



**Housing Authority**

*Your complete housing solution*

**ANNUAL  
REPORT  
2012**

# Vision

"To be the dynamic leader in housing"

# Mission

The purpose of Housing Authority is to be the premier producer of affordable and quality housing products and services through;

- Development of fully serviced lots and houses with
- Competitive loan packages to all its customers
- Service excellence for all customers and stakeholders
- Being socially aware and responsible

# Corporate Values and Ethics

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

# Commercial Objectives

To operate as a successful business enterprise, the Authority will seek to achieve the following objectives:

- Achieve an operating profit each year as per budget.
- To sell a minimum of 500 new lots/homes each year.
- To achieve revenue targets and budgets and maintain tight controls on all costs of operations.
- To implement aggressive recovery actions for defaulting customers and reduce the NPL portfolio.

# Social Objectives

To achieve its social objective, the Authority will ensure that 50% of the customers it serves are middle to low-income earners. The Authority will provide the following social housing programmes, subject to availability of annual government grant:

- To provide land development subsidy/relocation cost to low income households and squatter families in order to reduce their lot prices to affordable levels.
- The Authority will provide direct financial assistance from the Government Grant and/or from the Authority's own funds under the Social Housing Policy (SHP) to existing customers who have met the policy criteria.
- The Authority may suspend interest charges for customers who are unemployed between six to twelve months.
- The Authority has also considered professional counselling services and direct FNPF transfers and other forms of arrangements to assist defaulting customers retain their homes.



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# Letter to the Minister



## Housing Authority

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*All correspondence to be addressed to the Chief Executive Officer*

25<sup>th</sup> June 2013

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

Dear Mr. Minister,

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**RE: ANNUAL REPORT FOR 2012**

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In accordance with Section 21 of the Housing Act, Cap 267, I am pleased to present the Authority's Annual Report for 2012 which incorporates a detailed summary of its operations and activities including Financial Statements for the year ending 31<sup>st</sup> December 2012.

For the year 2012, the Housing Authority recorded a surplus of \$0.441m in comparison to the surplus of \$0.389m in 2011.

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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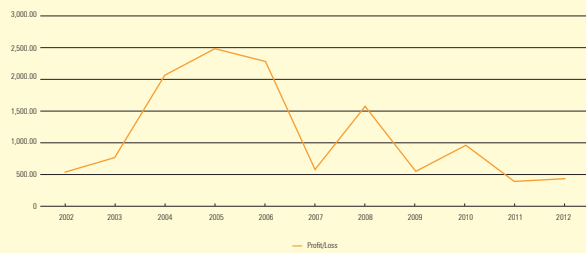
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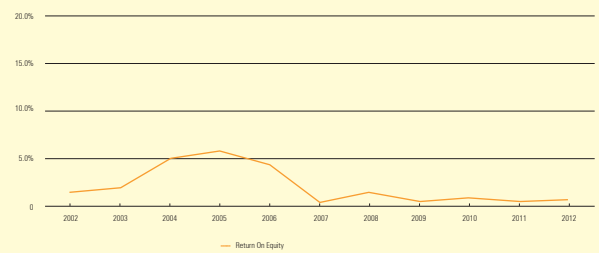


# Financial Highlights

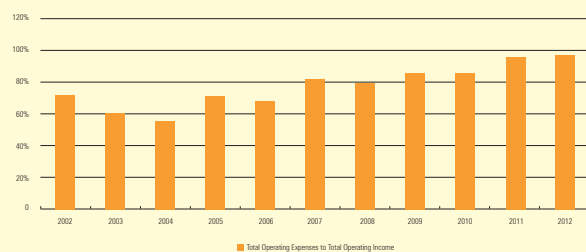
Profitability Trend (2002 - 2012)



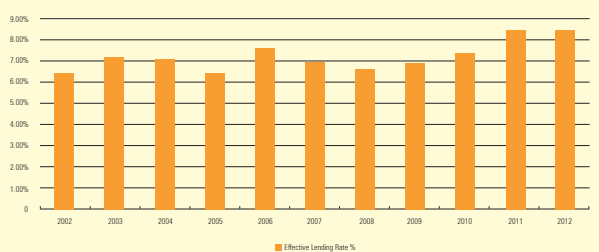
Return On Equity (2002 - 2012)



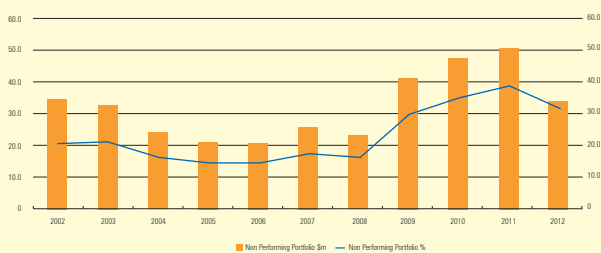
Total Operating Expenses to Total Operating Income Ratio % (2002 - 2012)



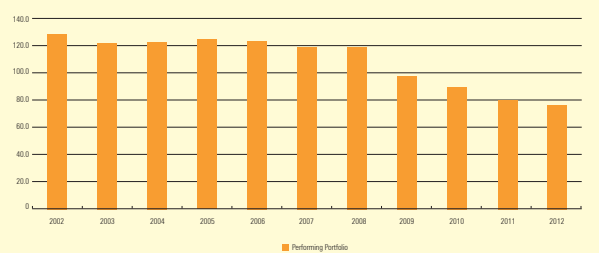
Effective Lending Rate % (2002 - 2012)



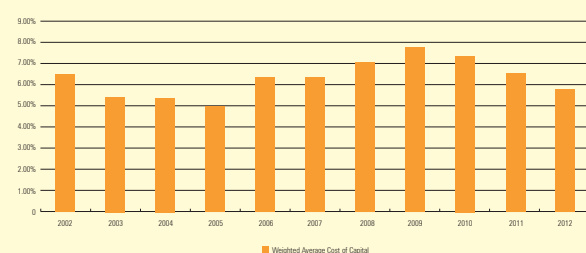
Non-Performing Portfolio (2002 - 2012)



Performing Portfolio (2002 - 2012)



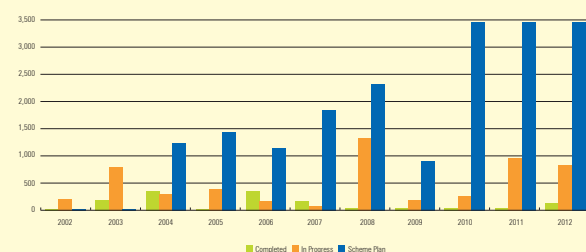
Weighted Average Cost of Capital (2002 - 2012)



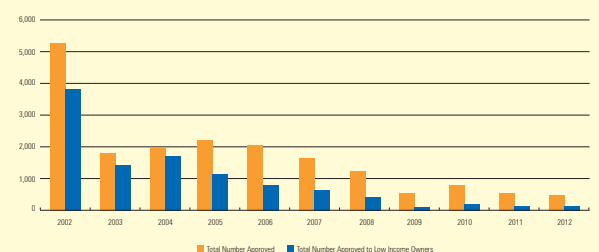
Borrowing Portfolio (2002 - 2012)



Lot Production (2002 - 2012)



Total Number of Loans Approved (2002 - 2012)



# Corporate Governance

## Introduction

The Board chaired by Col. Mosese Tikoitoga that was appointed in March 2008 continued to oversee the implementation of policies in terms of the Peoples' Charter for Change, Peace & Progress to provide affordable housing to low income earners and squatters. Following governments commitment to its National Housing Policy launched in 2011 and its vision of "Decent, Quality and Affordable Housing for all by 2020", the Authority had to ensure that its housing programs encouraged home ownership for our current customers as well as for first home buyers.

This was going to be a challenge for the Authority, as it faced an array of economic and social obstacles of uncertainty. However, despite the many challenges, the Board remained committed and unwavering with its mission and vision for the housing sector in Fiji. The year 2012 was very promising for our land development projects as the department oversaw the signing of the Waila City contract and the awarding of the Wainibuku development to B W Holdings for completion were among some of the significant achievements for the Authority.

## 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.

From town planning and architecture to astute financial & analytical skills and a champion for social advocates this Board formed a very well balanced team with all Board Directors bringing with them a wealth of experience in their respective fields.

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 Functions

The Board was responsible for the overall governance of the Housing Authority and for managing it under the Housing Act. As such, the relationship between the Board and the Management was of a partnership that was vital

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

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

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

## Board Meetings

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

## Board Sub-Committee Meetings

To assist the Board to plan and support its activities and administration, 3 sub-committee were formed, namely, Land, Housing & Squatter Resettlement Sub-Committee, Finance, Audit & Risk Management Sub-Committee and Human Resource Subcommittee.

The Board had allocated its responsibilities between the Board and the three Sub- Committees so that the Board efficiently utilized its time on those issues requiring full participation. The use of Committees allowed issues requiring detailed consideration

to be dealt with by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and the effectiveness of the Board. However, the Board retained ultimate responsibility for the functions of the committees and determined their responsibility from time to time.

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

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

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

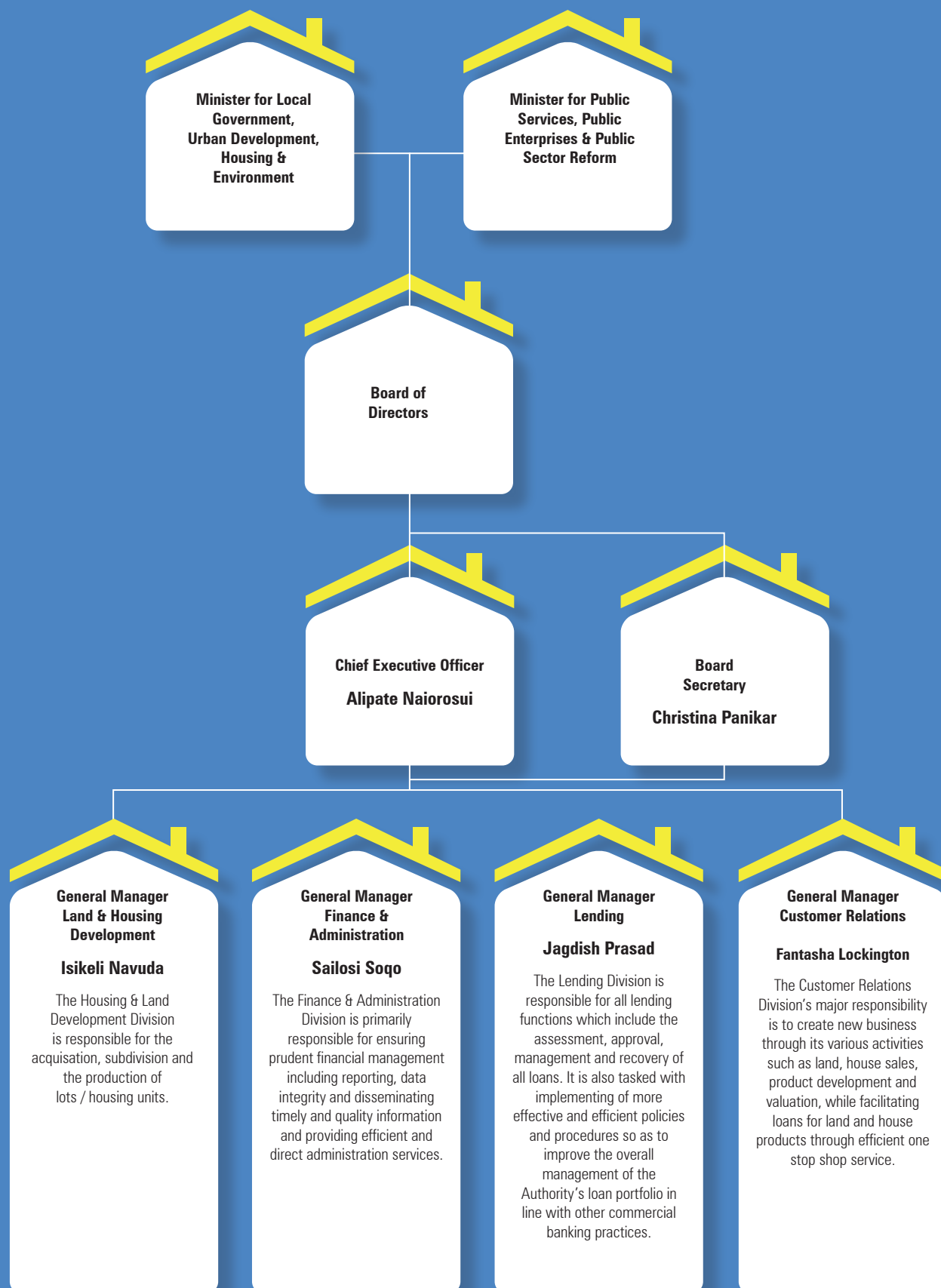
## Procurement Services

The Authority has put in place a tender Policy to establish a broad framework of guidelines to ensure that the purchasing and contracting functions promote administrative flexibility and efficiency, while at the same time maintain prudent internal controls and compliance with applicable statutes and regulations.

In 2012, the Authority had raised 34 Expression of Interests for either procurement or sale of goods and services. These "Expression of Interests" were opened by Board Directors and sometimes referred to Evaluation Committees for further investigations and recommendations. Once recommendations are received, the Chief Executive either approves or makes his endorsements to the Board for final approval.



# Organisational Structure



# Board of Directors



**Colonel 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.



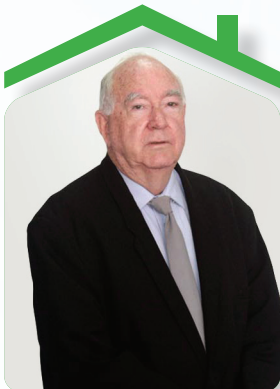
**Adrian Sofield**  
**BOARD DIRECTOR**

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.



**Umarji Musa**  
**BOARD DIRECTOR**

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



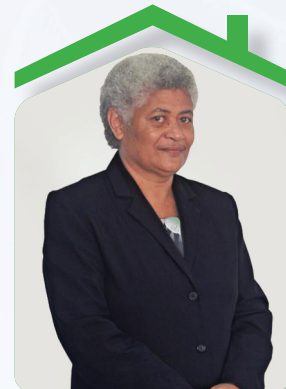
**Father Kevin Barr**  
**BOARD DIRECTOR**

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.



