

# Annual Report 2014



## Civil Aviation Authority of Fiji





# Civil Aviation Authority of Fiji

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**ISO 9001:2008 CERTIFIED**

## **LETTER OF TRANSMITTAL**

7<sup>th</sup> October 2015

**The Honorable Minister**  
**Attorney General and Minister for Justice**  
Anti-Corruption, Public Enterprises, Communications,  
Civil Aviation, Tourism, Industry and Trade  
Office of the Attorney-General  
Level 7, Suvavou House  
400 Victoria Parade  
**SUVA**

Dear Sir

## **ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**

In accordance with the requirements of Section 28(1), of the Civil Aviation Authority of Fiji Act, 1979 Cap 174A, the Annual Report and Audited Financial Statements of the Authority for the period ending 31<sup>st</sup> December 2014 are enclosed.

**CIVIL AVIATION AUTHORITY OF FIJI**

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## 1.0 INTRODUCTION

CAAF is a Statutory Authority established under the Civil Aviation Authority of Fiji Act, 1979 (Cap 174A).

Its principle place of business is at Nadi Airport where the head office is also situated.

As a regulator of Civil Aviation Industry in Fiji, the Authority is responsible to discharge its functions on behalf of the Fiji Government under its responsibility to the Chicago Convention to ICAO. Its functions, as provided under the Civil Aviation Authority Act 1979, (as amended) include:

- 1) Regulating civil aviation operations in Fiji by, among other things to include:-
  - a) Issue of certificates, licences, approvals, registrations and permits after appropriate inspections, audit and examination;
  - b) Development and promotion of appropriate, clear and concise aviation safety standards;
  - c) Development of effective enforcement strategies to secure compliance with aviation legislation and safety standards;
  - d) Assessment of decisions taken by industry for their impact on aviation safety;
  - e) Conducting regular reviews of civil aviation systems in order to monitor the safety performance of the aviation industry to identify safety related trends and risk factors and to promote the developments and improvements of the system;
  - f) Conducting regular and timely assessments of international safety developments, and
  - g) Conducting regular reviews of aviation security programmes and activities.
- 2)
  - a) Any function conferred on it by or under the Civil Aviation Reform Act 1999, or Civil Aviation Act 174A, and;
  - b) Carrying out such obligations of the State arising from the State's membership of the ICAO as directed by the Minister.
- 3) The Authority's safety-related functions include;

Encouraging a greater acceptance by the aviation industry of the industry's obligation to maintain high standards of aviation safety through:-

  - i) Comprehensive safety education and training programmes;
  - ii) Accurate and timely aviation safety advise, and
  - iii) Fostering an awareness in industry management and within the community generally, of the importance of aviation safety and compliance with relevant legislation
  - iv) Promoting full and effective consultation and communication with all interested parties on aviation safety issues.

## 2.0 CORPORATE PHILOSOPHY

### 2.1 CORPORATE VISION

The VISION of the Authority is ***to be a model aviation regulator.***

### 2.2 CORPORATE MISSION

The MISSION of the Authority is ***to promote effective aviation safety and security in Fiji and the region.***

### 2.3 CORPORATE VALUES

The Authority strives to reflect certain key VALUES as the characteristics of the people who are the CAAF team and equally for the organisation as a whole by ***professionalism, accountability, commitment and integrity in our conduct.***

### 2.4 CORPORATE OBJECTIVES (2013-2015)

1. Establish and maintain an effective regulatory framework including strategies for enforcement.
2. Ensure industry compliance with regulatory requirements.
3. Discharge State's obligations to ICAO.
4. Align industry to the State Safety Programme (SSP) by implementing Safety Management System (SMS).
5. Encourage high standards of aviation safety and security through education and regular consultation with industry.
6. Enhance productivity by maintaining a competent and motivated workforce.
7. Ensure continuous improvement to CAAF's internal systems and maintain ISO certification.
8. Support the State as necessary on aviation matters.

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### 3.0 CHIEF EXECUTIVE'S REPORT



**Chief Executive  
Mr. Netava Waqa**

The disappearance of Malaysian Flight MH370 on 8 March 2014 and the downing of another Malaysian aircraft flight MH17 on 17 July 2014 were two major events that attracted global attention.

These and other civil aviation occurrences highlight the vulnerability of our national airline when operating in the international environment and, the significant negative impact that accidents and serious incidents have on the national economy.

Such events, according to ICAO, underscore the need for State's and Civil Aviation administrators and operators/service providers to "think global and act local" when monitoring, planning and implementing civil aviation systems, activities and decisions. It also confirms that aviation safety and security cannot be ignored but is a vital and integral component in the civil aviation decision making process.

The Malaysia airline accidents challenged the capacity and effectiveness of collaboration between States regionally and globally and the ability to quickly coordinate, resolve and manage aviation crisis. Three areas identified requiring actions were real time aircraft tracking, search and rescue (SAR), and sharing of aviation information particularly in conflict zones.

The decision to complement the procedural control of aircraft in the Fiji domestic airspace with the use of ADS-B, for aircraft tracking is proving to become an effective and efficient safety, economic and environment conservation tool. Work is steadily progressing to realise the full ADS-B surveillance capability that would further enhance aircraft tracking.

CAAF played major role in review of the stakeholder's consultation outcomes and the development of the draft National SAR Manual in 2014. Part of the pending work is the review and update of agreements between countries that share Flight Information Region (FIR) and maritime boundaries with Fiji.

No accidents and fatalities were again recorded in 2014 for the third year in succession. Fiji's safety compliance with ICAO standards remained above global average. The USA FAA IASS favorable rating also provided a healthy commercial environment for national airline, tourism and international trade to grow.

The introduction of large, small, new and second hand aircrafts on the Fiji Register of aircrafts in 2014 stretched the Authority's oversight capacity. Outsourcing of oversight activities relating to the A330 and ATR - 600 aircraft, Helicopters and pilot training/flight testing to fulfill Fiji's international obligations increased the overall oversight costs.

Training continued to be key in building the Authority's human resource capacity. The 2014 budget was utilized for the up skilling of existing and replacement staff. Training in new areas of oversight to address the threats posed by Remote Pilot Aircraft Systems (RPAS) and Performance Based Navigation (PBN) to support the efficiency initiatives as required by the Global Air Navigation Plan (GANP) and Aviation System Block Upgrades (ASBU) were also conducted.

The staff turnover in key technical areas continued but through normal attrition, retirement or end of contract. Attracting locals that were difficult to replace previously was more manageable. This was made possible through surplus capacity in the local labor market through aging/retiring professionals. CAAF was able to localize and retire one of its longest serving expatriates in 2014.

ICAO for the first time since the signing of the Chicago Convention in 1944 rolled out and added to the existing 18 Annexes a new Annex 19 for Safety Management. This year was also the first full year of the SARPS, mandating the requirement of SSP and SMS. ICAO requires that State's progress SMS and implement a SSP by 2018. An internal workshop to review SMS implementation identified slow progress in the domestic sector.

ICAO released the revised GASP 2014 - 2018 to run parallel with the GANP 2013 – 2028. The ICAO plans provide flexibility to it and States to allocate resources in priority areas where it is needed most to achieve its “no country left behind” goal.

A comprehensive review of the Authority's corporate plan was carried out in 2014 to align its activities with the ICAO safety, air navigation and security plans. The Corporate plan now has specific tasks relevant to the Authority's functions to implement ICAO and national requirements.

The CAAF plan also identified new areas of improvement and opportunities. One of the key aspects of the ICAO and CAAF plans were unhindered electronic connectivity between industry and CAAF/State and, between CAAF/State and ICAO. This is necessary to facilitate sharing and analysis of information in a timely manner to support safety decisions.

The Authority continued its ICT infrastructure and systems upgrade and the search for a new Information Database to consolidate all aviation information in existence within CAAF departments and across industry began in 2014. This could not be concluded due to the lack of IT capacity and off the shelf solutions unique to the Authority.

The harmonization of the Air Navigation Regulations with international Part numbering system also had its challenges and could not be completed. Extensive legal drafting was required to the proposed texts and the development of the appropriate enforcement provisions.

Phase 1 of the manpower and structure review project using the activity based methodology was substantially concluded. New capabilities and positions were identified as a result of new requirements. Phase 2 of the project began and will continue into 2015 and is forward looking.

I wish to take this opportunity to thank the government, ministry responsible for civil aviation, industry stakeholders and the Authority staff for their support for a successful 2014.

## 4.0 AIR SAFETY DEPARTMENT (ASD)

### 4.1.1 HARMONISATION OF ANR PARTS AND STANDARDS DOCUMENTS

The harmonisation project was a major undertaking for the Air Safety Department in 2014 with ASD Inspectorate Staff being responsible for input into and review of 28 ANR Parts and an equal number of corresponding Standards Documents.

Regular consultations and meetings were held with the Solicitor General's office throughout the year. The promulgation of the harmonisation will result in Fiji Aviation Legislation corresponding with the rest of the world in the structuring of Air Legislation which will allow for common policies and procedures, easier referencing and recognition of foreign issued aviation documents.



**Controller Air Safety  
Mr. Varea Susau**

### 4.1.2 MAJOR ACTIVITIES

- A total of 260 audits and inspections (Flight Operations and Airworthiness) were carried out on industry by Air Safety Department Inspectorate Staff during 2014 which has doubled from the previous year.
- In addition, a new aircraft type (ATR -600) was introduced by Fiji Link into the Fiji Aircraft Register which required review and approval of associated Training Manuals and amendments to operator manual suites, the approval of associated training institutes as well as certification of the aircraft that stretched ASD resources to its limits.
- The audit and inspection programme for 2015 is expected to undergo major transformation with emphasis being put on operators Safety Management Systems and Performance Based Approach

### 4.1.3 OPERATIONAL CERTIFICATION, AUTHORISATION AND APPROVAL

At the end of 2014, the following were noted under ASD oversight.

- There were 82 aircraft current on the Fiji Register. Of these, 58 aircraft had valid Certificates of Airworthiness.
- There were fourteen (14) Air Operator Certificate holders
- There were seven (7) Private Operators.
- There were three (3) Aviation Training Institute Certificate holders
- There were twenty four (24) Aviation Maintenance Organisation Certificate Holders. Thirteen (13) of these were overseas based.
- There were three (3) RPAS (UAV) Operators.
- One AOC applicant was still in process.
- One AOC holder grounded its own operations due to issues with its parent company abroad.

### 4.1.4 LICENSING AND MEDICAL

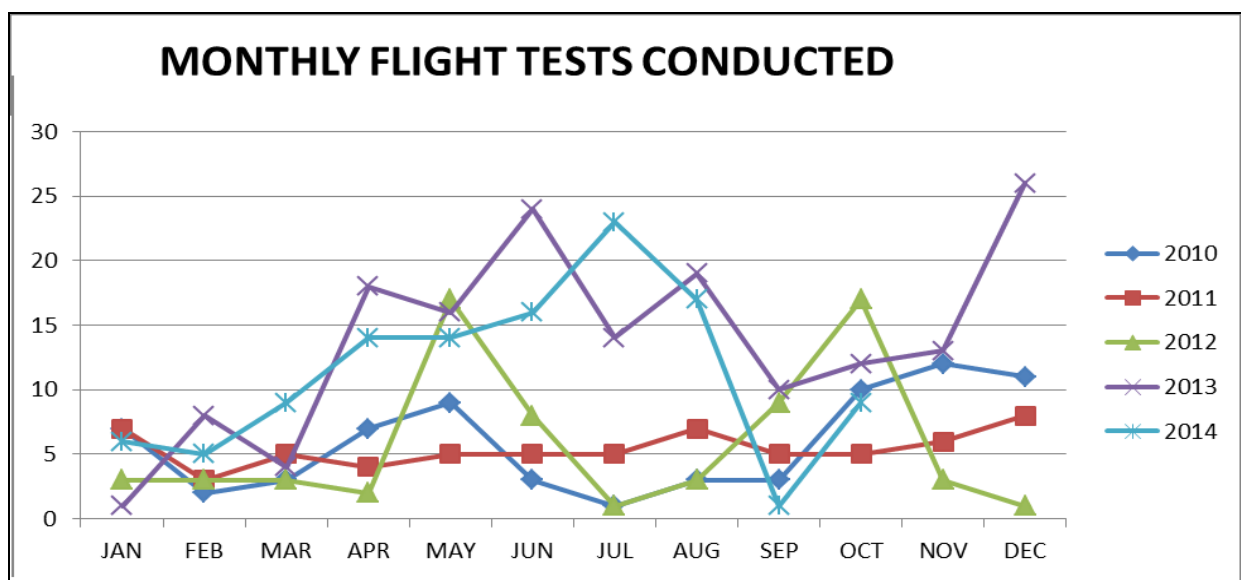
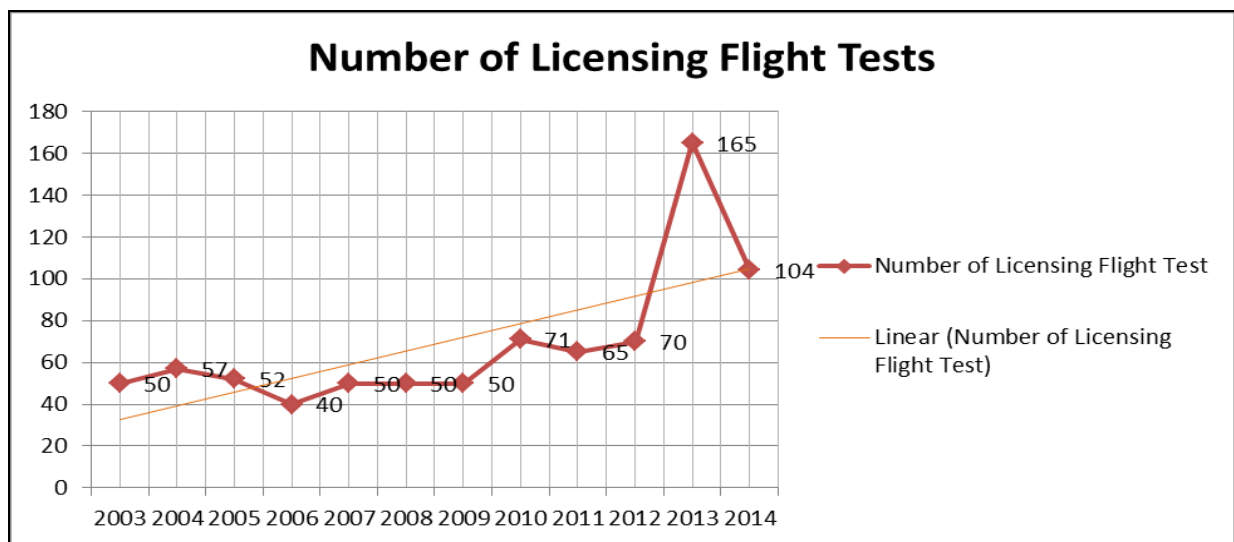
The ASD Licensing statistics for issue and renewal of licences and validations as well as Ground Examinations for Flight Crew and Engineers were as follows:

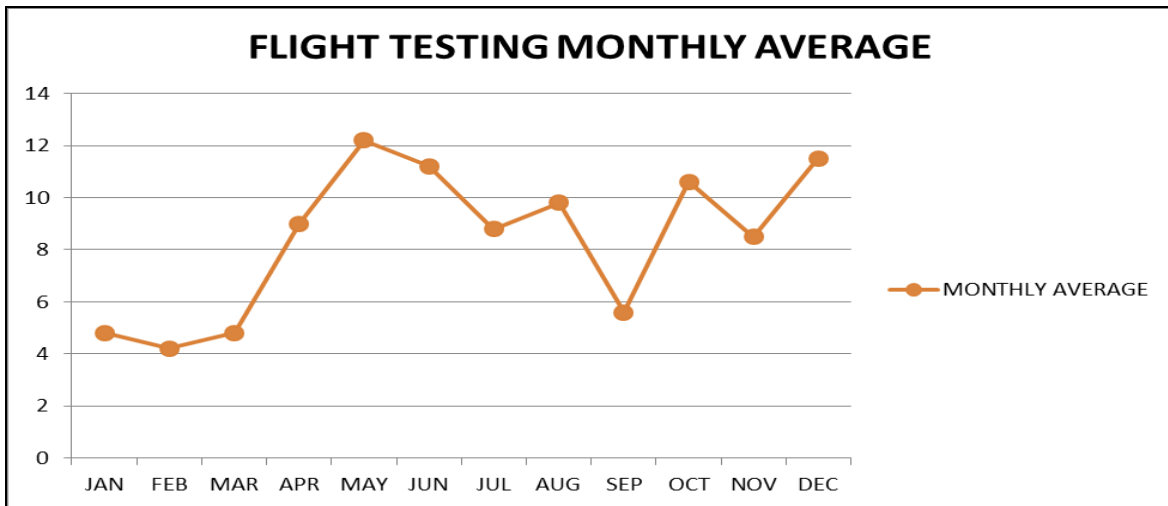


**FLIGHT OPERATIONS & ENGINEERING**

Medical	-	Issue	91	Renewal	127
ATPL	-	Issue	35	Renewal	257
CPL	-	Issue	38	Renewal	282
PPL	-	Issue	1	Renewal	1
FTP	-	Issue	42	Renewal	32
AMC	-	Issue	8	Renewal	N/A
AME	-	Issue	15	Renewal	42
Validation	-	Issue	42		8
Verification	-	Issue	51		N/A
ANR 45 Approvals	-	Issue	6	Renewal	21
Exams (Ops/Eng)		Ops	678	Eng	134
Medical Board Review	-		72		
Medical Assessor Review	-		229		

Flight testing was a major component of ASD Licensing activity for 2014 with the activity showing steady increase over a period of 10 years.





