



ISO 9001:2015 CERTIFIED

CIVIL AVIATION AUTHORITY OF FIJI



ANNUAL REPORT 2018



ISO 9001:2015 CERTIFIED

CIVIL AVIATION AUTHORITY OF FIJI

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PARLIAMENT OF FIJI

Parliamentary Paper No. 140 of 2019



Vision

To be a model aviation regulator

Mission

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

Values

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

Professionalism
Accountability
Commitment
Integrity

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Letter to the Minister

The Honourable Aiyaz Sayed – Khaiyum

Attorney-General and Minister for Finance, Public Enterprises, Public Services and Communications

Level 7, Suvavou House

Victoria Parade

SUVA

Dear Honourable Minister,

2018 ANNUAL REPORT
CIVIL AVIATION AUTHORITY OF FIJI

On behalf of the Board of the Civil Aviation Authority of Fiji, I have much pleasure in presenting the Authority's 2018 Annual Report as required under Section 28(1) of the Civil Aviation Authority of Fiji Act, 1979 – Cap. 174A.

The report is comprised of the Civil Aviation Authority of Fiji's operational achievements and the audited accounts for the year ending December 2018.

Yours sincerely,



Lailun Khan
Chairperson

The Year in Review

- More aircraft types introduced; wide body, rotary wing, and float plane.
- Increase in Remotely Piloted Aircraft Systems (RPAS).
- Certification of Fiji Airways as a Ground Handling Service Provider at Nadi Airport.
- Registration approval of helicopter landing sites.
- Implementation of Performance Based Communications Surveillance (PBCS) in the Nadi Flight Information Region.
- Major aerodrome upgrades; Rotuma and Labasa aerodromes.
- Implementation of new instrument flight procedures for Labasa aerodrome.



Chairperson's Report



The Authority represents Fiji as a State which is a signatory to the Chicago Convention.

Aviation is planned globally and implementation is managed locally for standardization, harmonization and interoperability of operations across States and Regions of the world. ICAO's primary role is to provide a set of standards which will help regulate aviation across the world. It classifies the principles and techniques of international air navigation, as well as the planning and development of international air transport to ensure safety and security.

Aviation Standards

The challenge for the Authority as a regulator is to maintain international standards and requirements in the local aviation framework so that the level of safety for the travelling public is maintained from gate to gate and from any overseas destination to any local destination and vice versa.

Challenges

It is challenging for Fiji and CAAF since all States and State Regulators do not have the same level of available resources in terms of adequate legislation, trained human capital, funding and technology. In addition, the Authority is faced with is the hiring of staff, particularly in the operations department involving recruitment and retention of pilots and engineers. Whilst the remuneration and benefits offered by the Authority is considered competitive, it is not able to match those offered by the service providers.

The industry is such that pilots want to fly on a regular basis and not be confined to desk jobs. The market therefore which is available is from retired personnel from the industry who require regulatory training before being able to perform their tasks.

Despite these, the Authority has performed exceptionally well in terms of maintaining aviation standards and safety.

Financials

The Authority recorded a pre-tax loss of \$241,080 for the year compared to a profit of \$218,242 for the previous year. This loss is attributed directly to expenses incurred in the hosting to the Director General of Civil Aviation Conference in Nadi on behalf of the State.

Finally, I would like to take this opportunity to thank the industry stakeholders and our customers for their co-operation and partnership towards maintaining highest level of aviation safety.

I also thank the Board for their on-going support and valuable contributions and advice to the Authority.

My sincere thanks also goes to Government and our colleagues at the Ministry responsible for Civil Aviation and I look forward to their continued support for 2019.

Lailun Khan
Chairperson

Chief Executive's Report



The year has been completed with the Authority continuously pursuing to raise the standard of compliance by the industry some of which is hindered by the pending review and harmonization of aviation legislation and shortage of technical manpower. The shortage of manpower is not only confined to Fiji but is a global issue faced by many regulators. It is therefore imperative that the Authority resort to alternative strategies and adopt and integrate a performance-based approach through safety management system although a lot more work is required to bring the majority of operators to maturity.

CAT Mission

The Authority hosted two Combined Action Team (CAT) missions, the first from 11-15 December 2017 and the last one from 29 October to 02 November 2018.

The objective of the missions was to provide assistance and support to States with lower EI's (Effective Implementation of Safety) below the Global Average in the ICAO USOAP audit.

The first Mission covered Legislation (LEG), Organization (ORG), Personnel Licensing (PEL), Operations (OPS) and Airworthiness (AIR) and the 2018 CAT Mission was conducted as a follow-up of deficiencies in PEL, OPS and AIR including (Accident Investigation) AIG for the first time.

PEL had 24 Protocol Questions (PQ's) for Corrective Action Plan (CAP) and OPS had 36 PQ's for CAP. Both the PEL and OPS PQ's were looked into holistically with detailed briefings provided to the Authority by ICAO with relevant references.

The main shortcomings noted by the CAT mission was a lack of understanding of the PQ's and required evidences which is planned to be addressed in time for the scheduled ICAO In-Country-Validation Mission (ICVM) in August 2019.

Director Generals of Civil Aviation (DGCA) 55

The Authority hosted the 55th DGCA – Asia Pacific conference on behalf of Fiji at Sheraton Hotel from 22nd to 26th October 2018 which was attended by more than 300 registered delegates, international observers and exhibitors from around the world. It was a unique opportunity to showcase Fiji to the many participants who arrived from around the world. This was the third occasion for Fiji to host the conference.

The Fiji delegation was headed by Solicitor-General & Permanent Secretary responsible for Civil Aviation, CAAF Acting Chief Executive and Controllers and representatives from the Ministry of Civil Aviation.

The culmination of the conference resulted in the development of 47 Action Items which States were asked to address or provide their responses as appropriate.

Aircraft Accident

Despite maintaining high standards of safety, it was unfortunate that a fatal accident occurred with the loss of two lives. The accident is being investigated by an independent Investigator from NZ whose recommendations will be shared with the relevant stakeholders for appropriate corrective actions.

Finally, I acknowledge and thank the CAAF staff for their dedication and support in achieving planned

activities and rising to the challenge posed by the industry.

On behalf of Management and CAAF, I would 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

Corporate Profile

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

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

Corporate Objectives

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

Quality Assurance – Our Commitment

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

CAAF's Quality Management 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 with, and that consistency and uniformity in service delivery is maintained.

CAAF Quality Policy

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

Corporate Governance

The Authority recognizes the importance leadership plays in good governance, which is a fundamental principle upheld by CAAF. As such, the CAAF Board Members are cognizant of the responsibility it has for stewardship and accountability to its shareholder, the government of Fiji. The Board works closely with the CAAF Management to ensure that issues of transparency, disclosure, due process and probity are diligently reviewed and that the highest standards are upheld.

The Authority adopts and supports the following corporate governance principles:

- a) The Board shall be independent 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.

Board Members

The current Board took up its term of office under the chairpersonship of Ms. Lailun Khan. The other members were Mr. Pravish Punja, Mr. Satish Patel and Dr Joseph Veramu. Ms. Kamni Naidu replaced Dr Veramu from 1st November 2018.

A total of four Board meetings were held during the year.



