

# 2015

ANNUAL REPORT



*Clean Water & Sanitation for a Better Life*







## Our Vision

Providing sustainable quality water through service excellence.

## Our Mission

As the national provider of water and wastewater services, we are committed to improving the quality of life by:

- Innovation
- Modernisation
- Operating effectively and efficiently
- Being economically viable
- Being responsive to stakeholders
- Being environmentally focused

## Our Values

Our key values are:

- Customer Focus
- Learning and Growth
- Integrity
- Passion
- Accountability and Transparency
- Respect
- Teamwork



COVER:  
Lab technicians Ashnita Kumar and Jotishma Kumar examine water quality at the National Water Quality Lab in Kinoya.

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# Letter to the Minister

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30th November 2017

**Hon. Aiyaz Sayed-Khaiyum**

Attorney General and Minister for Economy,  
Public Enterprises, civil service and Communications  
Attorney General's Chambers  
Level 7 Suvavou house  
400 Victoria Parade  
**Suva**

Dear Sir,

I hereby submit the Water Authority of Fiji's Annual report containing the Audited Financial Statements for the 2015 financial year.

With stability established in the Chief Financial Officer's position, we are clearing the backlog of financial statements that accrued as a result of earlier difficulties with this role. The 2016 Financial Statements are with the Auditor General's office pending audit.

On behalf of the Authority, we wish to thank the Government for its ongoing support and look forward to continued support in the future.

Yours faithfully,

**P.L. Munasinghe**  
CHAIRMAN





# About Water Authority of Fiji

## Who We Are

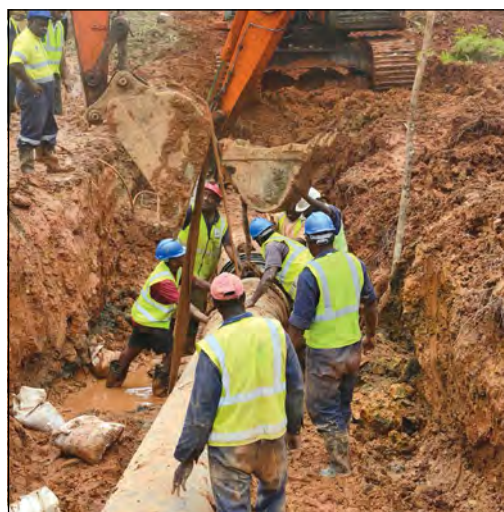
The Water Authority of Fiji is a Commercial Statutory Authority (CSA) that was formed by the Government of Fiji under the WAF Promulgation 2007 in order to provide environmentally sound, sustainable, efficient and effective water and wastewater services.

Following the 2009 Government reforms to strengthen the then Water and Sewage Department (WSD) in preparation for the transition from Government Department to an autonomous organisation, WAF was established with effect from 1st January 2010 as a new CSA, officially taking over all responsibilities, functions and operations previously undertaken by WSD.

We report to the Minister for Public Enterprise and the Minister for Works, Transport and Public Utilities.

## Our Responsibility

WAF is responsible for providing access to quality drinking water and wastewater services to over 144,000 residential and non-residential metered customers, reaching over 700,000 people nationwide, with an area of operation that covers 18,274 square kilometres with a water and wastewater network of more than 4,200 kilometres of pipes.







## Our Functions

- To harvest, treat and reticulate water supply for our customers;
- To comply with standards in relation to the supply and quality of water in our water system;
- To collect, transport, treat and discharge waste water;
- To establish, operate and maintain systems for the provision of water and sewerage services;
- To maintain any State assets transferred to the Authority and vested in by the Government;
- To provide technical or expert advice to any other person on matters relating to our functions and powers;
- To progressively achieve economic viability in the provision of water supply and sewerage services;
- To be environmentally responsible in the performance of all its activities;
- To assist in protecting, managing and conserving water resources; and
- To assist in the formulation and implementation of national policies or urban and rural land use planning, relating to the use and control of water bodies and resources.

## Our Strategic Objectives for 2014 to 2016

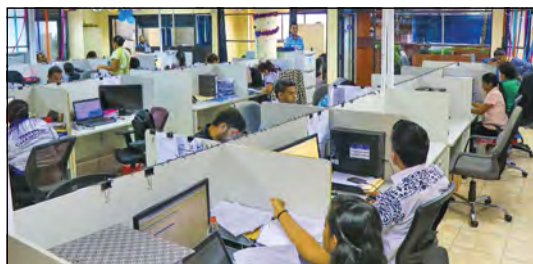
1. Providing consistent water supply 24/7 to all customers.
2. Effective planning and project management.
3. Safe drinking water and waste water systems.
4. Improve rural services.
5. Sustainable and efficient service delivery.
6. Building personnel capacity.
7. Increase services coverage.

