

ANNUAL REPORT 2019



PARLIAMENT OF FIJI
Parliamentary Paper No. 263 of 2020

● Vision

To be a model aviation regulator.

● Mission

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

● Values

Strive to reflect certain key values as the characteristics of the people who are the CAAF team and equally for the organization as a whole by professionalism, accountability, commitment and integrity in our conduct.



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The Honourable Aiyaz Sayed-Khaiyum
Attorney-General and Minister for Economy, Civil Service and Communications
Level 7, Suvavou House
Victoria Parade
Suva

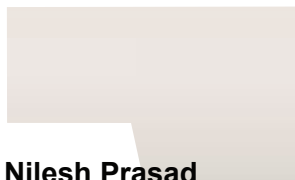
Dear Honourable Minister

CIVIL AVIATION AUTHORITY OF FIJI 2019 ANNUAL REPORT

On behalf of the Civil Aviation Authority of Fiji, I present to you the Annual Report for the reporting year 01 January 2019 to 31 December 2019. The report has been prepared in accordance with Section 28 (1) of the Civil Aviation Authority of Fiji Act, 1979 (Cap. 174A).

The report provides a detailed account of the Civil Aviation Authority of Fiji's operational performance and audited accounts for the year ending December 2019.

Yours sincerely,



Nilesh Prasad
Chairperson
Civil Aviation Authority of Fiji



Year In Review

- *International Civil Aviation Organization Coordinated Validation Mission (ICVM) on Fiji*
- *Grounding of the Boeing 737 Max*
- *Introduction of the Airbus 350 XWB aircraft*
- *Performance Based Navigation (PBN) Operations*



Nilesch Prasad

Chairperson

I was appointed Chair of the Civil Aviation Authority of Fiji's Board in December 2019 taking over from Ms. Lailun Khan. The Board and management acknowledges her contribution with appreciation.

The year 2019 was a challenging one with the ICAO Coordinated Validation Mission (ICVM) audit on Fiji from 27th August to 4th September 2019. Whilst the audit itself took two weeks, this was a culmination of several years of preparation.

The hard work put in by the Authority for the ICVM resulted in Fiji's Effective Implementation of ICAO requirements increased from 63% to 78.31%. This is commendable and demonstrates concerted efforts and commitment by the Authority to continuously improve Fiji's compliance with ICAO and implementation of the eight (8) critical elements of a Safety Oversight System.

A gradual change in the Authority's Organisation Structure and diversion of some of the resources towards addressing the ICAO Universal Safety Oversight Audit Protocol Questions is envisaged for 2020.

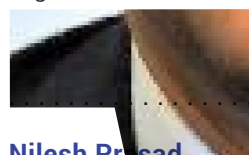
Chairperson's Message

Globally, there is a shortage of qualified aviation professionals and Fiji is no exception to this predicament. Staff recruitment for the Authority has been a significant challenge and the Authority continues in its recruitment efforts. The Authority continues to ensure capacity building for its staff through appropriate training and participation at ICAO and Regional aviation meetings and workshops so they are able to conduct their safety oversight duties in a professional and diligent manner.

As the aviation industry grows the Authority continues to advocate the importance of safety in aviation through various means and forums including its Aviation Safety Bulletin, media advertisements, public notices and meetings. I take this opportunity to thank industry stakeholders for their co-operation and partnership towards maintaining a high level of aviation safety and security. I especially acknowledge the Board members for their continuous support and valuable contribution.

My sincere thanks also to Government and our colleagues at the Ministry responsible for Civil Aviation and I look forward to their continued support in 2020 and beyond.

On behalf of the Board, I thank all the Authority's staff for their unwavering commitment in our pursuit in aspiring to become a model aviation regulator.



Nilesch Prasad
Chairperson



Chief Executive's Message

Ajai Kumar

Acting Chief Executive

As we conclude the year, I take this time to reflect on the activities and events, both planned and unplanned of 2019 which the Authority has been engaged in and look ahead to the challenges 2020 will bring.

The safety and security of Fiji's civil aviation and air transport systems is fundamental to the tourism industry and national economy which is part of the vision and mission of the Authority. With that said, the contribution of the aviation industry partners who are in direct contact with the air travelers is deemed equally critical.

The beginning of 2019 saw the grounding of the Boeing 737 Max aircraft worldwide as a proactive safety measure following two fatal international accidents overseas involving that aircraft type. The Authority continued to be closely involved in consultations with the manufacturer Boeing, the US Federal Aviation Authority, other aviation regulators and the local operator Fiji Airways to ensure appropriate safety requirements and measures were implemented before the aircraft type can be allowed to operate again in Fiji.

In addition to the Boeing 737 Max aircraft, Fiji Airways introduced the Airbus 350 XWB aircraft in November 2019, a first of its type in this South Pacific region. The Authority worked in partnership with Fiji Airways to ensure the successful and timely introduction of the aircraft onto the Fiji register.

The year was not without its challenges. In August 2019 a helicopter on a Mercy flight had a fatal accident in the Natewa Bay, Vanua Levu. The accident is being investigated by an independent Investigator appointed by the Minister.

The Authority's preparation for Fiji's ICAO Coordinated Validation Mission (ICVM) conducted by ICAO auditors from the 22nd August to the 03rd September 2019 resulted in an increase in safety rating for Fiji. A taskforce headed by Fiji's National Continuous Monitoring Coordinator (NCCMC)/Controller Air Safety Department, was established resulting in a very positive outcome whereby Fiji's effective implementation of ICAO Standards, previously rated at 63% moved up to 78.72% which is third behind Australia and New Zealand in the South Pacific region and 11th in the Asia Pacific region.

During the ICVM, one of the areas found to have shortcomings was the various aviation legislation and corresponding regulations considered to be outdated or insufficient. The Authority is thankful for Government's support to review the existing primary and secondary legislation in the new year which, when completed, will provide a uniform legal platform for aviation activities and be in harmony with other neighbouring aviation legislations.

In concluding, I wish to acknowledge and thank the Authority's staff for their dedication and hard work which has enabled our key responsibilities to be discharged in 2019 and pave the way for years ahead.

I would also like to express my gratitude and appreciation to the Board and Ministry responsible for Civil Aviation for their guidance and support to the Authority during the year.



Ajai Kumar
Acting Chief Executive



2019 Executive Management Team

Corporate Profile

Fiji is one of 193 Contracting States of the International Civil Aviation Organisation (ICAO) and discharges its safety and security oversight responsibilities through the Civil Aviation Authority of Fiji (CAAF). The CAAF was established as an independent statutory authority under the Civil Aviation Authority Act 1979.

The Authority's key role is to conduct safety regulation of civil air operations in Fiji's territory and the operation of Fiji registered aircraft outside Fiji's territory via a robust safety oversight system of the safety and security of civil aviation activities in Fiji.

As at 31 December 2019, the Authority employed 54 permanent employees and 08 temporary employees.

Functions of the Authority (Civil Aviation Authority Act 1979 Section 14)

1. The Authority has the following function :
 - (a) any functions conferred on it by or under the Civil Aviation Authority Act or the Civil Aviation Act or the Civil Aviation Reform Act 1999; and
 - (b) carrying out such obligations of the State arising from its State's membership of the International Civil Aviation Organisation as the Minister directs.

2. The Authority also has the following 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; and
 - (iii) fostering an awareness in industry management, and within the community generally, of the importance of aviation safety and compliance with relevant legislation;
 - (b) promoting full and effective consultation and communication with all interested parties on aviation safety issues; and
 - (c) establishing and implementing a State Safety Programme in order to achieve an acceptable level of safety in civil aviation.

3. The Authority also has the function of regulating the safety of civil aviation operations in Fiji, among other things—
 - (a) issue 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 safety standards;
 - (d) assessing decisions taken by industry management at all levels for their impact on aviation safety;
 - (e) conducting regular reviews of the system of civil aviation safety 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 provisions of this 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.

Corporate Objectives

- (a) Carry out the States obligation arising out of its membership of the ICAO;
- (b) Maintain an effective regulatory framework and enforcement system;
- (c) Develop clear and concise Standards and an effective consultation process;
- (d) Assess the decisions taken by industry management at all levels for their Impact on Aviation Safety;
- (e) Review and assess civil aviation system safety trends and risk factors;
- (f) Conduct regular reviews of aviation security programmes and activities;
- (g) Maintain a system for conducting safety education, giving timely safety advice and improved awareness;
- (h) Continuously review and enhance the ICT system capacity to support the efficient delivery of regulatory services;
- (i) Maintain a competent, adequately resourced and motivated workforce.

Quality Management - Our Commitment and Policy

The Authority is committed to ensuring that the highest safety standards are met, our products and services are provided in an efficient manner meeting both the regulatory requirements and the needs of our customers. Our Quality Management System is specifically formulated and structured in a way that best meets the needs of the Authority and its customers. Various elements of the Quality Management System combine to assist in determining that all quality and regulatory requirements are complied, and that consistency and uniformity in service delivery is maintained.

The Authority is committed to meeting its customer satisfaction by continuously improving and implementing the highest level of aviation safety and security standards effectively.

Corporate Governance

The Authority recognises the importance leadership plays in good governance. The Authority's Board are cognizant of the responsibility it has for stewardship and accountability to its stakeholders and works closely with the Authority's Leadership Team to ensure that transparency, disclosure, due process and probity are diligently applied and the highest standards are upheld.

The Authority adopts and supports the following corporate governance principles:

- (a) The Board shall be independent of Management and must disclose any interests, financial, personal or cultural, which threatens 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 also 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.

Legislation

The Authority operates under the provision of various Legislation:

- (a) Civil Aviation Act 1976;
- (b) Civil Aviation Authority Act 1979;
- (c) Civil Aviation (Security) Act 1994;
- (d) Civil Aviation Security Regulations 1994;
- (e) Air Navigation Regulations 1981;
- (f) Civil Aviation Reform Act 1999;
- (g) Civil Aviation (Fees & Charges) Regulations 2007;
- (h) Civil Aviation (Occurrence Reporting and Investigation) Regulations 2009;

CAAF Board Members

The Chairperson of the Civil Aviation Authority of Fiji's Board Mr. Nilesh Prasad replaced Ms. Lailun Khan in December 2019. The Board comprises Mr. Satish Patel, Ms. Kamni Naidu, Mr. Peceli Baleikorocau and Mr. Reginald Jokhan who replaced Mr. Pravish Punja.



Ms. Lailun Khan
Chairperson

January - October 2019



Mr. Nilesh Prasad
Chairperson

December 2019



Mr. Satish Patel
Board Member



Ms. Kamni Naidu
Board Member



Mr. Peceli Baleikorocau
Board Member



Mr. Reginald Jokhan
Board Member



Mr. Pravish Punja
Board Member

Executive Management Team



Ajai Kumar
*Acting Chief Executive & Manager
Corporate Services*



George Tudreu
Controller Air Safety

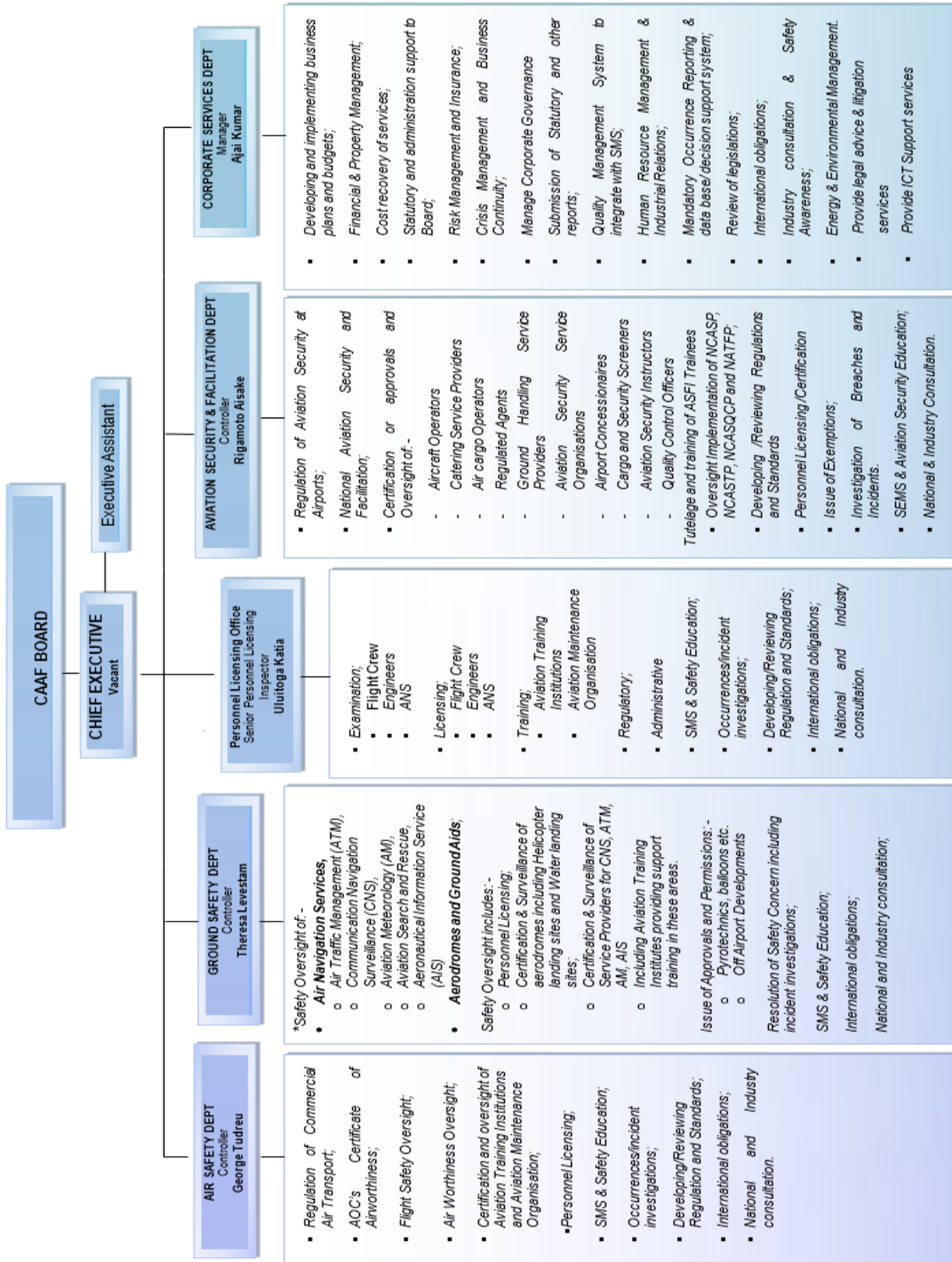


Rigamoto Aisake
*Controller Aviation Security &
Facilitation*



Theresa Levestam
Controller Ground Safety

CAAF Departmental Functions



Operational Overview



Operational Overview

To meet Fiji's overall aviation safety oversight responsibilities, the critical elements for safety oversight identified by ICAO as essential safety defence tools of a safety and security oversight system, are addressed to ensure effective implementation of safety and security-related policy and associated procedures. The Authority's goal is to implement the safety and security oversight critical elements in a way that assumes the shared responsibility by the Authority and aviation stakeholders.

Critical elements of the safety and security oversight system encompass the whole spectrum of civil aviation activities, including aerodromes, air navigation services, personnel licensing, flight operations, airworthiness of aircraft, incident investigation, ground handling service providers, aviation security service organisations, regulated agents, air cargo agents, catering service providers and transport of dangerous goods by air.

The effective implementation of the ICAO's critical elements of a safety and security oversight system is an indication of a State's capability for safety and security oversight.

ICAO's Universal Safety Oversight Audit Programme (USOAP) focus on validating a State's capability of performing safety oversight of its industry. Eight audit areas are assessed individually to ensure whether the State has effectively and consistently implemented the critical elements of a safety oversight system. They also determine if the State complies with ICAO's safety-related Standards and Recommended Practices (SARPs) and associated procedures and guidance material. The eight audit areas of a member state's aviation system that the programme monitors are:

1. Primary Aviation Legislation and Civil Aviation Regulations (LEG);
2. Civil Aviation Organization (ORG);
3. Personnel Licensing and Training (PEL);
4. Aircraft Operations (OPS);
5. Airworthiness of Aircraft (AIR);
6. Aircraft Accident and Incident Investigation (AIG);
7. Air Navigation Services (ANS); and
8. Aerodromes and Ground Aids (AGA).

Critical Elements 1 & 2 Primary Aviation Legislation & Specific Operating Regulations

Implementation of ICAO Standards and Recommended Practices (SARPs) is affected via Fiji's Legislation. Thus, as a first step towards discharging our obligations and responsibilities, Fiji has enacted a legislative framework referred to as the primary aviation legislation.

Fiji's National Aviation Law consists of a three tier regulatory system, comprising Acts, Regulations and Standards Documents; the purpose of which is to ensure, where appropriate, compliance and conformance with ICAO SARPs.

The 'three tier' regulatory system represents Fiji's Primary Legislation System and Specific Operating Regulations to meet Critical Elements CE1 and CE2 of ICAO's Eight Critical Element of a safety oversight system.

