



Housing Authority



Annual
Report
2011

Our Vision

To be the dynamic
leader in housing

Our Mission

The purpose of Housing Authority is to produce affordable and quality housing products and services through;

- Competitive loan packages to all its customers
- Service excellence (customers and employees)
- Servicing the low and middle income groups
- Being socially aware and responsible

Our Corporate Values

- We will encounter all challenges to be the leader in housing
- We will provide excellent services promptly, effectively and courteously
- We will be innovative in meeting the needs of our customers and stakeholders
- We will understand, appreciate and involve all staff
- We will do business in a transparent, ethical and honest manner

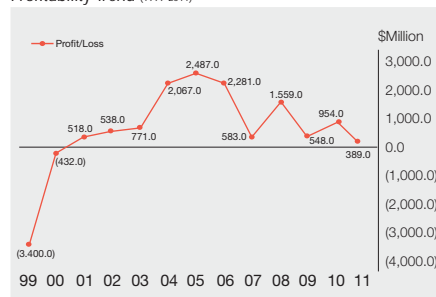
Contents

Letter to the Minister	02
Corporate Governance	03
Organisation Structure	04
Board of Directors	06
Executive Management Team	07
Chairperson's Report	08
Chief Executive Officer's Report	10
Customer Relations Division	14
Land & Housing Development Division	16
Lending Division	20
Finance & Administration Division	22
Financial Statements Contents	25
Directors' Report	26
Statement by Directors	28
Independent Audit Report	29
Statement of Comprehensive Income	30
Statement of Changes in Equity	31
Statement of Financial Position	32
Statement of Cash Flows	33
Notes to the Financial Statements	34-55
Facts & History	56

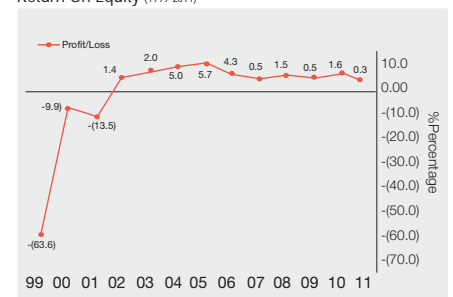


Financial Highlights

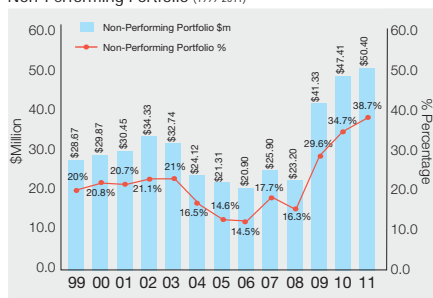
Profitability Trend (1999-2011)



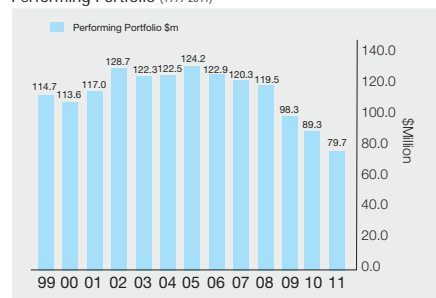
Return On Equity (1999-2011)



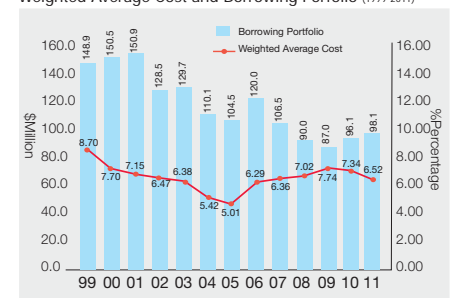
Non-Performing Portfolio (1999-2011)



Performing Portfolio (1999-2011)

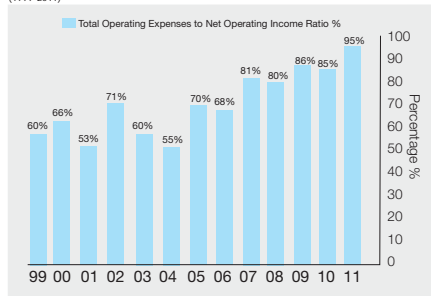


Weighted Average Cost and Borrowing Portfolio (1999-2011)

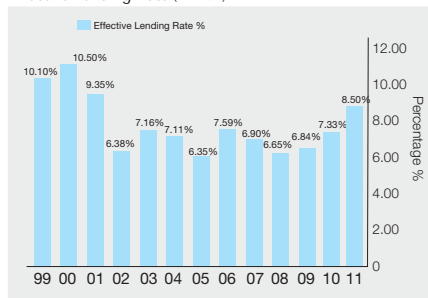




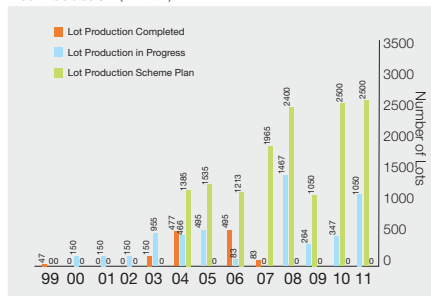
Total Operating Expenses to Net Operating Income Ratio
(1999-2011)



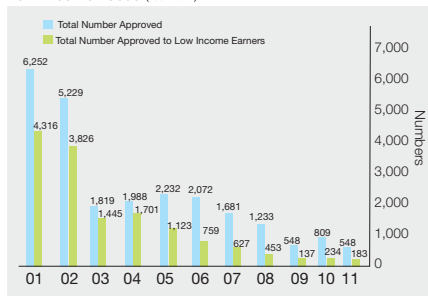
Effective Lending Rate (1999-2011)



Lot Production (1999-2011)



Low Income Focus (2001-2011)



The Housing Authority continued to focus on creating communities that are healthy, clean, safe places to live. The agency also worked to empower residents, providing tools and support to help them take on leadership responsibilities and shape the future of their communities.



Housing Authority

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1st November, 2012

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

Dear Mr. Minister,

Re: ANNUAL REPORT FOR 2011

In accordance with Section 21 of the Housing Act, Cap 267, I am pleased to present the Authority's Annual Report for 2011 which incorporates a detailed summary of its operations and activities including Financial Statements for the year ending 31st December 2011.

For the year 2011, the Housing Authority recorded a surplus of \$0.389m in comparison to a surplus of \$0.954m in 2010.

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

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PO Box 267, Lautoka.
Telephone: (679) 666 0299
Fax: (679) 666 5802

Labasa
FNPF Building, Labasa.
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PO Box 78, Labasa.
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Suva
Level 1, Sukuna House.
Telephone: (679) 330 9570
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Nadi
Queens Rd.
Shop 1 Grand Melanesian
Hotel Namaka.
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Fax: (679) 670 7499

The Board chaired by Colonel 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 the people of Fiji particularly our low income earners. With the launch of the National Housing Policy in March of 2011 and with the Government's theme of "Affordable, Decent and Quality Housing for all Fijians by the Year 2020" in mind, this Board was to ensure that the Authority aligns itself in the right direction towards the fulfillment of this national vision.

Board Composition

The Board comprised of six other directors namely, Fr. Kevin Barr, Mrs Maria Ubitau, Mr Umarji Musa, Mr Petero Daurewa and Mr Adrian Sofield, 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.

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;
- Appointment of the Chief Executive Officer; and
- Approval of the Authority's major Human Resources policies and overseeing the development strategies for senior and high performance executives

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.

Board Meetings

During the year a total of 11 Board Meetings were convened, of which 1 was a Special Board meeting. Attendance at these meetings averaged at 89%.

Board Sub-Committee Meetings

To assist the Board to plan and support its activities and administration, 3 sub-







¹ **Col. Mosese Tikoitoga**
Chairperson

Appointed to the Board on 5th February 2010 Colonel Mosese 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 Republic of Fiji Military Forces and also the Chairman of Fiji Rugby Union Board of Directors.

² **Adrian Sofield**
Board Director

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 Fiji Trade & Investment Board, Investment Fiji, Airports Fiji Limited and Rewa Dairy. He is also the managing director for Adrian Sofield & Associates Ltd.

³ **Umarji Musa**
Board Director

Appointed to the Board on 6th September 2010, Mr. 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.

⁴ **Fr. Kevin Barr**
Board Director

Appointed to the board in 1st March 2008 Father 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 the Peoples Community Network.

⁵ **Maraia Ubitau**
Board Director

Appointed to the Board on 2nd June, 2011. Mrs Ubitau is a town planner by profession and holds a Masters in Urban and Regional Planning from the University of Sydney, Australia. She has over 30 years of experience in town planning and served as Director of Town & Country Planning for 7 years before joining the Ministry of Local Government, Urban Development, Housing and Environment as the Deputy Secretary from 2008 to 2009 and eventually becoming the Acting Permanent Secretary for the Ministry before retiring in 2010. She currently works as a consultant in the urban development and local government sector.

⁶ **Petero Daurewa**
Board Director

Appointed to the Board on 2nd June 2011, Mr. Daurewa holds a Bachelor's Degree in Economics and Accounting from the University of the South Pacific. A brilliant and brut finance person, Mr. Daurewa has worked for various organizations and has held various managerial positions as well until his retirement whilst at the Reserve Bank of Fiji. A community worker since 2007 and currently serves as a Financial Advisor to the Catholic Church of Fiji and is also a member of the Saint Giles Hospital Board of Visitors.



