched our Tacirua Stage 2 land development project.

Tacirua East Stage 2 is a unique development for Fiji in that it will be the first sub-division to boast land and housing packages that will cater for low, middle and high income incomers.

This new community will have fully developed residential, civic, religious and commercial lots ranging from 200 to 600 square meters. The sub division will have the provision of single, two and three bedroom houses as well as multi storey complexes.

The project has come about through the strong diplomatic relations between the Fiji Government and the People's Republic of China. Funding for this project is provided through a soft loan from the EXIM bank of China and the contractors for this major development are the China Railways First Group Ltd.

In his opening address the Prime Minister stated that "Adequate housing and homeownership gives and maintains dignity. It empowers people. It assists homeowners to participate as equals in our economy and it creates certainty for the young and our future."

On that same note Housing Authority will work towards achieving the Government vision of "Affordable, Decent and Quality Housing by the Year 2020" and the fulfillment of Pillar 6 of the Peoples Charter for Change, Peace and Prosperity.



For the most part of 2010 land development was carried out indoors with much planning and designs and approvals from relevant stakeholders. In 2010 saw the signing of the Commercial Contract for the acquisition of funds from the EXIM Bank of China for the development of Sub-Divisions in Tacirua East and Nepani. Other significant land development projects for the Authority saw the awarding of the Waila City contract to Top Symphony of Malaysia. Under the Peoples Charter for Change, Peace and Prosperity and Government's continued commitment towards housing with the aim of "Decent, Quality and Affordable Homes for all by 2020" the Housing Authority remains dedicated to the commitment of providing a minimum of 500 lots annually for the general public. This will comprise a combination of mixed development delivering low, medium and high class residential lots with the necessary complement of commercial, industrial and civic lots that are deemed necessary to facilitate the building of complete functioning communities.

Isikeli C Navuda | General Manager - Land & Housing Development Division

Background Information

Due to major constraints such as lack of suitable raw land for development, availability of cheap sources of funds, scarcity of qualified personnel, etc, the Authority has been unable to deliver lots and houses to meet the increasing demand for residential accommodation. This has prompted the Authority to review its operations and commitment towards land and housing development whereby reconfirming its status as the core function of the Housing Authority. This has resulted in the revamping of the department tasked to ensure the steady supply of land and houses to the ever increasing demand.

With the new focus the Authority has formulated its 5 Year Land & Housing Development Plan to act as a guide towards the realization of this important national objective of providing decent, quality and affordable housing for all.

Rapid growth in urbanization over the last 10 years which has resulted natural growth and rural to urban growth as a result of expiry of agricultural leases in 1997. This growth has placed more housing demand on the Government and the Housing Authority has been asked to increase its production to 1000 lots and housing units per year in order to cater for the demand.

The high demand and low supply situation, as well as the high development cost, contributed immensely to high property prices realized in major urban

centers like Suva, Nausori, Lami and Nadi. The authority is determined to deliver its quota of more than 1,000 affordable, quality land lots/housing units per year, once the necessary in-house infrastructure/technical capability and funds are available.

Production Of Lots & Housing Units

Despite the zero production of lots in 2010, the Authority was able to concentrate its services in the selling of lots in stock and the construction supervision of Wainibuku and Tacirua East Stage 2 Residential Subdivision where residential lots are expected to be available for sale in 2011 and beyond.

Central Division:

Wainibuku

The completion of Wainibuku Subdivision has been greatly affected by disputes between the Contractor and the Authority and lot delivery will not be expected until Nov 2011, where 264 Residential B,C&D lots will be delivered.

Tacirua East Stage 2

This subdivision was awarded to China Railway First Group on 10th November 2010 for the sum of \$34,959,679.03 (infrastructure contract) for a period of 32 months. The development was made possible by a Fiji Government soft loan from the EXIM Bank of China which was signed in Oct 2010. The above development is expected to yield 950 developed lots and houses at the completion of the following stages of work.

#	Phases	Lots	Houses	Total	Lot Delivery
1	1A Infrastructure	200	231	431	Jun-12
2	1B Infrastructure	52	15	67	Sep-11
3	2 Infrastructure	250	100	350	Jun-13
4	3A Infrastructure	150	40	190	Sep-12
5	Nepani Stage 2.	100	100	200	Mar-13
Total		752	486	1,238	

Waila Housing City

Waila Housing City comprising 700 acres of freehold land is expected to yield 5,000 - 6,000 lots depending on the lot mix that will be adopted. In 2010, the Authority entered into a joint venture with Top Symphony of Malaysia to develop Waila Housing City into a modern planned city in order to cater for approximately 5,500 families. On completion, the city development will yield low to high income housing units with combinations of detached, semi detached, row terraced houses and units on a high rise apartments. Commercial, industrial, civic, educational, and institutional and sports facilities will also be available to complement the residential area allowing the city to be self contained.

Nepani Stage 2

The Nepani Stage 2 subdivision is located within the Nasinu municipality and is contained in a 40 acre (16.1880ha) of state land. As of to date, all site investigation and planning works have been approved and earthworks have commenced to raise the existing ground by 2.75m from the existing ground level. On completion of the earthworks by December 2011, management will call tender for the construction of infrastructure services which is to commence in March 2012 and be completed in March 2014. On the completion of the above development, ab-



out 200 lots will be available for the low to middle income groups. It is expected that about 250 housing units (with 2 to 3 bedrooms) will be provided using high rise apartments blocks.

Western Division

For the western division the Housing Authority has already earmarked developments in Matavolivol Stage 2, Tavua Residential subdivision, Waqadra and Natadola and the lots are expected to be delivered within 2011 to 2016.

Tavua Residential

For the Tavua residential subdivision, (220 lots), the engineering design has been completed in 2008. However, as a result of the closure of Emperor Mines in 2007 and the reduction in production of Fiji Waters, the Authority had to shelve the project in order to reassess the market demand and is finalizing plans before proceeding further. As a result of the above, management is reviewing the market in order to assess the demand for home ownership. On confirmation of the market, development work will proceed.

Matavolivol Stage 2

The above site contains 43 acres (17.402 ha) and was acquired from NLTB in 2008. Site Management has commenced with the site investigation works and planning works is in progress. Management has earmarked the construction work to commence in September 2011 and be completed in 2 stages from June 2012 and December 2012. On completion of the subdivision, 420 residential lots will be made available for the low to middle income group.

Natadola

This is a native land and is owned by Mataqali Leweikei of Nalele village. Housing Authority has commenced site investigation and will go on to finalise all planning works and finalizing the market study. On completion of this development, it will yield over 600 fully developed lots and 200 housing units. Construction work is scheduled to commence in 2014.

Waqadra

This land has an area of 90 acres (36.423ha) and is located within the Nadi municipality and is earmarked to be developed into a residential, commercial, civic, hotel and other high market use. More studies such as hydrology, market demand and land fill effect are being undertaken by the Authority in order to ensure that the development is carried out according to plan.

Northern Division:

Naqere Subdivision

All planning works for Naqere subdivision (48 lots) has been completed in 2008. However, as a result of the high development cost which has created a mismatch in the lot cost and demand, the Authority has decided to review the development plan in line with a market study which is currently being undertaken. On completion of the market study, development plan will be prepared in order to suit the market demand. This subdivision is earmarked for development in September 2011 and completed in March 2012.

Housing Units

The construction of housing units has been revived by the Authority in order to enable the production of quality and affordable housing units to most people in Fiji. In addition to the construction of individual houses by lot owners, the Authority has earmarked the construction of 950 housing units in Tacirua Stage 2 and Nepani Stage 2 subdivisions. The distribution of housing units are shown below and may be further revised according to needs.