Fiji's primary legislation is planned for review in 2020 and this will form the basis for a further review of the harmonised draft Air Navigation Regulations.

Standards Documents (SD) are issued by the Civil Aviation Authority of Fiji under the provision of Section 14 (3) (b) of the Civil Aviation Authority Act 1979 (CAP 174A). These SDs provide clear and concise safety and security standards and have the same powers as that of the Air Navigation Regulations.

Critical Element 3 State Civil Aviation System and Safety Oversight Functions

An important part of CE 3 for CAAF is the fulfilment of staffing requirements to enable effective and efficient discharge of its safety oversight functions. Due to the shortage in qualified aviation professionals being experienced worldwide, staff recruitment for the Authority has been challenging.

A review of the conditions of service and remuneration of staff to ensure compatibility with their education, technical knowledge and experience as well as being comparable to aviation industry staff whose activities they will inspect and supervise was conducted by PricewaterhouseCoopers (PwC) on behalf of the Authority. This resulted in a salary increase, ranging from 5-10%, implemented for all staff in 2019.

Critical Element 4 Technical Personnel Qualification and Training

The aviation safety oversight responsibilities include a wide range of complex evaluations, inspections, analyses and interventions. Effective implementation of these tasks requires the input of highly qualified personnel during the various stages of the process. Therefore, the satisfactory execution of the various functions of the Authority depend, largely on the qualifications, experience, technical competency in performing certification, inspection and surveillance functions and dedication of individual inspectors.

Much resource was invested to ensure staff were kept upskilled and current in their various areas. This involved participation in international, regional and national meetings, seminars, workshops and trainings as per the Authority's approved Training and Meeting Plan.

Critical Element 5 Technical Guidance, Tools and the Provision of Safety-Critical Information

The effectiveness of the Authority's safety oversight system and the implementation of standards are supported by technical guidance material issued by the Authority. Areas requiring additional guidance to what was already published by the Authority was identified and a total of eleven (11) new Guidance Documents were published in 2019.

Aeronautical Information Circulars (AICs) which contain explanatory or advisory information concerning technical, legislative or administrative matters, as well as information on the long-term forecast of major changes in legislation, regulations, procedures or facilities liable to affect flight safety are the responsibility of the Authority. In 2019 eight (8) AICs were published.

Critical Element 6 Licensing, Certification, Authorisation and Approval obligations

The Authority ensures that documented processes and procedures are implemented so that individuals and organizations performing an aviation activity meet the established requirements before they are allowed to exercise the privileges of the licence, certificate, authorization or approval to conduct the relevant aviation activity.

Critical Element 7 Surveillance Obligations

Implementation of documented surveillance processes and work plans that define and plan inspections, audits and monitoring activities on a continuous basis, to proactively ensure that aviation licence, certificate, authorisation and approval holders continue to meet the established requirements. This includes the surveillance of personnel designated by the Authority to perform safety oversight functions on its behalf.

Critical Element 8 Resolution of Safety Concerns

The Authority uses documented processes to resolve any identified safety issues, this includes enforcement action as appropriate. The Authority utilises its Aviation Quality Database to monitor and record progress of the safety issues raised including actions taken by individuals and organizations performing the aviation activity in resolving such issues.

The resolution of safety concerns relates to the non-compliances, non-conformances and safety related concerns identified with the operator/service provider during certification audits and surveillance inspections. This continues to be an area where additional resources are required to ensure that monitoring is robust and follow-up with operators/service providers are efficient. Due to high workload faced by inspectors, the resolution of safety concerns requires the operator/service providers to be proactive and provide the required assurances in a timely manner that safety issues have been adequately addressed.

ICAO Coordinated Validation Mission (ICVM)

ICAO's Universal Safety Oversight Audit Programme (USOAP) was initially launched in January 1999, in response to widespread concerns about the adequacy of aviation safety oversight around the world. The USOAP activities consisted of regular and mandatory audits of ICAO Member States' safety oversight systems with focus on the capability in providing safety oversight by assessing whether the State has effectively and consistently implemented the critical elements (CEs) of a safety oversight system, which enable the State to ensure the implementation of ICAO's safety-related Standards and Recommended Practices (SARPs) and associated procedures and guidance material.



ICVM LEG Audit Team

Fiji underwent its original ICAO USOAP CMA audit in 2006 and achieved an outcome of 61.36% EI. In 2017 and 2018, Fiji (CAAF) had 2 ICAO CAT Missions to assist in preparing for the ICAO Coordinated Validation Mission ('ICVM') audit in 2019.

The ICVM audit was a follow up on-site activity to validate progress made by Fiji in resolving its safety oversight deficiencies that were identified in the 2006 International Civil Aviation Organization ('ICAO') audit of Fiji's civil aviation system. The ICVM was conducted in Fiji by a team of ICAO aviation experts from 27th August 2019 to 4th September 2019.



ICVM LEG Audit Team with ICAO Audit Team Leader

The objective of an ICVM is to assess and validate the status of the corrective actions or mitigating measures taken by a State following an audit. The ICVM conducted in Fiji covered the following 7 out of 8 audit areas of Fiji safety oversight system:

1. Primary Aviation Legislation and Specific Operating Regulations;
2. Civil Aviation Organisation;
3. Personnel Licensing and Training;
4. Aircraft Operations;
5. Airworthiness of Aircraft;
6. Air Navigation Services; and
7. Aerodromes and Ground Aids.

Aircraft Accident and Incident Investigation (AIG) was not audited due to unavailability of the ICAO Specialist and Fiji's status for this critical element remained unchanged from 2006.

ICAO Coordinated Validation Mission (ICVM)

The ICVM team also visited various aviation service providers, operations and maintenance departments of operators and maintenance organisations, and aviation training institutes. The objective of the visits by the ICVM team from ICAO was to validate if the State had the capability to supervise the activities of these service providers, airlines and organisations.

Based on the visits and review conducted by the ICVM team, Fiji's Effective Implementation ('EI') scores for the eight critical elements of the State's safety oversight system increased from 61.36 per cent generated from an ICAO audit in 2006 to 78.72 per cent.

This was a remarkable achievement for Fiji as the overall EI safety score improved by 16.64 per cent and was testament to the Authority's commitment to enhance Fiji's compliance to ICAO Standards, offering safe and secure air transportation in Fiji to Fiji citizens, visitors and promoting Fiji as an aviation hub in the Pacific.

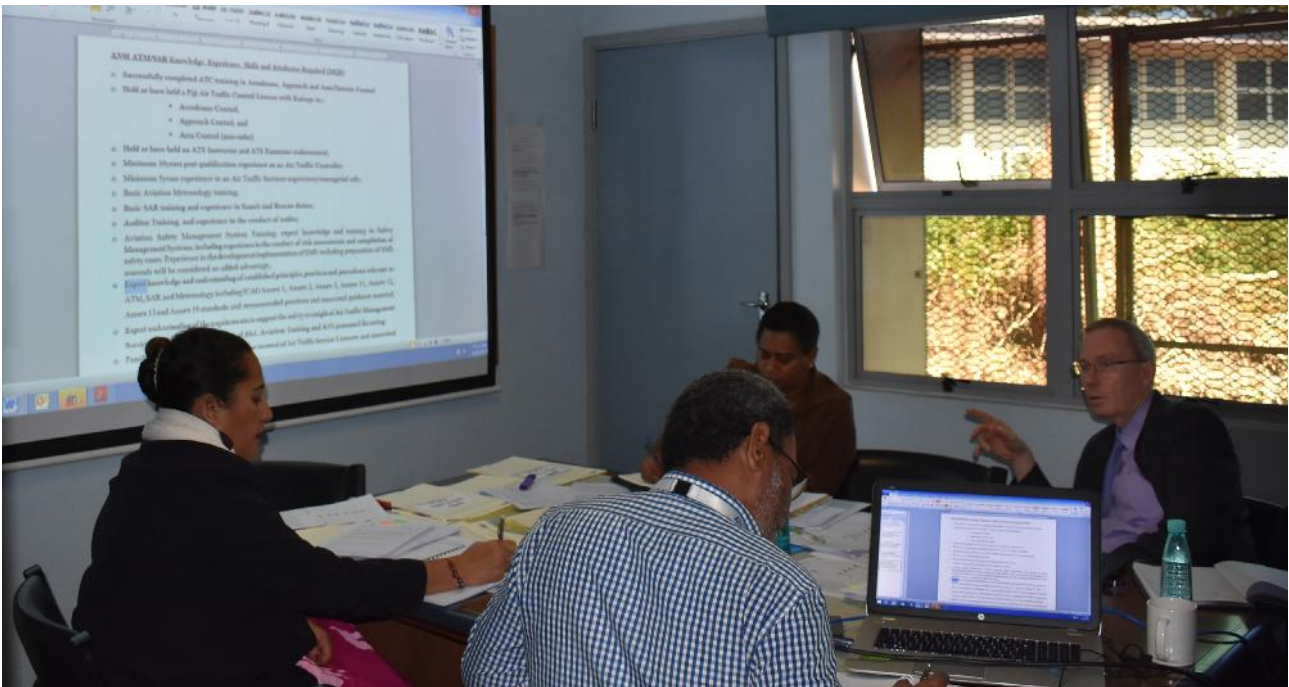


ICVM PEL Audit Team

Major improvements were noted in the effective implementation areas of personnel licensing and training, aircraft operations, airworthiness of aircraft, air navigation services, and aerodromes and ground aids.

Fiji is now placed 11th out of 39 countries in the Asia and Pacific Region and 3rd out of 14 countries in the Oceania region behind Australia and New Zealand. As per the current ranking Fiji is punching well above its weight in terms of its level of effective implementation of the ICAO safety standards. Although our overall EI is higher than some major countries of the Asia Pacific region, we must not remain complacent, but continuously strive to improve our scores through continuous review and implementation of ICAO requirements.

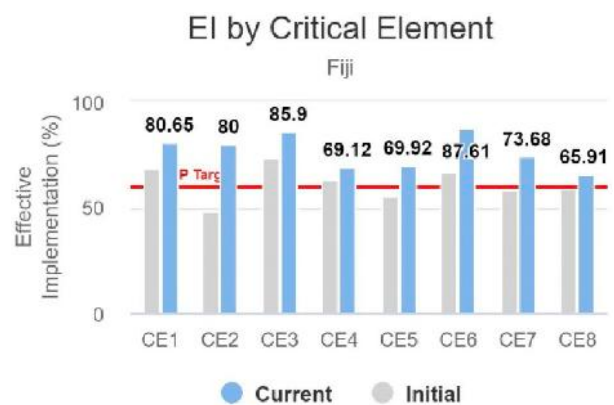
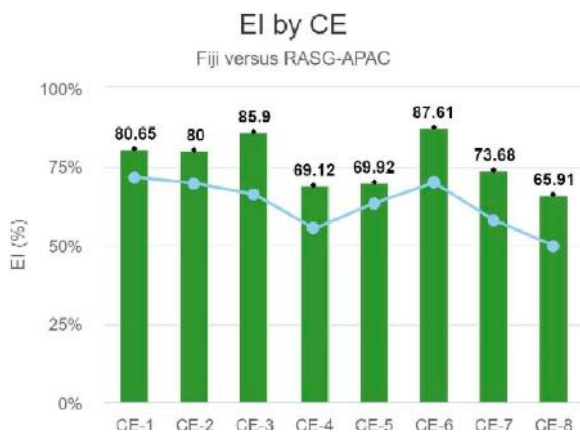
Better compliance to ICAO standards ensures that the Civil Aviation Authority of Fiji is effectively able to carry out its oversight responsibilities to ensure that our airport operators, air navigation service providers and airline operators maintains a high level of aviation safety and security.



ICVM ANS Audit Team

Analysis

The following is a breakdown of Fiji's Effective Implementation (EI) (Which resulted in the average of 78.72%) by Critical Element. The blue line is the mean by APAC region. As you can note, by audit area – Fiji is above the region average in all Critical Elements but is on relatively lower side (lowest to highest) in the areas of CE8, CE3, CE4 and CE7. With the current oversight system implemented – the order of critical element areas that attention needs to be given to for improvement (lowest to highest) is as follows: CE8, CE3, CE4, CE7, CE2, CE1, CE3 and CE6.

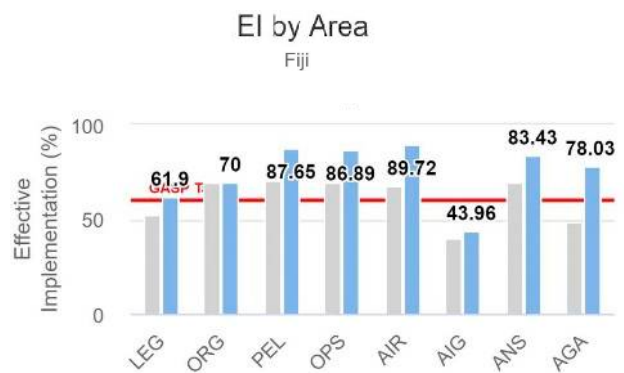


The EI Graph above highlights the evolution and improvements made from the original audit to the ICVM audit conducted last year. As you can note, improvements to most Audit Areas were achieved with the most noteworthy improvements made in the areas of CE 2, 5, 6, 7 & 8 where the improvements raised the audit areas to and above the regional GASP Target.



ICVM AGA Audit Team

The following is a breakdown of Fiji's Effective Implementation (EI) (Which resulted in the average of 78.72%) by Audit Area. The blue line again is the mean by APAC region. As you can note, by audit area – Fiji is behind the region mean in the areas of LEG and AIG. AIG was not audited in 2019 and the 43.96% EI for that audit area had an impact on the overall EI for Fiji. With the current oversight system implemented – the order of audit areas that attention needs to be given to for improvement (lowest to highest) is as follows: AIG, LEG, ORG, AGA, ANS, OPS, PEL and AIR.

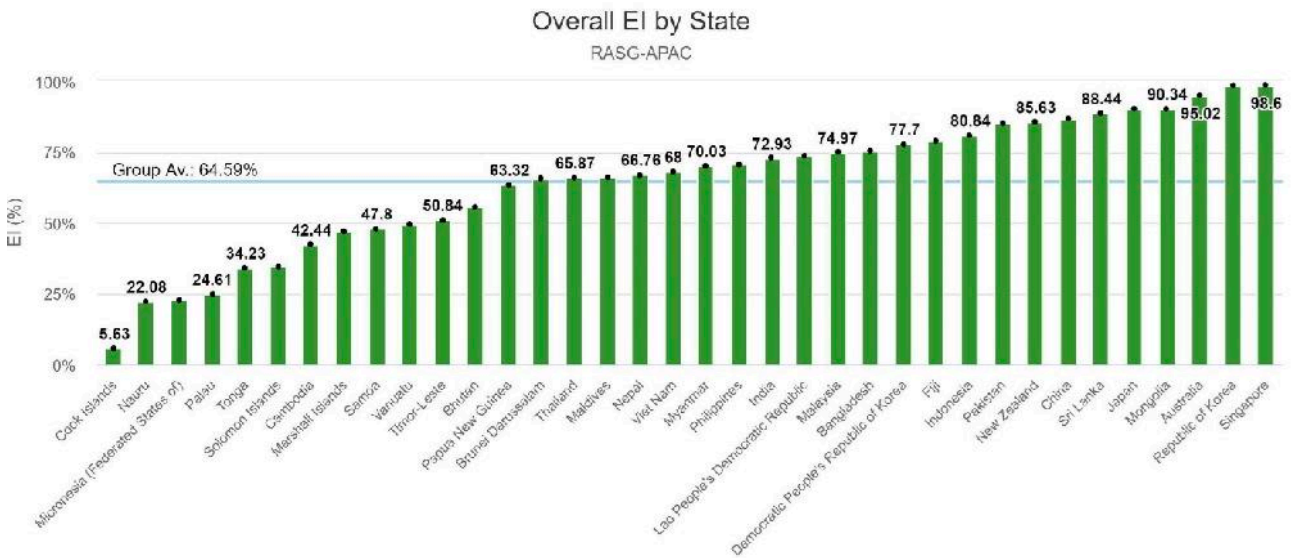


The EI Graph above highlights the evolution and improvements made from the original audit to the ICVM audit conducted last year. As you can note, improvements to most Audit Areas were achieved with the most noteworthy improvements made in the areas of LEG and AGA where the improvements raised the audit areas to and above the regional GASP Target respectively. Significant improvements were achieved in the areas of AGA, AIR, OPS, ANS, and PEL.