#### 4.1.5 Medical Matters

A medical seminar was organized by the Authority in 2014 which was attended by 8 of the Authorities Designated Medical Examiners from Fiji and 1 from New Zealand including the Authorities Medical Assessor.

The seminar which ran for a day was organised to encourage and discuss matters of common interest and developing areas in medical aviation as well as to streamline processes and procedures in dealing with paperwork and Forms.

Arising from this, the existing Medical Examination Form was revised, including looking at the possibility of processing of applications electronically from next year.

The Authority in 2014 designated Dr P Masrani, a certified DME for Indian DGCA as well for other State Authorities including the FAA as an Approved Medical Authority (AMA) in India. He can now also conduct medical examinations for CAAF licences.

## 5.0 GROUND SAFETY DEPARTMENT (GSD)

### 5.1 GENERAL

The publication of the fourth edition of the Global Air Navigation Plan spanning 2013 to 2028, presented the Aviation System Block Upgrades or ASBU. This plan has been used to refine the scope and direction of the Air Navigation Service (ANS) and Aerodrome Ground Aids (AGA) areas that fall under the oversight of the GSD.

There have been additional responsibilities in terms of regulatory oversight and involvement in ANS/AGA initiatives; the registration of Helicopter and Water Landing Sites, Fiji's State

Action Plan for the reduction of aviation greenhouse gas emissions and new Performance Based Navigation (PBN) and Communications Navigation and Surveillance (CNS) initiatives.



**Controller Ground Safety  
Mr. Isei Tudreu**

### 5.2 SURVEILLANCE OBLIGATIONS

The department oversees various components of the ANS AGA system including the licensing of personnel involved. This included the conduct of inspections, safety assessment of operations and identification of safety deficiencies.

On-going monitoring and coordination of a significant number of action items resulting from these surveillance activities is done by way of monthly safety and compliance meetings, ramp safety and wildlife meetings.

The ongoing management of Safety Management Systems is the service provider's responsibility. Inspectors continue to provide guidance and oversight of these safety management practices and safety performance.

### 5.3 HARMONIZATION

The review of the Air Navigation Regulation Parts continued in consultation with the Solicitor General's office; queries were addressed and amendments made. Further coordination and finalisation of these Parts with the SG's office is pending, after which promulgation by government is expected.

To this end, the department is working on the respective Standards Documents (SDs) that will complement the Parts when they are promulgated. To assist in the development of the SDs, the ICAO Compliance Checklist will be reviewed and responded to during this phase.

### 5.4 SEARCH & RESCUE (SAR)

The Authority had been working closely with the Ministry of Defense and other Search and Rescue (SAR) stakeholders in the development of National SAR legislation and the Fiji SAR Manual/Plan. The SAR legislation sets the platform for the revised SAR structure and will be the impetus for the issuance of the Fiji SAR Manual/Plan.

This exercise spanned a period of 3 years and was completed at the end of 2014. A National SAR exercise is planned for 2015 to test the draft, prior to further review if required, and submission to Parliament for promulgation.

## **5.5 TECHNICAL PERSONNEL QUALIFICATIONS AND TRAINING**

To ensure that Fiji aligns itself with the ASBU timelines, it is imperative that inspectorate staff keep abreast of the applicable ASBU modules and their implementation schedules to ensure that the Authority Standards and or Aeronautical Information Circulars defining applicable requirements are issued in sufficient time for industry to comply with and also be in a position to advise and guide the implementation process.

This has been made possible through the attendance of inspectorate staff at the various ICAO Asia Pacific Task Force and Working Group meetings and seminars.

## **5.6 PERFORMANCE BASED NAVIGATION (PBN)**

With the expansion in the air transport industry and the need to fit more aircraft into the same portion of airspace, Performance Based Navigation has become one of ICAO's main focus areas. Fiji, recognising the benefits of PBN, signed a Memorandum of Cooperation (MOC) with the ICAO APAC Regional Office. This MOC facilitated the conduct of a PBN Operations Approval course in Fiji by the ICAO APAC Regional sub-office and IATA and attended by not only CAAF staff but offered to the airport operator, Airports Fiji Limited (AFL) and our Pacific Island neighbors.

To continue to meet the advancements in PBN, further training, in particular, in the 'Required Navigation Procedure Authorization Required' (RNP AR) area, is envisaged for the coming years.

## **5.7 WATER AND HELICOPTER LANDING SITES**

An increase in seaplanes, amphibious aircraft and helicopters operating in Fiji has resulted in the establishment of additional Water Landing Sites (WLS) and Helicopter Landing Sites (HLS) making island resorts and areas without a land aerodrome more accessible.

This increase in activity necessitates the need to have these WLS and HLS certified by or registered with the Authority and this will be pursued in 2015.

## **5.8 CERTIFICATION OF METEOROLOGY**

Certification of the Aviation Fiji Meteorological Service is targeted for late 2015 with training pertaining for the oversight identified for the early 2015.

## **5.9 TECHNICAL GUIDANCE, TOOLS AND PROVISION OF SAFETY-CRITICAL INFORMATION**

The review of the GSD Manual was commenced in 2014 and is due for completion in 2015. This review will see the processes already documented therein updated.

## **5.10 AUDIT & INSPECTIONS**

Effective oversight of the outer island government aerodromes, Rotuma and the Eastern aerodromes continue to be a recurring problem due to the infrequent schedule of flights to these aerodromes and challenges faced in the hire of aircraft for this purpose.

Other alternatives are being considered for inspections in 2015.

## 5.11 LICENSING, CERTIFICATION, AUTHORISATION AND APPROVAL OBLIGATIONS

### 5.11.1 LICENSING

The department is responsible for the licensing of Aeronautical Facility Technicians (AFTL), Aeronautical Station Operators (ASOL), Air Traffic Controllers (ATCL) and Flight Information Service Officers (FISOL).

This licensing process includes initial license issue, issue of ratings and validations on specific equipment and location as well as subsequent annual renewals of these licenses, ratings and validations.

The licensing renewal process for ASOL, ATC and FIS was modified in 2014 to include a safety awareness session. This received positive feedback from the attendees and a 100% pass rate in the written exam was achieved.

Licenses issued/renewed in 2014 were as follows:

Type of license	Issued/Renewed in 2013	Issued/Renewed in 2014	Variance
AFTL	28	25	10% decrease*
ATCL	29	37	21% increase**
FISOL	23	23	status quo
ASOL	268	205	23% decrease***

\*The Telecommunications section of AFL lost 3 qualified CNS Engineers to Airways Corporation of New Zealand resulting in a decrease in the AFTL's renewed.

\*\*AFL stepped up the training of their air traffic controllers in 2013-2014, resulting in an increase in ATCL's issued. The recruitment of an additional 15 cadets should see increased training in 2015.

\*\*\*There were 63 less ASOL renewals in 2014 attributed to retirements, migrations, resignations and non-renewals.

### 5.11.2 CERTIFICATION

Certification of the ANS AGA components fall under the responsibility of the department and as such, audits to fulfil this requirement were carried out in 2014 and certificates were issued accordingly.

The following certificates pertaining to the ANS AGA components were issued during the year:

- Aviation Training Institute (ATI) Certificate issued to AFL Aviation Academy
- Air Traffic Service Provider (ATSP) Certificate issued to AFL Air Traffic Management
- Aeronautical Information Service Provider (AISP) Certificate issued to AFL Aeronautical Information Service
- Approved Maintenance Organisation (AMO) Certificate issued to AFL Telecommunications Department
- Aerodrome Certificates issued to AFL and Private Aerodrome Operators.
  - AFL; 2 International aerodromes and 13 Domestic aerodromes
  - Private aerodrome operators; 9 domestic aerodromes
- Aerodrome registration issued to AFL for Ono-i-Lau Domestic aerodrome

### 5.11.3 OFF AIRPORT DEVELOPMENT (OAD)

The Authority is responsible for the assessment of OAD applications and issuance of approvals. These assessments involve a safety assessment of the impact such developments would have on future aerodrome development, the obstacle landing surface (OLS) and Procedures for Air Navigations operations (PANS OPS) criteria for the different runways.

In 2014, 47 OAD assessments were conducted and approvals issued. This 27% decrease as compared to the year before was a result of several assessments being received in the later portion of the year and carried forward to 2015.

The two inspectors responsible for this area will undergo AUTOCAD training in 2015 to increase their competencies in the use of the AUTOCAD tool for the assessments.

### 5.11.4 APPROVALS AND PERMISSIONS

The Authority issues permissions for pyrotechnic exercises, fireworks and laser lights displays and balloon and sky lantern releases that are conducted within 5KM of Nadi and Nausori aerodromes or 3KM of a domestic aerodrome or outside these areas but penetrating airspace above 200ft. The increase in mariner training and the substantial increase in the wedding and events market in Fiji have seen an increase in this activity over the past 5 years.

In 2014, 36 Permissions were issued for these types of activities.

### 5.12 ADS-B

The 11 ADS B ground stations installed by the airport operator AFL are being monitored for their reliability and integrity and the data being gathered during this monitoring phase will provide the support required to transition to ADS B surveillance separation and control.

At present, ADS B data is being displayed on the Air Situation Displays (ASD) located in the Nadi and Nausori Towers to allow Air Traffic Controllers to sight traffic operating in domestic airspace.

### 5.13 RESOLUTION OF SAFETY CONCERNS

The department began 2014 with 48 Safety Investigations and Assessments (SI/A). During the course of the year a further 57 investigations were assigned to the department and 101 were investigated and closed.

As at 31st December 2014 a total of 04 SI/A remained open which has been carried forward to 2015 for progression to closure.

### 5.14 WILDLIFE STRIKES

There were a total of 59 bird related incidents reported in 2014; 02 at Labasa aerodrome, 10 at Nausori aerodrome and 47 at Nadi aerodrome. Wildlife management continues to be a dynamic field of research and the move from controlling wildlife on airports through conventional measures to creating a greater understanding of species behavior is planned to be addressed in the Wildlife Management Training scheduled for 2015.

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## 6.0 AVIATION SECURITY AND FACILITATION DEPARTMENT (ASFD)

### 6.1 GENERAL

6.1.1 New and emerging security threats continue to pose challenges to aviation security globally. Pertinently, the loss of flight MH 370 and the downing of flight MH17 in 2014 brought to the fore specific challenges for the aviation industry including aviation security.

In addition, the introduction of the USAP CMA by the ICAO will see a move towards a risk and performance based future in the method of oversight of international civil aviation security. Our positioning is therefore important to embrace these challenges.



**Controller Aviation Security & Facilitation  
Mr. Etuate Rakuro**

### 6.2 AVSEC PROGRESS

6.2.1 The department continued to implement its corporate objectives and progress on major issues on its 2014 Work Plan as follows;

- Capacity building and partnership remains a priority for the department in 2014. To progress this, the department conducted three (3) ICAO STP 123 AVSEC Courses and one bomb threat assessment course for the aviation industry stakeholders in 2014. This item will continue to be prioritized due to limited capability for the delivery of these specialised AVSEC training locally.
- Internal capacity building saw the approval of a licensing officer position for the department. This was concluded after a thorough review conducted through the CAAF Phase I of the Manpower project.
- From the ICAO USAP Continuous Monitoring Approach (CMA) seminar, the ASFD started to introduce this new oversight approach in 2014. Briefing of industry was conducted during the reporting period. Documentation and re analysing of stakeholders data progressed, aligning the audit reports according to the ICAO CMA requirements.
- The Last Port of Call (LPOC) programme continued to be implemented by overseas Regulatory Authorities in Fiji. Both the USA TSA and the Australian Office of Transport Security conducted their LPOC for both the Nadi and Nausori international airports during the year. On the other hand, Fiji, through CAAF also conducted the same programme to overseas Fiji Airways destinations.
- The industry implementation of amendments 24 and 25 to ICAO Annex 9 and amendment 13 and 14 to Annex 17 continued and was monitored closely by the department.

### 6.3 INDUSTRY COMPLIANCE WITH REGULATORY REQUIREMENTS

6.3.1 The ASFD conducted a total of eighty (80) Aviation Security (AVSEC) audits, twenty five (25) inspections, one (1) security survey and five (5) tests during the reporting period. In addition, a total of thirty (30) Examinations & tests for screener certifications were conducted and twenty seven (27) AVSEC programme evaluations were completed for Approval.

6.3.2 The department also conducted seven (7) AVSEC validation inspections for Hold Baggage Screening (HBS) and seven (7) transfer cargo validation inspections on the major Fiji Airways destinations around the world.

#### **6.4 LICENSING/CERTIFICATION AND APPROVALS**

6.4.1 The department conducted examinations/tests for aviation security screeners, and issued 326 aviation security screening licenses/certificates during the year.

6.4.2 The department also issued eight (8) AVSEC instructor Approval certificates and five (5) Quality Control Officer Approval certificates.

#### **6.5 CERTIFICATIONS AND EXEMPTIONS**

6.5.1 The following aviation security certifications were issued during the reporting period.

6.5.2 Twelve (12) Regulated Agent certificates, three (3) Ground Handling Service Provider certificates, three (3) Aviation Security Service Providers, two (2) Catering Service Provider approval certificates, and one (1) Air Cargo Operator approval certificate were issued during the year.

6.5.3 The department also issued fourteen (14) aviation security Exemptions during the year. The Exemptions were issued for transfer hold baggage and transfer air cargo be exempted from screening.

6.5.4 For airport licensing, the department submitted recommendations to the appropriate authority for licensing of our airports during the year.

