



ISO 9001/2008 CERTIFIED

Civil Aviation Authority of Fiji

ANNUAL REPORT
2015

Vision Contents

To be a model aviation regulator.

Mission

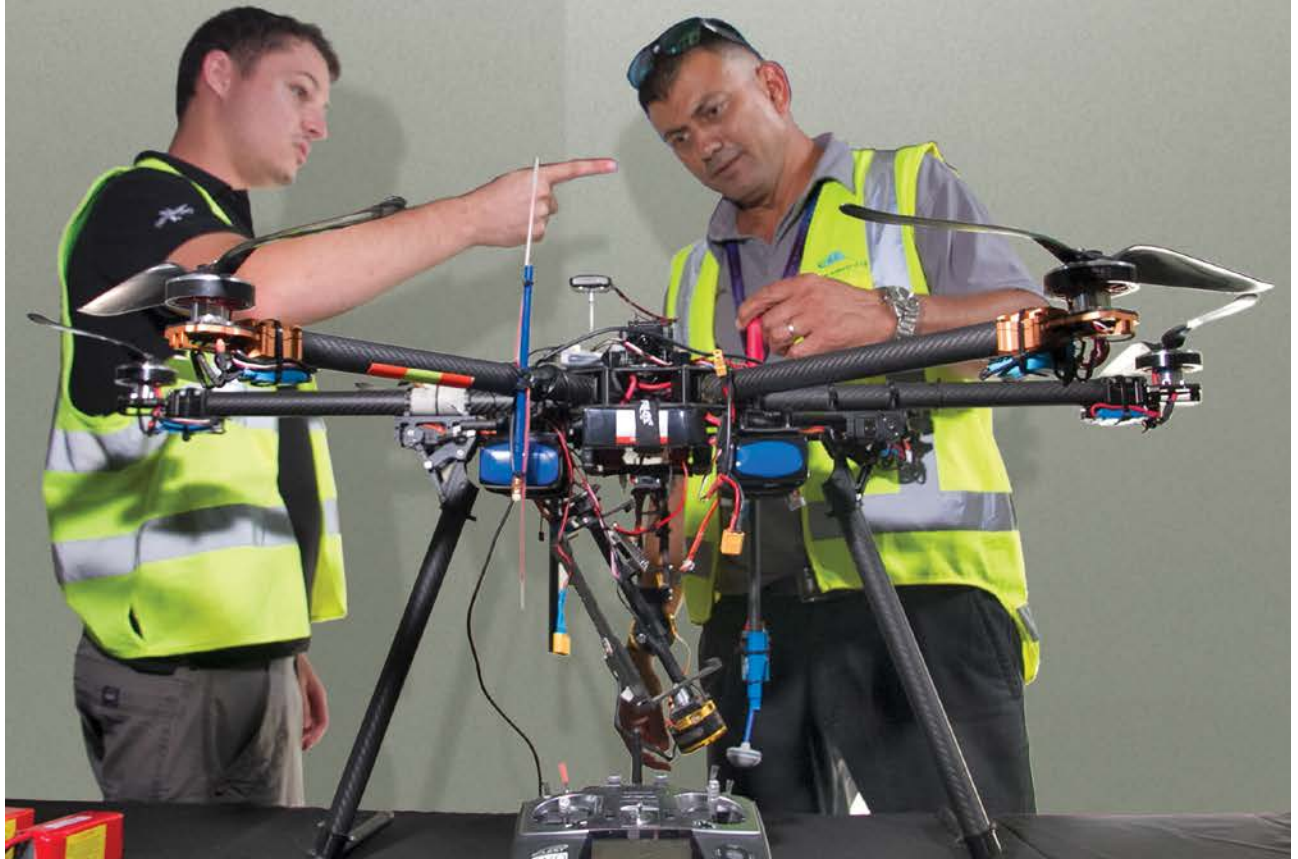
To promote effective aviation safety and security in Fiji and the region.

Values

To strive to reflect certain key values as the characteristics of the people who are the CAAF team, and equally for the organisation as a whole, in our conduct:

- Professionalism
- Accountability
- Commitment
- Integrity

Letter to the Minister	1
Highlights for the Year	2
Chairperson's Report	3 - 4
Chief Executive Officer's Report	5 - 6
Corporate Profile	7 - 8
Board of Directors	9
Corporate Governance	10
Executive Management	11
CAAF Organisational Structure	11
Operational Overview	12 - 27
- Air Safety Department	
- Ground Safety Department	
- Aviation Security and Facilitation Department	
- Corporate Services	
- Human Resources Department	
- Quality Assurance	
- Departmental Functions	
Appendices	28
Financial Statements	29



Letter to the Minister



ISO 9001/2008 CERTIFIED

Civil Aviation Authority of Fiji

1st September 2016

The Honourable Aiyaz Sayed-Khaiyum

Attorney-General and Minister for Finance, Public Enterprises, Public Service and Communications
Level 7, Suvavou House
Victoria Parade
SUVA

Dear Honourable Minister,

Civil Aviation Authority of Fiji 2015 Annual Report

On behalf of the Board of the Civil Aviation Authority of Fiji, I have much pleasure in presenting the Authority's 2015 Annual Report as required under Section 28 (1) of the Civil Aviation Authority of Fiji Act, 1979 - Cap 174A.

The report is comprised of the Civil Aviation Authority of Fiji's operational achievements and the audited accounts for the year ending December 2015.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Lailun Khan', is written over a horizontal line.

Lailun Khan
Chairperson

The Year in Review

- New approach to the Corporate Plan
- Safety Management under new ICAO Annex 19
- Finalisation of harmonised Fiji Air Navigation Regulations
- ISO 9001:2008 recertification
- State Action Plan for the reduction of aviation greenhouse gas emissions
- Oversight of Remotely Piloted Aircraft System activities
- Facilitation of fast travel initiatives
- Progressing Aviation Safety Block Upgrades
- Search and Rescue Legislation



Chairperson's Report



Firstly I would like to thank the Executive Management Team for their warm reception upon my appointment and that of my fellow Board Members of the Civil Aviation Authority of Fiji. I appreciate their welcome.

I must commend the combined years of business experience that the newly appointed Board Members bring to the Authority and made available to me.

Improved safety measures

The Civil Aviation Authority of Fiji exists in order to improve aviation safety and security for the public, whether on the ground or flying. We work with industry stakeholders, such as airports, airlines, maintenance organisations, air navigation service providers, security services providers and aviation training institutions to improve standards and strengthen safety.

Collaboration across the aviation sector at a global level is a key component in ensuring that the Authority is best positioned to fulfill its mission of promoting effective aviation safety and security in Fiji and the region.

International forums

Staying abreast of developments within the aviation sector is of prime importance. The Board endorses the Authority's attendance at international conferences, symposia and workshops as participation in such global discussions is significant for this purpose.

Air Navigation Regulations submission

It is fitting that the CAAF Executive Management and all their teams are acknowledged for their tireless efforts in bringing to a successful conclusion the Harmonisation of the Fiji Air Navigation Regulations (ANR) during 2015. This long-term undertaking that began in February 2010 will be

submitted to the Solicitor General's Office in January 2016 for legal drafting and promulgation.

Corporate Plan revised

Not only do we need to be vigilant, but we also need to be flexible as the aviation industry is fast evolving along with technological advances. In order to be a responsive and adaptive Authority, while maintaining a strategic corporate direction, CAAF, after a searching review, has conducted a fresh gap analysis for a new Corporate Plan which replaces the previous custom of adhering to a three-year Plan.

I am proud to be a part of the new approach to business CAAF is taking with the revised Annual Corporate Plan.

Succession planning

Implementing the Plan depends upon a vigorous management team, competent to meet the demands of existing and future challenges of the growing aviation industry. To ensure this is so, the Board approved the implementation of the CAAF annual training plan developed by the Authority.

This is in anticipation of ICAO's predicted shortfall of aviation professionals in the face of an expected growth within the aviation industry. In Fiji, this is exacerbated by the tendency for well-qualified personnel to be headhunted by other organisations.

Emerging Technologies

As we welcome technological advances that help us keep the industry safe and secure, we also acknowledge that there are new challenges. Aviation is an industry that does not stand still, as clearly evidenced by new developments in aviation related technology.

Financials

The Authority maintained a healthy financial performance during the year and recorded a profit of \$800,155 which was slightly lower than last year's profit of \$941,889.

I am pleased to note that the Authority will continue to maintain its existing revenue stream from government grant, passenger departure tax along with other fees & charges.

The Authority will revise the existing fees & charges last set in 2007 in consultation with its stakeholders, so that the funding from government grant could be gradually reduced.

Economic contribution

As I reflect on the Authority's achievements the past year, I am proud to be part of CAAF and the strategic role it plays in protecting customers and stakeholders from harm by regulating aviation safety and at the same time contributing to the economic growth of the nation.

With tourism a high-end earner for the nation, we need a travelling public and an aviation industry that is confident of the security and safety measures we administer.

Acknowledgements

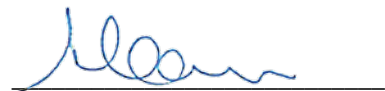
I wish to thank industry stakeholders and our customers for their contributions and input toward Fiji's aviation industry.

Their opinions assist us to ensure that the Authority continues to provide regulatory oversight, legislation, policies and training that are relevant and concurrent with international standards and best practices.

It would not be possible to do my job without the ongoing support of the CAAF Board Members.

I also acknowledge the Executive Management for their dedication and work within their respective fields of expertise, as they strive to ensure that all customers and stakeholders are kept safe from harm.

Finally, my sincere thanks to Government, our colleagues at the Ministry responsible for Civil Aviation and the Ministry of Finance. I look forward to their continued support in the future.



Lailun Khan
Chairperson



Chief Executive's Report



The changes in technology and global events make it imperative for CAAF to keep pace with the growth in aviation. As a result the Authority rolled out a revised corporate plan in 2015.

Corporate Plan

The plan takes into account the changes in the aviation environment locally, regionally and globally, and positions the Authority to support the growth and expansion of Fiji's air transport systems. A key feature is the introduction of high-level targets and established outcomes in key areas to strengthen organisational governance, performance and accountability.

A new process and procedure was also established to mandate an annual review of the Corporate Plan to ensure that the Authority's plans and strategies remain relevant, realistic and responsive to the changing needs of the aviation industry and facilitate changes in ICAO global and regional plans and amendments to the standards and recommended practices.

Safety management

Aviation safety remains paramount on the Authority's agenda. The implementation of systems to manage safety effectively under the new ICAO Annex 19 (Safety Management) was prioritised in the Corporate Plan. Annex 19 requires that the State and each of the Operators/Service providers operating within the State to identify manage and mitigate its own risks.

This arrangement encourages a shared safety responsibility amongst the State, Operators and Regulator within a performance/risk-based framework. This ensures that safety actions and resources are targeted towards safety improvement in areas where safety risks exist.

Sharing of Safety Information

Constant communications and sharing of safety information of aviation hazards and risk assessment outcomes between the State Safety Programme (SSP) and the Operators/Service Providers Safety Management System (SMS) is at the heart of effective and mature national aviation safety system.

Of particular importance is a non-punitive system that encourages the unfiltered flow of information from the Operators/Service Providers Safety Management System to the State's Safety Programme.