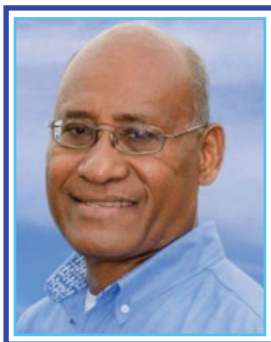
Ms Lailun Khan
Chair Person



Mr. Pravish Punja
Board Member



Mr. Satish Patel
Board Member

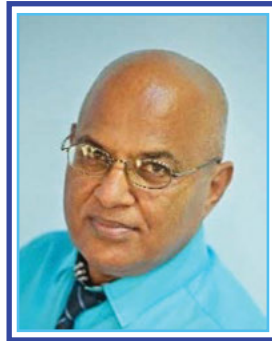


Dr. Joseph Veramu
Board Member



Ms. Kamni Naidu
Board Member

Executive Management Team



Acting CE/Manager Corporate Services



Controller Air Safety



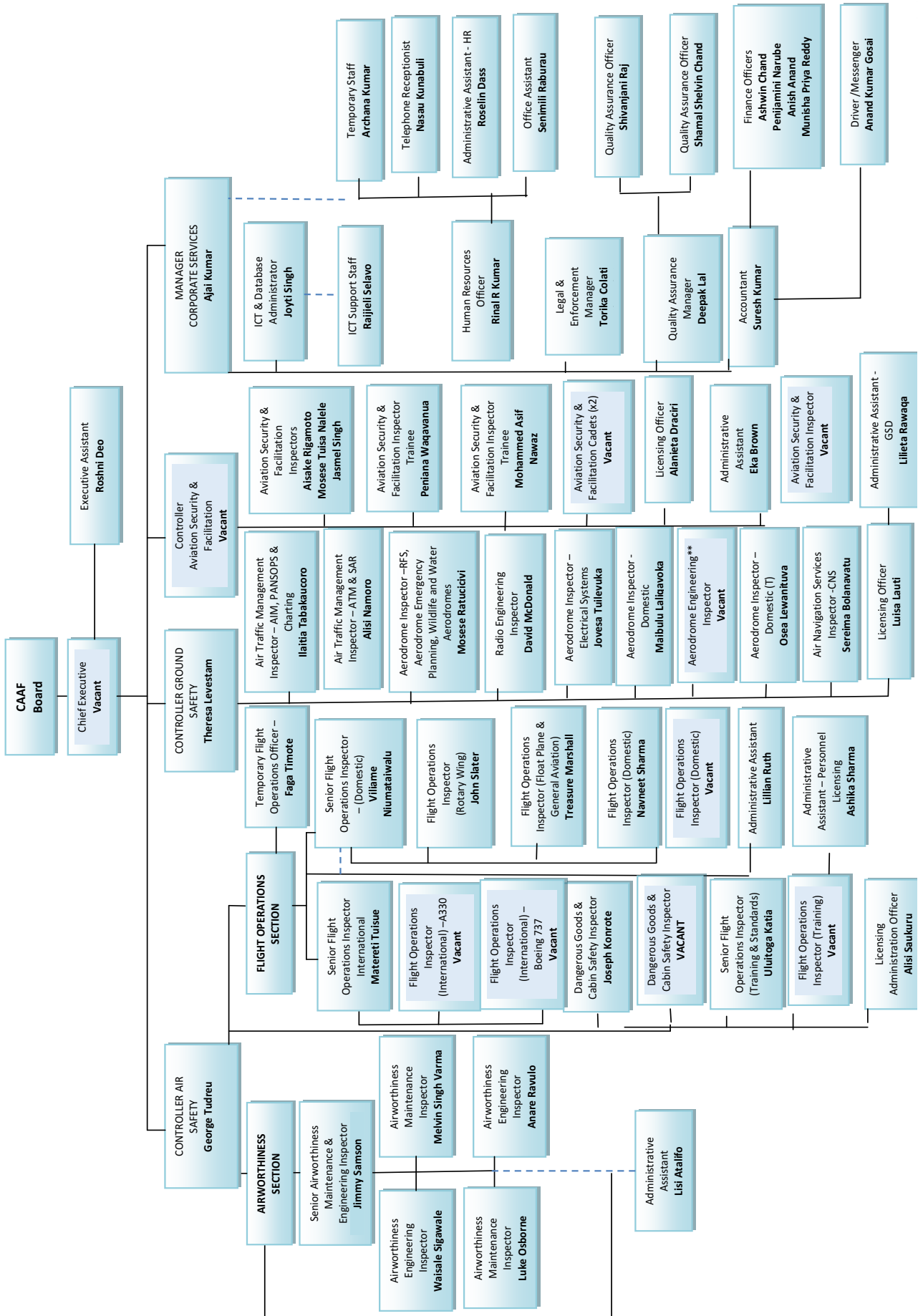
Controller Ground Safety



Controller Aviation
Security & Facilitation

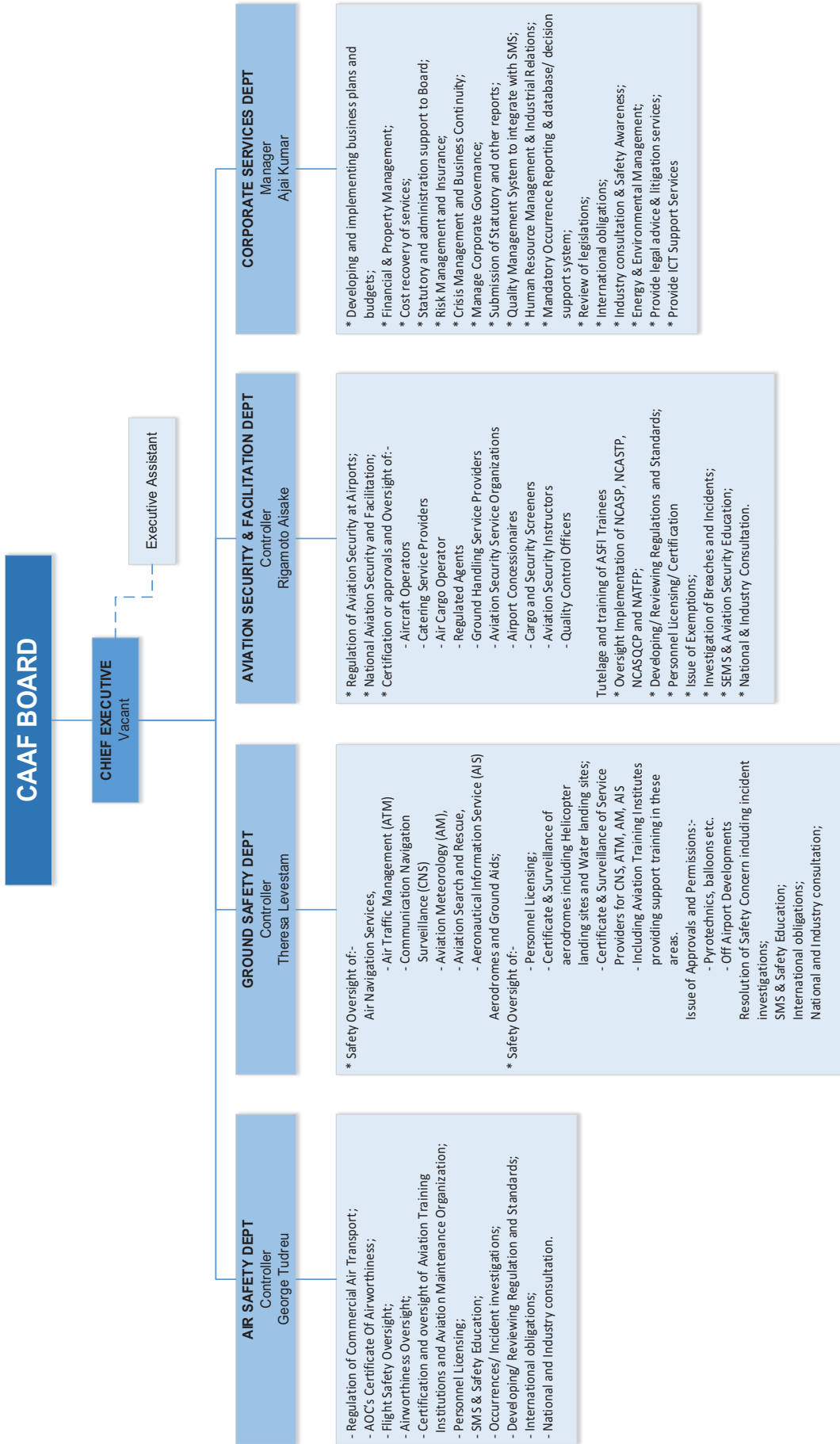
Organisational Structure

Civil Aviation Authority of Fiji - Organisation Structure



CAAF Board

FIGURE 2 – CAAF DEPARTMENTAL FUNCTIONS



Operational Overview

Fiji is one of 192 Contracting States of ICAO and continues to discharge its safety oversight functions through the Civil Aviation Authority of Fiji. Critical elements of a safety oversight system encompass the whole spectrum of civil aviation activities, including areas such as aerodromes, air navigation services, personnel licensing, flight operations, airworthiness of aircraft, accident/incident investigation, and transport of dangerous goods by air.

The effective implementation of the Critical Elements (CE) is an indication of a State's capability for safety oversight. States are expected to implement safety oversight critical elements in a way that assumes shared responsibility of the State and the aviation community.

Legislation

The Authority operates under the provision of various Acts and Legislation as follows:

- (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 (Fees & Charges) Regulations, 2007;

A proposal for amendment to section 10 of the Civil Aviation Reform Act (1999) and supporting Cabinet Paper was submitted to the Attorney General's Office proposing a change for the removal of the 12 months validity period for aerodrome certificates and registration approvals and allow for the Authority to determine the length of the certificate/approval issued based on compliance status and safety management system implementation of the operators. The proposal will be tabled in Parliament in 2019.

Personnel Licensing (PEL)



The PEL section undertakes processes and procedures to ensure that personnel undertaking safety related tasks in civil aviation (pilots, air traffic controllers, aircraft maintenance engineers, etc.) are competent and appropriately licensed to perform their tasks to the prescribed standard conforming to the requirements of ICAO Annex 1 Standards and Recommended Practices.

The Personal licensing office which is part of the Air Safety Department was 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 headed by a Flight Operations Inspector and two Licensing Officers and one Administrative officer. Its responsibilities and functions/tasks which are normally organized around five major functional areas include examinations

(flight crew, aircraft maintenance personnel, air traffic controller, etc.), licensing, training, regulatory and administration, see Tables 3-7.

Since the section does not have adequate number of staff, some functions are outsourced to Examiners, Flight Operations Inspectors, Airworthiness Inspectors and Air Traffic Management Inspectors to carry out practical examination tasks. Due to the scarcity of resources written examination for flight crew licensing is outsourced to Civil Aviation Safety Authority of Australia (CASA)

In addition, medical assessments are also outsourced to designated medical examiners, with oversight being provided by a medical assessor contracted by the Authority.

Air Safety Department

Flight Operations

The Flight Operations section is staffed by 2 Senior Flight Operations Inspectors; International and Domestic supported by 4 Flight Operations Inspectors; Fixed Wing, Rotary Wing, Float Plane, General Aviation, a Dangerous Goods & Cabin Safety Inspector and an administrative staff.

To assist with the introduction of the Boeing 737 Max aircraft and oversight of the A330 aircraft, a consultant holding this aircraft type rating was engaged from July to assist the Authority due to insufficient manpower resources available in-house for jet aircraft.

The scarcity of personnel with the relevant skill set further drives the need for a performance-based approach to safety oversight, especially with the growth in industry activities.



Safety Oversight responsibilities in terms of audits, approvals, certifications and checks were carried out as per the work plan and comprised of the following:

1. Evaluation, approval and certification of foreign Flight Simulation Training Devices
2. Audit and certification of foreign Aviation Training Institutes [ATIC] (A330 and B737)
3. Type Rating checks
4. Aircraft Type Rating Checks
5. Foreign License Conversion Check
6. Air Transport Pilots License (ATPL) Checks
7. Approval to conduct Line Checks
8. Approval to conduct Base & Instrument Rating Check
9. Route audits
10. Station Facility Audits
11. Ramp Checks
12. AOC Audit and Renewal
13. Foreign Air Operator Certificate (FAOC) Ramp Check
14. Review and approve of new Aviation Manuals and amendments to existing Manuals
15. Initiate/assist in the production of various Authority Documents including AICs, SDs, Forms etc
16. Review of EDTO/ETOPS and Minimum Equipment List documents.
17. Assess and/or investigate MORs for closure
18. Safety Management System audits

A substantial amount of time was spent on overseas travel to meet the needs of the industry:

1. Acceptance oversight of Fiji Airways delivery of two A330-200 aircrafts in July and September 2018 (DQ-FJO and DQ-FJP) from ETIHAD Airways in Abu Dhabi and also delivery in November and December of two new B737-8 MAX (DQ-FAB and DQ-FAD) for registration in Fiji,

2. ETOPS and validation for 3 weekly flights for Fiji Airways A330 aircraft for Narita Services in July 2018,
3. Fiji Airways introduction of the third supplementary flight to Singapore in July 2018 and the third seasonal supplementary flight to San Francisco,
4. Processing of Mandatory Occurrence Reports which has substantially increased.



Airworthiness

The Airworthiness or Aircraft Engineering section is responsible for issuing Certificates of Airworthiness (CoA) in terms of certification, registration and licensing functions to Fiji registered aircraft and its component parts in compliance with the Standards and Recommended Practices of Annex 8 of the International Civil Aviation Convention. In addition, the section carries out safety oversight surveillance to ensure that aircraft issued with certificates continue to be safe for operations.

The section is staffed by a Senior Airworthiness Inspector supported by 4 qualified aircraft engineers specializing in fixed and rotary wing engineering and an administration staff.

There are 86 live aircraft on the Fiji Aircrafts Register of which 70 hold valid Certificates of Airworthiness (CoA) ranging from small single seater aircraft to large jets.