1 Alipate Naiorosui
Chief Executive Officer

A Chartered Accountant by profession Mr. Naiorosui first joined the Authority in 1994 as Manager Finance and later promoted to General Manager Finance & 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. Mr. Naiorosui holds a Bachelor of Arts degree, majoring in Accounting and Economics and Masters of Business Administration from the University of the South Pacific.

2 Sailosi Soqo
General Manager
Finance & Administration

Mr. Soqo joined the Authority in November of 2010 with over 20 years of financial and management experience. Mr. Soqo 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 Fiji.

3 Isikeli Navuda
General Manager
Land & Housing Development

Mr. Navuda 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.

4 Fantasha Lockington
General Manager
Customer Relations

Mrs. Fantasha Lockington joined the Authority in November of 2010 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.

5 Jagdish Prasad
General Manager
Lending

Is the Manager Corporate Governance/Board Secretary and is also the Acting General Manager Lending. Mr. Prasad joined the Authority in 1973 as a Legal Clerk and is one of the longest serving staff spanning a total of 38 years. A tireless and dedicated worker Mr. Prasad has worked his way up through the ranks of the Authority, and has held various senior positions including Manager Legal Services before being appointed to the position of Manager Corporate Governance.



The year 2011 has seen the Housing Authority advance its operations in key areas of housing development.

Most noticeable have been housing programs that sort to address those homeowners who are the most vulnerable of losing their houses due to unemployment or retirement.

In 2011, despite slow growth and recovery from the world recessions and economic downturns, the Authority achieved a profit of \$0.389m against a budget of \$0.836m. Other financial highlights saw an increase in operating income and operating expenses by 15.43% and 12.36 % respectively. While the Authority was able to control its interest expenses, interest income fell 16.86% due to the non-availability of lots to sell. Consequently the total mortgage portfolio for the year experienced a decrease of 4.82%. Despite strong recovery actions the Authority recoded an increase in its non-performing portfolio by 6.31% due to job losses owed to changes in the retirement age. The Authority continued to assist low income earners whose annual income did not exceed \$16,500 and in 2011, out of the 548 loans approved a total of 183 were in this category. Other notable highlights of 2011 saw 92 families assisted under the Social Housing Policy and the launch of the Waila Housing City project.

Launch of Waila City

On 7th January, 2011 the Housing Authority launched the Waila City development to the nation at our head office in Nasinu.

The project is aimed at addressing the huge housing demand in the central division that is expected to produce a total of at least 5000 housing units for all categories of low, middle and high income earners.

Spanning over 700 acres, the Waila City project will be developed in a phased approach

over a span of 10 years taking into account land, infrastructure and housing components.

Waila City will also feature community facilities for primary, secondary and tertiary education, health care centres, commercial and industrial spaces as well as religious and recreational areas that will provide its residents with an environment to live, work and grow.

As this housing project is the first of its kind for the nation and perhaps the region, this year has been dedicated to meeting with various stakeholders from the private, public and community sector to ensure that we address all challenges before the actual development begins.

Top Symphony of Malaysia has been awarded the contract to develop this project and the ground breaking ceremony to begin the construction in the 1st half of 2012.

National Housing Policy

On 30th March, 2011 the nation bore witness to the launch of the National Housing Policy by the Ministry for Local Government, Urban Development, Housing and Environment.

The policy document is the first of its kind that provides a direction for all stakeholders and outlines key outcomes in dealing with informal settlements, village housing, encouraging house construction and ownership. The vision of the policy is to create affordable, decent and adequate housing for all Fijians by the year 2020.

As part of this process, the Housing Authority has played its part in contributing to



Launch of Waila City

Dato' Dr. Shariffudin Wahab of Top Symphony (Fiji) Limited of Malaysia beside the Prime Minister Commodore Voreqe Bainimarama [right] who officially launched the Waila city project on Friday 7th January 2011.

5,000

At its completion the development will deliver 5,000 units.

The projects is currently being undertaken by Top Symphony of Malaysia.



Social Housing Policy

Mr Peni & Losalini Atama (retired) received a full write off their home loan account.

\$0.5m

The Authority used \$0.5 million Government grant to assist low income earners

Customers were assisted through the Authority's Social Housing Policy.

the policy document to ensure that it adequately focuses on addressing the challenges of providing affordable housing to low and middle income families around the country. These families form the focus of all our operations.

This will tie all the building industries, hardware companies, government ministries and non-governmental organizations on what type of housing we can build for our people.

Our role and challenge now as the Housing Authority will be to convert the policy document into tangible programs at community level that meet the vision of providing adequate housing for every Fijian by the year 2020.

Social Housing Policy

The Social Housing Policy was designed to assist vulnerable homeowners around the country who were at high risk of losing their homes due to retirement, unemployment or genuine financial difficulty in meeting their mortgage repayments.

Following a \$0.5m Government grant, Housing Authority was able to write off the home loan accounts of 92 families around the country meaning that the title holders of the properties would now own their houses free of any remaining debt.

Most of the families that qualified from the assistance were retired and many were emotionally moved by the vision of such a policy that directly impacted their lives.

Under the policy, to qualify for assistance homeowners would have had to have paid over 3 times the principal loan amount however this criteria was adjusted down to 2 and a half times the principal loan and eventually 2 times in order to assist more homeowners who met the remaining criteria requirements.

Nation Building

Over the course of this year, the Board and Management have visited various areas around the country that show potential for economic growth and housing need.

This has resulted in tours to Ovalau and Kadavu to explore potential land acquisition sites for housing development taking into account the demand in the area, affordability and type of housing required to meet the need for adequate, affordable and decent housing.

Looking forward the Housing Authority aims to stand true to its corporate values of overcoming challenges related to affordable and adequate housing developments, providing excellent customer service and to yield housing solutions for all Fijians.

On behalf of the Board of Directors, I am pleased to present the Annual Report for the Housing Authority of Fiji for the financial year ending 31st December, 2011.


Colonel Mosese Tikoitoga
Chairperson



An artist's impression of the Waila Housing City project.





This year has seen the Housing Authority move forward in championing different facets of encouraging homeownership across the nation.

The Annual Report for 2011 will highlight the financial performance of the organisation as well as other programs undertaken to strengthen our function as the dynamic leader in housing.

The Financial year for Housing Authority experienced a decrease in profit from \$0.954m in 2010 to \$0.389m in 2011.

Financial Performance Highlights

- A profit of \$0.389m was achieved for the year against a budget of \$0.836m. Compared to the 2010 financial year the 2011 profit represents a decrease of 59.22% over last year's profit.
- Return on Equity achieved was 0.67% against target of 1.50%.
- Total operating income decreased by 15.43% from \$11.619m in 2010 to \$9.826m in 2011.
- Total operating expenses decreased by 12.36% (or \$1.318m) from \$10.665m in 2010 to \$9.347m in 2011.
- Interest income decreased by 16.86% from \$11.951m in 2010 to \$9.936m in 2011.
- Interest expenses decreased by 0.68% from \$6.633m in 2010 to \$6.588m in 2011.
- Total Performing Loans portfolio decreased by 10.74% from \$89.32m in 2010 to \$79.73m in 2011.
- Total Non-Performing portfolio increased by 6.31% from \$47.41m in 2010 to \$50.40m in 2011.
- Borrowing portfolio increased by 2.08% from \$96.1m in 2010 to \$98.1m in 2011.

Non-Financial Performance Highlights

- A total of 548 customers and families were provided new housing and other related financial assistance compared to 809 families in 2010. More information is provided in Customer Relations Divisional Report.
- A total of 183 low income families with income on or below \$16,500 per annum were assisted. This represents 33.4% (target is 50%) out of the total of 548 customers assisted.
- A total of 92 families were assisted under the Social Housing Policy throughout the year. These families were scrutinised under a strict criteria to identify customers with genuine financial hardships and were assisted with funds from the Government Grant. The Housing Authority shall continue to assist these customers as part of its corporate social responsibility.

Housing Assistance Programme for Low Income Earners and Squatters

Under our mandate, Housing Authority is charged with its responsibility to provide housing 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

\$0.389m

The Authority recorded a profit of \$0.389 million for 2011.

Compared to the 2010 financial year the 2011 profit represents a decrease of 59.22% over last year's profit.

183

A total of 183 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.



Tacirua East Stage 2

Housing Authority chairman and senior executives tour the Tacirua East Stage 2 subdivision which is currently under construction.

\$1.82m

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 \$1,818,532.30 with a loss ratio of 125%.

A total of 63 customers were assisted through the Mortgage Protection Insurance.

market. The Authority will remain committed and focused in the coming years to address this problem.

Human Resources & Industrial Relations

According to our Employee & Industrial Relations plan, Housing Authority recruited 39 new members of which over 60 percent were to consolidate our Land and Housing Development team.

The corporate image of the organization was enhanced with the issuing of the new Housing Authority uniform which also revamped the staff morale. The introduction of smart attire for those that work on Saturdays also contributes toward this common goal of enhancing our image.

Work Life balance is an important facet of developing our staff holistically and throughout the year, staff members actively participated in sporting activities every Wednesday between 3:30pm to 4:30pm and also took part in various business house competitions around the country.

For the year a total of 29 training programs were conducted which saw 65 percent of our total staff register of 137 received specialised up skilling support in the area of customer service delivery, treasury, information technology, credit and debt recovery management and professional development.

There were 11 staff members who were sponsored by Housing Authority toward achieving Diploma's, Bachelor's Degrees and Master's Degrees in the area of Land Use Planning and Management, Marketing, Business Administration and Finance. This is in line with ensuring that we continue to tangibly contribute to the educational aspirations of our team members and our organisations future growth needs.