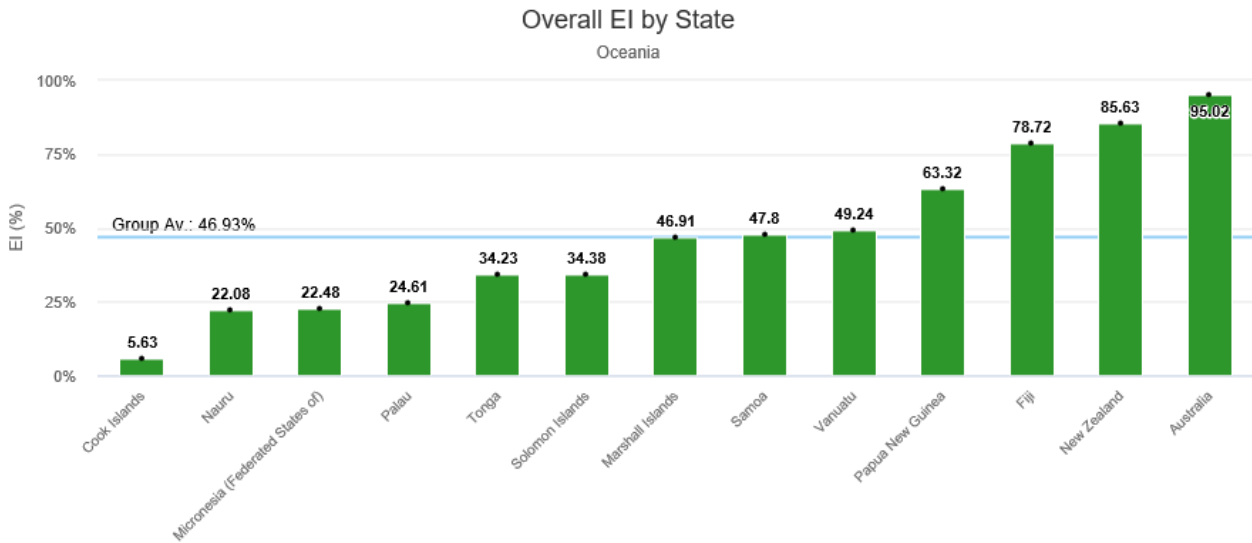


ICVM AIR Audit Team

Asia Pacific Region - EI Table For Comparison



Oceania Region - EI Table For Comparison



Fiji in comparison to the rest of the ICAO Contracting States (193 of which 185 have been audited) is sitting above the world average. IN COMPARISON TO THE WORLD – Fiji is 75th Overall.

Recognition has to be made of efforts and contributions the dedicated professionals of the Authority as well as our other stakeholders in industry who made for this successful milestone outcome.



Fiji's National Continuous Monitoring Coordinator (NCMC) addresses the team

Personnel Licensing Office

“A system of standards, processes and procedures aimed to ensure that personnel undertaking safety related tasks in civil aviation (pilots, air traffic controllers, aircraft maintenance engineers, etc.) are competent to perform their tasks to the prescribed standard.” (ICAO Annex 1)

ICAO Annex 1 contains Standards and Recommended Practices as the minimum standards for aviation personnel licensing. This Annex has been transposed into the Standards Document – Personnel Licensing issued by the Authority and is applicable to all applicants for the issue and renewal of licenses and ratings specified therein.



PEL Licensing Officer attends to a student pilot

The Personnel Licensing (PEL) Office of the Civil Aviation Authority of Fiji has been established in accordance with ICAO Doc 9379, Part 1 – Manual of Procedures for Establishing and Management of a State’s PEL System.

The PEL office is staffed by a Senior Personnel Licensing Inspector (SPELI) who reports directly to the Chief Executive, a Flight Operations Inspector (Training), two Licensing Officers and one Administrative officer.

The PEL Office discharges its responsibilities around five major functional areas: Examinations (flight crew, aircraft maintenance personnel, air traffic controller, etc.), Licensing, Training, Regulatory & Administration.

The PEL office utilises approved Examiners, Flight Operations Inspectors, Air Worthiness Inspectors and Air Navigation Service Inspectors to carry out practical examination tasks. The written examination component of flight crew licensing is outsourced to Civil Aviation Safety Authority Australia.

Medical assessments are delegated to approved medical assessors (designated medical examiners).



PEL Office team

Functions of the PEL Office

1. Examination Tasks

Examination tasks are complex and require a high level of experience and expertise in the various areas of licensing (typically flight crew, aircraft maintenance personnel and air traffic controller). Executing the function also requires the highest degree of technical and ethical integrity as well as good judgement.

2. Licensing Tasks

Licensing tasks cover the routine tasks associated with the physical issuance and maintenance of personnel licenses

3. Training Tasks

Training tasks cover the activities related to the certification, approval and surveillance of training organisations (or schools) and training programmes.

4. Regulatory Tasks

Regulatory tasks cover the development and maintenance of the regulatory support of personnel licensing.

5. Administrative Tasks

The PEL office having issued a license, will ensure that the privileges granted by it, or by attached ratings, are not exercised unless the holder maintains competency and meets the requirements for recent experience established by CAA Fiji. To renew a license, the holder must have exercised the privileges to a specified minimum during the period prior to intended renewal and /or pass appropriate proficiency examinations conducted by or under the authority of the license issuing authority.



SPELI and PEL Licensing Officer sign-off certificates

Flight Crew – Licences, Permits & Medical Certificates Issued

Licence Type	2017		2018		2019	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
ATPL	16	301	27	348	54	441
CPL	36	355	53	397	57	540
PPL	15	0	12	2	10	7
FTP	42	41	61	57	58	56
Medical	72	282	53	443	55	438
TOTAL	181	979	206	1,247	234	1482

Air Navigation Service – Licences & Permits Issued

TYPE	2017	2018	2019
Aeronautical Facility Technicians Licence (AFTL)	29	32	21
Air Traffic Control Licence (ATCL)	37	36	43
Aeronautical Station Operators Licence (ASOL)	182	184	169
Flight Information Service Licence (FISL)	41	39	1
Aeronautical Facility Technician Trainee Permit	Nil	4	Nil
Air Traffic Control Trainee Permit	7	2	12
Flight Information Service Trainee Permit	10	Nil	Nil
TOTAL	306	297	246

Aircraft Engineering – Licences, Certificates & Medical Certificates Issued

Licence Type	2017		2018		2019	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
AME	5	39	24	90	37	136
AMC	2		7		14	
Medical	35		63		100	

Other Personnel - Licences Issued

Licence Type	2017		2018		2019	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
ANR 45 Approval	8	27	19	61	39	91
Validation Issue	37		78		115	
Verification Issue	47		95		149	

Medical Activities

	2017	2018	2019
Number of CAAF AMA	9	10	11
Medical Board Sitzings	43	35	56
Medial Cases reviewed by Board	15	65	99
Medical reports reviewed by Medical Assessor	178	336	191
TOTAL	245	446	357

Examinations Conducted

	2017	2018	2019
Type Rating	65	78	218
Air Law	95	113	344
ATPL	477	361	286
CPL	508	456	448
PPL	1	14	-
FIRX	49	37	45
AME	46	51	137
AMC	116	290	609
Rating (Oral)	25	41	100
TOTAL	1,382	1,441	2,187



PEL Assistant Licensing Officer invigilating pilot exams

Air Safety Department

The Air Safety Department (ASD) comprises 3 sections; International Flight Operations, Domestic Flight Operations, and Airworthiness, to deal with Air Safety related matters in Fiji Civil Aviation.

The ASD continued to face Manpower challenges to fulfill its responsibilities with several vacancies pending in 2019 with the departure of several Inspectorate staff.

It was a typical year of continual surveillance and certification of Aviation Industry Stakeholders by the Air Safety Department with several milestone activities that are noteworthy. These are highlighted below.

Audits and Inspections

The 2019 ASD Audit and Inspection Programme continued with Performance-Based Approach of all Aviation Document holders issued by the Air Safety Department which included Fiji AOC and AMO operators and their Safety Management Systems.

The types of audits and inspections conducted by the Air Safety Department are programmed annually, on a work plan for each Inspectorate staff member, and covers a variety of activity for each operator under Certification, Authorisation and Approval process that included AOC, AMO, Safety Management System, Route, Cabin safety and Station facility audits, to ramp, dangerous goods, and Certificate of Airworthiness inspections, to name a few.



Flight Operations Inspector on simulator checks

Certification, Authorisation and Approval

The In 2019 the major elements that ASD Flight Operations and Airworthiness staff were involved in were certification and oversight elements of several large technical projects by Industry which included introduction of 7 new aircraft types to the Domestic Industry, the certification of additional AMOs as well as major undertaking in the introduction of the A350 aircraft to the Fiji Airways fleet, the certification of A350 Full Flight Simulators and ATIC at the Airbus Asia Training Centre (AATC) in Singapore and the A350 CAE Full Flight Simulator facility in Hong Kong. AMOs were also subjected to certification requirements for the new aircraft types maintenance support.

RPAS and Drone operations in Fiji in 2019 increased exponentially, for commercial as well as recreational purposes.

The use of RPAS in Fiji for recreational purposes requires registration with CAAF. For commercial operations, more stringent requirements need to be complied with, with a formal Authorisation being issued by CAAF.



Flight Operations Inspector testing RPAS

Technical Personnel Qualifications and Training

Under the Standards and Recommended Practices of the International Civil Aviation Organization (ICAO), CAAF inspectorate staff are required to be properly organised and departments staffed with qualified personnel, capable of accomplishing the required wide range of technical inspection activities.

To adequately perform their duties, it is important that the CAAF Inspectorate staff have the qualifications, operational or technical work experience, and training compatible with the operations that they are required to certificate or inspect, and that their qualifications compare favourably with those of operator personnel they encounter in their inspections.

As such, the Inspectorate staff of the CAAF Air Safety Department consists of highly qualified pilots, engineers and specialists who hold qualifications, with previous experience and knowledge commensurate with the operators, aircraft and equipment that come under their oversight.

This spectrum includes pilots, engineers and specialists who were Chief Pilots, Chief Engineers, General Managers, Quality Assurance Managers, Chief Flying Instructors and Lecturers in their previous lives. A summary of on-going training and up-skilling that were attended by ASD Inspectorate Staff in 2019 can be viewed in the Corporate Services Department report. On-going training and up-skilling is a major component of the CAAF annual budget and is an annual training needs assessment activity.



Airworthiness Inspectors on surveillance oversight

Safety Management

The implementation and on-going operation of the Safety Management System, policies, processes and procedures for aircraft operators has been a requisite for a number of years for issue and renewal of Air Operator certification in Fiji, as mandated through the Air Navigation Regulations 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 procedures, processes and objectives. 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 issuance of longer-term Air Operator certification by CAAF as a result of the effectiveness of their Safety Management programmes continued in 2019 with several operators benefiting from the initiative.



Airworthiness Inspector and Administration Officer reviewing statistics

2019 MAJOR EVENTS

RESTRUCTURE

A major restructure in 2019 saw the separation of the PEL Section from Air Safety and Ground Safety Departments to a centralized PEL Office. This was necessitated by the upcoming ICVM audit in August 2019 and to ensure Fiji's compliance with ICAO requirements.

ICVM AUDIT

The ICVM audit for Air Safety Department was a significant event for the Air Safety Department who was directly responsible for OPS and AIR audit areas. Preparations commenced as early as 2017 for this audit which was scheduled for 27 August to 04 September. Preparations by the Flight Operations and Airworthiness Sections was aided by the CAAF ICVM Project Team and despite the sections being significantly manpower constrained, the audit of OPS (86.89%) and AIR (89.72%) was a success with the EIs for both audit areas increasing significantly from the first audit in 2006.

Fiji Aviation Academy (FAA)

Stage 1 of the facility which included the installation of the simulators was reviewed by CAAF on completion with Stage 2 and official opening date slipping to February 2020 due to two Tropical cyclones resulting in a large number of steel works being required for the re-habilitation process.

Controller Pilot Datalink Communication (CPDLC)

Fiji Airways B737-8MAX was approved for CPDLC (Controller Pilot Datalink Communication) in February 2019.

Performance Based Communication and Surveillance (PBCS)

Fiji Airways A330 and the A350 were approved for PBCS (Performance Based Communication and Surveillance) Operations in April 2019 and October 2019 respectively.

Performance Based Navigation (PBN)

Fiji Airways A350 aircraft was approved for PBN operations (without RNP AR) in October 2019.

PBN-RNP AR Runway 20 NADI

Months of communication, coordination, and review with the principal designers, in conjunction with flight evaluations, resulted in CAAF approving the PBN-RNP AR Runway 20 NADI approach in October 2019. Major stake holders included Fiji Airports Limited, Fiji Airways, Air New Zealand, CAANZ, Virgin Australia Airlines, Virgin Australia International and Qantas.



Senior Flight Operations Inspector on simulator checks at Fiji Airways Aviation Academy

Grounding of the B737-8MAX

2019 saw the delay in delivery of Fiji Airways three remaining B737-8MAX due to the two very unfortunate B737-8MAX accidents, which resulted in the worldwide grounding of all B737-8MAX aircraft. Fiji Airways B737-8MAX fleet are currently still grounded and were ferried via special "Permits to Fly" issued by the CAAF to Alice Springs in Australia in November for storage as per the AMM procedure. The lifting of the grounding by the world aviation authorities is awaited after the appropriate corrective action by Boeing has been taken and the approval by FAA is given.

Mandatory Occurrence Reports

Mandatory Occurrence Reports (MORs) continued to be received in 2019. At the commencement of 2019, Air Safety had a significant number of MORs that needed to be reviewed. The review and closures of MORs were managed by the Flight Operations and Airworthiness Section through additional manpower who were able to assist the Subject Matter Experts in the administration of closures of the MORs. Throughout the year, an additional 118 MORs were added, which comprised of 10 Investigations and 108 Assessments. Progressing into 2020, Airworthiness currently have 28 MORs in progress. Total MORs closed in 2019 (including the ones pending from previous years) was 164.



Airworthiness Inspectors on surveillance oversight

AIR SAFETY DEPARTMENT STAKEHOLDERS

	2019
Aircraft on Fiji Register	122
Air Operator Certificate	11
Private Operators	3
Aviation Training Institution Certificate	3
Remotely Piloted Aircraft Systems - Commercial	74
Remotely Piloted Aircraft Systems - Private	2489
Miscellaneous – Private Applications	2
Skydive Operators	2
TOTAL	



Air Safety Department Personnel

Ground Safety Department

As a signatory to the Chicago Convention, Fiji has undertaken to adopt measures to ensure that every aircraft flying over or manoeuvring within our territory complies with the rules and regulations relating to the flight and manoeuvre of aircraft therein. This requires that Fiji provides, within our territory, aerodromes, radio services, search and rescue services, meteorological services, and other air navigation services to facilitate air navigation. To achieve this, the adoption and application of appropriate standard systems of communications procedures, codes, markings, signals, lighting and other operational practices and rules, as well as collaboration at an international level to secure the publication of aeronautical maps and charts, are necessary.

Another important aspect is the requirement and responsibility to establish and provide air traffic services in Fiji's flight information region, control areas and control zones extending over Fiji's territory. To ensure an adequate level of air traffic services and communications, navigation and surveillance, as well as procedures applicable to the airspace and aerodrome concerned, the Ground Safety Department conducts safety oversight of operators and service providers involved in these areas to ensure implementation of formal and systematic safety management programmes for the services under its jurisdiction.

The year 2019 was one of high activity for the Ground Safety Department (GSD), which, apart from the effective and efficient discharge of our safety oversight responsibilities/work plans included the completion of assigned action items in preparation for the ICAO ICVM activity on Fiji.

Primary Legislation

A proposal for amendment to Section 10 of the Civil Aviation Reform Act 1999, which, in addition to some minor editorial changes would enable the issuance of aerodrome certificates beyond a period of 12 months was put forth by GSD. This change allows for the Authority to offer longer duration aerodrome certificates based on an operators effective implementation of its safety management system. The amendment, via the Civil Aviation Reform (Amendment) Act 2019 came into effect on 14 August 2019.

Specific Operating Regulations

Much work was put into the revision of current Standards Documents to ensure that all Annex amendments were incorporated and, new Standards Documents were published for Annexes that had not been captured in Fiji's legislation. It is essential that as much as possible, Fiji's regulations be in conformity with the Annexes to the Convention. The Annex provisions are designed to provide the minimum requirements to be met, therefore it falls to the Authority to develop equivalent regulations containing sufficient details to ensure that satisfactory compliance will result in the desired level of safety.