The section also conducts audits; initial and continued surveillance, on engineering companies overseas who provide engineering services to local aircraft flying to those airports for the purpose of issuing Approved Maintenance Organisation (ANR145C) approvals.

A total of seven Approved Maintenance Organisation (ANR145C) approvals were granted in 2018.

In addition to the above certifications, the section also issued 5 Variations/Authorizations/Exemptions to the originally issued CoA's based on technical specification changes which were carried out during the year.

Aircraft that are exported through sale or returned to the leasing companies or scrapped for spare parts are required to be de-registered from the Fiji Aircrafts Register. The section de-registered 4 such aircraft which were returned to leasing companies based overseas.

Regular consultation is the key to the success in maintain air safety and for this purpose, the section provided guidance, monitoring, approvals to the stakeholders in a timely manner.

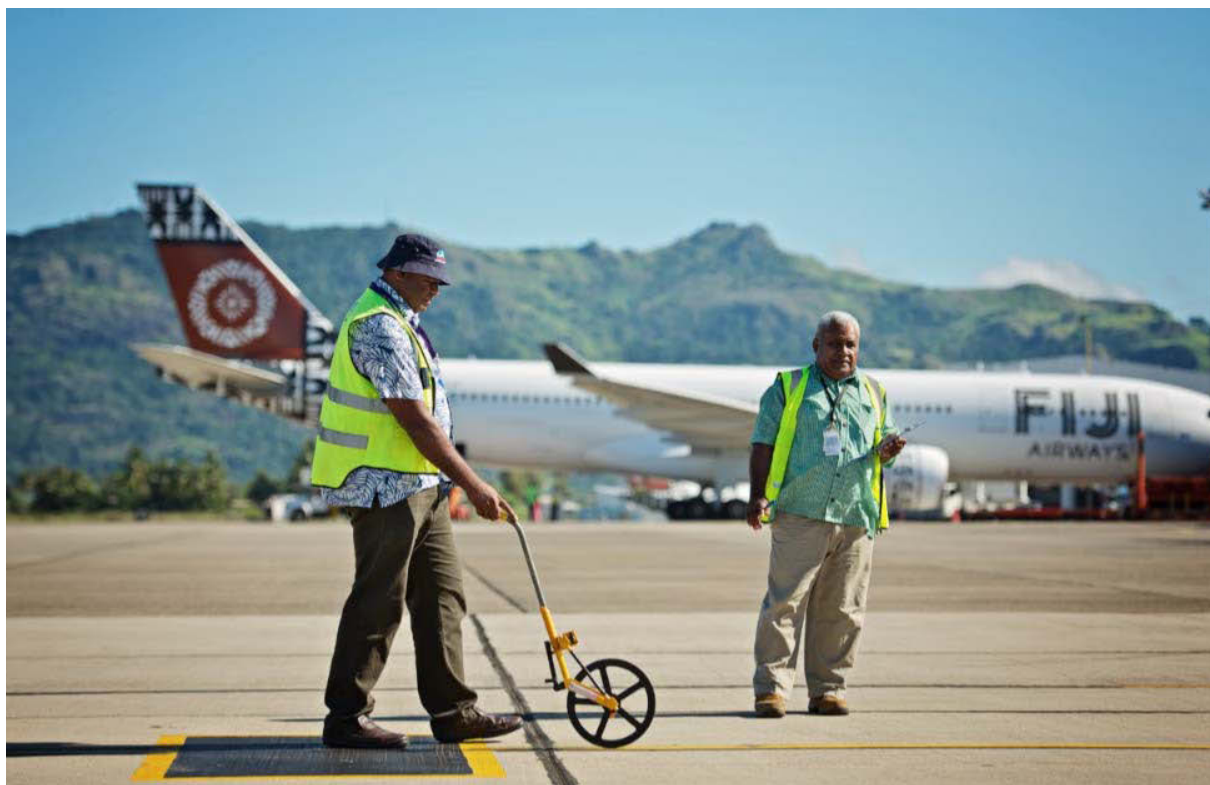
Due to the increased workload throughout the year, the routine surveillance activities were reviewed and a performance-based approach introduced; reviewing high risk areas and focusing surveillance activities in these areas. The Airworthiness section will continue to pursue a performance-based approach to surveillance activities in the coming years similar to the approach taken by the Authority in its other areas of responsibility.



Ground Safety Department

The department conducts safety oversight over aerodrome operations and air navigation services provided in Fiji. This includes aerodrome operators, air traffic service providers and aviation search and rescue organisations, aeronautical information service providers, instrument flight procedure design organisations, aviation meteorological service providers, aviation training institutes responsible for aviation training and aeronautical maintenance organisations responsible for communications, navigation and surveillance facilities.

The year saw the issuance of certification to 22 aerodromes, 5 air navigation service providers, 1 aviation training institute and registration approval to 4 helicopter landing sites (HLS), see tables 9-13.



Aerodrome and Air Navigation Service Certificates issued were as follows:-

1. Aerodromes: Nadi and Nausori International aerodromes, Savusavu, Labasa, Matei, Rotuma, Kadavu, Bureta, Cicia, Gau, Koro, Lakeba, Moala and Vanuabalavu Domestic aerodromes, Kaibu, Laucala, Mago, Malololailai, Mana, Nanuku, Wakaya and Yasawa Private aerodromes.
2. Air Traffic Service (ATS) Provider: Fiji Airports for Nadi Control Tower, Nausori Control Tower, Nadi Air Traffic Management Centre, Nadi Flight Information Service, Nadi International Flight Information Service, Matei Flight Service Station, Labasa Flight Service Station, Savusavu Flight Service Station and Rotuma Flight Service Station.
3. Aeronautical Information Service (AIS) Provider: Fiji Airports for Nadi NOTAM office, Nadi Briefing Office and Nadi AIS office.
4. Aviation Training Institute: Fiji Airports for the Fiji Airports Aviation Academy for the provision of Air Traffic Services training and restricted certificates for Airport Rescue Fire Fighting training.

5. Aeronautical Meteorological Service Provider: Fiji Meteorology Service for Aviation Meteorological office Nadi and back-up facility in Laucala Bay, Suva.

Stakeholder Assistance

In addition to the core safety oversight activities of the department, it also provides assistance and consultative services were provided to stakeholders and industry partners through the provision of guidance material, on-going advice and monitoring/ endorsements of major activities such as:

1. Implementation of Performance Based Communications Surveillance (PBCS) in the Nadi FIR effective from 29 March 2019;
2. Aerodrome certificate amended after the Rotuma aerodrome upgrade to cater for ATR aircraft operations after successful inspections and proving flight on the 20 August 2019;
3. Labasa aerodrome upgrade project to cater for night operations. Airfield lighting installed and operational;
4. Labasa RNP approach Runway 13 (day operations only) flight checked and approved for publication;
5. New Instrument Landing System (ILS) for Nadi Runway 02 commissioned;

Assistance to the Pacific Aviation Safety Office (PASO).

The department also assisted two neighbouring Pacific Island States at the request of the PASO. This is part of the Authority's initiative towards "Enhancing Aviation Safety in Fiji and the Region"

The assistance provided involved the seconding of the CAAF Air Navigation Service Inspector – Air Traffic Management to the Vanuatu CAA to assist with the conduct of its ATS Provider follow-up/verification audit on Port Vila Control Tower and Santo Pekoa Flight Information Service in August 2018, and assistance to the Nauru CAA with their Aeronautical Information Publication data review and approval for publication by the CAAF Air Navigation Service Inspector – AIM/PANSOPS/Charting in November 2018.

Surveillance Activities

A review of the frequency of routine surveillance activities during the year was carried out and a performance-based approach was adopted, taking into account high risk areas and focusing surveillance activities in these areas. The department, similar to other departments, will continue to pursue a performance-based approach to surveillance activities in the coming years. This will be possible with increased access to reliable, accurate and available data.



Approvals (Off Airport Development), Permissions (Chinese lantern release, firework activity and Unmanned Aerial Vehicle (UAV) operations within the vicinity of the airports) and Exemptions (display of laser lights) continued to be issued throughout the year. There was a notable increase in the number of Permissions issued due largely to the increased use of UAVs within the vicinity of the airports for surveying and videography purposes.

Public Safety and Awareness

With the increase in fireworks, laser and UAV activities, the Authority continued its public safety awareness initiatives in 2018 via cinema and TV advertising and Public Notices on conditions to be adhered to when conducting fireworks displays in the vicinity of aerodromes.

Aeronautical Information Circulars (AICs)

The Aeronautical Information Circulars (AIC) issued by the Authority contains 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.

A total of 15 AIC's were vetted and published during the year compared to 4 in 2017.

Fiji's Air Navigation Services Plan

Fiji's Air Navigation Services (ANS) Plan up to the year 2028 was endorsed by CAAF in 2018. The ANS Plan was developed by Fiji Airport's ANS Planning group by adopting the ICAO Global Air Navigation Plan and Regional Plan requirements; Aviation Safety Block Upgrades and timelines.

GSD inspectorate staff continue to monitor and provide guidance on implementation as required. Fiji's progress in this area is tracked by ICAO via updates provided by Fiji at the various Asia Pacific meetings by the Authority's representatives and additional updates provided annually via the ICAO APAC Seamless ATM Reporting framework.



Fiji Search and Rescue (SAR) Manual



The Fiji Search and Rescue (SAR) Manual to which the Authority had contributed substantially to, was to have been endorsed 2018. However, due to changes identified during the 2018 SAR exercise held in 2018 and a real-life SAR scenario, the signing of the Fiji SAR Manual has been deferred pending the additional amendments.

Capacity Building

As a way of ensuring capacity building in Fiji and the Pacific Region, the Authority hosted several ICAO Asia/Pacific (APAC) Regional meetings and workshops during the year. Some were fully hosted by CAAF and others co-hosted with Fiji Airports and the Department of Civil Aviation: -

1. ACI/ICAO Aerodrome Certification Compliance and Auditing workshop (January);
2. Common Regional Virtual Private Network (CRV) Workshop and Third Meeting of the Common Aeronautical Virtual Private Network Operations Group (April);
3. Third Meeting of the Surveillance Implementation Coordination Group (SURICG) Meeting (April);
4. Performance Based Navigation (PBN) Workshop for Pacific Islands States, Quality Assurance Workshop for PBN Instrument Flight Procedures (IFP) and Fifth Meeting of Performance Based Navigation Implementation Coordination Group (April-May);
5. Aeronautical Information Services (AIS) to Aeronautical Information Management (AIM) Transition Workshop which was run alongside the DGCA conference (October);
6. Regional Workshop on Aerodrome Certification incorporating PANS/Aerodromes for Asia and Pacific States (December).