As part of CAAF's safety management initiatives, an Aviation Expert was engaged by CAAF in 2015 to conduct a two-week Safety Management System workshop for the Authority and key industry staff that manage and supervise the implementation of SMS requirements.

This workshop will become a permanent item on the Authority's annual training calendar, to ensure that CAAF staff and CAAF authorised ("fit and proper") persons in industry, have the safety culture, knowledge and skills to manage and implement SMS within their organisations.

Centralised database

The Authority sought expressions of interest in 2015 from vendors who could supply or develop a centralised management database for the Authority. The objective is to improve safety intelligence by having a database with the capability to collect, collate, analyse, communicate, and report, safety and other information, externally and internally effectively.

As further work is required, the project was carried forward to be progressed in the 2016 Corporate Plan.

ICAO Universal Safety Oversight Audit Programme (USOAP)

ICAO was invited to conduct a workshop in Fiji to provide staff with the required knowledge and skills necessary to update Fiji's information on the ICAO Universal Safety Oversight Audit Programme, Continuous Monitoring Approach (CMA) and On-Line Framework (OLF).

The updates which started in 2015 by the Authority will be completed in 2016, with a significant increase in Fiji's safety rating expected, once ICAO reviews the level of compliance by the Authority.

Accidents and Incidents

Two non-fatal accidents occurred in 2015 involving a single helicopter operator. Both accidents were investigated by the Ministry responsible for civil aviation which is also Fiji's Aviation Accident Investigation Authority. Safety recommendations that were highlighted during the investigation were noted and corrective actions initiated. These corrective actions will be reviewed again once the investigation reports are finalised and released to the Authority by the Ministry.

A higher number of incident reports received in 2015 is attributed to the increase in aviation activities and continues to indicate a healthy and free reporting culture.

Harmonisation of the Fiji Air Navigation Regulations

The modernisation and harmonisation of Fiji's Air Navigation Regulations, (Cabinet Decision Number 246 of 2009) was concluded in 2015.

The administrative ANR Part (Part 15), to strengthen the enforcement provisions and introduction of an enforcement fines regime, mandatory drug and alcohol testing and an appeal system, was still in the process of being finalised at year's end.

Environment

The Authority, on behalf of the State, submitted its initial State Action Plan in 2015.

There were several challenges faced during the compilation of this plan, namely, a lack of quantitative data on the national fuel usage and resultant CO2 emissions, and a lack of local expertise in this area.

More resources will be focused in this area in 2016 and the plan will be further reviewed with key stakeholders, to establish a more accurate carbon footprint based on the selected baseline.

Remotely Piloted Aircraft Systems (RPAS)

The influx of Remotely Piloted Aircraft Systems is a challenge that CAAF is working in partnership with stakeholders to address. Currently, RPAS operation is facilitated through voluntary registration and conditions under the existing ANR.

Moving forward, the Authority plans to run safety education and awareness programmes to mitigate the potential risks from uncontrolled use of RPAS. More robust legislation has been drafted and forms part of the harmonised Fiji Air Navigation Regulations.

Emerging threats to Aviation

Emerging global threats continue to threaten aviation today and into the foreseeable future.

-The nature of these threats had prompted ICAO and its international development partners to develop standards and proactive measures to mitigate these risks, whilst maximizing stakeholders' ability to respond to and recover from terror attacks and different types of disasters.

Acknowledgement

The key to the Authority's achievements and success are its staff and management team. Without them, CAAF would not have progressed with, or achieved, its corporate plan actions and targets, respectively, in 2015. I thank them for their hard work.

I thank the Board Chairperson and Board Members for their guidance and support in the short time they have been with us.

I also take this opportunity to thank the Ministry responsible for Civil Aviation, particularly the Solicitor General/ Permanent Secretary for Civil Aviation and the Department of Civil Aviation team for their support.

I look forward to their continued support into the future.



Netava Waqa
CHIEF EXECUTIVE

Corporate Profile



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

Its principal place of business is at Namaka, Nadi Airport, which is also the location of the head office.

As the regulator of the Civil Aviation industry in Fiji, the Authority is responsible for discharging 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) are as follows:

Regulating civil aviation operations in the Fiji Islands by, among other things to include:

1. a) Issue of certificates, licences, approvals, registrations and permits after appropriate inspection, 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 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 development and improvement of the system;
- f) Conducting regular and timely assessment of international safety developments,

- g) Conducting regular reviews of aviation security programmes and activities;
 - h) The prosecution of any offence committed under the CAAF Act and its Regulations other than an offence under Part II of the Civil Aviation (Security Act) 1994;
 - i) Doing any other thing which the Authority deems necessary for the enforcement of aviation safety.
2. a) Any function conferred on it under the Civil Aviation of Fiji Act 1999, Cap 174A, Civil Aviation Reform Act 1999 and Civil Aviation (Amendment) Promulgation, 2008.
 - b) Carrying out such obligations of the State arising from its State's membership of the International Civil Aviation Organisation 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;

- a) Comprehensive safety education and training programmes;
- b) Accurate and timely aviation safety advice;
- c) Fostering an awareness in the industry and within the community generally, of the importance of aviation safety and compliance with relevant legislation,
- d) Promoting full and effective consultation and communication with all interested parties on aviation safety issues.

CAAF's stakeholders are the CAAF Board, Government, airport operators, airlines, the tourism industry, aircraft maintenance organisations, service providers, air travellers, the general community, the Authority's own workforce and individuals associated with aviation activities.

As the aviation industry is the principal user of the Authority's services, CAAF will continue to provide a climate in which the industry can serve the best interests of its customers. This will be within the requirements set by the Authority to safeguard the safety of air travellers and the public in general.

Corporate Objectives

- Establish and maintain an effective regulatory framework including strategies for enforcement
- Ensure industry compliance with regulatory requirements,
- Discharge State's obligations to ICAO.
- Align industry to the State Safety Programme (SSP) by mandating the implementation of Safety Management System (SMS);
- Encourage high standards of aviation safety and security through education and regular consultation with industry,

- Enhance productivity by maintaining a competent and motivated workforce;
- Ensure continuous improvement to CAAF's internal systems, and maintain ISO certification, and,
- Support the State as necessary on aviation matters.

Quality Assurance - Our Commitment

The prime objective of CAAF is to ensure that highest aviation safety standards are met and its products and services are provided in an efficient manner, meeting both the regulatory requirements and the needs of our customers.

CAAF Quality Management System is specifically formulated and structured in a way that best meets the needs of CAAF and our customers. Various elements of the Quality Management System combine to assist in determining that all quality and regulatory requirements are complied with, and that consistency and uniformity in service delivery is maintained

CAAF Quality Policy

CAAF is committed to meeting its customer satisfaction by continuously improving and implementing the highest level of aviation standards.



Board Members



Lailun Khan
Chairperson



Dr Joseph Veramu
Board Member



Satish Patel
Board Member



Craig Strong
Board Member



Pravish Punja
Board Member

Corporate Governance

The Civil Aviation Authority of Fiji recognises the importance leadership plays in good governance, which is a fundamental principle upheld by CAAF.

As such, the CAAF Board Members are cognizant of the responsibility it has for stewardship and accountability to its shareholder, the Government of the Republic of Fiji. The Board works closely with the CAAF Management to ensure that issues of transparency, disclosure, due process and probity are diligently reviewed and that the highest standards are upheld.

The Authority adopts and supports the following corporate governance principles:

- a.) The Board shall be independent. This means that the Board must be independent of Management. The Board Members must disclose any interests, financial, personal or cultural, which threaten its independence. The Board Members must not have any contractual or financial relationship with the Authority that puts them in a conflict of interest position.
- b.) The Chairperson of the Board must be independent of

Management and must facilitate timely, truthful and constructive communications between Management and the Board and amongst Board members.

- c.) The Board adopts a Code of Conduct for Board Members, Management and Employees based on sound corporate governance principles including the need to create and maintain a corporate culture which encourages compliance with all relevant laws and regulations. The Code of Conduct has a whistle-blowing procedure which protects the anonymity of the whistle-blower and the information, and which ensures that all such information is properly investigated.
- d.) The Board adopts a policy of ethical and transparent disclosure of all information to the relevant stakeholders.

Board Members

The term of the previous Board expired at the end of January 2015 after which the Ministry responsible for Civil Aviation assumed the Board role until 29 October 2015 when the present Board was appointed.



Executive Management



Netava Waqa
CEO



Ajai Kumar
Manager Corporate
Services



Theresa Levestam
Controller Ground
Safety

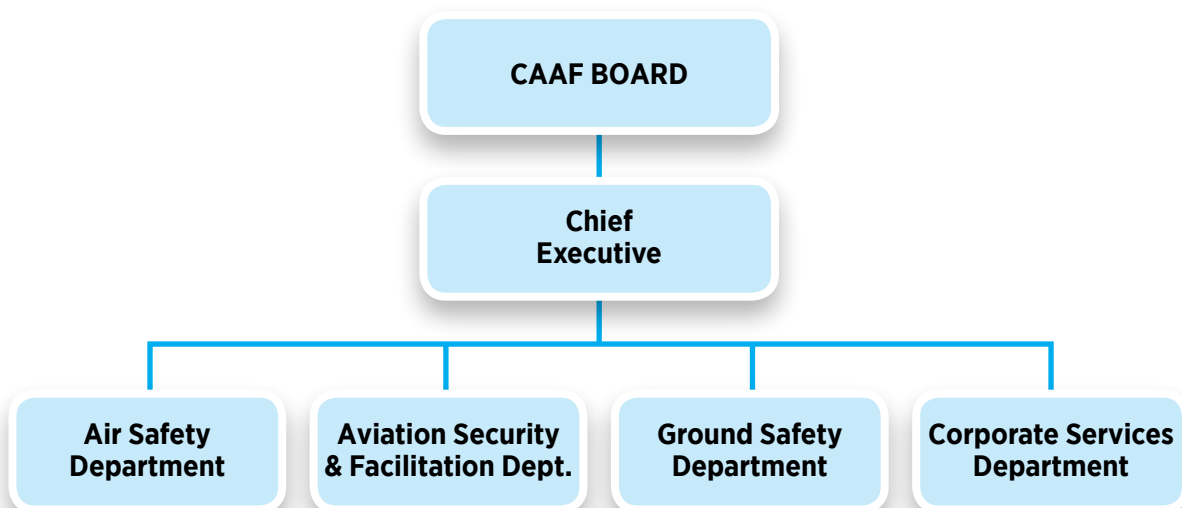


George Tudreu
Controller Air
Safety



Etuate Rakuro
Controller Aviation
Security & Facilitation

CAAF Organisational Structure



Operational Overview



The Authority continued to discharge its safety oversight functions to ensure that Fiji's aviation industry provides a safety level equal to, or better than, that defined by the ICAO Standards and Recommended Practices (SARPs). This was possible through the effective implementation by Fiji of the eight critical elements which support safety.

The year 2015 was both challenging and productive with many milestones and project targets being reached in the various areas.

PRIMARY AVIATION LEGISLATION & SPECIFIC OPERATING REGULATIONS

Harmonisation of ANR Parts

A legal officer joined the Authority's team in mid-2015 to assist with the harmonisation of the Fiji ANR Parts, a project which began in February 2010 and was initially managed by technical staff.