The Performance Management System is under review with the proposal to have a much improved system to manage, foster and reward strong staff member performance. There has been some research done into the balance score card as a mechanism to recognise performance and will be finalized in 2012.

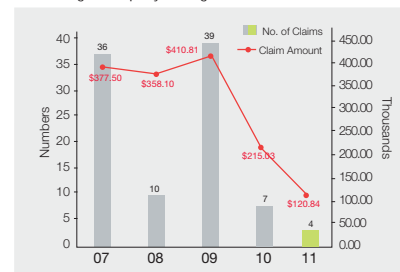
Insurance Services

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 competitive insurance premium for both the covers.

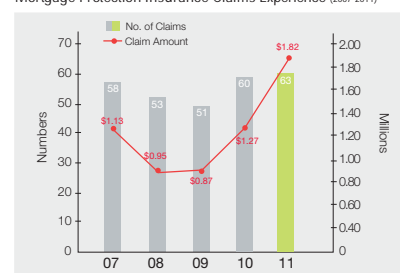
During the year under review, our Housing Insurance cover paid 2 claims for fire damage and 2 claims for property damage amounting to \$120,837 with loss ratio of 24 percent. This loss ratio indicates a decrease from 49 percent for 2010 which indicates that decrease in fire and property damage and we continue to insure both performing and non-performing loan accounts to ensure that all our home owners are provided with insurance protection.

Fire Damage & Property Damage Insurance Claims (2007-2011)



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 \$1,743,079 with a loss ratio of 119%.

Mortgage Protection Insurance Claims Experience (2007-2011)



Through our Group Health Insurance Cover for home loan account holders, Housing Authority 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.

Legal Counsel

The Legal Counsel provides legal advice to all Housing Authority branches located in Lautoka, Nadi, Suva, Nasinu and Labasa where legal advice and court matters (litigation) is the hub of duties. Litigation is instituted to provide Housing Authority legal relief when Debt Recovery fails as an internal means to recover debts.

There are 13 cases against Housing Authority which was pending in Court for resolution, out of which 8 was resolved. The biggest case was the Matavolvoli case of Nadi wherein Terms of Settlement was entered between the parties and Housing Authority honored its terms of Settlement by carrying out the structural maintenance of 60 houses with their accounts being restructured; from 26 cases registered for eviction for vacant possession, we were able to deliver 24 vacant properties to the new buyers.

For the year 2011, Housing Authority has spent almost \$ 189,450.66 outsourcing litigation matters which was largely attributed to the settlement of the Matavolvoli stage 1, Nadi subdivision court proceedings. As such a review of the Panel of Lawyers was done, and HA now have fresh panel Fiji wide to assist us from time to time. Taking into consideration our substantial dealings with the international contractors especially from China and Malaysia which involves the drafting of cross border contracts, LC department for the first time has included in the panel a prominent international law firm from Sydney, Australia.

The department is also actively involved in the discussion and drafting of the Waila City Contract with our Malaysian Contractor, namely Top Symphony, which is the biggest project for HA and in Fiji to take place, which we intent to sign in 2012.

Public Relations & Communications

During 2011, Housing Authority continued to engage with the media in order to improve our corporate profile and respond to public opinion.

A total of 17 press releases were issued during the year and 14 radio talk back shows were conducted in English, iTaukei and Hindi, 2011 also saw a strong drive to improve our electronic communications platforms through the introduction of a Housing Authority fan page on Facebook that has generated noticeable responses regarding our development projects, customer relations and lending enquiries.

Key issues in relation to our customer relations procedures, mortgage sales and home loan process was highlighted through our engagement with the radio talk back programs and Housing Authority continues to use every opportunity to clarify these areas of our organisations operation.

The introduction of an email subscriber service to keep interested persons up to date on our operations and an approved budget for the redesign of the corporate website will see the Housing Authority communicate stronger with Fijians residing in Fiji, across the region and internationally through these new media channels.

Audit

As per the Internal Audit Charter for Housing Authority, the internal audit team provided 4 quarterly reports to the Board Audit Sub-Committee and Board for approval and implementation of findings by management.

To ensure that all loans met the policies and criterion for approval, the internal audit

team carried out independent examination of at least 400 loan applications for compliance signoff for this year.

Looking Forward

As we look toward into 2012 and beyond, the Housing Authority will need to remain innovative in its approach to housing the nation and key components of that lie in resolving strategic issues that currently hinder our ability to effectively meet core objectives of affordable, decent and quality housing for every Fijian by the year 2020.

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

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

Finally I wish to express my gratitude to the Board Chairperson, Board Directors and members of the Ministries of Housing, Finance and Public Enterprises for their continued guidance and support during this year and into the future.



Alipate Naiorosui
Chief Executive Officer



Hindi Talk Back Show
HA Representatives Mr Ajay Singh & Mr Laukesh Raj during a Hindi radio talk back show.

Housing Authority sends sick customer to India

Samson Nabiliyals
Thursday, December 22, 2011

TWO Housing Authority customers will travel to Bhatra Hospital in New Delhi, India, next Monday for treatment under the authority's health insurance policy.

David Rajendra Mani of Sakoka Settlement in Tamavua purchased land in 2008 and will be accompanied by his wife Renuka Devi Naidu for cardiac treatment.

A statement from HA said the trip was made possible by his health insurance cover from Housing Authority.

Under the health insurance cover, the insurance company requires a "written opinion to verify the diagnosis if an HA homeowner is diagnosed with cancer.

Upon meeting these conditions, the authority is able to provide its customers covered under the policy, with medical treatment in India.

Authority CEO Alipate Nakorosi said the insurance policy was introduced in 2008 to assist customers with cancer.

Over 6000 homeowners are covered under the policy, with medical treatment in India.

The cover ensures that the remaining balance on the

"The health insurance cover treatment and also cover Housing Authority is an Nakorosi said.

Since 2008, Housing Authority has successfully treated



Housing relief

Amerson Trust
Tuesday, July 18, 2011

A RETIRED man was happy yesterday after the Housing Authority wrote off his home loan.

Mohammed Yusuf, 72, of Tutuila in Lalotia said he and his wife could not have hoped for anything better.

and he bought with the

had to run through school

by that the Housing Authority writing off my loan of about \$1000

only could not have come at a better time because I

and I had received after my retirement and from

known are living on their own and I don't get any kind

to make the requirement if the Authority had not

Gabriel said Mr Yusuf was helped under the social

in January

of existing existing home owners who had paid

in 2008, have helped or can provide assistance financial

of over \$1000 of Mr Yusuf's home loan account

single have to worry about making the housing

write off 17 home loans

3. More than 50 home loans valued at more than \$1

HA chief supports council campaign

Ennis Baines
Monday, March 20, 2011

HOUSING Authority chief executive Alipate Nakorosi is in support of the Consumer Council's campaign for an investigation into the financial sector.

He said the council was fulfilling its role as the watchdog for the consumers.

"We support it," he said.

"At the end of the day, we are all consumers."

The Consumer Council last week said it would conduct an investigation into the financial sector in the next two and a half months.

This after it received a submission from the Consumer Council which had conducted a study

on the banking services and products.

The report claimed the banks were uncompetitive and charged fees that were too high

for mortgages with all three properties of the customer, including his

and questioned why the bank did not opt to sell only one property to

reduce the balance of the customer's loan.

"The customer's lawyer who was also on the bank's panel of lawyers

was trying to assist their customers through their social

three times the principal

customers who have

the home loan

than \$1000

the bank

the bank

the bank

the bank

the bank

the bank

the bank



A photo of Mr Yusuf

Kumar family applauds Housing Authority

Amerson Trust
Tuesday, July 18, 2011

Mr Kumar and his wife Sharon Lata 52, have been living with their son in Narens, Narens, for about 34 years.

"I thank the Housing Authority for the assistance they have done for my family," Mr Kumar said.

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A photo of Mr Kumar and his wife Sharon Lata

New style

Ennis Baines
Monday, March 20, 2011

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Foreign investors here to explore

Amerson Trust
Tuesday, July 18, 2011

explore opportunities in affordable housing projects and infrastructure developments.

The delegation met the chief executive officer of Housing Authority and Government officials yesterday.

"They have shown expressions of interest and made submissions on how they had shown interest in

constructions in the housing sector.

This is the first time that the delegation met the chief executive officer of Housing Authority and Government officials yesterday.

One of the delegation members said they were interested in the housing sector.

"We like to transact and move ahead

Mr Nakorosi said the delegation at Bureau (FTB) yesterday.

The team is according to the Western Division I

The team is according to the Western Division I

The team is according to the Western Division I

A policy worth of praise

Amerson Trust
Tuesday, July 18, 2011

no face genuine financial difficulty.

find such initiative by any commercial firm or statutory body and brings with it a sense that the authority is

ally taking its corporate responsibilities to heart.

The authority has shown by this policy that it genuinely cares for its clients and will help wherever it can

enter thought of this initiative because their home loan accounts written off with a total value of

in fact a total of 64 families have had their home loan accounts written off with a total value of

proving Authority chief executive officer Alipate Nakorosi said.

empowered targets our customers who have paid more than two-and-a-half times the principal loan amount, are

home ownership in the dream of many in this country who spend almost all their working lives trying to do just

Housing Authority assesses Levuka

Shavreet Chand
Wednesday, February 16, 2011

AN assessment of the demand for housing in the old capital was conducted yesterday by the Housing Authority (HA).