The following Standards Documents were revised/issued in 2019: -

1. Standards Document - Aerodromes Edition 3; this was by far the largest amendment of all the Ground Safety Department Standards Documents. To ensure, all areas of Annex 14 Volume I were incorporated, the format of the Standards Document was changed to reflect the Annex 14 layout and the information in Annex 14 transposed into the Standards Document – Aerodromes Edition 3. This was published on 31 May 2019. In September 2019, the Standards Document - Aerodromes Edition 3 further amended to include two additional Appendices, namely Appendix 11 pertaining to Helicopter Landing Sites (HLS) and Appendix 12 pertaining to Water Landing Sites (WLS).
2. Standards Document - Air Traffic Services Edition 4; published in June 2019 incorporated all the amendments to date arising out of Annex 11 amendments.
3. Standards Document - Aeronautical Charts Edition 1 published in May 2019 is a new document resulting from a transposition from Annex 4.
4. Standards Document - Aeronautical Information Services Edition 3 published May 2019 resulted from Annex 15 amendments, this included amendments to definitions, scope of AIM functions, AIRAC, HF in AIM, common reference system for air navigation, Digital data sets and Metadata.
5. Standards Document - Aeronautical Meteorological Service Provider Edition 2 published June 2019 saw the inclusion of the chapters and appendices from Annex 3 that had not been included in the Edition 1.
6. Standards Document - Aeronautical Telecommunications Edition 4 published in August 2019 incorporated Annex 10 amendments, flight inspection requirements, guidelines on CNS/ATM facility procurement and commissioning checklists.
7. Standards Document - Designation and Classification of Airspace Edition 1 was published in February 2019 and was a result of an adaptation of NZ CAA Rule Part 71.
8. Standards Document - Instrument Flight Procedure Edition 2 published May 2019 was a result of the inclusion of ICAO Doc 8168 Vol III amendments, references to ICAO Doc 9613, Doc 9906 Vol 5 & 6 amendments, service provider's validation & implementation flow chart and senior persons experience requirements.
9. Standards Document - Personnel Licensing Edition 1 was published in January 2019 and revised in July 2019. This Standards Document which comes under the purview of the newly created Personnel Licensing Office saw the amalgamation of the various Standards Documents pertaining to personnel licensing into one document. For the Ground Safety Department, the Standards Document – Aeronautical Facility Technicians Licence and Standards Document – Air Traffic Services Personnel Licensing were reviewed to incorporate amendments made to Annex 1 and these became Sections 5 and 6 respectively of the new Standards Document – Personnel Licensing.
10. Standards Document - Search and Rescue Edition 2 August 2012 was revised to reflect the amended Preface in harmonisation with all other Standards Document Prefaces. There was no revision made to the rest of the Standards Document as it reflects the current status of Annex 12, i.e. nil amendments to Annex 12 since the Standards Document was published.
11. Standards Document - Units of Measurement to be used in Air and Ground Operations (UMAGO) Edition 1 published in May 2019 is a transposition of Annex 5.



The GSD Team

State Civil Aviation System and Safety Oversight Functions

During 2019, the Ground Safety Department operated with one position vacant, that of the Senior Aerodrome Inspector. Advertisement of the position both locally and internationally failed to draw any suitable applicants and as such, the aerodrome inspector responsible for international aerodromes assumed the role of the Senior Aerodrome Inspector on an acting basis with assistance from the Controller Ground Safety.

A review of the job tasks assigned to the two Air Navigation Inspectors overseeing air traffic management, search and rescue, meteorology, charting, aeronautical information management and PANSOPS resulted in the creation of an additional Air Navigation Inspector position to enable the oversight functions in these areas to be effectively performed. The creation of this new position was also in line with a recommendation made by the ICAO Combined Action Team mission to Fiji.

As part of the ICAO ICVM preparation, an organisational structure review saw the creation of a new Personnel Licensing Office. This resulted in the responsibility for air navigation service personnel licensing being moved from the Ground Safety Department to the new Personnel Licensing Office. In addition, the Ground Safety Department's License Officer was transferred to the Personnel Licensing Office, however, the inspectors responsible for the conduct of licensing activities pertaining to the air navigation service licenses remain in the Ground Safety Department and are utilised by the Personnel Licensing Office as and when required.

Technical Personnel Qualification and Training

The Ground Safety Department to remain organisationally competent maintains a team of qualified inspectors with a mix of disciplines who were provided with opportunities for training and attendance at international and regional meetings during the year as a way of ensuring continuous capacity building.

Technical Guidance, Tools and the Provision of Safety-Critical Information

The Ground Safety Department has developed and published several guidance material documents on how to accomplish specific standards. The Guidance Material issued during the year consisted of the following: -

1. Guidance Material - Aerodrome Manual (Aug 2019)
2. Guidance Material - Runway Safety Teams (Aug 2019)
3. Guidance Material - Siting and Maintaining Wind Sensors on Aerodromes Issued (Aug 2019)
4. Guidance Material - Strength Rating of Aerodrome Pavements (Jul 2019)
5. Guidance Material - Runway Surface Friction Characteristics and Friction Testing (Jul 2019)
6. Guidance Material - Control of Obstacles (Jul 2019)
7. Guidance Material - Calculation of Declared Distances (Jul 2019)
8. Guidance Material for the Certification and Registration Approval of Aerodromes (Jul 2019)
9. Guidance Material - Establishment of Runway Safety Teams (Jul 2019)

A Ground Safety Department Inspectors' Manual was developed and published to assist the department's inspectors in their safety oversight responsibilities. The manual covers all functional areas of the department. Publication of the Authority's Aeronautical Information Circulars (AIC) are the responsibility of the Ground Safety Department. In 2019, eight (8) AICs were issued:-

AIC 01-19;	AIC Checklist
AIC 02-19;	Accountable Manager & Nominated Post holders for Operators with an AOC and/or an ANR145 Approval
AIC 03-19;	HLS requirements
AIC 04-19;	Public Transport and aerial work operations
AIC 05-19;	RNP AR Nadi Runway 20
AIC 06-19;	Domestic Airspace Change
AIC 07-19;	AOC application process
AIC 08-19;	Operation of Remote Piloted Aircraft Systems

Licensing, Certification, Authorisation and Approval obligations

The Ground Safety Department is responsible for the issuance of certificates, approvals and permissions required by legislative provisions for relevant parts of the system of operators and service providers that include aerodrome owners/operators that manage and provide services at an aerodrome, as well as air navigation service providers.

SMS audits continue to be a part of the Ground Safety Department's certification audits conducted on the operators. Nil operator has reached 100% implementation in the area of SMS.

Guidance material on SMS has been issued to industry and the Ground Safety Department will continue to raise awareness and monitor this important component of certification.



Air Navigation Service Inspectors on surveillance oversight of Nadi Tower

The following certificates and registration approvals were issued in 2019: -

SERVICE PROVIDER CERTIFICATE	TOTAL	ISSUED TO
Air Traffic Service Provider Certificate (AN-R145A)	1	<ul style="list-style-type: none"> Fiji Airports (8 locations)
Aviation Training Institute Certificate (AN-R145B)	3	<ul style="list-style-type: none"> Fiji Airports Aviation Academy – Air Traffic Services Training S. Koroi RFS Training Services - Aux Basic Fire Fighting &HLS Training (Restricted) Fiji Airports Aviation Academy - ICAO 054 Area/Approach Surveillance Course (Restricted)
Aviation Maintenance Organisation Certificate – GSD (ANR145C)	1	<ul style="list-style-type: none"> Fiji Airports (2 locations)
Aeronautical Meteorology Service Provider Certificate (ANR145D)	1	<ul style="list-style-type: none"> Fiji Meteorology Service (Aviation – 2 locations)
Aeronautical Information Service Provider Certificate (ANR145E)	1	<ul style="list-style-type: none"> Fiji Airports AIS

AERODROME CERTIFICATES & REGISTRATION APPROVALS	TOTAL	AERODROME NAME
International Aerodromes	2	<ul style="list-style-type: none"> ▪ Nadi Aerodrome ▪ Nausori Aerodrome
Domestic Aerodromes – Public	12	<ul style="list-style-type: none"> ▪ Rotuma Aerodrome ▪ Matei Aerodrome ▪ Savusavu Aerodrome ▪ Labasa Aerodrome ▪ Bureta Aerodrome ▪ Kadavu Aerodrome ▪ Vanuabalavu Aerodrome ▪ Cicia Aerodrome ▪ Lakeba Aerodrome ▪ Moala Aerodrome ▪ Koro Aerodrome ▪ Gau Aerodrome
Domestic Aerodromes – Private	8	<ul style="list-style-type: none"> ▪ Kaibu Aerodrome ▪ Laucala Aerodrome ▪ Mago Aerodrome ▪ Malololailai Aerodrome ▪ Mana Aerodrome ▪ Nanuku Aerodrome ▪ Wakaya Aerodrome ▪ Yasawa Aerodrome
Helicopter Landing Sites (HLS)	5	<ul style="list-style-type: none"> ▪ Vunabaka HLS ▪ Tokoriki Island Resort HLS ▪ Likuliku Lagoon Resot HLS ▪ Denarau Pontoon PIA1 HLS ▪ Nanuku HLS

Ono-i-lau aerodrome certificate not renewed by the aerodrome operator due to infrequency of flights and inadequate upkeep of the aerodrome to aerodrome standards. Medical Evacuation flights to the aerodrome are operated after conduct of a risk assessment and coordination with the aerodrome operator and the Authority's Aviation Safety Department.

Labasa aerodrome, which had an aerodrome certificate issued for daylight operations only was issued with a certificate for night operations on the 01 August 2019 following successful implementation of airfield lighting and instrument flight procedures.

The Rotuma aerodrome upgrade project to cater for larger type aircraft, was concluded by the aerodrome operator in August 2019. The Ground Safety Department conducted inspections of the aerodrome culminating in a successful proving flight on the 20 August 2019. The aerodrome certificate was amended to reflect ATR operations.

Of the 42 Helicopter Landing Sites (HLS) documented in the various Helicopter Operator's Operations Manual (OM), 5 HLS's have been issued with Registration Approvals by Ground Safety Department with a 6th coming on line in January 2020. The remaining 36 sites are still pending registration and currently covered by the approval granted by the Air Safety Department during acceptance of the route guides documented in the OMs. The Aerodrome Inspectors continue to coordinate with the Air Safety Department and the HLS operators in an effort to bring all HLSs up to registration approval standard.



Aerodrome Inspectors on surveillance oversight of Aerodrome Rescue Firefighting Service

Permissions issued by the Ground Safety Department pertain to the operation of aerial devices within the restricted areas of an aerodrome; i.e. within 5km of an International aerodrome and within 3km of a Domestic aerodrome, or elsewhere above 200ft. The aerial devices for which permissions are issued include Unmanned Aerial Vehicles also known as Remote Piloted Aircraft, Sky lanterns, pyrotechnics and balloons. Permissions for Unmanned Aerial Vehicle activity continue to increase each year; a 142% increase between 2018 and 2019.

Exemption(s) from provisions of a Standards Document or Air Navigation Regulations pertaining to air navigation services and aerodromes are issued following an application for an exemption with the supporting risk assessment/aeronautical study from the operator/service provider and subsequent review by the Authority identifies that mitigations implemented (imposition of limiting conditions or compensatory measures/controls) will maintain the level of risk of such an exemption being issued at an acceptable level (as low as reasonably possible).

Off-Airport-Development applications are assessed by the Ground Safety Department subject matter experts. The assessment is twofold; firstly assessment is conducted by the aerodrome inspector against the requirements of the aerodrome obstacle limitation surface criteria and secondly by the PANSOPS inspector against the instrument flight procedure criteria, prior to endorsement.



Aerodrome Inspector on Off Airport Development inspection

The following is a comparison of Permissions, Exemptions and Off Airport Development Approvals issued from 2017 to 2019.

TYPE	2017	2018	2019
Permissions (Pyrotechnic displays, Sky lantern/ balloon releases/ RPAs within the Control Zone)	19 (3 UAVs)	53 (26 UAVs)	84 (63 UAVs)
Exemption from Standard Requirements	4	6	6
Off - Airport Development Approvals	70	27	150
TOTAL	93	86	240

Ground Safety Department workload, in terms of Permissions and OAD approvals issued, increased exponentially from 2017 to 2019.

Surveillance Control Service; the Air Traffic Service Provider is working towards the implementation of a Surveillance Control Service in Fiji's Approach Control airspace. Equipment commissioning, course approvals, staff training and licensing processes need to be assured prior to implementation of this service. The Ground Safety Department's air navigation service inspectors continue engagement with the service provider in these areas.

Instrument Flight Procedures – Performance Based Navigation; RNAV Required Navigation Performance (RNP) Runway 20 approach procedure and Required Navigation Performance Standard Arrivals (RNP STARs) Runway 20 approved in 2019.

Required Navigation Performance – Authorisation Required (RNP-AR) Runway 20 approach procedure is a work in progress and due for approval in 2020.



Air Navigation Service Inspector on surveillance oversight of the ATM Simulator

Surveillance Obligations

The Ground Safety Department, in line with the direction of the Authority in this area, is moving towards a Performance Based Approach in our safety oversight surveillance activities. This has resulted in a review of the department's surveillance programs and plans. Surveillance inspection checklists are being reviewed and new checklists implemented accordingly.

Resolution of Safety Concerns

Safety and Compliance meetings are held with the larger operators/service providers to facilitate monitoring of this area.



Air Navigation Service Inspector on surveillance oversight of Navigational Aids monitors

An important part of the resolution of safety concerns is the effective investigation of the Mandatory Occurrence Reports (MORs) received. The MORs are assigned as either assessments or safety investigations to the appropriate inspector. In 2019, the Ground Safety Department saw the assignment of 54 MORs to its inspectors, in addition to the 11 MORs that were carried forward from the previous year. 62 MORs were successfully closed, leaving 3 MORs still open and carried through to 2020.

Safety awareness and education of aviation stakeholders are provided during inspections, audits and meetings. Furthermore, articles dealing with areas highlighted as a concern during safety oversight or new initiatives, are compiled and submitted for publication in the CAAF Aviation Safety Bulletin.

ICAO Initiatives

The Global Air Navigation Plan (GANP) is the strategy to achieve a global interoperable air navigation system offering safe, secure and efficient air transport for people and goods worldwide, while limiting the impact of aviation on the environment. The GANP serves as a worldwide reference to transform the air navigation system in an evolutionary and inclusive manner so that no State or Stakeholder is left behind. It serves to assist States to prepare their navigation plans.

The Fiji ANS/AGA group, members consist of CAAF, Fiji Airports and Fiji Meteorology Service, meets at a minimum, twice a year, to discuss/monitor Fiji's progress against the Aviation Safety Block Upgrades identified in the GANP and the progress made by the smaller Task Force Groups. In 2019 meetings continued and a main area of concern identified was the lack of a National Civil Aviation Plan to provide overall direction. This is an area that the Authority is pursuing with the Department of Civil Aviation.

In preparation for the ICAO coordinated validation mission (ICVM) activity in Fiji from 27 August to 03 September 2019, the first half of 2019 was dedicated to addressing the unsatisfactory Protocol Questions (PQs) pertaining to Ground Safety Department (ANS and AGA areas).

The ICAO ICVM conducted on Fiji saw an improvement in the Ground Safety Department's effective implementation (EI) scores.



Air Navigation Service Inspector on surveillance oversight of Nadi ILS

- ANS EI score increased from 69.82% to 83.43%, and
- AGA EI score increased from 48.48% to 78.03%

Those PQs remaining in an unsatisfactory state are being reviewed and corrective actions to bring the PQs into a satisfactory state is being implemented accordingly.

Ground Safety Department Stakeholders

Aerodrome Operators	<ul style="list-style-type: none"> ▪ Fiji Airports ▪ Pymont Ltd (Air Kaibu) ▪ Laucala Island Resort ▪ Mago LLC ▪ Leeward Island Services Limited ▪ Sanctuary Fiji LLC t/a Nanuku Auberge Resort ▪ Mana Island Resort and Spa ▪ ACK Management PTE Ltd. ▪ Edge Resorts Fiji Limited T/A Yasawa Island Resort
Helicopter Landing Site Operators	<ul style="list-style-type: none"> ▪ Vunabaka Bay (Fiji) Limited ▪ Moonbeam Investments Ltd ▪ Likuliku Lagoon Resort Ltd ▪ Mueller Limited t/a Helicopters Fiji ▪ Nanuku Resort
Air Traffic Service Providers	<ul style="list-style-type: none"> ▪ Fiji Airports
Aviation Training Institutions	<ul style="list-style-type: none"> ▪ Fiji Airports Aviation Academy ▪ S. Koroi RFS Training Services
Aviation Maintenance Organisations	<ul style="list-style-type: none"> ▪ Fiji Airports
Aeronautical Meteorology Service Providers	<ul style="list-style-type: none"> ▪ Fiji Meteorology Service (Aviation)
Stakeholders - Off Airport Development assessments	<ul style="list-style-type: none"> ▪ Town and Country Planning Department ▪ Mobile Telecommunications Providers; Digicel Fiji Ltd, Vodafone Fiji Ltd and Telecom Fiji Ltd. ▪ Developers, Architects, Property owners
Stakeholders - Permissions for Pyrotechnic displays, Sky lantern/ balloon releases and RPAS within the Control Zone	<ul style="list-style-type: none"> ▪ Hotels, Event Management companies, RPA operators, Laser Light Operators
Others (queries, complaints)	<ul style="list-style-type: none"> ▪ Public

Aviation Security & Facilitation Department

Aviation security has undergone rapid transformation throughout the world since the fateful events of September 11 2001 and the subsequent emergence of new threats, targeting vulnerabilities in the security system. Fiji, through the Civil Aviation Authority of Fiji's Aviation Security and Facilitation Department (ASFD) introduced robust physical, technical and legislative measures to mitigate the potential for acts of unlawful interference.

The primary objective of the ASFD is to conduct effective regulatory oversight of the aviation industry to ensure the safety and security of persons and air travel in all matters related to safeguarding against acts of unlawful interference with civil aviation. The creation of this enabling environment in turn; promotes national development, supports tourism and generates economic growth. Through the department's surveillance and monitoring programme of security audits, inspections, covert tests and collaboration with the different operators; it is able to act swiftly too as an early warning system when it identifies worrying trends that could undermine aviation. The department ensures that aviation operates within a secure environment. This stability is a prerequisite for Fiji's economic growth.