6.5.5 For Air Operator Certificates, the department submitted recommendations to the appropriate authority for licensing for all domestic aircraft operators during the year.

#### **6.6 ICAO UNIVERSAL SECURITY AUDIT PROGRAMME (USAP) & ICAO USAP CONTINUOUS MONITORING APPROACH (CMA) PROGRAMME**

6.6.1 The remaining ICAO 2<sup>nd</sup> Cycle USAP Fiji Corrective Action Plan (CAP) implementation is progressing and is being monitored during the reporting period. A USAP CAP implementation progress report was submitted to ICAO for the year 2014.

6.6.2 The preparation for the ICAO USAP Continuous Monitoring Approach (CMA) implementation is continuing.

#### **6.7 EDUCATION AND CONSULTATION**

6.7.1 The department continuously engaged with the industry during the period on a one to one basis and through the formal AVSEC and FAL monthly meetings, on regulatory and other advisory matters.

6.7.2 Internal capacity building prioritized staff training as a priority area in the CAAF Corporate Plan. As for 2014, two (2) ASFD Inspectoral staff attended specialised AVSEC training in New Zealand and Singapore. The CASF attended the heads of aviation security meeting at the SAA in Singapore and the AVSEC Symposium at the ICAO headquarters in Montreal, Canada during the year.

6.7.3 The department conducted three (3) AVSEC Courses, ICAO STP 123 Cargo Security Course, and the ICAO STP 123 Airline Security Course and the ICAO STP Crisis Management Course as part of capacity building for the aviation industry in 2014. Staff also attended local training organised by the CAAF Corporate Services Department.

## **6.8 FACILITATION**

6.8.1 Facilitation at our airports continued to be carried out by the different government ministry responsible for each specific facilitation requirement. These activities are monitored at the airport facilitation committees for both Nadi and Nausori airports. Both these committees continue to meet every month to address facilitation matters at the airport level.

6.8.2 Fast Travel Programmes are currently being implemented at the global level. With very limited guidance material available, this new development will require astute management to balance the facilitation needs versus maintaining compliance to AVSEC requirements. This was introduced on a trial basis by Air New Zealand at Nadi since August 2014.

## **6.9 TECHNICAL GUIDANCE, TOOLS AND PROVISION OF SECURITY - CRITICAL INFORMATION**

6.9.1 The department reviewed the National Civil Aviation Security Programme (NCASP), National Civil Aviation Security Quality Control Programme and the National Civil Aviation Security Training Programme (NCSTP) during the annual document review cycle of the Authority. The major changes focused on the Mail and Air Cargo provisions that emanate from Amendment 14 to Annex 17.

6.9.2 Aviation Security Standard Documents Parts 1 to 7 were also reviewed during the review cycle while SD Part 8 (Concessionaire) was approved for implementation.

6.9.3 Operator documentations were also reviewed and a total of twenty seven (27) AVSEC programmes were evaluated and approved during the year.

## **6.10 FUTURE CHALLENGES**

6.10.1 New and emerging security threats continue to pose challenges to aviation security globally.

These challenges will continue to be confronted and addressed by the global community. Demand for more resource allocation will continue to be an issue for Contracting States and therefore there is a need for us to be positioned correctly in order to effectively deal with these challenges.

6.10.2 The requirements of the ICAO USAP CMA will change how compliance is managed and will now see the transition from pure compliance to a performance based system in future.

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**Manager Corporate Services  
Mr. Ajal Kumar**

## **7.0 CORPORATE SERVICES**

The department continued to provide legal, quality assurance, information & communication technology, human resources, finance and administration services.

### **7.1 CAAF Board**

The term of the Board expired at the end of February after which its functions were taken over by the Ministry responsible for Civil Aviation pending appointment of a new Board.

## **7.2 STATUTORY REPORTS AND PLANNING DOCUMENTS**

The Authority's revised Estimates of Expenditure for 2014 was submitted to the Minister responsible for Civil Aviation on 09<sup>th</sup> April 2014 and approved on 17 July 2014.

The annual financial statements for 2014 were also successfully concluded, however, the issue of an audit certificate was delayed due to non-appointment of the Board and the approval process taken over by the Ministry. The certificate was finally received from the Auditor General of Fiji on 03<sup>rd</sup> August 2015 after the financial statements were adopted and approved by the Ministry.

## **7.3 FUNDING**

Since the finalisation of the Civil Aviation Reform in 2010, CAAF is funded as follows:

- \$5.00 per passenger from international departure tax contributing approximately \$2.5m or 40% of CAAF's total annual income;
- Regulatory fees contributing to approximately \$1.0m or 17% of CAAF's total annual income;
- Government grant – the government allocation to CAAF as annual operating grant was \$3.0m for 2013 and 2014 respectively, however, this has been revised in 2014 and paid on a need basis. It therefore received \$2.317m in 2014 or approximately 38% of CAAF's total annual income.

## **7.4 OPERATING RESULTS**

The financial statements for the year were prepared as required by Section 28 of the CAAF Act, Cap 174A which prescribes that the Authority submit a report to the Minister containing an account of its activities immediate preceding financial year and a statement of accounts within six months of the end of the year.

The key financial results for the year were:

	2014	2013
Total Income	\$ 6,162,748	\$ 2,068,034
Total Expenses	\$ 5,220,859	\$ 4,170,146
Profit (Loss)	\$ 941,889	(\$2,102,112)
Carried Forward Losses	\$ 6,431,134	\$ 7,290,266
Tax Paid	Nil	Nil
Total Assets	\$ 16,448,696	\$ 15,454,139
Total Liabilities	\$ 961,107	\$ 974,080

## 7.5 CAPITAL WORKS

The Authority is not a capital intensive industry; however, most of the capital works were related to upgrade of technology in ICT and purchase of vehicles.

## 7.6 HUMAN RESOURCE MANAGEMENT (HRM)

### Manning Level

The Air Safety, Ground Safety and Aviation Security & Facilitation Department make up the technical units of the Authority and supported by the Corporate Services Department.

The total manning level at the beginning of the year was fifty one (51) of which forty six were under individual contracts, one under CAAF/FPSA Master Collective Agreement and four on hourly paid basis.

During the year there were no resignations, however one staff was promoted in the Air Safety Department which led to one side transfer from the same department to fill the vacant position.

Two staff, the Quality Assurance Manager and Flight Operations Inspector for International Operations were recruited in February and November respectively. Two temporary ICT Assistants were also recruited to assist in the ICT Section.

### Manpower and Structure

The first phase (Phase I) of the manpower review project was successfully completed, which required the listing of all tasks carried out by a position and the time taken to carry out the task. The next phase in 2015 (Phase II) will focus on strategic manpower issues and will closely relate to the Authority's corporate plan.

## 7.7 TRAINING AND DEVELOPMENT OF STAFF

The Authority's Method 'A' training process was established in 2009 after which the Authority's compliance rate with the required performance criteria has been seen to be consistent over the years. The audit results for 2012, 2013 and 2014 were 87.84%, 82.65% and 82.65% respectively for each of the years.

The emphasis on training and development of staff will continue based on the needs of the Authority and this is reflected in the budget estimates and financial forecast. CAAF had budgeted approximately \$300k in 2014 for training and \$250k for meetings and conferences.

The Authority attends key meetings/conferences to keep abreast of the changes taking place in the aviation industry regionally and globally.

ICAO Document 9734, 3.5 Technical Personnel Training & Qualification which clearly states that the regulators credentials are to be equal to or above the Industry in carrying out its obligations.

The Authority's focus in 2014 therefore, was focused on the above guideline in training of new employees, up-skilling of existing staff to be able to adapt to changes in the Industry and adequately carry out its functions/obligations e.g. training required in the introduction of new aircraft types etc and to continue training of current trainees to attain MQR for their substantive positions.

The Authority has one NTPC accredited Training Officer and one Training Instructor to manage and conduct in-house training programs and also deliver training to industry. A number of officers in each Department have been identified to be registered as Training Instructors to strengthen the Authority's role as an Industry Trainer and have undergone Training of Trainers (TOTS) Module I & II training in 2011 and 2012. Plans are also underway to have the Quality Assurance Manager registered as a Training Officer in 2015.

Total numbers of trainings attended by staff in 2014 were as follows:

**Local Trainings/ Workshops/ Seminars**

No	Name of Workshops	Dates	Mode of Training
1	Analyzing Aircraft Accidents Training	23/04/2014	In house
2	LMCC Training	24/06/2014	In house
3	AQD Training	18/07/2014	In house
4	Good Governance Workshop and the Constitution 2014	22/07/2014 & 29/08/2014	In house
6	Crimes Decree & Corporate Responsibility HR Policy Training	19/09/2014	Local
7	Fire warden & Fire Evacuation Training	30-31/10/2014	Local
8	Time Management Skills Course	19-20/2/2014	Local
9	Storage Workshop for Virtualized Data Centre - ICT Specialist Course	25/04/2014	Local
10	Training of Trainers (Module2)	19 -23/5/2014	Local
11	FHRI-CEO Executives Board members & HR	11/04/2014	Local
12	FHRI West Seminar	03/07/2014	Local
13	FHRI 8th National Convention	31/10-1/11/2014	Local



14	Bachelor of IT (Part time)	16/2-29/6/2014	Local
15	MBA Programme	3/2-2/5/2014, 19/5/-15/8/2014 and 1/9- 28/11/2014	Local
17	Bachelor of Accounting (Part time)	19/1-2/5/2014, 12/5-22/8/2014, 1/9-12/12/2014	Local

### Overseas Workshops

No	Name of Meetings	Dates	Trainers
1	ICAO/ATA/CAAS International Register of Air Operator Certificate (AOC) Workshop	12-14/11/2014	Singapore Aviation Academy

### Overseas Meetings / Seminars

No	Name of Meetings	Dates	Trainers
1	Aviation Leaders Programme in Public ( Jointly organized with Lee Kuan University )	11-22/8/2014	Singapore Aviation Academy
2	Aviation Leaders Programme in Public Policy :Civil Aviation Chief Executives Programme on Aviation Security Leadership & Management Seminar	11-28/8/2014	Singapore Aviation Academy
3	Aviation Security Leadership & Management Seminar	27-28/8/2014	Singapore Aviation Academy
4	Ageing Airplane Scheduled Maintenance Requirement Seminar	20-24/10/2014	Seattle - USA
5	Asia Pacific AIR Navigation Planning Implementation Regional Group (APANPIRG)	8-11/11/2014	Singapore Aviation Academy
6	Fatigue Risk Management System (FRMS) Seminar Training	28-29/10/2014	Singapore Aviation Academy
7	Unmanned Aircraft Systems Seminar	9-11/12/2014	Embryo-Riddle Aeronautical University, Florida USA

### Ratings for Flight Operations Inspectors

No	Name of Ratings	Dates	Trainers	Place of Training
1	ATR42-500 (DQPSB) C Check	15-27/2/2014	Fiji Airways	Local
2	Assistant Flight Instructor Rating (AFIR) requirement	1/04/2014	Advance Aviation School	Local
3	ATPL Subjects & Flight Test Theory Training Exams	20/7-4/8/2014	Anderson Aviation	Overseas
4	Delivery of Second ATR 42-600 for Fiji Link	22/8-2/9/2014	-	Overseas
5	FAA ATPL Ground & Flight Training including Flight Test	14-29/9/2014	Anderson Aviation	Overseas
6	Airbus A320&A330 Cross Crew Qualification & Foreign License Conversion	14-22/12/2014	-	Overseas

### Trainings

#### (a) New Courses

No	Name of Courses	Dates	Trainers	Mode of Training
1	Aircraft Accident Investigation Techniques Course	24-28/2/2014	Singapore Aviation Academy	Overseas
2	Incident Investigation Effective Safety Risks Management Course	31/3- 4/4/2014	Singapore Aviation Academy	Overseas
3	Cessna Caravan C 2083 Aircraft Training	24/4-3/5/2014	USA Training School	Overseas
4	Safety Oversight Managers Course	19/5-5/6/2014	Singapore Aviation Academy	Overseas
5	Loss of control In-Flight (LOC-1) Symposium	20-22/5/2014	ICAO	Overseas
6	ICAO Risk Management	21-25/7/2014	ICAO	Overseas
7	ICAO Cabin Crew Safety Training	28/7-29/7/2014	ICAO	Overseas
8	Safety Oversight Flight Operations Inspectors Course	4-15/8/2014	Singapore Aviation Academy	Overseas
9	Remotely Piloted Aircraft (RPA's) Training Australian Unmanned Systems	8-19/9/2014	Australian Unmanned Systems Academy	Overseas

10	Safety Oversight Flight Operations Inspectors Aerodromes Course	8-12/9/2014	Singapore Aviation Academy	Overseas
11	Cabin Safety Inspector Course	7-9/10/2014	Singapore Aviation Academy	Overseas
12	In-flight Security Course	12/12/2014	Singapore Aviation Academy	Overseas

**(b) Refresher Courses**

No	Name of Courses	Dates	Trainers	Mode of Training
1	Fire warden & Fire Evacuation Training	30-31/10/2014	National Fire Authority	In house

**7.8 PERFORMANCE MANAGEMENT SYSTEM**

The Performance Management System (PMS) introduced in 2010 continued to be offered and paid to staff during the year. The associated reward of the PMS is part of the Authority's HR strategy to attract and retain competent and qualified staff. Continuation of the PMS reward policy became necessary in 2012 to address the loss or high turnover of skilled and trained staff to industry and CAA's such as PNG in recent years (2011 and 2012).

The Authority's PMS has 3 main areas of focus;

- Assessment of performance and identification of development goals or needs to improve performance;
- Rewarding performance and achievements as part of the CAAF HR policy enhancements in incentive and morale system management. The incentive or bonus payment is a percentage of the approved ceiling;
- Overall objective of the exercise is to improve staff productivity

The Authority is looking into revising the PMS process to measure performance at an organizational, departmental and individual level and pegging the reward as a sum of all three performance level. This is expected to be implemented in 2015.

**Staff Recruitment & Retention**

Recruitment and Retention of technical and operational staff continue to be a challenge in the Industry as the demand is high for specialized positions and packages offered abroad are highly attractive. The Authority is continuously working towards developing retention strategies to ensure business continuity. The PMS and the JEE were attempts to curb loss of talent and retain skilled staff, the Authority is looking into conducting another JEE in the near future once the manpower review is finalized.

## **7.9 INFORMATION COMMUNICATION TECHNOLOGY (ICT)**

The Authority has upgraded its ICT infrastructure with IBM Blade Center S along with 4 HS22 blades which offer enterprise level performance while reducing the demand on cooling and energy. Its Blade Center offers a broad range of storage and networking options integrated into the chassis to simplify infrastructure complexity and manageability while helping lower total cost of ownership.

The ICT environment is fully virtualized which runs on VMware vSphere5.1 with automation and failover integration which has all been configured for zero downtime from server failures.

ICT plays a very vital role in the Authority's day to day operations as progress is being made towards achieving a paperless office sometime in future.

There is a heavy reliance on the Microsoft Office suite including MS Outlook and intranet which is the electronic library for the Authority. The intranet is regularly updated so that all required information is readily available from this source for used as and when required.

During the year, hardware that was not performing due to age were replaced.

## **7.10 ISO 9001:2008 CERTIFICATION**

CAAF underwent recertification audit from 14<sup>th</sup>-18<sup>th</sup> June 2014 and successfully retained certification.

There were no nonconformities raised during the audit except a few improvement areas which were appropriately addressed. Three internal audits were undertaken in 2014 of all sections and a Management Review committee meeting held immediately after each audit.

## **7.11 CLIENT SURVEY**

A new approach was adopted in addition to the usual process used to get client feedback.