This follows a meeting between HA senior management and Pacific Fishing Company executives late last year - the intentions being an assessment of housing needs and to

ascertain if HA should extend its development plans into Levuka.

"The team is being sent to establish the demand for affordable housing in the area but also

to establish a new housing sub-division.

The results of the quantitative analysis allows the Housing Authority to

understand the need for housing in the area

understand the need for housing in the area

A home and heart

Amerson Trust
Tuesday, July 18, 2011

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Customer service continued to be a key focus to the Customer Relations Division. Customer surveys were introduced to understand customer requirements better and a review of service areas was carried out that resulted in improvements to enquiry handling and application processing arrangements throughout the branches. As well, new product information brochures were introduced to ensure customers were better informed on the Authority's product offering and services.

Marketing

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. To lift the Authority's corporate profile and ensure a positive image was maintained, marketing initiatives included steady, scheduled advertising through radio and newspapers, radio talkback shows to discuss product information and high profile roadshow participation. This resulted in an increase in customer enquiries and customer demand surveys for the Authority's new sub-divisions for house and land lots. A total of 8484 demand surveys were collated in 2011 for proposed land developments around Fiji.

Subdivisions of Interest	%	No of Forms
Tacirua East	37.92	3179
Waila City	28.63	2400
Wainibuku	7.85	658
Nepani	12.21	1024
Korovou	0.81	68
Savusavu	1.93	162
Matavolivolvi	6.15	516
Tavua	2.05	172
Namosau	0.26	22
Wagadra	0.25	21
Sabelo	0.01	1
Field 40	0.33	28
Malolo	0.01	1
Tavakubu	0.20	17
Lautoka	0.29	24
Natadola	0.10	8
Levuka Ovalau	1	83
Total	100	8384

Residential Home Loans

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.

Loans Approved

Total value and number of loans approved in 2011 are shown in Table 2 below. A total of 551 loans were approved with a value of \$12,428,471, of which 44% were for house and land purchases, and 19% for home repairs/extensions.

Loan By Product (Jan-Dec 2011) - Table: 2		
Loan Details		Grand Total
House Sales/Loan	141	7,534,325
Renovation/extension/repair loans	107	1,996,829
Land Sales	93	1,707,839
Personal Loans	200	893,864
Mortgage sales	10	295,614
Total	551	12,428,471

Low & Medium Income focus

121 low-income customers (income below \$16,500) were assisted in 2011 with a loan value amounting to \$1.7m. This amount reflected 23% of the total number of approved loans. 165 medium income customers (\$16,500-\$25,000) made up 32% of the loans approved.

Land Sales

With no new land lots due for release for sale in 2011, the division through its branches in Lautoka, Nadi, Suva, Labasa and Valelevu, reviewed the Authority's list of



Customer Relations
Customer Relations Executive Fulori Rabuka assists an existing homeowners with his inquiry.

\$12.43m

A total value of \$12,428,471 of loans were recorded in 2011.

A total of 551 customers applications were processed during the year.

\$0.85m

A total \$850,000 worth of old stock and foreclosed properties was sold in 2011.

This represented old stock of lots and foreclosed properties.

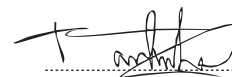
old stock and foreclosed properties to evaluate opportunities for disposal through cash sales and loans. This resulted in \$850,000 worth of stock sales.

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. Front line staff with competent customer service abilities are encouraged to sort complaints at front line level and offer structured solutions immediately wherever possible.

Human Resource Development

Staff development continued with in-house service training, job rotation within branches and the completion of tertiary courses encouraged. Staff were also encouraged to get their driving licenses if not already qualified to increase the number of licensed drivers within the Customer Relations pool. This in turn improved productivity and customer contact and service reach for all branches.



Fantasha Lockington
General Manager,
Customer Relations



1.



2.



3.



4.

1. Housing Authority representatives explain the Waila City project to His Excellency, the President Ratu Epeli Nailatikau during the National Housing Exposition.
2. Customer Relations Executives serving existing home owners.
3. Customer Relations Executives serve customers during the Waila City launch.
4. Customer Relations Executives on tour in the western division as part of its marketing activities.



During the 2011 year the Division in-house capabilities have been strengthened and all the planning, design and project management of proposed projects are now being carried out with the staff and personnel within the Division.

Hence a number of projects are now in the pipeline with works being carried out on identified projects, based on demand surveys carried out in major areas of the country.

Background Information

Over the coming months and following years there will be a number of projects moving from planning, investigation, engineering design and construction and project management. In addition there are several key areas where land has been identified for acquisition or leasing and this is also going to contribute positively to the land-bank of the Authority for future development needs.

The Division also works closely with other divisions such as Finance & Administration; Customer Relations to ensure the developments are within budgetary allocations and meet the affordability criteria of our future customer base.

During the year there have also been numerous discussions held with potential investors in housing from Australia, China, Malaysia and Canada. These initiatives are also promising for the future as new construction technologies, financing arrangements and house models are being proposed, aimed at providing affordable housing.

With this new focus the Authority has formulated and is working on its 10 Year Land & Housing Development Plan. This Plan acts as a guide towards the realization of this important national objective of providing decent, quality and affordable housing for all, as per the National Housing Policy approved and implemented by the Government.

Land Identified For Acquisition

The following areas have been identified for acquisition and are in various stages of the process.

Central/Eastern Division

- **Korovou Land**
- Pending Development Lease Offer from TLTB
- **Sakoca Land**
- Awaits waits LOU Confirmation
- **Waila**
- Methodist Church Land - Pending further negotiation
- **Nadali Land**
- Pending further negotiation
- **Vuma [Ovalau]**
- Pending further negotiation
- **Kadavu Land**
- Pending LOU Consent [application for lease lodged]

Western Division

- **Field 40, Lautoka**
- Pending Land's offer [Lease application lodged]
- **Delainatabua, Lautoka**
- Pending further negotiation
- **Legalega, Nadi**
- finalizing the acquisition of 60 acres.
- **Votualevu, Nadi**
- areas have been identified.

Northern Division

- **Nabouwalu**
- Pending further negotiation [Lease application lodged]
- **Taveuni**
- Naqara, Pending further negotiation [Lease application lodged]

\$1.1b

The Authority has identified projects it will undertake over a period of 10 years with a total costs of \$1.1 billion.

The Authority is targeting to deliver 18,488 lots and units. The lots are not only for residential but also for commercial and industrial purposes.



An artist's impression of the Walla Housing City project.

2,000

Construction works for phase: I of Waila City has commenced.

At its completion, phase: I will deliver a total of 2,000 units.



Land Development

Initial earth works have begun at the Waila city project site.

81
Lots

The Authority is targeting to deliver the first batch of lots from its Tacirua East Stage: 2 development in early 2012.

The Development is targeted to deliver a total of 1,050 lots.

Projects in Planning, Investigation, Design

Central/Eastern Division

Waila City

- i. A Master Agreement has been formalized and is with the international lawyers for final vetting. This is expected to be signed in early 2012, which then maps out the deliverables for the Supplementary Agreements to govern the development of the seven Phases.
- ii. The LHD (Land and Housing Development) team in consultation with the Board has finalized standard layouts for the residential units proposed for Phase 1. A total of 1736 residential units will be developed in this phase.

- a. Type 1 - 4 Storey Barrack, 17 blocks of 56 units each. A total of 952 units with 680x2BR, 272x3BR units
- b. Type 3 - 4 Storey Barrack, 4 Blocks of 40 units each. A Total of 160 residential units from first floor. The ground floor would have 48 commercial units, and 8 community - purpose units. These would deliver 112x2BR and 48x3BR units.
- c. Type 4 - 4 Storey Flats, all 2 bedrooms, 17 Blocks of 16 units each, 272x2BR units in total.
- d. Type 5 - 4 Storey Flats, all 3 Bedrooms, 8 blocks of 16 units each, 128x3BR units.
- e. Type 6 - Single Storey Terrace, 45 blocks of 4 or 6 units. A total of 224 units, made up of 134x2BR units and 90x3BR units.

- iii. The design-build contractor Top Symphony SDN BHD is finalizing the design and engineering plans for Phase 1.

A Supplementary Agreement will then be formulated to govern the construction and delivery of Phase 1.

- iv. Construction of Phase 1 is expected to start in October 2012.
- v. Major infrastructure components are also being designed with the major stakeholders to ensure minimum disruptions and damages to existing infrastructure on the site, while providing adequate capacity for the future City.

Nepani Stage 2

- i. Redesign of the scheme is currently underway.
- ii. This will be followed by infrastructure engineering and design leading up to construction by February 2013.

Western Division

Tavua

- i. LHD team is reviewing the initial approved scheme and engineering, and a revised design will be complete by mid-2012.
- ii. Expression of Interest for construction will be called in July 2012 for delivery of 50 lots.

Matavolivoli 2, Nadi

- i. Redesign had been necessary due to the high cost of development arising out of earlier construction tenders.
- ii. This is underway and will be re-advertised for construction by July 2012, to deliver 420 lots between end of 2012 and mid-2013.

Natadola, Nadroga

- i. Topographical data has been obtained from Lands Department, and the LHD team is drafting a Terms of Reference to carry out the geotechnical, environmental and infrastructure investigations.
- ii. The report of this investigation will enable the LHD team to prepare a scheme plan to include at least 500 low income residential lots within the whole scheme of a planned 800 lots.

iii. There are infrastructure issues affecting this area and the LHD team is working closely with stakeholders to allow for provisions within national budgetary provisions.

iv. The first Phase of construction is expected to start in June 2013.