A key focus of the department is to develop and maintain a competent team of inspectors and support staff alike, whose task is to promote a security culture and improve the quality of its service delivery and reach, while raising the profile of aviation security through collaboration and appropriate security training. Furthermore, the department is committed to nurturing staff development and providing challenging opportunities for their growth.

As part of the Authority's succession planning, it appointed the Controller Aviation Security and Facilitation in August 2019 and recruited an additional three (3) cadets to boost manpower and position the department for transition and manage change. Furthermore, the department strengthened its risk-based approach to aviation security as part of the process of continuous improvement with the timely assistance of the Collaborative Aviation Security Programme – Asia Pacific (CASP-AP).

Achievements and Successes

As in any organisation, the department had its fair share of achievements and successes during the year. The achievements and successes demonstrated the importance of commitment, perseverance and teamwork. A major achievement for the department in 2019 is the fact that there were no acts of unlawful interference.

No Acts of Unlawful Interference

Fiji is fortunate not to have any acts of unlawful interference in 2019. The absence of any acts of unlawful interference highlighted the importance of multi-agency collaboration and robust security measures. However, the frequent discovery of hard drugs like cocaine and methamphetamine in the country shows that Fiji is also a conduit for the transportation of hard drugs through our waterways and by air. As part of a whole of government approach, the department maintains strong and close working relationship with stakeholders.

Cosmopolitan Staff Make-up

In keeping with the Authority and the United Nations principles of equal opportunity employer, the department has a cosmopolitan staff make-up. It recruited another female staff to join the department in early 2020 as a cadet. This will bring the total number of females in the department to four (4) with seven (7) male colleagues. Worthy of note also is that more females are being recruited on merit in what was once a predominantly male working environment. This transition highlighted the department's openness to embrace change and a willingness to recognise and reward hard work.

Trainee Programme and Successful Completion of Diploma in Aviation Security

For the last three (3) years the department has been training an additional two (2) Aviation Security and Facilitation Inspector Trainees (ASFI/T) as part of its capacity development programme and succession planning. Both trainees had first-hand practical experience working as inspectors under the tutelage and guidance of experienced inspectors. One (1) of the trainees successfully completed the training in October and became Fiji's first female Aviation Security and Facilitation Inspector. Her colleague is expected to finish his training in April 2020.



Fiji's 1st female Aviation Security and Facilitation Inspector conducts Screener Certification

Resumption of Membership of CASP-AP and Benefits to Fiji

After a hiatus of about 5 years, Fiji re-joined the Collaborative Aviation Security Programme -Asia Pacific (CASP-AP) and engaged actively in its technical training programmes and meetings. As far back as October and December 2018, Fiji benefitted from CASP-AP training programmes. These core training programmes, (which are not readily available in the Pacific Islands) were conducted in Fiji.

In 2019, CASP-AP provided the ICAO Risk Management and the Risk Context Statement Workshops in Nadi. This allowed for greater participation and meaningful learning from aviation industry partners in Fiji and abroad. Furthermore, the ASFD has benefitted from updated CASP-AP security programme templates, including access to other technical information, documentation and consultation with the senior programme coordinator. The Fiji Police Force and the ASFD have developed Fiji's Risk Context Statement (RCS) using the ICAO methodology and are in the process of finalizing this document. The document will enable each operator to conduct their own risk assessment based on credible intelligence.

Building Capacity Through Aviation Security Training

The ASFD continued to provide specific security training for the aviation industry throughout the year as part of capacity development. The department instructors' gained valuable experience in presenting the ICAO specific courses which included cargo and mail security, behavioural assessment, airline security and quality control. Apart from the aforementioned courses, the department extended CASP-AP workshop invitations to Police and key industry partners to attend the Risk Management Workshop and subsequent Risk Context Statement Workshop.

Timely Closure of Investigations

Investigations of mandatory occurrence reports were completed and closed within the 90-day window. This enabled the operators to take timely corrective action to seal the gaps in their internal security processes and strengthen their defences as part of the process of hardening of targets.



Security training and assessment

Certification of ICAO AVSEC Instructor

One of the ASFD's long term goals since its establishment in 2001 was realised in December 2019 when another member of the department was certified as an International Civil Aviation Organisation (ICAO) Aviation Security Instructor. This brings to two (2) the total number of ICAO Certified Aviation Security (AVSEC) Instructors in Fiji. The department also has one (1) certified ICAO Aviation Security Auditor. The attainment of ICAO accreditation provides depth in-country and made possible by the Authority and the Board.

Challenges

While the department acknowledges its achievements in 2019, it is also mindful of the different challenges it encountered in regard to regulatory compliance, developing and maintaining a strong security culture and the absence of technical expertise within to keep abreast of ICAO Annex 9 Facilitation issues. Despite these challenges, the department forged ahead eager to make a significant contribution to aviation.

Regulatory Compliance

A lack of regulatory compliance by many operators was one of the identified challenges. Regulatory non-compliance poses many challenges for security oversight. It undermines the integrity of Fiji's aviation security system, including our ability to comply with our international obligations to ICAO under the Chicago Convention and subsequent conventions. Regulatory non-compliance creates gaps in the security system and weakens the security chain, thereby creating vulnerabilities that can be exploited to conduct an act of unlawful interference.

Developing a Security Culture

Developing an effective security culture within the aviation industry remains a constant challenge especially when there is an apparent absence in some quarters of management commitment and support, and competing priorities for scarce resources. This is understandable given that security is often associated with more costs, hence a general reluctance from operators to spend on training of personnel and investment in new security technology. However, the cost of ignorance and a security incident can be extremely high and may supersede what one would have initially paid for proper staff training.



The ASFD Team

Absence of ICAO Annex 9 Technical Knowledge

Another important challenge facing the department is the absence of ICAO Annex 9 technical expertise within the department to be able to provide tutelage and guidance for the inspectors and help improve Fiji's compliance with the facilitation standards and recommended practices. The department has sought guidance from ICAO's regional office in Bangkok and has been in discussions with border control agencies like immigration and customs to better understand their processes and future plans in relation to subjects like e-passports, e-gates, advanced passenger information (API), single window entry, double window entry and the passenger name record (PNR). Moving forward the department will consider assigning a specific inspector to handle all facilitation issues. Furthermore, the department will endeavour to strengthen its networks and engage directly with other facilitation stakeholders like the Ministry of Health to enhance Annex 9 compliance.

Other Aspects of the Department's Work

Oversight of Aviation Industry

Central to the functions of the Aviation Security and Facilitation Department (ASFD) is the oversight of the aviation industry's implementation of the ICAO Annex 17 Security Standards and Recommended Practices (SARPs) and the security provisions of ICAO Annex 9 – Facilitation, through annual audits and inspections. These audits and inspections provided the different operators with a 'health check' of their respective organisations. Similarly, they provided the department with first-hand information on the gaps that exist in the security chain that need to be sealed by proper measures.

Aviation Security Service Organisations (ASSO), Domestic and International Airlines, International Airports, Regulated Agents, Air Cargo Agents, Ground Handling Service Providers and Catering Service Providers were audited; either, as part of CAAF's certification requirements or its approval process. These audits and inspections provided opportunities for meaningful learning and exchange of information between the department and the respective operators it oversees. Aviation security stakeholders have shown some degree of maturity in the development of their respective security programmes, internal processes, understanding the ICAO requirements and trying to implement them consistently. The department is working closely with these operators to improve the conduct of quality control activities such as internal audits, inspections and covert tests and improve the quality of effective implementation of the SARPs.

Position Aviation Industry for ICAO USAP-CMA Audit

Equally important is the fact that the department is positioning aviation security stakeholders in Fiji, through its oversight programmes (audits and inspections) for the next ICAO Universal Security Audit Programme – Continuous Monitoring Approach (USAP-CMA) which is expected soon. This preparation has taken several forms namely through audits, inspections, evaluation of security programmes/expositions, AVSEC training, evaluation of the implementation of the Global Aviation Security Plan (GASeP), approval of Standard Operating Procedures (SOP) and general discussions on the status of effective implementation of the SARPS.

External Inspections

Two (2) validation inspections for hold baggage screening and air cargo were conducted at Fiji Airways last ports of call in Los Angeles and San Francisco as part of the Authority's process for granting exemptions. These validation inspections are conducted by the department's more experienced inspectors who also conduct security inspections from time to time of aircraft catering service providers in foreign ports, including aircraft security. Furthermore, the department conducts security surveys of new ports Fiji Airways fly to before commencement of these flights as part of its due diligence.

Attendance at Workshops and Conferences

The Civil Aviation Authority of Fiji (CAAF) was represented at the following security workshops and conferences by the ASFD:

1. 16th Steering Committee Meeting of CASP-AP – Thailand;
2. Regional Aviation Security Collaboration Forum – Thailand;
3. 56th Director Generals Conference for Aviation – Nepal;
4. Pacific Aviation Security Forum – Samoa;
5. Risk Management Workshop – Fiji;
6. Risk Context Statement Workshop – Fiji; and
7. Ministry of Defence Workshops – Fiji.

Monthly AVSEC and FAL Meetings

There were robust security discussions at the monthly Nadi and Nausori Airport Security Committee meetings which were attended, and sometimes co-chaired by the Controller Aviation Security and Facilitation. Topical operational security issues of interest were discussed and important decisions reached for implementation and improvement. Multiagency cooperation continues to be the cornerstone and strength of both committees.

ASFD Work Statistics

The following table shows the breakdown of the ASFD's work activities for 2019.

ACTIVITIES	J A N	F E B	M A R	A P R	M A Y	J U N	J U L	A U G	S E P	O C T	N O V	D E C	T O T
Audits	6	3	3	3	2	3	3	3	5	5	6	1	43
Audits Follow Up	1	2	1	3	2	2	4	2	2	0	1	3	23
Inspection	1	0	0	1	1	1	2	1	0	0	0	0	7
Survey	1	0	0	0	0	0	0	0	0	0	0	0	1
Screeners Examination and Test	2	2	3	1	2	3	5	1	5	1	0	6	31
Certificate Issued	7	4	4	2	2	2	2	3	2	3	3	5	39
Exemptions issued	0	0	0	0	2	0	0	2	0	0	2	0	6
Programme Evaluated	0	1	0	1	0	0	0	3	0	0	3	0	8
Programme Approved	0	1	0	1	0	0	0	3	0	0	3	0	8
Screeners Certificates Issued	19	23	38	42	11	26	65	40	75	0	54	86	479
AVSEC Instructors Approvals Issued	0	0	0	0	0	0	0	0	0	1	0	0	1
Quality Control Officers Approvals Issued	3	1	8	0	1	0	1	0	1	3	5	3	26
Investigations Opened (MOR)	4	0	0	0	0	0	0	7	0	0	5	0	16
Investigations Closed (MOR)	4	0	0	0	0	0	0	7	0	0	3	0	14
Service Charter Update	24	3	2	2	2	1	1	2	2	2	2	6	49
Training Attended	0	0	3	0	0	1	2	3	0	3	1	2	15
Interviews	1	0	0	0	0	0	0	0	0	1	0	0	2
													768

AVIATION SECURITY AND FACILITATION DEPARTMENT CERTIFICATES ISSUED

LICENSE TYPE	2018		TOTAL	2019		TOTAL
	Initial	Renewal		Initial	Renewal	
Aviation Security Screener Certification	65	373	438	129	494	623
Aviation Security Instructor Approval Certificate	0	0	0	0	0	0
Aviation Security Quality Control Approval Certificate	16	4	20	0	27	27

AVIATION SECURITY AND FACILITATION DEPARTMENT STAKEHOLDERS

STAKEHOLDERS	2019
International Airlines	12
Domestic Airlines	11
Regulated Agents	12
Ground Handling Service Providers	5
Catering Service Providers	3
Air Cargo Operators	1
Aviation Security Service Organisations	4
International Security Airports	2
Government Domestic Airports	15
Private Domestic Airports	9
Concessionaires	3
TOTAL	77

Corporate Services Department

The Corporate Services Department (CSD) endeavours to ensure that our products and services are provided in an efficient manner, meeting both the regulatory requirements and the needs of our customers.

The Authority's Quality Management System has been structured to address both internal and external processes with various elements combining to ensure quality and regulatory requirements are complied with and consistency and uniformity in service delivery is maintained. The Authority maintained its ISO 9001:2015 certification through successful audits by Bureau Veritas New Zealand. The CSD was actively involved in preparations for the ICVM audit done by ICAO; documentation, review of policies and procedures and facilitating the provision of resources as required. The successful audit outcome would not have been possible without the team work of the staff.

CAAF Quality Policy, Service Charter & Delivery

The Authority is committed to meeting its customer satisfaction through continuous improvement of its processes and procedures. The Service Charter documents our commitment to timely and effective service delivery to stakeholders. The service delivery standards in this charter are based on time-frames for each process e.g. number of days to process a license, certificate or exemption application. The measurement of the Authority's performance against the service charter is carried out at quarterly intervals and results show the percentage of targets met for each of the departments, this in turn assists in the identification of improvements areas.



CSD Cashier

CAAF Service Delivery Standards Performance Measurement for the period January to December 2019:

Department/Section	Number of Activities	Average Target (%)	Average Target Achievement (%)
Flight Operations	13	90.91	100
Airworthiness	10	89	100
Personnel Licensing – Air Safety	5	91	100
Ground Safety	14	95.71	100
Personnel Licensing – Ground Safety	6	95	100
Aviation Security & Facilitation	15	94.21	100
Personnel Licensing – Aviation Security & Facilitation	4	90	100
Finance/Administration	3	95	99.1
Standards	2	97.5	100
Human Resources	5	91	99.7
Safety Education	1	100	100

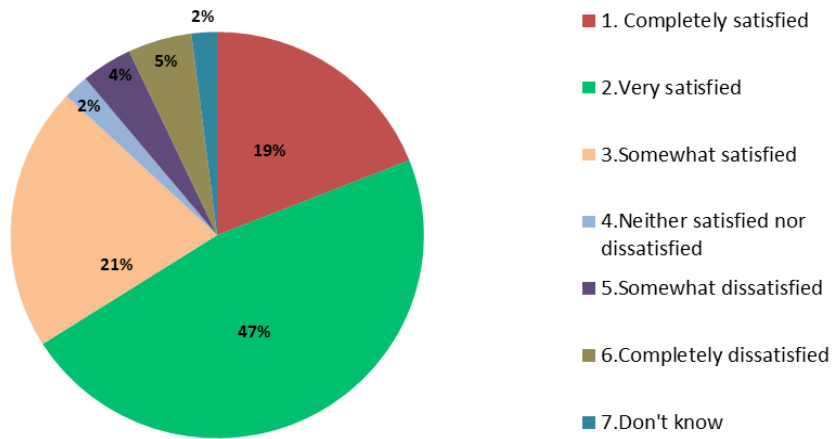


Internal Quality Assurance audit of the CSD

Customer Satisfaction Survey Results for 2019

The Authority conducts an annual client survey with the objective of obtaining feedback from our customers on our services and products. The results assist in the identification of improvement areas in terms of service delivery and total turn-around times. This year the client survey was conducted using an online customer survey application, Survey Monkey. The overall client satisfaction with the Authority's service for 2019 is depicted in the pie-chart below.