QAM attended AOC operators meetings every month and got operators to complete the client survey questionnaire on the spot or they were asked to bring it back with them when they came for the next meeting.

All stakeholders have been sent letters outlining CAAF's future plans and a copy of the client survey questionnaire was also sent along with that letter. CAAF did receive the completed questionnaires from the stakeholders but not as many as expected. New strategies are being planned for 2015 so that a fair conclusion can be drawn about CAAF's activities from industry perspective.

## **7.12 AVIATION QUALITY DATABASE (AQD)**

AQD is Aviation Safety Management software used for risk mitigation by more airlines globally than any other system, including CAAF. It facilitates application of best practice safety management tools and quality assurance principles to effect a cycle of continuous improvement and risk management.

The Authority currently uses AQD version 7.3.1, after which 4 other upgrade versions were released, namely, versions 7.4.0, 7.4.1, 7.4.3 and 8.0.3. These were functionality releases as well as several patches to address stability and other software problems that were being encountered by AQD users.

Due to several issues being faced with the 7.3.1 version of AQD used by CAAF, it is planned that that CAAF will upgrade to the latest AQD 8.0.3 version in 2015 as well provide staff training by the vendors of the software, Superstructure.

### 7.13 AVIATION LEGISLATION

The harmonization of the Fiji Air Navigation Regulations (ANR) began in February 2010 and some 38 Parts and 98 Standard Documents were identified as relevant to Fiji.

These parts were submitted to industry for consultation in three batches.

All industry comments received during consultation were recorded and considered as part of final CAAF review and submitted to Solicitor General's (SG's) office in 2013 for legal drafting.

Further on-going discussions have been held with the SG's office and it is expected that the draft would be finalised and new ANR promulgated sometime in 2014.

### 8.0 SERVICE CHARTER

8.1 The Authority's Service Charter documents the Authority's commitment in terms of service delivery to the stakeholders. The service delivery standards in the charter are mainly based on timeframes for each process, e.g. how many days CAAF will take to process a licence, certificate or exemption application, etc.

The Service Charter was finalised after consultations were held with the industry before it was published first in October 2008. It is reviewed every year to ensure that all activities are captured as well as to ensure the timelines stated are reasonable as far as the Authority's processing is concerned. In February 2011, the Service Charter was reviewed and issued as a second edition.

The measurement of Authority's performance against the Service Charter is carried out every 6 months and results show the percentage of targets met for each of the Standards. The results help CAAF identify areas that need improvements in terms of service delivery and total turn-around times.

### 8.2 Service Delivery 2014 by Departments

The following table shows the status of CAAF Service Delivery Standards Performance Measurement for the period January to December 2014 in comparison with previous years;

Department/ Section	Number of activities	Average Target (%)	Average Target Achievement (%)	Average target not achieved due to action /inaction by clients	Average target not achieved due to CAAF processing delays
Flight Operations	11	90.91%	92.4%	7.1%	0.5
Airworthiness	10	89%	91.6%	8.4%	-
Personnel Licensing – Air Safety	5	91%	92.4%	5.0%	2.6
Ground Safety	14	95.71%	81.8%	14.8%	3.4%
Personnel Licensing – Ground Safety	6	95%	70%	26.4%	3.6
Aviation Security & Facilitation	19	94.21%	99.5%	-	0.5
Finance / Administration	3	95%	99.25%	-	0.75

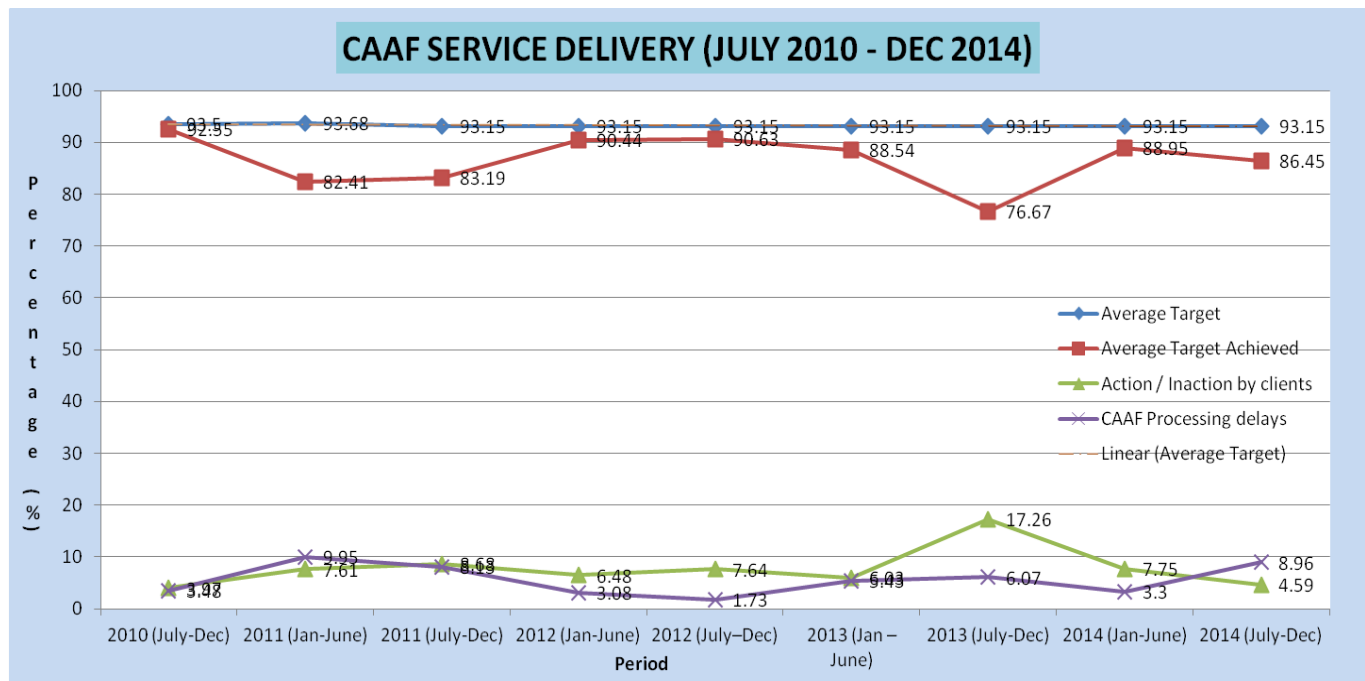
Standards	2	97.5%	85.1%	-	14.9
Human Resources	5	91%	65.1%	-	34.9
Safety Education	1	100%	100%	-	-
<p>1) Activities measured: 76</p> <p>2) Average target for 76 activities: 93.15%</p> <p>3) Average target achieved: 87.71%</p> <p>4) Average target not achieved due to action /inaction by clients: 6.17 %</p> <p>5) Average target not achieved due to CAAF processing delays: 6.12 %</p>					

### 8.3 Service Delivery (6 Monthly) 2009 – 2014

	No. of Activities measured	Average Target	Average Target Achieved	Action / Inaction by clients	CAAF Processing delays
<b>2009 (July-Dec)</b>	44	89.77	80.75	7.72	11.53
<b>2010 (Jan-June)</b>	44	89.77	87.00	6.14	6.86
<b>2010 (July-Dec)</b>	43	93.5	92.55	3.97	3.48
<b>2011 (Jan-June)</b>	75	93.68	82.41	7.61	9.95
<b>2011 (July-Dec)</b>	76	93.15	83.19	8.68	8.13
<b>2012 (Jan-June)</b>	76	93.15	90.44	6.48	3.08
<b>2012 (July-Dec)</b>	76	93.15	90.63	7.64	1.73
<b>2013 (Jan-June)</b>	76	93.15	88.54	6.03	5.43
<b>2013 (July-Dec)</b>	76	93.15	76.67	17.26	6.07
<b>2014 (Jan- Jun)</b>	76	93.15	88.95	7.75	3.30
<b>2014 (Jul- Dec)</b>	76	93.15	86.45	4.59	8.96



## 8.4 Service Delivery Last 6 months (6 Monthly) of 2014



## 9.0 STATISTICS

### 9.1 ICAO Letters

ICAO’s prime tool for communicating with all the 192 contracting States on all matters is through “ICAO State Letters” issued from Montreal or “ICAO Regional Letters” issued from Bangkok which is the regional office for the Asia Pacific Region (APAC) to which Fiji belongs.

All letters are issued in the electronic form and are processed electronically as well, both internally within CAAF and externally through response to ICAO.

Letters received over the three year period were as follows:

Year	Regional Letters received	Regional Letters remaining open at year end	State Letters received	State Letters remaining open at year end	Total Open Letters
2012	164	0	75	0	0
2013	129	0	88	0	0
2014	128	1	95	4	5

### 9.2 Mandatory Occurrence Reporting and Accident Investigation

A total of 373 occurrences were reported in 2014, out of which none were classified as serious incidents and no accidents were reported.

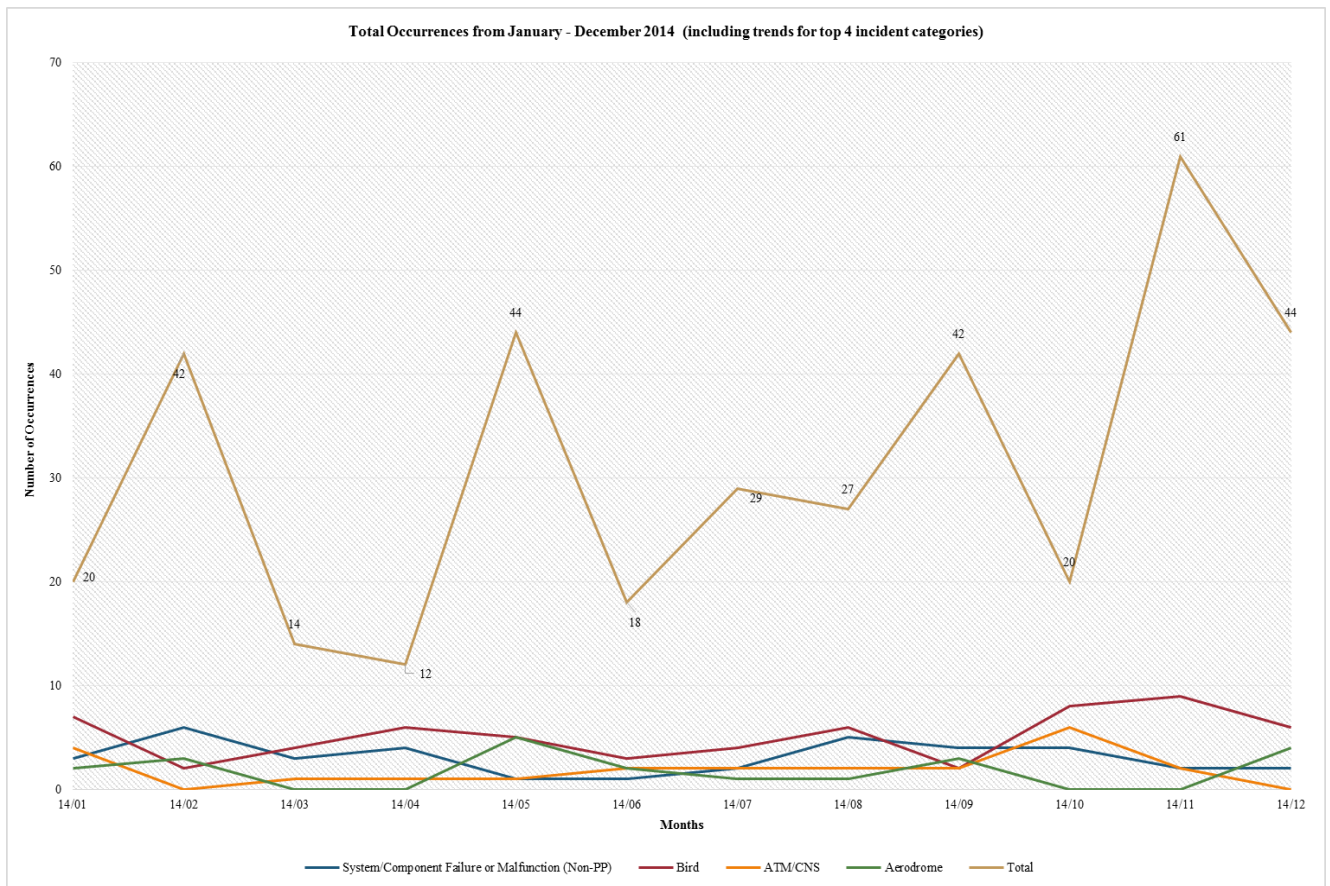
Immediate corrective actions were implemented by respective operators to remove the identified hazards to support the continuation of the operations. Mitigating actions were also introduced as preventative measures and to enhance safety.

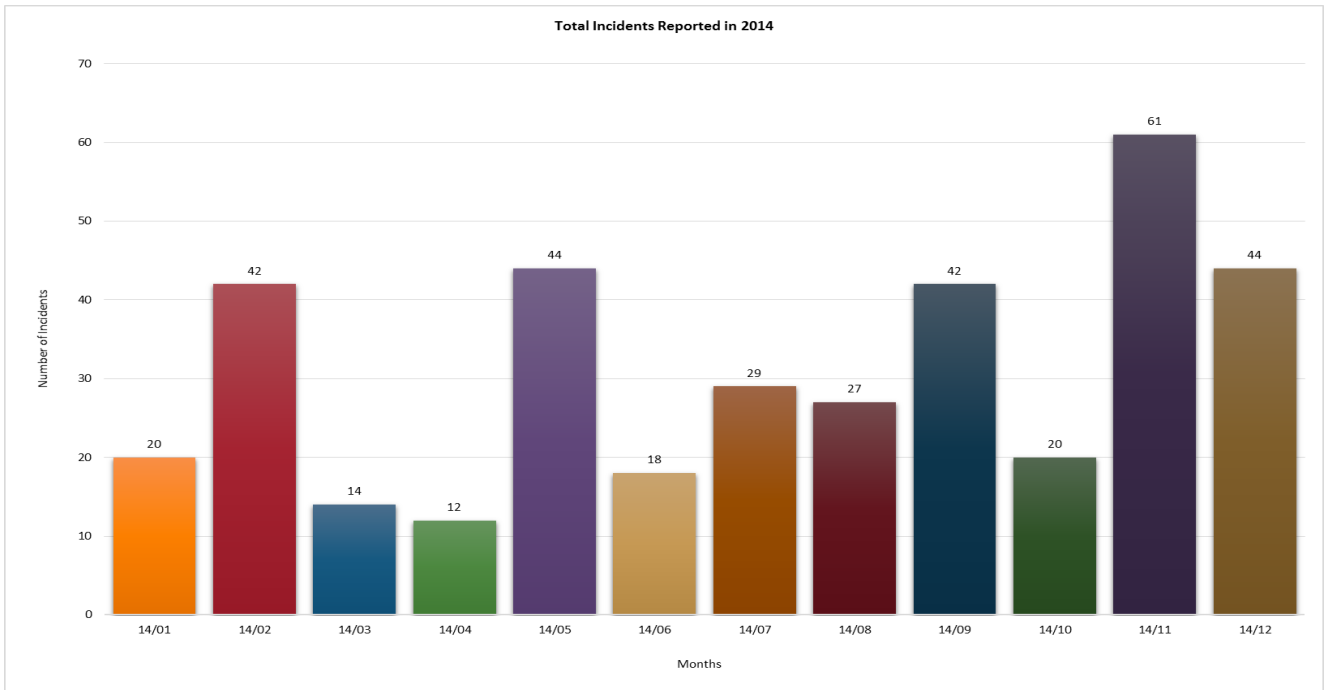
A total of 91 incidents/occurrences from 2014 were awaiting operators/service providers' corrective/improvement actions which were being followed up by the Authority. The monthly statistics are provided below:

The top 4 causes of incidents which recorded the most reports were:

- 1) System/Component Failure or Malfunction (Non-Power plant)
- 2) Bird Incidents
- 3) ATM/CNS (ATM) Incidents
- 4) Aerodrome

### 9.3 Combined Graph for Total & Top 4 Incidents

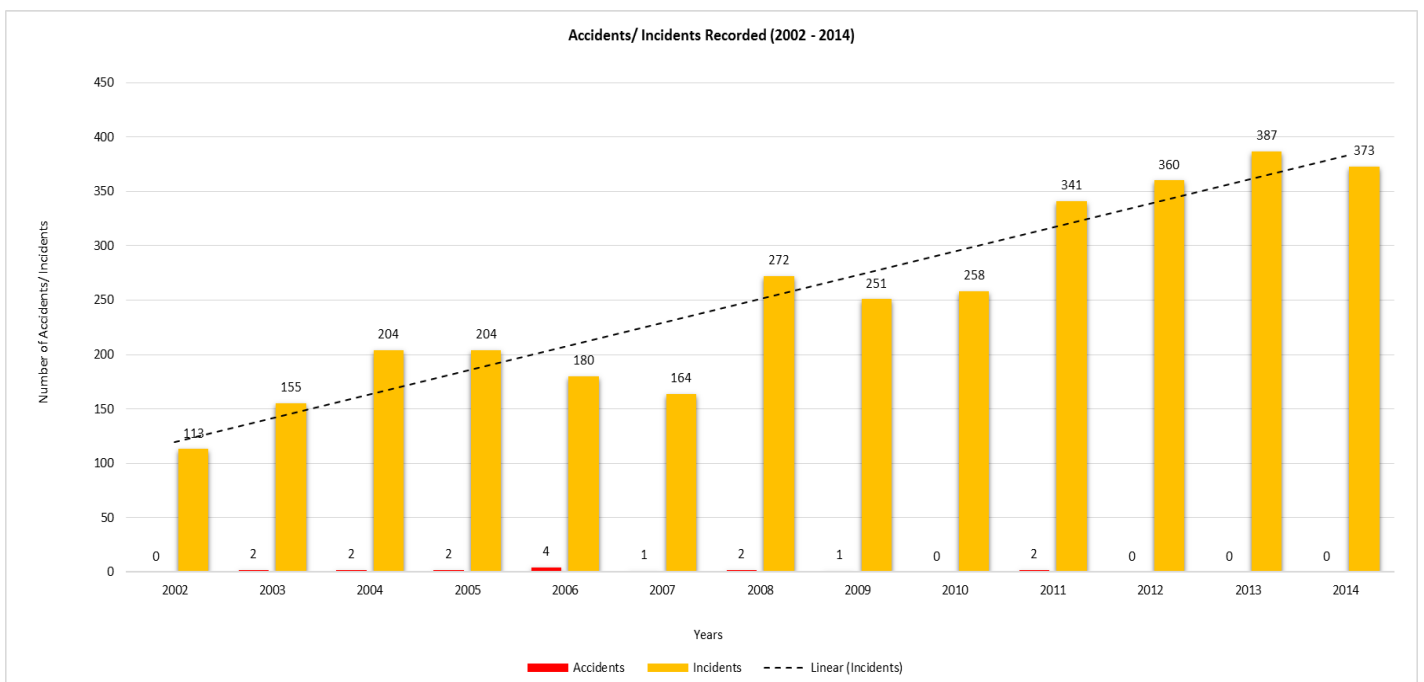




**All Aviation Incidents & Accidents (Airworthiness, Air Traffic Services, Flight Operations and Aviation Security) for 2002 – 2014**

**9.4 Total Incident & Accident and Movements**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Accidents	0	2	2	2	4	1	2	1	1*	2	0	0	0
Incidents	113	155	204	204	180	164	272	251	258	341	360	381	373
Total	113	157	208	206	184	165	274	252	259	343	360	381	373
Aircraft Movements	136,691	149,776	155,979	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407



## 9.5 Air Traffic Services Incidents 2004 - 2014

The level of safety based on the breakdown of ATC separation (BoS) is measured against the allowable/tolerance level. Rates are measured in terms of incidents per 100,000 movements. ATS Incidents over the last 10 years are depicted in the table below.

### 9.5.1 Air Traffic Services Incidents Data

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A1 (Serious)	0	0	2	0	1	1	1	1	0	1	0
A2 (Medium)	1	1	0	2	4	3	1	2	3	1	2
A3 (Minor)	5	8	8	10	6	13	9	7	4	17	6
<b>Total</b>	6	9	10	12	11	17	11	10	7	19	8
Traffic Movement	155,979	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407
% Traffic Growth	4.1	-0.5	-13.2	0.4	-3.3	-6.5	-14.9	-6.4	11.42	7.73	10.8

**A** – Denotes Air Traffic Services and an incident where the primary cause or contributory cause/factor is attributed to the Air Traffic Controller or the ATS system.

**Classification A1** is an incident whereby a breakdown of separation incident has occurred and an evasive manoeuvre was carried out to avoid collision between two or more aircraft.

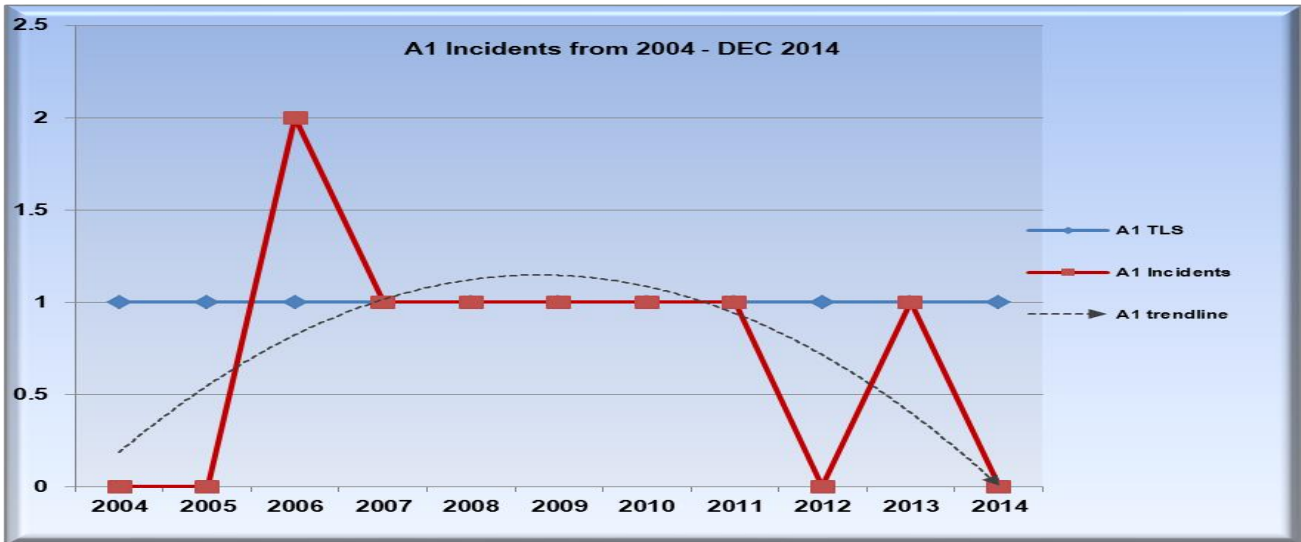
**Classification A2** is an incident whereby a breakdown of separation incident has occurred but nil evasive manoeuvre was required. Less than the applicable separation minimum was maintained between two or more aircraft or between aircraft and terrain or obstacles. Obstacles include vehicles, equipment and personnel on runways and maneuvering areas. It is believed that a significant or very high risk of collision existed.

**Classification A3** is an incident where the applicable separation minimum was maintained but a hazard or a potential hazard to Air Safety existed. There was non-adherence to applicable standards, rules, regulations or procedures.

### 9.5.2 Air Traffic Services Performance Data per 100,000 movement for A1 Incidents

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A1 Incidents	0	0	2	0	1	1	1	1	0	1	0
Traffic Movement	155,979	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407
Acceptable Incident rate per 100,000 traffic movements	1.56	1.55	1.35	1.35	1.31	1.22	1.04	0.97	1.08	1.168	1.294
<b>Performance rate as per 100,000 recorded movements</b>	<b>-1.56</b>	<b>-1.55</b>	<b>+0.65</b>	<b>-1.35</b>	<b>-0.31</b>	<b>-0.22</b>	<b>-0.04</b>	<b>+0.03</b>	<b>+1.08</b>	<b>+0.17</b>	<b>+1.294</b>

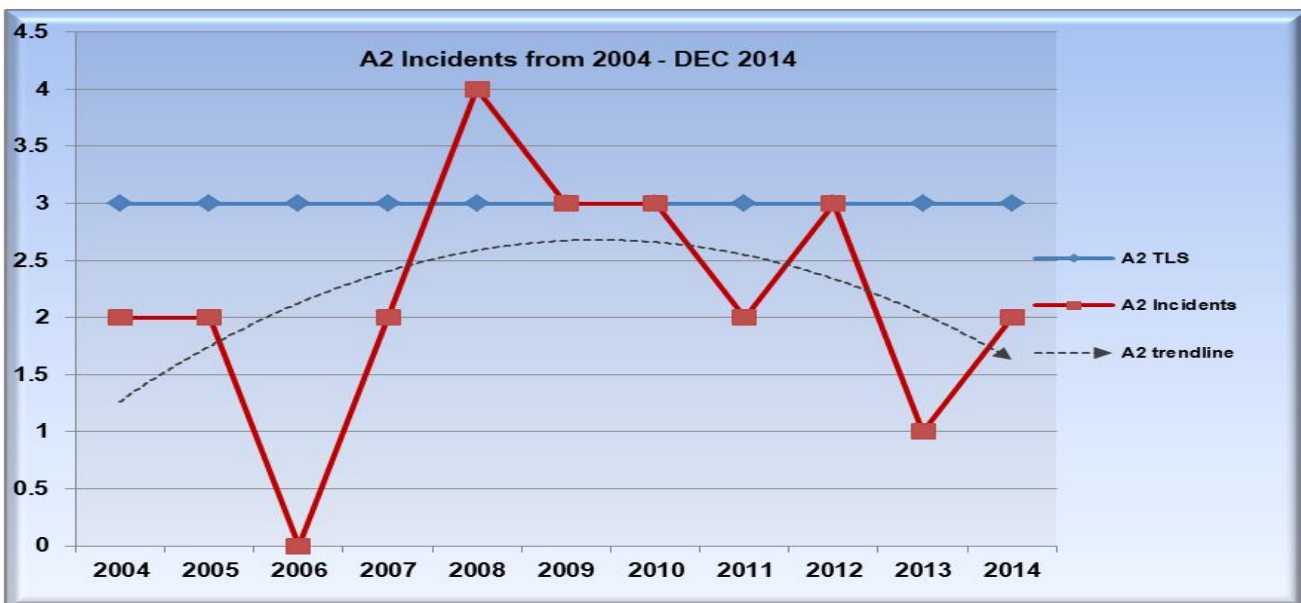
*Acceptable Level of Safety – 1/100,000 movements*



**9.5.3 Air Traffic Services Performance Data per 100,000 movement for A2 Incidents**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A2 Incidents	1	1	0	2	4	3	1	2	3	1	2
Traffic Movement	155,979	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407
Acceptable Incident rate per 100,000 traffic movements	7.79	4.65	4.0	4.1	3.92	3.66	3.1	2.9	3.25	3.50	3.882
Performance rate as per 100,000 recorded movements	-6.79	-3.65	-4.0	-2.1	+0.08	-0.66	-2.1	-0.9	+0.25	+2.50	+1.882

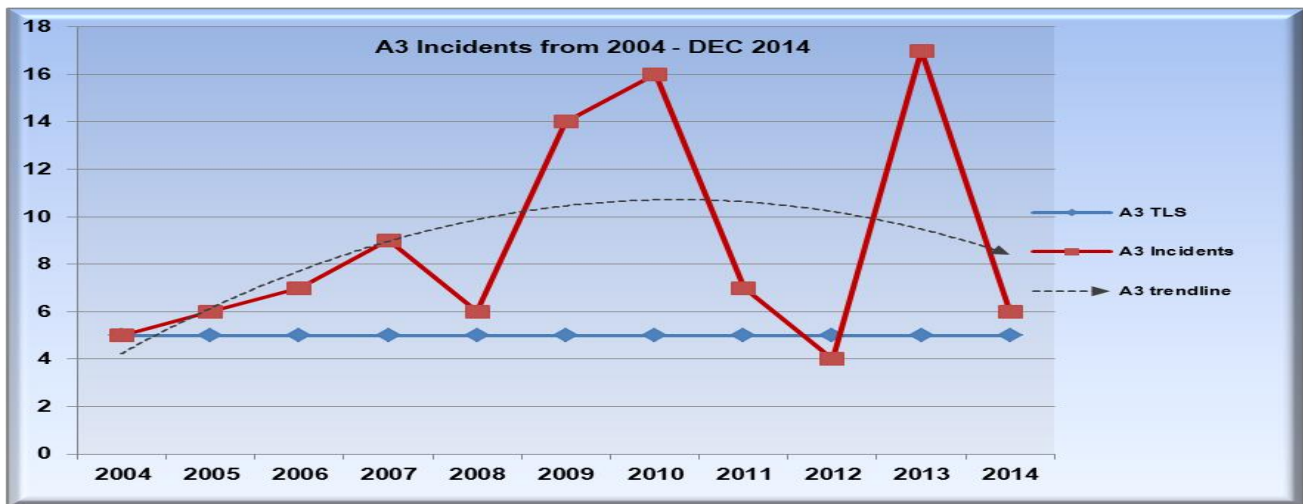
*Acceptable Level of safety – 3/100,000 movements*



9.6.4 Air Traffic Services Performance Data per 100,000 movements for A3 Incidents

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
A3 Incidents	5	8	8	10	6	13	9	7	4	17	6
Traffic Movement	155,979	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407
Acceptable Incident rate per 100,000 traffic movements	7.8	7.7	6.7	6.8	6.5	6.1	5.2	4.9	5.42	5.84	6.370
Performance rate as per 100,000 recorded movements	-2.8	+0.3	+1.3	+3.2	-0.5	+6.9	+3.8	+2.1	+1.42	-11.16	+0.370

Acceptable Level of safety – 5/100,000 movements



**CIVIL AVIATION AUTHORITY OF FIJI**

**FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31<sup>ST</sup> DECEMBER 2014**

**CIVIL AVIATION AUTHORITY OF FIJI  
FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2014**

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# CIVIL AVIATION AUTHORITY OF FIJI

## DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2014

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The Authority presents its report together with the financial statements for the year ended 31 December 2014 and the auditors' report thereon.

#### Directors

The directors in office up to 31 January 2014:

Mr. Ernest Dutta	Chairman
Mr. Gayendra Singh	Deputy Chairman
Ratu Timoci Tuisawau	Director
Mr. Tom Ricketts	Director
Mr. John Sandy	Director

Subsequently no further appointment was made and the Board responsibilities were taken over by the Ministry responsible for Civil Aviation.

#### State of affairs

In the opinion of the Ministry responsible for Civil Aviation, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Authority as at 31 December 2014 and the accompanying statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows give a true and fair view of the results for the Authority for the year then ended.