Waqadra, Nadi

i. This site has been in the land-bank for a number of years and the LHD is considering more effective use of this land.

ii. A number of proposals have been prepared over the years to develop this site, and these are being reviewed.

iii. Given the likelihood of flooding to a part of this land, and with the high expected cost of development, the final proposal will need to take this into account.

iv. Some investigations have also been carried out earlier, which are being reviewed as well.

Northern Division

Naqere Subdivision

i. Earlier attempt at development was halted due to lack of demand. However recent demand surveys carried out indicate good possibilities for sale.

ii. The LHD team is reviewing the initially approved scheme and engineering, and a revised design will be complete by mid 2012.

iii. Expression of Interest for construction will be called in July 2012 for delivery of 45 lots by mid 2013.

Projects Under Construction

Tacirua East 2

i. Phase 1B is completed with 81 lots ready for sale.

ii. Further Phases are under development and expected deliveries are in 2012 through 2014, of over a 1000 lots and houses.

a. Phase 1A	402 (end 2013)
b. Phase 3a	200 (September 2012)
c. Phase 2	360 (August 2014)
TOTAL:	1,043

Nepani 2

i. Bulk-fill of the site to be completed from material sourced in Tacirua East 2 Phase 1A by September 2012.

ii. Infrastructure designs had been approved in 2008, however revisions are now necessary due to environmental issues raised by stakeholders. Issues such as rising sea-levels, and increased rainfalls are a concern since this is a low-lying area.

iii. The initial scheme had a yield of 175 single lots and 250 multi-storey units. This is being reviewed by the LHD team for increased yield.

iv. The infrastructure construction is expected to commence in February 2013 following completion of fill and monitoring of settlement.

Wainibuku

i. The earlier contract has been terminated due to quality assurance and performance and other issues.

ii. A new expression of interest is now formulated and construction to start in early 2012 with a new contractor. The development is now being done in phases, with at least 171 lots to be delivered between later 2012 and early 2013.

Housing Units

The LHD team is working with potential suppliers for various house types and building models, including steel-framed construction, in addition to the conventional timber and concrete models currently available to our customers.

Over the coming year this will be developed further to ensure affordable and quality housing options are available for potential customers. There are several promising models which are being investigated further for standard compliance, material durability,

171 Lots

The completion of the Wainibuku Project has been tendered.

At its completion this development is set to deliver a total of 171 lots.

175 Lots

300,000 cubic meters of soil is currently being transported from Tacirua for landfill at the Nepani Stage: 2 subdivision.

At its completion the development will deliver 175 single lots and 250 multi-storey units.

420 Lots

The construction of our Matavolivoli Stage: 2 subdivision has been tendered.

At its completion the development will deliver a total of 420 lots.



Land For Housing Development
The proposed site for housing development in Natadola, Nadroga.

eco-friendliness, quality and affordable living. These investigations and discussions will lead in to possible commercial arrangements with the respective suppliers. As the residential lots become ready for sale, these house models will offer various options which customers can choose from for varying sizes, materials, types and levels of affordability.

The use of energy-efficiency measures in house design and construction is also being researched including the packaging of Solar Power Generation with the overall mortgage product to enable customers to capitalize on these technologies as well.

Major Achievements

January 2011 saw the official launch of the Waila City project, which is the first of its kind for Fiji and is a major undertaking for the Housing Authority, and the LHD team. Tacirua East 2 Phase 1B was to be completed by December 2011 but inclement weather hampered the works. However the LHD Project Team and the contractor China Railway First Group Ltd continue to work diligently to have this Phase of 81 lots completed in early 2012.

The 45acre development of Wainibuku, had been advertised for construction and development is expected to commence in early 2012.

The consultative process has been further strengthened within the team as well as with other Divisions ensuring quality decision making and knowledge sharing is achieved.

The growth and development of our team continues to be a priority to improve our capacity to deliver developed products to the organization, the customers and the nation.

The in-house LHD team and capacities have also increased with hiring of new architectural, properties, land management, engineering, and surveying personnel. Additional survey equipment and specialist accessories have also been acquired and put into effective use. Engineering and surveying software continues to be upgraded to meet the requirements and specifications of the industry, and on-going specialist training scheduled for 2012.

Squatter Management has been quite effective and is currently under-control at all undeveloped sites around Fiji. Property services continue to be provided at all centers, including on-going maintenance of Strata units. The management of customer complaints has also been very effective and revenue continues to be collected from providing consents.

Strategic relationships are also being formed with City and Town Councils around the country, as well as with iTaukei Land Trust Board, Water Authority of Fiji, Fiji Revenue and Customs Authority and Fiji Electricity Authority to ensure on-going cooperation with all stakeholders.

Isikeli Navuda
General Manager,
Land & Housing Development



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.

TAs at 31 December 2010, the Authority had a customer base of 21,032 customer accounts. The total mortgage portfolio at the end of the year was \$130.13m compared to \$136.73 in 2010. 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 \$79.73m compared to \$89.32m in 2010. 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).

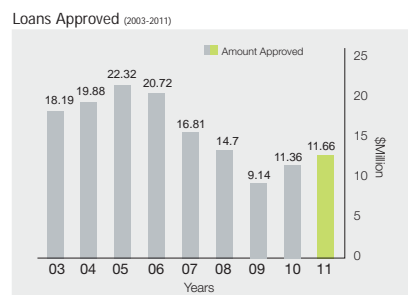
Loan Approvals

The Approvals Department is responsible for approving quality loans 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. Scheduled monthly meeting with the Customer Relations Division continue as we try to minimize the number of deferred and declined cases and to ensure quality loan assessment.

The total loans approved in 2011 were \$11.66m compared to \$11.36m in 2010.

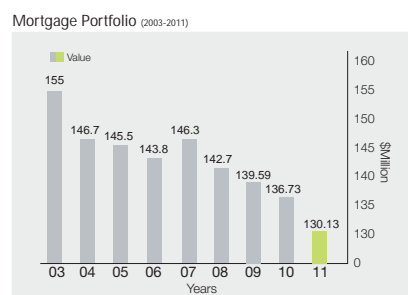
A total of 548 customers were assisted during 2011 and most customers obtained loans to purchase ready-built houses.

The bar graph below reflects the loans approved in 2011 and illustrates the trend of loans approved by the Authority over the last nine years:



Mortgage Portfolio

The total mortgage portfolio at the end of the year was \$130.13m, compared to \$136.73m in 2010. 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 nine years:



92 Families

The Authority through its Social Housing Policy has assisted 92 families with genuine financial difficulties.

The Government has given the Authority an additional \$2 million for this purpose.

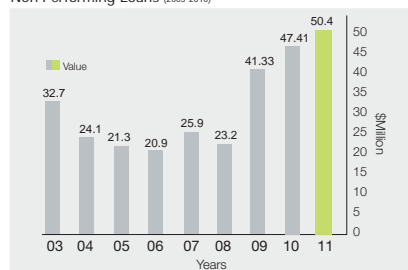


An artist's impression of the Walla Housing City project.

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. At the end of 2011, the non performing loans were \$50.40m compared to \$47.41m at December 2010. This is equivalent to an increase in NPL of about 6.3%.

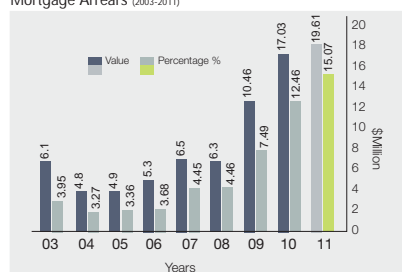
Non Performing Loans (2003-2010)



Arrears

Mortgage arrears stood at \$19.61m or 15.07% of the total Mortgage Portfolio as at December 2011 compared to \$17.03m as at the same period in 2010 or 12.46% of the Authority's total loan portfolio against a target of 2%. The bar graph below illustrates the trend over the last nine years:

Mortgage Arrears (2003-2011)



Recovery of Loan Arrears

The Authority continued to pursue debtors who were behind in their loan repayments. Two teams were formed, one team managed accounts from falling into arrears and the other team was responsible for the recovery of the arrears. The Authority provides every opportunity for defaulting customers to resume payment and retain their homes. The Authority continued with its strategy to meet with all defaulting customers before advertising their properties for mortgagee 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 2011 were \$9.36m for 489 customers.

A total of 343 customers were assisted through the transfer of their Fiji National Provident Fund monies during the year and the total sum of \$5.13m 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.

Total Village Loan Portfolio as at December 2011 is \$10.23m compared to \$10.54m at the end of 2010. The Performing and Non Performing portfolios up to December 2011 were recorded at \$2,339,670 and \$7,891,825

respectively. Village scheme recorded arrears of \$2,446,946.

Social Housing Policy

In 2011, the Government approved Social Housing Policy to utilise government grant funds to assist customers who have paid more than three times the loan amount and are retired, unemployed and are facing financial difficulties to repay the debt.

Under this scheme, the Authority assisted 92 customers in 2011 by writing off their debts totalling \$1.4m, that is, \$0.53m from government grant funds and \$0.87m from the Authority.

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.


Jagdish Prasad
 General Manager,
 Lending



Social Housing Policy recipient and single parent Siteri Burton [left] receives her letter from HA Lending Executive, Vilimaina Davu.



Mr Iliesa & Litia Vatanitawake with their letter stating that their home loan was written off.