The consultation process with industry has been completed and the proposed ANR Parts have been submitted to the Solicitor General's (SG's) office for legal drafting. Further on-going discussions were held with the SG's office and such consultations will continue until the promulgation of the ANR Parts is completed.

The list of the 38 proposed ANR Parts are listed in Appendix A.

Search and Rescue (SAR)

CAAF continued as part of development committee to contribute to the proposed Fiji SAR Bill and the amended Fiji SAR Manual, including participation in the 2015 National SAR exercise organised by the Ministry of Defence.

Facilitation

The Authority pursued the establishment of the legal provision for the National Air Transport and Facilitation Programme. However, after examining different models, the Authority decided to continue with the current model, whereby the State relies on the good will and collaboration of established facilitation agencies at the airport.

STATE CIVIL AVIATION SYSTEM AND SAFETY OVERSIGHT FUNCTIONS

Organisation Structure

The Authority meets its responsibilities through the roles and functions of its Departments as detailed in Appendix B supported by appropriately qualified technical and non-technical staff in accordance with the Authority's structure detailed in Appendix C.

Manpower Level

The Authority employed 48 technical and administration staff during the year.

Department	Locals	Expatriates	Vanacies	Total
Air Safety	16	2	2	20
Ground Safety	6	0	3	9
Aviation Security & Facilitation	6	0	2	8
Corporate Services	18	0	3	21
TOTAL	46	2	10	58

The 10 vacancies were mostly positions created to assist with succession planning as well as to meet the requirements of increasing workload.

Staff movement during the year was as follows:

Staff Movements	No.
New Recruits	9
Promotions	6
Contract Expiry	1
Resignation	2
Retirement	1

Structure and Manpower Review

Phase I of the Manpower Review Project has been successfully completed, with some of the vacancies immediately filled and some structural adjustments. The most notable change was the dividing of airworthiness section into an engineering and maintenance inspectorate team to provide more focus on the engineering functions of the state in ICAO Annex 8. Also significant was the dividing the international flight operations team to A330 and B737 to take into account the change in Fiji Airways fleet and facilitate their new business requirement.

Phase II of the project which began in late 2015 and will continue in 2016, focuses on strategic manpower issues and closely relates to the Authority's anticipated operational strategies and plans. This phase is being conducted by Executive Management and it is expected that a job evaluation exercise planned in 2016 will also complement the review.

Staff Recruitment & Retention

The recruitment and retention of technical, operational and ICT staff continue to be a challenge for the Authority, as the demand for technical and operational positions is high and remuneration packages offered abroad are very lucrative.

Despite this challenge, the Authority continually strives to attract, develop and retain the scarce inspectorate staff, skilled to international standards, and continues its succession and localisation plan.

Performance Management System

The Performance Management System (PMS) introduced in 2010 is still being utilised by the Authority. The current system is based on Individual Performance Plans and has three 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 associated reward of the PMS is part of the Authority's HR strategy to attract and retain competent and qualified staff and is paid the following year (2016).

Financial Resources

Funding for both operational and capital expenditure provided for as follows:

- \$5.00 per passenger from international departure tax contributing approximately \$3.2m or 53.9% of CAAF's total annual income;
- Regulatory fees contributing to approximately \$1.1m or 18.6% of CAAF's total annual income;
- Government grant – the Government allocation to CAAF as annual operating grant was \$3.0m for 2014 and \$2.0m for 2015. However, this was revised in 2014 and paid on a need basis. It therefore received \$1.3m in 2015 amounting to approximately 21.9% of CAAF's total annual income.
- Other income derived from dividends, interest and miscellaneous items formed approximately 5.6% of CAAF's total annual income.

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 for the 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:

	2015 \$	2014 \$
Total Income	6,107,390	6,162,748
Total Expenses	5,307,235	5,220,859
Profit (Loss)	800,155	941,889
Carried Forward Losses	5,712,307	6,431,134
Tax Paid	Nil	Nil
Total Assets	17,501,055	16,448,696
Total Liabilities	881,828	961,107

Capital Works

The Authority is not a capital-intensive industry however major capital works undertaken were related to the upgrade of technology in ICT, purchase of motor vehicles and the purchase of a 100kva standby generator to mitigate the effects of power disruptions.



PERSONNEL QUALIFICATIONS AND TRAINING

The ICAO Global Aviation Safety Plan under its Global Safety Initiative (GSI) 11 requires that regulatory authorities have access to a sufficient number of qualified staff to support their safety oversight activities. In line with this obligation, the Authority promotes the systematic development of staff with knowledge and skills to carry out their duties effectively.

Technical Personnel Qualifications

The tasks and activities involved in aviation safety oversight include a wide range of complex evaluations, inspections, analysis and interventions. Effective implementation of these tasks requires the intervention of highly qualified personnel during the various stages of the process thus ICAO recommends that Regulators' credentials be equal to or above those of the personnel they oversight. This is taken into consideration when developing the Training Needs Analysis (TNAs) for staff.

ICAO has forecast that there will be a significant shortage of aviation professionals to meet the anticipated growth in the aviation industry. To address the anticipated short fall, emphasis is on the need for on-going training to build capacities in the civil aviation industry and in the civil aviation authorities and administrations.

Management Training

The Authority also supports on-going Management Training so as to create a robust team with strategic focus to meet existing and future challenges. It provides management training to employees identified to take up senior level positions as part of the succession planning process. This process was outlined in the Succession Plan and endorsed by the Board in 2012, henceforth, the plan undergoes annual review.

The Authority has been operating under the FNU, NTPC, Method A training programme since 2009 and has been consistently achieving over 80% score in the annual performance criteria compliance audit conducted by NTPC Grants Claim Audit Team.

In addition to various trainings and workshops, the Authority staff also attended meetings and conferences to keep abreast of changes in the industry.

Training Plan

The 2015 training plan was part of the Authority's strategy for human resource development to maintain and enhance its capacity to deliver its regulatory functions towards the State's international obligations to ICAO. The training was targeted to support the Authority's strategy in the following specific areas:

- New staff training on regulatory role and requirements
- Succession Planning
- Maintain currency of knowledge/ Refresher Training
- Multi- skilling of Staff to take on new role
- General skills upgrade for support staff

The budget to cater for staff training is based on the TNA and training plan which are prepared using the principles of the ICAO Eight Critical Elements of a Safety Oversight System and incorporated into the Authority's Corporate Plan. It is a fundamental and critical component of the CAAF business model.

Staff training allocation, comprised of about 7% of the total operating expenditure of the Authority for 2015, is similar to the previous year.

Whilst the Authority places a lot of emphasis on the training and up-skilling of staff, it is to be noted that most technical training is not available locally but overseas at substantial costs, so each case is evaluated before a final decision is made and funds committed. A new process has been developed to assist Executive Management in this decision-making.

Aviation Security Training for Industry

The Authority continued to develop capacity building in the aviation industry through the conduct of three (3) AVSEC Courses namely; the ICAO ASTP 123 Cargo Security Course, the ICAO ASTP 123 Airline Security Course and the ICAO ASTP Quality Control Course.

The ability to conduct these courses is testimony to the Authority’s development as an institution of learning. The Authority is committed to building capacity within the aviation industry by providing more aviation security focussed training for personnel. In addition, the Authority also hosted the Risk Context Statement Development Workshop for the Pacific Islands, conducted by the Australian Office of Transport Security (OTS).

International Aviation Security Meetings

Aviation security continues to evolve at a rapid rate with the emergence of new threats and modus operandi. To keep abreast of these developments and to ensure that CAAF develops as an institution of learning, AVSEC staff attended high level international aviation security conferences and meetings. The Authority was represented at the Heads of Aviation Security meeting in Singapore, the ICAO FAL Seminar in Thailand and the Regional Aviation Security Forum/Directorate General of Civil Aviation meeting in the Philippines.

TECHNICAL GUIDANCE TOOLS AND PROVISION OF SAFETY/SECURITY CRITICAL INFORMATION

Safety Management

The implementation and on-going operation of the Safety Management System, policies, processes and procedures for aircraft operators has been a requisite element for issue and renewal of Air Operator Certification in Fiji, as mandated through the Air Navigation Regulations since 2009 and supporting Standards Documents, as well as ICAO Annex 19. This is an audited activity.

Operators are required to have in place a working safety policy, with objectives, procedures and processes. These include Management commitment, the appointment of key safety personnel and safety risk management; the latter including hazard identification, risk assessment and mitigation and reporting and safety assurance. Safety assurance also encompasses measuring, monitoring, continuous improvement and safety promotion, the last in turn including training, education and communication.

The hard work of several Fiji AOC operators bore fruit in 2015 by the issuance of longer-term Air Operator certification by CAAF based on the effectiveness of their Safety Management programmes.

The SMS training that was conducted in 2015 by an Aviation Consultant and Subject Matter Expert for all operators in Fiji on behalf of CAAF, was at no cost to the operators. The training was an initiative taken by CAAF to enhance industry awareness and educate their technical personnel on the principles of Aviation Safety Management, Risk Management and Hazard Identification.





Aviation Security and Facilitation Consultation

The monthly Nadi and Nausori Airport AVSEC and FAL meetings provide an important and robust forum for the timely discussion and addressing of regulatory, operational and facilitation matters at airport level. During the year, both AVSEC Airport Committees reviewed the AVSEC consultation process and unanimously agreed that the process was adequate. Throughout the year there were twenty four (24) AVSEC and FAL meetings conducted at both airports.

Technical Guidance, Tools and Provision of Security - Critical Information

The Authority reviewed its suite of Manuals, as required by the CAAF document amendment cycle. This annual review ensures Manuals are updated to incorporate and reflect the practices on the ground.



ISO 9001:2008 Certification

The Authority underwent surveillance audit by Bureau Veritas (BV) from 23rd – 24th June 2015 and successfully retained certification.

There were no nonconformities raised during the audit except a few improvement areas which have been addressed.

Five internal audits were undertaken in 2015 of all departments and a Management Review committee meeting held immediately after each audit to review and immediately address any findings.

Client Survey

The Feedback from industry via the client survey questionnaire was used to improve services wherever possible. No adverse feedback was received formally but there were other informal feedbacks received through other sources and during meetings with stakeholders which were addressed as and when they were received.

Aviation Quality Database (AQD)

AQD is Aviation Safety Management software used for risk mitigation by the aviation industry globally, 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 upgraded its AQD version from 7.3.1 to 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.

Two staff were sent to New Zealand for training on the upgraded version and they conducted in-house training upon their return to bring staff up to speed with the new version.

Service Charter & Service Delivery

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 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.

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.

LICENSING CERTIFICATION, AUTHORISATION AND APPROVAL OBLIGATIONS

Authorisation, Approval and Permission

Two new aircraft types were introduced into Fiji which required review and approval of associated flight and training Manuals and amendments to operator Manual suites, the approval of associated training institutes as well as certification of the aircraft which was a challenge to the Authority's resources.

There was a significant increase in the number of authorisations issued in 2015 for Remotely Piloted Aircraft System (RPAS) operations in Fiji commercially as well as for recreational purposes, so much so, that the oversight of the activity was included as a core function for a Flight Operations Inspector.