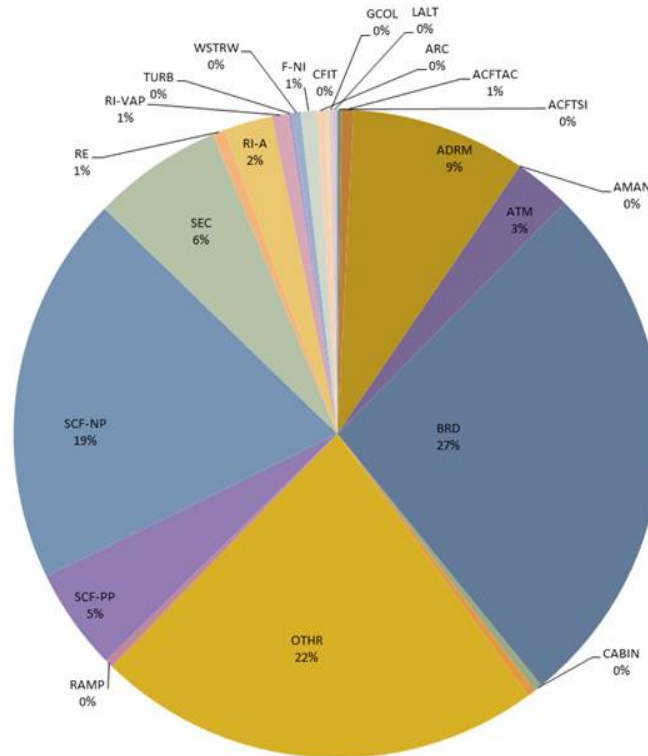
Overall Satisfaction with CAAF's Services



CAAF Quality Assurance Team

MANDATORY OCCURRENCE REPORTING (MOR DATA) 2019

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



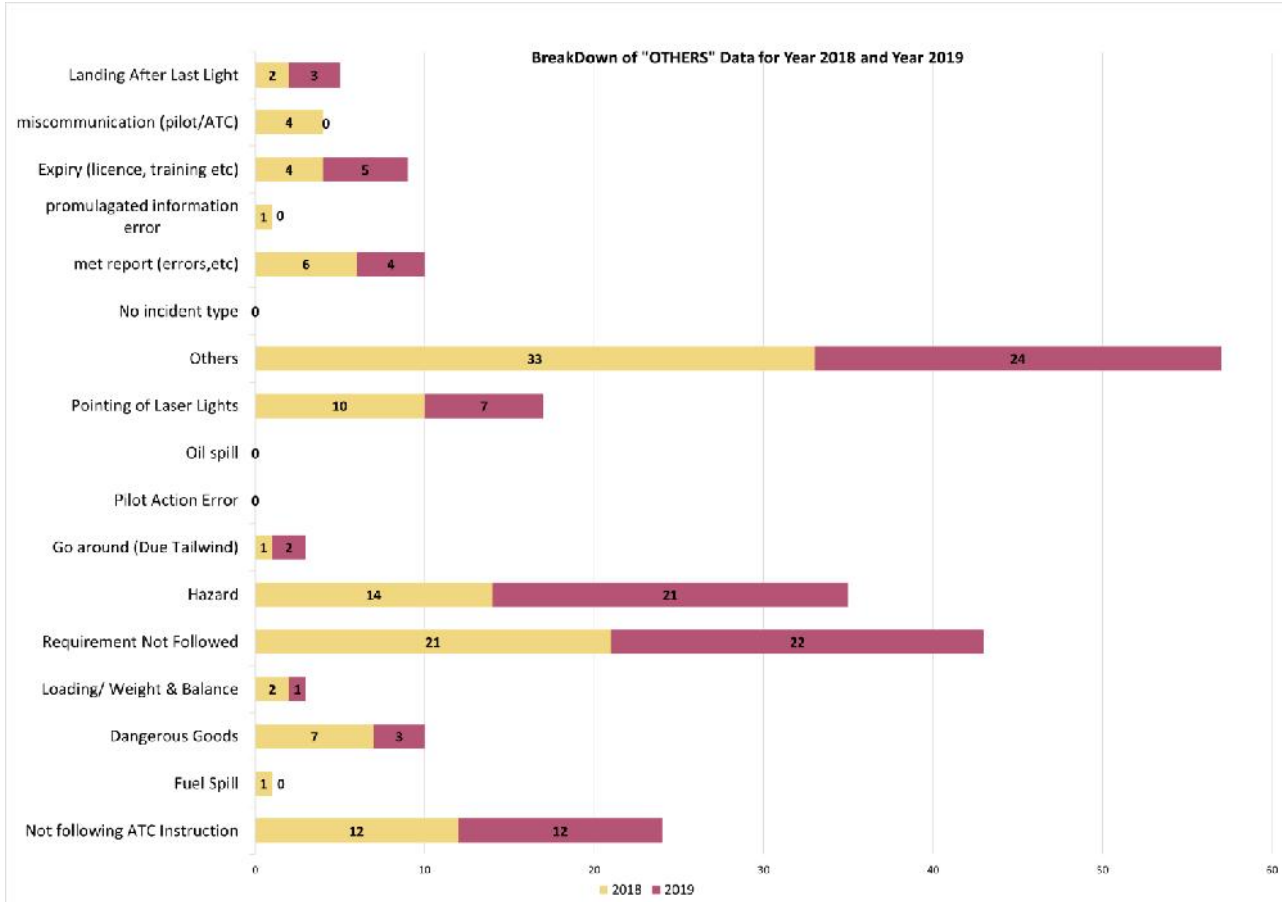
The top four reported incident categories for 2019 were Bird 27%, OTHER 22%, SCP-NPP 19%, and ADRM 9%.

ICAO Common Taxonomy Team (CICCT) Occurrence Category Definitions

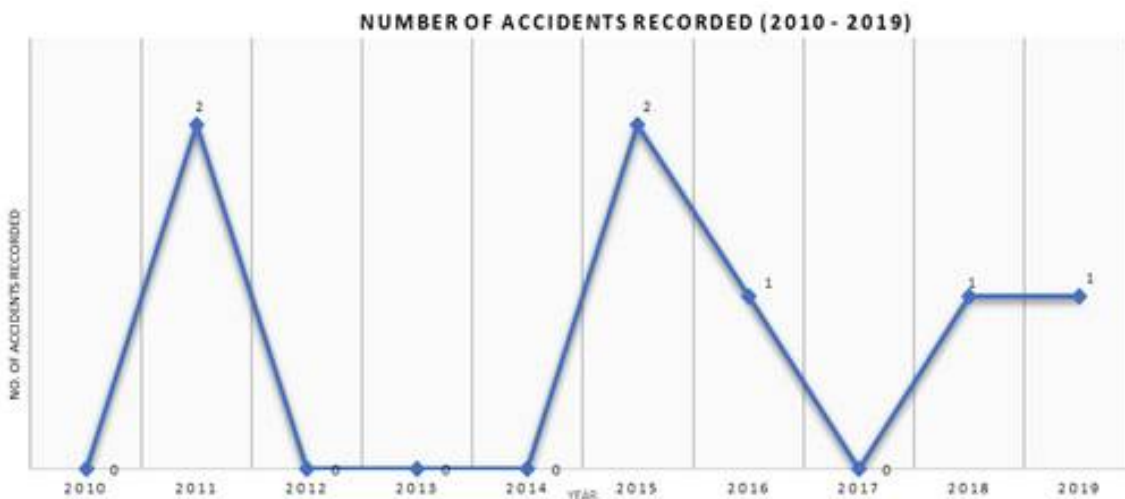
Take-off, Landing, and Ground Operations	
GROUND HANDLING	RAMP
GROUND COLLISION	GCOL
LOSS OF CONTROL - GROUND	LOC-G
RUNWAY EXCURSION	RE
RUNWAY INCURSION – VEHICLE, AIRCRAFT OR PERSON	RI-VAP
RUNWAY INCURSION – ANIMAL	RI-A
UNDERSHOOT/OVERSHOOT	USOS
ABNORMAL RUNWAY CONTACT	ARC
FIRE/SMOKE (POST-IMPACT)	F-POST
EVACUATION	EVAC

Airborne	
MIDAIR/NEAR MID AIR COLLISION	MAC
CONTROLLED FLIGHT INTO/TOWARD TERRAIN	CFIT
LOSS OF CONTROL - INFLIGHT	LOC-I
FUEL RELATED	FUEL
LOW ALTITUDE OPERATIONS	LALT
ABRUPT MANEUVRE	AMAN
Weather	
WINDSHEAR OR THUNDERSTORM	WSTRW
TURBULENCE ENCOUNTER	TURB
ICING	ICE
Aircraft	
SYSTEM/COMPONENT FAILURE OR MALFUNCTION (POWERPLANT)	SCF-PP
SYSTEM/COMPONENT FAILURE OR MALFUNCTION (NON-POWERPLANT)	SCF-NP
FIRE/SMOKE (NON-IMPACT)	F-NI
Miscellaneous	
SECURITY RELATED	SEC
CABIN SAFETY EVENTS	CABIN
OTHER	OTHR
UNKNOWN OR UNDETERMINED	UNK
Non-aircraft-related	
ATM/CNS	ATM
AERODROME	ADRM

OTHERS CATEGORY - 2018 & 2019



AIRCRAFT ACCIDENT DATA (2010 – 2019)

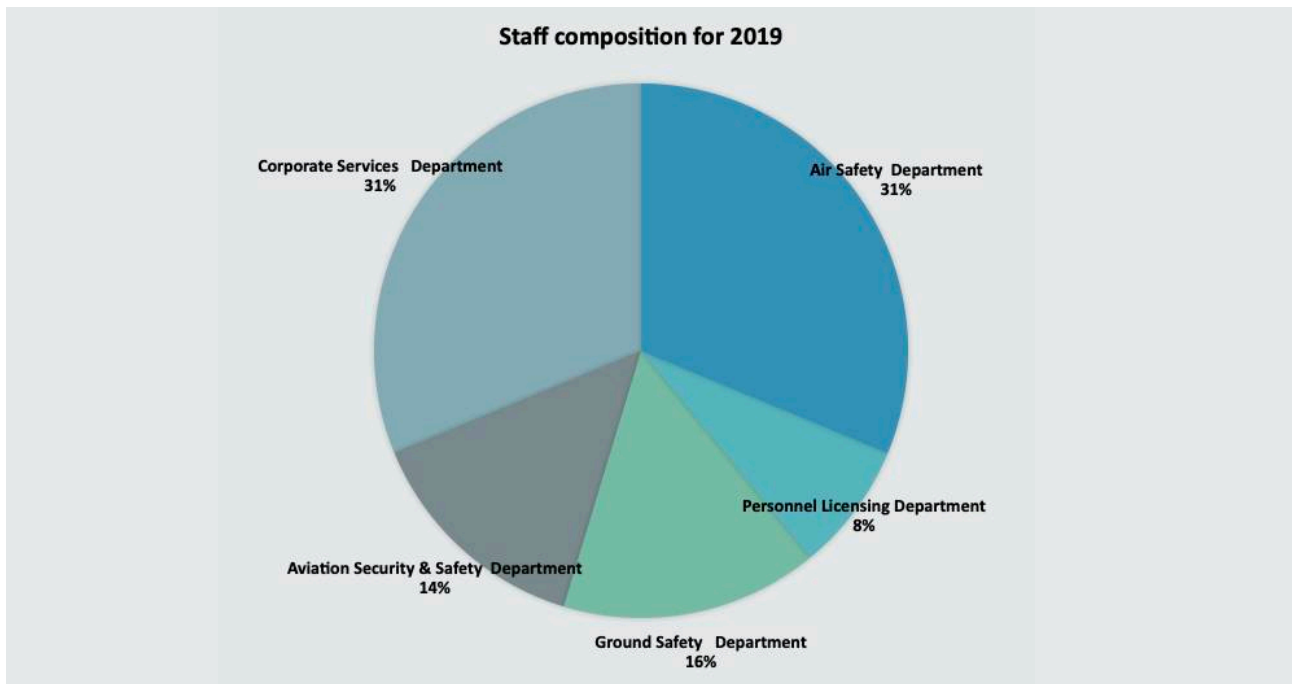


The graph above represents the number of aircraft accidents recorded from 2010 to 2019.

Manpower

The Authority had 64 staff under its employment in 2019; Air Safety department 20 staff, Personnel Licensing Department 5 staff, Ground Safety Department 10 staff, Aviation Security & Safety Department 9 staff and Corporate Services department 20 staff.

During the year there were eight vacancies as a result of staff resignations, contract expiries and additional positions created to assist in the increasing workload during the year.

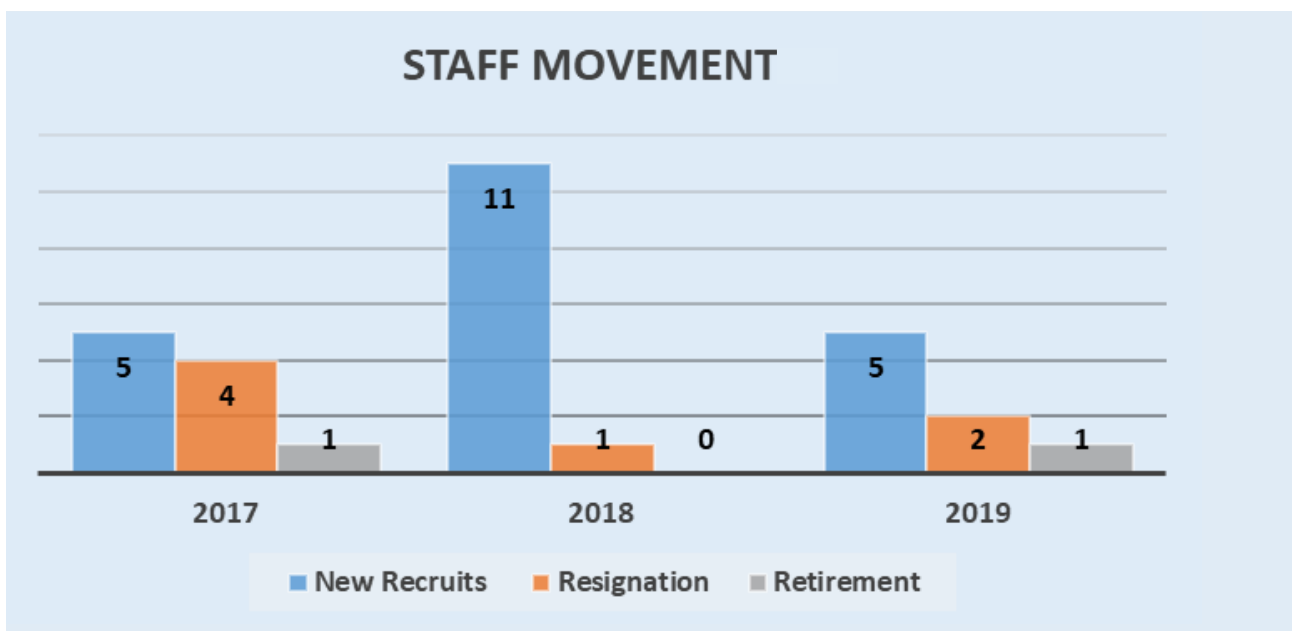


Staff Recruitment and Retention

The Authority was challenged with staffing needs especially for some of the key operational positions which were scarce skilled and hard to fill. To this end, specialised technical experts were employed on a consultancy basis to enable the Authority to meet its safety oversight and regulatory obligations.

Due to the difficulties faced by the Authority in recruiting specialised technical personnel, a cadetship programme was introduced for the AVSEC Department in 2019. The programme is designed to provide selected cadets with comprehensive training following a structured plan.

A summary of staff movements which indicates staff recruitment and staff turnover for the year:



Performance Management Systems

The Performance Management System (PMS) has been the best practice approach that ties and cascades strategic goals with the employee's personal work goals. In 2019 99% of staff received bonuses as a result of the PMS.

Staff Training & Development

An important aspect of the Authority is ensuring that its staff are well equipped to handle and guide the ever evolving aviation industry we oversight and thus a lot of emphasis is put on upskilling of its staff. To this end, staff participate in meetings/conferences/workshops/training to keep abreast of the changes taking place.



CAAF HRM Team

Legal

The Authority's enforcement philosophy recognises that voluntary compliance with the legislation is a better method of achieving safety and security than by prosecuting the offenders after the fact. Thus, preventative actions are the preferred method of achieving compliance. Voluntary compliance assumes that individuals are rational, responsible and law abiding in their own right and self-interest. Whenever these factors are absent or fails to motivate an individual to comply with the legislation, enforcement action may become necessary.



CAAF Legal Team

The following table depicts the enforcement actions taken over the past 5 years. In 2019, there were 3 enforcement matters of which 2 were handled internally with the CAAF Enforcement Compliance Committee and 1 proceeded to court for prosecution. Whilst preventative actions are preferred methods of achieving compliance, there are still some cases of intentional deviations by a few who continue to disregard the aviation laws resulting in the enforcement of punitive actions for deterrence purposes.