Aviation Security And Facilitation Department

The Aviation Security and Facilitation Department (ASFD) experienced an increasingly challenging global aviation environment; susceptible to globalization, the lingering threat of terrorism and onset of climate change.

Against this backdrop came significant changes within the department which necessitated a review and reorganization in terms of leadership, staffing, work priorities and modus operandi.

Staffing

The department was able to successfully conduct its core surveillance activities throughout the year despite challenges to manpower, with the transition of one (1) inspector to act in the vacant Controller Aviation Security and Facilitation (CASF) position and perform the policy functions of that role.

The remaining two (2) inspectors conducted aviation security oversight for over seventy (70) different operators in the aviation industry who hold approved security programmes and expositions and other approvals by the Authority. Furthermore, the two (2) inspectors provided aviation security training and tutelage for the two (2) new aviation security and facilitation inspector trainees, as well as, specific training for the aviation industry. Both inspectors performed these additional responsibilities well, highlighting the importance of team work and commitment. This challenge is expected to be addressed in 2019 with one (1) trainee due for assessment and possible confirmation as an inspector.

A temporary staff was hired for administration support and licensing throughout the year. This enhanced internal support and enabled the inspectors to focus their efforts on audits. The department will recruit a second trainee in 2019 as part of its capacity development programme and in anticipation of the retirement of one (1) inspector in 2021.

Oversight of Aviation Industry

The department oversees 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. Furthermore, they provide valuable feedback to the Authority in the status of effective implementation of the SARPS and areas for focussed improvement.

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, see Tables 14-16.

These audits and inspections provided opportunities for meaningful learning and exchange of information between the department and the respective stakeholders 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. However, quality control remains a constant challenge in terms of effective and efficient implementation of the SARPS.

The department is working closely with all operators to improve the conduct of quality control activities -which include internal audits, inspections and covert tests. The department also provided quality control training for the aviation industry to enable operators to conduct their own quality control.



ICAO USAP-CMA Audit

The ICAO USAP-CMA Audit is normally conducted every four (4) years by a team of technical aviation security subject matter experts from ICAO to determine a State's compliance with the security SARPS of Annex 17 and Annex 9.

The ICAO USAP-CMA audits provide States with recommendations to improve their security systems and oversight capabilities. The audits also facilitate the targeting and tailoring of assistance projects. For States needing to prioritize their foreign inspection plans, it provides information that can optimize their resources.

Fiji's aviation security system was last audited by ICAO in 2012 and in anticipation of the next audit, the department continued to position aviation security stakeholders in Fiji, through its oversight programmes (audits, inspections and tests) for the next ICAO Universal Security Audit Programme – Continuous Monitoring Approach (USAP-CMA) Audit.

This preparation has taken several forms namely audits, inspections, evaluation of security programmes/expositions, evaluation of the implementation of the Global Aviation Security Plan (GASeP), aviation security training and workshops, approval of Standard Operating Procedures (SOP) and general discussions on the status of effective implementation of the SARPS.

AVSEC Training for Industry

Apart from some of the abovementioned surveillance activities, the department conducted a number of ICAO Aviation Security Training Courses for the aviation industry as part of capacity building and education. These ICAO training courses included the Basic Security Training Package for Cargo, Foundation Airline and Quality Control courses.

The department also held discussions with the Collaborative Aviation Security Programme - Asia Pacific (CASP-AP), a separate arm of ICAO to provide the ICAO Management and the Security Exercise training in Fiji for the aviation industry. CASP-AP provided these trainings in September and November in Nadi. Discussions also continued for Fiji to consider re-joining CASP-AP, in light of the many benefits offered to member states such as up to date documentation, information, training and technical expertise.



The New Zealand Government, through its technical assistance to the Pacific islands provided AVSEC Supervisor Training for a select number of supervisors in Fiji. The supervisors were monitored and assessed over a period of six (6) weeks to ensure they were able to implement what they learnt. The supervisors will in turn, train other supervisors.

Trainees

As part of the department's succession planning and development of capacity, it recruited a trainee in 2016 and another in 2017 to undergo an intensive three (3) year aviation security training programme.

Upon successful completion of the training, the trainees would become aviation security inspectors. Both trainees have successfully completed their training in Fiji and Singapore during the year and progressed to audits which are a core function of their work. As part of their On the Job Training (OJT), the trainees were engaged directly in practical audits under the guidance and supervision of the two (2) inspectors.



The trainees undertook certain aviation security responsibilities of an inspector including the certification of aviation security screeners and the conduct and management of audits. Both trainees continue to demonstrate competence and commitment to their training regime and the department is optimistic that its investment in the trainees will become an asset for the department and the Authority.

As part of the process of continuous improvement, the department is reviewing the inspector trainee programme to ensure that its trainee inspectors are thoroughly trained and competent in their work but also ensure that the training remains relevant to the needs of the Authority and the rapidly evolving aviation industry.

Certification of ICAO Instructor

One (1) of the Aviation Security and Facilitation Inspectors was certified as Fiji's first ICAO Aviation Security Instructor after successfully completing the certification process. This Inspector also co-instructed the National Inspector's Course for international participants at the ICAO Training Centre in New Zealand subsequent to his certification. This certification raises Fiji's aviation security profile globally and sends a clear signal that with management support and personal commitment, all things are possible. There are about four (4) ICAO Certified instructors from the Pacific Islands.

Certification of Screeners

A significant number of screeners had been certified or recertified in 2018 but there is a high turnover rate which prompts security service organisations at the airport to continue to recruit and train screeners. One of the challenges facing the department is the manual certification of security and cargo screeners, in the absence of appropriate affordable software.

The department is exploring affordable software that can be used to effectively and efficiently conduct the certification of screeners.

External Inspections

External inspections continued during the year with the Transportation Security Administration (TSA) of USA conducting last port of call (LPOC) inspections in Fiji to verify Fiji Airways compliance with the United States of America's aviation security requirements. Similarly, the department's inspectors conducted hold baggage screening (HBS) and air cargo validation inspections for Fiji Airways last ports of call abroad.

Evaluation and Approval of Security Programmes

A security programme is a classified written document submitted by an operator to the Appropriate Authority highlighting how that operator will implement Annex 17 SARPS and the State's aviation security requirements. The department evaluated and approved operator Security Programmes after consultations with the individual operator. An important aspect of the approval process is that the security programme has to reflect the new ICAO SARPS and incorporate current organisation structure and best practices. Furthermore, there should be a documented process to validate the effectiveness and efficiency of the implementation of the programme, including contingency plans as appropriate.

Attendance at Workshops and Conferences

The department was represented at various Workshops and Conferences during the year as part of its ongoing engagement and proactive security stance. This enabled its representatives to acquire new skills and knowledge, while sharing experiences and networking with their local and overseas counterparts. The following is a list of the Workshops and Conferences attended:

- i) Security Exercise Workshop – Indonesia;
- ii) 6th ATOM Conference – Malaysia;
- iii) TSA Conference – Washington DC;
- iv) CTOG Workshop - Fiji;
- v) PASF Conference – Niue;
- vi) National FAL Workshop – Singapore;
- vii) AVSEC Management Workshop – Fiji; and
- viii) AVSEC Exercise Workshop – Fiji.

Security Survey

An Aviation Security and Facilitation Inspector conducted a Security Survey at Narita Airport as part of CAAF's due diligence, prior to the resumption of Fiji Airways flights to Narita. The survey provided the airline and CAAF with pertinent security information about Narita Airport operations and the type of risks to be expected and/or managed.

Investigations

A dedicated Aviation Security and Facilitation Inspector investigates Mandatory Occurrence Reports (MORS) that are registered and assigned by the CAAF Quality Assurance Department.

The department has been able to successfully investigate and close all investigations during the year. The outcomes of the investigations are shared with the aviation industry in an effort to improve effective implementation of security measures and help improve understanding of security issues.

AVSEC and FAL Meetings

The Nadi Airport and Nausori Airport AVSEC Committees continued to meet on a monthly basis to discuss important AVSEC issues at the airports. These meetings provided space and a robust forum for

these stakeholders to engage in meaningful learning and discussion. Both meetings are chaired by a representative from the Department of Civil Aviation and co-chaired, in the Chairperson's absence by the Controller Aviation Security and Facilitation.

Statistics

The following table shows the breakdown of the ASFD's work activities for 2018. It accounts for the total number of screeners but does not reflect the number of screener certifications which were conducted. Similarly, it does not include the total number of investigations that were conducted and closed throughout the year.

Audits	Audit follow up	Inspections	Tests	Surveys	Certified Screeners	Certificates Issued	Approvals Issued	Exemptions Approvals	Security Program/Exposition
28	36	9	1	1	417	39	22	2	25

Corporate Services

Quality Management System

The Quality Management System is specifically formulated and structured to best meet the needs of CAAF and its customers. Various elements of the Quality Management System combine to assist in determining that all quality and regulatory requirements are complied with and that consistency and uniformity in service delivery is maintained. The Quality section also ensures continued certification to the ISO 9001:2015 requirements through successful audit by Bureau Veritas New Zealand.

CAAF Quality Policy

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

CAAF Service Charter & Delivery

The Authority's service charter documents its commitment to timely and effective service delivery to stakeholders. The service delivery standards in the charter are based on time-frames for each process e.g. how many days CAAF will take to process a license, certificate or exemption application etc. The service charter is reviewed every year to ensure that all activities are captured, as well as to ensure the timelines stated are reasonable. 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. The results help CAAF identify improvements areas.