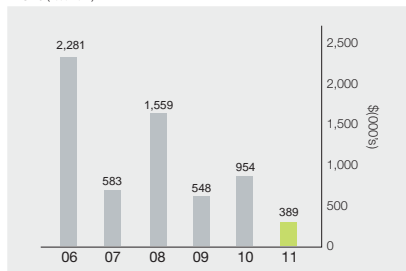
The Finance & Administration Division comprises of three (3) departments mainly, Finance Department, Information Communication Technology (ICT) and Administration Department.

1. Profitability

The net profit for 2011 was lower than previous year by 59%. Some of the major contributing factors were:

- Reduction in mortgage portfolio and increase in non-performing loans.
- Reduction in interest income as a result of reduced mortgage portfolio.

Profit (2006-2011)

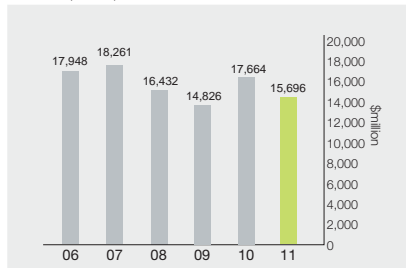


2. Revenue

As compared to the previous year, revenue declined and registered a decrease of 11.1%.

Additional interest income of \$166,000 was generated from investments of surplus for short term period. Other operating income that are, fees & charges and profit on sale of land and houses increased by 7.6% and 26.1% respectively.

Revenue (2006-2011)



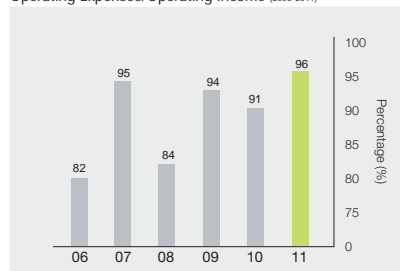
3. Expenditure

Interest expenditure was \$6.59m as compared to \$6.63m in 2010. The reduction of 1% was achieved by early redemption of high interest bonds and capitalization of interest expenses for local funding to ongoing land development projects. The Authority met all its financial obligations including principal and interest on timely manner.

The operating expenditure reduced from \$10.08m in 2010 to \$8.72m in 2011. Personnel costs reduced by 1.2% in 2011 and other operating expenses reduced by 16.9% for the same period.

Efficiency ratio (operating expenses/operating income) was 96% in 2011 as compared to 91% in 2010.

Operating Expenses/Operating Income (2006-2011)



4. Finance Management

The business environment continued to be low in 2011 as the mortgage portfolio declined and new lots were not delivered as expected. The Authority continued with stringent measures to reduce costs, improve sales and loan quality.

\$15.7m

As compared to the previous year, revenue declined and registered a decrease of 11.1%.

Additional interest income of \$166,000 was generated from investments of surplus for short term period.



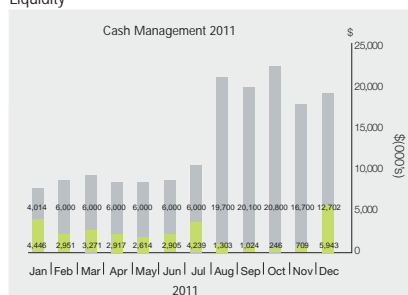
Housing Authority staff members continually undergo training to improve our services.

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

Liquidity

Monthly Cash Balances

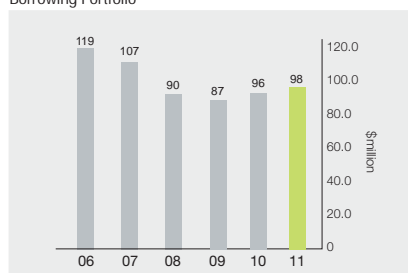
Liquidity



5. Borrowing Portfolio

The total borrowing portfolio of the Authority was \$98.1m in 2011 as compared to \$96.1m in 2010. The total portfolio increased by \$2.0m. The borrowing portfolio consisted of \$80.1m bonds, \$1.6m FNPf loan and \$15.5m loan from Exim Bank of China. The Weighted Average Cost of Borrowing (WACB) was 6.52% in 2011 as compared to 7.34% in 2010.

Borrowing Portfolio



Administration Department

The Department is under the responsibility of Senior Administration Officer (SAO), Mrs. Nina Simmons, who is a graduate from the Fiji National University (FNU) with a

Bachelor of Commerce in Management (BCom) and also holds a double Diploma in Management and Office Administration. Prior to taking up her new position, she was a Personal Assistant to the General Manager Finance & Administration within the same Division.

The Administration Department is a support function of the Authority and is tasked to ensure efficient provision of office services and general administrative support throughout all HA offices. These services include:

- Registry
- Telecommunications
- Office tenancy and Environment
- Contract management
- Motor vehicle management

The Finance and Administration (F&A) Division had written all its current policies which were approved by the Board in 2011 and to be reviewed regularly. In addition, eight (8) Project Officers were recruited and their terms of employment contract were for one year which will later be reviewed for extension or termination.

With the new proposed IT data and financial systems being planned for the next ten to sixteen (10-16) months and new projects at Tacirua and Waila City commencing soon, the Finance and Administration (F&A) Division is looking forward to a future challenging period for future years to come.

Information System - ICT

The Department is managed by Mr. Onesimo Pasikali, an IT graduate with a Bachelor of Science (BSC) from the University of the South Pacific (USP). He joined HA in January 2011. Prior to this appointment he was Manager ICT for TPAF, Manager ICT Fiji School of Medicine (FSM), and Manager ICT Operation Fiji National University (FNU).

The Information & Communication Technology (ICT) Department is tasked with the management and administration

6.52%

The Weighted Average Cost of Borrowing (WACB) was 6.52% in 2011 as compared to 7.34% in 2010.

The Borrowing Portfolio of the Authority stood at \$98.1 million in 2011.



Housing Authority staff members prepare for the Fiji Day march in Lautoka.

96%

Efficiency ratio (operating expenses/operating income) was 96% in 2011 as compared to 91% in 2010.

The operating expenditure reduced from \$10.08m in 2010 to \$8.72m in 2011.

of the overall spectrum of IT in Housing Authority. Its ultimate objective is to support the core business by using Information Technology as an enabling tool to provide a conducive and innovative work environment. In doing so they play a key role in assisting Housing Authority achieves its strategic mission and deliverables.

2.1 The Key Deliverables of 2011 were:

- Change of department name from MIS to ICT.
- Independent Audit of the IT physical infrastructure by a third party. Recommendations from this independent audit formed the basis for future strategy and direction.
- New and Revamped IT Policies.
- Extensive and in-depth in-house audit of existing Lendsphere system.
- Presentation to the board of the major findings and flaws in our core lending Lendsphere system with recommendations.
- Board took decision and approved recommendations to replace Lendsphere with a supporting independent opinion from ITC.
- Switchover of ISP and upgrade of internet bandwidth from Connect (TFL) to KidaNet.
- Switchover of WAN infrastructure from conventional TFL copper leased lines to Vodafone IPVPN Cloud. With this switchover WAN capacity also increased significantly at almost no additional cost.
- NEW UPS and Power Backup system for Housing Valelevu and all remote offices.
- Major Server and Network Upgrade which includes new Blade Centre, Windows Server 2008, Exchange Mail Server 2010, TMG Internal Software Firewall, External Cisco Hardware Firewall, SQL 2008 Database Engine.

\$6.59m

Interest expenditure was \$6.59m as compared to \$6.63m in 2010.

The reduction of 1% was achieved by early redemption of high interest bonds and capitalization of interest expenses for local funding to ongoing land development projects.


Sailosi Soqo
General Manager,
Finance and Administration



An artist's impression of the Waiala Housing City project.

Contents

Directors' Report	26
Statement by Directors	28
Independent Audit Report	29
Statement of Comprehensive Income	30
Statement of Changes in Equity	31
Statement of Financial Position	32
Statement of Cash Flows	33
Notes to the Financial Statements	34-55

The directors present their report together with the financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 December 2011 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 Chandar Singh	1-Mar-08	28-Feb-11
Mr Petero Daurewa	2-Jun-11	-
Father Kevin Barr	1-Mar-08	28-Feb-11
Father Kevin Barr	2-Jun-11	-
Ms Maraia Ubitau		2-Jun-11 -

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 2011 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:

	2011 \$'000	2010 \$'000
Net profit before income tax	389	954
Income tax expense	-	-
Net profit for the year	389	954

Dividends

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

Reserves

During the year, the authority's valuers performed a valuation of the authority's properties included in property, plant and equipment. The valuation has been adopted by the directors which resulted in an increase in the Asset Revaluation Reserve by \$1.380 million.

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 1st day of Nov 2012.

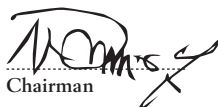

Chairman
Member

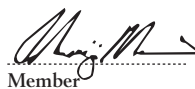


In accordance with a resolution of the Board of Directors of Housing Authority of Fiji, we state that in the opinion of the directors:

- (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 2011;
- (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 2011;
- (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 2011;
- (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 2011;
- (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 1st day of Nov 2012.


Chairman


Member



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

REPUBLIC OF FIJI OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Accounting

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HOUSING AUTHORITY OF FIJI FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

INDEPENDENT AUDIT REPORT

I have audited the accompanying financial statements of Housing Authority of Fiji, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 30 to 55.

Director's 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 International Financial Reporting Standards, the requirements of the Housing Act (Cap 267) and the Housing (Amendment) Decree (1989). This responsibility includes: designing, implementing and maintaining internal controls 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 accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I have conducted the 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 judgment, 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 company'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 the management, as well as evaluating the overall presentation of the financial statements.