There was also a significant increase in the number of 'Permissions', pertaining to pyrotechnic exercises, fireworks displays, sky lantern and balloon releases as well as 'Approvals' for off-airport developments (OAD), which involved an assessment on the impact on future aerodrome development, the obstacle limitation surface (OLS) and Procedures for Air Navigation Operations (PANS-OPS) criteria for the different runways.

The certificates that were issued and renewed for operators and service providers in 2015 are listed as part of the statistics.

The Aeronautical Meteorology Service that is provided by the Fiji Meteorological Service is yet to be certified by the Authority. Plans are underway to have this exercise completed in 2016.

The Ono-i-Lau aerodrome did not have its certificate renewed, however, approvals were granted on a case-by-case basis, as and when the need arose for cases such as Medivac (medical evacuation) flights.

Aviation Safety Block Upgrade (ASBU)

The ICAO Global Air Navigation Plan (GANP) sets forth the Aviation System Block Upgrades (ASBU). This plan is being used to refine the scope and direction of the Air Navigation Service (ANS) and Aerodrome Ground Aids (AGA) operations that come under the oversight of the Authority.

The core of the block upgrade concept is a pragmatic system of modules involving communications, navigation and surveillance capabilities linked to four specific and inter-related areas, namely; Airport Operations, Globally Interoperable Systems and Data, Optimum Capacity and Flexible Flights and Efficient Flight Path.

Coordination with AFL and the Fiji Meteorological Service on the implementation of the ASBU modules is ongoing.





Task Force groups have been established, each with an assigned Inspector, with the objective of identifying how selected modules will be progressed and putting in place plans to achieve the timelines set by ICAO for the Asia Pacific Region.

Performance Based Navigation (PBN)

With the steady growth of the air transport industry, there is a need to fit more aircraft into the same portion of airspace and as a result 'Performance Based Navigation' features highly on ICAO's list of priorities.

To continue to meet the advancements in PBN, training in the 'Required Navigation Procedure - Authorization Required' (RNP-AR) area was undertaken in 2015. This training will enable the appropriate guidance to be dispensed for the development of such procedures in Fiji.

Exemptions – Transfer Hold Baggage and Air Cargo

The Authority conducts security validation inspections of hold baggage and air cargo screening equipment and processes at Fiji Airways Last Port of Call (LPOC). These inspections are based on applications from Fiji Airways for exemptions from rescreening transfer hold baggage and transfer air cargo at Nadi Airport. The Authority issued fourteen (14) Aviation Security Exemptions as a result of validation inspections conducted at seven of these LPOC.

Licensing - pilots, engineers, air traffic controllers and aviation security personnel

CAAF has a licensing and examination system for pilots, engineers, air traffic controllers aviation security personnel and other specialist roles that are compliant with ICAO Standards and Recommended Practices established for Licensing under the ICAO Annexes and includes processes for initial issue of licences, ratings and validations on specific equipment and location, as well as periodical renewals of these aviation documents.

The data for licensing is listed as part of the statistics which shows a steady increase in the number of related activities.

Aviation Medical Matters

CAAF currently has 9 aviation qualified and accredited doctors in Fiji, New Zealand, and India, who are authorised under the Fiji Air Navigation Regulations to conduct medical examinations in accordance with the provisions of ICAO Annex 1 for licences issued by CAAF. CAAF is planning to expand the approved list of doctors or Approved Medical Authority (AMA) in 2016 to cater for demand from the industry.

The Authority also has a Medical Assessor who conducts monthly quality control and internal reviews of the medical examinations as well as a Medical Board of Assessors that

deliberates on special aviation medical cases. Data for medicals is listed as part of the statistics.

QUALITY CONTROL / SURVEILLANCE OBLIGATIONS

Certification Audits and Inspections

The 2015 Audit and Inspection Programme underwent a transformation, with the emphasis being placed on Safety and Security Management Systems and a Performance-Based Approach.

The number of audits and inspections listed as part of the statistics that were conducted during 2015 were lower than the previous year as a direct result of a focus on Performance Based Approach.

ICAO Universal Safety Oversight Audit Programme (USOAP), Universal Security Audit Programme (USAP) and Continuous Monitoring Approach (CMA) Programme

The Authority has already undergone USOAP (2010) and USAP (2012) audits by ICAO Corrective Action Plan (CAP) and is now preparing for the next ICAO USOAP and USAP Continuous Monitoring Approach (CMA) oversight audits.

Aviation Security Regulatory Requirements

The emergence of Fast Travel Programmes continued during the year, and the Authority facilitated the introduction of on-line check-in by Fiji Airways in 2015 as another option to counter check-in for passengers at Nadi Airport.

RESOLUTION OF SAFETY / SECURITY CONCERNS

RPAS

In December 2015, the Authority was invited to present a paper at the Attorney General's Conference on the emerging technology relating to RPAS and the challenges it presented to aviation in Fiji. A holistic approach by government would

be necessary in order to manage all risks associated with RPAS technology while at the time maximise its social and commercial benefits.

Laser lights

The incidents involving the pointing of laser lights at aircraft in flight were on an upward trend in 2015. High occurrence areas or 'Hot Spots' have been identified and Public Awareness initiatives were developed and rolled out. However, close collaboration with the Police would be required in order to effectively manage this risk and this will be pursued in 2016.

Mandatory Occurrence Report (MOR)

MOR's are reports of occurrences sent to the Authority by individuals or organizations in the industry in accordance with ANR 71. The reports relate to incidents that in the opinion of the reporter have some bearing on the safety and security of flight operations.

The objectives of MOR investigations are to;

1. identify and remove the immediate hazard and associated risks to allow for continued safe operations, and
2. identify other latent hazards and risks to prevent repeat of the same incident or possible serious event. Ultimately, the goal of all safety investigations is to prevent serious incidents and accidents.

MOR's are received by the Authority on CAAF Form OR0001 and SF004 Confidential Reporting (FCAIR) via phone, fax, email or hardcopy and entered into the Authority's AQD database prior to them being assigned to the appropriate inspector for investigation. Data for MOR's is listed as part of the statistics.

Five confidential reports were received and investigated and four were closed. One was still opened and became the subject of a court proceedings and is still opened.



Statistics

Operational Stakeholders

The audits and inspections conducted by the Authority are programmed annually, on a work plan for each Inspectorate staff, and covers a variety of activities for each operator under the Certification, Authorisation and Approval process that include Air Operators Certificates, Safety Management System, Route & Cabin Safety and Station facility audits, Ramp audits, Dangerous Goods and Certificate of Airworthiness inspections

The stakeholders in the above category are as follows;

	TOTAL 2015	COMMENTS
Aircraft on Fiji Register	84	62 of these aircraft had valid Certificate of Airworthiness
Air Operator Certificate	23	9 of these certificates were foreign operators issued with Foreign AOC
Private Operators	6	2 of these were Micro-light aircraft operators
Aviation Training Institution Certificate	12	9 of these certificates were overseas based Institutes
Aviation Maintenance Organisation Certificate	24	13 of these certificates were overseas based Maintenance Organisations
Remotely Piloted Aircraft Systems	5	10 RPAS belonging to private individuals were also registered for recreational use
Skydive Operations	1	Only 1 sky dive operator

Air Safety Licensing and Medical

Under the Fiji Air Navigation Regulations, the following licences, permits, and ratings are issued and renewed by the Authority:

- Private Pilot Licence (Balloons)
- Private Pilot Licence (Aeroplanes)
- Private Pilot Licence (Helicopters)
- Commercial Pilot Licence (Aeroplanes)
- Commercial Pilot Licence (Helicopters)
- Commercial Pilot Licence (Gliders)
- Commercial Pilot Licence (Balloons)
- Airline Transport Pilot Licence (Aeroplanes)
- Airline Transport Pilot Licence (Helicopters)
- Flight Radiotelephony Operator (General) Licence
- Flight Radiotelephony Operator (Restricted) Licence
- Aircraft Maintenance Engineer Licence
- Instrument Rating
- Night Rating
- Flight Instructor Rating
- Assistant Flight Instructor Rating
- Flying Training Permit
- Validation Certificate
- Medical Certificate
- ANR 45 Check Approval

LICENCE TYPE	2014		2015		VARIANCE	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
ATPL	35	257	20	264	(15)	7
CPL	38	282	42	326	4	44
PPL	1	1	7	21	6	20
FTP	42	32	43	31	1	(1)
AME	15	42	10	25	(5)	5
Medical	131	127	127	417	(4)	290

There was an overall increase in the number of licences, permits and certificates issued in 2015 that indicates a growth of the industry in Fiji. This was also directly related to the increase in the number of flight tests conducted for aviation students of the 2 ab-initio aviation training institutions as well as increase in the number of pilot intakes for the 2 major airlines Pacific Link and Fiji Airways.

Other Aviation Documents issued

LICENCE TYPE	2014		2015		VARIANCE	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
ANR 45 Approval	6	21	12	43	6	26
Validation Issue	42		41		(1)	
Verification Issue	51		54		3	

Air Safety Licences / Medicals

There was an increase in the number of ANR 45 Approval renewals that were directly related to the initial issues in 2014. ANR45 Approval holders are initially given 12 month validity only.

The number of validations issued remained somewhat constant. The Authority may, subject to such conditions and limitations and for such period as it thinks fit, issue a certificate of validation to a foreign licence holder rendering such licence valid for the purpose of flying aircraft registered in Fiji as if it had been granted under the Fiji Air Navigation Regulations.

There was a slight increase in the number of verification letters issued in 2015, indicating the departure of pilots overseas.

Air Safety Examinations

Flight Crew	2014	2015	VARIANCE
Type Rating	67	76	9
Air Law	92	99	7
ATPL	228	251	23
CPL	250	238	(12)
PPL	0	0	0
FIRX	41	29	(12)
AME	37	39	2
AMC	82	88	6
Rating	15	5	(10)

There was an overall increase in the number of flight crew examinations conducted for licence issue, consistent with the growth of the aviation industry in Fiji.

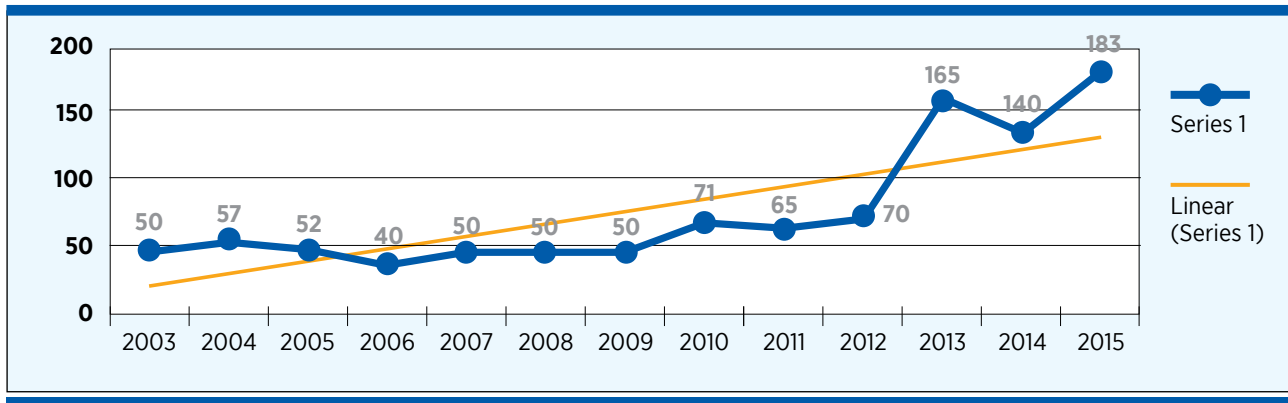
The increase in the number of airworthiness examinations conducted for licence issue, again, was consistent with the growth of the aviation industry in Fiji. The reduction in the number of rating examinations is attributed to reduced number of applications from general aviation.