**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 astute finance person, Mr. Daurewa has worked for various organizations and has held various managerial positions as well until his retirement from the Reserve Bank of Fiji. A community worker since 2007, he 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.



**Maraia Ubitau**  
**BOARD DIRECTOR**

Appointed to the Board on 2nd June 2011 Mrs Ubitau is a town planner by profession and holds a Masters Degree 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.



# Management Team



**Mr. 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.



**Mr. 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. Prior to joining the Authority Mr. Soqo was the Finance Manager and Company Secretary for Air Terminal Services Ltd Fiji.



**Mr. 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 Division and the Land Development Division over the years. He holds a Post Graduate Diploma in Planning (3rd World) from Queensland University and a Bachelor's Degree in Land Management from the University of the South Pacific.



**Fantasha Lockington**  
**GENERAL MANAGER CUSTOMER RELATIONS**

Mrs 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 Pacific and other academic credentials. Prior to joining the Authority Mrs. Lockington was the Director Sales & Marketing for Blue Lagoon Cruises.



**Jagdish Prasad**  
**GENERAL MANAGER LENDING**

Mr Prasad is the 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 40 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, Manager Corporate Governance and Board Secretary.



# Chairperson's Report



*This year in review has seen a focused effort on delivering our mandate of providing affordable, decent and quality housing for every eligible Fijian by the year 2020.*

*This effort is in line with the National Housing Policy that was launched in March of 2011 to consolidate all housing stakeholder efforts to address the critical shortage of land and housing packages for our citizens.*

For the year 2012, I am delighted to report that Housing Authority recorded a profit of \$441,000 compared to \$389,000 for last year. This reflects an increase of 13 percent from the previous year, 2011.

The Net Operating Income increased from \$9.826 million in 2011 to \$11.165 million in 2012, an increase of 13.6% but total operating expenses increased from \$9.437 million to \$10.724 million by 13.6 percent.

This commendable performance was achieved despite strong competition in the housing finance market and reduction in sales due to delays in our new subdivision projects.

## National Housing Policy and Vision

Our efforts and decisions are constantly guided by the National Housing Policy that was launched on 30th March, 2011 by the Fijian Government through the Ministry of Local Government, Urban Development, Housing & Environment.

The policy is the first of its kind for Fiji in that it consolidates the collective vision and focus of the Government, private, public and other stakeholders to address the growing need for adequate housing particularly for middle to low income families.

Housing Authority played a proactive role contributing toward the policy direction to ensure that it adequately addressed the major issues and challenges that we encounter as the national housing agency.

With over 51 percent of our population now living and working in the urban centers, Housing Authority has developed a 10 year housing development programme to meet

the high demand in the market particularly in the major urban centers of the Suva to Nausori corridor and in Nadi.

It has also considered and started discussions for acquiring land in other urban and growing centers and outer islands like Korovou in Tailevu, Nabouwalu in Bua, Levuka Ovalau, Vunisea in Kadavu and Taveuni.

Housing Authority will closely engage with our key stakeholders like the i-Taukei Land Trust Board and others to effectively implement our major housing projects.

## Social Housing Policy

A total of 236 families nationwide were assisted under the social housing policy that was introduced 18 months ago.

The social housing policy is a relatively new yet responsive housing programme that is actively changing the socio economic outlook for many retired homeowners who have yet to complete paying off their homes.

Funded by a \$2 million Government Grant, Housing Authority is able to write off the home loan accounts of homeowners, who, have paid over 1 and a half times the principal loan amount and are now retired due to advanced age or medical condition.

In 2012, \$ 1,951,757.96 was utilized to write off 146 families' home loan accounts of which \$1,024,191.99 was drawn from Government Grant and the remainder from Housing Authority provisions. These write off of homeowners loans represented an increase of sixty two percent of customers who were assisted from the previous year.

These stories are captured on pages 14, 21 & 25.

## Village Housing Assistance

On 17th August, 2012 the Housing Authority presented 6 official letters to the Trustee's and i-Taukei communities in the western division advising them that their Village Housing Scheme loan accounts had been written off.

2 months later on 4th October, 2012 Housing Authority again presented 4 official letters to the Trustee's and i-Taukei communities in the northern division advising them that their Village Housing Scheme loan accounts had been written off.

There were a total of 10 Village Housing Scheme accounts in 2012 which were written off amounting to \$505,503.56 and were funded utilizing \$99,301.10 from Government Grant and the remainder from Housing Authority provision.

With the write-off of these Villagers' loan accounts they can now utilize their lease monies toward making improvements to their homes, their children's educational needs and community projects.

A further three village housing scheme accounts in the Macuata province were provided a helping hand from Housing Authority by temporarily suspending the interest on their accounts for six months till March next year.

By suspending these accounts, the families who reside in these villages will be able to adjust their financial position considering the change in distribution of lease money by the i-Taukei Land Trust Board and begin to meet their repayment in the second quarter of 2013.



This includes:

- Sauniduna Housing Scheme, Nasaqa Village
- Mataqali Buawaqa Housing Scheme, Nubu Village
- Vusakalou Housing Scheme, Mataniwai & Raranibulu Village

### Reserve Bank of Fiji Funding for Low Cost Housing

During the year, one of our major challenges was to explore a cheaper source of funding for new projects and on-lending to our target market. This is critical if we are to provide affordable, decent and quality residential lots that enable Fijian families with low incomes to be able to benefit from these developments.

As such, the Board of Directors and Executive Management began discussions with the Reserve Bank of Fiji to set up a Housing Development Loan Facility that would allow us to create a home loan product that would redefine the local housing finance market.

At the end of this year, I am pleased to report that the Housing Authority is preparing to release a new home loan product that will be targeted specifically at Fijian families with low incomes.

This home loan product is expected to greatly assist school teachers, taxi drivers, garment factory workers and those employed whose annual income is \$16,500 or less.

This product is expected to be launched within the first quarter of 2013.

### Tacirua East Stage 2 Subdivision

On 31st May, 2012 the Prime Minister, Commodore Voreqe Bainimarama officially launched the first phase of completed lots for the Tacirua East Stage 2 subdivision.

This integrated housing project was launched on 13th September, 2010 and was to be the first integrated or mixed development subdivision that Housing Authority has ventured into.

It is funded by the EXIM Bank of China through a Soft Loan Scheme to the Fijian Government by the Government of the People's Republic of China with a loan interest rate of 2 percent. The Fiji Government on lent \$35 million toward Housing Authority for this housing project.

The first phase consisted of 81 high end residential lots that ranged from 600 to over 1500 square meters in size and enjoyed panoramic views of the Suva – Nasinu corridors and ocean views.

Into 2013 and up until completion, the remaining lots anticipated will be targeted more at our target market being middle and low income families who have yet to own a home.

The subdivision once fully completed will boast approximately 1050 residential lots that will be targeted at all categories of income earners alongside commercial, light industrial, education and civic lots inclusive of a playing field.

### Wainibuku Subdivision

A further 261 residential lots are expected for the central division with the awarding of the development contract for the Wainibuku subdivision.

This follows the contract signing between the Housing Authority and B W Holdings Limited, a locally owned family company based in Suva on 11th December, 2012.

This subdivision is located on 41 acres of crown lease land will be developed in 3 phases with the first 100 lots anticipated for delivery toward the third quarter of 2013.

The Wainibuku subdivision will be the second Housing Authority mixed development project after the Tacirua East Stage 2 subdivision and will produce residential, commercial and religious lots.

With the signing of the contract documents for this housing project, Housing Authority will be monitoring the development costs to ensure that once the lots are completed, it will be affordable for Fijians.

### Nation Building

The 2012 Annual Report details the work that we perform in addressing the growing need for affordable, decent and quality housing nationwide as well as provides a snapshot of the challenges alongside our focus in anticipating the current and future housing needs.

More importantly it reflects our commitment to transforming Fijian families' lives by developing sustainable and tangible strategies so that every Fijian in time to

come will enjoy the right to own a home, to compete as equals in our developing nation and to build memories as well as a legacy to pass onto future generations.

Moving forward, the Housing Authority stands on solid ground with building momentum to continue to assist our existing homeowners who are at the most risk of losing their homes.

Importantly, we will continue to yield more housing opportunities nationwide alongside providing financial products that make it affordable for our most vulnerable communities to access and own their first home.

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 December, 2012.



Colonel Mosese Tikoitoga  
Chairman



# Tacirua East Stage 2 Subdivision - Phase 1B Launch.



The Honorable Prime Minister Commodore Voreqe Bainimarama and His Excellency the Ambassador of the Peoples Republic of China Mr Huang Yong opens phase 1B of the Tacirua East Stage 2 Subdivision.

The Tacirua East Stage 2 subdivision is the first major development project for Housing Authority to utilize an overseas contractor since its establishment in 1958. It is also the first mixed housing development project on 170 acres of Native Land that will cater for affordable, medium and high end residential lots alongside commercial, light industrial, educational, civic and religious lots with a full size playground. The project is the first of its' kind for the nation and perhaps the region to deliver over 1000 lots including 600 housing units once the development has been completed.

The first 81 high end residential class B lots enjoy panoramic views of the Suva – Nasinu corridor and enjoy a cool ocean breeze with stunning views and adequate land, homeowners will be able to build their dream home according to their personal preferences.

The lots range from 620 to 1991 square meters. Considering that the focus of all our housing development projects is homeownership, first priority will be given to Fijians who have yet to purchase a piece of land or own a house. This move will go a long way in ensuring that every Fijian regardless of income, ethnicity or creed will have equal access and opportunity to own their very own home.

This development project is a testament to the vision of the National Housing Policy which provides guidance and strategic direction to the Housing Authority operations in ensuring that we as an organisation cater for all income categories of homeowners and develop commercial and industrial spaces to encourage the growth of Fijian businesses and create greater employment opportunities for those that reside within and around the subdivision.



# Chief Executive Officer's Report

*This year has been an exciting one marked by progress in our core function of developing land suitable for housing as well as making affordable financing available for first homeowners who wish to purchase a land lot to build a new home or to buy an existing home.*

*It has also borne witness to retired homeowners who have had their home loan accounts written off thanks to the social housing policy which continues to positively impact low income homeowners.*



In terms of our financial position, I am happy to report that Housing Authority has consistently made a profit over the years and in 2012, a net profit of \$441,000 was achieved compared to \$389,000 for the previous year presenting an increase of 13 percent.

## Financial Performance Highlights

- A profit of \$0.441m was achieved for the year against a budget of \$0.530m. Compared to the 2011 financial year the 2012 profit represents an increase of 13.37% over last year's profit.
- Return on Equity achieved was 0.83% against target of 1.00%.
- Total operating income increased by 13.63% from \$9.826m in 2011 to \$11.165m in 2012.
- Total operating expenses increased by 13.64% (or \$1.287m) from \$9.437m in 2011 to \$10.724m in 2012.
- Interest income increased by 4.30% from \$9.936m in 2011 to \$10.363m in 2012.
- Interest expenses decreased by 12.30% from \$6.588m in 2011 to \$5.778m in 2012.

- Total Performing Loans portfolio decreased by 1.83% from \$79.73m in 2011 to \$78.27m in 2012.

- Total Non-Performing portfolio decreased by 32.20% from \$50.40m in 2011 to \$34.17m in 2012.

- Borrowing portfolio increased by 7.78% from \$98.059m in 2011 to \$105.685m in 2012.

## Non-Financial Performance Highlights

- 365 customers and families were provided new housing related financial assistance in 2012 compared to 548 customers in 2011. More information is detailed in the Customer Relations division report.
- 167 low income families with income on or below \$16,500 per annum qualified for home loans representing 45.7 percent (target is 50 percent) out of the 365 customers and families.
- 146 families had their home loan accounts written off under the social housing policy this year compared to 92 families in 2011. These families were scrutinized through 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 Informal Settlements

Housing Authority is charged with the responsibility to provide housing to the people of Fiji with special focus for middle to low income earners. In this regard, Housing Authority entered into a Memorandum of Understanding with the Government and has agreed that no less than 50 percent of all customers it assisted are middle to low income earners.

During the year, Housing Authority was confronted with many challenges such as the lack of affordable lots and homes for our target market however we remain committed and focused in the coming years to address this problem.

## Human Resources & Training

According to our Employee & Industrial Relations Plan, Housing Authority recruited 7 new staff members into the Land & Housing Development division and Finance & Administration division.

Housing Authority also sponsored 21 staff members compared to 11 the previous year to undertake part-time studies in tertiary institutions.



The year in review also yielded 5 graduates with Diplomas, Bachelor's Degrees and Master's Degrees in the varying disciplines of Business Administration, Real Estate & Land Use Planning, Banking & Finance and Accounting.

In accordance with the 2012 Training Plan, 34 training programmes were conducted both internally and externally to enhance customer service delivery, professional development, occupational health & safety as well as dedicated up-skilling for our Land & Housing Development staff members.

The Performance Management System was approved by the Authority's Board of Directors and this new exercise will be implemented to encourage a productive workforce. The review of the PMS highlighted needful areas of job re-alignment and review of the current organizational structure.

The Friday Bula wear was also launched and saw all our staff members proudly wearing this every Friday. This has also enhanced our corporate image and staff morale.

## Insurance Services

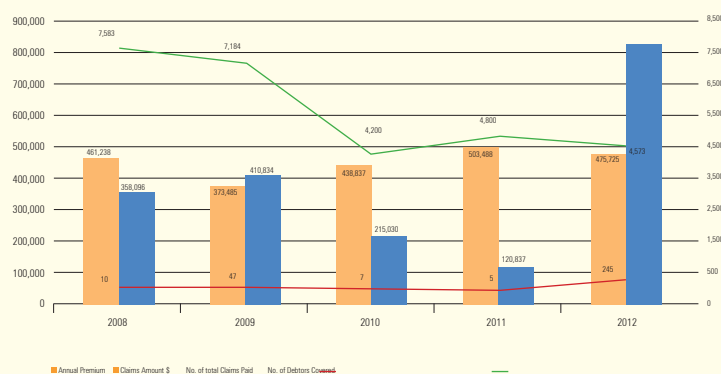
Housing Authority continued to provide its customers insurance covers for their mortgaged debts and properties under a Group Scheme. This arrangement enabled a total of 8,500 customers to enjoy a very competitive insurance premium for both the covers.

During the year, New India Assurance Co. Ltd paid 101 claims worth \$252,803 for flood damages from the January & March 2012 flooding, 5 fire damage worth \$259,300, 2 property damage claims worth \$4,935 and 137 Tropical Cyclone Evan Damage Claims were lodged worth \$409,706 (net claim) for property damage under the House Insurance Cover. These claims amounted to a total of \$926,744.