## Our Customers and Partners

Our customers include owners or occupiers of buildings connected to the water system and to which we supply water or any other service, the owners or occupiers of buildings that are connected to the sewerage system and from which we collect sewerage or waste water, any person who assumes responsibility to us in relation to a communal water supply or sanitation to a village or rural community, or any person to whom we supply water or any other service under a customer contract.



# Our Organisation



The Authority is organised into five Strategic Business Units (SBUs) as follows:

## Corporate SBU

Headed by the CEO, the Corporate SBU is responsible for driving the Authority in achieving the corporate vision, assisted by the following supporting units:

- Human Resources Unit
- Internal Audit Unit
- Legal Unit
- Security Unit
- Strategic Planning Unit
- Rural and Outer Island Water Schemes Unit
- Corporate Communications Team

## Production SBU

Headed by a General Manager, overseen by the Chief Operating Officer, the Production SBU is responsible for the monitoring, maintenance and operations of the Authority's assets and resources and is supported by the activities of the following sub-units to ensure the effective and efficient use of WAF assets:

- Water Assets – network distribution system, intakes, reservoirs, treatment plants
- Wastewater Unit
- Environment Unit
- National Water Quality Laboratory (NWQL)
- Water Loss Unit
- Technical Services Unit
- GIS Unit

- Non-Revenue Water Team (NRW)
- Leak Detection Unit

## Project Management SBU

This Unit is responsible for the implementation of all major and minor capital projects funded by the Government of Fiji and donors, such as the Asian Development Bank. It is headed by a General Manager, overseen by the Chief Operating Officer, and is comprised of four sub-units:

- Capital Work Project
- ADB-Funded Projects
- Flood Recovery Projects
- Land Management Unit
- Integrated Meter Management
- Water Modelling
- Service Pipe Replacement

## Finance SBU

Responsible for all financial aspects of all of the Authority's WAF business operations, the Unit is divided into sub-units that encompass the financial reporting standards overseen by the Chief Finance Officer. The specific roles of the sub-units are:

- Financial Accounting Team
- Management Accounting Team
- Revenue Accounting Team
- Project Accounting Team
- Fleet Management Team
- Procurement Unit
- Information Communication Technology (ICT) Unit





## 2015 Highlights



### Customer Services SBU

Headed by a General Manager, the Customer Services SBU has the key aim of delivering cost effective, efficient customer services, 24/7 to commercial and residential customers in the Central/Eastern, Western, Northern Divisions. Customer Services is responsible for strategic relations and communications, billing, debt management and compliance. Supporting units within this SBU are:

- Customer Accounts Unit/Billing
- Customer Care-includes 24/7 Call Centre
- 24/7 Call Centre
- Liquid Trade Waste Unit
- Technical Services

1. NRW reduction from 51% (2014) to 39.6% (2015).
2. Increase in the PSIP Government Funding from \$71m (2014) to \$176m (2015).
3. Reduction in intermittent supply areas from 67 to 22.
4. AC pipes replacement of approximately 122km length of pipe.
5. New mains pipe extension of 21.68km.
6. Increasing wastewater coverage in Nasese, Samabula and Mariko areas with Nasese (5G)-730 Samabula (5F)-623 Mariko-23 new connections.
7. Replacement of 26,000 domestic aged and ceased meters.
8. Completion of 35 Rural Water Project, benefitting 10,234 population.
9. Installation of telemetry equipment for real-time data monitoring at water catchment sites, part of the on-going drive to modernise the Authority by utilising innovative technologies.





# Chairman's Message



I present the Water Authority of Fiji Annual Report containing the Audited Financial statements for the year 2015.

During the year, we continued to pursue our key areas of focus. We also completed several key projects which are described in other sections of the Annual Report.