Air Safety Pilot Licence Flight Tests

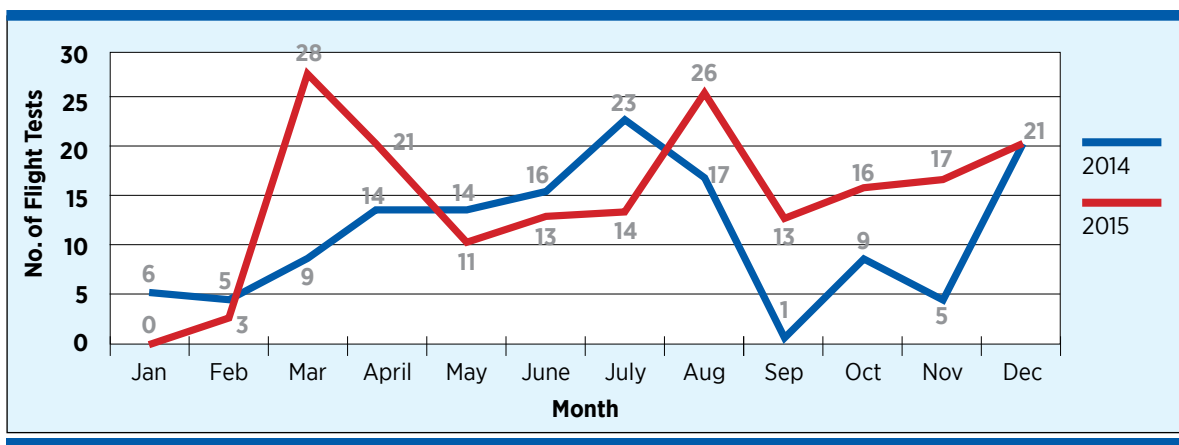
All applicants for licences, permits, and ratings issued under the ANR, are required to demonstrate their ability to perform as pilot-in-command of an aircraft within the appropriate aircraft category, stipulated procedures and manoeuvres to a degree of competency appropriate to the privileges granted to the type of licence, permit, and rating.

As such, flight testing was a major component of pilot licensing activity for 2015, with the year's total of 183 flight tests being the highest since 2003. Current trend projects a total flight test number in excess of 210 by end of 2016.

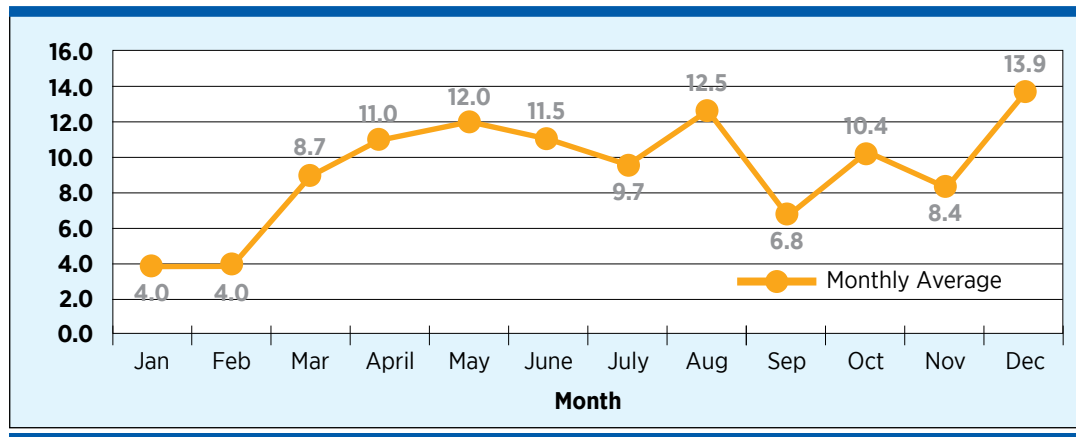
Number of Licensing Flights Tests



Monthly Flights Tests Conducted by Licensing Section



Flight Testing Monthly Average



Aviation Medicals

Medical Activity	2014	2015	VARIANCE
Number of CAAF AMA	9	10	1
Medical Board Sitzings	17	18	1
Medical cases reviewed by Board	72	41	(31)
Medical reports inspected by Medical Assessor	229	239	10
Facility Audits conducted	5	5	0
CAAF AMA Renewal	2	2	0
CAAF AMA Issue	1	1	0

There was a lesser number of cardio cases that were referred to the Medical Board in 2015 as compared to 2014.

The increase in the number of medical reports reviewed by the Medical Assessor was in direct proportion to the total number of aviation medicals completed in 2015.

Certification of Service Organisations

The Air Navigation Services /Aerodrome and Ground Aids (ANS/AGA) component of Fiji’s civil aviation system is made up of the following services:

- Air Traffic Services (ATS) and Search and Rescue (SAR);
- Aeronautical Information Service (AIS);
- Communications, Navigation and Surveillance (CNS) Service;
- Aviation Training for ATS and Rescue Fire Service personnel;
- Aeronautical Meteorology Service (AMS), and
- Aerodrome Operator Services.

Air Navigation Services

In 2015, the following 12-month certificates were issued to Airports Fiji Limited:

1. Air Traffic Service Provider Certificate
2. Aeronautical Information Service Provider Certificate
3. Aeronautical Maintenance Organisation Certificate
4. Aviation Training Institute Certificate

Aerodromes

Airports Fiji Limited (AFL) is the Aerodrome Operator for the two international aerodromes and the 12 Government-owned domestic aerodromes in Fiji.

In 2015, 12-month aerodrome certificates were issued to AFL for the Nadi and Nausori international aerodromes and domestic aerodromes Labasa, Savusavu, Matei, Rotuma, Bureta, Gau, Vanuabalavu, Koro, Kadavu, Cicia and Lakeba.

Eight private aerodrome operators were issued with 12-month Aerodrome Certificates, namely, Laucala, Mago, Kaibu, Yasawa, Malolo, Mana, Wakaya and Nanuku.

Operators of Helicopter Landing Sites (HLS) were engaged in 2015 and as a result, the Denarau Pontoon HLS and the Vunabaka HLS were issued with 12-month certificates.

Work was in progress coordinating with other HLS operators for the registration of their HLSs.

Ground Safety - Air Traffic Licences

A comparison of the licences issued/renewed in 2014 and 2015 is shown in the following table.

Type of licence	Issued/ Renewed in 2014	Issued/ Renewed in 2015	Variance
AFTL	25	22	(3)
ATCL	37	33	(4)
FISOL	23	21	(2)
ASOL	205	196	(9)

AFTL

The decrease in the number of AFTLs was a result of departure of qualified CNS Engineers to another ANS provider and non-renewal of licences.

ATCL

The decrease in the number of ATCLs was a result of departure of licenced Air Traffic Controllers to other ANS providers and the United Nations volunteer programme. AFL deployed the 15 cadets it recruited in 2014 to operations as Flight Data Officers in early 2015 and recruitment of another 15 cadets is underway with training expected to commence in early 2016.

FISOL

The decrease in the number of FISOLs was a result of two

licenced FISOs from another Pacific Island State who had undergone training and licencing in Fiji, returning to their Island State.

Aeronautical Station Operators Licence (ASOL)

The decrease in the number of ASOLs was attributed to officers retiring and non-renewal of licences.

Air Traffic Services Incidents 2005 - 2015

The level of safety based on the breakdown of Air Traffic Control 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.

Air Traffic Services Incidents Data

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A1 (Serious)	0	2	0	1	1	1	1	0	1	0	1
A2 (Medium)	1	0	2	4	3	1	2	3	1	2	0
A3 (Minor)	8	8	10	6	13	9	7	4	7	6	5
Total	9	10	12	1	17	11	10	7	19	8	6
Traffic Movement	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407	131,695
% Traffic Growth	-0.5	-13.2	0.4	-3.3	-6.5	-14.9	-6.4	11.42	7.73	10.8	1.7

A – Denotes Air Traffic Services (ATS) 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 manoeuvring 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.

Air Traffic Services Performance Data per 100,000 movements for A1 Incidents

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A1 Incidents	0	2	0	1	1	1	1	0	1	0	1
Traffic Movement	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407	131,695
Acceptable Incident rate per 100,000 traffic movements	1.55	1.35	1.35	1.31	1.22	1.04	0.97	1.08	1.168	1.294	1.317
Performance rate as per 100,000 recorded movements	-1.55	+0.65	-1.35	-0.31	-0.22	-0.04	+0.03	+1.08	+0.17	+1.294	+0.317

Acceptable Level of Safety 1/100,000 movements

Air Traffic Services Performance Data per 100,000 movements for A2 Incidents

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A2 Incidents	1	0	2	4	3	1	2	3	1	2	0
Traffic Movement	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407	131,695
Acceptable Incident rate per 100,000 traffic movements	4.65	4.0	4.1	3.92	3.66	3.1	2.9	3.25	3.50	3.882	3.951
Performance rate as per 100,000 recorded movements	-3.65	-4.0	-2.1	+0.08	-0.66	-2.1	-0.9	+0.25	+2.50	+1.882	+3.951

Acceptable Level of safety 3/100,000 movements

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
A3 Incidents	8	8	10	6	13	9	7	4	17	6	5
Traffic Movement	155,121	134,681	135,203	130,736	122,193	103,929	97,283	108,397	116,774	129,407	131,695
Acceptable Incident rate per 100,000 traffic movements	7.7	6.7	6.8	6.5	6.1	5.2	4.9	5.42	5.84	6.370	6.585
Performance rate as per 100,000 recorded movements	+0.3	+1.3	+3.2	-0.5	+6.9	+3.8	+2.1	+1.42	-11.16	+0.370	+1.585

Acceptable Level of safety 5/100,000 movements

Fast Travel Programmes

The emergence of Fast Travel Programmes continued during the year, and the Authority facilitated the introduction of on-line check-in by Fiji Airways in 2015 as another option to counter check-in for passengers at Nadi Airport.

The deadline for use of non-Machine Readable Travel Documents (MRTD) for global travel was effective from November 30th 2015. ICAO Contracting States are now required to issue only MRTD to be used for global travel.

The full implementation of the USAP-CMA began in January 2015 following the approval of the USAP-CMA framework at the 197th Session of the ICAO Council in November 2012 and its endorsement by the 38th Session of the ICAO Assembly in October 2013.

Aviation Security Audits

There were a total of sixty four (64) Aviation Security (AVSEC) Audits and follow up audits. These were complemented by twenty nine (29) security inspections as part of robust AVSEC Quality Control and oversight of industry. In addition, twenty five (25) AVSEC programmes were evaluated and approved.

Abroad, twenty two (22) AVSEC validation inspections were conducted; ten (10) for Hold Baggage Screening (HBS), ten (10) for transfer air cargo and two (2) for Catering Service providers at Fiji Airways major destinations. Similarly, the USA Transport Security Administration (TSA) and the Australian Office of Transport Security (OTS) conducted their Last Port of Call (LPOC) oversight audits for Nadi and Nausori International Airports.