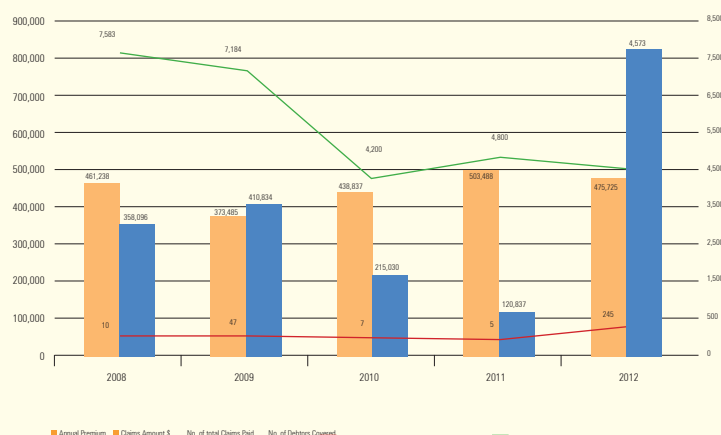
The Mortgage Protection Insurance cover was placed with Dominion Insurance Ltd and claims arising due to death and/or total permanent disability of our customers amounting to \$1,777,502 was lodged with a loss ratio of 119%.

Furthermore, under the Group Health Insurance Cover, 1 Housing Authority homeowner was evacuated to India for treatment of her cancer condition of which she has successfully returned home.

CLAIMS EXPERIENCE UNDER HOUSE INSURANCE POLICY FOR MORTGAGED PROPERTIES 2007 - 2012



CLAIMS EXPERIENCE UNDER HOUSE INSURANCE POLICY FOR MORTGAGED PROPERTIES 2007 - 2012



## Legal Services

The Legal Counsel provides expert legal advice, guidance and support to all Housing Authority branches located in Lautoka, Nadi, Suva, Nasinu and Labasa.

In totality, there were 32 cases for and against Housing Authority of which 20 cases were successfully resolved which resulted in a faster turnaround of matters pending before the courts.

Apart from litigation, the department was actively involved in the preparation and drafting of legal contracts.

Of note is the Master Service Agreement for the Waila City project which underwent 12 amendments amid robust negotiations before the 13th version was signed by Housing Authority and Top Symphony (Fiji) Limited of

Malaysia on 11th May, 2012.

The Master Service Agreement is the umbrella contract governing the general obligations by Housing Authority and the contractor for the Waila City project. Supplementary agreements for each of the 7 phases and sub-phases will be negotiated and entered into in 2013 and as the project progresses.

During the same period, the process for allocation of the first 81 high end residential lots at Tacirua East Stage 2 began which was approved by the Office of the Attorney General before the sale process began.

Apart from these, the Legal Counsel also provides numerous legal opinion which span across different facets of our organisation and its regulatory requirements.



## Public Relations & Communications

Housing Authority continued to proactively engage with the media in order to improve our corporate profile and image.

A total of 29 press releases were issued throughout the year to provide updates on housing subdivisions which are currently underway, the social housing policy which provided financial relief to retired homeowners and ground rent discounts among other issues.

Apart from these, there were also 18 radio talk back shows in English, Hindi and iTaukei which Housing Authority participated in to generate discussion on its housing projects as well as to address frequently asked questions on our customer relations procedures, mortgagee sales and the home loan process.

## Internal Audit

In line with the Internal Audit Charter for Housing Authority, the internal audit department was re-established in 2010 to independently monitor risk, compliance and ensure that efficiency and effectiveness of operations was achieved.

As part of this function, the department conducted 4 quarterly reviews which were provided to the Board Audit Sub-Committee and Board for approval before being implemented by Management.

To ensure that all loans met the policy guidelines and criterion for approval, 379 loan applications were independently assessed during the year compared to 400 loan



*Board Members visit Tacirua Stage 2 Subdivision.*

applications the previous year, for compliance before the loan was disbursed.

In addition, 156 loan accounts which were considered for write off under the social housing policy were also independently assessed by the team to ensure that it was compliant with the strict criteria for financial assistance.

## Looking Forward

As we cast toward 2013 and beyond, Housing Authority will remain committed toward achieving the vision of the National Housing Policy that was launched on 30th March, 2011 by the Fijian Government to ensure that every eligible Fijian has access to an affordable, decent and quality home by the year 2020.

The New Year will undoubtedly bear witness to exciting developments in the housing sector as we continue to holistically address the growing need for affordable lots as well as affordable financing options for middle to low income families.

I wish to take this opportunity to thank the Executive Management team and all our Managers, Team Leaders and staff members for their individual contributions alongside the workers union, our valued customers and key stakeholders for their support throughout the year.

Finally I would like to acknowledge and thank the Board Chairperson, Board Directors and members of the Ministries of Housing, Finance and Public Enterprises for their direction and cooperation during this year and look forward to their continued support into the future.

Alipate Naiorosui  
Chief Executive Officer



*Housing Authority staff share a photo with the Prime Minister during the opening of Tacirua 1B.*



## Single parent becomes debt free home owner

*"I would like  
to thank the  
Government for  
providing this  
assistance to  
homeowners like  
myself, a single  
parent, to enable  
me to now own  
an asset to my  
name"*



*Siteri Burton with her grandson, received her official letter from a Housing Authority Lending Division Staff - Vilimaina Davu*

Retired Civil Servant and single parent mother, Ms. Siteri Nai Burton became a proud homeowner in May, 2012 after her home loan account was written off by Housing Authority under the social housing policy.

"I would like to thank the Government for providing this assistance to homeowners like myself, a single parent, to enable me to now own an asset to my name".

"I raised all my four children in this house and today I have a daughter in England, a son in New Zealand, another daughter who lives with me and a son who is undertaking a Diploma in Land Survey at the Fiji National University", she said.

Ms. Burton who purchased her Suva home in 1984 had paid three times over the principal loan amount and was facing genuine financial difficulties since retirement however she was taking sewing classes to support herself alongside her two children and only grandson who stayed with her.

Through the Social Housing Policy Ms. Burton received a write off of \$5,847.47 in May 2012.

The social housing policy is designed to assist those Housing Authority home owners who are at risk of losing their houses due to non-payment of their home loan accounts because of advanced age, disability or genuine financial difficulty.

As part of the strict criteria for financial assistance, homeowners would have had to have paid over one and a half times the principal loan amount.

In 2012, a total of 146 Fijian families had their home loan account written off with \$0.9 million in Government grant being utilized toward the social housing program.







Marketing strategies also included a review, overhaul and planned revamp of the current website as well as the use of social media for advertising, handling customer complaints and information dissemination.

2012 also saw a steep rise in demand for land lots and houses through the mobile marketing efforts of the 8 road shows and a strengthened presence in the low to middle income marketplace. As a result Demand Surveys rose from 8,484 in 2011 to 11,089 in 2012, bringing total survey numbers to 17,389 when including all data collated from 2005.

| Central Division  |       |       |
|-------------------|-------|-------|
| Tacirua East      | 40.66 | 4755  |
| Waila City        | 22.48 | 2629  |
| Wainibuku         | 8.53  | 998   |
| Nepani            | 12.30 | 1438  |
| Western Division  |       |       |
| Mataivolivoli     | 9.97  | 1166  |
| Tavua             | 1.48  | 173   |
| Namosau           | 0.22  | 26    |
| Waqadra           | 0.20  | 23    |
| Sabeto            | 0.01  | 1     |
| Field 40          | 0.26  | 30    |
| Tavakubu          | 0.15  | 18    |
| Lautoka           | 0.21  | 24    |
| Natadola          | 0.08  | 9     |
| Northern Division |       |       |
| Nabouwalu         | 0.47  | 55    |
| Savusavu          | 1.59  | 186   |
| Other Divisions   |       |       |
| Kadavu            | 0.01  | 1     |
| Malolo            | 0.01  | 1     |
| Korovou           | 0.60  | 70    |
| Levuka Ovalau     | 0.78  | 91    |
| Total             | 100   | 11694 |

*Demand Surveys 2011-2012 with Sub-division of Demand*

## 2012 Adverse Weather Condition Effects

The adverse weather conditions in 2012 commencing with the January floods and ending with TC Evans in December had the Authority put 2 projects into place to determine the extent of damage, assess costs for repairs and make claims for insurance replacements for customer properties affected in the Western Division. Customer Relations staff provided the required reports to facilitate claims and on approval saw the Authority take a lead role in providing technical, manpower and financial assistance in ensuring customer properties were repaired in residential areas of Lautoka, Ba, Labasa, Nadi and in surrounding villages that were affected. The additional impact of the 2 floods and cyclone

reduced overall loans in the beginning and end of the financial year as a result.

## Residential Home Loans

Since 2003, Housing Authority has retained its variable interest rate of 7.99% with more home loans being able to be provided to lower income customers. This was 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, we have remained focused on stimulating the residential lending environment particularly for the low and middle income earners.

## Affordable Home Ownership

A tangible conduit for making homeownership a reality is ensuring that as Housing Authority continues to develop land lots and housing units, housing finance options are accessible to Fijian families with modest incomes. To this extent, we have been actively involved throughout the better part of this year to introduce a new home loan package that will be targeted at low income families. Currently negotiations are on-going with the Reserve Bank of Fiji to create a Housing Loan Facility that will not only further stimulate the lending market but also provide Fijians who earn \$16,500 or less per annum with an opportunity to purchase a land lot or housing unit as we continue to develop subdivisions nationwide to address the critical shortage of affordable, decent and quality housing.

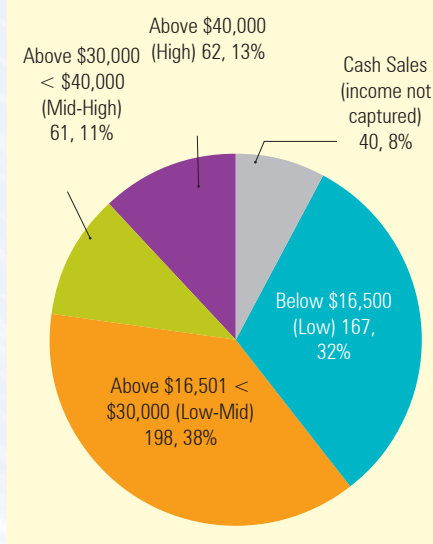
## Low & Medium Income focus

167 low income families (income below \$16,500) were assisted in 2012 with a loan value amounting to \$2.6m up against 121 families and \$1.7m in 2011.

This amount reflected 32% of the total number of approved loans.

198 medium income customers (\$16,500-\$30,000) made up 38% of the approved loans compared with 165 families or 32% in 2011.

70% of total loans approved were for medium to low income customers in keeping with the Authority's focus on its core target market.



*2012 Income levels*

## Existing Stock Sales

While new land sales from other sub-division development was being awaited and following through on the high demand for vacant land and properties from the low to medium income target market, the Stock Update Project commenced in 2011 to review and sell existing old stock. In 2012 clearance efforts began to pay off. There were many problems to get around prior to actual sales taking place, including sitting tenants, encroachments from neighbours, illegal occupations, eroded and unbuildable land as well as incomplete past documentation. However by the end of the year only 20% of the opening existing stock was available for sale while the bulk of the land and property sales awaited final settlements.

| STOCK                                        | No. | DEV COST  | SOLD |
|----------------------------------------------|-----|-----------|------|
| Residential Lot                              | 113 | 1,360,667 | 98   |
| Non-residential                              | 14  | 239,253   | 4    |
| TOTAL LAND STOCK                             | 127 | 1,599,918 | 102  |
| <b>FORECLOSURE PROPERTY LAND &amp; HOUSE</b> |     |           |      |
| Residential Lot (House)                      | 19  | 753,997   | 15   |
| Residential Lot (Land)                       | 6   | 67,000    | 6    |
| TOTAL                                        | 25  | 820,997   | 21   |
| <b>RE - ENTERED PROPERTY</b>                 |     |           |      |
| Residential Lot (House)                      | 3   | 142,770   | 2    |
| Residential Lot (Land)                       | 4   | 61,000    | 2    |
| RE - ENTERED PROPERTY                        | 7   | 203,770   | 4    |
| TOTAL STOCK                                  | 159 | 2,624,686 | 32   |

## Existing Stock Sales 2012

This eventuated in existing stock and Post Mortgagee Sale Properties (PMSP) sales to drive overall stock sales to 150% of annual targets.



| YTD - STOCK & PMSP |           |           |          |           |
|--------------------|-----------|-----------|----------|-----------|
|                    | Central   | Western   | Northern | TOTAL     |
| Target             | 650,000   | 916,000   | 70,000   | 1,636,000 |
| Actual             | 980,495   | 1,397,458 | 83,184   | 2,461,136 |
| Variance           | - 330,495 | - 481,458 | -13,184  | - 825,136 |
| Perc               | 150.8%    | 152.6%    | 118.8%   | 150.4%    |

Existing stock and Post Mortgage Sale Properties  
(figures includes cash sales)

## Customer Complaints

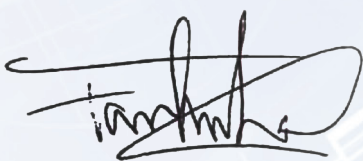
Customer complaints reduced from the previous year of 5 complaints per month to only 1 or 2 with the implementation of new policies and procedures. Complaints are formally responded to within 24 hours and the target to resolve the complaint within 5 business days continues. Front line staff with competent 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 members were also encouraged to get their driving licenses if not already qualified to increase the number of licensed drivers within the Customer Relations pool.