The following table shows the status of CAAF Service Delivery Standards Performance Measurement for the period January to December 2018:

Department/Section	Number of Activities	Average Target (%)	Average Target Achievement (%)
Flight Operations	13	91	94
Airworthiness	10	89	100
Personnel Licensing – Air Safety	5	91	92
Ground Safety	14	96	99
Personnel Licensing – Ground Safety	6	95	100
Aviation Security & Facilitation	15	94	100
Personnel Licensing – Aviation Security & Facilitation	4	90	92
Finance/Administration	3	95	97
Standards	2	98	100
Human Resources	5	91	100
Safety Education	1	100	75

Mandatory Occurrence Reporting (MOR)

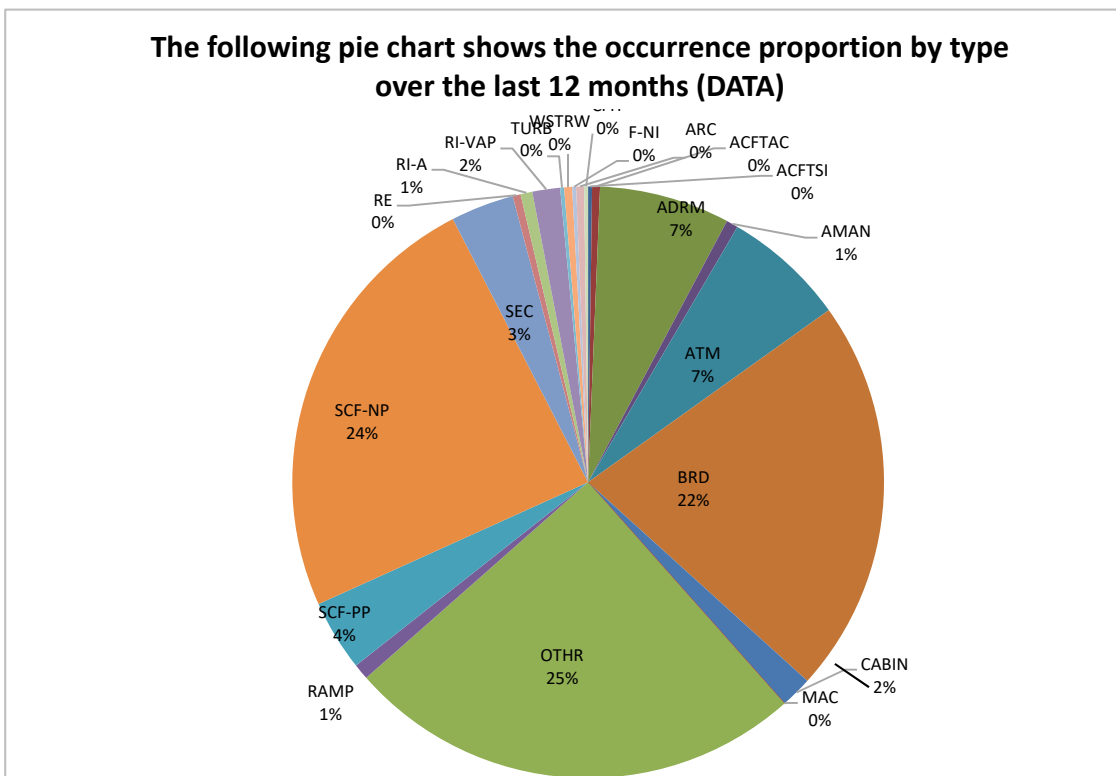
Mandatory Occurrence Reporting is the legislative requirement under the Civil Aviation (Occurrence Reporting and Investigation) Regulations 2009 to report all occurrences except;

1. a) for occurrences that solely involve the operation of aircraft operated by Military and where such aircraft are not on the Fiji Register or a Contracting State; and
- b) to aircraft registered in Fiji when such aircraft is over the high seas or over the territory of a non-contracting State; and
- c) to aircraft not registered in Fiji but leased, chartered or interchanged to Fiji and Fiji is the State

of Operator, when such aircraft is over the high seas or over the territory of a non-contracting State.

Under the Regulations, the Authority initiates an investigation into any serious incident or incident that occurs in the Fiji territorial airspace and may also initiate an investigation into any serious incident or incident that occurs in airspace administered by Fiji but shall liaise with the State of Registry and the State of the Operator.

The following occurrences were recorded during the year;

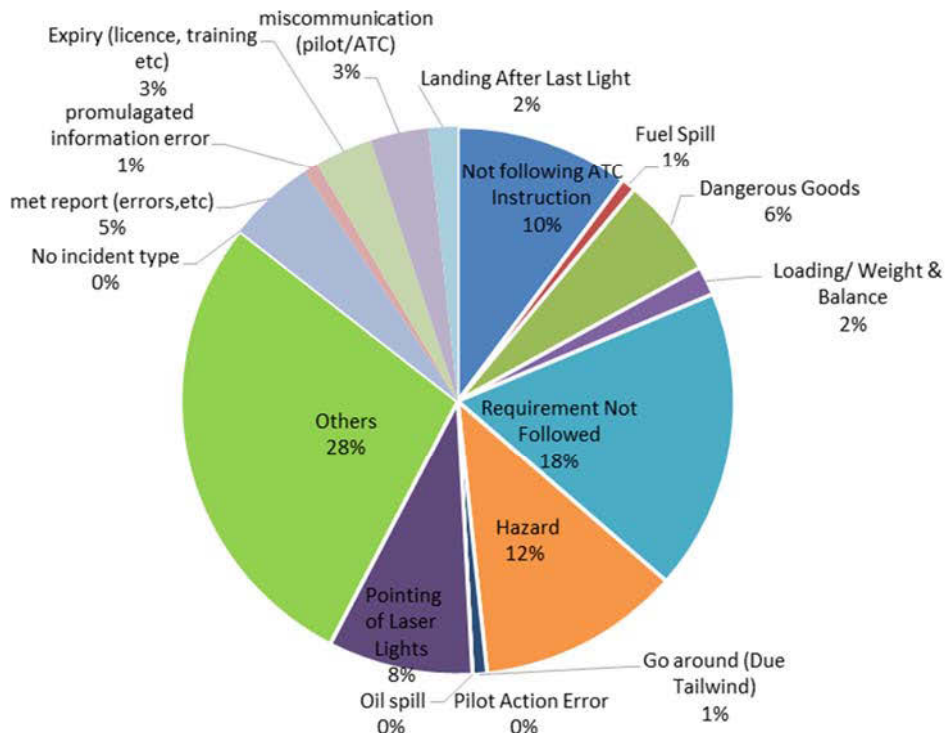


Year	ACFTSI	ACFTAC	ADRM	AMAN	ATM	BRD	CABIN	MAC	OTHR	RAMP	SCF-PP	SCF-NP	SEC	RE	RI-A	RI-VAP	TURB	WSTRW	F-NI	ARC	CFIT
2018	1	2	33	3	31	100	8	0	116	4	18	112	16	2	3	7	1	2	1	2	1

ICAO Common Taxonomy Team (CICTT) 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

Breakdown of "OTHERS" over the 12 month period



Manpower

The Authority employed 52 technical and administrative staff during the year. Staff composition was as follows:

STAFF COMPOSITION				
DEPARTMENT	LOCALS	EXPATRIATE S	VACANCIES	TOTAL
Air Safety	16	1	5	22
Ground Safety	10	0	1	11
Security	7	0	4	11
Corporate Services	18	0	1	19
Total	51	1	11	63

There were eleven vacancies, some of which were due to staff resignations, contract expiries and other positions created to assist succession planning, as well as to meet the requirements of increasing workload.

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. Some temporary staff were hired during the year to assist in catching up with workload.

Later in 2019 the Authority will begin re-engineering tasks and delegate some functions to the industry to mitigate the existing vacancies.

A summary of staff movements during the year was as follows:

STAFF MOVEMENT	2016	2017	2018
New Recruits	4	5	11
Promotions	0	0	0
Contract Expiry	4	4	4
Resignation	2	4	1
Retirement	0	1	0

Performance Management Systems

The Authority continued with its Performance Management System (PMS) in 2018 and 87% staff received their bonus. The associated reward of the PMS is part of the Authority's Human Resources strategy to attract and retain competent and qualified staff.

Moving forward, the Authority will review the PMS framework to include organization and individual goals. The objective is to strengthen alignment between the individual, department and organizational goals.

Staff Training & Development

The Authority's Method 'A' training process compliance rate audit results for 2016, 2017 and 2018 were 88.96%, 87.09% and 89.72% respectively for each of the years.

The Authority's focus in 2018 therefore, was focused on training of new employees, up-skilling of existing staff to be able to adapt to changes in the Industry and adequately carry out its functions/ obligations e.g. training required in the introduction of new aircraft types etc and to continue training of current trainees to attain MQR for their substantive positions.

The Authority attends key meetings/conferences to keep abreast of the changes taking place in the aviation industry regionally and globally. Training attended by staff in 2018 is listed in Table 1.



TABLE 1 - MEETINGS/COURSES/WORKSHOPS ATTENDED

No	Course Name	Date	Venue
1	Training of Trainers Module II – Systematic Approach to Training	05-09/02/18	FNU
2	Measuring Training Results	21/03/18	USP
3	CRV workshop for Pacific Island States	16/04-17/04/18	Sofitel
4	Fourth CRV Operations Group Meeting	18/04-22/04/18	Sofitel
5	3 rd Surveillance Implementation Coordination Group Meeting	25/04-27/04/18	Sofitel
6	PBN Workshop for Pacific Island States	30/04/18	Sofitel
7	PBN Workshop on Instrumental Flight Procedure Quality Assurance	01/05/18	Tanoa International Hotel
8	5 th Performance Based Navigation Implementation Coordination Group	02-04/05/18	Tanoa International Hotel
9	National Trainers Conference	27-28/06/18	FNU The Pearl Resort

10	FHRI Workshop – Employment Laws for HR Practitioners & IR Workshop	30-31/08/18	FHRI Novotel
11	ISO 9001 :2015 – Quality Management System – Internal Auditing	27-28/09/18	FNU
12	FHRI Workshop	19-20/10/18	Sheraton Resort & Spa
13	Disaster Risk Reduction Workshop	26/11/18 to 27/11/18	Nadi Town Chambers
14	FortiMail & Fortinet Workshop	04/12/18 to 06/12/18	Tanoa International Hotel
15	ICAO Cooperative Aviation Security Programme	09- 13/01/18	Indonesia
16	6 th Annual Technical & Co - operational Meeting	12 -13/01/18	Malaysia
17	3 rd Meeting of Water Aerodromes Small Working Group	06-08/02/18	Maldives
18	Air Cargo Security Training	05-09/03/18	Singapore
19	Barometric Vertical Navigation (BARO-NAV) & New Southern Sky Approach 18 th Conference	13-21/03/18	New Zealand
20	Aviation Security Certification Systems Workshop	19-23/03/2018	Hong Kong
21	Transportation security Administration Conference	24-25/04/2018	Washington, USA
22	2 nd Aerodromes Operations & Planning Sub Group Meeting	27-29/06/2018	Singapore
23	22 nd Meeting of CNS Sub Group	16-20/07/18	Bangkok
24	Safety Oversight Inspectors (CNS) Course	09- 13/07/18	Singapore
25	Diploma in Airport Engineering – Module I & II	30/07/18 - 07/09/18	Singapore
26	6 th Meeting of the ATM Sub Group of APANPIRG	30/07/18 - 03/08/18	Hong Kong
27	National Air Transport Facilitation Programme Writing Workshop	14/08/18 – 17/08/18	Singapore
28	International Air Law- Application & Practice	19/11/18 – 23/11/18	Singapore