Licensing/Certification and Approvals

The Authority conducted twenty eight (28) initial and renewal examinations and tests for aviation security screeners. However, there were a lot of re- tests conducted by the department to facilitate failure rates in all elements that were examined, both theoretically and practically.

AVSEC Screener Certificate

Overall, the Department issued three hundred and twenty one (321) aviation security screening licences and certificates during the year. This number covers both the initial and the renewal applications for 2015 as shown in the table below.

Type of licence	Initial/Renewal in 2014	Initial/Renewal in 2015	Variance
Aviation Security Screener Certification	326	321	5
Aviation Security Instructor Approval Certificate	8	9	1
Aviation Security Quality Control Approval Certificate	5	5	-

AVSEC Instructor Approval Certificate

The Authority conducted three (3) examinations for initial AVSEC instructor approval certification applications during the year. Only one (1) candidate was successful and was issued an AVSEC instructor Approval certificate. This brings to nine (9) the total number of AVSEC instructors approved to conduct training in Fiji.

AVSEC Quality Control Officer Approval Certificate

The Authority conducted three (3) Quality Control Officers Approval examinations for initial applicants. None were successful and as such no quality control officer approvals were issued during the year.

Airport AVSEC Programme Recommendation

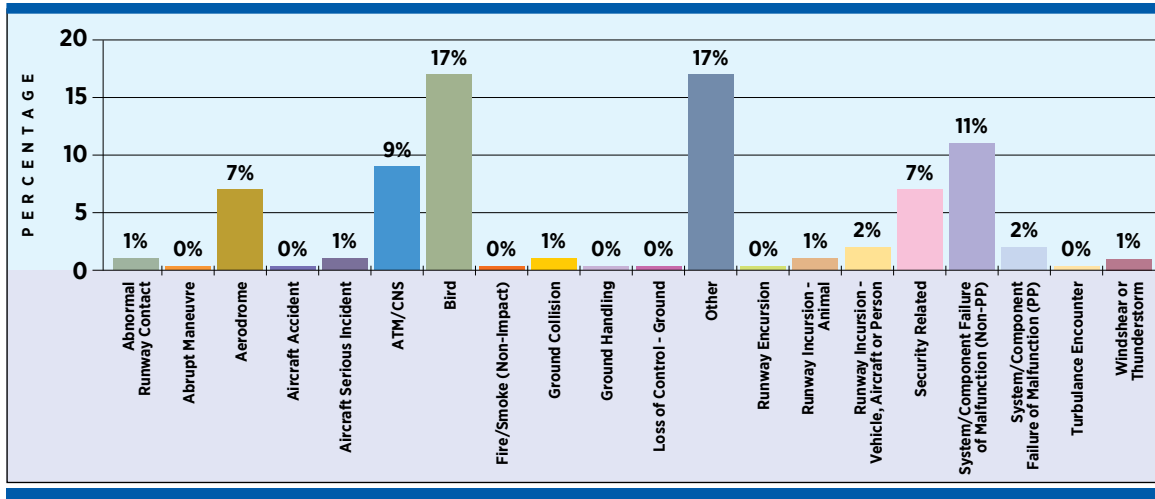
The Authority issued Airport licenses for all security, government and private domestic airports listed below.

Security Airports	2
Government Domestic Airports	12
Private Domestic Airports	9

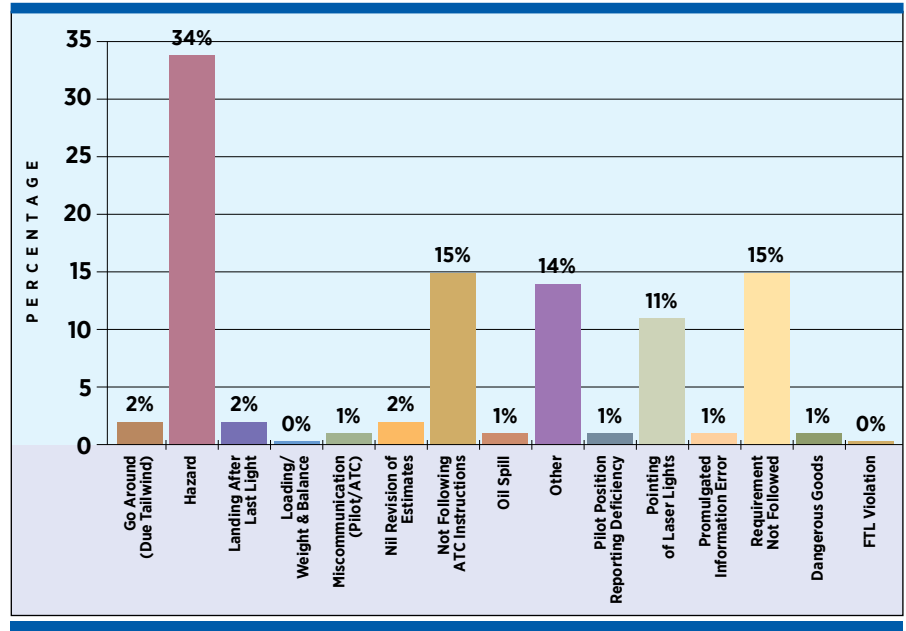
Fiji Mandatory Occurrence Reports

Mandatory Occurrence proportion by Type over the last 12 months & ‘Other’ Type of Incident breakdown.

The following pie chart shows the occurrence proportion by type over the last 12 months



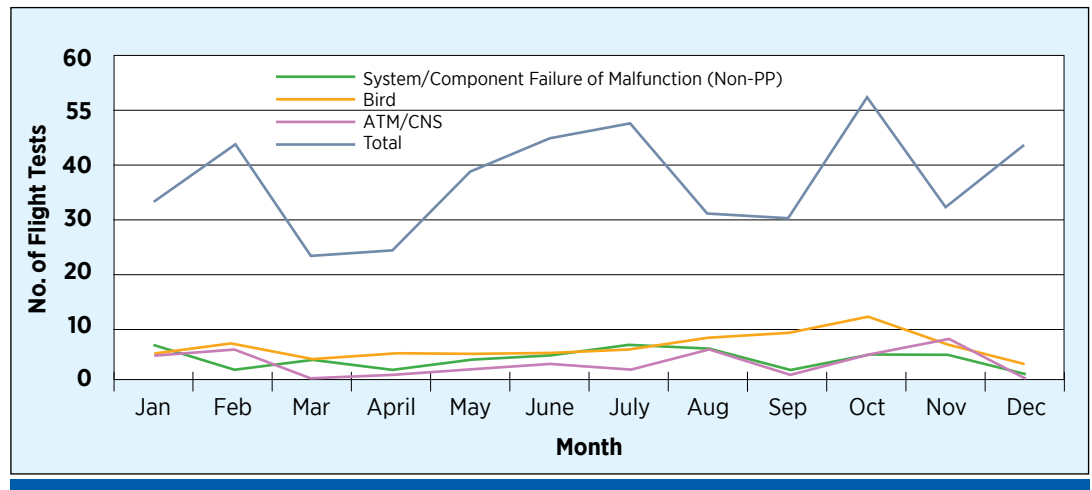
'Other' Type of Incident Breakdown



Fiji Aviation Occurrence trend over the last 12 months.

The following graph shows the overall occurrence (total no. of occurrence) trend for 2015 including the trends for the top three reported incident categories as in the above pie chart (Bird – 17%, SCP-NPP – 11% and ATM/CNS – 9%.

Total Occurrence from January - December 2015 (including trends for top 3 incident categories)



Service Charter & Delivery

The following table shows the status of CAAF Service Delivery Standards Performance Measurement for the period January to December 2015:

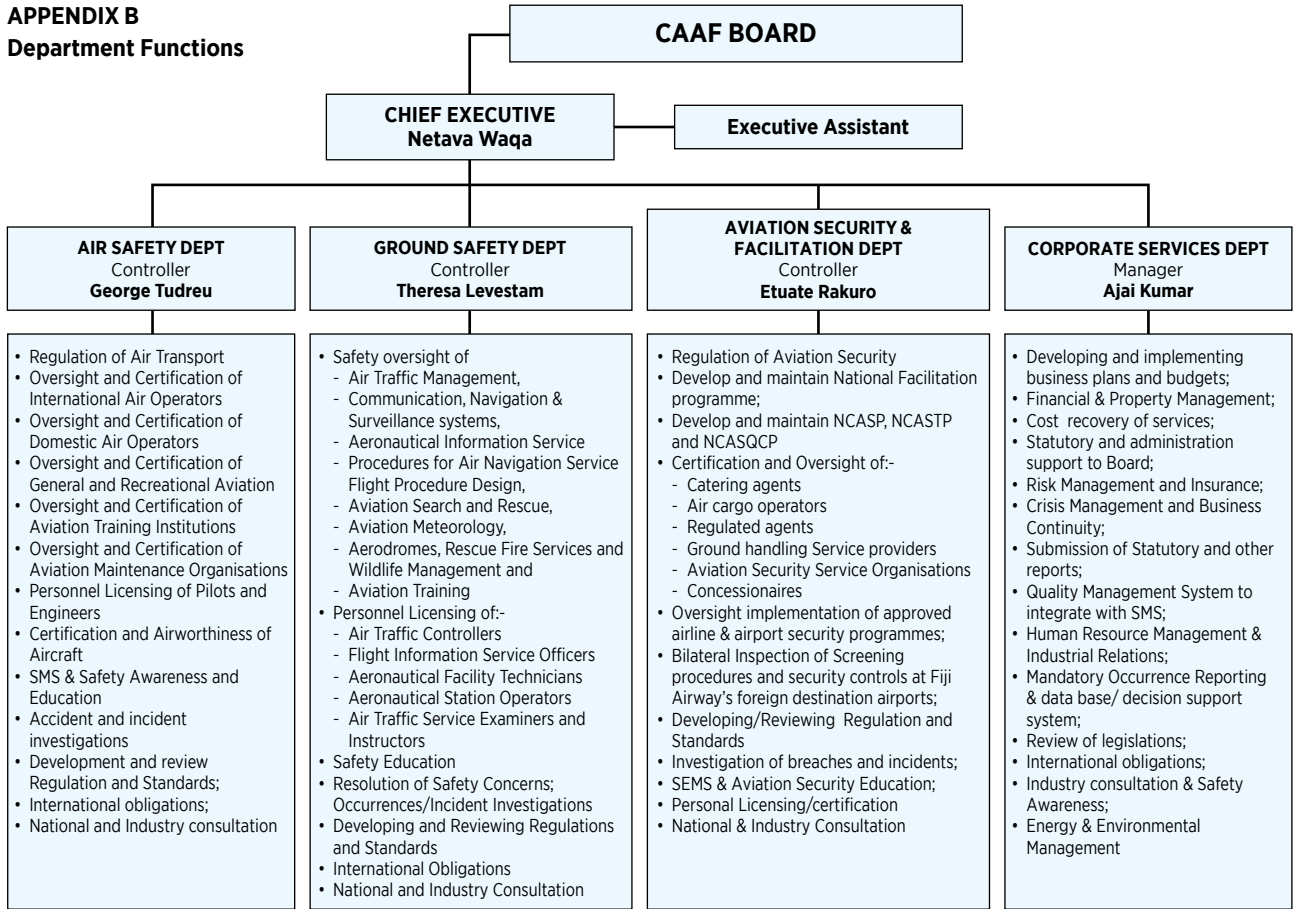
Department/Section	Number of activities	Average Target (%)	Average Target Achievement (%)
Flight Operations	11	90.91%	83.2%
Airworthiness	10	89%	93%
Personnel Licensing – Air Safety	5	91%	95.1%
Ground Safety	14	95.71%	93.55%
Personnel Licensing – Ground Safety	6	95%	100%
Aviation Security & Facilitation	19	94.21%	89.9%
Finance / Administration	3	95%	95.5%
Standards	2	97.5%	99.8%
Human Resources	5	91%	94.7%
Safety Education	1	100%	75%
1) Activities measured: 2) Average target for 76 activities: 3) Average target achieved: 4) Average target not achieved due to action /inaction by clients: 5) Average target not achieved due to CAAF processing delays:			