#	Subdivision	Tacirua East 2	Nepani Stage 2	Total
1	Single storey, 2 bedrooms.	200	50	250
2	Single storey, 3 bedrooms.	100	50	150
3	Terrace house, 2 bedrooms	100	0	100
4	Terrace house, 3 bedrooms	50	0	50
5	High rise, 2 bedrooms.	100	200	300
6	High rise, 3 bedrooms.	50	50	100
TOTAL		600	350	950

Going forward, the Authority is also carrying out preliminary investigation and planning for the development of Stages 4 and 5 of Waila Housing City which should produce a combined total of at least 2,100 lots.

Included in the above total will be the provision of approximately 750 housing units of various types as detailed in the above table.

Apart from the above, expressions of interest is being invited from reputable and willing developers/investors for the development of the rest of the Waila City area and this will include approximately 3,000 residential lots and housing units, commercial centre, industrial estates, civic centres and open space reserves to serve and provide much needed work, education, health and recreation activities.

With the new focus the Authority has formulated its 5 Year Land & Housing Development Plan to act as a guide towards the realization of this important national objective of providing quality and affordable accommodation for all.

Achievements

Technical Services

The activities as carried out by the Technical Department are set out below.

Planning

Subdivision planning is a very important function of land and housing development. There are many problems associated with plan approval and this normally takes 6 months to 15 months to finalise.

The following works were achieved in 2010.

- Approval of scheme plan for Wainibuku subdivision.
- Approval of the Deuba Subdivision.
- Approval of the sewer as built for Field 40.
- Completion of concept plan for Matavolivolvi Stage 2 Subdivision.

Construction of Subdivision.

The following subdivisions were constructed in 2010:

- Wainibuku subdivision construction works commenced in February 2009 and was scheduled to have been completed in May 2010, but is being delayed as a result of disputes.
- The Namosau Subdivision was completed in August 2008 was currently under maintenance period and to date and was taken over by Ba Town Council in 2010.
- Tacirua East Stage 2 has been awarded for construction in November

2010 and is scheduled for completion in 2013.

The development cost of this contract is approximately \$35 million. And lot delivery will eventuate in September 2011 to June 2013.

Establishment of In-house Development Team.

Due to the urgent need to fully address problems relating to the production of quality and affordable lots and housing units, the Authority had taken urgent steps to revamp and strengthen the Land & Housing Development team by recruiting professional engineers, surveyors, architects and draughtsman in order to carry out the planning and contract management works more efficiently.

The Housing Authority has recruited the services of a general manager and two engineers, a surveyor and technical assistant in 2010, and will finalise engagement of the rest of the required staff in 2011.

Constraint

The following constraints play a major role in the achievement of targets.

- High cost of Consultant's design estimates & Tenders received from contractors do not satisfy affordable costs.
- High cost of funding in the local market which makes the cost of development unaffordable to the Authority's customers.
- Lack of priority given by government for housing regarding funding & JV's

- Lack of Technical manpower
- Delay in the timely approval of scheme, engineering and survey plans
- HA are being asked by government to bear all cost of offsite infrastructures such as water mains, trunk sewers and electricity.
- Footing of government's social cost such as squatter relocation, in fractures, etc.

Achievements

- Government has approved the Housing Policy for low cost housing in Fiji after years of lobbying for it. The Authority has a lot of part to play in the formulation of this policy and will stand to gain from this in terms of financial assistance, etc.
- Issue of government guarantee in the sum of FJ\$150 million. This will assist the Authority in its future developments.
- Formation of the Land & Housing Development Department and the recruitment and funding of the office.
- Building of a new office and purchase of necessary equipment for Land & Housing Development.
- Approval and support by government in sourcing soft loans from China to fund the developments.
- Malaysian support in development of Waia City.



Isikeli C. Navuda

Land & Housing Development Division



Vikash, Sheetal and son Shryan Kumaran proudly show their new home to Lalesh of Housing Authority

From informal settlement living to owning their very own home.

Housing Authority is a statutory organization with a social obligation to provide low and middle income earners a range of products that include housing packages, land purchases and other relative services that match housing needs with affordability. It also recognizes the importance of understanding customer needs and, as in the case of the Kumaran family, successfully organize a home loan to match demand, affordability and viability.

Vikash Kumaran (28), a taxi driver and his wife Sheetal (25), a young, hardworking couple, took a home loan from Housing Authority in March, 2010. The couple had lived in Kilikali squatter settlement with Vikash's parents from 2006. In search of greener pastures, the couple found a two bedroom house at Waila 3B for sale and went in search of a home loan to make their lifestyle change.

They eventually took their search to Housing Authority where they met Lalesh Narayan, an experienced Customer Relations staff of six years. The couple's unique needs and financial situation was analysed and a home loan tailored for them to enable them to finally realize a long held dream of owning their very own home.

The Kumaran family are thrilled with their 2 bedroom home with access to utilities, future plans for a small extension and space for the young family to grow.



The Lending Division is responsible for the assessment and approval of all loans granted by the Authority, ensuring that all securities are in place before disbursement of loan funds, management of all loan accounts including the recovery process of loan arrears.

Epi Nabou | General Manager, Lending

As at 31 December 2010, the Authority had a customer base of 20,172 customer accounts. The total mortgage portfolio at the end of the year was \$136.73m compared to \$139.59 in 2009. The reduction is attributed to the low new loans approved due to the economic downturn and slow sales of lots of our existing stock at Field 40 in Lautoka and at Namosau Subdivision in Ba.

Performing lending portfolio stood at \$89.32m compared to \$98.26m in 2009. The decrease in performing portfolio relates directly to the sudden increase in non-performing portfolio after the adoption of the Reserve Bank of Fiji's risk grade policy where all mortgage accounts were graded in Risk Grades A, B, C, D and E. The grades are determined by the arrears status of each account based on days past due (DPD).

The Approvals Department is responsible for approving quality loans strongly based on the probability of default, security coverage and repayment capacity and commitment by all our customers. The Approval's team ensures that, for all loans, there is a "second way out". Continuous improvement programs, coupled with ongoing training, coaching and guidance helped identify problem areas and roadblocks with staff of our Customer Relation Division as well to ensure quality loan assessment.

The total loans approved in 2010 were \$11.36m compared to \$9.14m in 2009. A total of 724 customers were

assisted during 2010 and most customers obtained loans to purchase of ready-built houses.

The bar graph below reflects the loans approved in 2010 and illustrates the trend of loans approved by the Authority over the last eight years:

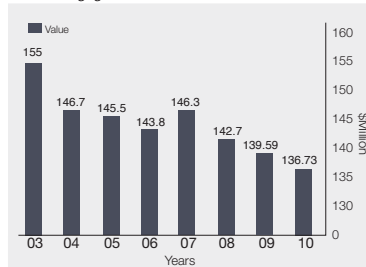
Loans Approved (2003-2009)



Mortgage Portfolio

The total mortgage portfolio at the end of the year was \$136.73m, compared to \$139.59m in 2009. The mortgage portfolio was adversely affected by low sales that the Authority has been experiencing throughout the year coupled with high mortgage collections. The bar graph below illustrates the trend for the total mortgage portfolio over the last eight years:

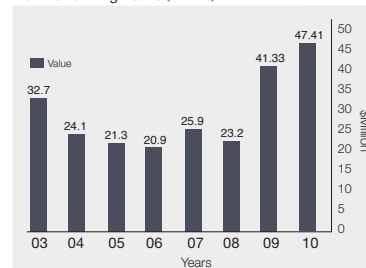
Total Mortgage Portfolio (2003-2009)



Non Performing Loans

In 2009 the Authority had adopted the Reserve Bank of Fiji's risk grade system of classifying its impaired assets and this had a significant impact on our loan portfolio. As at end of 2010, the non performing loans were \$47.41m compared to \$41.33m as at end of December 2009. This is equivalent to an increase in NPL of about 14.7%.