TABLE 2 - IN-HOUSE TRAINING ATTENDED

No	Training	Date	Venue
1	AQD Training	27/03/18	CAAF
2	Air Operator Certification and Surveillance for Flight Operations Inspectors training	09/04-13/04/18	CAAF
3	Performance Based Training	30/04-01/05/18	CAAF

TABLE 3 - AIR SAFETY DEPARTMENT FLIGHT CREW LICENSES/ MEDICALS

License Type	2016		2017		2018	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
APTL	42	272	16	301	27	348
CPL	42	329	36	355	53	397
PPL	4	1	15	0	12	2
FTP	87	26	42	41	61	57
Medical	121	369	72	282	53	443
TOTAL	296	997	181	979	206	1,247

TABLE 4 - AIR SAFETY DEPARTMENT AIRCRAFT ENGINEERS LICENSES

License Type	2016		2017		2018	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
AME	17	54	5	39	24	90
AMC	3		2		7	
Medical	40		35		63	

TABLE 5 - AIR SAFETY DEPARTMENT – OTHER LICENSES ISSUED

License Type	2016		2017		2018	
	Issue	Renewal	Issue	Renewal	Issue	Renewal
ANR 45 Approval	24	32	8	27	19	61
Validation Issue	39		37		78	
Verification Issue	27		47		95	

TABLE 6 - AIR SAFETY DEPARTMENT – MEDICAL ACTIVITIES

	2016	2017	2018
Number of CAAF AMA	10	9	10
Medical Board Sitzings	53	43	35
Medial Cases reviewed by Board	14	15	65
Medical reports reviewed by Medical Assessor	244	178	336
TOTAL	321	245	446

TABLE 7 - AIR SAFETY DEPARTMENT – EXAMINATIONS

	2016	2017	2018
Type Rating	60	65	78
Air Law	171	95	113
ATPL	280	477	361
CPL	594	508	456
PPL	2	1	14
FIRX	42	49	37
AME	46	46	51
AMC	139	116	290

Rating	20	25	41
TOTAL	1,354	1,382	1,441

TABLE 8 - AIR SAFETY DEPARTMENT STAKEHOLDERS

	2018
Aircraft on Fiji Register	86
Air Operator Certificate	13
Private Operators	4
Aviation Training Institution Certificate	3
Remotely Piloted Aircraft Systems - Commercial	81
Remotely Piloted Aircraft Systems - Private	1,795
Miscellaneous – Private Applications	3
Skydive Operators	2
TOTAL	1,987

TABLE 9 - GROUND SAFETY DEPARTMENT SERVICE PROVIDER CERTIFICATES ISSUED

CERTIFICATES ISSUED	2018	ISSUED TO
Air Traffic Service Provider Certificate (ANR145A)	1	<ul style="list-style-type: none"> ▪ Fiji Airports (8 locations)
Aviation Training Institute Certificate (ANR145B)	6	<ul style="list-style-type: none"> ▪ Fiji Airports Aviation Academy ▪ Fiji Airports ARFFS (Restricted Certificate) ▪ RFS Training Services (Restricted Certificate)
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

TABLE 10 - AERODROME LICENSES/REGISTRATION APPROVALS ISSUED

ISSUED	2018	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

		<ul style="list-style-type: none"> ▪ 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	4	<ul style="list-style-type: none"> ▪ Tokoriki Island Resort HLS; ▪ Likuliku Island Resort HLS; ▪ Pacific Island Air - Port Denarau Pontoon HLS, and ▪ Vunabaka HLS.

TABLE 11 - GROUND SAFETY DEPARTMENT LICENSES/PERMITS ISSUED

TYPE	2016	2017	2018
Aeronautical Facility Technicians License (AFTL)	24	29	32
Air Traffic Control License (ATCL)	33	37	36
Aeronautical Station Operators License (ASOL)	211	182	184
Flight Information Service License (FISL)	35	41	39
Aeronautical Facility Technician Trainee Permit	11	Nil	4
Air Traffic Control Trainee Permit	4	7	2
Flight Information Service Trainee Permit	3	10	Nil
TOTAL	321	306	297

TABLE 12 - GROUND SAFETY DEPARTMENT OTHER ISSUANCES

TYPE	2016	2017	2018
Permissions (Pyrotechnic displays, Sky lantern/ balloon releases/ RPAs within the Control Zone)	17	19 (3 UAVs)	53 (26 UAVs)
Exemption from Standard Requirements	7	4	6
Off - Airport Development Approvals	123	70	27
TOTAL	147	93	86

TABLE 13 - GROUND SAFETY DEPARTMENT STAKEHOLDERS

STAKEHOLDERS	2018	COMMENTS
Aerodrome Operators	22	<ul style="list-style-type: none"> ▪ Fiji Airports (14 Aerodromes) ▪ 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 Sites	4	<ul style="list-style-type: none"> ▪ Vunabaka Bay (Fiji) Limited ▪ Moonbeam Investments Ltd ▪ Likuliku Lagoon Resort Ltd ▪ Mueller Limited t/a Helicopters Fiji
Air Traffic Service Provider Certificate	1	<ul style="list-style-type: none"> ▪ Fiji Airports
Aviation Training Institution Certificate	3	<ul style="list-style-type: none"> ▪ Fiji Airports Aviation Academy ▪ Fiji Airports ARFFS ▪ RFS Training Services
Aviation Maintenance Organisation Certificate	1	<ul style="list-style-type: none"> ▪ Fiji Airports
Aeronautical Meteorology Service Provider Certificate	1	<ul style="list-style-type: none"> ▪ Fiji Meteorology Service (Aviation)
AFTL Holders	29	<ul style="list-style-type: none"> ▪ Fiji Airports employees
ATCL Holders	37	<ul style="list-style-type: none"> ▪ Fiji Airports employees
FISL Holders	41	<ul style="list-style-type: none"> ▪ Fiji Airports employees
ASOL Holders	165	<ul style="list-style-type: none"> ▪ Fiji Airports, Fiji Airways, JUHI and Air Terminal Services employees
Town and Country Planning Department	1	<ul style="list-style-type: none"> ▪ Off Airport Development assessments
Mobile Telecommunications Providers; Digicel Fiji Ltd, Vodafone Fiji Ltd and Telecom Fiji Limited	3	<ul style="list-style-type: none"> ▪ Off Airport Development assessments (masts)
Developers, Architects, Property owners	13	<ul style="list-style-type: none"> ▪ Off Airport Development assessments
Hotels, Event Management companies, RPA operators, Laser Light Operators	27	<ul style="list-style-type: none"> ▪ Permissions (Pyrotechnic displays, Sky lantern/ balloon releases/ RPAs within the Control Zone)
TOTAL	348	

TABLE 14 - AVIATION SECURITY AND FACILITATION DEPARTMENT STAKEHOLDERS

STAKEHOLDERS	TOTAL 2018
International Airlines	1
Domestic Airlines	12
Foreign International Airlines	10
Regulated Agents	13
Ground Handling Service Providers	4
Catering Service Providers	4
Air Cargo Operators	1
Aviation Security Service Organisations	4
International Airports	2
Domestic Aerodromes	12
TOTAL	63

TABLE 15 - AVIATION SECURITY AND FACILITATION DEPARTMENT CERTIFICATES ISSUED

LICENSE TYPE	2017		TOTAL	2018		TOTAL
	Initial	Renewal		Initial	Renewal	
Aviation Security Screener Certification	43	290	333	65	373	438
Aviation Security Instructor Approval Certificate	0	4	4	0	0	0
Aviation Security Quality Control Approval Certificate	11	5	16	16	4	20

TABLE 16 - AIRPORT AVSEC PROGRAMME RECOMMENDATIONS

Security Airports	2
Government Domestic Airports	12
Private Domestic Airports	8



Financial Statements

Year Ended 31 December 2018

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**CIVIL AVIATION AUTHORITY OF FIJI
DIRECTORS' REPORT
FOR YEAR ENDED 31 DECEMBER 2018**

The Authority presents its report together with the financial statements for the year ended 31 December 2018 and the auditors' report thereon.

Directors

The directors in office during the financial year 2018 were :

Mrs Lailun Khan	Chairperson
Dr Joseph Veramu	Director (up to September 2018)
Mr Satish Naran Patel	Director
Mr Pravish Punja	Director
Ms Kamni Naidu	Director (from November 2018)

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 2018 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 industry.
 - 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 2018 was \$131,589 (2017: \$263,241) after an income tax benefit of \$109,491 (2017: income tax expense of \$481,483).

**CIVIL AVIATION AUTHORITY OF FIJI
DIRECTORS' REPORT (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

Reserves

The Authority proposed that no amounts be transferred to reserves.

Dividends

The Authority recommends that no dividend be declared in respect of the year ended 31 December 2018.

Bad and doubtful debts

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

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

Non current assets

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

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

Unusual transactions

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

Events subsequent to balance date

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 are for the Scoping for High Level Requirements (HLR) and a peer review of the recommendations are \$169,464.00 till the end of 2018.

Once the project is approved, successful tenderers will be advised and appropriate agreements entered into. The delivery and commissioning phase is expected to cost an estimated \$2.6m over 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.

ICAO In-Country Validation Mission (ICVM) Audit

The Authority will undergo an ICAO ICVM audit from 26th August to 02nd September 2019 which will determine the level of implementation of aviation safety by the Authority. The result of the report will have a bearing on the Authority meeting its safety mandate.

**CIVIL AVIATION AUTHORITY OF FIJI
DIRECTORS' REPORT (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

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 09th day of October 2019.

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



Chairperson



Director

OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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**INDEPENDENT AUDITOR'S REPORT****CIVIL AVIATION AUTHORITY OF FIJI****Report on the Audit of the Financial Statements****Opinion**

I have audited the financial statements of Civil Aviation Authority of Fiji which comprise the statement of financial position as at 31 December 2018, 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 2018 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.

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
16 October, 2019

**CIVIL AVIATION AUTHORITY OF FIJI
STATEMENT OF COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
Income		5,486,525	5,481,747
Other operating income	7.1	376,297	402,541
		<u>5,862,822</u>	<u>5,884,288</u>
Administrative expenses	7.2(a)	(1,454,735)	(1,372,549)
Operating expenses	7.2(b)	(1,762,230)	(1,514,496)
Personnel expenses	7.2(c)	(2,995,478)	(2,891,100)
		<u>(349,621)</u>	<u>106,143</u>
Net financing income	7.3	<u>108,541</u>	<u>112,099</u>
Operating (loss)/profit before tax		(241,080)	218,242
Income tax benefit/(expense)	8(a)	<u>109,491</u>	<u>(481,483)</u>
Net loss after tax		<u>(131,589)</u>	<u>(263,241)</u>
Other comprehensive income			
Change in fair value of investments	12(c)	2,226,797	1,206,182
Revaluation of property, plant and equipment, net of tax		-	1,847,543
Total comprehensive income for the year		<u><u>2,095,208</u></u>	<u><u>2,790,484</u></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 11-32.