#### Principal Activities

The principal activities of the Authority during the course of the financial year were as follows:

- 1) Regulating civil aviation operations in Fiji by, among other things -
  - a) Issuing certificates, licences, approvals, registrations and permits after appropriate inspection, audit and examination.
  - b) Developing and promoting appropriate, clear and concise aviation safety standards.
  - c) Developing effective enforcement strategies to secure compliance with aviation legislation and safety standards.
  - d) Assessing decisions taken by industry for their impact on aviation safety.
  - e) Conducting regular review of civil aviation systems in order to monitor the safety performance of the aviation industry, to identify safety related trends and risk factors and to promote the development and improvement of the system.
  - f) Conducting regular and timely assessment of international aviation safety developments.
  - g) Conducting regular reviews of aviation security programmes and activities.
- 2)
  - a) Any function conferred on it by or under the the Civil Aviation Authority of Fiji Act 1979 Cap 174A or the Civil Aviation Reform Act 1999.
  - b) Carrying out such obligations of the State arising from its membership of the International Civil Aviation Organisation as directed by the Minister.
- 3) Safety-related functions-
  - a) Encouraging a greater acceptance by the aviation industry of the industry's obligation to maintain high standards of aviation safety through -
    - (i) Comprehensive safety education and training programmes.
    - (ii) Accurate and timely aviation safety advice.
    - (iii) Fostering an awareness in industry management and within the community generally, of the aviation safety and compliance with relevant legislations.
  - b) Promoting full and effective consultation and communication with all interested parties on aviation safety issues.

**CIVIL AVIATION AUTHORITY OF FIJI  
DIRECTORS' REPORT (CONT'D)  
YEAR ENDED 31 DECEMBER 2014**

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**Operating results**

The net profit of the Authority for the year ended 31 December 2014 was \$775,572 (2013 net loss: \$681,184) after an income tax expense of \$166,317 (2013: income tax benefit of \$1,420,928).

**Reserves**

The Authority proposed that no amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act 1983.

**Dividends**

The Authority recommends that no dividend be declared in respect of the year ended 31 December 2014.

**Bad and doubtful debts**

Prior to the completion of the financial statements, the Authority took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the provision for doubtful debts. In the opinion of the Authority, adequate provision has been made for doubtful debts.

As at the date of this report, the Authority was not aware of any circumstances, which would render the amount written for bad debts or the provision for doubtful debts, inadequate to any substantial extent.

**Non Current assets**

Prior to the completion of the financial statements the Authority took reasonable steps to ascertain whether any non current assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records. Where necessary, these assets have been written down or adequate provision has been made to bring the values of such assets to an amount that might be expected to realise.

As at the date of this report, the Authority was not aware of any circumstances, which would render the values attributed to non current assets in the financial statements misleading.

**Unusual Transactions**

Apart from the matters and other matters specifically referred to in the financial statements, in the opinion of the Authority, the results of the operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature likely, in the opinion of the Authority, to affect substantially the results of the operations of the Authority in the current financial year, other than those reflected in the financial statements.

**Events Subsequent to Balance Date**

The Authority is funded through a mix of \$3.0m annual government grant paid on acquittal basis, \$5 per passenger share of departure tax and specific fees levied under Civil Aviation (Fees & Charges) Regulations 2007. In a recent change, the release of the grant is based on the Authority's cash flow and not entirely on a claim basis.

**CIVIL AVIATION AUTHORITY OF FIJI  
DIRECTORS' REPORT (CONT'D)  
YEAR ENDED 31 DECEMBER 2014**

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**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 financial year to secure the liabilities of any other person;
- b) no contingent liabilities have arisen since the end of the financial year for which the Authority could become liable; and
- c) no contingent liabilities or other liabilities of the Authority have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Authority, will or may substantially affect its ability to meet its obligations as and when they fall due.

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

**Directors' Benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements or received as the fixed salary of a full-time employee of the Authority) by reason of a contract made by the Authority with the Director of a firm of which he is a member, or with a company in which he has a substantial financial interest.

Dated at Nadi this 03rd day of August 2015

Signed in accordance with a resolution of the Ministry responsible for Civil Aviation.



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**Chief Executive**



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**Solicitor General**

## OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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## CIVIL AVIATION AUTHORITY OF FIJI FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### INDEPENDENT AUDIT REPORT

I have audited the accompanying financial statements of Civil Aviation Authority of Fiji, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on notes 1 to 18.

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

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 Civil Aviation Authority Act (Cap 174A), Civil Aviation Reform Act 1999 and Legal Notice 18 of 2006. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation 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 my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Audit Opinion*

In my opinion,

- a) proper books of account have been kept by the Civil Aviation Authority of Fiji, so far 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 account; and
  - ii) to the best of my information and according to the explanations given to me:
    - give a true and fair view of the state of affairs of the Authority as at 31 December 2014 and of the results, movement in reserves and cash flows of the Authority for the year ended on the date; and
    - give the information required by the Civil Aviation of Fiji Act (Cap 174A) in the manners so required.



Atunaisa Nadakuitavuki  
for AUDITOR GENERAL

Suva, Fiji

12 August, 2015



**CIVIL AVIATION AUTHORITY OF FIJI**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 \$	2013 \$
Revenue		5,848,572	1,687,634
Other operating income	2.1	292,443	301,378
		6,141,015	1,989,012
Administrative expenses	2.2(a)	(1,302,614)	(1,213,227)
Operating expenses	2.2(b)	(1,450,739)	(580,073)
Personnel expenses	2.2(c)	(2,467,506)	(2,376,846)
		920,156	(2,181,134)
Net financing income	2.3	21,733	79,022
<b>Operating profit /(loss) before tax</b>		941,889	(2,102,112)
Income tax (expense)/ benefit	3(a)	(166,317)	1,420,928
<b>Net profit/(loss) after tax</b>		775,572	(681,184)

*The statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 43-60.*

**CIVIL AVIATION AUTHORITY OF FIJI**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$	\$
<b>Asset Revaluation Reserve</b>		
Balance at the beginning of the year	2,605,376	2,605,376
Revaluation of Assets	-	-
Balance at the end of the year	<u>2,605,376</u>	<u>2,605,376</u>
<b>Fair Value Reserve</b>		
Balance at the beginning of the year	800,647	754,256
Revaluation of investment	231,958	46,391
Balance at the end of the year	<u>1,032,605</u>	<u>800,647</u>
<b>Retained earnings</b>		
Balance at the beginning of the year	11,074,036	11,755,220
Net profit/(loss)	775,572	(681,184)
Balance at the end of the year	<u>11,849,608</u>	<u>11,074,036</u>
<b>Total equity and shares</b>	<u><u>15,487,589</u></u>	<u><u>14,480,059</u></u>

*The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 43-60.*

**CIVIL AVIATION AUTHORITY OF FIJI  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	Notes	2014 \$	2013 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	601,849	278,915
Trade receivables	5	454,850	411,081
Other assets	6	1,373,200	338,538
Investments	7(a)	1,000,000	1,500,000
Income tax refundable	3(c)	-	51,077
		<u>3,429,899</u>	<u>2,579,611</u>
<b>Non-current assets</b>			
Investments	7(b)	6,587,607	6,355,649
Property, plant and equipment	8	4,821,702	4,757,810
Intangible assets	9	250,254	251,616
Deferred income tax asset	3(b)	1,359,234	1,509,453
		<u>13,018,797</u>	<u>12,874,528</u>
<b>TOTAL ASSETS</b>		<u><u>16,448,696</u></u>	<u><u>15,454,139</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Reserves		3,637,981	3,406,023
Retained earnings		11,849,608	11,074,036
<b>TOTAL EQUITY</b>		<u><u>15,487,589</u></u>	<u><u>14,480,059</u></u>
<b>Current liabilities</b>			
Trade and other payables	10	618,677	635,604
Employee benefits	11	342,430	338,476
		<u>961,107</u>	<u>974,080</u>
<b>TOTAL LIABILITIES</b>		<u><u>961,107</u></u>	<u><u>974,080</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>16,448,696</u></u>	<u><u>15,454,139</u></u>

Signed on behalf of the Ministry responsible for Civil Aviation.



**Chief Executive**



**Solicitor General**

*The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 43-60.*



**CIVIL AVIATION AUTHORITY OF FIJI**  
**STATEMENT OF CASH FLOWS**  
**AS AT 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
<b>Operating activities</b>			
Cash receipts from customers		4,793,513	1,682,204
Cash payment to employees and suppliers		(4,958,739)	(4,023,867)
Cash generated from operations		<u>(165,226)</u>	<u>(2,341,663)</u>
Income tax refund		34,979	36,375
Interest received		21,733	79,022
Dividends received		<u>269,071</u>	<u>269,071</u>
<b>Cash flows (used in)/from operating activities</b>		<u>160,557</u>	<u>(1,957,195)</u>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		(311,597)	(89,135)
Acquisition of intangible assets		(27,900)	(59,277)
Proceeds from sale of Investment		500,000	2,000,000
Proceeds from sale of property, plant and equipment		<u>1,874</u>	<u>970</u>
<b>Cash flows provided by/(used in) investing activities</b>		<u>162,377</u>	<u>1,852,558</u>
Net increase/(decrease) in cash		322,934	(104,637)
Cash and cash equivalents at 1 January		<u>278,915</u>	<u>383,552</u>
Cash and cash equivalents at 31 December	4	<u><u>601,849</u></u>	<u><u>278,915</u></u>

*The statement of cash flow is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 43-60.*

# CIVIL AVIATION AUTHORITY OF FIJI

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2014

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1.1 Reporting entity

Civil Aviation Authority of Fiji is a statutory organisation domiciled in Fiji established under the Civil Aviation Authority of Fiji Act, 1979 Cap 174A. The Authority's registered office and the principal place of business is located at Namaka, Nadi Airport. The principal activities of the Authority during the course of the financial year included the regulatory oversight of airports and airlines and licensing of personnel.

##### 1.2 Basis of preparation

###### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board.

###### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis. The accounting policies have been consistently applied by the Authority and are consistent with those used in the previous year.

The financial statements were authorised for issue by the Authority on 03<sup>rd</sup> August 2015.

###### (c) Functional and presentation currency

The financial statements are presented in Fiji dollars.

#### 1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS

The preparation of the Authority's financial statements requires management to make judgments, estimates and assumptions that affect the reported amount 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 judgement, apart from those involving estimations, which has the most significant effect of the amounts recognised in the financial statements.

##### **Operating lease commitments**

The Authority has entered in to 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 the property and so accounts for the contracts as operating lease.

##### **Estimations and assumptions**

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

##### *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that taxable profit will be available against which the losses can be utilised. Significant Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely and level of future taxable profits together with future tax planning strategies.

##### *Impairment of non financial assets*

The Authority assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1.4 Significant accounting policies**

**(a) Foreign currency**

Transactions in foreign currencies if it may take place, are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement. 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 when the fair value is determined.

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 transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Any goodwill arising on acquisition of foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**(b) Property, plant and equipment**

*Recognition and measurement*

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

*Subsequent expenditure*

The cost of replacing part of the property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

*Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Administration Buildings	40 years
General administrative assets	5- 20 years
Plant, furniture and office equipment	10 - 20 years
Vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Minor equipment and tools costing less than \$1,000 are written off in the year of purchase. Capital work-in-progress is subject to depreciation in the year of completion and is capitalised at the actual amount spent.

**(c) Leases**

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

*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 recognised in finance costs in the income statement.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1.4 Significant accounting policies (continued)**

**(c) Leases (continued)**

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

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

**d) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or infinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changed in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of intangible asset.

Intangible assets with infinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate value model is used.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1.4 Significant accounting policies (continued)**

**(f) Impairment of non financial assets**

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired assets, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

The following criteria are also applied in assessing impairment of specific assets:

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Authority estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount of the asset does not exceed its recoverable amount, nor 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 a reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**g) Financial instruments - initial recognition and subsequent measurement**

**(i) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge as appropriate. The Authority determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. All regular way purchases and sales of financial assets are recognised on the trade date that the Authority commits to purchase or sell the asset. Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Authority that do not meet the hedge accounting criteria as defined by IAS 39. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the finance income or finance costs in the income statement. The Authority has not designated any financial assets upon initial recognition as at fair value through profit or loss.

*Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

# CIVIL AVIATION AUTHORITY OF FIJI

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2014

#### 1.4 Significant accounting policies (continued)

##### g) Financial instruments - initial recognition and subsequent measurement (continued)

##### (i) Financial assets (continued)

###### *Derecognition*

A financial asset (or, where a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flow from the asset have expired.
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Authority's involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to pay.

##### (ii) Impairment of financial assets

The Authority assesses at each reporting 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 debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation 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.

##### (iii) Impairment of financial assets

###### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines that 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 assesses 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 on assets carried at amortised cost 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 been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1.4 Significant accounting policies (continued)**

**g) Financial instruments - initial recognition and subsequent measurement (continued)**

**(iii) Impairment of financial assets (continued)**

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. 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 by 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 was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

**(iv) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as hedging instruments in an effective hedge, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Authority's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

**(v) Financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Authority that do not meet the hedge accounting criteria as defined IAS 39. Gains and losses on liabilities held for trading are recognised in the income statement. The Authority has not designated any financial liabilities as at fair value through profit or loss.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

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**1.4 Significant accounting policies (continued)**

**g) Financial instruments - initial recognition and subsequent measurement (continued)**

**Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

**(h) Inventories**

Inventories are stated at the lower of costs and net realizable value. Cost includes invoice price plus associated costs into store. Costs are assigned to individual items of inventory mainly on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

**(i) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

**(j) Employee benefits**

**(i) *Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

**(ii) *Pension obligations***

Contributions to the Fiji National Provident Fund are charged to the income statement in the period to which the contributions relate.

**(iii) *Other employee benefits***

The Authority has a collective agreement to provide long service leave and retirement gratuity to its employees. The entitlement to this benefit is conditional on completion of a minimum service period and the employee remaining in service up to the retirement age. A liability for long service leave and retirement gratuity is calculated as the present value of expected future payments to be made in respect of services provided by the employees at the balance sheet date. This is adjusted for employee departure trends and appropriate inflation and discount rates. The accruals are divided into current (expected to be paid in the ensuing twelve months) and non-current portions.

**(k) Trade and other payables**

Liabilities for trade creditors and other amounts are carried at cost (inclusive of Value Added Tax where applicable) which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Authority. Amounts payable that have been denominated in foreign currencies have been translated to local currency using the rates of exchange ruling at the end of the financial year.

**(l) Revenue**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

*Sales*

- (i) Revenue comprising rental of agricultural sites, airworthiness fees, pilots/ engineers license fees, airport licenses and inspection fees and charges, and other income are brought to account when the relevant service has been provided/ goods are sold; customers have accepted the goods; and collectability of related receivables is reasonably assured.



**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**1.4 Significant accounting policies (continued)**

**(l) Revenue (continued)**

*Other operating income*

- (ii) Interest income is recognised on a time-proportion basis using the effective interest method.
- (iii) Dividend income from other investments is recognised when the right to receive payment is established.

**(m) Finance income and expenses**

Net financing income comprises of interest income on term deposits, interest expense on bank overdraft, borrowing and foreign currency gains or losses.

**(n) Taxes**

*Current Income Tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in income statement.

*Deferred income tax*

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of any unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

**1.4 Significant accounting policies (continued)**

**(n) Taxes (continued)**

Deferred income tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income tax related to the same taxable entity and the same taxation authority.

*Value Added Tax (VAT)*

Revenue, expenses and assets are recognised net of the amount of respective sales tax except:

- where the Value Added Tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables that are stated with the amount of Value Added Tax included and payables that are stated with the amount of Value Added Tax included.