APPENDIX A

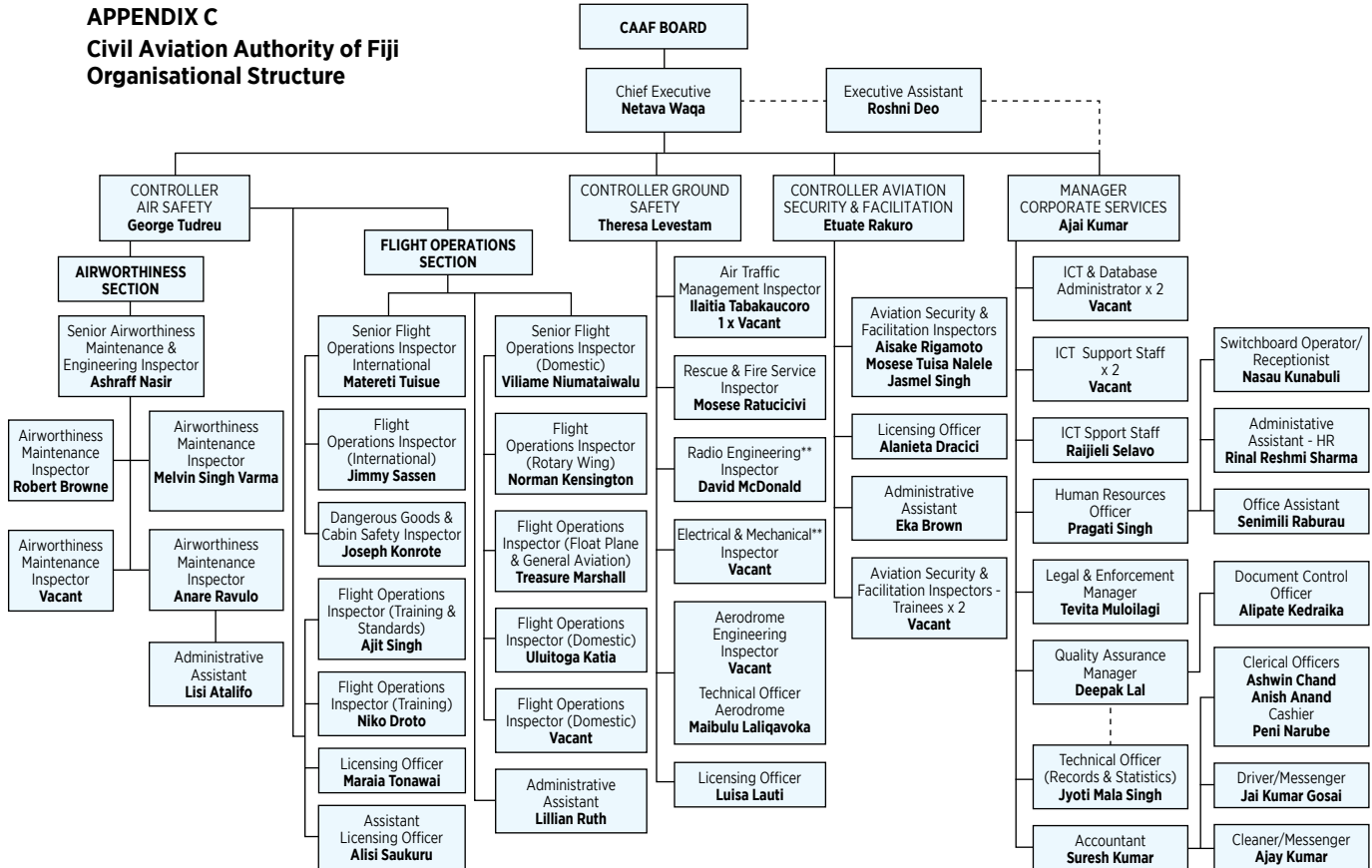
PART 19	Certification of Supply Organisations
PART 21	Certification of Products and Parts
PART 26	Additional Airworthiness Requirements
PART 39	Airworthiness Directives
PART 43	General Maintenance Regulations
PART 47	Registration of Aircraft
PART 61	Pilot Licences, Approvals, Certificates and Ratings
PART 64	Air Navigation Service Personnel – Licences, Ratings and Permits
PART 65	Air Traffic Service Personnel – Licences, Ratings and Permits
PART 66	Aircraft Maintenance Engineer Licensing
PART 67*	Medical Standards, Tests and Certification
PART 71	Designation and Classification of Airspace
PART 77	Objects and Activities affecting Navigable Airspace
PART 91	General Operating and Flight Regulations
PART 92	Carriage of Dangerous Goods
PART 101	Gyrogliders, Parasails, Balloons, Kites, Rockets and Model Aircraft
PART 102	Remotely Piloted Aircraft Systems
PART 103	Microflight Aircraft
PART 105	Parachutes
PART 119	Air Operator – Certification
PART 121	Air Transport Operations – Large Aeroplanes
PART 125	Air Transport Operations – Medium Aeroplanes
PART 129	Foreign Air Transport Operator – Certification and Operations
PART 133	Helicopter Operations – Air Transport and Aerial Work
PART 135	Air Transport Operations – Small Aeroplanes
PART 137	Agricultural Aircraft Operations
PART 139	Aerodromes
PART 141*	Aviation Training Institutions – Certification
PART 145	Aircraft Maintenance Organisations – Certification and Operation
PART 149	Aviation Recreation Organisations – Certification
PART 157	Notice of Construction, Alteration, Activation and Deactivation of Aerodromes
PART 171	Aeronautical Telecommunication Services Certification and Operation
PART 172	Air Traffic Service Provider Certification and Operation
PART 173	Instrument Flight Procedure Service Organisations Certification and Operation
PART 174	Aeronautical Meteorological Service Provider Certification and Operation
PART 175	Aeronautical Information Service Provider Organisations – Certification and Operation

*Part 67 and Part 141 are common to Ground Safety and Air Safety Departments.

**APPENDIX B
Department Functions**



**APPENDIX C
Civil Aviation Authority of Fiji
Organisational Structure**





Contents

Directors' report	30 - 32
Statement of comprehensive income	33
Statement of changes in equity	34
Statements of financial positions	35
Statement of cash flows	36
Notes to and forming part of the Financial Statements	37 - 54
Disclaimer on additional financial information	55
Detailed Statement of Comprehensive Income	56

Director's Report

YEAR ENDED 31 DECEMBER 2015

The Authority presents its report together with the financial statements for the year ended 31 December 2015 and the auditors' report thereon.

Directors

The directors in office during the financial year from 29th October 2015 and up to the date of this report are as follows:

Mrs Lailun Khan	Chairperson
Dr Joseph Veramu	Director
Mr Craig W. Strong	Director
Mr Satish Naran Patel	Director
Mr Pravish Punja	Director

Prior to this, there was no Board and Board responsibilities were taken over by the Ministry responsible for Civil Aviation.

State of affairs

In the opinion of the Board of Directors, the accompanying statement of financial position gives a true and fair view of the state of affairs of the Authority as at 31 December 2015 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.

Director's Report *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

Operating results

The net profit of the Authority for the year ended 31 December 2015 was \$667,722 (2014 net profit: \$775,572) after an income tax expense of \$132,433 (2014: income tax expense of \$166,317).

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 2015.

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, 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 acquittal basis.

Director's Report *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

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. Signed in accordance with a resolution of the Board of Directors.

Dated at Nadi this 14th day of July 2016



Chairperson

Director

Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Revenue		5,772,327	5,848,572
Other operating income	2.1	305,438	292,443
		6,077,765	6,141,015
Administrative expenses	2.2(a)	(1,208,819)	(1,302,614)
Operating expenses	2.2(b)	(1,372,758)	(1,450,739)
Personnel expenses	2.2(c)	(2,725,658)	(2,467,506)
		770,530	920,156
Net financing income	2.3	29,625	21,733
Operating profit before tax		800,155	941,889
Income tax expense	3(a)	(132,433)	(166,317)
Net profit after tax		667,722	775,572

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 34-56.

Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
Asset Revaluation Reserve		
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>
Fair Value Reserve		
Balance at the beginning of the year	1,032,605	800,647
Revaluation of investment	463,916	231,958
Balance at the end of the year	<u>1,496,521</u>	<u>1,032,605</u>
Retained earnings		
Balance at the beginning of the year	11,849,608	11,074,036
Net profit/(loss)	667,722	775,572
Balance at the end of the year	<u>12,517,330</u>	<u>11,849,608</u>
Total equity	<u><u>16,619,227</u></u>	<u><u>15,487,589</u></u>

Statement of Financial Position

YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	1,253,118	601,849
Trade receivables	5	424,124	454,850
Other assets	6	1,491,857	1,373,200
Investments	7(a)	1,000,000	1,000,000
		<u>4,169,099</u>	<u>3,429,899</u>
Non-current assets			
Investments	7(b)	7,051,523	6,587,607
Property, plant and equipment	8	4,826,289	4,821,702
Intangible assets	9	227,343	250,254
Deferred income tax asset	3(b)	1,226,801	1,359,234
		<u>13,331,956</u>	<u>13,018,797</u>
TOTAL ASSETS		<u><u>17,501,055</u></u>	<u><u>16,448,696</u></u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Reserves		4,101,897	3,637,981
Retained earnings		12,517,330	11,849,608
TOTAL EQUITY		<u><u>16,619,227</u></u>	<u><u>15,487,589</u></u>
Current liabilities			
Trade and other payables	10	640,316	618,677
Employee benefits	11	241,512	342,430
		<u>881,828</u>	<u>961,107</u>
TOTAL LIABILITIES		<u>881,828</u>	<u>961,107</u>
TOTAL EQUITY AND LIABILITIES		<u><u>17,501,055</u></u>	<u><u>16,448,696</u></u>

Signed on behalf of the Board of Directors.