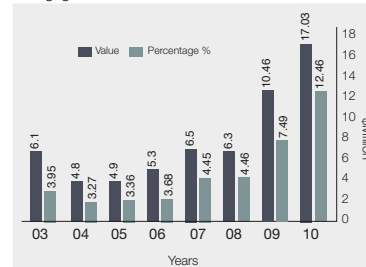
Non Performing Loans (2003-2010)



Arrears

Mortgage arrears stood at \$17.03m or 12.46% of the total Mortgage Portfolio as at December 2010 compared to \$10.46m as at the same period in 2009 or 7.49% of the Authority's total portfolio against a target of 2%. The bar graph below illustrates the trend over the last eight years:

Mortgage Arrears (2003-2009)





Recovery of Loan Arrears

The Authority continued to pursue with debtors who were behind in their loan repayments. Two teams were formed, one team was managing accounts from falling into arrears and the other team was responsible for the recovery of the arrears. The Authority continued with its strategy to meet with all defaulting customers before advertising their properties for mortgage sale and auction sale as a last resort.

Legal Services

The Legal Team is responsible for conveyancing, Fiji National Provident Fund housing transfers and registration & safe-keeping of legal documents held by the Authority for security of loans granted to the customers. New loans disbursed in 2010 were \$8.27m for 585 customers.

There were a total of 557 documents registered at the Titles Office. A total of 306 customers were assisted through the transfer of their Fiji National Provident Fund monies during the

year and the total sum of \$4.32m housing transfer funds were received by the Authority.

Village Housing Scheme

Financing of home constructions in village and rural areas is one of the products the Authority had been providing over the years to fulfil its obligation as laid down by Government that is to contribute in the improvement of the standard of living in the rural Fijian villages. It will also contribute to their security, happiness and as a wiser choice for better utilization of their lease income.

Contrary to normal mortgage financing, loans are provided to Landowners whose lands are being leased mostly for hotel industry and agricultural purposes. These landowners may form a Family Trust, Tokatoka or Mataqali housing scheme through a Deed of Trust. On the security of irrevocable assignment that is executed and approved by the Minister for Fijian Affairs, the Landowners authorize the Native Land Trust Board to transfer up to 50%

of their total lease income to the Authority for the payment of their loan repayments.

Total Village Loan Portfolio as at December 2010 is \$10.54 compared to \$11.33m as at end of 2009. The Performing and Non Performing portfolios up to December 2010 were recorded at \$6,929,362 and \$3,634,216 respectively. Village scheme recorded arrears was of \$1,514,707.

Stakeholders

Regular stakeholder meetings were held between the Authority and the Fiji National Provident Fund, Native Land Trust Board and the Titles Office which was aimed at refining our work processes and reducing the turnaround times to ultimately improve our service delivery to all our customers.

Eapi Nabou
General Manager Lending



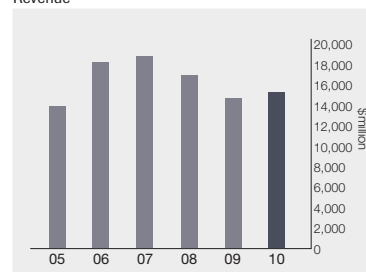


The Finance Division is made up of the following sections namely Administration, ICT and Finance. The Departments core function is to ensure prudent financial management and reporting to support the business activities/operations of the Authority. The department prepares financial forecasts, budgetary allocation of resources, controls & monitoring, Treasury management, provide timely & accurate management and financial reports.

Sailosi Sogo | General Manager Finance and Administration



Revenue



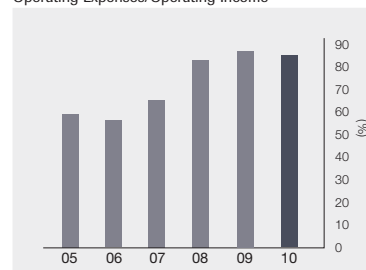
Expenditure

Interest expenditure was \$6.63m as compared to \$6.38m in 2009. The increase largely due to rise in cost of funds in the domestic market during the year, the Authority met all its financial obligations including principal and interest on timely manner.

The operating expenditure increased from \$7.90m in 2009 to \$8.53m in 2010. There was an increase in total administrative costs from \$2.06m in 2009 to \$2.37 in 2010 while salary and personal expenses decreased \$4.24m in 2009 to \$4.04m in 2010.

Efficiency ratio (operating expenses /operating income) was 85% in 2010 as compared to 86% in 2009. The contributing factor was the increase in operating expenditure though operating revenue did not vary much.

Operating Expenses/Operating Income



Profitability

The net profit for 2010 was very low with comparison to previous years. Some of the major contributing factors were:

- Decrease in mortgage portfolio.
- Increase in interest expenses paid on external borrowings
- Increase in administration costs due to rise in tariffs.
- Increase in provisions

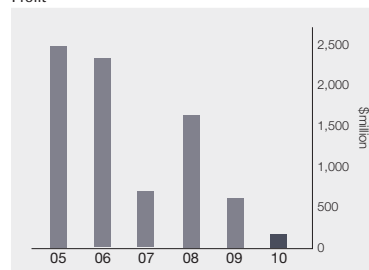
Revenue

As compared to the previous years, revenue was up and registered an increase 3%. The interest income remained

same levels as of 2009 with a decrease in the total loan portfolio.

The interest income on deposit was \$168,000 due to prudent fund management and putting the money in short term deposits. There was an increase in other operating income mostly on account of sale of lots and houses.

Profit



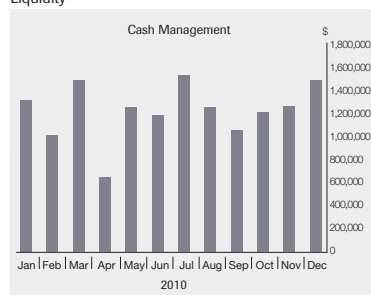


Finance Management

The business continued to be low from 2009, mortgage portfolio remained at the same levels and new developments did not take place. Despite the hardship, stringent measures were put in place and prudent financial management was enforced to reduce costs.

The liquidity level was maintained and all financial obligations including payment to creditors, payment of bonds and interest, principal, amount of loan, administrative and operational expenses were made on time. Comfortable liquidity level was maintained throughout the year to meet all financial obligations.

Liquidity

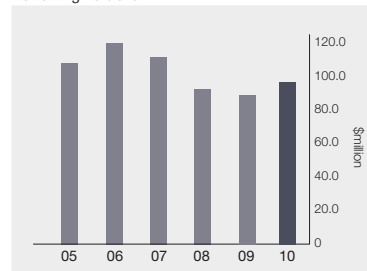


Borrowing Portfolio

The total borrowing portfolio of the Authority was \$96.1 million in 2010 as compared to \$87.0 in 2009. The total portfolio increased 9.10 million.

Chinese loan of \$9.9 million was also drawn. The Weighted Average Cost of Borrowing (WACB) was 7.34% in 2010 as compared to 7.74% in 2009.

Borrowing Portfolio



Administration

The Department is tasked to provide administrative support and efficient management of office services to the Authority. It is one of the core support centres and acts as an integral link to other departments to provide best in-house service.

The Department is committed to provide efficient and quality service delivery in the areas of mail management, telecommunications, transport management, contract activities, printery and registry. External engagement for services in hygiene, pest control, security, fire system and are part of administration logistics.

A major achievement was the review and adoption of the Vehicle Policy. Much effort was taken in the scrutiny and revision of the Policy to benchmark and accommodate best practices. Several initiatives put in place in line with the Policy have proven to be effective.

Information System - ICT

The Section above had changed its name to ICT - Information and Communication Technology at the end of 2010 onwards instead of Management Information Systems.

The new ICT Manager, Mr Onesimo Pasikali commenced work on 1st January 2011 after years of work experience at the Fiji School Medicine, Air Terminal Services Limited and various organizations. He brought a lot of experience and new ideas to the Authority.