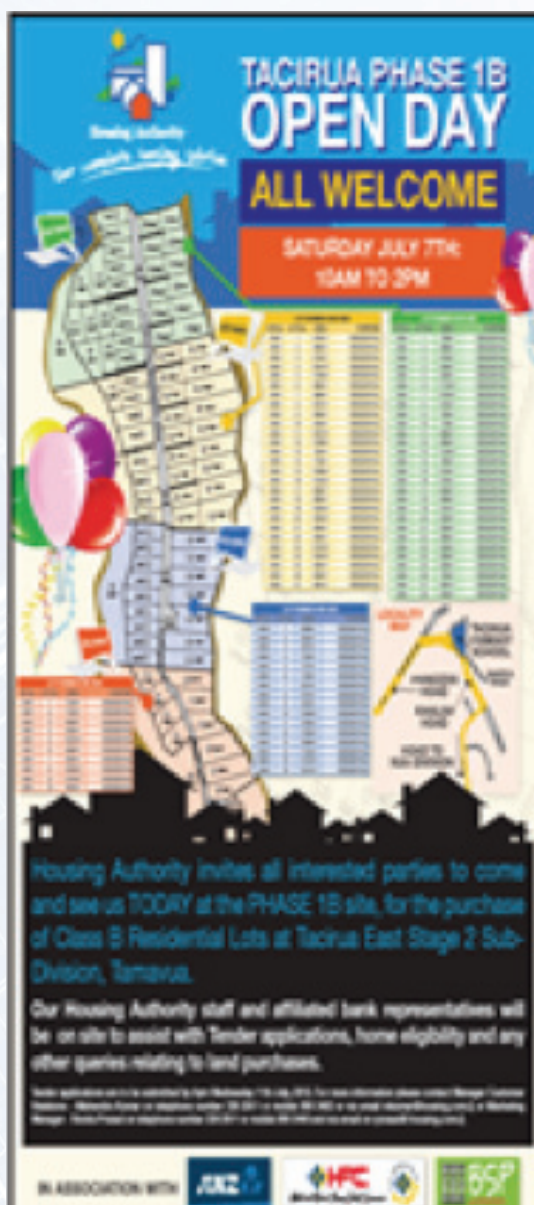
This in turn improved productivity; customer contact and service reach for all our branches nationwide.



Fantasha Lockington  
General Manager Customer Relations



Customer Relations staff at a hindi vernacular talk-back show with FBC.



**TACIRUA PHASE 1B  
OPEN DAY  
ALL WELCOME**

**SATURDAY JULY 7TH  
10AM TO 3PM**

Housing Authority invites all interested parties to come and see us TOORY at the PHASE 1B site, for the purchase of Class B Residential Lots at Tacirua East Stage 2 Sub-Division, Tamavua.

Our Housing Authority staff and affiliated bank representatives will be on site to assist with Tender applications, home eligibility and any other queries relating to land purchases.

Tender applications will be accepted from Wednesday 17th July 2012 to 5pm on Wednesday 25th July 2012. For more information please contact Housing Authority: 0800 800 800 or website: www.ha.gov.fj or email: info@housing.gov.fj or Marketing Manager: 0800 800 800 or website: www.ha.gov.fj or email: info@housing.gov.fj

IN ASSOCIATION WITH: JALC, HFC, BSP



# Affordable housing plans for Housing Authority customers.

*Plans are simple to build and easily amended in-house to suit budgets and various land lot shapes and sizes.*



*The Bogirua family at their newly constructed home.*

The Bogirua family of Makoi are a classic success story for customers looking for an affordable housing option and home loan that Housing Authority was able to find the right solutions for.

In 2010, Naitini Bogirua purchased a piece of land near Nausori for \$15,000 through a loan with the Authority.

Using his FNPF housing eligibility, Mr Bogirua was able to pay off the land and in 2011 applied for a Home Construction loan of \$30,000 to build a home for his family. He selected a house plan from the many affordable options offered by the Authority who also assisted in redrawing the plan to fit the lot ensuring that it met the family budget and suited the site location.

The newly constructed 2 bedroom, general contractor built house is made of timber with concrete for the bathroom and washing area. It cost a total of \$26,500 to complete, with the inclusion of the engineer's certificate that verifies that the property meets Fiji's building standards and is therefore insured.

One of the challenges for house construction customers is ensuring that the cost of construction meets their home construction loan eligibility and affordability and the Authority's Standard House Plans allow flexibility of choice and pricing.

Without the right advice and support the cost of construction can often exceed a customer's affordability so experienced in-house technical and customer relations executives assist with advice for purchasing or building a home.

A variety of house plans are available from single to 3 bedroom styles ranging from \$15,000 to \$55,000 which are simple to build and easily amended in-house to suit budgets and various land lot shapes and sizes.





# Land & Housing Development Division

The Land & Housing Development Division is tasked with overseeing the core business of the Authority with the delivery of fully serviced lots and houses that would be ultimately made available for sale in the market. In a nutshell, this task involves land acquisition, design and finally construction and monitoring.

With the enormous task ahead, the Authority acknowledged the need to beef up this Division with the right personnel with special technical skills necessary to successfully carry out its functions. This resulted in the Authority recruiting skilled and experienced professionals with technical expertise both locally and abroad. The Authority is continuing to build on this team with the necessary personnel going forward to be better able to deliver their targets as set out under the Corporate Plan.

2012 was very challenging for land development as projects were nearing fruition after a lapse of almost six years. These included delays from our key development stakeholders as well as unfavorable and uncontrollable weather conditions. Despite this, the Division remained committed to delivering their targets.

This report will briefly highlight the achievements, introduce the various departments within the Division and also address the challenges faced along the way.

## 2012 Highlights

- Following the land acquisition trip to Kadavu in December of 2011, the team also visited the North to hold talks with land owners in Nabouwalu, Taveuni and Korovou.
- The Authority signed an MOU with the Nasinu Town Council for the improvement of the Nasinu Locale and saw the opening of 4 crucial walkways around the Nasinu area to assist HA customers to access their homes more conveniently.

- The Prime Minister launched the Tacirua East stage 2 subdivision phase 1B (May 11th) for which the Authority received 169 potential applicants via tender process in July 2012.
- The Master Agreement for the development of Waila City was signed with our contractor Top Symphony of Malaysia in May 2012.
- The announcement of the VAT refund by the Government in its 2013 Budget address was a boost for the Authority in collaborative efforts to make lots more affordable for our customers.
- Award of the Wainibuku land development project to BW holdings Ltd.

## Land & Property Services

The Land & Property Services Department is tasked with the responsibility of handling all of our land acquisitions, maintenance of all housing estates and also the maintenance of all Housing Authority office's and branches.

To ensure the Authority's land bank for development is constantly increased the Land Acquisition team has been working tirelessly with land owners, I Taukei Land Trust Board (TLTB) and key stakeholders in trying to identify suitable raw. Once these parcels of land are in our land bank, extensive market research is carried out to determine

the viability of the project before subdivision plans are commenced.

Land in Nabouwalu in Bua, Vunisea in Kadavu, Somosomo in Taveuni and in Vuma in Ovalau were inspected and identified for future development options.

## Estate Maintenance

The Land & Property Services Department is also responsible for the maintenance and upkeep of all our strata lease estates. Currently the Authority has four strata estates, namely, Edenville, Vesida, Cakau and Rogi. These are high rise apartments with special lease conditions that dictate homeowners to be responsible for the inner surroundings of their respective flats while the Authority is responsible and maintains the exterior and other common areas with an annual maintenance fee of \$165 per flat per year. Maintenance to our strata estates is carried out every six years with the next one is scheduled for 2014. There are 133 families living in these four estates.

## Technical Services

The Technical Services Department oversees all the technical issues regarding our land development projects and all the surveying needs of all our customers and projects as

## Land Acquisition 2012

| Locality                   | Size (Acres) | Land Owners        | Current Status                                                                                                 |
|----------------------------|--------------|--------------------|----------------------------------------------------------------------------------------------------------------|
| Nabouwalu Village, Bua     | 15 acres     | Mataqali Navuani   | Consent has been received and verified with Itaukei Land Commission with an offer to lease granted.            |
| Nabouwalu Village, Bua     | 20 acres     | Matqali Daviko     | Negotiations are still ongoing with land owners and the TLTB.                                                  |
| Namuana Village, Vunisea   | 15 acres     | Mataqali Namuana   | The Authority is now awaiting the issuance of the development lease from the TLTB.                             |
| Somosomo Village, Tavenuni | 300 acres    | Mataqali Valelevu  | Consultations have yet to be complete and consent from various members of the mataqali has yet to be received. |
| Vuma Village, Ovalau       | 30 acres     | Mataqali Koroisutu | The Authority is now awaiting the issuance of the development lease from the TLTB.                             |



well. The department is headed by a Senior Engineer and a Senior Surveyor and they work hand in hand with a team of technical assistants to carry out their respective responsibilities.

The team, whilst engaged in most of our land development projects, was able to complete 33 peg redefinitions and issued certificates in various locations around the country. They were also available for adhoc requests arising from customer complaints.

### Project Management Contracts

The Project Management Team is responsible for all of the Authority's land development projects. It monitors contractors and ensures that all resources are used efficiently and effectively so that deadlines are met and lots are delivered. The Authority has a number of notable projects that are currently under construction and they are; Tacirua East stage 2, Nepani stage 2, Wainibuku and Waila City. It also has plans to develop land in Korosalusalu, Matavolivolvi, Natadola, Waqadra and Naqere.

### Tacirua East stage 2

The Tacirua East stage 2 project is a mixed land development project that will see the delivery of lots to cater for all the segments of income earners i.e. low, middle and high income earners as well. The Contractors engaged for this project is China Railway First Group (CRFG). The development is stretched over 184 acres of native land from the mataqali Matanikorovatu of Kalabu village in Naitasiri. At its completion, Housing Authority hopes to deliver a total of 1043 fully serviced residential lots that will also be complimented with some light industrial and commercial lots as well. Construction is carried out in a phased manner and the Authority has already delivered 81 high end residential lots that were launched by the Prime Minister.

### Nepani stage 2

The Nepani stage 2 subdivision is another land development project that is currently under construction simultaneously with the Tacirua East stage 2 subdivision. The project site is situated over 40 acres of low lying Crown land that needs to be raised to about 3 meters above sea level. As such, 300,000 cubic meters of soil (fill material) have to be transported from Tacirua East stage 2 to

Nepani for this purpose. The CRFG has been responsible for the filling and compacting of soil (fill material). At its completion, Housing Authority hopes to deliver 185 fully serviced lots to cater for middle to low income earners. The Authority's management team also considering building high rise apartment flats to get better land yield and allow a more affordable housing option.

### Wainibuku

The Wainibuku project is another subdivision that is also currently under construction. The project was very much delayed by some technical disputes that resulted in the cancellation of the initial contractor for this project. The Authority has since awarded the contract to BW Holdings Ltd. The subdivision is stretched on 46 acres of crown land which is set to deliver 261 class B lots at its completion by the end of 2013.

### Waila City

Waila City is the biggest land development project that the Authority will undertake over the course of the next 10 years. Our development partner and contractor for this development is Top Symphony, a Malaysian company that specializes in land development and construction. The development has 7 phases in total and at its completion will deliver approximately 5,000 housing units. It will have a city center and will be complimented with commercial, civic, religious, sporting and recreational sites that will span over 700 acres of freehold land. Clearing works for phase one of the development has already begun and our Engineers and Top Symphony have been working closely with our stakeholders to ensure that everything is within the agreed timeframe for delivery.

### Challenges

The division was also met with its fair share of challenges during the year that delayed progress and delivery.

- Adverse weather conditions experienced throughout the year greatly affected the delivery of lots.
- The lack of experienced and qualified technical people within the division also delayed project as most of our current engineers were engaged in two or more projects.

- Variations to subdivision designs delay plan approval processes and in-turn delay project delivery.
- The division continually meets and negotiates with stakeholders such as asset owners and regulators. Often these meetings and negotiations are prolonged if parties are not able to reach an agreement that is acceptable to both.

### Future Plans

The Authority through the Land & Housing Development Division envisions a brighter 2013 and the later years to come in terms of land development. Although more support from our stakeholders is needed, the Authority has been assured the support and confidence of the current administration to deliver and fulfill government's vision of "Decent, Quality and Affordable Housing for all Fijians by 2020". With the ongoing projects and those that have yet to come, the Division will continue to innovate and develop strategies of ensuring that the future developments will be more affordable to suit our target market of middle to low income earners.



Isikeli Navuda  
General Manager Land and Housing  
Development Division.



# Housing Authority writes off grandparents home loan

*This write off  
through the  
social housing  
policy was to  
assist those  
homeowners  
who were at high  
risk of losing  
their homes due  
to advanced  
age, medical  
condition  
and genuine  
financial  
difficulty...*



Mrs Sereseini Yaluyalu receives her offer letter from Housing Authority confirming write-off of Home Loan balance.

Retiree's Mr. Joni & Mrs. Sereseini Yaluyalu celebrated the Queen's birthday as debt free homeowners after their home loan account was written off.

A total of \$10,462.49 was written off of their home loan account.

This write off through the social housing policy was initially announced by the Prime Minister in 2011 to assist those homeowners who were at high risk of losing their homes due to advanced age, medical condition and genuine financial difficulty to meet repayments while providing for their basic needs.

Mrs. Sereseini Yaluyalu who lives at their Waila, Nausori home with her children and their grandchildren was overwhelmed to receive the news from Housing Authority lending executives.

Her husband is receiving medical treatment abroad and they were supported by a small pension.

The social housing policy which enables Housing Authority to write off Fijian homeowners loan accounts was designed to financially assist low income families who were unable meet their remaining mortgage repayments while looking after their basic needs.





## Lending Division

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; and management of all mortgage loan accounts including the recovery process of loan arrears.

### Gross Mortgage Portfolio

As at 31 December 2012, the Authority had a customer base of 21,698 customer accounts. The total mortgage portfolio at the end of the year was \$110.16m compared to \$130.13m in 2011. The reduction has resulted due to the decline in new loan applications and slow sales of lots of our existing stock at Namosau Subdivision in Ba and new lots at Tacirua Stage 1B.

The performing mortgage portfolio stood at \$75.99m compared to \$79.73m in 2011. The decrease in performing portfolio relates to slow land sales from existing and new stock and decline in new mortgage loans.

### New Loans Approved

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 Approvals 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 2012 were \$10.34m compared to \$11.66m in 2011. A total of 474 customers were assisted during 2012 and most customers obtained loans to purchase ready-built houses.