ENFORCEMENT ACTIONS/PROSECUTIONS COMMENCED FOR NON-COMPLIANCE WITH AND/OR BREACHES OF CIVIL AVIATION REGULATIONS AND STANDARDS

Financial Year	Enforcement Process activated	Prosecution Process commenced	Written Warnings	Infringement Notice issued	Suspension of Aviation Document
2015	2	-	-	-	2
2016	2	1	1	-	-
2017	6	-	2	1	1
2018	2	-	-	-	-
2019	3	1	2	-	-



Finance Staff

LOCAL TRAINING/WORKSHOPS/SEMINARS ATTENDED

No	
1	Aeronautical Station Operators Course
2	Training on Investigation of Financial Statement Fraud
3	Boeing 737 Max Differences
4	National Conference on Information Technology
5	Certified Information Systems Security Professional
6	Contract Negotiation & Contractual Terms
7	Fiji Business Excellence Evaluators Training
8	National Workshop on Disaster Management Plan
9	Certified Manager of Quality & Organisational Excellence
10	Fiji Human Resource Institute Conference
11	Training of Trainers- Module III
12	Training of Trainers– Module IV
13	Think Summit Virtualflex Bootcamp Hyperconvergence

OVERSEAS TRAINING/WORKSHOPS/SEMINARS/MEETINGS ATTENDED

No		
1	Safety Management Capacity Building Workshop	Bangkok
2	Aerial Search & Rescue Asia Pacific (A-SAR-19) Conference	Australia
3	Unmanned Aircraft Systems & 3 rd Meeting of ICAO Asia Pacific	Bangkok
4	ICAO Government Safety Inspector	Ethiopia
5	ICAO Asia Pacific Performance Based Navigation Implementation Coordination Group meeting	Bali, Indonesia
6	38 TH Annual ALAANZ Conference	Australia
7	ICAO Asia Pacific System Wide Information Management Task Force meeting	Bangkok
8	APAC Wildlife Hazard Management Working Group Meeting	Bangkok
9	ICAO Asia Pacific Search and Rescue Working Group meeting	Bangkok

10	Civil Aviation Legal Advisors Forum	SAA
11	ICAO Asia Pacific Aerodrome Operations & Planning Sub Group meeting & Regional Seminar on Implementation of the new Global Reporting Format of Runway Surface Conditions	Bangkok
12	ICAO Risk Management Workshop	New Zealand
13	Airport PBB Operations	Republic of Korea
14	Ageing Aircraft & Sustainability	Brisbane
15	DHC 6-400 Simulator Evaluation & Training Course Amphibian Twin Otter	Canada
16	ICAO Asia Pacific Air Traffic Management Sub-Group of APANPIRG & Asia Pacific Advanced Inter-Regional ATS Route Development Task Force meeting	Bangkok
17	Airbus EC 145 Helicopter Initial Type Rating Course	USA
18	56 th DGCA Conference	Nepal
19	ICAO Asia Pacific Communications, Navigation and Surveillance Sub-Group Meeting	Bangkok
20	Diploma in Airport Engineering Module III	Singapore
21	Airport Pavement Evaluation	Republic of Korea
22	ICAO 40 th Assembly Meeting	Montreal, Canada
23	Security Audit & Quality Control	Singapore
24	ICAO Language Proficiency Requirement & Design Guidelines	Bangkok
25	AVSEC Instructors Course	Hong Kong
26	Pacific Aviation Safety Organisation (PASO) AGM (Apr 2019)	Niue
27	Pacific Aviation Safety Organisation Council meeting (Dec 2019)	Vanuatu

IN-HOUSE TRAINING

No	Training
1	Personnel Licensing System Course facilitated by the Singapore Aviation Academy
2	Workshop on Customer Service
3	Basic Defensive Driving Course facilitated by Land Transport Authority
4	In-house Personnel Licensing Training facilitated by CAAF SPELI
5	OHS Module I & II Training facilitated by FNU

FINANCIAL STATEMENT



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DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Authority presents its report together with the financial statements for the year ended 31 December 2019 and the auditors' report thereon.

Directors

The Directors in office during the year and up to the date of this report were:

Mrs Lailun Khan	Chairperson (up to October 2019)
Mr Nilesh Prasad	Director (from 26th July 2019, thereafter chairperson from 20th Dec 2019)
Mr Satish Naran Patel	Director
Mr Pravish Punja	Director (up to June 2019)
Mr Peceli Baleikorocau	Director (from September 2019)
Ms Kamni Naidu	Director

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 2019 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 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.

Operating results

The net loss of the Authority for the year ended 31 December 2019 is \$572,600 (2018: Loss of \$131,589) after an income tax benefit of \$254,013 (2018: income tax benefit of \$109,491).

DIRECTORS REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

Bad and doubtful debts

Prior to the completion of the financial statements, the Authority took reasonable steps to ascertain that action had been taken to establish bad debts and the provision 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

(i) Management Database

The Authority presently has a number of standalone databases ranging from Finance and HR to Aircraft, Personnel licenses and exams which were developed in house on an ad-hoc basis and do not have the capability to integrate with each other thus leading to manual processing of data and trends which in turn affects the efficient strategic decision making process.

The proposed database will integrate these individual databases into a consolidated database for seamless and automated flow of data and information across each other and provide continuous information for effective management and control. Tasks that are presently being manually performed will all be automated.

Total expenditures incurred so far for the Scoping for High Level Requirements (HLR) and a peer review of the recommendations are \$170,564.00.

Once the project is approved by the Board and Ministry, successful tenderers will be advised and appropriate agreements entered into. The delivery and commissioning phase is expected to cost an estimated \$3.5m over a project life of 5 years.

The project is not noted in the capital commitments yet since it is in the preliminary stages and subject to confirmation. Once the project is approved, the commitments will be appropriately disclosed.

(ii) ICAO In-Country Validation Mission (ICVM) Audit

The Authority was audited by ICAO ICVM audit team from 26th August to 02nd September 2019 which determined the level of Effective Implementation (EI) of aviation safety by the Authority. After the Audit, Fijis Effective Implementation (EI) increased from 63% to 78.72%. The eight audit areas above are assessed individually to ensure whether the State has effectively and consistently implemented the critical elements of a safety oversight system. They also determine if the States comply with ICAO's safety-related Standards and Recommended Practices (SARPs) and associated procedures and guidance material. The results of the report has a bearing on the Authority meeting its safety mandate in terms of independent and sustainable funding, update of legislations and manpower.

DIRECTORS REPORT (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

Events subsequent to balance date (continued)

(iii) COVID-19 Outbreak

Subsequent to year-end, the World Health Organisation (WHO) declared the coronavirus (Covid 19) a “Public Health Emergency of International Concern”. Whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material.

However, moving forward, it is expected that the effect of the pandemic will be substantial on the operations and cash flow since a significant source of revenue accruing from departure tax (\$2.5m) and also other regulatory revenue (\$1.3m) will be lost. If this occurs, the Authority will need to scale down operations and utilize its reserves to be able to continue to provide a reduced level of regulatory oversight.

(iv) Website Development

The tender for development and implementation of a new website for the Authority has been closed and results evaluated. The final evaluation report will be presented to the board for approval and its subsequent purchase amounting to \$68,037.80 vfp. The project will commence proper in 2020.

Other circumstances

As at the date of this report:

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

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

Directors' Benefits

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

Dated at Nadi this 29th day of July 2020.

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

 _____ Chairperson	 _____ Director
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OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

CIVIL AVIATION AUTHORITY OF FIJI

I have audited the financial statements of Civil Aviation Authority of Fiji which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of Civil Aviation Authority of Fiji as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISA). My responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Civil Aviation Authority of Fiji in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to my audit of the financial statements in Fiji and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

Without qualifying the opinion expressed above, I draw attention to the following matters:

1. Note 17 to the financial statements which states that, whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the COVID 19 virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material.
2. Note 7 – *Income Tax* to the financial statements discloses that the Authority has recorded an income tax benefit amounting to \$254,013. As at the date of my opinion, the Authority was in discussion with Fiji Revenue Customs Services to confirm whether or not the Authority is exempted from paying income tax.

Responsibilities of the Management and Directors for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS and the Civil Aviation Authority of Fiji Act 1979 (CAP 174A) and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the management intend to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

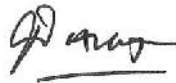
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's and the directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the management and directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Civil Aviation Authority of Fiji Act 1979 (Cap 174A), in my opinion:

- a) proper books of account have been kept by the Authority, so far as it appears from my examination of those books;
- b) the accompanying financial statements:
 - a. are in agreement with the books of account; and
 - b. to the best of my information and according to the explanations given to me, give the information required by the Civil Aviation Authority of Fiji Act (Cap 174A), in the manner so required.



Ajay Nand
AUDITOR-GENERAL



Suva, Fiji
03 August, 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Income		5,187,373	5,486,525
Other operating income	6.1	416,761	376,297
		<u>5,604,134</u>	<u>5,862,822</u>
Administrative expenses	6.2(a)	(990,227)	(1,154,388)
Operating expenses	6.2(b)	(1,866,503)	(1,762,230)
Personnel expenses	6.2(c)	(3,694,323)	(3,295,825)
		<u>(946,919)</u>	<u>(349,621)</u>
Net financing income	6.3	120,306	108,541
Operating loss before tax		(826,613)	(241,080)
Income tax benefit	7(a)	254,013	109,491
Net loss after tax		<u>(572,600)</u>	<u>(131,589)</u>
Other comprehensive income			
Change in fair value of investments	12(c)	1,159,790	2,226,797
Total comprehensive income for the year		<u>587,190</u>	<u>2,095,208</u>

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 74-94.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

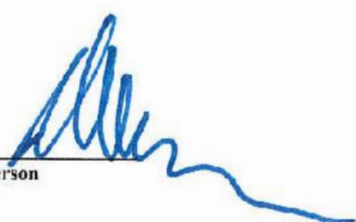
	2019	2018
	\$	\$
Asset Revaluation Reserve		
Balance at the beginning of the year	4,080,050	4,080,050
Balance at the end of the year	<u>4,080,050</u>	<u>4,080,050</u>
Fair Value Reserve		
Balance at the beginning of the year	5,486,199	3,259,402
Revaluation of investment	1,159,790	2,226,797
Balance at the end of the year	<u>6,645,989</u>	<u>5,486,199</u>
Retained earnings		
Balance at the beginning of the year	11,849,668	11,981,837
Effect of adoption of new IFRSs	(14,950)	(580)
Net loss	(572,600)	(131,589)
Balance at the end of the year	<u>11,262,118</u>	<u>11,849,668</u>
Total equity	<u><u>21,988,157</u></u>	<u><u>21,415,917</u></u>

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	8	1,240,434	1,769,948
Trade receivables	9	157,564	216,289
Income tax refundable	7(c)	46,770	34,562
Other assets	10	1,300,813	1,114,334
Investments	11(a)	2,000,000	2,000,000
Total current assets		<u>4,745,581</u>	<u>5,135,133</u>
Non-current assets			
Investments	11(b)	12,200,991	11,041,201
Property, plant and equipment	12	6,307,458	6,520,205
Intangible assets	13	329,249	349,781
Right-of-use assets	24	283,162	-
Total non-current assets		<u>19,120,860</u>	<u>17,911,187</u>
TOTAL ASSETS		<u><u>23,866,441</u></u>	<u><u>23,046,320</u></u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Reserves		10,726,039	9,566,249
Retained earnings		11,262,118	11,849,668
TOTAL EQUITY		<u><u>21,988,157</u></u>	<u><u>21,415,917</u></u>
Current liabilities			
Trade and other payables	14	1,144,802	959,978
Employee benefits	15	181,564	168,600
Lease liability	23	51,530	-
Total current liabilities		<u>1,377,896</u>	<u>1,128,578</u>
Non-current liabilities			
Deferred income tax liability	7(b)	247,812	501,825
Lease liability	23	252,576	-
Total non-current liabilities		<u>500,388</u>	<u>501,825</u>
TOTAL LIABILITIES		<u><u>1,878,284</u></u>	<u><u>1,630,403</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>23,866,441</u></u>	<u><u>23,046,320</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 74-94.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Operating activities			
Cash receipts from customers		4,807,135	5,434,480
Cash payment to employees and suppliers		(5,649,269)	(5,553,290)
Cash generated from operations		(842,134)	(118,810)
Income tax paid		(12,208)	(20,672)
Interest received		120,306	108,541
Dividends received		371,133	324,741
Cash flows (used in)/provided from operating activities		(362,903)	293,800
Investing activities			
Acquisition of property, plant and equipment		(166,905)	(289,456)
Withdrawal of investment		-	1,000,000
Proceeds from sale of property, plant and equipment		294	17,474
Cash flows provided from / (used in) investing activities		(166,611)	728,018
Net increase / (decrease) in cash		(529,514)	1,021,818
Cash and cash equivalents at 1 January		1,769,948	748,130
Cash and cash equivalents at 31 December	8	1,240,434	1,769,948

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 74-94.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. REPORTING ENTITY

Civil Aviation Authority of Fiji is a statutory organisation domiciled in Fiji and 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.

NOTE 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 29th July 2020.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars.

NOTE 3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Authority applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Authority. The Authority has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

IFRS 16 Leases

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Authority is the lessor.

The Authority adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Authority elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Authority applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The effect of adoption IFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

\$

Assets

Right-of-use assets	397,742
Less: accumulated amortisation on ROU asset	<u>(60,290)</u>
Total assets	<u><u>337,452</u></u>

Liabilities

Lease liability	<u>352,402</u>
Total liabilities	<u><u>352,402</u></u>

Total adjustment on equity

Retained earnings	<u>(14,950)</u>
	<u><u>(14,950)</u></u>

The Authority has lease contracts for land and office space. Before the adoption of IFRS 16, the Authority classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 5 (c) Leases for the accounting policy prior to 1 January 2019.

Upon adoption of IFRS 16, the Authority applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Authority.

- **Leases previously classified as finance leases**

The Authority did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 January 2019.

- **Leases previously accounted for as operating leases**

The Authority recognised right-of-use assets ("ROU assets") and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of an incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Authority also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of \$397,742 were recognised and presented separately in the statement of financial position.
- Additional lease liabilities of \$352,402 were recognised.
- The net effect of these adjustments had been adjusted to retained earnings (\$14,950).

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Assets	\$
Operating lease commitments as at 31 December 2018	240,534
Weighted average incremental borrowing rate as at 1 January 2019	6.50%
Discounted operating lease commitments as at 1 January 2019	352,402

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 3.2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Authority's financial statements include:

- an amendment to IFRS 3 *Business Combination* on the definition of a business; and
- amendments to IAS 1 and IAS 8 in the definition of "material" to ensure the definition is aligned across the standards.

The Authority intends to adopt these amendments when they become effective. The amendments will not have any material impact on the Authority.

NOTE 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES 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.

Judgements

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 into a commercial property lease. 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 of 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.

Application of IFRS 16 - Leases

The application of IFRS 16 requires the Authority to make judgements and estimates that affect the measurement of right-of-use assets and liabilities. In determining the lease term, management must consider all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options). Assessing whether a contract includes a lease also requires judgement. Estimates are required to determine the appropriate discount rate used to measure liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF 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 if 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 measured at revalued amount less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

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 (Policy applicable from 1 January 2019)

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Authority as a lessee

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Leases - Policy applicable from 1 January 2019 (continued)

i) Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land	102 years
Dedicated internet access lease line	6 years

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (f) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Authority and payments of penalties for terminating the lease, if the lease term reflects the Authority exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Authority's lease liabilities are presented in leases (see Note 24).

iii) Short-term leases and leases of low-value assets

The Authority applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

Authority as a lessor

Leases in which the Authority does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Policy applicable before 1 January 2019

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Leases Policy applicable before 1 January 2019 (continued)

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.

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)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF 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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another company.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Authority has applied the practical expedient, the Authority initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Authority has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section (I) Revenue.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(i) Financial assets (cont'd)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Authority. The Authority measures financial assets at amortised cost if both of the following

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Authority's financial assets include cash and cash equivalents, trade and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Authority measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Authority presently does not hold any debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Authority can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Authority benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Authority elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(i) Financial assets (cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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 repay.

(ii) Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Authority considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Authority may also consider a financial asset to be in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iv) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iv) Financial liabilities (continued)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Authority's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include 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 incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Authority that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Authority has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Authority. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit or loss.

Derecognition

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(i) Cash and cash equivalents**

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

(j) Employee benefits**(i) Employee leave entitlements**

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

(ii) Pension obligations

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

(iii) Other employee benefits

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

(k) Trade and other payables

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

(l) Revenue

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

Sales

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

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.
- (iv) Movement in fair value of investments (including investment property) are recognised as income and are determined as the differences between the fair value at year end or consideration received (if sold during the year) and the fair value as at prior year end or cost (if the investment was acquired during the period).