We continue to prioritize the following Key Focus Areas

- Organizational Reform
- Future Proofing
- Masterplans
- Reducing water loss and Intermittent Areas
- Rural Projects
- Effective Processes
- Water Conservation

## Organisational Reform

We need to continually reform the organization to meet the challenges raised by rapid change in technology, rapid economic development and now Climate Change. More than ever, we need to anticipate the changes and learn to quickly adapt. We need to shake off legacy attitudes and drive a positive culture throughout the organization predicated on customer focus, passion, commitment, team work and honesty. Capacity building is key to raise level of competency and to wean dependency on external resources. This includes recruiting and retaining skilled personnel including Engineers, implementing the right training programs and pursuing the various twinning arrangements we have with Utilities in other advance nations. We will also pursue capacity development initiatives, with the assistance of our development partners.

## Future Proofing

We will continue to digitize the network components

by loading data into the Geographical Information System (GIS), which transforms the way we manage our networks. With the networks loaded into GIS, we have started water modeling to improve hydrology in the systems, resulting in spectacular success in improving water supply in some areas.

We have prioritized installing of SCADA and Telemetry Systems to better monitor and control the network components. In the year, 29 telemetry stations were installed nationwide. The setup of National Control Center at Wailoku, adds great precision to the real time data that is gathered and used by the Authority for planning, creating catchment management plans and measuring and planning for extreme weather events and Climate Change impacts.

In the year, Automatic Valveless Gravity Filter (AVG) plants were installed in several locations. AVG's are a new technology to improve quality of water in remote locations.

## Master Plans

Work is ongoing on completing the 20 year Water and Wastewater master plans for all major locations. These master plans lay the foundation to meet the demands of rapid economic development. These master plans will be continually reviewed to take into account rapid changes in technology and also to meet the challenges caused by Climate Change. The annual capital expenditure submissions to government for budget purposes are based on these master plans and we are pleased that in 2015, the Government significantly increased the capital expenditure allocations to \$176 million (2014 - \$71 million).

In the year, a contract was entered into with the contractor China Railway to implement a number of key bundled projects contained in the master plans. This included the supply of water to Momi area in western Viti Levu, where the Marriott Hotel development is taking place.

Other notable projects in the year includes laying 21.68 km of new main pipe extensions and provision of a significant number of new wastewater connections in the Nasinu, Samabula and Mariko areas in Suva.

## Reducing Water loss and Intermittent Areas

Work to reduce non-revenue water (NRW) is given priority. Notable progress was made by reducing NRW to 39.6% by end of 2015 (2014 - 51%). District Metered Areas (DMA's) have been created which will allow measurement of water loss by demarcated zone. This is an efficient method to identify and eliminate water





loss. In the year as per the capital expenditure plans, work was completed to replace 26,000 aged and seized water meters and to replace approximately 122 km's of aged water pipes in the reticulation system.

Notable progress was also made in reducing the number of intermittent water supply areas from previous 67 to 22 by year end.

## Rural Project

The provision of consistent safe water supply to those not connected to the Authority's reticulation system remains a priority. 35 rural village and water supply projects were completed in 2015.

The Authority also attended to a number of urgent requests from the Government and Commissioners to alleviate water difficulties faced by generally remote communities.

## Tariff review

Tariff review is fundamental to meet the provisions of the Public Enterprise Act of 1996, which mandates the Authority to be financially independent. Current tariff is amongst the lowest in the world and far below cost of production. Work on the tariff review is continuing with the Pacific Regional Infrastructure Facility (FRIF) and hopeful the draft tariff study will be available for review soon.

In the year, based on the government initiative to provide relief to low income earners, free water scheme was introduced to provide 22 units of water per quarter free to households with combined income of less than \$30,000 per annum. (This free allowance equals to 50 liters per person per day based on an average of 5 persons per household).

## Effective Processes

Work needs to be done to ensure key operational and accounting processes are effective to prevent wastage and loss. Key processes for review include procurement, plant hire, hire of project staff, vehicle utilisation, stores and inventory management and efficiencies in field operations.

Under the Twinning Program with Hunter Water Australia, a guideline was developed for preparation of capital expenditure and funding submissions that is based on best case scenarios to extract optimum benefits to the Authority.

## Water Conservation

Looking at the challenges ahead, particularly Climate Change, a key area of focus will be promoting water

conservation. In the year, the Authority launched the Water Conservation Program "The Time To Save Water Is NOW, Every Drop Is Precious!" this program will be intensified in the years to come. The Authority in conjunction with the government will launch other initiative such as distribution of free water tanks, which will assist communities in harvesting and conserving rain water for consumption purposes.