The bar graph above reflects the loans approved in 2012 and illustrates the trend of loans approved by the Authority over the last ten years:

### Mortgage Portfolio

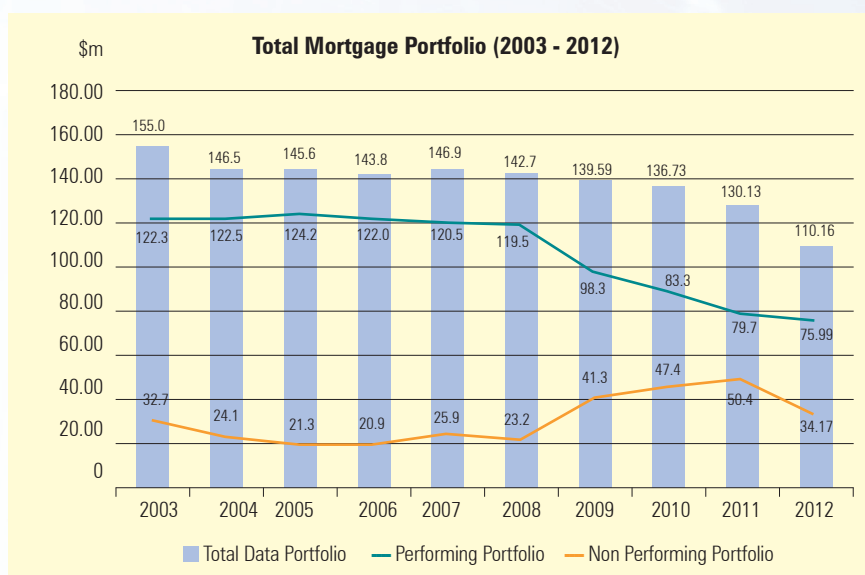
The total mortgage portfolio at the end of the year was \$110.16m, compared to \$130.13m in 2011. The mortgage portfolio was adversely affected by low sales that the Authority has been experiencing throughout the year coupled with high mortgage collections. The bar graph below illustrates the trend for the total mortgage portfolio,

the performing portfolio and non-performing portfolio over the last ten years:

### Non-Performing Loans

In 2009 the Authority had adopted the Reserve Bank of Fiji's risk grade system of classifying its impaired assets and this had a significant impact on our loan portfolio.

As at end of 2012, the non-performing loans were \$34.17m compared to \$50.40m as at end of December 2011. This is equivalent to a decrease in NPL by \$16.23m or 32.2%.

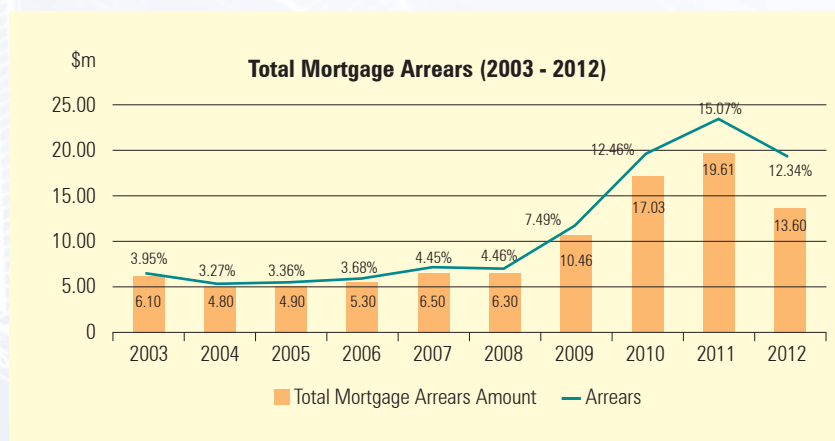




## Arrears

Mortgage arrears stood at \$13.60m or 12.34% of the total Mortgage Portfolio as at December 2012 compared to \$19.61m as at the same period in 2011 or 15.07% of the Authority's total loan portfolio.

The bar graph below illustrates the trend over the last ten years:



## Recovery of Loan Arrears

The Authority continued to pursue debtors who defaulted in their loan repayments. A team of Collectors were formed and a set of accounts were locked to each of them to manage performing accounts from falling into

arrears and also to recover the arrears from the accounts which had already defaulted in loan repayments. 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.

## Social Housing Policy

In 2012, the Government approved the Social Housing Policy to utilise government grant funds to assist customers who have paid more than one and half times the loan amount and fall into a specific list of criteria

to qualify. This includes those that are retired, unemployed and are facing financial difficulties to repay the debt. Under this scheme, the Authority assisted 146 customers in 2012 by writing off their debts totalling \$1.95m, that is, \$1.02m from government grant funds and \$0.93m from the Authority.

In addition, the Authority wrote off accounts for 10 village schemes totalling \$0.505m under this scheme, that is, \$0.099m from Government grant funds and \$0.406m from the Authority.

The diagram below illustrates the total assistance through the Social Housing Policy via Division from 2011 to 2012.



Recipients of the Social Housing Policy Assistance with the Lending Division SHP Team.

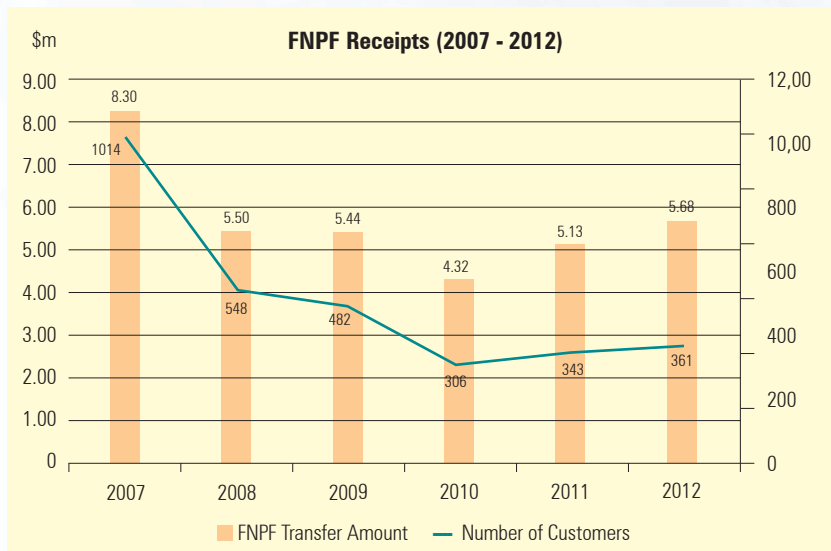


## Conveyancing Services

The Conveyancing Team is responsible for conveyancing, Fiji National Provident Fund housing transfers and registration and safe-keeping of legal documents held by the Authority for security of loans granted to the customers. New loans disbursed in 2012 were \$8.00m for 353 customers.

A total of 361 customers were assisted through the transfer of their Fiji National Provident Fund monies during the year and the total sum of \$5.68m housing transfer funds were received by the Authority.

The diagram below illustrates the total FNPF receipts received from 2007 to 2012.



## 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 to 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 31 December 2012 is \$9.01m compared to \$10.23m as at end of 2011. The Performing and Non Performing portfolios up to December 2012 were recorded at \$1,606,812 and \$7,406,922 respectively.

The Village Housing scheme recorded an arrears of \$2,675,694.

## Ground Rent Portfolio

The total Ground Rent portfolio as at 31 December 2012 is \$2.28m compared to \$2.53m as at end of 2011. The Authority offered discounts to its customers that received a positive reaction and subsequently collected \$690,000 during the discount period of three months during the year.

## Stakeholders

Regular stakeholder meetings were held between the Authority and the Fiji National Provident Fund, iTaukei 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



Housing Authority Chairman Col. Mosese Tikoitoga and the Director for Top Symphony Dato Dr. Sharifuddin Wahhabi hold the signed Master Agreement for the Waila City Project.



## Retired Couple Happy With Write-Off



*The social housing policy has enabled Mr. Tara Singh to secure a family property.*

Apart-time taxi driver, Mr. Tara Singh is officially a home owner, after his home loan account at Housing Authority was written off.

Being the only bread winner for the family, Mr. Singh was faced with complications to meet the family's financial needs.

Poor health and old age has made him work part-time to make ends meet. With his income level below the poverty line, Mr. Tara was finding difficulties in repaying the loan.

The Housing Authority had assessed that Mr. Tara has paid two times over the principal amount of \$19,267, which was written off in 18th March, 2012 through the Social Housing Policy by \$3,945.

The social housing policy has enabled Mr. Tara Singh to secure a family property. The social housing policy is designed to assist those Housing Authority home owners who are at risk of losing their houses due to non-payment of their home loan accounts because of advanced age, disability or genuine financial difficulty.





# Finance & Administration Division

## Introduction

The Finance division is tasked with the primary role of providing prudent financial management to support all business activities of the Authority. This involves the preparation of budgets, financial forecasts, managing cash flows and the provision of timely and accurate management and financial reports. Apart from this core function, the division also oversees the Authority's Information Technology and Administration departments.

The highlights for 2012 are as follows:

1. Reserve Bank of Fiji (RBF) approves \$25m for Housing Authority to finance low income earners with implementation expected in January 2013.
2. ICT projects now on line- new VOIP Infrastructure systems, new email systems, Computer server cut off delay device, new blade technology & server consolidation, computer memory upgrades, all license software upgrades and fees regularization.

## Profitability

The Net Profit for the year 2012 was \$441,000 compared to \$389,000 for last year, an increase of about 13% from the previous year.

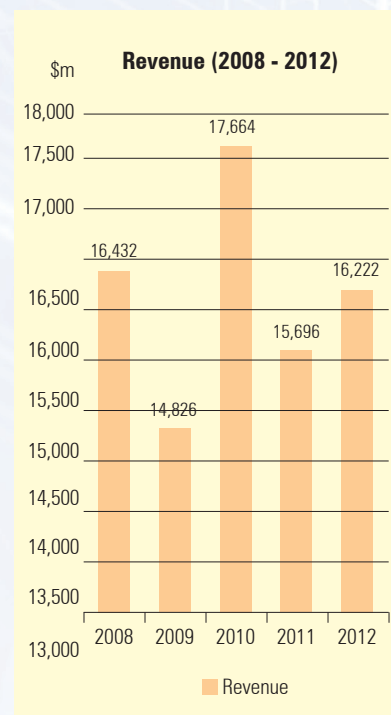
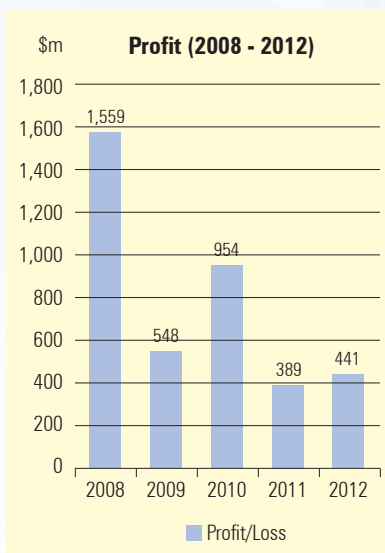
The Net Operating Income increased from \$9.826 million in 2011 to \$11.165 million in 2012, an increase of 13.6% but total operating expenses increased from \$9.437 million to \$10.724 million by 13.6%. The five year profitability achievement is shown on the graph below; it should be noted that the net profit for each of the years since 2010 has decreased. The major reasons for the decreases were:

- (i) Loan Mortgage Portfolio continued to reduce
- (ii) Land Lots budgeted for could not be

- delivered as expected
- (iii) Operation costs continued to increase

## Revenue

Revenue for each of the last five years varied without patterns. For example; in year 2010 the amount of \$17.7million was generated compared to \$15.6million and \$16.2million in 2011 and 2012 years respectively.



The level of operating expenses slightly increased over the 2011 levels as follows.

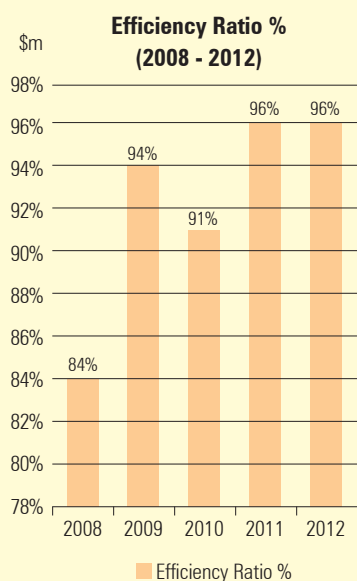
- Other Expenses - Increased by 27%
- Personnel Expenses - Increased by 3.5%

It should be noted that staff numbers including trainees and temporary staff had increased to facilitate more developments and subsequently more loans to be provided in years to come. The efficiency ratio (i.e.: Operating expenses/Operating income) was 96% in 2012 and in 2011 as well.

During the year, the Authority recorded the following increases for its provisions:

- Doubtful and Bad Debts - Increased by 304.6%
- Depreciation - Increased by 16.46%





Provisions for Doubtful debts were made considering the hardships faced by the low income earners in meeting their loan repayments.

## Finance Management

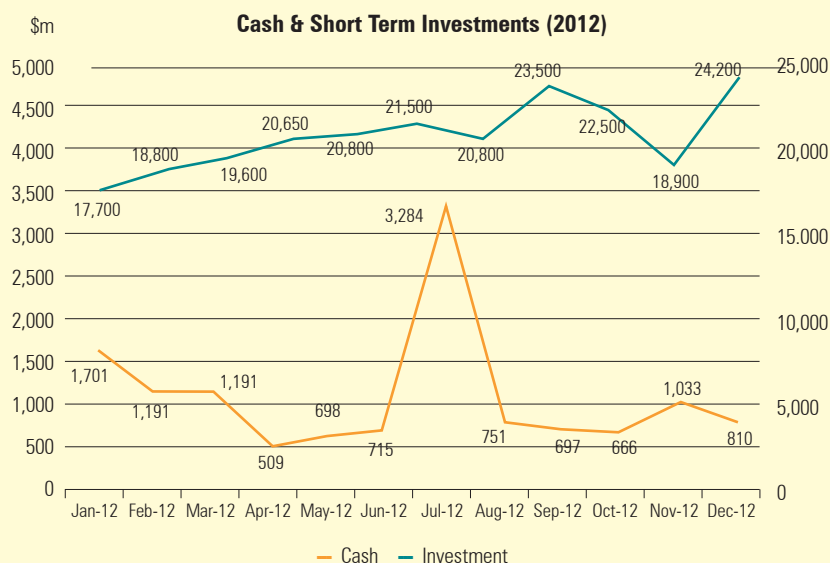
The business operating environment continued to be low in 2012 as the mortgage portfolio declined and new lots were not delivered as expected. The Authority continued with stringent measures to reduce costs, improve sales and loan quality.

The liquidity level was maintained and all financial obligations including payment to creditors, principal and interest repayments on borrowings, administrative and operation expenses were made on time.

During the year the Authority early redeemed (prepaid) eight million (\$8m) worth of bonds resulting in an interest saving of \$1.213 million for the future years.