The Section had drafted an ICT Policy which was submitted and approved by the Board in September 2010 meeting. This is a living document and will be reviewed annually.

Sailosi Soqo

General Manager Finance and Administration



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Directors' Report | For The Year Ended 31 December 2010

The directors present their report together with the financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 December 2010 and the auditors' report thereon.

Directors

The directors of the Authority during the year were:

Directors	Appointed	Served Until
Col. Mosese Tikoitoga - Chairman	5-Feb-10	-
Mr Adrian Sofield	6-Sep-10	-
Mr Umarji Musa	6-Sep-10	-
Mr Petero Daurewa	2-Jun-11	-
Mr Father Kevin Barr	2-Jun-11	-
Mrs Maria Ubitau	2-Jun-11	-
Lt. Col Pio Tikoduadua - Chairman	18-Sep-09	5-Feb-10
Ratu Josateki Nawalowalo	1-Mar-08	27-Aug-10
Ms. Lavinia Padarath	1-Mar-08	20-Sep-10
Mr. Chandar Singh	1-Mar-08	28-Feb-11
Ms. Rosarine Pasepa Langi	1-May-08	20-Sep-10

State of affairs

In the opinion of the directors, the accompanying statement of financial position and statement of changes in equity give a true and fair view of the state of affairs of the Authority as at 31 December 2010 and the accompanying statement of comprehensive income and statement of cash flows gives a true and fair view of the results of the Authority and its cash flows for the year then ended.

Principal activities

The principal activities of the Authority during the course of the financial year were to provide affordable housing through the development of land and houses for sale and the financing of these properties. There was no significant change in the nature of the Authority's activities during the year.

Operating results

The operating results for the Authority for the year ended 31 December was:

Net profit before income tax
Income tax expense
Net profit for the year

2010 \$'000	2009 \$'000
954	548
-	-
954	548

Dividends

The directors recommend that no dividends be declared or paid during the year.

Reserves

The directors recommend that no amounts be transferred to or from reserves.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

Unusual transactions

Apart from these matters and other matters specifically referred to in the financial statements, in the opinion of the directors, the results of the operations of the Authority during the year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Authority in the year ended, other than those reflected in the financial statements.

Other circumstances


As at the date of this report:


- a) no charge on the assets of the Authority has been given since the end of the year to secure the liabilities of any other person;
- b) no contingent liabilities have arisen since the end of the year for which the Authority could become liable; and
- c) no contingent liabilities or other liabilities of the Authority has become or is likely to become enforceable within the year of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Authority to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Authority's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Authority misleading or inappropriate.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated at Suva this 14th day of Dec. 2011.


Chairman

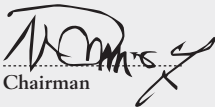

Member


Statement By Directors | For The Year Ended 31 December 2010

In accordance with a resolution of the Board of Directors of Housing Authority of Fiji, we state that in the opinion of the directors:

- (i) the accompanying statement of comprehensive income of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 31 December 2010;
- (ii) the accompanying statement of changes in equity of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 31 December 2010;
- (iii) the accompanying statement of financial position of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority for the year ended 31 December 2010;
- (iv) the accompanying statement of cash flows of the Authority is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 December 2010;
- (v) at the date of this statement there are reasonable grounds to believe the Authority will be able to pay its debts as and when they fall due; and
- (vi) all related party transactions have been adequately recorded in the books of the Authority.

Dated at Suva this 14th day of Dec. 2011.


Chairman


Member



8th Floor, Ratu Sukuna House,
MacArthur Street,
P.O.Box 2214,
Government Buildings,
Suva, Fiji Islands.

REPUBLIC OF THE FIJI ISLANDS OFFICE OF THE AUDITOR GENERAL

ACCOUNTABILITY IN THE PUBLIC SECTOR THROUGH QUALITY AUDIT SERVICES

Telephone: (679) 330 9032
Fax: (679) 330 3812
Email: info@auditorgeneral.gov.fj
Website: <http://www.oag.gov.fj>



HOUSING AUTHORITY OF FIJI FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

INDEPENDENT AUDIT REPORT

Scope

I have audited the accompanying Financial Statements of Housing Authority of Fiji, which comprise of the statement of financial position as at 31 December 2010, statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors and Management's Responsibility for the Financial Statements

The directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the requirements of the provisions of Caption 267 of the Housing Act and the Housing (Amendment) Decree (1989). This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion:

- a) proper books of account have been kept by the Authority, so far as it appears from examination of those books, and
- b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards;
 - i) are in agreement with the books of account
 - ii) to the best of my information and according to the explanations given to me;
 - a) give a true fair view of the state of affairs of the Authority as at 31 December 2010 and of its financial performance, changes in equity, and its cash flows of the year ended on that date; and
 - b) give the information required by the provisions of Cap 267 of the Housing Act and the Housing (Amendment) Decree (1989), in the manner so required.

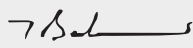
I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of my audit.

Emphasis of Matter

Without qualifying the opinion expressed above, attention is drawn to the following matter;

The Lendsphere system records all transactions relating to loans and advances to individual customers. Reports from the system are used to update the loan and advance balances in the Navision general ledger. Customer balances on Lendsphere are interfaced with Navision and then reviewed to ensure they agree. The interface has resulted in a number of errors and the Authority has to manually reconcile the balances at each reporting period.

The manual reconciliation performed assumes that the Lendsphere report is correct. The audit has revealed that the data corrections are performed on a daily basis to correct customer accounts before monthly customer statements are printed.


Tevita Bolanavanua
AUDITOR GENERAL
14 December 2011
Suva, Fiji



Statement of Comprehensive Income

For The Year Ended 31 December 2010

	Notes	2010 \$'000	2009 \$'000
Interest income	2.1	11,951	10,871
Interest expense	3.1	(6,633)	(6,382)
Net interest income		5,318	4,489
Other operating income	2.2	6,301	4,693
Net operating income		11,619	9,182
Amortisation of intangible assets		331	311
Bad and doubtful debts		1,008	609
Cost of sales - land and houses		588	740
Depreciation of property, plant and equipment		543	479
Other operating expenses	3.3	3,593	1,825
Personnel expenses	3.2	4,602	4,670
Total operating expense		10,665	8,634
Net profit before income tax		954	548
Income tax expense		-	-
Net profit after tax		954	548
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		954	548

The accompanying notes form an integral part of this Statement of Comprehensive Income.

Notes	2010 \$'000	2009 \$'000
Accumulated losses		
Balance at the beginning of the year	(8,970)	(9,518)
Operating profit after tax	954	548
Balance at the end of the year	(8,016)	(8,970)
Reserves		
Balance at the beginning of the year	6,834	6,834
Movement during the year	-	-
Balance at the end of the year	6,834	6,834
Government grant		
Balance at the beginning of the year	15,958	15,958
Movements during the year	-	-
Balance at the end of the year	15,958	15,958
Share capital		
Balance at the beginning of the year	41,772	41,772
Movements during the year	-	-
Balance at the end of the year	41,772	41,772
Total equity	56,548	55,594

The accompanying notes form an integral part of the Statement of Changes in Equity.

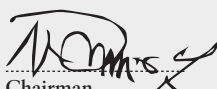
Statement of Financial Position

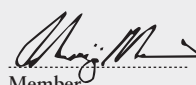
For The Year Ended 31 December 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Cash and cash equivalents	4	7,149	2,412
Loans and advances	5	115,316	121,058
Inventories	6	12,306	12,222
Other assets	10	10,446	474
Land held for future development	7	6,623	6,627
Intangible Assets	9	1,164	1,494
Property, plant and equipment	8	8,169	8,238
TOTAL ASSETS		161,173	152,525
LIABILITIES			
Trade and other payables	12	6,908	8,490
Provisions	13	1,658	1,453
Debt issued and borrowed funds	11	96,059	86,988
TOTAL LIABILITIES		104,625	96,931
EQUITY			
Capital	14	41,772	41,772
Accumulated losses		(8,016)	(8,970)
Government grant		15,958	15,958
Reserves	14	6,834	6,834
TOTAL EQUITY		56,548	55,594
TOTAL EQUITY AND LIABILITIES		161,173	152,525

The accompanying notes form an integral part of this Statement of Financial Position.