Commenting on general matters, good progress was made in the year to draft a legislative guideline for Liquid Trade Waste Management. After extensive consultations with stakeholders and a regime of trade waste testing, it is the intention to present a draft set of Bylaws for legislative enactment. Liquid Trade Waste Management is critical to ensure the sewerage treatment plants are protected against toxic intrusions and also more importantly to protect the environment from discharge of unsafe affluent from our treatment plants.

The Authority received international recognition in the year. The Twinning Program received international recognition in the Water and Wastewater Sector, when the success of the partnership between the Authority and Hunter Water Australia took center stage at the 3rd Global Water Operators Partnerships Alliance (GWOPA) Congress and General Assembly in Spain. The Authority also claimed the top award for the "The Most Improved Water Utility in the Pacific" at the Pacific Water and Wastewater Association (PWWA) 8th Annual Conference held in Papua New Guinea. At this conference, the Authority's Senior Business Analyst, Mr. Manasa Tusulu, was also awarded the "2015 Water Professional of the Year" for his contribution to the data collection that helped the bench mark exercise of the PWWA.

I take this opportunity to thank the Board of Directors for their commitment and vision in setting the strategic direction of the Authority. I would also like to thank the Chief Executive Officer and Senior Management for pursuing the strategic objectives of the Authority sometime with limited resources and under difficult circumstances.

I also wish to thank the Government for its ongoing support and continued support in the future.

**P.L. Munasinghe**  
CHAIRMAN







# CEO's Report



In 2015, the Water Authority of Fiji has continued to develop programmes and initiate projects for the benefit of our customers, our staff, our depots and our water and wastewater treatment plants, and for our finances.

## Financial Achievements

In 2015, the Authority improved upon its financial efficiency ratios due to the setting up of a designated debt recovery team during the year. The Authority achieved an average collection to bills ratio of 88% at the end of 2015, compared to a ratio of 87% in 2014, and an average debt to bill ratio of 103% as at 31 December 2015 compared to a ratio of 104% in 2014.

The accounting system was upgraded from AccPacc version 5.5 to Sage 300 ERP Version 6.2, during the year, the first such upgrade since 2010.

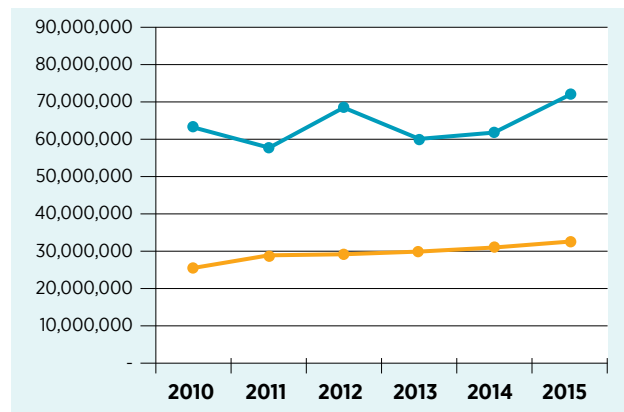
The 2012 audited financial statements were signed during the year.

The budget allocation of \$239million reflected the WAF Master Plan that focuses the next 20 years, with the primary objective of providing consistent, quality water and wastewater services, 24-hours a day, seven days a week. This budget allocation made it possible to work towards satisfying the needs, not only of our current customers, but also those of people living in the more rural areas of the country. It also made possible upgrades of the current water distribution and storage systems and the existing wastewater systems.

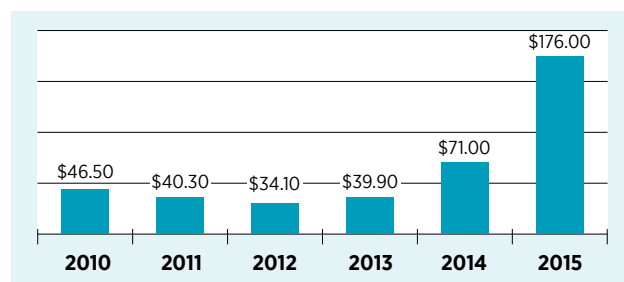
## Extreme weather impacts

The Authority is grateful for Government's recognition of the deteriorated state of the country's water and

**GRAPH 1:**  
REVENUE VS OPEX Investments 2010-2015



**GRAPH 2:**  
PSIP Investments 2010 to 2015 (\$million)



wastewater infrastructure, that will now enable us to begin upgrading our systems to protect against the types of setbacks that resulted from the extreme weather event experienced in Suva in December 2014.