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

Audit Opinion

In my opinion:

- a) proper books of account have been kept by the Housing Authority of Fiji, so far as it appears from my 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 accounts;
 - (ii) to the best of my information and according to the explanations given to me:
 - give a true and fair view of the state of affairs of the Housing Authority of Fiji as at 31 December 2011 and of its financial performance, changes in equity and its cash flows of the year ended on that date; and
 - give the information required by the Housing Act (Cap 267) and Housing (Amendment) Decree (1989), in the manner so required.


Tevita Bolanavanua
AUDITOR GENERAL
2 November 2012
Suva, Fiji



	Notes	2011 \$'000	2010 \$'000
Interest income	2.1	9,936	11,951
Interest expense	3.1	(6,588)	(6,633)
Net interest income		3,348	5,318
Other operating income	2.2	6,478	6,301
Net operating income		9,826	11,619
Amortisation of intangible assets		370	331
Bad and doubtful debts		239	1,008
Cost of sales - land and houses		718	588
Depreciation of property, plant and equipment		577	543
Other operating expenses	3.3	2,987	3,593
Personnel expenses	3.2	4,546	4,602
Total operating expense		9,437	10,665
Net profit before income tax		389	954
Income tax expense		-	-
Net profit after tax		389	954
Other comprehensive income			
Revaluation of property, plant and equipment		1,380	-
Total comprehensive income for the year, net of tax		1,769	954

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

Accumulated Losses

Balance at the beginning of the year
Profit for the year
Balance at the end of the year

Asset Revaluation Reserve

Balance at the beginning of the year
Movement during the year
Balance at the end of the year

Government Grant

Balance at the beginning of the year
Movement during the year
Balance at the end of the year

Capital

Balance at the beginning of the year
Movement during the year
Balance at the end of the year

Total equity

Notes	2011 \$'000	2010 \$'000
	(8,016)	(8,970)
	389	954
	(7,627)	(8,016)
	6,834	6,834
	1,380	-
	8,214	6,834
	15,958	15,958
	-	-
	15,958	15,958
	41,772	41,772
	-	-
	41,772	41,772
	58,317	56,548

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

ASSETS

Cash and cash equivalents
Loans and advances
Inventories
Other assets
Land held for future development
Intangible assets
Property, plant and equipment

TOTAL ASSETS

LIABILITIES

Trade and other payables
Provisions
Debt issued and borrowed funds

TOTAL LIABILITIES

EQUITY

Capital
Accumulated losses
Government grant
Reserves

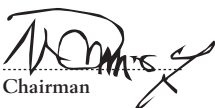
TOTAL EQUITY


TOTAL EQUITY AND LIABILITIES

Notes	2011 \$'000	2010 \$'000
4	18,646	7,149
5	109,694	115,316
6	20,059	12,306
10	8,297	10,446
7	6,623	6,623
9	842	1,164
8	9,673	8,169
	173,834	161,173
12	16,334	6,908
13	1,124	1,658
11	98,059	96,059
	115,517	104,625
14	41,772	41,772
	(7,627)	(8,016)
	15,958	15,958
14	8,214	6,834
	58,317	56,548
	173,834	161,173

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	2011 Inflows/ (Outflows) \$'000	2010 Inflows/ (Outflows) \$'000
Operating activities		
Interest received	10,185	11,955
Fees, charges and other income received	5,121	5,602
Proceeds from sale of land and houses	868	-
Interest and other costs of finance paid	(6,074)	(6,648)
Net customer loans (issued) / repayments received	5,607	9,213
Payments to suppliers for land and houses	(1,001)	(672)
Proceeds from government grants	8,702	-
Other operating expenses paid	(7,702)	(13,329)
Cash flows from operating activities	15,706	6,121
Investing activities		
Proceeds from sale of plant and equipment	15	-
Payments for plant and equipment and intangible assets	(749)	(463)
Payment of short term investment	(1,500)	(4,000)
Cash flows used in investing activities	(2,234)	(4,463)
Financing activities		
Net borrowings (repaid) / received	(3,475)	(921)
Cash flows used in financing activities	(3,475)	(921)
Net increase in cash held	9,997	737
Cash at the beginning of the financial year	3,149	2,412
Cash at the end of the financial year	4 13,146	3,149

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 2011 were authorised for issue in accordance with a resolution of the directors on 30th OCTOBER 2012. 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 20.

1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis except stated otherwise. The financial statements are presented in Fijian dollars and all values are rounded to the nearest thousand 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 judgments, 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 rented properties 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 statement of financial position 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 balance 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 through 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.***b) Financial instruments- initial recognition and subsequent measurement – *Continued.****iv) Loans and advances - 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 balance 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 leases 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 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.

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 statement of comprehensive income.

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 or valuation 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 statement of comprehensive income 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.

1.4 Summary of significant accounting policies – Continued.**i) Impairment of non financial assets – Continued.**

For assets an assessment 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.

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) InventoriesLand 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.

1.4 Summary of significant accounting policies – *Continued.***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. This grant is in the form of a one off rebate to customer's loan balance. Any grants that are not utilised at year end are shown as a liability until such time as they are applied. There are certain criteria for customers to comply with to be eligible for financial assistance under the plan.

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.

(b) Geographical segment

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

	2011 \$'000	2010 \$'000
2. REVENUE		
2.1 Interest income		
Investment securities	166	171
Loans and advances	9,770	11,780
	9,936	11,951
2.2 Other operating income		
Fees and charges	4,104	3,813
Rent	131	160
Other income	1,375	1,621
Sale of land and houses	868	707
	6,478	6,301
3. EXPENSES		
3.1 Interest Expense		
Bonds	6,434	6,395
Long term loans	154	238
	6,588	6,633
3.2 Personnel expenses		
Employee entitlements	104	125
FNPF contribution	375	304
Other	96	26
Wages and salaries	3,971	4,147
	4,546	4,602
3.3 Other operating expenses		
Auditors remuneration - audit fees	20	19
Accounting services	29	28
Other expenses	2,484	3,342
Repairs and maintenance	109	103
Stock write-down	134	-
VAT expense	211	101
	2,987	3,593
4. CASH AND CASH EQUIVALENTS		
Cash	13,146	3,149
Short term deposits	5,500	4,000
	18,646	7,149

For the purpose of the Statement of Cash Flows, cash excludes short term deposits as the deposits have maturity date more than 3 months.

5. LOANS AND ADVANCES

Mortgage loans

Village scheme loans

Add: Accounts with credit balance

Gross loans

Less: Allowance for impairment losses

2011 \$'000	2010 \$'000
112,607	116,504
6,944	9,689
119,551	126,193
731	829
120,282	127,022
(10,588)	(11,706)
109,694	115,316

Mortgage loans include staff housing loans and advances totaling \$1,300,710 (2010: \$1,574,161). Village scheme loans are secured by a combination of assignments over native lease rental monies.

	Mortgage \$'000	Village scheme \$'000	Total \$'000
At 1 January 2011	8,078	3,628	11,706
Charge for the year	234	(1,352)	(1,118)
As at 31 December 2011	8,312	2,276	10,588
Individual impairment	5,899	1,722	7,621
Collective impairment	2,413	554	2,967
	8,312	2,276	10,588
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	44,678	6,063	50,741
At 1 January 2010	8,627	4,266	12,893
Charge for the year	(549)	(638)	(1,187)
As at 31 December 2010	8,078	3,628	11,706
Individual impairment	8,078	3,628	11,706
Collective impairment	-	-	-
	8,078	3,628	11,706
Gross amount of loans, individually determined to be impaired, before deducting any individually assessed impairment allowance	44,585	4,914	49,499

5. LOANS AND ADVANCES – *Continued.*

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

At 1 January 2011
Charge for the year

At 31 December 2011

Individual Impairment \$'000	Collective Impairment \$'000	Total 2011 \$'000
11,706	-	11,706
234	(1,352)	(1,118)
11,940	(1,352)	10,588

At 1 January 2010
Charge for the year

At 31 December 2010

Individual Impairment \$'000	Collective Impairment \$'000	Total 2010 \$'000
10,112	2,781	12,893
1,594	(2,781)	(1,187)
11,706	-	11,706

6. INVENTORY

Developed lots
Less: Provision for developed lots write-down

Unsold properties
Less: Provision for unsold properties write-down

Development work-in-progress
Less: Pre-sold lots
Less: Provision for development work-in-progress write-down

TOTAL INVENTORY

7. LAND HELD FOR FUTURE DEVELOPMENT

Freehold land
- at deemed cost
- movement during the year
Leasehold land – at cost
Less: Provision for amortisation of leasehold land

Total land held for future development

2011 \$'000	2010 \$'000
2,254	2,810
(226)	(102)
2,028	2,708
933	584
(21)	(15)
912	569
17,119	9,197
-	(21)
-	(147)
17,119	9,029
20,059	12,306
6,497	6,497
(7)	-
362	362
(229)	(236)
6,623	6,623

During the year, the authority's valuers valued freehold land at \$7.4 million. The valuation was not recognised as the land is categorised as held for future development by the Authority.