Chairperson



Director

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 34-56.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 \$	2014 \$
Cash Flow from Operating activities			
Cash receipts from customers		5,716,124	4,793,513
Cash payment to employees and suppliers		(5,054,135)	(4,958,739)
Cash generated from operations		661,989	(165,226)
Income tax refund		-	34,979
Interest received		29,625	21,733
Dividends received		273,710	269,071
Net Cash from operating activities		965,324	160,557
Cash Flows from Investing activities			
Acquisition of property, plant and equipment		(346,811)	(311,597)
Acquisition of intangible assets		(8,620)	(27,900)
Proceeds from sale of Investment		-	500,000
Proceeds from sale of property, plant and equipment		41,376	1,874
Net Cash (used in)/provided by investing activities		(314,055)	162,377
Net increase in cash		651,269	322,934
Cash and cash equivalents at 1 January		601,849	278,915
Cash and cash equivalents at 31 December	4	<u>1,253,118</u>	<u>601,849</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 34-56.

Notes to and Forming Part of the Financial Statements

YEAR ENDED 31 DECEMBER 2015

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 14th July 2016.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars.

(d) Adoption of new and revised International Financial Reporting Standards (IFRSs)

IFRS 9, Financial Instruments – Classification and Measurement has been published and is not yet mandatory effective as at 31 December 2015 and the Authority has not early adopted the standard. The Authority intends to adopt the standard and amendments, if applicable, when it becomes effective from 1 January 2018.

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATIONS 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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 de-recognition 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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, reevaluates 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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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:

(i) *Sales*

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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 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 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 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 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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
2.1 Other operating income		
Dividends	273,710	269,071
Sundry	31,728	23,372
	<u>305,438</u>	<u>292,443</u>
2.2 Expenses		
(a) Administrative expenses		
Amortisation expenses	(31,531)	(29,261)
Auditors remuneration-current year	(9,896)	(10,435)
Board member allowance	(7,999)	(6,022)
Doubtful debts	(9,595)	(4,380)
Loss on disposal of property, plant and equipment	(6,918)	(109)
Depreciation	(293,930)	(245,723)
Insurance	(499,390)	(540,958)
Other administrative expenses	(349,560)	(465,726)
	<u>(1,208,819)</u>	<u>(1,302,614)</u>
(b) Operating expenses		
Consultancy	(488,144)	(540,551)
Travel	(327,739)	(207,019)
Repairs & maintenance	(25,939)	(123,711)
Utilities and supplies	(530,936)	(579,458)
	<u>(1,372,758)</u>	<u>(1,450,739)</u>
(c) Personnel expenses		
Salaries	(2,302,030)	(2,111,176)
Fringe benefit tax	(42,414)	(38,037)
FNPF employers contribution	(186,614)	(156,555)
NTPC Levy	(25,549)	(23,815)
Annual leave and gratuity	(33,971)	(3,954)
Performance Management System - Bonus	(133,133)	(133,142)
Sick leave bonus & leave allowance	(1,947)	(827)
	<u>(2,725,658)</u>	<u>(2,467,506)</u>
The average number of employees during the year	<u>51</u>	<u>49</u>
2.3 Finance income		
Interest income	<u>29,625</u>	<u>21,733</u>

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
3. Income tax		
(a) A reconciliation between tax expense and the product of accounting profit\ (loss) multiplied by the tax rate for the years ended 31 December 2015 and 2014 is as follows:		
Accounting profit\ (loss) before income tax	800,155	941,889
Fiji's statutory income tax rate 20%	160,031	188,378
Tax effect of temporary differences	(27,598)	(38,159)
Under/Over Provision from prior year	-	16,098
Income tax expense attributable to operating profit	132,433	166,317
(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	30,163	326
Provisions for employee entitlements	48,302	68,486
Provisions for doubtful debts	5,875	4,196
Tax losses	1,142,461	1,286,226
Balance at the end of the year	1,226,801	1,359,234
(c) Income tax refund		
Balance - 1 January	-	51,077
Add: Income tax paid	-	-
	-	51,077
Less: Proceed from income tax refund	-	34,979
Less: Income tax refund not claimable	-	16,098
	-	-
4. Cash and cash equivalents		
Cash on hand	550	550
Cash at bank - A/C No: 3662665	1,247,584	601,299
Cash at bank - A/C No: 12545124	4,984	-
	1,253,118	601,849
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.		
5. Trade receivables		
Trade receivables	4 53,498	475,829
Less : provision for doubtful debts	(29,374)	(20,979)
	424,124	454,850
Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 December 2015, trade receivables at nominal value of \$29,374 (2014:\$20,979) were impaired and fully provided for.		

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
5. Trade receivables <i>(continued)</i>		
Movement in the provision for impairment of receivables were as follows:		
At 1 January	20,979	16,999
Charge for the year	8,395	3,980
31 December	29,374	20,979
At 31 December, the ageing analysis of trade receivables is as follows:		
0 - 3 months	295,319	320,202
4 - 6+ months	158,179	155,627
	453,498	475,829
6. Other assets		
Staff advances	-	49,759
Prepayments	229,364	186,950
Unit Trust of Fiji dividends accrued	164,690	162,370
Departure Tax	1,043,260	906,910
Other assets	54,543	67,211
	1,491,857	1,373,200
7. Investments		
(a) Current		
Interest bearing deposits	1,000,000	1,000,000
(b) Non-current		
Units in Unit Trust of Fiji	7,051,523	6,587,607
(c) Reconciliation of available-for-sale financial assets		
Opening balance	6,587,607	6,355,649
Revaluation gain on Unit Trust of Fiji units - transfer to fair value reserve	463,916	231,958
	7,051,523	6,587,607
(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	1,496,521	1,032,605
	7,051,523	6,587,607
4,639,160 units valued at repurchase price of \$1.52 per unit (2014:@ \$1.42).		

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
8. Property, plant & equipment		
<u>Freehold land</u>		
<i>Deemed cost:</i>		
At 1 January	1,500,000	1,500,000
Revaluations	-	-
At 31 December	1,500,000	1,500,000
 <i>Depreciation and impairment</i>		
At 1 January	-	-
Depreciation charge for the year	-	-
At 31 December	-	-
Net book value	1,500,000	1,500,000
 <u>Buildings</u>		
<i>Deemed cost:</i>		
At 1 January	2,391,957	2,376,505
Additions	7,815	15,452
Disposals	-	-
At 31 December	2,399,772	2,391,957
 <i>Depreciation and impairment</i>		
At 1 January	138,213	78,683
Depreciation charge for the year	59,936	59,530
Disposals	-	-
At 31 December	198,149	138,213
Net book value	2,201,623	2,253,744

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
8. Property, plant & equipment (continued)		
<i>Motor Vehicles</i>		
<i>Deemed cost:</i>		
At 1 January	507,444	353,531
Disposals	(66,400)	-
Additions	258,261	153,913
At 31 December	699,305	507,444
<i>Depreciation and impairment</i>		
At 1 January	163,677	92,971
Depreciation charge for the year	95,833	70,706
Disposals	(34,307)	-
At 31 December	225,203	163,677
Net book value	474,102	343,767
<i>Furniture, fittings & equipment</i>		
<i>Deemed cost:</i>		
At 1 January	976,702	837,970
Additions	80,734	142,232
Disposals	(36,437)	(3,500)
At 31 December	1,020,999	976,702
<i>Depreciation and impairment</i>		
At 1 January	252,511	138,542
Re-allocation	-	-
Depreciation charge for the year	138,161	115,486
Disposals	(20,237)	(1,517)
At 31 December	370,435	252,511
Net book value	650,564	724,191
Net book value	4,826,289	4,821,702

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
9. Intangible assets		
<i>Software costs</i>		
Opening balance	312,439	284,539
Addition	8,620	27,900
Closing balance	321,059	312,439
<i>Amortisation and impairment:</i>		
Opening balance	62,185	32,923
Amortisation	31,531	29,262
Disposal	-	-
Closing balance	93,716	62,185
Net book value:	227,343	250,254
10. Trade and other payables		
Trade payables	216,014	265,549
Income in advance	424,302	353,128
	640,316	618,677
11. Employee benefits		
<i>Current</i>		
Employee leave entitlements	133,660	238,325
Gratuity	107,852	104,105
	241,512	342,430

- (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/FNU 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. At balance date there was no staff below 50 years who have earned gratuity.

12. Contingent liabilities

- a) The Authority's contingent liabilities comprise of property insurance and for aircraft accident above existing cover.
- b) There are some court actions against the Authority. The Authority estimates such liability, if any, to be material.

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
13. Expenditure commitments		
a) Capital commitments	nil	50,063
b) 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	229,080	234,807
Minimum lease payments	<u>257,715</u>	<u>263,442</u>

14. Related parties**(a) Directors**

The directors in office at any time during the financial year are as follows:

Mrs Lailun Khan (Chairperson)

Dr Joseph Veramu

Mr Craig W. Strong

Mr Satish Naran Patel

Mr Pravish Punja

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. 2015 2014

	2015 \$	2014 \$
Key management compensation		
Remuneration	543,432	519,458
FNPF (Employer share 2015 -10%)	38,665	31,132
	<u>582,097</u>	<u>550,590</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.

Notes to and Forming Part of the Financial Statements (cont'd)

YEAR ENDED 31 DECEMBER 2015

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 2015 based on contractual undiscounted payments.

Year ended 31 December 2015	On demand	Less than a yr	> 5 years	Total
		\$	\$	\$
Trade and other payables	-	640,316	-	640,316
Year ended 31 December 2014	On demand	Less than a yr	> 5 years	Total
		\$	\$	\$
Trade and other payables	-	618,677	-	618,677

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, policies or processes during the year 31 December 2015.

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.

Notes to and Forming Part of the Financial Statements *(cont'd)*

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
15. Financial risk management objectives and policies <i>(continued)</i>		
Trade and other payables	640,316	618,677
Less cash and short term deposits	(1,253,118)	(601,849)
Net debt	(612,802)	16,828
Equity	16,619,227	15,487,589
Capital and net debt	<u>16,006,425</u>	<u>15,504,417</u>
Gearing ratio	-3.83%	0.11%

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.

		Fair value
<i>Financial assets</i>		
Cash and cash equivalents	1,253,118	601,849
Available-for-sale investments	7,051,523	6,587,607
Trade and other receivables	424,124	454,850
<i>Financial liabilities</i>		
Trade and other payables	<u>640,316</u>	<u>618,677</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

Disclaimer on Additional Information

YEAR ENDED 31 DECEMBER 2015

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.

Detailed Statement of Comprehensive Income

YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
Income		
Airworthiness fees	385,598	416,152
Pilots/engineers license/airport license fees	754,677	630,122
Government grant	1,335,999	2,317,114
Departure tax	3,294,591	2,483,722
Rental from agricultural lease	1,462	1,462
	<u>5,772,327</u>	<u>5,848,572</u>
Other operating income	335,063	314,176
Total income	6,107,390	6,162,748
Expenses		
Auditors remuneration	9,896	10,435
Amortisation of lease and software license	31,531	29,261
Annual leave and gratuity	33,971	3,954
Board member allowances	7,999	6,022
Doubtful debts	9,595	4,380
Consultancy	488,144	540,551
Depreciation	293,930	245,723
Insurance	499,390	540,958
Loss on disposal of property, plant and equipment	6,918	109
Salaries and wages	2,691,687	2,463,552
Staff training	349,560	465,726
Travel	327,739	207,019
Utilities and supplies	530,936	579,458
Repairs and maintenance	25,939	123,711
Total expenses	5,307,235	5,220,859
Profit before income tax	800,155	941,889





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Civil Aviation Authority of Fiji

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