The Reserve Bank of Fiji (RBF) approved a loan of \$25million at 2% per annum to support Government's vision for affordable housing thus allowing the Authority to provide low interest loans to low income earners. This has been earmarked for 2013 pending marketing collateral and internal system preparation. Comfortable liquidity level was maintained throughout the year to meet all financial obligations.

The graph below illustrates the cash at bank and investments over the twelve (12) months for 2012.



storage replaced the conventional rack mount disk arrays.

- Third-party mail system was replaced

## ICT Department

The Department undertook a lot of projects in 2012 compared to 2011. This report represents the highlights, major accomplishments and milestones of the ICT Department for the year.

2012 was a busy year in terms of infrastructure upgrade. The Authority invested close to \$700,000 on core ICT infrastructure; migrating from an aged legacy system to modern cost effective and efficient technologies. Most of the infrastructure upgrade project proposals approved by the Board in 2011 were successfully implemented and delivered on budget in 2012. This was made possible due to the robust partnership built with our major IT solution providers and vendors.

Major Accomplishments for ICT Department were :

- A fully managed online 40kVA UPS backup system was implemented in Valelevu Headquarters and remote sites.
- WAN Infrastructure was upgraded by adopting the modern IPVPN cloud from the legacy DDN network for improved efficiency.
- Bandwidth capacity increased significantly in the process.
- Blade technology, server consolidation, and centralized SAN

with the industry standard Microsoft Exchange for an improved e-mail system.

- Both Oracle and SQL DB engines were upgraded to allow our mission-critical applications like the Mortgage Lending Subsidiary System and the primary Financial GL system to perform better.
- HA also implemented an enterprise backup solution as part of its disaster recovery and risk mitigation.

## Administration Department

The Department is a support arm and takes charge in providing administrative and logistic services to the Authority. Activities entail mail management, telecommunications, transport, contract management, registry and general office services. The Department also coordinates external engagement of services for hygiene, pest control, security and fire system.

The Department has a manpower of six staff assisted by temporary casual workers and project officers.

Major achievements for the period include:

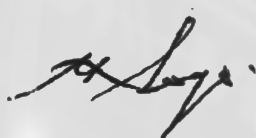
- Tender of office services for hygiene, pest control, security and fire alarm system
- Purchase of four new twin-cab vehicles to increase fleet efficiency
- New Storage container for customers



mortgage files

- Commencement of new VOIP project nationwide in consultation with ICT Department
- Facilitate energy audit project at Head Office to reduce energy bills
- Leasing of seven new photocopiers for Lautoka and Head Office

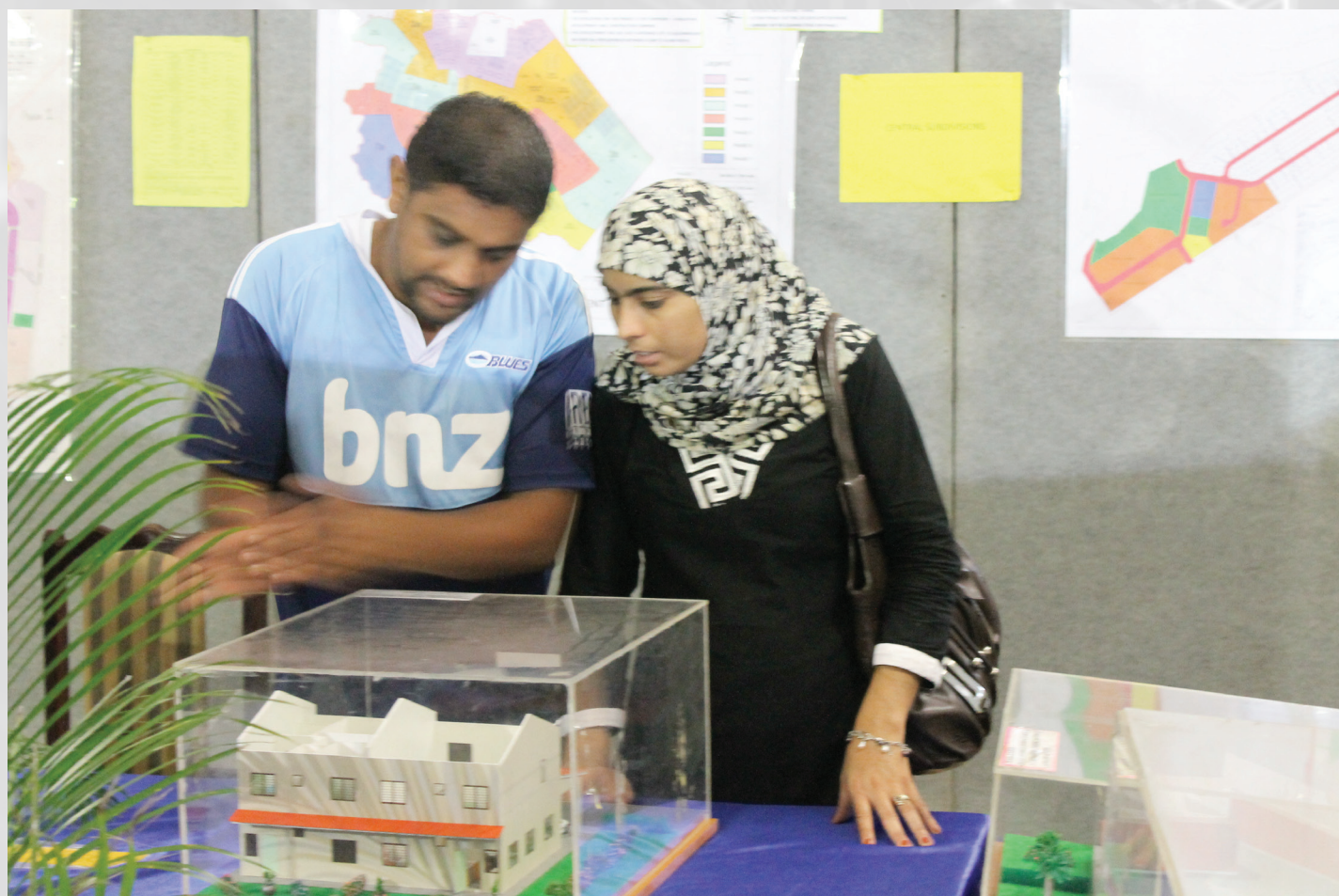
In its continuing effort to provide the best in-house service, the team will seek to pursue new initiatives to improve services and strives to provide a conducive workplace environment for all.



Sailosi Soqo  
General Manager Finance and Administration.



*The panoramic view of the ocean from our newly completed and launched Tacirua East 1B.*



*Potential home buyers inspect possible house models for the Waila City Subdivision.*



HOUSING AUTHORITY OF FIJI

# Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

## Contents

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# Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2012

## Directors' Report

The directors present their report together with the financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 December 2012 and the auditors' report thereon.

## Directors

The directors of the Authority during the year were:

| <b>Directors</b>                 | <b>Appointed</b> | <b>Served Until</b> |
|----------------------------------|------------------|---------------------|
| Col. Mosese Tikoitoga - Chairman | 05-Feb-10        | -                   |
| Mr Adrian Sofield                | 06-Sep-10        | -                   |
| Mr Umarji Musa                   | 06-Sep-10        | -                   |
| Mr Petero Daurewa                | 02-Jun-11        | -                   |
| Mrs Maraia Ubitau                | 02-Jun-11        | -                   |
| Father Kevin Barr                | 01-Mar 08        | 28 -Feb-11          |
| Father Kevin Barr                | 02-Jun-11        | -                   |

## State of affairs

In the opinion of the directors, the accompanying statement of financial position give a true and fair view of the state of affairs of the Authority as at 31 December 2012 and the accompanying statement of comprehensive income, statement of changes in equity 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:

|                              | <b>2012</b>   | <b>2011</b>   |
|------------------------------|---------------|---------------|
|                              | <b>\$'000</b> | <b>\$'000</b> |
| Net profit before income tax | 441           | 389           |
| Income tax expense           | -             | -             |
| Net profit for the year      | <u>441</u>    | <u>389</u>    |

## Dividends

The directors recommend that no dividends be declared or paid during the year (2011: \$nil).

## Reserves

There were no movements in reserves during the year. However, correction of prior period valuations have been made to the opening reserves balance of the comparative year to comply with the requirements of International Financial Reporting Standards.



# Directors' Report continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 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

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 25th day of June 2013.



Chairman



Member



# Statement by Directors

FOR THE YEAR ENDED 31 DECEMBER 2012

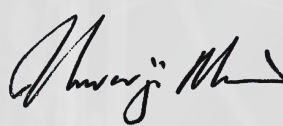
In accordance with a resolution of the Board of Directors of Housing Authority of Fiji, we state that in the opinion of the directors:

- (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 2012;
- (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 changes in equity of the Authority for the year ended 31 December 2012;
- (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 as at 31 December 2012;
- (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 2012;
- (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 25th day of June 2013.



Chairman



Member





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

REPUBLIC OF FIJI  
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Excellence in Public Sector Auditing

HOUSING AUTHORITY OF FIJI  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

# Independent Audit Report

I have audited the accompanying Financial Statements of Housing Authority of Fiji ("the Authority"), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended, and a summary of significant accounting policies and other explanatory information as set out on pages 34 to 59.

## Directors' and Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

My responsibility is to express an opinion on these Financial Statements based on my audit. I 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 Authority'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 Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence 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:
    - a) give a true and fair view of the state of affairs of the Housing Authority of Fiji as at 31 December 2012 and of the results, changes in equity and cash flows of the Authority for the year ended on that date; and
    - b) give the information required by the Caption 267 of the Housing Act and the Housing (Amendment) Decree (1989) in the manner so required.

Tevita Bolaivuna  
**Auditor General**

28 June 2013  
Suva, Fiji





# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

|                                                                      | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------------------------------------------------|-------|----------------|----------------|
| Interest income                                                      | 2.1   | 10,363         | 9,936          |
| Interest expense                                                     | 3.1   | (5,778)        | (6,588)        |
| Net interest income                                                  |       | 4,585          | 3,348          |
| Other operating income                                               | 2.2   | 6,580          | 6,478          |
| <b>Net operating income</b>                                          |       | <b>11,165</b>  | <b>9,826</b>   |
| Amortisation of intangible assets                                    |       | 391            | 370            |
| Bad and doubtful debts                                               |       | 967            | 239            |
| Cost of sales - land and houses                                      |       | 721            | 718            |
| Depreciation of property, plant and equipment                        |       | 672            | 577            |
| Other operating expenses                                             | 3.3   | 3,270          | 2,987          |
| Personnel expenses                                                   | 3.2   | 4,703          | 4,546          |
| <b>Total operating expense</b>                                       |       | <b>10,724</b>  | <b>9,437</b>   |
| Net profit before income tax                                         |       | 441            | 389            |
| Income tax expense                                                   |       | -              | -              |
| <b>Net profit after tax</b>                                          |       | <b>441</b>     | <b>389</b>     |
| <b>Other comprehensive income</b>                                    |       |                |                |
| Revaluation of property, plant and equipment                         | 15    | -              | 1,380          |
| Reversal of previous revaluation                                     | 15    | -              | (5,837)        |
| <b>Total comprehensive income/(expense) for the year, net of tax</b> |       | <b>441</b>     | <b>(4,068)</b> |

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



# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

## 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

Reversal of previous revaluation

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

|    | 2012<br>\$'000 | 2011<br>\$'000 |
|----|----------------|----------------|
|    | (7,627)        | (8,016)        |
|    | 441            | 389            |
|    | (7,186)        | (7,627)        |
|    |                |                |
|    | 2,377          | 6,834          |
| 15 | -              | 1,380          |
| 15 | -              | (5,837)        |
|    | 2,377          | 2,377          |
|    |                |                |
|    | 15,958         | 15,958         |
|    | -              | -              |
|    | 15,958         | 15,958         |
|    |                |                |
|    | 41,772         | 41,772         |
|    | -              | -              |
|    | 41,772         | 41,772         |
|    |                |                |
|    | <b>52,921</b>  | <b>52,480</b>  |

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



# Statement of Financial Position

FOR THE YEAR ENDED 31 DECEMBER 2012

|                                     | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|-------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                       |       |                |                |
| Cash and cash equivalents           | 4     | 3,010          | 13,146         |
| Held-to-maturity investments        | 5     | 22,000         | 5,500          |
| Loans and advances                  | 6     | 98,510         | 109,694        |
| Inventories                         | 7     | 32,277         | 20,059         |
| Other assets                        | 11    | 4,504          | 8,297          |
| Land held for future development    | 8     | 2,498          | 786            |
| Intangible assets                   | 10    | 496            | 842            |
| Property, plant and equipment       | 9     | 9,621          | 9,673          |
| <b>TOTAL ASSETS</b>                 |       | <b>172,916</b> | <b>167,997</b> |
| <b>LIABILITIES</b>                  |       |                |                |
| Trade and other payables            | 13    | 13,867         | 16,334         |
| Provisions                          | 14    | 443            | 1,124          |
| Debt issued and borrowed funds      | 12    | 105,685        | 98,059         |
| <b>TOTAL LIABILITIES</b>            |       | <b>119,995</b> | <b>115,517</b> |
| <b>EQUITY</b>                       |       |                |                |
| Capital                             | 15    | 41,772         | 41,772         |
| Accumulated losses                  |       | (7,186)        | (7,627)        |
| Government grant                    |       | 15,958         | 15,958         |
| Asset revaluation reserve           | 15    | 2,377          | 2,377          |
| <b>TOTAL EQUITY</b>                 |       | <b>52,921</b>  | <b>52,480</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>172,916</b> | <b>167,997</b> |

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



# Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012

|                                                      |          | 2012                             | 2011                             |
|------------------------------------------------------|----------|----------------------------------|----------------------------------|
|                                                      | Note     | Inflows/<br>(Outflows)<br>\$'000 | Inflows/<br>(Outflows)<br>\$'000 |
| <b>Operating activities</b>                          |          |                                  |                                  |
| Interest received                                    |          | 6,535                            | 10,185                           |
| Fees, charges and other income received              |          | 7,026                            | 5,121                            |
| Proceeds from sale of land and houses                |          | 828                              | 868                              |
| Interest and other costs of finance paid             |          | (5,920)                          | (6,074)                          |
| Net customer loans repayments received               |          | 12,699                           | 5,607                            |
| Payments to suppliers for land and houses            |          | (873)                            | (1,001)                          |
| Net (utilisation of)/proceeds from government grants |          | (1,096)                          | 8,702                            |
| Other operating expenses paid                        |          | (2,736)                          | (7,702)                          |
| <b>Cash flows from operating activities</b>          |          | <b>16,463</b>                    | <b>15,706</b>                    |
| <b>Investing activities</b>                          |          |                                  |                                  |
| Proceeds from sale of plant and equipment            |          | 46                               | 15                               |
| Payments for plant, equipment and intangible assets  |          | (665)                            | (749)                            |
| Payment of short term investments                    |          | (16,500)                         | (1,500)                          |
| <b>Cash flows used in investing activities</b>       |          | <b>(17,119)</b>                  | <b>(2,234)</b>                   |
| <b>Financing activities</b>                          |          |                                  |                                  |
| Net repayment of borrowings                          |          | (9,480)                          | (3,475)                          |
| <b>Cash flows used in financing activities</b>       |          | <b>(9,480)</b>                   | <b>(3,475)</b>                   |
| Net (decrease)/ increase in cash held                |          | (10,136)                         | 9,997                            |
| Cash at the beginning of the financial year          |          | 13,146                           | 3,149                            |
| <b>Cash at the end of the financial year</b>         | <b>4</b> | <b>3,010</b>                     | <b>13,146</b>                    |

The accompanying notes form an integral part of this Statement of Cash Flows.



# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

## 1 Corporate Information

The financial statements of Housing Authority of Fiji ("the Authority") for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 25th June 2013. Housing Authority of Fiji is a statutory government body established under the Housing Authority Act and domiciled in the Republic of the Fiji.

The principal activities of the Authority are described in Note 21.

### 1.1 Basis of preparation of the Financial Statements

The financial statements have been prepared on a historical cost basis except for land and buildings included under property, plant and equipment which are recorded at fair value. 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 risks 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 balance date, that have a significant risk of causing a material adjustment 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 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



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

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'.

### 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.

## 1.4 Summary of significant accounting policies continued

### (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



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 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.

### i) 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.

### ii) 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 rents are recognised as revenue in the period in which they are earned.

## 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 profit for bad and doubtful debts reflects new individual impairment, reversals of individual impairment no longer required and movements in the collective impairment.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## f) **Cash and cash equivalents**

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

## 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 recognised 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 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value. In determining fair value less costs to sell, an appropriate value model is used.

For impaired 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 the recoverable



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

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) Inventories

### *Land and houses*

Stock, comprising land and houses is carried at the lower of cost and net realisable value. At year end, the carrying value of unsold lots and developed properties are assessed and a provision for write-down is created where the net realisable value is determined to be less than carrying 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 administrative costs which are incurred as a result of land development and house construction and development interest costs on the funds used to finance the development up to the time of completion.

## l) Income tax

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

## m) Government grants

The Government provides an annual grant to the Authority to assist qualifying customers in meeting their mortgage repayments. This grant is in the form of a one off rebate to a customer's loan balance. Any grant that is not utilised at year end is shown as a liability until such time it is 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. Explanations are provided for significant restatements.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

p) **Segment information**

(a) Industry segment

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

(b) Geographical segment

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

1.5 **Standard issued but not yet effective**

A number of standards and interpretations have been issued by the IASB, but are not yet effective, up to the date of issuance of the Authority's financial statements. The Authority intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of items of Other Comprehensive Income - Amendments to IAS 1;  
IAS 19 Employee Benefits (revised)

IAS 28 Investments in Associations and Joint Ventures (as revised in 2011);

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32;

IFRS 1 Government Loans - Amendments to IFRS 1;

IFRS 7 Disclosures - Offsetting Financial Assets and Liabilities - Amendments to IFRS 7;

IFRS 9 Financial Instruments: Classification and Measurement;

IFRS 11 Joint Arrangements;

IFRS 12 Disclosure of Interests in Other Entities; and

IFRS 13 Fair Value Measurement.

The Authority is currently assessing the impact that these standards will have on its financial position and performance, but based on preliminary analysis, no material impact is expected.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 2. INCOME

- 2.1 Interest income  
Investment securities  
Loans and advances

- 2.2 Other operating income  
Fees and charges  
Rent  
Other income  
Sale of land and houses

## 3. EXPENSES

- 3.1 Interest expense  
Bonds  
Long term loans

- 3.2 Personnel expenses  
Employee entitlements  
FNPF contribution  
Other  
Salaries and wages

- 3.3 Other operating expenses  
Auditors remuneration - audit fees  
Accounting services  
Amortisation - leasehold land  
Repairs and maintenance  
Stock write-down  
VAT expense  
Other expenses

## 4. CASH AND CASH EQUIVALENTS

- Petty cash  
Cash at bank

## 5. HELD-TO-MATURITY INVESTMENTS

- Term deposits

Term deposits are placed with financial institutions in Fiji at terms of 4 months to 10 months. The interest rate of these deposits range from 0.5% to 1.15%.

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
| 190            | 166            |
| 10,173         | 9,770          |
| 10,363         | 9,936          |
| 4,227          | 4,104          |
| 101            | 131            |
| 1,424          | 1,375          |
| 828            | 868            |
| 6,580          | 6,478          |
| \$'000         | \$'000         |
| 5,667          | 6,434          |
| 111            | 154            |
| 5,778          | 6,588          |
| 209            | 104            |
| 394            | 375            |
| 157            | 96             |
| 3,943          | 3,971          |
| 4,703          | 4,546          |
| 20             | 20             |
| 16             | 29             |
| 96             | 2              |
| 102            | 109            |
| 196            | 134            |
| 128            | 211            |
| 2,712          | 2,484          |
| 3,270          | 2,989          |
| \$'000         | \$'000         |
| 2              | 2              |
| 3,008          | 13,144         |
| 3,010          | 13,146         |
| \$'000         | \$'000         |
| 22,000         | 5,500          |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 6. LOANS AND ADVANCES

|                                       | 2012<br>\$'000 | 2011<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Mortgage loans                        | 101,714        | 122,032        |
| Village scheme loans                  | 9,006          | 6,944          |
|                                       | 110,720        | 128,976        |
| Less: Interest and fees suspended     | (6,942)        | (9,425)        |
| Add: Accounts with credit balance     | 696            | 731            |
| Gross loans                           | 104,474        | 120,282        |
| Less: Allowance for impairment losses | (5,964)        | (10,588)       |
|                                       | 98,510         | 109,694        |

Mortgage loans include staff housing loans and advances totaling \$792,333 (2011: \$1,300,710). Village scheme loans are secured by a combination of assignments over native lease rental monies.

Impairment allowances for loans by class is as follows:

|                                                                                                                                   | Mortgage<br>\$'000 | Village Scheme<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------|-----------------|
| At 1 January 2012                                                                                                                 | 8,312              | 2,276                    | 10,588          |
| Charge for the year                                                                                                               | (5,240)            | 616                      | (4,624)         |
| At 31 December 2012                                                                                                               | 3,072              | 2,892                    | 5,964           |
| Individual impairment                                                                                                             | 2,299              | 2,821                    | 5,120           |
| Collective impairment                                                                                                             | 773                | 71                       | 844             |
|                                                                                                                                   | 3,072              | 2,892                    | 5,964           |
| Gross amount of loans, individually determined to be impaired,<br>before deducting any individually assessed impairment allowance | 23,232             | 7,079                    | 30,311          |
|                                                                                                                                   | Mortgage<br>\$'000 | Village Scheme<br>\$'000 | Total<br>\$'000 |
| At 1 January 2011                                                                                                                 | 8,078              | 2,276                    | 10,354          |
| Charge for the year                                                                                                               | 234                | -                        | 234             |
| 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,<br>before deducting any individually assessed impairment allowance | 44,678             | 6,063                    | 50,741          |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 6. LOANS AND ADVANCES TO CUSTOMERS continued

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

| 2012                | Individual<br>Impairment<br>\$'000 | Collective<br>Impairment<br>\$'000 | Total<br>\$'000 |
|---------------------|------------------------------------|------------------------------------|-----------------|
| At 1 January 2012   | 11,940                             | (1,352)                            | 10,588          |
| Charge for the year | (8,634)                            | 4,010                              | (4,624)         |
| At 31 December 2012 | 3,306                              | 2,658                              | 5,964           |

| 2011                | Individual<br>Impairment<br>\$'000 | Collective<br>Impairment<br>\$'000 | Total<br>\$'000 |
|---------------------|------------------------------------|------------------------------------|-----------------|
| At 1 January 2011   | 11,706                             | -                                  | 11,706          |
| Charge for the year | 234                                | (1,352)                            | (1,118)         |
| At 31 December 2011 | 11,940                             | (1,352)                            | 10,588          |

## 7. INVENTORIES

Developed lots  
Less: Provision for developed lots write-down

Unsold properties  
Less: Provision for unsold properties write-down

Development work-in-progress

**Total inventories**

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
| 1,804          | 2,254          |
| (165)          | (226)          |
| 1,639          | 2,028          |
| 821            | 933            |
| (272)          | (21)           |
| 549            | 912            |
| 30,089         | 17,119         |
| <b>32,277</b>  | <b>20,059</b>  |

| \$'000       | \$'000     |
|--------------|------------|
| 653          | 6,497      |
| (451)        | (7)        |
| -            | (5,837)    |
| 2,622        | 362        |
| (326)        | (229)      |
| <b>2,498</b> | <b>786</b> |

## 8. LAND HELD FOR FUTURE DEVELOPMENT

Freehold land

- at deemed cost

- movement during the year

- reversal of previous revaluation surplus

Leasehold land – at cost

Less: Provision for amortisation of leasehold land

**Total land held for future development**

During the year, the Authority determined that included in the deemed cost of land was revaluation surplus recorded prior to its transition to IFRS (2007). The land was intended to be sold in the ordinary course of business or developed for such a sale in the future. The revaluation surplus has been adjusted. As it relates to previous years, the correction has been made to the comparative and opening equity for prior year.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 9. PROPERTY, PLANT AND EQUIPMENT

### Properties

#### Cost:

|                                         |       |         |
|-----------------------------------------|-------|---------|
| At 1 January                            | 7,906 | 7,879   |
| Additions                               | 15    | 156     |
| Disposals                               | -     | (56)    |
| Revaluation increase - 2011             | -     | 1,258   |
| Reversal of depreciation on revaluation | -     | (1,331) |
| At 31 December                          | 7,921 | 7,906   |

#### Depreciation and impairment:

|                                         |     |         |
|-----------------------------------------|-----|---------|
| At 1 January                            | 12  | 1,210   |
| Depreciation charge for the year        | 174 | 158     |
| Disposals                               | -   | (25)    |
| Reversal of depreciation on revaluation | -   | (1,331) |
| At 31 December                          | 186 | 12      |

### Net written down value - properties

|              |              |
|--------------|--------------|
| <b>7,735</b> | <b>7,894</b> |
|--------------|--------------|

### Furniture and fittings

#### Cost:

|                |       |       |
|----------------|-------|-------|
| At 1 January   | 1,988 | 1,929 |
| Additions      | 239   | 102   |
| Disposals      | -     | (43)  |
| At 31 December | 2,227 | 1,988 |

#### Depreciation and impairment:

|                                  |       |       |
|----------------------------------|-------|-------|
| At 1 January                     | 1,442 | 1,314 |
| Depreciation charge for the year | 181   | 163   |
| Disposals                        | -     | (35)  |
| At 31 December                   | 1,623 | 1,442 |

### Net written down value - Furniture and fittings

|            |            |
|------------|------------|
| <b>604</b> | <b>546</b> |
|------------|------------|

### Staff houses and shops

#### Cost:

|                                         |     |      |
|-----------------------------------------|-----|------|
| At 1 January                            | 406 | 286  |
| Revaluation increase - 2011             | -   | 181  |
| Reversal of depreciation on revaluation | -   | (61) |
| At 31 December                          | 406 | 406  |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 9. PROPERTY, PLANT AND EQUIPMENT continued

### Staff houses and shops continued

Depreciation and impairment:

At 1 January

Depreciation charge for the year

Reversal of depreciation on revaluation

At 31 December

### Net written down value - staff houses and shops

### Motor vehicles

**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 - motor vehicles

### Computer equipment

**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 - computer equipment

### Others

**Cost:**

At 31 December

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
|                |                |
| 21             | 77             |
| 11             | 5              |
| -              | (61)           |
| 32             | 21             |
| <b>374</b>     | <b>385</b>     |
|                |                |
| 748            | 741            |
| 284            | 81             |
| (71)           | (74)           |
| 961            | 748            |
|                |                |
| 410            | 350            |
| 136            | 133            |
| (10)           | (73)           |
| 536            | 410            |
| <b>425</b>     | <b>338</b>     |
|                |                |
| 2,237          | 2,298          |
| 158            | 410            |
| -              | (471)          |
| 2,395          | 2,237          |
|                |                |
| 1,792          | 2,065          |
| 168            | 114            |
| -              | (387)          |
| 1,960          | 1,792          |
| <b>435</b>     | <b>445</b>     |
|                |                |
| 70             | 70             |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 9. PROPERTY, PLANT AND EQUIPMENT continued

### Others continued

#### Depreciation and impairment:

|                                  |    |    |
|----------------------------------|----|----|
| At 1 January                     | 20 | 18 |
| Depreciation charge for the year | 2  | 2  |
| At 31 December                   | 22 | 20 |

#### Net written down value - others

#### Work in progress

##### Cost:

|                             |      |    |
|-----------------------------|------|----|
| At 1 January                | 15   | -  |
| Additions                   | -    | 15 |
| Capitalised during the year | (15) | -  |
| At 31 December              | -    | 15 |

#### Net written down value

#### Total

##### Cost:

|                                         |        |         |
|-----------------------------------------|--------|---------|
| At 1 January                            | 13,370 | 13,203  |
| Additions                               | 696    | 764     |
| Capitalised during the year             | (15)   | -       |
| Disposals                               | (71)   | (644)   |
| Revaluation - 2011                      | -      | 1,439   |
| Reversal of depreciation on revaluation | -      | (1,392) |
| At 31 December                          | 13,980 | 13,370  |

#### Depreciation and impairment:

|                                         |       |         |
|-----------------------------------------|-------|---------|
| At 1 January                            | 3,697 | 5,034   |
| Depreciation charge for the year        | 672   | 575     |
| Disposals                               | (10)  | (520)   |
| Reversal of depreciation on revaluation | -     | (1,392) |
| At 31 December                          | 4,359 | 3,697   |

#### Net written down value - total

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
| 20             | 18             |
| 2              | 2              |
| 22             | 20             |
| 48             | 50             |
| 15             | -              |
| -              | 15             |
| (15)           | -              |
| -              | 15             |
| 9,621          | 9,673          |
| 13,370         | 13,203         |
| 696            | 764            |
| (15)           | -              |
| (71)           | (644)          |
| -              | 1,439          |
| -              | (1,392)        |
| 13,980         | 13,370         |
| 3,697          | 5,034          |
| 672            | 575            |
| (10)           | (520)          |
| -              | (1,392)        |
| 4,359          | 3,697          |
| 9,621          | 9,673          |

In the financial year ended 2011, revalued its land and building included as property, plant and equipment. The authority's own valuation officers who are accredited registered valuers under the Institute of Valuation and State Management of Fiji, assessed the fair value of its properties. The valuation was adopted by the authority's Board of Directors at 31 December 2011.