8. PROPERTY, PLANT AND EQUIPMENT

*Properties***Cost:**

At 1 January

Additions

Disposals

Revaluation increase - 2011

Reversal of depreciation on revaluation

At 31 December**Depreciation and impairment:**

At 1 January

Depreciation charge for the year

Disposals

Reversal of depreciation on revaluation

At 31 December**Net written down value - properties***Furniture and Fittings***Cost:**

At 1 January

Additions

Disposals

At 31 December**Depreciation and impairment:**

At 1 January

Depreciation charge for the year

Disposals

At 31 December**Net written down value - Furniture and fittings***Staff houses and shops***Cost:**

At 1 January

Disposals

Revaluation increase - 2011

Reversal of depreciation on revaluation

At 31 December**Depreciation and impairment:**

At 1 January

Depreciation charge for the year

Disposals

Reversal of depreciation on revaluation

At 31 December**Net written down value - staff houses and shops**

2011 \$'000	2010 \$'000
7,879	7,812
156	74
(56)	(7)
1,258	-
(1,331)	-
7,906	7,879
1,210	1,075
158	142
(25)	(7)
(1,331)	-
12	1,210
7,894	6,669
1,929	1,930
102	17
(43)	(18)
1,988	1,929
1,314	1,169
163	163
(35)	(18)
1,442	1,314
546	615
286	291
-	(5)
181	-
(61)	-
406	286
77	77
5	5
-	(5)
(61)	-
21	77
385	209

8. PROPERTY, PLANT AND EQUIPMENT - *Continued.*

	2011 \$'000	2010 \$'000
<i>Motor vehicles</i>		
Cost:		
At 1 January	741	552
Additions	81	292
Disposals	(74)	(103)
At 31 December	748	741
Depreciation and impairment:		
At 1 January	350	367
Depreciation charge for the year	133	86
Disposals	(73)	(103)
At 31 December	410	350
Net written down value - motor vehicles	338	391
<i>Computer equipment</i>		
Cost:		
At 1 January	2,298	2,721
Additions	410	125
Disposals	(471)	(548)
At 31 December	2,237	2,298
Depreciation and impairment:		
At 1 January	2,065	2,473
Depreciation charge for the year	120	140
Disposals	(393)	(548)
At 31 December	1,792	2,065
Net written down value - computer equipment	445	233
<i>Others</i>		
Cost:		
At 31 December	70	70
Depreciation and impairment:		
At 1 January	18	17
Depreciation charge for the year	2	1
At 31 December	20	18
Net written down value - others	50	52
<i>Work in progress</i>		
Cost:		
At 1 January	-	40
Additions	15	522
Capitalised during the year	-	(562)
At 31 December	15	-
Depreciation and impairment:		
At 1 January	-	-
Depreciation charge for the year	-	-
Transfers	-	-
Disposals	-	-
At 31 December	-	-
Net written down value - work in progress	15	-

8. PROPERTY, PLANT AND EQUIPMENT - *Continued.*

	2011 \$'000	2010 \$'000
<i>Total</i>		
Cost:		
At 1 January	13,203	13,416
Additions	764	1,030
Capitalised during the year	-	(562)
Disposals	(644)	(681)
Revaluation - 2011	1,439	
Reversal of depreciation on revaluation	(1,392)	
At 31 December	13,370	13,203
Depreciation and impairment:		
At 1 January	5,034	5,178
Depreciation charge for the year	581	537
Disposals	(526)	(681)
Reversal of depreciation on revaluation	(1,392)	
At 31 December	3,697	5,034
Net written down value - total	9,673	8,169

Properties and Staff Houses were valued during the year by the Authority's valuer. The valuation was adopted by the directors on 31 December 2011.

9. INTANGIBLE ASSETS

	2011 \$'000	2010 \$'000
Cost:		
At 1 January	1,806	1,805
Additions	48	1
At 31 December 2011	1,854	1,806
Depreciation and impairment:		
At 1 January	642	311
Amortisation charge for the year	370	331
At 31 December 2011	1,012	642
Net written down value - Intangible Assets	842	1,164
10. OTHER ASSETS		
Advance-Exim Bank Of China	7,863	9,992
Sundry debtors and prepayments	290	158
Advance-FNPF Settlement	102	275
Stationery stock	22	16
Interest receivable	5	4
Staff advances	15	1
	8,297	10,446

In 2010, 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 entered into an on-lending agreement with the Government. As at 31 December 2011, the total disbursement from the EXIM Bank to the contractor accumulated to FJD15,466,473, inclusive of FJD9,991,936 advance for mobilisation which is equal to 20% of the total contract price. The value of work completed as 31 December 2011 is FJD17,595,459 from which a 28% advance recovery FJD2,128,986 was deducted.

11. DEBT ISSUED AND BORROWED FUNDS

		2011 \$'000	2010 \$'000
	Effective interest rate %		
<u>Current</u>			
Bonds	6.95%	3,000	17,700
Loans	7.10%	1,044	974
		4,044	18,674
<u>Non current</u>			
Bonds	2.60% to 12%	77,998	65,798
Loans	2% to 7.10%	16,017	11,587
		94,015	77,385
Total debt issued and borrowed funds		98,059	96,059
	<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. TRADE AND OTHER PAYABLES

	2011 \$'000	2010 \$'000
Interest payable	1,827	1,313
Insurance payable	1,014	415
Government Grant received in advance	10,088	1,386
Trade payables and accruals	3,405	3,794
	16,334	6,908

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.
- Government Grant received is recognised as a liability until the authority utilises the amounts in accordance with Government policy and the conditions attached to the grant.

13. PROVISIONS

	Contracted Maintenance \$'000	Employee Entitlement \$'000	Total \$'000
2011			
The movement in provision during the year is as follows:			
At 1 January	971	687	1,658
Arising during the year	8	167	175
Utilised	(230)	(479)	(709)
As 31 December	749	375	1,124
Represented by:			
Current	749	375	1,124
2010			
The movement in provision during the year is as follows:			
At 1 January	712	741	1,453
Arising during the year	637	157	794
Utilised	(378)	(211)	(589)
As 31 December	971	687	1,658
Represented by:			
Current	971	687	1,658

14. CAPITAL AND RESERVES

	2011 \$'000	2010 \$'000
<u>Capital</u>	41,772	41,772
<u>Asset Revaluation Reserve</u>		
Opening balance	6,834	6,834
Revaluation during the year	1,380	-
Closing balance	8,214	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 statement of financial position, 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:

		2011 \$'000	2010 \$'000
Contingent liabilities			
Indemnity	[a]	526	1,976
Guarantees	[b]	145	5
		671	1,981
Commitments			
Operating lease commitments	[a]	613	740
Capital commitment	[b]	66,756	34,165
		67,369	34,905
Total		68,040	36,886

15. CONTINGENT LIABILITIES AND COMMITMENTS – *Continued.***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:

	2011 \$'000	2010 \$'000
Principal	524	1,957
Accrued interest	2	19
	526	1,976
<i>b) Guarantee</i>		
Fiji Electricity Authority bond	145	5

Commitments*a) Operating lease commitments*

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

	2011 \$'000	2010 \$'000
Not later than one year	189	202
Later than one year but not later than two years	129	201
Later than two years but not later than five years	295	337
	613	740

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 statement of comprehensive income amount to \$130,733 (2010: \$160,000).

b) Capital commitments

Approved by the Board of Directors but not spent.

66,756	34,165
--------	--------

16. RELATED PARTY DISCLOSURES**(a) Identification 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 Chandar Singh	1-Mar-08	28-Feb-11
Mr Petero Daurewa	2-Jun-11	-
Father Kevin Barr	1-Mar-08	28-Feb-11
Father Kevin Barr	2-Jun-11	-
Ms Maraia Ubitau		2-Jun-11 -

(b) Transactions with Related parties

Transactions with related parties during the year ended 31 December 2011 with approximate transaction value are summarised as follows:

Board expenses and allowances
Government grant

2011 \$'000	2010 \$'000
59	56
10,088	1,386
413	502

(c) Compensation of key management personnel

Short term employee benefits

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.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued.***18.1 Introduction – *Continued.****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.

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 next table shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – *Continued.*18.2 Credit Risk – *Continued.*

	Notes	Gross maximum exposure 2011 \$'000	Gross maximum exposure 2010 \$'000
Loans and advances	5	109,694	115,316
Other assets	10	8,297	10,446
Total		117,991	125,762
Contingent liabilities	15	671	1,981
Commitments	15	67,369	34,905
Total		68,040	36,886
Total credit exposure		186,031	162,648

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 2011

	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	13,146	-	-	-	-	-	-	13,146
Loans and advances	19,605	15,842	20,260	45,326	28,674	(10,588)	(9,425)	109,694
Financial investments - held to maturity	-	5,500	-	-	-	-	-	5,500
Total	32,751	21,342	20,260	45,326	28,674	(10,588)	(9,425)	128,340
Financial liabilities								
Borrowings	-	513	3,532	53,806	40,208	-	-	98,059
Accrued interest	-	1,827	-	-	-	-	-	1,827
Accounts payable and accrued liabilities	-	14,507	-	-	-	-	-	14,507
Total	-	16,847	3,532	53,806	40,208	-	-	114,393
<u>31 December 2010</u>								
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

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**Registered office****Housing Authority Building, Saqa Street, Valelevu, Nasinu**

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Telephone: (679) 330 9718

Facsimile: (679) 331 5135

Nadi

Shop 1, Grand Melanesian Complex, Namaka, Nadi

Telephone: (679) 670 7999

Facsimile: (679) 670 7499

Number of employees at the end of the year:

Management 21

Staff 132



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.
2011	<ul style="list-style-type: none"> - Launch of the Waila Housing City project. - Launch of the Social Housing Policy. - Launch of the National Housing Policy by the Ministry of Housing.





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