For and on behalf of the board and in accordance with a resolution of the directors.


Chairman


Member

Notes	2010 Inflows/ (Outflows) \$'000	2009 Inflows/ (Outflows) \$'000
Operating activities		
Interest received	11,955	10,863
Fees, charges and other income received	5,602	4,693
Interest and other costs of finance paid	(6,648)	(6,192)
Net customer loans issued	9,213	6,155
Payments to suppliers for land and houses	(672)	(2,449)
Operating expenses	(13,329)	(8,128)
Cash flows from operating activities	6,121	4,942
Investing activities		
Payments for plant and equipment and intangible assets	(463)	(1,184)
Investment - Short Term	(4,000)	-
Cash flows used in investing activities	(4,463)	(1,184)
Financing activities		
Net decrease in borrowings	(921)	(3,234)
Government grant received	-	133
Cash flows used in financing activities	(921)	(3,101)
Net increase in cash held	737	657
Cash at the beginning of the financial year	2,412	1,755
Cash at the end of the financial year	4 3,149	2,412

The accompanying notes form an integral part of the Statement of cash flows.

1 Corporate Information

The financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the directors on Housing Authority of Fiji is a statutory government body domiciled in the Republic of the Fiji Islands.

The principal activities of the Authority are described in Note 19.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Fijian dollars and all values are rounded to the nearest dollar except when otherwise indicated.

1.2 Statement of compliance

The financial statements of Housing Authority of Fiji have been prepared in accordance with International Financial Reporting Standards (IFRS).

1.3 Significant accounting judgments, estimates and assumptions

The preparation of the Authority's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Authority's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments

The Authority has entered in commercial property leases. The Authority has determined based on an evaluation of the terms and conditions of the arrangements, that it does not retain all the significant tasks and rewards of ownership of the property and so accounts for the contracts as operating leases.

Estimations and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant task of causing a material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment losses on loans and advances

The Authority reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of comprehensive income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes of the allowance.

In addition to specific allowances against individually significant loans and advances, the Authority also makes a collective impairment allowance against the exposures which although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry and technological obsolescence, economic and social factors as well as identified structural weaknesses or deterioration in cash flows.

1.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statement are set out below.

a) Foreign currencies

The financial statements are presented in Fiji dollars, which is the Authority's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to 'Other operating income' or 'Other operating expenses' in the statement of comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Financial instruments- initial recognition and subsequent measurement

i) Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by convention in the marketplace are recognised on the trade date, i.e. the date that the Authority commits to purchase or sell the asset.

ii) Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were required and their characteristics. All financial instruments are measured initially at their fair value plus, in the case of financial assets and liabilities not at fair value though profit and loss, any directly attributable incremental cost of acquisition or issue.

iii) Held to maturity financial investments

Held to maturity financial investments are those which carry fixed payments and have fixed maturities and which the Authority has the intention and ability to hold to maturity. After initial measurement, held to maturity financial investments are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

iv) Loans and advances

Loans represent mortgage loans, village scheme loans, quick repair loans, home loans and personal loans. Quick repair loans, home loans and personal loans can only be obtained if the borrower has an existing mortgage loan. These loans are added to the existing mortgage loan balance. For mortgage loans, collateral consisting of the mortgaged properties, are obtained.

Loans and advances to customers are financial assets with fixed or determinable payments and fixed maturities that are not quoted on an active market. They are not entered into with the intention of immediate or short term resale and are not classified as 'Financial assets held for trading', designated as 'Financial investment - available for sale' or 'Financial assets designated at fair value through profit and loss'. After initial measurement, loans and advances are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortisation is included in 'Interest and similar income' in the statement of comprehensive income. The loss arising from impairment are recognised in the statement of comprehensive income in 'Bad and Doubtful Debts expense'.

1.4 Summary of significant accounting policies - continued

Non performing loans

Loans are classified as non-performing if arrears relating to these loans are greater than three months. Non-performing loans are treated as non-accrual assets as reasonable doubt exists as to the collectability of principal and interest.

(v) *Debt issued and other borrowed funds*

Issued financial instruments or their components which are not designated at fair value through profit or loss, are classified as liabilities under 'Debt issued and other borrowed funds', where the substance of the contractual arrangement results in the Authority having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate.

c) **Impairment of financial assets**

The Authority assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers are experiencing significant financial difficulties with default or delinquency in interest or in principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

i) *Loans and advances to customers*

Loans and advances to customers are carried at amortised cost, the Authority first assesses individually whether objective evidence of impairment exist individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the allowance for impairment losses account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Authority. If, in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment is recognised, the impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If in future, write-off is later recovered, the recovery is credited to the allowance for impairment losses.

1.4 Summary of significant accounting policies - continued

c) Impairment of financial assets - continued

i) Loans and advances to customers - continued

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Authority's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristic similar to those in the group. Historical loss experience is adjusted on the basis of current observance data to reflect the effects of current conditions that did not affect the years on which the historical loss experience is based and to remove the effects of condition in the historical period that do not exist currently.

ii) Held to maturity financial investments

For held to maturity investments the Authority assess individually whether there is objective evidence of impairment. If there is objective evidence that an impairment loss has been incurred the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

d) Leased assets

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Authority as a lessee

Finance leases, which transfer to the Authority substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Authority will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

Authority as a lessor

Lease where the Authority does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. The Authority lease out its properties as operating leases, thus generating rental income. Initial direct costs incurred in negotiating operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rent are recognised as revenue in the period in which they are earned.

1.4 Summary of significant accounting policies - continued

e) Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i) *Interest and income and expense*

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts the future cash payments or receipts through the expected life of the financial instrument or shorter period, where appropriate to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Authority revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

When a loan is categorised as non performing, interest on the loan ceases to be brought to account unless received or unless the loan becomes performing.

ii) *Fee income and charges*

The Authority earns fees and charges from a diverse range of services to its customers. The fee income is brought to account on an accrual basis.

iii) *Income from sale of land and houses*

Revenue relating to the sale of land and houses is brought to account at the time of the sale.

iv) *Rental income*

Rental income is accounted for on a straight line basis over the lease terms on ongoing leases and is recorded in the income statement.

v) *Gain or loss on sale of property, plant and equipment*

Gain or loss on sale of property, plant and equipment is treated as operating income or expense.

vi) *Bad and doubtful debts*

The annual charge against profits for bad and doubtful debts reflects new individual impairment, reversals of individual impairment no longer required and movements in the collective impairment.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. For the purposes of the Statement of Cash Flows cash and cash equivalents consist of cash and cash equivalents as defined above.

1.4 Summary of significant accounting policies - continued**g) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria is met. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Buildings	1.5% - 3.5%
Plant and equipment	20% - 33.33 %
Motor vehicles	20%
Computer equipment	20%
Furniture and fittings	10%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is disposed.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

h) Intangible assets

Intangible assets includes computer software that does not form an integral part of the hardware. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer Software	20%
-------------------	-----

i) Impairment of non financial assets

The Authority assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, whether there is an indication that a non financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. The carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. In determining fair value less costs to sell, an appropriate value model is used.