The valuation was determined by reference to market-based evidence. Valuations performed by the valuers were based on active market prices, adjusted for any difference in the nature, location or condition for the specific property.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 10. INTANGIBLE ASSETS

Cost:

At 1 January

Additions

At 31 December

Depreciation and impairment:

At 1 January

Amortisation charge for the year

At 31 December

**Net written down value - Intangible assets**

## 11. OTHER ASSETS

Advance - Exim Bank of China

Advance - FPNF settlement

Sundry debtors and prepayments

Stationery stock

Interest receivable

Staff advances

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 on behalf of Government entered into an on-lending agreement with the Government. As at 31 December 2012, the total disbursement from the EXIM Bank to the contractor accumulated to FJD25,136,914, 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 2012 is FJD21,034,691 from which a 28% advance recovery FJD5,889,713 was deducted.

## 12. DEBT ISSUED AND BORROWED FUNDS

Current

Bonds

Loans

Effective interest rate %

2.60% - 4.77%

7.10%

Non current

Bonds

Loans

2.60%-12%

2% to 7.10%

**Total debt issued and borrowed funds**

Bonds

Loans

Maturity

2010 to 2025

2010 to 2031

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

| 2012   | 2011   |
|--------|--------|
| \$'000 | \$'000 |
| 1,854  | 1,806  |
| 45     | 48     |
| 1,899  | 1,854  |
| 1,012  | 642    |
| 391    | 370    |
| 1,403  | 1,012  |
| 496    | 842    |
| \$'000 | \$'000 |
| 4,102  | 7,863  |
| 28     | 102    |
| 251    | 290    |
| 28     | 22     |
| 31     | 5      |
| 64     | 15     |
| 4,504  | 8,297  |

| \$'000  | \$'000 |
|---------|--------|
| 14,198  | 3,000  |
| 550     | 1,044  |
| 14,748  | 4,044  |
| 65,800  | 77,998 |
| 25,137  | 16,017 |
| 90,937  | 94,015 |
| 105,685 | 98,059 |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 13. TRADE AND OTHER PAYABLES

Interest payable  
Insurance payable  
Government Grant received in advance  
Trade payables and accruals

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
| 1,685          | 1,827          |
| 654            | 1,014          |
| 8,992          | 10,088         |
| 2,536          | 3,405          |
| <b>13,867</b>  | <b>16,334</b>  |

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.

## 14. PROVISIONS

The movement in provision during the year is as follows:

|                         | Contracted<br>Maintenance<br>\$'000 | Employee<br>Entitlements<br>\$'000 | Total<br>\$'000 |
|-------------------------|-------------------------------------|------------------------------------|-----------------|
| <b>2012</b>             |                                     |                                    |                 |
| At 1 January            | 749                                 | 375                                | 1,124           |
| Arising during the year | (594)                               | 618                                | 24              |
| Utilised                | (102)                               | (603)                              | (705)           |
| As 31 December          | 53                                  | 390                                | 443             |
| Represented by:         |                                     |                                    |                 |
| Current                 | 53                                  | 390                                | 443             |

The movement in provision during the year is as follows:

|                         | Contracted<br>Maintenance<br>\$'000 | Employee<br>Entitlements<br>\$'000 | Total<br>\$'000 |
|-------------------------|-------------------------------------|------------------------------------|-----------------|
| <b>2011</b>             |                                     |                                    |                 |
| 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           |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 15. CAPITAL AND RESERVES

### Capital

#### Asset Revaluation Reserve

At 1 January

Revaluation during the year

Reversal of prior year revaluation

At 31 December

| 2012<br>\$'000 | 2011<br>\$'000 |
|----------------|----------------|
| 41,772         | 41,772         |
| 2,377          | 6,834          |
| -              | 1,380          |
| -              | (5,837)        |
| 2,377          | 2,377          |

During the year, the Authority determined that included in the deemed cost of land was revaluation surplus recorded prior to its transition to IFRS (2007). The land was intended to be sold in the ordinary course of business or developed for such a sale in the future. Accordingly, the valuation of the land should not have been recognised and the revaluation surplus has been adjusted. As it relates to prior years, the correction has been made to the comparative and opening equity for prior year.

## 16. 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 commitments and contingent liabilities at balance date are as follows:

### Contingent liabilities

Guarantees

### Commitments

Operating lease commitments

Capital commitments

[a]

Total

| \$'000 | \$'000 |
|--------|--------|
| 5      | 145    |
| 5      | 145    |
| 1,029  | 613    |
| 71,485 | 66,756 |
| 72,514 | 67,369 |
| 72,519 | 67,514 |

### 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:

#### Guarantee

Fiji Electricity Authority bond

5

145



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 16. CONTINGENT LIABILITIES AND COMMITMENTS continued

### Commitments

#### a) Operating lease commitments

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

|                                                    | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------------------------------|----------------|----------------|
| Not later than one year                            | 314            | 189            |
| Later than one year but not later than two years   | 288            | 129            |
| Later than two years but not later than five years | 427            | 295            |
|                                                    | <b>1,029</b>   | <b>613</b>     |

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 \$87,051 (2011: \$95,858).

## 17. RELATED PARTY DISCLOSURES

#### (a) Identity of related parties

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

|                                  | Appointed | Served Until |
|----------------------------------|-----------|--------------|
| Col. Mosese Tikoitoga - Chairman | 5-Feb-10  | -            |
| Mr Adrian Sofield                | 6-Sep-10  | -            |
| Mr Umarji Musa                   | 6-Sep-10  | -            |
| Mr Petero Daurewa                | 2-Jun-11  | -            |
| Mrs Maraia Ubitau                | 2-Jun-11  | -            |
| Father Kevin Barr                | 1-Mar-08  | 28-Feb-11    |
| Father Kevin Barr                | 2-Jun-11  | -            |

#### (b) Transactions with related parties

Transactions with related parties during the year ended 31 December 2012 with approximate transaction value are summarised as follows:

|                                              | \$'000 | \$'000 |
|----------------------------------------------|--------|--------|
| Board expenses and allowances                | 76     | 59     |
| (c) Compensation of key management personnel |        |        |
| Short term employee benefits                 | 434    | 413    |

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



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 18. 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.

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 19.1 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.

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. The Directors have set up sub committees to be responsible for managing and monitoring specific risks such as audit, finance, human resource and credit.

#### *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 on an ongoing basis by its own Internal Audit Unit, 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.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 19.1 Introduction continued

Information compiled from all the business units 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.

### 19.2 Credit Risk

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

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

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

|                                  | Gross Maximum<br>Exposure 2012<br>\$'000 | Gross Maximum<br>Exposure 2011<br>\$'000 |
|----------------------------------|------------------------------------------|------------------------------------------|
| Loans and advances (Note 6)      | 98,510                                   | 109,694                                  |
| Other assets (Note 11)           | 4,504                                    | 8,297                                    |
| Total                            | 103,014                                  | 117,991                                  |
| Contingent liabilities (Note 16) |                                          |                                          |
| Commitments (Note 16)            | 72,514                                   | 67,369                                   |
| Total                            | 72,519                                   | 67,514                                   |
| <b>Total credit exposure</b>     | <b>175,533</b>                           | <b>185,505</b>                           |

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



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

### 19.3 Interest rate risk

Interest rates on financial assets and liabilities are fixed over the terms of the relevant contracts, thereby minimising the risk of mis-matches in interest rates. At the reporting date, the interest rate profile of the Authority's interest bearing financial instruments carrying amounts were:

|                               | 2012<br>\$'000 | 2011<br>\$'000 |
|-------------------------------|----------------|----------------|
| <i>Fixed rate instruments</i> |                |                |
| Financial assets              | 123,520        | 128,340        |
| Financial liabilities         | 119,552        | 114,393        |

The following sensitivity analysis is based on the interest risk exposures, if any, in existence at balance date:

| Increase /(decrease)<br>in interest rate | Effect on profit<br>before tax<br>\$'000 |
|------------------------------------------|------------------------------------------|
| + 10 bp                                  | 102                                      |
| - 10 bp                                  | (102)                                    |

### Capital Management

The primary objective of the Authority's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its operations and maximise shareholder value.

The Authority manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Authority may adjust the dividend payment to shareholders, return capital to shareholders or raise capital.

The Authority monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Authority includes within net debt, trade and other payables less cash and cash equivalents. Capital includes equity attributable to equity holders less the net unrealised gains reserve.

|                                       | 2012<br>\$'000 | 2011<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Interest bearing loans and borrowings | 105,685        | 98,059         |
| Trade and other payables              | 13,867         | 16,334         |
| Less: cash and short term deposits    | (3,010)        | (13,146)       |
| Net debt                              | 116,542        | 101,247        |
| Equity                                | 52,921         | 52,480         |
| Total Capital                         | 52,921         | 52,480         |
| Capital and net debt                  | 169,463        | 153,727        |
| Gearing ratio                         | 69%            | 66%            |



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 20. MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

| 31 December 2012                         | At call       | Less than 3 months | 4 to 12 months | 1 to 5 years  | over 5 years  | Provision for doubtful debts | Suspended interest and fees | Total          |
|------------------------------------------|---------------|--------------------|----------------|---------------|---------------|------------------------------|-----------------------------|----------------|
|                                          | \$'000        | \$'000             | \$'000         | \$'000        | \$'000        | \$'000                       | \$'000                      | \$'000         |
| Financial assets                         |               |                    |                |               |               |                              |                             |                |
| Cash                                     | 3,010         | -                  | -              | -             | -             | -                            | -                           | 3,010          |
| Loans and advances                       | 14,848        | 11,333             | 17,598         | 42,013        | 25,624        | (5,964)                      | (6,942)                     | 98,510         |
| Financial investments - held to maturity | -             | 8,000              | 14,000         | -             | -             | -                            | -                           | 22,000         |
| <b>Total</b>                             | <b>17,858</b> | <b>19,333</b>      | <b>31,598</b>  | <b>42,013</b> | <b>25,624</b> | <b>(5,964)</b>               | <b>(6,942)</b>              | <b>123,520</b> |
| Financial liabilities                    |               |                    |                |               |               |                              |                             |                |
| Borrowings                               | -             | 1,277              | 20,230         | 45,404        | 38,774        | -                            | -                           | 105,685        |
| Accrued interest                         | -             | 1,685              | -              | -             | -             | -                            | -                           | 1,685          |
| Accounts payable and accrued liabilities | -             | 12,182             | -              | -             | -             | -                            | -                           | 12,182         |
| <b>Total</b>                             | <b>-</b>      | <b>15,144</b>      | <b>20,230</b>  | <b>45,404</b> | <b>38,774</b> | <b>-</b>                     | <b>-</b>                    | <b>119,552</b> |
| 31 December 2011                         | At call       | Less than 3 months | 4 to 12 months | 1 to 5 years  | over 5 years  | Provision for doubtful debts | Suspended interest and fees | Total          |
|                                          | \$'000        | \$'000             | \$'000         | \$'000        | \$'000        | \$'000                       | \$'000                      | \$'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          |
| <b>Total</b>                             | <b>32,751</b> | <b>21,342</b>      | <b>20,260</b>  | <b>45,326</b> | <b>28,674</b> | <b>(10,588)</b>              | <b>(9,425)</b>              | <b>128,340</b> |
| 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         |
| <b>Total</b>                             | <b>-</b>      | <b>16,847</b>      | <b>3,532</b>   | <b>53,806</b> | <b>40,208</b> | <b>-</b>                     | <b>-</b>                    | <b>114,393</b> |

## 21. 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.



# Notes to the Financial Statements continued

FOR THE YEAR ENDED 31 DECEMBER 2012

## 22. DETAILS OF THE AUTHORITY

### Registered office:

Housing Authority Building, Saqa Street, Valelevu, Nasinu  
P.O. Box 1263, Suva  
Telephone: (679) 339 2977  
Facsimile: (679) 334 0092  
Email: [info@housing.com.fj](mailto:info@housing.com.fj)  
[www.housingfiji.com](http://www.housingfiji.com)

### Branches:

#### Lautoka

Housing Authority Building, 14 Tavewa Avenue, Lautoka  
P.O. Box 262, Lautoka  
Telephone: (679) 666 0299  
Facsimile: (679) 666 5602

#### Labasa

F N PF Building, Rosawa Street, Labasa  
P.O. Box 78, Labasa  
Telephone: (679) 881 1977  
Facsimile: (679) 881 3919

#### Suva

Level 1, Ratu Sukuna House, Macarthur Street, Suva  
Telephone: (679) 339 2977  
Facsimile: (679) 331 5135

#### Nadi

Shop 1, Grand Melanesian Complex, Namaka, Nadi  
Telephone: (679) 666 0299  
Facsimile: (679) 670 7499

Number of employees at the end of the year:

|                                      |     |
|--------------------------------------|-----|
| Management                           | 18  |
| Staff                                | 135 |
| Project/Unestablished staff/Trainees | 80  |









Housing Authority  
*Your complete housing solution*



NADI OFFICE, Melanesian Complex, Nadi Phone: 670 7999 Fax: 670 7499

HEAD OFFICE -Valelevu, G P O Box 1263, Suva. Phone: 339 2977 Fax: 334 2572

LABASA OFFICE, FNPF Building, G P O Box 78, Labasa Phone: 881 1977 Fax: 881 3919

SUVA OFFICE, Level 1 Ratu Sukuna House, P.O.box 1263, Suva. Phone: 3309570 Fax: 3315135

LAUTOKA OFFICE, 14 Tavewa Avenue, G P O Box 262, Lautoka. Phone: 666 0299 Fax: 666 5602

WEBSITE: [www.housing.com.fj](http://www.housing.com.fj)