The net amount of Value Added Tax recoverable or payable to the tax authority is included as part of the receivables or payables in the statement of financial position.

**(o) Provisions**

A provision is recognised in the balance sheet when the Authority has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(p) Government grants**

Government grants are recognised when the grant is received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Authority receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

**(q) Comparative information**

Comparative figures have been amended where necessary, for changes in presentation in the current period.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	<b>2014</b>	<b>2013</b>
<b>2.1 Other operating income</b>	<b>\$</b>	<b>\$</b>
Dividends	269,071	269,071
Contingency and other expenses	-	(11,326)
Sundry	23,372	43,633
	<u>292,443</u>	<u>301,378</u>
<b>2.2 Expenses</b>		
<b>(a) Administrative expenses</b>		
Amortisation expenses	(29,261)	(26,008)
Auditors remuneration-current year	(10,435)	(11,739)
Board member allowance	(6,022)	(55,251)
Doubtful Debts	(4,380)	-
Loss on disposal of property, plant and equipment	(109)	-
Depreciation	(245,723)	(239,122)
Insurance	(540,958)	(563,543)
Other administrative expenses	(465,726)	(317,564)
	<u>(1,302,614)</u>	<u>(1,213,227)</u>
<b>(b) Operating expenses</b>		
Consultancy	(540,551)	(33,406)
Travel	(207,019)	(72,660)
Repairs & maintenance	(123,711)	(34,805)
Utilities and supplies	(579,458)	(439,202)
	<u>(1,450,739)</u>	<u>(580,073)</u>
<b>(c) Personnel expenses</b>		
Salaries	(2,149,213)	(2,257,345)
FNPF Employers Contribution	(156,555)	(167,069)
NTPC Levy	(23,815)	(38,113)
Annual leave and gratuity	(3,954)	237,318
Performance Management System - Bonus	(133,142)	(147,020)
Sick leave bonus & leave allowance	(827)	(4,617)
	<u>(2,467,506)</u>	<u>(2,376,846)</u>
The average number of employees during the year	<u>49</u>	<u>47</u>
<b>2.3 Finance income</b>		
Interest income	<u>21,733</u>	<u>79,022</u>

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>3. Income tax</b>		
(a) A reconciliation between tax expense and the product of accounting (loss) multiplied by the tax rate for the years ended 31 December 2014 and 2013 is as follows:		
Accounting profit\ (loss) before income tax	941,889	(2,102,112)
Fiji's statutory income tax rate 20%	188,378	(420,422)
Tax effect of temporary differences	(38,159)	(37,107)
Under/Over Provision from prior year	16,098	7,440
Prior year tax losses not previously brought to account	-	(970,839)
Income tax expense attributable to operating profit	166,317	(1,420,928)
(b) Deferred income tax at 31 December relates to the following:		
(i) <u>Deferred tax asset (recognised at 20% tax rate)</u>		
Accelerated depreciation for tax purposes	326	(19,695)
Provisions for employee entitlements	68,486	67,695
Provisions for doubtful debts	4,196	3,400
Tax losses	1,286,226	1,458,053
Balance at the end of the year	1,359,234	1,509,453
(c) <b>Income tax refund</b>		
Balance - 1 January	51,077	87,453
Add: Income tax paid	-	16,098
	51,077	103,551
Less: Proceed from income tax refund	34,979	52,474
Less: Income tax refund not claimable	16,098	-
	-	51,077
<b>4. Cash and cash equivalents</b>		
Cash on hand	550	550
Cash at bank	601,299	278,365
	601,849	278,915
Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 6 months and 12 months, depending on the immediate requirements of the Authority, and earn interest at the respective short-term deposit rates.		
<b>5. Trade and other receivables</b>		
Trade receivables	475,829	428,080
Less : provision for doubtful debts	(20,979)	(16,999)
	454,850	411,081

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 December 2014, trade receivables at nominal value of \$20,979 (2013:\$16,999) were impaired and fully provided for.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

	2014 \$	2013 \$
<b>5. Trade and other receivables (continued)</b>		
Movement in the provision for impairment of receivables were as follows:		
At 1 January	16,999	18,936
Charge for the year	3,980	-
Reversal of allowance for uncollectability	-	(1,937)
31 December	<u>20,979</u>	<u>16,999</u>
At 31 December, the ageing analysis of trade receivables is as follows:		
0 - 3 months	320,202	380,459
4 - 6+ months	155,627	47,621
	<u>475,829</u>	<u>428,080</u>
<b>6. Other assets</b>		
Staff advances	49,759	-
Prepayments	186,950	166,188
Unit Trust of Fiji dividends accrued	162,370	162,370
Departure Tax	906,910	-
Other assets	67,211	9,980
	<u>1,373,200</u>	<u>338,538</u>
<b>7. Investments</b>		
(a) <i>Current</i>		
Interest bearing deposits	<u>1,000,000</u>	<u>1,500,000</u>
(b) <i>Non-current</i>		
Units in Unit Trust of Fiji	<u>6,587,607</u>	<u>6,355,649</u>
(c) Reconciliation of available-for-sale financial assets		
Opening balance	6,355,649	6,309,258
Revaluation gain on Unit Trust of Fiji units - transfer to fair value reserve	231,958	46,391
	<u>6,587,607</u>	<u>6,355,649</u>
(d) Units in Unit Trust of Fiji held by the Authority is represented by:		
1,413,636 units purchased at \$1.10 per unit	1,555,000	1,555,000
1,339,286 units purchased at \$1.12 per unit	1,500,000	1,500,000
641,026 units purchased at \$1.17 per unit	750,000	750,000
555,556 units purchased at \$ 1.35 per unit	750,001	750,001
689,656 units purchased at \$ 1.45 per unit	1,000,001	1,000,001
Revaluation on current market value	1,032,605	800,647
	<u>6,587,607</u>	<u>6,355,649</u>
4,639,160 units valued at repurchase price of \$1.42 per unit (2013:@ \$1.37).		

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

8. Property, Plant & Equipment	2014 \$	2013 \$
<u>Freehold land</u>		
<i>Deemed cost:</i>		
At 1 January	1,500,000	1,500,000
Revaluations	-	-
At 31 December	<u>1,500,000</u>	<u>1,500,000</u>
<i>Depreciation and impairment</i>		
At 1 January	-	-
Depreciation charge for the year	-	-
At 31 December	<u>-</u>	<u>-</u>
Net book value	<u>1,500,000</u>	<u>1,500,000</u>
 <u>Buildings</u>		
<i>Deemed cost:</i>		
At 1 January	2,376,505	2,350,000
Additions	15,452	26,505
Disposals	-	-
At 31 December	<u>2,391,957</u>	<u>2,376,505</u>
<i>Depreciation and impairment</i>		
At 1 January	78,683	19,583
Depreciation charge for the year	59,530	59,100
Disposals	-	-
At 31 December	<u>138,213</u>	<u>78,683</u>
Net book value	<u>2,253,744</u>	<u>2,297,822</u>

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$	\$
<b>8. Property, Plant &amp; Equipment</b>		
<u>Motor Vehicles</u>		
<i>Deemed cost:</i>		
At 1 January	353,531	353,531
Disposals	-	-
Additions	153,913	-
At 31 December	507,444	353,531
<i>Depreciation and impairment</i>		
At 1 January	92,971	22,265
Depreciation charge for the year	70,706	70,706
Disposals	-	-
At 31 December	163,677	92,971
Net book value	343,767	260,560
<u>Furniture, fittings &amp; equipment</u>		
<i>Deemed cost:</i>		
At 1 January	837,970	793,677
Re-allocation	-	640
Additions	142,232	62,630
Disposals	(3,500)	(18,977)
At 31 December	976,702	837,970
<i>Depreciation and impairment</i>		
At 1 January	138,542	33,330
Re-allocation	-	640
Depreciation charge for the year	115,486	109,316
Disposals	(1,517)	(4,744)
At 31 December	252,511	138,542
Net book value	724,191	699,428
<u>Work in progress</u>		
<i>Deemed cost:</i>		
At 1 January	-	72,475
Additions	-	-
Disposal	-	(72,475)
At 31 December	-	-
Net book value	4,821,702	4,757,810

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>9. Intangible Assets</b>		
<u>Software costs</u>		
Opening balance	284,539	224,896
Re-allocations	-	366
Addition	27,900	59,277
Closing balance	312,439	284,539
<u>Amortisation and impairment:</u>		
Opening balance	32,923	6,549
Re-allocation	-	366
Amortisation	29,262	26,008
Disposal	-	-
Closing balance	62,185	32,923
Net book value:	250,254	251,616
<b>10. Trade and other payables</b>		
Trade payables	265,549	121,240
Income in advance	353,128	367,344
Other payables	-	147,020
	618,677	635,604
<b>11. Employee benefits</b>		
<i>Current</i>		
Employee leave entitlements	238,325	227,094
Gratuity	104,105	111,382
	342,430	338,476

- (a) The employee leave entitlements is calculated as the leave balances at the end of the period multiplied by the employees pay at that time.
- (b) Gratuity provision applies to only those established staff on Collective Agreement and calculated at 3 weeks pay for each completed year of service multiplied by the basic salary, inclusive of FNPF/FNTC levy.
- Gratuity for staff below 50 years of age (nil) would be shown as non-current and those above 50 years is shown as current liability.

**12. Contingent liabilities**

The Authority's contingent liabilities comprise of property insurance and for aircraft accident above existing cover.



**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>13. Expenditure commitments</b>		
a) Capital commitments	50,063	1,178,000
Capital commitment represents amount for the purchase of a Generator which was delivered in March 2015.		
Future commitments in respect of operating lease are as follows:		
Within one year	5,727	5,727
After one year but not more than five years	22,908	22,908
More than five years	234,807	246,261
Minimum lease payments	263,442	274,896

**14. Related parties**

**(a) Directors**

The directors in office up to 31 January 2014:

Mr. Ernest Dutta (Chairman)

Mr. Gayendra Singh (Deputy Chairman)

Ratu Timoci Tuisawau

Mr. Tom Ricketts

Mr. John Sandy

Subsequently no further appointment was made and the Board responsibilities were taken over by the Ministry responsible for Civil Aviation.

Board member allowances are disclosed under Note 2.2 (a).

**(b) Transactions with related entities and key management personnel**

Key management personnel comprises of Chief Executive, Controller Air Safety, Controller Ground Safety, Controller Aviation Safety and Facilitation and Manager Corporate Services.

Transactions with key management are no more favourable than those available, or which might be reasonably be expected to be available, on similar transactions to third parties at arm's length.

**Key management compensation**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Remuneration	519,458	494,435
FNPF (Employer share - 8%)	31,132	29,944
	<u>550,590</u>	<u>524,379</u>

**15. Financial risk management objectives and policies**

**Financial risk factors**

The Authority's activities expose it to a variety of financial risks: market risk (including low returns on investments), credit risk, liquidity risk and cash flow interest rate risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

**(a) Market risk**

**(i) Foreign exchange risk**

The Authority is exposed to foreign exchange risk arising from overseas specialised training payable in foreign currency.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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**15. Financial risk management objectives and policies (continued)**

**(a) Market risk (continued)**

(ii) Price risk

The Authority is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Authority exposure is to the interest bearing term deposits. The interest rates are fixed over the term of the deposits and are reviewed on maturity.

**(b) Credit risk**

The Authority has no significant concentrations of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history. The Authority has policies that limit the amount of global credit exposure to any customer.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Authority aims to maintain flexibility in funding by keeping committed credit lines available.

The Authority monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Authority's financial liabilities at 31 December 2014 based on contractual undiscounted payments.

Year ended 31 December 2014	On demand	Less than a yr	> 5 years	Total
		\$	\$	\$
Trade and other payables	-	618,677	-	618,677
Year ended 31 December 2013	On demand	Less than a yr	> 5 years	Total
		\$	\$	\$
Trade and other payables	-	635,604	-	635,604

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 business 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. No changes were made in the objectives, polices or processes during the year 31 December 2014.

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.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
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15. Financial risk management objectives and policies (continued)	2014	2013
	\$	\$
Trade and other payables	618,677	635,604
Less cash and short term deposits	(601,849)	(278,915)
Net debt	<u>16,828</u>	<u>356,689</u>
Equity	<u>15,487,589</u>	<u>14,480,059</u>
<b>Capital and net debt</b>	<b><u>15,504,417</u></b>	<b><u>14,836,748</u></b>
Gearing ratio	0.11%	2.40%

**16. Financial Instruments**

Set out below is a comparison by category of carrying amounts and fair values of all of the Authority's financial instrument that are carried on the financial statements.

	<b>Fair value</b>	
<i>Financial assets</i>		
Cash and cash equivalents	601,849	278,915
Available-for-sale investments	6,587,607	6,355,649
Trade and other receivables	<u>454,850</u>	<u>411,081</u>
<i>Financial liabilities</i>		
Trade and other payables	<u>618,677</u>	<u>635,604</u>

Market values have been used to determine the fair value of available-for-sale financial assets. The Authority does not have any borrowings or loan notes.

**17. Revaluation reserve**

The Authority engaged an independent valuer Professional Valuations Limited on 2 July 2012 to value land, buildings, motor vehicles, furniture fittings and equipment. The revaluation increments have been incorporated into the property, plant and equipment.

**18. Registered Office**

Civil Aviation Authority of Fiji is domiciled in Fiji, the registered office and principal place of operation is located at:

Civil Aviation Authority of Fiji  
AFL Compound  
Namaka  
Nadi Airport

**CIVIL AVIATION AUTHORITY OF FIJI  
DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION  
YEAR ENDED 31 DECEMBER 2014**

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**Disclaimer on additional Financial Information**

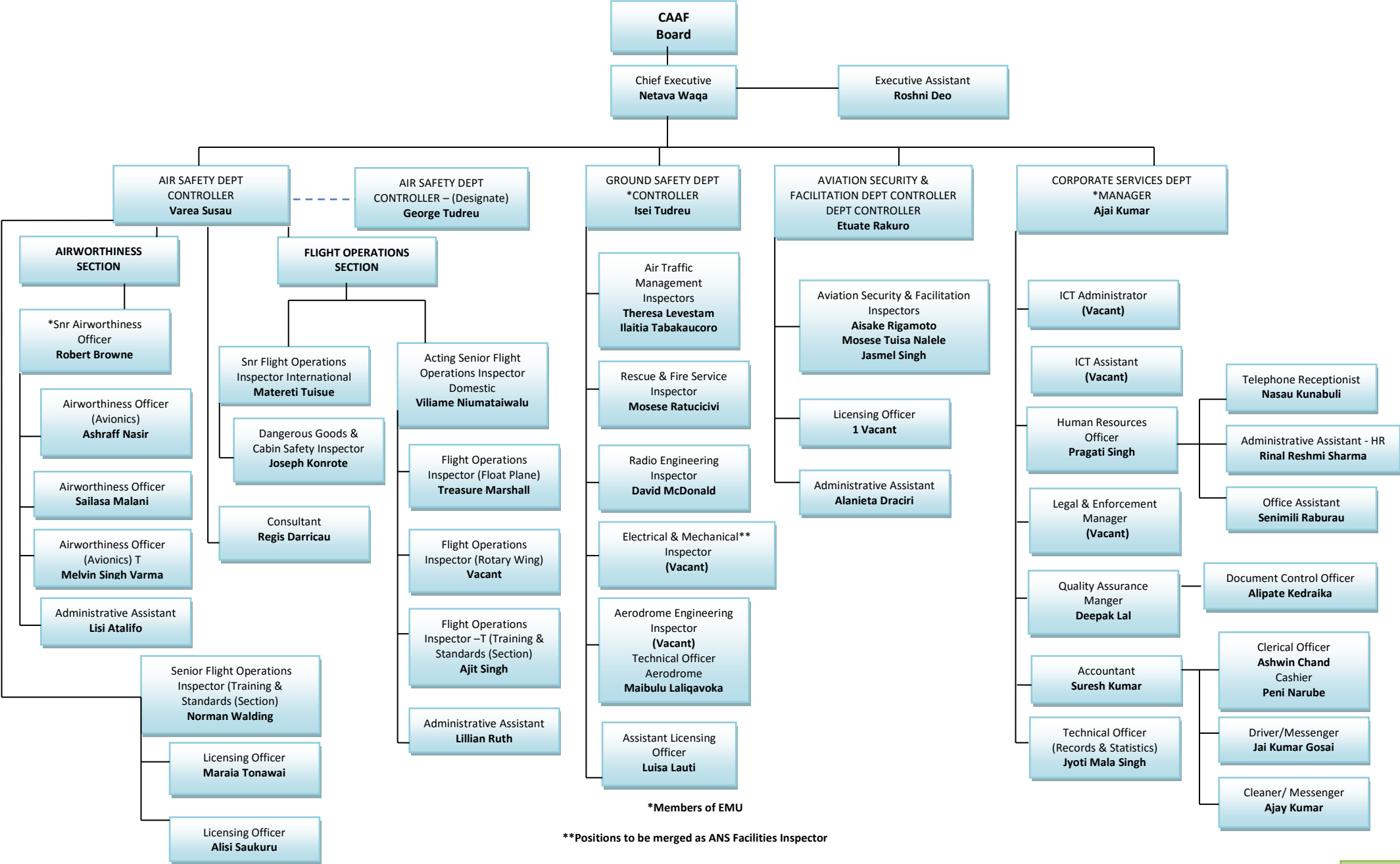
The additional financial information, being the attached detailed Income Statement has been compiled by the Management of Civil Aviation Authority of Fiji.