**CIVIL AVIATION AUTHORITY OF FIJI
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	\$	\$
Asset Revaluation Reserve		
Balance at the beginning of the year	4,080,050	2,232,507
Revaluation of Assets	-	1,847,543
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	3,259,402	2,053,220
Revaluation of investment	2,226,797	1,206,182
Balance at the end of the year	<u>5,486,199</u>	<u>3,259,402</u>
Retained earnings		
Balance at the beginning of the year	11,981,837	12,245,078
Effect of adoption of new IFRSs	(580)	-
Net loss	(131,589)	(263,241)
Balance at the end of the year	<u>11,849,668</u>	<u>11,981,837</u>
Total equity	<u><u>21,415,917</u></u>	<u><u>19,321,289</u></u>

**CIVIL AVIATION AUTHORITY OF FIJI
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	9	1,769,948	748,130
Trade receivables	10	216,289	146,248
Income tax refundable	8(c)	34,562	-
Other assets	11	1,114,334	1,082,546
Investments	12(a)	2,000,000	3,000,000
Total current assets		<u>5,135,133</u>	<u>4,976,924</u>
Non-current assets			
Investments	12(b)	11,041,201	8,814,404
Property, plant and equipment	13	6,520,205	6,608,966
Intangible assets	14	349,781	352,924
Total non-current assets		<u>17,911,187</u>	<u>15,776,294</u>
TOTAL ASSETS		<u>23,046,320</u>	<u>20,753,218</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Reserves		9,566,249	7,339,452
Retained earnings		11,849,668	11,981,837
TOTAL EQUITY		<u>21,415,917</u>	<u>19,321,289</u>
Current liabilities			
Trade and other payables	15	959,978	738,883
Income tax payable	8(c)	-	4,669
Employee benefits	16	168,600	95,620
Total current liabilities		<u>1,128,578</u>	<u>839,172</u>
Non-current liabilities			
Deferred income tax liability	8(b)	501,825	592,757
Total non-current liabilities		<u>501,825</u>	<u>592,757</u>
TOTAL LIABILITIES		<u>1,630,403</u>	<u>1,431,929</u>
TOTAL EQUITY AND LIABILITIES		<u>23,046,320</u>	<u>20,753,218</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 11-32.

CIVIL AVIATION AUTHORITY OF FIJI
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Operating activities			
Cash receipts from customers		5,434,480	5,457,347
Cash payment to employees and suppliers		(5,553,290)	(5,317,153)
Cash generated from operations		<u>(118,810)</u>	<u>140,194</u>
Income tax paid		(20,672)	(10,826)
Interest received		108,541	112,099
Dividends received		<u>324,741</u>	<u>301,545</u>
Cash flows from operating activities		<u>293,800</u>	<u>543,012</u>
Investing activities			
Acquisition of property, plant and equipment		(289,456)	(421,440)
Withdrawal of investment		1,000,000	(1,000,000)
Proceeds from sale of property, plant and equipment		<u>17,474</u>	<u>22,478</u>
Cash flows provided from / (used in) investing activities		<u>728,018</u>	<u>(1,398,962)</u>
Net increase / (decrease) in cash		1,021,818	(855,950)
Cash and cash equivalents at 1 January		<u>748,130</u>	<u>1,604,080</u>
Cash and cash equivalents at 31 December	9	<u>1,769,948</u>	<u>748,130</u>

The statement of cash flow is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11-32.

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2018**

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. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and amendments issued but not yet effective

The following standards and amendments to existing standards have been published and are not yet mandatory effective as at 31 December, 2018 and the Authority has not early adopted them. The Authority intends to adopt these standards, interpretations and amendments, if applicable, when they become effective.

- IFRS 16, Leases (effective from 1 January, 2019)

NOTE 3. 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 09th day of October 2019.

(c) Functional and presentation currency

The financial statements are presented in Fiji dollars.

NOTE 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS

The preparation of the Authority's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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:

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018

NOTE 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATED AND ASSUMPTIONS (Continued)

Estimations and assumptions (continued)

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.

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

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment (continued)

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

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

(c) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Authority as a lessee

Finance leases, which transfer to the Authority substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

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.

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Intangible assets (continued)

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.

(f) Impairment of non financial assets

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

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

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

(g) Financial instruments - initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(i) Financial assets (cont'd)

Loans and Receivables

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

Derecognition

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

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

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

(ii) Impairment of financial assets

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(iii) Impairment of financial assets

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Authority first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Authority determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iii) Impairment of financial assets (cont'd)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred by the Authority. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

(iv) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

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

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

Financial liabilities at fair value through profit or loss

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

Loans and borrowings

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

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial instruments - policy applicable after 1 January 2018

i) Recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Entity makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Entity's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and demonstrate why those sales do not reflect a change in the entity's business model.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Entity's continuing recognition of the assets.

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial instruments - policy applicable after 1 January 2018 (cont'd)

ii) Classification and measurement (cont'd)

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Entity considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Entity's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Subsequent measurement and gains and loss

Financial assets that are measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

i) Non-derivative financial assets

The Entity recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Entity measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- other receivables and cash at bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Entity's historical experience and informed credit assessment and including forward-looking information.

The Entity assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Entity considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Entity in full, without recourse by the Entity to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Entity considers another receivable or cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Entity considers this to be Aaa3 or a higher rating per Moody's.

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018**

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Impairment (cont'd)

i) Non-derivative financial assets (cont'd)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Entity is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Entity expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Entity assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Credit-impaired financial assets

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Entity on terms that the Entity would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Entity determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Entity's procedures for recovery of amounts due.

(h) Inventories

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

(i) Cash and cash equivalents

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

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR YEAR ENDED 31 DECEMBER 2018

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Taxes (continued)

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.

(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.

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

NOTE 6. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations

The Authority applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial Instruments: classification and measurement; impairment; and hedge accounting.

The Authority has opted to use the modified retrospective approach when implementing IFRS 9. Relevant balances were recalculated at initial application date of 1 January 2018. The impact of the standard was material and has been included in current year profit. Consequently, opening retained earnings was also restated.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Authority's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Authority's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 had a significant impact on the Authority. There were changes in the designation and measurement basis of debt and equity instruments held by the Authority which come into the scope of IFRS 9.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Authority's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Authority to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon the adoption of IFRS 9, the Authority recognised additional impairment on the Authority's trade receivables of \$580 which resulted in a decrease in opening retained earnings. Impairment losses do not reduce the carrying amount of debt instruments at fair value through OCI in the statement of financial position, which remains at fair value.

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 6. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

IFRS 9 Financial Instruments (continued)

(b) Impairment (cont'd)

Set out below is the reconciliation of the ending balances in accordance with IAS 39 to the opening balances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2017	Remeasurement	ECL under IFRS 9 as at 1 January 2018
Receivables under IAS 39/ IFRS 9	-	580	580

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Based on the Authority's assessment, there is no impact from IFRS 15 in the statement of financial position as at 1 January 2018 and 31 December 2018 and no impact in the statement of Financial Statements for the year ended 31 December 2017.