For assets an assignment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Authority makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

1.4 Summary of significant accounting policies - continued

j) Provisions

Provisions are recognised when the Authority has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee entitlements

The provision for employee entitlement relates to amounts expected to be paid to employees for annual leave, sick leave and long service leave. Current employee remuneration rates are used to calculate these provisions.

k) Inventories

Land and houses

Stock, comprising land and houses is carried at the lower of cost and net realisable value. At year end, the carrying value of unsold lots and developed properties are assessed and a provision for write-down is created where carrying values are determined to be less than net realisable value.

Developed and sub-divided lots include the cost of the land and capitalised expenses directly associated with bringing the stock to its existing condition and location.

Work in progress

Work-in-progress is valued at the lower of cost and net realisable value. Cost includes capitalised indirect administrative costs which are incurred as a result of land development and house construction and development interest costs on the funds used to finance the development up to the time of completion.

l) Income tax

The Authority is exempt from income tax under Section 26 of the Housing Act, Cap. 267

m) Government grants

The Government provides an annual grant to the Authority to assist qualifying customers in meeting their repayments and to subsidise the cost of developed lots. This grant is in the form of a one off rebate to customer's loan balance or an annual interest subsidy. Any grants that are not utilised at year end are shown as a liability until such time as they are applied. The Government grant takes the following forms:

(i) Poverty alleviation scheme

Funds received from Government are applied to the loan balance of qualifying customers usually at the inception of the loan. The grant to customers is a one off rebate. There are certain criteria set for customers to comply with to be eligible for financial assistance under the scheme. Financial assistance provided to a customer is up to a maximum amount of \$5,000.

(ii) Interest subsidy

Interest subsidy is provided to customers who earn below \$6,500 per annum and to village scheme customers on an accrual basis. The difference between the prevailing interest rate and subsidised rate provided to customers are brought to account in the income statement.

(iii) Deferred payment plan

Funds received from Government are applied to the loan balance of qualifying customers once the loan has been restructured to provide existing non-performing loans with an initial reduction in repayments commensurate with their ability to meet the repayments. There are certain criteria for customers to comply with to be eligible for financial assistance under the plan. Financial assistance provided to a customer is up to a maximum amount of \$5,000.

1.4 Summary of significant accounting policies - continued**m) Government grants - continued****(iv) Land development subsidy**

Government subsidises the cost of developed lots to make it more affordable for qualifying customers. The subsidy is applied against the prevailing selling price. There are certain criteria set for customers to comply with in order to be eligible for assistance under this scheme.

n) Creditors

Liabilities are recognised for amounts to be paid in the future for goods and services rendered. Creditors and accruals are stated at cost.

o) Comparatives

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

p) Segment information**(a) Industry segment**

The Authority operates predominantly in Housing Industry to provide affordable housing through development of land and houses for sale and the financing of these properties.

(b) Geographical segment

The Authority operates predominantly in Fiji and is therefore one geographical area for reporting purposes.

2. REVENUE**2.1 Interest income**

Investment securities
Loans and advances

2010 \$'000	2009 \$'000
171	113
11,780	10,758
11,951	10,871
3,813	3,553
160	198
1,621	120
707	822
6,301	4,693
6,395	6,144
238	238
6,633	6,382
125	168
304	282
26	64
4,147	4,156
4,602	4,670

2.2 Other operating income

Fees and charges
Rent
Other income
Sale of land and houses

3. EXPENSES**3.1 Interest Expense**

Bonds
Long term loans

3.2 Personnel expenses

Employee entitlements
FNPF contribution
Other
Wages and salaries

	2010 \$'000	2009 \$'000
3. EXPENSES - continued		
3.3 Other operating expenses		
Auditors remuneration - audit fee	19	19
- other services	28	9
Other	3,342	1,902
Repairs and maintenance	103	55
Stock write-down	-	(245)
VAT expense	101	85
	3,593	1,825
4. CASH AND CASH EQUIVALENTS		
Cash	3,149	2,412
Short term deposits	4,000	-
	7,149	2,412
5. LOANS AND ADVANCES		
Mortgage loans	116,504	123,334
Village scheme loans	9,689	10,184
	126,193	133,518
Add: Accounts with credit balance	829	433
Gross loans	127,022	133,951
Less: Allowance for impairment losses	(11,706)	(12,893)
	115,316	121,058

Mortgage loans include staff housing loans and advances totaling \$1,574,161 (2009: \$1,761,471). Village scheme loans are secured by a combination of assignments over native lease rental monies.

LOANS AND ADVANCES TO CUSTOMERS

Impairment allowances for loans by class is as follows:

At 1 January 2010
Charge for the year
As at 31 December 2010

Individual impairment
Collective impairment

Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance

Mortgage	Village scheme \$'000	Total \$'000
8,627	4,266	12,893
(549)	(638)	(1,187)
8,078	3,628	11,706
8,078	3,628	11,706
-	-	-
8,078	3,628	11,706
44,585	4,914	49,499

5. LOANS AND ADVANCES TO CUSTOMERS - continued

	Mortgage	Village scheme \$'000	Total \$'000
At 1 January 2009	8,054	4,263	12,317
Charge for the year	573	3	576
As at 31 December 2009	8,627	4,266	12,893
Individual impairment	5,925	4,187	10,112
Collective impairment	2,702	79	2,781
	8,627	4,266	12,893
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	38,082	5,192	43,274

The following is a reconciliation of the individual and collective allowances for impairment losses on loans.

	Individual Impairment \$'000	Collective Impairment \$'000	Total 2010 \$'000
At 1 January 2010	10,112	2,781	12,893
Charge for the year	1,594	(2,781)	(1,187)
At 31 December 2010	11,706	-	11,706

	Individual Impairment \$'000	Collective Impairment \$'000	Total 2009 \$'000
At 1 January 2009	9,758	2,559	12,317
Charge for the year	354	222	576
At 31 December 2009	10,112	2,781	12,893

6. INVENTORY

Developed lots	2,810	3,372
Less: Provision for developed lots write-down	(102)	(102)
	2,708	3,270
Unsold properties	584	609
Less: Provision for unsold properties write-down	(15)	(15)
	569	594
Development work-in-progress	9,197	8,526
Less: Pre-sold lots	(21)	(21)
Less: Provision for development work-in-progress write-down	(147)	(147)
	9,029	8,358
TOTAL INVENTORY	12,306	12,222

	2010 \$'000	2009 \$'000
7. LAND HELD FOR FUTURE DEVELOPMENT		
Freehold land		
- at deemed cost	6,497	6,496
Leasehold land – at cost	362	362
Less: Provision for amortisation of leasehold land	(236)	(231)
Total land held for future development	6,623	6,627
8. PROPERTY, PLANT AND EQUIPMENT		
<i>Properties</i>		
Cost:		
At 1 January	7,812	7,599
Additions	74	213
Disposals	(7)	-
At 31 December	7,879	7,812
Depreciation and impairment:		
At 1 January	1,075	940
Depreciation charge for the year	142	135
Disposals	(7)	-
At 31 December	1,210	1,075
Net written down value - properties	6,669	6,737
<i>Furniture and Fittings</i>		
Cost:		
At 1 January	1,930	1,806
Additions	17	211
Disposals	(18)	(87)
At 31 December	1,929	1,930
Depreciation and impairment:		
At 1 January	1,169	1,110
Depreciation charge for the year	163	146
Disposals	(18)	(87)
At 31 December	1,314	1,169
Net written down value - Furniture and fittings	615	761
<i>Staff houses and shops</i>		
Cost:		
At 1 January	291	291
Disposals	(5)	-
At 31 December	286	291
Depreciation and impairment:		
At 1 January	77	72
Depreciation charge for the year	5	5
Disposals	(5)	-
At 31 December	77	77
Net written down value - staff houses and shops	209	219