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxes

Current Income Tax

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

Deferred income tax

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

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

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

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

	2019	2018
	\$	\$
NOTE 6.1. OTHER OPERATING INCOME		
Dividends	371,133	324,741
Sundry	45,628	51,556
	<u>416,761</u>	<u>376,297</u>
NOTE 6.2. EXPENSES		
(a) Administrative expenses		
Amortisation expenses	(21,632)	(21,632)
Amortisation expense of right-of-use assets	(54,290)	-
Auditors remuneration	(15,000)	(15,000)
Board member allowance	(29,838)	(43,245)
Expected credit loss	(774)	(1,192)
Loss on disposal of property, plant and equipment	(36,982)	(28,520)
Depreciation	(341,276)	(313,734)
Insurance	(468,951)	(440,439)
Interest expense on lease liabilities	(21,484)	-
DGCA 55th conference	-	(290,626)
	<u>(990,227)</u>	<u>(1,154,388)</u>
(b) Operating expenses		
Advertising	(96,107)	(110,407)
Accident investigation	(90,684)	(77,119)
Consultancy	(504,308)	(363,782)
Customs duty and freight	(17,076)	(6,618)
Legal fees	(87,540)	(92,410)
Medical supplies	(63,074)	(63,808)
Other expenses	(66,974)	(83,368)
Travel and accommodation	(391,703)	(411,230)
Pilot licence book	(19,735)	(105)
Protective gear	(5,973)	(4,526)
Publications	(4,185)	(4,791)
Repairs and maintenance	(62,688)	(38,000)
Utilities and supplies	(424,308)	(474,007)
Vehicle maintenance	(32,148)	(32,059)
	<u>(1,866,503)</u>	<u>(1,762,230)</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 6.2.	EXPENSES (continued)	2019	2018
		\$	\$
(c)	Personnel expenses		
	Salaries	(2,394,725)	(2,333,359)
	Fringe benefit tax	(15,478)	(14,850)
	FNPF employers contribution	(218,910)	(193,776)
	FNU levy	(28,812)	(25,235)
	Annual leave	(333,612)	(264,996)
	Performance management system - bonus	(184,672)	(163,262)
	Staff training	(518,114)	(300,347)
		<u>(3,694,323)</u>	<u>(3,295,825)</u>
	The average number of employees during the year	<u>62</u>	<u>54</u>
NOTE 6.3.	FINANCE INCOME		
	Interest income	<u>120,306</u>	<u>108,541</u>
NOTE 7.	INCOME TAX		
	Income tax expense recognised in the income statement		
	Current tax expense	(254,013)	(90,932)
	Deferred tax expense	-	(18,559)
		<u>(254,013)</u>	<u>(109,491)</u>
(a)	A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2019 and 2018 is as follows:		
	Accounting profit before income tax	<u>(826,613)</u>	<u>(241,080)</u>
	Fiji's statutory income tax rate 20%	(165,323)	(48,216)
	Tax effect of temporary differences	(84,363)	(42,716)
	Under/over provision from prior year	(4,327)	(18,559)
	Income tax expense/(benefit) attributable to operating profit	<u>(254,013)</u>	<u>(109,491)</u>
(b)	Deferred income tax at 31 December relates to the following:		
(i)	<u>Deferred tax asset (recognised at 20% tax rate)</u>		
	Provisions for employee entitlements	36,313	33,720
	Allowance for expected credit loss	509	354
	Prior year tax loss	56,832	-
	Tax losses	232,345	56,832
	Balance at the end of the year	<u>325,999</u>	<u>90,906</u>
(ii)	<u>Deferred tax liability</u>		
	Accelerated depreciation for tax purposes	369,016	387,936
	Capital Gain	204,795	204,795
	Balance at the end of the year	<u>573,811</u>	<u>592,731</u>
	Net deferred tax liability	<u>(247,812)</u>	<u>(501,825)</u>
(c)	Income tax refund/(payable)		
	Balance - 1 January	34,562	(4,669)
	Add: Withholding taxes paid	12,208	11,199
	Add: Advance taxes paid	-	18,660
	Overprovision of tax payable from prior year	-	18,559
	Add: Transfer from VAT account	-	1,639
		<u>46,770</u>	<u>45,388</u>
	Less: Received from income tax	-	10,826
		<u>46,770</u>	<u>34,562</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 8.	CASH AND CASH EQUIVALENTS	2019 \$	2018 \$
	Cash on hand	550	550
	Cash at bank - account no: 3662665	1,239,884	1,769,398
		<u>1,240,434</u>	<u>1,769,948</u>
<p>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.</p>			
NOTE 9.	TRADE AND OTHER RECEIVABLES		
	Trade receivables	160,110	218,061
	Less: allowance for expected credit loss	(2,546)	(1,772)
		<u>157,564</u>	<u>216,289</u>
<p>Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 December 2019, trade receivables at nominal value of \$2,546 (2018: \$1,772) were impaired.</p>			
<p>Movement in the provision for impairment of receivables were as follows:</p>			
	At 1 January	1,772	-
	Expected credit loss due to implementation of IFRS 9	-	580
	Charge for the year	774	1,192
		<u>2,546</u>	<u>1,772</u>
<p>At 31 December, the ageing analysis of trade receivables is as follows:</p>			
	0 - 3 months	160,110	218,061
		<u>160,110</u>	<u>218,061</u>
NOTE 10.	OTHER ASSETS		
	Prepayments	244,719	188,675
	Unit Trust of Fiji dividends accrued	208,762	185,566
	Departure Tax	689,666	681,397
	Other assets	157,666	58,696
		<u>1,300,813</u>	<u>1,114,334</u>
NOTE 11.	INVESTMENTS		
(a)	<i>Current</i>		
	Interest bearing deposits	<u>2,000,000</u>	<u>2,000,000</u>
(b)	<i>Non-current</i>		
	Units in Unit Trust of Fiji	<u>12,200,991</u>	<u>11,041,201</u>
	Total investments	<u>14,200,991</u>	<u>13,041,201</u>
(c)	Reconciliation of available-for-sale financial assets		
	Opening balance	11,041,201	8,814,404
	Revaluation gain on Unit Trust of Fiji units - transfer to fair value reserve	1,159,790	2,226,797
		<u>12,200,991</u>	<u>11,041,201</u>
(d)	Units in Unit Trust of Fiji held by the Authority is represented by:		
	1,413,636 units purchased at \$1.10 per unit	1,555,000	1,555,000
	1,339,286 units purchased at \$1.12 per unit	1,500,000	1,500,000
	641,026 units purchased at \$1.17 per unit	750,000	750,000
	555,556 units purchased at \$ 1.35 per unit	750,001	750,001
	689,656 units purchased at \$ 1.45 per unit	1,000,001	1,000,001
	Revaluation on current market value	6,645,989	5,486,199
		<u>12,200,991</u>	<u>11,041,201</u>

4,639,160 units valued at repurchase price of \$2.63 per unit (2018: @ \$2.38).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 12.	PROPERTY, PLANT AND EQUIPMENT	2019 \$	2018 \$
<u>Freehold land</u>			
<i>Deemed cost:</i>			
	At 1 January	2,500,000	2,500,000
	At 31 December	<u>2,500,000</u>	<u>2,500,000</u>
<u>Buildings</u>			
<i>Deemed cost:</i>			
	At 1 January	2,858,362	2,852,995
	Additions	23,220	5,367
	At 31 December	<u>2,881,582</u>	<u>2,858,362</u>
<i>Depreciation and impairment</i>			
	At 1 January	118,794	47,380
	Depreciation charge for the year	71,896	71,414
	At 31 December	<u>190,690</u>	<u>118,794</u>
	Net book value	<u>2,690,892</u>	<u>2,739,568</u>
<u>Motor vehicles</u>			
<i>Deemed cost:</i>			
	At 1 January	468,670	438,716
	Disposals	-	(25,000)
	Additions	111,365	54,954
	At 31 December	<u>580,035</u>	<u>468,670</u>
<i>Depreciation and impairment</i>			
	At 1 January	142,548	59,474
	Depreciation charge for the year	102,003	90,990
	Disposals	-	(7,916)
	At 31 December	<u>244,551</u>	<u>142,548</u>
	Net book value	<u>335,484</u>	<u>326,122</u>
<u>Furniture, fittings & equipment</u>			
<i>Deemed cost:</i>			
	At 1 January	1,196,204	1,018,708
	Additions	31,220	210,646
	Disposals	(56,470)	(33,150)
	At 31 December	<u>1,170,954</u>	<u>1,196,204</u>
<i>Depreciation and impairment</i>			
	At 1 January	241,689	94,599
	Depreciation charge for the year	167,377	151,330
	Disposals	(19,194)	(4,240)
	At 31 December	<u>389,872</u>	<u>241,689</u>
	Net book value	<u>781,082</u>	<u>954,515</u>
	Net book value	<u><u>6,307,458</u></u>	<u><u>6,520,205</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 13.	INTANGIBLE ASSETS	2019	2018
		\$	\$
	<u>Software costs</u>		
	Opening balance	216,322	216,322
	Closing balance	<u>216,322</u>	<u>216,322</u>
	<i>Amortisation and impairment:</i>		
	Opening balance	36,005	14,373
	Amortisation	21,632	21,632
	Closing balance	<u>57,637</u>	<u>36,005</u>
	Net book value:	<u>158,685</u>	<u>180,317</u>
	<u>Work in progress</u>		
	<i>Deemed cost:</i>		
	At 1 January	169,464	150,975
	Additions	1,100	18,489
	At 31 December	<u>170,564</u>	<u>169,464</u>
	Net book value:	<u>329,249</u>	<u>349,781</u>
	NOTE 14. TRADE AND OTHER PAYABLES		
	Trade payables	97,641	104,939
	Income in advance	717,425	509,709
	Other payables	329,736	345,330
		<u>1,144,802</u>	<u>959,978</u>
	NOTE 15. EMPLOYEE BENEFITS		
	<i>Current</i>		
	Employee leave entitlements	<u>181,564</u>	<u>168,600</u>

The employee leave entitlements is calculated as the leave balances at the end of the period multiplied by the employees pay rate at that time.

NOTE 16. CONTINGENT LIABILITIES

The Authority's contingent liabilities comprise of property insurance and for aircraft accident with the following amounts:

- aviation liability cover of \$750,000,000
- material damage of \$6,428,966
- business interruption of \$3,420,000
- cyclone of \$8,666,324

There are three matters in court arising out of enforcement actions taken by the Authority under the Air Navigation Regulations:

- two cases were in relation to licensing issues.
- one case contains a claim for damages against the Authority.

NOTE 17. EVENTS SUBSEQUENT TO BALANCE DATE

Management Database

The Authority presently has a number of standalone databases ranging from Finance & HR to Aircraft, Personnel licenses and exams which were developed in house on an ad-hoc basis and do not have the capability to integrate with each other thus leading to manual processing of data and trends which in turn affects the efficient strategic decision making process.

The proposed database will integrate these individual databases into a consolidated database for seamless and automated flow of data and information across each other and provide continuous information for effective management and control. Tasks that are presently being manually performed will all be automated.

Total expenditures incurred so far for the Scoping for High Level Requirements (HLR) and a peer review of the recommendations are \$170,564.00.

Once the project is approved by the Board and Ministry, successful tenderers will be advised and appropriate agreements entered into. The delivery and commissioning phase is expected to cost an estimated \$3.5m over a project life of 5 years.

The project is not noted in the capital commitments yet since it is in the preliminary stages and subject to confirmation. Once the project is approved, the commitments will be appropriately disclosed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 17. EVENTS SUBSEQUENT TO BALANCE DATE (continued)

ICAO In-Country Validation Mission (ICVM) Audit

The Authority was audited by ICAO ICVM audit team from 26th August to 02nd September 2019 which determined the level of Effective Implementation (EI) of aviation safety by the Authority. After the Audit, Fijis Effective Implementation (EI) increased from 63% to 78.72%. The eight audit areas above are assessed individually to ensure whether the State has effectively and consistently implemented the critical elements of a safety oversight system. They also determine if the States comply with ICAO's safety-related Standards and Recommended Practices (SARPs) and associated procedures and guidance material. The results of the report has a bearing on the Authority meeting its safety mandate in terms of independent and sustainable funding, update of legislations and manpower.

Website Development

The tender for development and implementation of a new website for the Authority has been closed and results evaluated. The final evaluation report will be presented to the board for approval and its subsequent purchase amounting to \$68,037.80 vip. The project will commence proper in 2020.

COVID-19 Outbreak

Subsequent to year-end, the World Health Organisation (WHO) declared the coronavirus (Covid 19) a "Public Health Emergency of International Concern". Whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2019 financial statements is not expected to be material.

However, moving forward, it is expected that the effect of the pandemic will be substantial on the operations and cash flow since a significant source of revenue accruing from departure tax (\$2.5m) and also other regulatory revenue (\$1.3m) will be lost. If this occurs, the Authority will need to scale down operations and utilize its reserves to be able to continue to provide a reduced level of regulatory oversight

NOTE 18. EXPENDITURE COMMITMENTS	2019	2018
	\$	\$
(i) Capital commitments:		
Website Development	68,037	-
	68,037	-
(ii) 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	206,172	211,899
Minimum lease payments	234,807	240,534

NOTE 19 RELATED PARTIES

(a) Directors

The Directors in office during the year and up to the date of this report were:

Mrs Lailun Khan	Chairperson (up to October 2019)
Nilesh Prasad	Director (from 26th July 2019, thereafter chairperson from 20th Dec 2019)
Mr Satish Naran Patel	Director
Mr Pravish Punja	Director (up to June 2019)
Peceli Baleikorocau	Director (from 19th September 2019)
Ms Kamni Naidu	Director

Board member allowances are disclosed under Note 6.2 (a).

(b) Transactions with related entities and key management personnel

Key management personnel comprises of Chief Executive Officer, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 19.	RELATED PARTIES (Continued)	2019	2018
		\$	\$
(b)	Transactions with related entities and key management personnel (cont'd)		
	Key management compensation		
	Remuneration	398,392	384,590
	FNPF (Employer share - 10% effective from 2016)	20,965	21,634
		<u>419,357</u>	<u>406,224</u>

NOTE 20. 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.

(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 2019 based on contractual undiscounted payments.

Year ended 31 December 2019	On demand	Less than a yr	> 5 years	Total
	\$	\$	\$	\$
Trade and other payables	-	1,144,802	-	1,144,802
	<u>-</u>	<u>1,144,802</u>	<u>-</u>	<u>1,144,802</u>
Year ended 31 December 2018	On demand	Less than a yr	> 5 years	Total
	\$	\$	\$	\$
Trade and other payables	-	959,978	-	959,978
	<u>-</u>	<u>959,978</u>	<u>-</u>	<u>959,978</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (cont'd)

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 2019.

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.

	2019	2018
	\$	\$
Trade and other payables	1,144,802	959,978
Less cash and short term deposits	<u>(1,240,434)</u>	<u>(1,769,948)</u>
Net debt	<u>(95,632)</u>	<u>(809,970)</u>
Equity	<u>21,988,157</u>	<u>21,415,917</u>
Total capital	<u>21,988,157</u>	<u>21,415,917</u>
Capital and net debt	<u>21,892,525</u>	<u>20,605,947</u>
Gearing ratio	-0.44%	-3.93%

NOTE 21. 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	
	2019	2018
	\$	\$
<i>Financial assets</i>		
Cash and cash equivalents	1,240,434	1,769,948
Available-for-sale investments	12,200,991	11,041,201
Trade and other receivables	<u>157,564</u>	<u>216,289</u>
<i>Financial liabilities</i>		
Trade and other payables	<u>1,144,802</u>	<u>959,978</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.

NOTE 22. REVALUATION RESERVE

The Authority engaged an independent valuer Professional Valuations Limited on 13th January 2017 to value land, buildings, motor vehicles, furniture fittings and equipment. The revaluation figures have been incorporated into the financial statements for the year 2017.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 23. LEASES

AUTHORITY AS A LESSEE

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land	Dedicated internet lease line	Total
	\$	\$	\$
As at 1 January 2018	-	-	-
Additions	76,503	321,239	397,742
Amortisation expense	(6,750)	(53,540)	(60,290)
As at 31 December 2018	<u>69,753</u>	<u>267,699</u>	<u>337,452</u>
Additions	-	-	-
Amortisation expense	(750)	(53,540)	(54,290)
As at 31 December 2019	<u><u>69,003</u></u>	<u><u>214,159</u></u>	<u><u>283,162</u></u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019 \$
As at 1 January	352,402
Accretion of interest	21,484
Payments	(69,780)
As at 31 December	<u><u>304,106</u></u>
Current	51,530
Non-current	252,576

The following are the amounts recognised in profit or loss:

	\$
Amortisation expense of right-of-use assets	54,290
Interest expense on lease liabilities	21,484
Total amount recognised in profit or loss	<u><u>75,774</u></u>

The Authority had total cash outflows for leases of \$69,780 in 2019. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 19.

NOTE 24. GOVERNMENT GRANT

On 31 July 2018, a grant of \$321,101 was received from the Government of Fiji to enable the Civil Aviation Authority of Fiji to carry out its functions effectively and efficiently. The grant was recognised in income as the Authority has unconditional entitlement to it. Nil grant was received in 2019 financial year.

NOTE 25. 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
 Ottawa Road
 Korowai
 AFL Compound
 Namaka
 Nadi Airport

DETAILED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
Income		
Airworthiness fees	634,130	540,136
Pilots/engineers license/airport license fees	763,514	936,858
Government grant	-	321,101
Departure Tax	3,788,267	3,686,968
Rental from agricultural lease	1,462	1,462
	<u>5,187,373</u>	<u>5,486,525</u>
Other operating income	537,067	484,838
Total income	<u>5,724,440</u>	<u>5,971,363</u>
Expenses		
Advertising	96,107	110,407
Accident investigation	90,684	77,119
Auditors remuneration and accounting fees	15,000	15,000
Amortisation of software license	21,632	21,632
Amortisation expense of right-of-use assets	54,290	-
Annual leave	333,612	264,996
Board member allowances	29,838	43,245
Expected credit loss	774	1,192
Consultancy	591,848	456,192
Customs duty and freight	17,076	6,618
Depreciation	341,276	313,734
Insurance	468,951	440,439
Interest expense on lease liabilities	21,484	-
Loss on disposal of property, plant and equipment	36,982	28,520
Medical supplies	63,074	63,808
Other expenses	66,974	83,368
Pilot licence book	19,735	105
Protective gear	5,973	4,526
Publications	4,185	4,791
Salaries and wages	2,842,597	2,730,482
Staff training	518,114	300,347
Travel	391,703	411,230
DGCA - 55th Conference	-	290,626
Utilities and supplies	424,308	474,007
Vehicle maintenance	32,148	32,059
Repairs and maintenance	62,688	38,000
Total expenses	<u>6,551,053</u>	<u>6,212,443</u>
(Loss)/profit before income tax	<u><u>(826,613)</u></u>	<u><u>(241,080)</u></u>



The CAAF Team



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