NOTE 7.1. OTHER OPERATING INCOME	2018	2017
	\$	\$
Dividends	324,741	301,545
Gain on sale of plant and equipment	-	-
Reversal of accident investigation expense	-	29,880
Sundry	51,556	71,116
	<u>376,297</u>	<u>402,541</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 7.2. EXPENSES	2018	2017
	\$	\$
(a) Administrative expenses		
Amortisation expenses	(21,632)	(25,607)
Auditors remuneration	(15,000)	(9,228)
Board member allowance	(43,245)	(50,550)
Expected credit loss	(1,192)	-
Loss on disposal of property, plant and equipment	(28,520)	(23,959)
Depreciation	(313,734)	(306,209)
Insurance	(440,439)	(501,524)
DGCA 55th conference	(290,626)	-
Other administrative expenses	(300,347)	(455,472)
	<u>(1,454,735)</u>	<u>(1,372,549)</u>
(b) Operating expenses		
Consultancy	(363,782)	(432,688)
Legal fees	(92,410)	(65,942)
Travel and accommodation	(411,230)	(235,065)
Repairs and maintenance	(38,000)	(30,608)
Utilities and supplies	(856,808)	(750,193)
	<u>(1,762,230)</u>	<u>(1,514,496)</u>
(c) Personnel expenses		
Salaries	(2,333,359)	(2,219,634)
Fringe benefit tax	(14,850)	(30,137)
FNPF employers contribution	(193,776)	(195,929)
FNU levy	(25,235)	(26,526)
Annual leave	(264,996)	(275,033)
Performance management system - bonus	(163,262)	(143,841)
	<u>(2,995,478)</u>	<u>(2,891,100)</u>
The average number of employees during the year	<u>54</u>	<u>55</u>
NOTE 7.3. FINANCE INCOME		
Interest income	<u>108,541</u>	<u>112,099</u>
NOTE 8. INCOME TAX		
Income tax expense recognised in the income statement		
Current tax expense	(90,932)	5,482
Deferred tax expense	(18,559)	476,001
	<u>(109,491)</u>	<u>481,483</u>
(a) A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the years ended 31 December 2018 and 2017 is as follows:		
Accounting profit before income tax	<u>(241,080)</u>	<u>218,242</u>
Fiji's statutory income tax rate 20%	(48,216)	43,648
Tax effect of temporary differences	(42,716)	(38,166)
Under/over provision from prior year	(18,559)	(11,213)
Prior year tax losses lapsed	-	487,214
Income tax expense/(benefit) attributable to operating profit	<u>(109,491)</u>	<u>481,483</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 8. INCOME TAX (Continued)	2018	2017
	\$	\$
(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	33,720	19,124
Allowance for expected credit loss	354	-
Tax losses	56,832	-
Balance at the end of the year	<u>90,906</u>	<u>19,124</u>
(ii) <u>Deferred tax liability</u>		
Accelerated depreciation for tax purposes	387,936	127,292
Capital Gain	204,795	484,589
Balance at the end of the year	<u>592,731</u>	<u>611,881</u>
Net deferred tax liability	<u>(501,825)</u>	<u>(592,757)</u>
(c) <u>Income tax refund/(payable)</u>		
Balance - 1 January	(4,669)	3,780
Add: Withholding taxes paid	11,199	10,826
Add: Advance taxes paid	18,660	-
Current income tax payable	-	(18,559)
Overprovision of tax payable from prior year	18,559	-
Add: Transfer from VAT account	1,639	-
	<u>45,388</u>	<u>(3,953)</u>
Less: Received from income tax	10,826	716
	<u>34,562</u>	<u>(4,669)</u>
NOTE 9. CASH AND CASH EQUIVALENTS		
Cash on hand	550	550
Cash at bank - account no: 3662665	1,769,398	213,004
Cash at bank - account no: 12545124	-	534,576
	<u>1,769,948</u>	<u>748,130</u>
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.		
NOTE 10. TRADE AND OTHER RECEIVABLES		
Trade receivables	218,061	146,248
Less: allowance for expected credit loss	(1,772)	-
	<u>216,289</u>	<u>146,248</u>
Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. As at 31 December 2018, trade receivables at nominal value of \$1,772 (2017:\$zero) were impaired.		
Movement in the provision for impairment of receivables were as follows:		
At 1 January	-	-
Expected credit loss due to implementation of IFRS 9	580	-
Charge for the year	1,192	-
	<u>1,772</u>	<u>-</u>
At 31 December, the ageing analysis of trade receivables is as follows:		
0 - 3 months	<u>218,061</u>	<u>146,248</u>
	<u>218,061</u>	<u>146,248</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 11. OTHER ASSETS	2018	2017
	\$	\$
Prepayments	188,675	208,792
Unit Trust of Fiji dividends accrued	185,566	185,566
Departure Tax	681,397	679,960
Other assets	58,696	8,228
	<u>1,114,334</u>	<u>1,082,546</u>
NOTE 12. INVESTMENTS		
(a) <i>Current</i>		
Interest bearing deposits	<u>2,000,000</u>	<u>3,000,000</u>
(b) <i>Non-current</i>		
Units in Unit Trust of Fiji	<u>11,041,201</u>	<u>8,814,404</u>
Total investments	<u>13,041,201</u>	<u>11,814,404</u>
(c) Reconciliation of available-for-sale financial assets		
Opening balance	8,814,404	7,608,222
Revaluation gain on Unit Trust of Fiji units - transfer to fair value reserve	2,226,797	1,206,182
	<u>11,041,201</u>	<u>8,814,404</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	5,486,199	3,259,402
	<u>11,041,201</u>	<u>8,814,404</u>
4,639,160 units valued at repurchase price of \$2.38 per unit (2017: @ \$1.90).		
NOTE 13. PROPERTY, PLANT AND EQUIPMENT		
<u>Freehold land</u>		
<i>Deemed cost:</i>		
At 1 January	2,500,000	1,500,000
Revaluations	-	1,000,000
At 31 December	<u>2,500,000</u>	<u>2,500,000</u>
<u>Buildings</u>		
<i>Deemed cost:</i>		
At 1 January	2,852,995	2,407,938
Revaluations	-	789,502
Additions	5,367	26,572
Disposals	-	(101,515)
Elimination of accumulated depreciation on revaluation	-	(269,502)
At 31 December	<u>2,858,362</u>	<u>2,852,995</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (Continued)	2018 \$	2017 \$
<i>Depreciation and impairment</i>		
At 1 January	47,380	258,160
Depreciation charge for the year	71,414	67,468
Elimination of accumulated depreciation on revaluation	-	(269,502)
Disposals	-	(8,746)
At 31 December	<u>118,794</u>	<u>47,380</u>
Net book value	<u>2,739,568</u>	<u>2,805,615</u>
<u>Motor vehicles</u>		
<i>Deemed cost:</i>		
At 1 January	438,716	532,598
Revaluations	-	67,950
Re-allocation	-	978
Disposals	(25,000)	(29,000)
Elimination of accumulated depreciation on revaluation	-	(192,526)
Additions	54,954	58,716
At 31 December	<u>468,670</u>	<u>438,716</u>
<i>Depreciation and impairment</i>		
At 1 January	59,474	183,108
Re-allocation	-	978.00
Depreciation charge for the year	90,990	94,981
Elimination of accumulated depreciation on revaluation	-	(192,526)
Disposals	(7,916)	(27,067)
At 31 December	<u>142,548</u>	<u>59,474</u>
Net book value	<u>326,122</u>	<u>379,242</u>
<u>Furniture, fittings & equipment</u>		
<i>Deemed cost:</i>		
At 1 January	1,018,708	1,115,880
Revaluations	-	275,219
Re-allocation	-	3,947
Additions	210,646	179,305
Elimination of accumulated depreciation on revaluation	-	(535,903)
Disposals	(33,150)	(19,740)
At 31 December	<u>1,196,204</u>	<u>1,018,708</u>
<i>Depreciation and impairment</i>		
At 1 January	94,599	498,929
Re-allocation	-	3,947
Depreciation charge for the year	151,330	143,760
Elimination of accumulated depreciation on revaluation	-	(535,903)
Disposals	(4,240)	(16,134)
At 31 December	<u>241,689</u>	<u>94,599</u>
Net book value	<u>954,515</u>	<u>924,109</u>
Net book value	<u>6,520,205</u>	<u>6,608,966</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 14. INTANGIBLE ASSETS	2018	2017
	\$	\$
<i>Software costs</i>		
Opening balance	216,322	337,043
Revaluations	-	51,759
Addition	-	5,872
Elimination of accumulated depreciation on revaluation	-	(102,807)
Disposals	-	(75,545)
Closing balance	<u>216,322</u>	<u>216,322</u>
<i>Amortisation and impairment:</i>		
Opening balance	14,373	126,222
Amortisation	21,632	25,607
Elimination of accumulated depreciation on revaluation	-	(102,807)
Disposal	-	(34,649)
Closing balance	<u>36,005</u>	<u>14,373</u>
Net book value:	<u>180,317</u>	<u>201,949</u>
<i>Work in progress</i>		
<i>Deemed cost:</i>		
At 1 January	150,975	-
Additions	18,489	150,975
At 31 December	<u>169,464</u>	<u>150,975</u>
Net book value:	<u>349,781</u>	<u>352,924</u>
NOTE 15. TRADE AND OTHER PAYABLES		
Trade payables	104,939	86,488
Income in advance	509,709	426,375
Other payables	345,330	226,020
	<u>959,978</u>	<u>738,883</u>

NOTE 16. EMPLOYEE BENEFITS

<i>Current</i>		
Employee leave entitlements	<u>168,600</u>	<u>95,620</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 17. CONTINGENT LIABILITIES

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

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

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 18. 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 are for the Scoping for High Level Requirements (HLR) and a peer review of the recommendations are \$169,464.00 till the end of 2018.

Once the project is approved, successful tenderers will be advised and appropriate agreements entered into. The delivery and commissioning phase is expected to cost an estimated \$2.6m over 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.

ICAO In-Country Validation Mission (ICVM) Audit

The Authority will undergo an ICAO ICVM Audit from 26th August to 02nd September 2019 which will determine the level of implementation of aviation safety by the Authority. The result of the report will have a bearing on the Authority meeting its safety mandate.

NOTE 19. EXPENDITURE COMMITMENTS

	2018	2017
	\$	\$
(i) Capital commitments:		
New Surveillance System	-	118,558
	<u>-</u>	<u>118,558</u>
(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	211,899	217,626
Minimum lease payments	<u>240,534</u>	<u>246,261</u>

NOTE 20. RELATED PARTIES

(a) Directors

The directors in office at the date of this report were :

Mrs Lailun Khan (Chairperson)

Dr Joseph Veramu (up to September 2018)

Mr Satish Naran Patel

Mr Pravish Punja

Ms. Kamni Naidu (from November 2018)

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

(b) Transactions with related entities and key management personnel

Key management personnel comprises of Chief Executive 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.

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 20. RELATED PARTIES (Continued)	2018	2017
	\$	\$
(b) Transactions with related entities and key management personnel (cont'd)		
Key management compensation		
Remuneration	384,590	483,768
FNPF (Employer share 2016 -10%)	21,634	33,616
	<u>406,224</u>	<u>517,384</u>

NOTE 21. 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 2018 based on contractual undiscounted payments.

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>
Year ended 31 December 2017	On demand	Less than a yr	> 5 years	Total
	\$	\$	\$	\$
Trade and other payables	-	738,883	-	738,883
	<u>-</u>	<u>738,883</u>	<u>-</u>	<u>738,883</u>

CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018

NOTE 21. 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 2018.

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.

	2018	2017
	\$	\$
Trade and other payables	959,978	738,883
Less cash and short term deposits	(1,769,948)	(748,130)
Net debt	<u>(809,970)</u>	<u>(9,247)</u>
Equity	21,415,917	19,321,289
Total capital	<u>21,415,917</u>	<u>19,321,289</u>
Capital and net debt	<u><u>20,605,947</u></u>	<u><u>19,312,042</u></u>
Gearing ratio	-3.93%	-0.05%

NOTE 22. 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	
	2018	2017
	\$	\$
<i>Financial assets</i>		
Cash and cash equivalents	1,769,948	748,130
Available-for-sale investments	11,041,201	8,814,404
Trade and other receivables	<u>216,289</u>	<u>146,248</u>
<i>Financial liabilities</i>		
Trade and other payables	<u>959,978</u>	<u>738,883</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 23. 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.

**CIVIL AVIATION AUTHORITY OF FIJI
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED 31 DECEMBER 2018**

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.

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

CIVIL AVIATION AUTHORITY OF FIJI
DETAILED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	2018	2017
	\$	\$
Income		
Airworthiness fees	540,136	442,904
Pilots/engineers license/airport license fees	936,858	854,162
Government grant	321,101	593,907
Departure Tax	3,686,968	3,589,312
Rental from agricultural lease	1,462	1,462
	<u>5,486,525</u>	<u>5,481,747</u>
Other operating income	484,838	514,640
Total income	<u>5,971,363</u>	<u>5,996,387</u>
Expenses		
Auditors remuneration and accounting fees	15,000	9,228
Amortisation of software license	21,632	25,607
Annual leave	264,996	275,033
Board member allowances	43,245	50,550
Expected credit loss	1,192	-
Consultancy	456,192	498,630
Depreciation	313,734	306,209
Insurance	440,439	501,524
Loss on disposal of property, plant and equipment	28,520	23,959
Salaries and wages	2,730,482	2,616,067
Staff training	300,347	455,472
Travel	411,230	235,065
DGCA - 55th Conference	290,626	-
Utilities and supplies	856,808	750,193
Repairs and maintenance	38,000	30,608
Total expenses	<u>6,212,443</u>	<u>5,778,145</u>
(Loss)/profit before income tax	<u>(241,080)</u>	<u>218,242</u>