## Crisis management at emergency meeting

An emergency meeting of the Water Authority of Fiji (WAF) executive management and engineers took place early on Sunday morning, December 7th, where Government was briefed on the collapse of the main wastewater trunk line carrying all untreated waste from the greater Suva area to the Kinoya Wastewater Treatment Plant.

Engineers worked all through the night of the 6th to design a temporary solution after the pipe collapse as result of the storm that pounded Fiji December 5th and 6th with strong winds and driving rain, severely impacting the Suva water and wastewater trunk lines.

Because of the storm, floodwaters may have caused the break in the pipe, with wastewater being discharged directly into the Cunningham Creek at the Four Miles Bridge and flowing in the Laucala Bay area.



The Fiji Roads Authority and MWH Global were consulted to investigate structural solutions and the Fiji Electricity Authority assisted by removing live, overhead wires at the work site so the repair work could begin.

Because of the attendant health and environmental implications, WAF consulted the relevant Ministries regarding the hazards through DISMAC and WAF's line Ministry.

### Savura slips

The storm also caused a further disruption in the Tamavua Water Treatment Plant, impacting some 67,000 customers in Tamavua-i-Wai, Delainavesi, Lami and Vesari to Togalevu when two major trunk lines supplying Tamavua Water Treatment Plant were washed away in a landslide, decreasing water intake by 60%. Water carting was immediately implemented to assist these customers.

A prompt response to the slips at Savura saw the Water Authority of Fiji team complete major repairs to the collapsed Waimanu 600 and Headworks 3 trunk mains in less than a week.

The collapsed Waimanu 600 was identified during routine checks in the early afternoon on Saturday 6th December. Then, on Saturday night, a second slip took out the Headworks 3, which is located higher up the slope, closer to the road.

Mobilisation began on Monday, clearing the site with three excavators, bringing additional pipes from the West to augment the stocks already in Suva. The actual mains repair began on Tuesday morning and, by working around the clock in shifts, repairs to Headworks 3 were completed by Wednesday afternoon.

Working in rainy conditions with waterlogged, slippery clay underfoot meant that from start to finish, safety was at the forefront of the operation to repair the mains and restore the supply of treated water to the greater part of Suva.

Work on Waimanu 600 began on Thursday morning, by which time the support team had arrived from the West. The crews worked through the night, completing the repairs by Friday afternoon. Before the weekend was over, there was sufficient water with enough pressure to restore normal supplies to all those who had been affected by the previously collapsed pipes.

The prompt and appropriate responses to these emergencies, combined with the unceasing and tireless efforts of all concerned, is a testament to the quality of the people employed at WAF.







## Project Management Unit

The Project Management Unit is responsible for the implementation of all major and minor capital projects funded by the Government of Fiji and partners, such as the Asian Development Bank and is comprised of Capital Work Projects, ADB Funded Projects, Flood Recovery Projects and Land Management Unit.

With the allocation of \$30.8 million for Water Distribution projects, 98 percent of funds were committed to hydraulics upgrade and water coverage extension. The Water Distribution projects funded by Government included Vatuyalewa Settlement Extension, RKS Raw Water Main Replacement, Ramana Subdivision 100 Mains Extension, Naililili Water Reticulation, Naboro Dam Mains Replacement and Access Road, Moala Mains Relocation, Malake Island Pipe Laying Project, Labasa Hospital and Naodamu SPS, which combined, benefitted more than 800 people who received now clean and reliable potable water.

## Capital works

Capital works also included the rural, non-metered works schemes. These are self-help schemes where the community is required to contribute one tenth of the cost, with the remaining nine tenths funded by the Government.

WAF was allocated \$59.1 million in 2015 to improve its water distribution and wastewater systems. The main objectives were to reduce the intermittent water supply

to affected areas and provide an efficient and reliable wastewater system. The Water Distribution System was allocated \$30.8 million and \$28.3 million for upgrading wastewater treatment plants and existing wastewater distribution systems.

Projects completed successfully in 2015 included:

The Water Distribution Projects with the allocation of \$30.8 million covered intermittent areas, the AC Pipes Replacement Programmes, and Trunk and Distribution Mains Upgrading Works.

The AC Pipes Replacement Programme included Nasinu Zone-Nasole (\$102,902), Alivereti Farm Road/Ram Dutt Feeder Road AC Main Replacement (\$61,627), Voua to Uluisila 200mm mPVC Pipelaying Works (\$277,302), Nawaicoba (\$225,112), Cuvu (\$96,823) and other urgent requests.