To the extent permitted by law, we do not accept liability for any loss or damage which any person, other than Civil Aviation Authority of Fiji may suffer arising from any negligence on our part. No person should rely on the additional financial information without having an audit or review conducted.

**CIVIL AVIATION AUTHORITY OF FIJI**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2014**

	2014	2013
	\$	\$
<b>Income</b>		
Airworthiness fees	416,152	497,866
Pilots/engineers license/airport license fees	630,122	888,306
Government grant	2,317,114	300,000
Departure Tax	2,483,722	-
Rental from agricultural lease	1,462	1,462
	<hr/>	<hr/>
	5,848,572	1,687,634
Other operating income	314,176	380,400
	<hr/>	<hr/>
<b>Total income</b>	<b>6,162,748</b>	<b>2,068,034</b>
<b>Expenses</b>		
Auditors remuneration	10,435	11,739
Amortisation of lease and software license	29,261	26,008
Annual leave and gratuity	3,954	(237,318)
Board member allowances	6,022	55,251
Doubtful Debts	4,380	-
Consultancy	540,551	33,406
Depreciation	245,723	239,122
Insurance	540,958	563,543
Loss on disposal of property, plant and equipment	109	-
Salaries and wages	2,463,552	2,614,164
Staff training	465,726	317,564
Travel	207,019	72,660
Utilities and supplies	579,458	439,202
Repairs and maintenance	123,711	34,805
	<hr/>	<hr/>
<b>Total expenses</b>	<b>5,220,859</b>	<b>4,170,146</b>
	<hr/>	<hr/>
<b>Profit/(Loss) before income tax</b>	<b>941,889</b>	<b>(2,102,112)</b>
	<hr/> <hr/>	<hr/> <hr/>

**Civil Aviation Authority of Fiji  
Transition Organisation Structure**



\*Members of EMU

\*\*Positions to be merged as ANS Facilities Inspector

# Glossary of Terms

<b>A</b>	
AAGR	Annual Average Growth Rate
AAIC	Aircraft Accident Investigator In-charge
ACAS	Aircraft Collision Avoidance System
AD	Active Directory
ADS-B	Automatic Dependent Surveillance – Broadcast
ADS-C	Automatic Dependent Surveillance – Contract
AFCS	Automatic Flight Control System
AFIS	Aerodrome Flight Information Service
AFISO	Aerodrome Flight Information Service Officer
AFL	Airports Fiji Limited
AFM	Aircraft Flight Manual
AFTN	Aeronautical Fixed Telecommunication Network
AGA	Aerodromes and Ground Aids
AIC	Aviation Information Circular
AIDC	ATS Inter Facility Data Communication
AIG	Aircraft Accident and Incident Investigation
AIM	Aeronautical Information Management
AIP	Aeronautical Information Publication
AIR	Airworthiness of Aircraft
AIRAC	Aeronautical Information Regulation and Control
AIS	Aeronautical Information Service
ALoS	Acceptable Level of Safety
AMA	Approved Medical Authority
AME	Authorised Medical Examiner
AMHS	Automated Message Handling System
ANB	Air Navigation Bureau
ANR	Air Navigation Regulation
ANS	Air navigation services
ANS	Air Navigation System
ANSP	Air Navigation Service Provider
AO	Airworthiness Officer
AOC	Air Operator certificate
AOC	Air Operators Certificate of Competency
AOG	Aircraft On Ground
APANPIRG	Asia/Pacific Air Navigation Planning & Implementation Regional Group
AQD	Aviation Quality Database
ASBU	Aviation System Block Upgrades
ASD	Air Safety Department
ASFD	Aviation Security Facilitation Department
ATC	Air Traffic Control
ATCO	Air Traffic Control Officer
ATIC	Aviation Training Institute Certificate
ATM	Air Traffic Management
ATMI	Air Traffic Management Inspector
ATN	Aeronautical Telecommunications Network
ATPL	Airline Transport Pilot
ATS	Air Traffic Services
ATS (F) LTD	Air Terminal Services (Fiji) Ltd
AVSEC	Aviation Security
<b>B</b>	
BCAR	British Civil Airworthiness Requirements

BUDSS	Block Upgrade Demonstration Showcase And Symposium
<b>C</b>	
C/CMO	Chief of Continuous Monitoring and Oversight Section
CAA	Civil Aviation Authority
CAAF	Civil Aviation Authority of Fiji
CAP	Corrective Active Plan
CAPEX	Capital Expenditure
CAPT	Captain
CAS	Controller Air Safety
CASA	Civil Aviation Authority of Australia
CASF	Controller Aviation Security & Facilitation
CBT	Computer-based training
CC or CCL	Compliance Checklist
CDI	Course Deviation Indicator
CE	Critical element
CE (CAAF)	Chief Executive
CFIT	Controlled Flight Into Terrain
CGS	Controller Ground Safety
CMA	Continuous Monitoring Approach
CMO	Continuous Monitoring and Oversight Section
CMP	Crisis Management Plan
CNS/ATM	Communication Navigation Surveillance/ Air Traffic Management
COPS	Controller Operations - AFL ATM
COSPAS-SARSAT	Cosmicheskay Sistema Poiska Avanyinyh Sudov – Search and Rescue Satellite – Aided Tracking System
CP	Chief Pilot
CPDLC	Controller Pilot Data-Link Communication
CPI	Consumer Price Index
CPL	Commercial Pilot Licence
CSA	Comprehensive System Approach
CSA	Commercial Statutory Authority
CSN/ATM	Communications, Navigation and Surveillance / Air Traffic Management
<b>D</b>	
DD/SMM	Deputy Director of Safety Management And Monitoring
DDPG	Dispatch Deviation Planning Guide
DGAC NC	Directorate General Aviation Civile, New Caledonia
DGCA	Director Generals of Civil Aviation
DHCP	Domain Host Configuration Protocol
DME	Distance Measuring Equipment
DME	Designated Medical Examiner
DNS	Domain Name Server
<b>E</b>	
ECCAIRS	European Co-ordination Centre for Aviation Incident Reporting System
EFB	Electronic Flight Bag
EFIS	Electronic Flight Information System
EFOD	Electronic Filing Of Differences
EGPWS	Enhance Ground Proximity Warning System
EI	Effective Implementation

EMI	Electrical / Mechanical Inspector
EPM	Emergency Procedures Manual
ERP	Employment Relations Promulgation
Executives	CE, CAS, CGS, CASF, MCS
<b>F</b>	
F&R	Finding and Recommendation
FAA	Federal Aviation Administration
FAFA	Fiji ATPL Flight Planning
FAHF	Fiji ATPL Human Factors
FAMT	Fiji ATPL Meteorology
FANS	Future Air Navigation System
FANV	Fiji ATPL Navigation
FAPA	Fiji ATPL Performance & Loading
FAS	Fiji Accounting Standards
FASA	Fiji ATPL Aerodynamics & Systems
FBEA	Fiji Business Excellence Awards
FCAIR	Fiji Confidential Aviation Incident Report (FCAIR)
FCFA	Fiji CPL Flight Planning
FCHF	Fiji CPL Human Factors
FCMT	Fiji CPL Meteorology
FCNV	Fiji CPL Navigation
FCSA	Fiji CPL Aerodynamics & Systems
FD	Filing of Differences
FIR	Flight Information Region
FIS	Flight Information Service
FISO	Flight Information Service Officer
FIT	FANS Interoperability Team
FNPF	Fiji National Provident Fund
FNU	Fiji National University
FO	First Officer
FOD	Foreign Object Damage
FOI	Flight Operations Inspector
FPL	Filed Flight Plan
FSO	Flight Safety Officer
<b>G</b>	
GANP	Global Air Navigation Plan
GDP	Gross Domestic Product
GNSS	Global Navigational Satellite Systems
GPS	Global Positioning System
GPWS	Ground Proximity Warning System
GSD	Ground Safety Department
<b>H</b>	
HF	High Frequency
HLSC	High-level Safety Conference
HQ	Headquarters
HR	Human Resource
HSC	High Salary Commission
HSI	Horizontal Situation Indicator
<b>I</b>	
IASA	International Aviation Safety Assessment Program
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICT	Information Communication Technology
ICVM	ICAO Coordinated Validation Mission

IFALPA	International Federation of Air Line Pilot's Association
IFATCA	International Federation of Air Traffic Controllers
IFISO	International Flight Information Service Officer
IFRS	International Financial Reporting Standards
IIC	Investigator In-Charge
ILS	Instrument Landing System
IMF	International Monetary Fund
IREX	Instrument Rating Exam
ISO	International Standard Organisation
ISPACG	Informal South Pacific ATS Coordinating Group
ISTAR'S	integrated Safety Trend Analysis and Reporting System
IT	Information Technology
<b>J</b>	
JAR	Joint Aviation Requirement
JAR-FCL	Joint Aviation Requirements-Flight Crew Licensing
JAR-TSO	Joint Aviation Requirements-Technical Service Order
<b>K</b>	
KPI's	Key Performance Indicators
KRA's	Key Result Areas
<b>L</b>	
LAME	Licensed Aircraft Maintenance Engineer
LEG	Primary aviation Legislation and Civil Aviation Regulations
LEI	Lack of Effective Implementation
LEM	Legal Enforcement Manager
LMCC	Labour Management Consultative Committee
LOC	Loss of Control
LSA	Lower Safe Altitude
<b>M</b>	
MATM	Manager Air Traffic Management – AFL
MATS	Manual of Air Traffic Services
MCS	Manager Corporate Services
MEL	Minimum Equipment List
MET	Meteorological Services
MIR	Mandatory Information Request
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MOR	Mandatory Occurrence Report
MPE & PSR	Ministry of Public Enterprises and Public Sector Reform
MQR	Minimum Qualification Requirements
MRD	Minimum Requirement Document
MSA	Minimum Safe Altitude/Minimum Sector Altitude
MTCA	Ministry of Transport & Civil Aviation
<b>N</b>	
N/A	Not Applicable in relation to implementation status
NAS	Network Attached Storage
NCAMP	National Civil Aviation Master Plan
NCASP	National Civil Aviation Security Programme



NCASQCP	National Civil Aviation Security Quality Control Programme
NCASTP	National Civil Aviation Security Training Programme
NCMC	National Continuous Monitoring Coordinator
NDB	Non Directional Beacon
NexGen	Next Generation
NM	Nautical Mile
NOF	Notam Office
NOTAM	Notice to Airmen
NPF	National Planning Framework for Air Navigation Systems
NTPC	National Training Productivity Centre
NZCA	New Zealand Civil Aviation Authority
NZCAR	New Zealand Civil Aviation Rules
<b>O</b>	
OEM	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OHT	Operator Harmonisation Taskforce
OJT	On-the-job training
OLF	On-Line Framework
OPS	Aircraft Operations
OPS Manual	Operations Manual
ORG	Civil Aviation Organization
<b>P</b>	
PANS	Procedures for Air Navigation Services
PASO	Pacific Aviation Safety Office
PBN	Performance Based Navigation
PECCAT	Ministry of Public Enterprises, Communications, Civil Aviation & Tourism
PEL	Personnel Licensing
PIASA	Pacific Islands Air Services Agreement
PIC	Pilot In Command
PICASST	Pacific Islands Civil Aviation Safety & Security Treaty
PIRGS	Planning Implementation Regional Groups
PKP	Passenger Kilometer Performed
PPAM	Personnel Policies And Administration Manual
PPL	Private Pilot License
PQ	Protocol Question
<b>Q</b>	
QAM	Quality Assurance Manager
QMS	Quality Management System
<b>R</b>	
RCC	Rescue Coordination Centre
RE	Runway Excursion
REI	Radio Engineering Inspector
RESA	Runway End Safety Area
RNAV	Area Navigation
RNP	Required Navigation Performance
RO	Regional Office
ROC	RPAS Operator Certificate
RP	Remote Pilot
RPA	Remotely Piloted Aircraft

RPAS	Remotely Piloted Aircraft System
RPS	Remote Pilot Station
RSOO	Regional Safety Oversight Organization
RTF	Radio Telephony
RVSM	Reduced Vertical Separation Minima
<b>S</b>	
S	Satisfactory relation to implementation status
SAA	Singapore Aviation Academy
SAAQ	State Aviation Activity Questionnaire
SAO	Senior Airworthiness Officer
SAR	Search and Rescue
SARPS	Standards and Recommended Practices
SASL	Strategic Air Services Limited
SATCOM	Satellite Communication
SD	Standards Document
SESTAR	Single European Sky ATM Research or Europe programme of Airspace & ATM
SFOI	Senior Flight Operations Inspector
SID	Standard Instrument Departures
SIPS	State Implementation Programme
SME	Subject matter expert
SMS	Safety Management System
SMTF	Simple Mail Transfer Protocol
SO	Second Officer
SRR	Search and Rescue Region
SSC	Significant Safety Concern
SSP	State Safety Programme
STARS	Standard Terminal Arrival Routes
SWIM	System Wide Information Management
<b>T</b>	
TCAS	Traffic Collision Avoidance System
TCB	Technical Cooperation Bureau
TCDS	Type Certificate Data Sheet
TM	Traffic Management
TDDS	Terminal Data Distribution System
TORS	Technical Officer (Records & Standards)
TPAF	Training and Productivity Authority of the Fiji Islands
TWAS	Terrain Warning Avoidance System
<b>U</b>	
UA	Unmanned Aircraft
UAV	Unmanned Aerial Vehicles
UAS	Unmanned Aircraft System
US	Unsatisfactory in relation to implementation status
USAP	Universal Security Audit Programme
USOAP	Universal Safety Oversight Audit Programme
<b>V</b>	
VHF	Very High Frequency
VIS	Visibility
VLf	Very Low Frequency
VOR	VHF Omni-directional Radio Range
VSI	Vertical Speed Indicator