8. PROPERTY, PLANT AND EQUIPMENT - *continued*

	2010 \$'000	2009 \$'000
<i>Motor vehicles</i>		
Cost:		
At 1 January	552	600
Additions	292	-
Disposals	(103)	(48)
At 31 December	741	552
Depreciation and impairment:		
At 1 January	367	329
Depreciation charge for the year	86	86
Disposals	(103)	(48)
At 31 December	350	367
Net written down value - motor vehicles	391	185
<i>Computer equipment</i>		
Cost:		
At 1 January	2,721	2,622
Additions	125	141
Disposals	(548)	(42)
At 31 December	2,298	2,721
Depreciation and impairment:		
At 1 January	2,473	2,410
Depreciation charge for the year	140	105
Disposals	(548)	(42)
At 31 December	2,065	2,473
Net written down value - computer equipment	233	248
<i>Others</i>		
Cost:		
At 31 December	70	70
Depreciation and impairment:		
At 1 January	17	16
Depreciation charge for the year	1	1
At 31 December	18	17
Net written down value - others	52	53
<i>Work in progress</i>		
Cost:		
At 1 January	40	1,227
Additions	522	2,678
Capitalised during the year	(562)	(3,865)
At 31 December	-	40
Depreciation and impairment:		
At 1 January	-	-
Depreciation charge for the year	-	-
Inter Asset transfer	-	-
Disposals	-	-
At 31 December	-	-
Net written down value - work in progress	-	40

(i)

8. PROPERTY, PLANT AND EQUIPMENT - *continued*

	2010 \$'000	2009 \$'000
<i>Total</i>		
Cost:		
At 1 January	13,416	14,215
Additions	1,030	3,243
Capitalised during the year	(562)	(3,865)
Disposals	(681)	(177)
At 31 December	13,203	13,416
Depreciation and impairment:		
At 1 January	5,178	4,877
Depreciation charge for the year	537	478
Disposals	(681)	(177)
At 31 December	5,034	5,178
Net written down value - total	8,169	8,238

Computer software purchased in 2009 amounting \$1,805,962 to has been reclassified to intangible assets to conform with presentation in the current year.

9. INTANGIBLE ASSETS

Cost:		
At 1 January	1,805	-
Additions	1	1,805
At 31 December 2010	1,806	1,805
Depreciation and impairment:		
At 1 January	311	-
Depreciation charge for the year	331	311
At 31 December 2010	642	311
Net written down value - Intangible Assets	1,164	1,494

10. OTHER ASSETS

Interest receivable	4	8
Staff advances	1	-
Advance - FNPF Settlement	275	-
Advance -Exim Bank Of China	9,992	-
Stationery stock	16	13
Sundry debtors and prepayments	158	453
	10,446	474

During the year, the Government of Fiji entered into a financing agreement with the EXIM Bank of China for the Fiji Low Cost Housing project. The project is contracted to China Railway First Group (Fiji) Ltd for FJD49,959,679. The Authority, as the eventual owner of the project on behalf of Government entered into an on lending agreement with the Government. At 31 December 2010, the first tranche of the disbursement was made from the EXIM Bank to the contractor of FJD9,991,935, equal to 20% of the total contract price.

11. DEBT ISSUED AND BORROWED FUNDS

		2010 \$'000	2009 \$'000
	Effective interest rate %		
<u>Current</u>			
Bonds	4.32% to 9.35%	17,700	20,900
Loans	7.10%	974	1,320
		18,674	22,220
<u>Non current</u>			
Bonds	4.10% to 12%	65,798	62,198
Loans	2% to 7.10%	11,587	2,570
		77,385	64,768
Total debt issued and borrowed funds		96,059	86,988

	<u>Maturity</u>
<u>Bonds</u>	2010 to 2025
<u>Loans</u>	2010 to 2031

Repayment of principal is guaranteed by the Government of Fiji. The funds raised by the Authority will be used to acquire new land and carry out its land development projects for fully serviced lots and provide cash loans to its customer for new house constructions, purchase of new houses.

12. OTHER LIABILITIES

Interest payable	1,313	1,328
Insurance aggregate	415	567
Deferred Government grant	1,386	1,410
Other creditors and accruals	3,794	5,185
	6,908	8,490

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables are non-interest bearing and have an average term of six months.
- Interest payable is normally settled monthly throughout the financial year.

13. PROVISIONS

2010

The movement in provision during the year is as follows:

At 1 January
 Arising during the year
 Utilised

As 31 December

Represented by:
 Current

2009

The movement in provision during the year is as follows:

At 1 January
 Arising during the year
 Utilised

As 31 December

Represented by:
 Current

Repairs and maintenance \$'000	Employee Entitlement \$'000	Total \$'000
712	741	1,453
637	157	794
(378)	(211)	(589)
971	687	1,658
971	687	1,658
800	858	1,658
205	80	285
(293)	(197)	(490)
712	741	1,453
712	741	1,453

14. CAPITAL AND RESERVES

Capital

Reserves

Total Asset Revaluation Reserve

2010 \$'000	2009 \$'000
41,772	41,772
6,834	6,834

15. CONTINGENT LIABILITIES AND COMMITMENTS

To meet the financial needs of customers, the Authority enters into various commitments and contingent liabilities. Even though these obligations may not be recognised on the balance sheet, they do contain credit risk and are therefore part of the overall risk of the Authority.

The total outstanding commitments and contingent liabilities are as follows:

		2010 \$'000	2009 \$'000
Contingent liabilities			
Indemnity	(a)	1,976	4,746
Guarantees	(b)	5	5
		1,981	4,751
Commitments			
Operating lease commitments	(a)	740	595
Capital commitment	(b)	3,363	2,423
		4,103	3,018
Total		6,084	7,769

Contingent liabilities

The details and estimated maximum amounts of contingent liabilities that may become payable by the Authority are set out below. The directors are not aware of any circumstances or information that would lead them to believe that these contingent liabilities will crystallize and consequently no provisions are included in the financial statements in respect of these matters:

a) *Indemnity*

During 1989, loans owing to the Fiji National Provident Fund (FNPF) amounting to \$18,573,232 was transferred to the Public Rental Board (PRB) by Government Decree (No. 12 of 8 May, 1989). The FNPF continues to recognise the Authority as the borrower of these loans and has not released the Authority from these loans or amended the loan documentation to specify the PRB as the rightful borrower. In the meantime, the Ministry of Finance is making repayments of principal and interest to FNPF on behalf of PRB. The total loan principal and interest accrued at balance date, but not reflected in the financial statements, are as follows:

Principal	1,957	4,697
Accrued interest	19	49
	1,976	4,746
b) <i>Guarantee</i>		
Fiji Electricity Authority bond	5	5

15. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments

a) Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable as follows:

	2010 \$'000	2009 \$'000
Not later than one year	202	185
Later than one year but not later than two years	201	178
Later than two years but not later than five years	337	363
	740	726

The Authority has various lease commitments for leasehold land. The leases typically run for a period of between three and ten years. It is not certain whether the land leases will offer an option of renewal after maturity. The annual lease rentals recognised as an expense in the income statement amount to \$ 160,000 (2009: \$198,000).

b) Capital commitments

Approved by Board

3,363	3,900
-------	-------

16. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The Board has a related party relationship with its directors. The directors of the Board in office during the year were:

Directors	Appointed	Served Until
Col. Mosese Tikoitoga - Chairman	5-Feb-10	-
Mr Adrian Sofield	6-Sep-10	-
Mr Umarji Musa	6-Sep-10	-
Mr Petero Daurewa	2-Jun-11	-
Mr Father Kevin Barr	2-Jun-11	-
Mrs Maria Ubitau	2-Jun-11	-
Lt. Col Pio Tikoduadua - Chairman	18-Sep-09	5-Feb-10
Ratu Josateki Nawalowalo	1-Mar-08	27-Aug-10
Ms. Lavinia Padarath	1-Mar-08	20-Sep-10
Mr. Chandar Singh	1-Mar-08	28-Feb-11
Ms. Rosarine Pasepa Langi	1-May-08	20-Sep-10

(b) Transactions with Related parties

Transactions with related parties during the year ended 31 December 2010 with approximate transaction value are summarised as follows:

Board expenses and allowances	56	82
Government grant	1,385	1,393
(c) Compensation of key management personnel		
Short term employee benefits	502	450

Key management personnel include the Chief Executive Officer and the four General Managers of the Authority.

17. EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

18.1 Introduction

Risk is inherent in the Authority's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Authority's continuing profitability and each individual within the Authority is accountable for the risk exposure relating to his or her responsibilities. The Authority is exposed to credit risk, liquidity risk and market risks. It is also subject to operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Authority's strategic planning process.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks.

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

Internal audit

Risk management processes throughout the Authority are audited quarterly by the internal auditors, that examines the adequacy of the procedures and the Authority's compliance with the procedures. Internal audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

Risk Management and reporting systems

The Authority's risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical expense adjusted to reflect the economic environment. The Authority also runs worst case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily based on limits established by the Authority. These limits reflect the business strategy and market environment of the Authority as well as the level of risk that the Authority is willing to accept, with additional emphasis on selected industries. In addition the Authority monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyze, control and identify early risks. This information is presented and explained to the Board of Directors and the head of each business section.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES - *continued*18.1 Introduction - *continued**Excessive risk concentration*

Concentrations arise when a number of counterparties are engaged in similar business activities in the same geographic region, or have similar economic features that would cause their ability to meet the contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Authority's performance to developments affecting a particular industry or geographical locations.

In order to avoid excessive concentrations of risks, the Authority's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

18.2 Credit Risk

Credit risk is the risk that the Authority will incur a loss because its customers, clients or counterparties failed to discharge their contractual obligations. The Authority manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations and by monitoring exposures in relation to such limits.

The Authority has established a credit quality review process to provide early identification of possible changes in the credit worthiness for counterparties including regular collateral revisions. The credit quality review process allows the Authority to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation.

Notes	Gross maximum exposure 2010 \$'000	Gross maximum exposure 2009 \$'000
Held to maturity investment	4	4,000
Loans and advances	5	115,316
Other assets	10	10,446
Total		129,762
Contingent liabilities	15	1,981
Commitments	15	4,103
Total		6,084
Total credit exposure		135,846
		129,301

For more detail on the maximum exposure to credit risk for each class of financial instrument, references shall be made to the specific notes.

19. MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The table below shows an analysis of financial assets and liabilities analysed according to when they are expected to be recovered or settled.

31 December 2010

	At call \$'000	Less than 3 months \$'000	4 to 12 months \$'000	1 to 5 years \$'000	over 5 years \$'000	Provision for doubtful debts \$'000	Suspended interest \$'000	Total \$'000
Financial assets								
Cash	3,149	-	-	-	-	-	-	3,149
Loans and advances	12,892	15,171	21,499	45,366	41,742	(14,475)	(6,879)	115,316
Financial investments - held to maturity		4,000	-	-	-	-	-	4,000
Total	16,041	19,171	21,499	45,366	41,742	(14,475)	(6,879)	122,465
Financial liabilities								
Borrowings	-	-	18,474	21,698	55,887	-	-	96,059
Accrued interest	-	1,313	-	-	-	-	-	1,313
Accounts payable and accrued liabilities	-	5,595	-	-	-	-	-	5,595
Total	-	6,908	18,474	21,698	55,887	-	-	102,967
<u>31 December 2009</u>								
Financial assets								
Cash	2,412	-	-	-	-	-	-	2,412
Loans and advances	8,981	4,259	11,997	45,101	69,756	(12,893)	(6,143)	121,058
Financial investments - held to maturity	-	-	-	-	-	-	-	-
Total	11,393	4,259	11,997	45,101	69,756	(12,893)	(6,143)	123,470
Financial liabilities								
Borrowings	-	-	22,220	35,768	29,000	-	-	86,988
Accrued interest	-	1,328	-	-	-	-	-	1,328
Accounts payable and accrued liabilities	-	5,752	-	-	-	-	-	5,752
Total	-	7,080	22,220	35,768	29,000	-	-	94,068

20. PRINCIPAL ACTIVITIES

The principal activities of the Authority during the course of the financial year were to provide affordable housing through the development of land and houses for sale and the financing of these properties. There was no significant change in the nature of the activities of the Authority during the year.

21. DETAILS OF THE AUTHORITY

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Facsimile: (679) 670 7499

Number of employees at the end of the year:

Management 17

Staff 99



Housing Authority

1958	<ul style="list-style-type: none"> - Begin operations. - Purchase and Home Improvement Loans. - Small Program to build small units.
1964	<ul style="list-style-type: none"> - Rental accommodation provided. - To provide temporary accommodation for those who could not afford loans.
1971	<ul style="list-style-type: none"> - Production and sale of serviced sites.
1986	<ul style="list-style-type: none"> - 17,000 families benefited from housing programs or 34% of urban population.
1987	<ul style="list-style-type: none"> - HA produced about 830 serviced sites. 700 mortgages. 1800 rental flats.
1988	<ul style="list-style-type: none"> - New policy statement adopted by Board and Government.
1989	<ul style="list-style-type: none"> - Public rental board separation.
1991	<ul style="list-style-type: none"> - Loan agreement signed between Housing Authority, Government, World Bank and Asian Development Section.
1997	<ul style="list-style-type: none"> - Out-sourced functions of the Planning and Development section.
1999	<ul style="list-style-type: none"> - Reduction of interest rate from 11.5% to 6% to all customers earning below \$6,500 annually.
2000	<ul style="list-style-type: none"> - Special "Assistance Scheme" to help HA customers who have lost their jobs or reduction in May crisis.
2001	<ul style="list-style-type: none"> - Refinanced expensive loans. - Moving on Package launched with initial Interest rate 5.99%.
2002	<ul style="list-style-type: none"> - Implementation of more intensive and proactive management controls and introduction of Credit management unit.
2003	<ul style="list-style-type: none"> - Celebrated 45 year of Service. - Launching of Sapphire Package with initial rate 4.45%. <p>Highlights of the 2002/2003 Year:</p> <ul style="list-style-type: none"> * The moving on package with its 5.99% first year interest rate proved to be a major success in 2002. * Total loan provided under this package amounted to \$29 million. * The mortgage portfolio grew by 10.6% in 2002 and 875 customers were able to make their accounts good. * On 3rd October 2002 Parliament approved the conversion to government equity of the \$44 million owned moving the Authority from a negative equity position of \$3.4 million in 2001 to a positive equity position of \$38 million in 2002. * The Authority is in the process of designing major subdivisions at Waqadra in Nadi and Housing City in Suva.
2004	<ul style="list-style-type: none"> - HA recorded a surplus of \$2.7 million. HA awarded Waila 3B project to BW Holding Limited for development of 466 fully serviced lots.
2005	<ul style="list-style-type: none"> - HA launched sale of 421 residential lots at its Field 40 sub-division in Lautoka.
2006	<ul style="list-style-type: none"> - Waila 3B sub-division completed, comprising of 466 lots. Most of the lots were allocated resettle squatters.
2007	<ul style="list-style-type: none"> - Despite downturn in an economy Housing Authority recorded an operating profit of \$0.583 million.
2008	<ul style="list-style-type: none"> - 50 years of Housing in Fiji. Land and Housing Development Unit to re-establish.
2009	<ul style="list-style-type: none"> - Opening of the newly renovated Valelevu House. - Launching of the new Wainibuku Sub-Division Project.
2010	<ul style="list-style-type: none"> - Signing of the Commercial Agreement for the Development of Tacirua East stage 2 - Management Restructure - Award of Contract for Waila City to Top Symphony of Malaysia



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