Trunk and Distribution Mains Upgrading Works included Waimanu to Surge Tank (\$2.7million), Savura Bridge (\$67,524), Cement Factory Bridge (\$58,390), Wailada Bridge (\$53,371), Suvavou Bridge (\$13,489) and Dogoru Pressure tank To Benau reservoir (\$488,699). The main aim under this programme was to replace the existing smaller diameter mains to larger diameter mains to cater for the increasing water demand in areas of concern.

Water Intermittent Areas included Kalokalo Crescent (\$138,947), Tokotoko Highway, Navua (\$195,883), Naitonitoni Mains Upgrading (\$42,549), Upgrading Main at Belo Street (\$130,489), Kings Road Phase 3, 250 Main Upgrading (\$247,743) and Basoga 200 Mains Upgrading



(\$247,433). The main aim under this programme was to reduce water constraints faced by residents and supply a clean and reliable source of water.

In 2015, work in the Northern Division included the upgrading of the Nabouwalu Headworks; the installation of the AVG plant at Taganikula, Nabouwalu; refurbishing the Benau Reservoir and the relocation and extension of the water mains at Bulileka.

In the Western Division, as part of the planned preventative maintenance work on the Nadi/Lautoka bulk supply assets, rehabilitation work on existing systems took place with new chambers and cement lids being constructed in-house. Sixty such lids were constructed and installed as replacements to counter the theft of cast-iron lids at the Nagado Water Treatment Plant, in Nadi and Lautoka. Another 40 have been held in stock for future use over air valves and washout chambers.

Chambers and lids were also constructed for the exposed inlet/outlet valves, master meters and altitude valves at the Nadele, Holika, Votualevu, Blackrock and Lolobalavu reservoirs.

Major repair works also took place at the inlets of the Vuda, Votualevu and Macombo reservoirs. Improvement in pressure in the system and the filling and stabilising of reservoir levels all contributed

to eliminating the need for frequent valve operations.

This was achieved through the scour connection and 1200mm duplication works at Vaturu Dam; the additional water supply and process improvement at Nagado water Treatment Plant; the installation of air valves to improve the hydraulics on the raw water and treated water trunk mains; the elimination of unwanted operations on the bulk supply system; the flow measurements and system flow balance between the Nadi and Lautoka systems and the monthly pressure monitoring and mains flushing programme.

#### 2015 Production Level

Region	Total Production (ML)
Central/Eastern	59,014.58
Western	50,359.39
Northern	7,324.37
Outer Islands	1,235.60
<b>Total</b>	<b>117,933.94</b>

#### WATER ASSETS – to be updated

Water	Central	Eastern	Western	Northern
Intakes	12	13	17	22
Treatment Plants	8	6	11	19
Reservoir	32	24	34	31
Distribution Network	7	7	7	4
Water Pump Stations/Pumps	17/72	-	17/39	14/23





In the Central/Eastern Divisions, the Mains Extension Programme saw the extension of the water main to the new settlement of Delaidogo, the connection of the Dokanaisuva Reticulation to the Colo-i-Suva Reticulation. Other communities that were linked to the reticulation system as a result of this programme included:

- Naisogo, Vunikawai and Uluibeka
- Nakoronivono, Wailekutu
- Ucuinamono, Veisari
- Vuninokonoko Back Road, Navua
- Tokatoka Highway, Navua.

Improvements to existing assets included the installation of an electric submersible pump, that replaced the generator at Colo-i-Suva; the installation of a new, second pump at Savura; the replacement of pumps one and two at Raralevu; the replacing of the defective 600mm valve, Wainibuku Outlet; the replacement of the 150mm defective sluice valve at the WTP New Sludge tank; the installation of 450mm line valve and a 300mm washout at Vugalei, Lami; the replacement of the Qaraserau Bridge and Pearl Bridge mains; the relocation of the 150mm main under the Sawani Bridge walkway; the re-alignment of the 150mm main at Sawani Bridge and the repair of 600mm Bulk Main near Delainavesi Bridge.

## Wastewater Projects

The allocation to Wastewater Projects included \$28.3 million for the New Wastewater Reticulation System, the Upgrading of Existing Wastewater Treatment Plant and the Upgrading of Existing Wastewater Reticulation.

New Wastewater reticulation Projects completed in 2015 included the Nabukalou Sewer Extension (\$1.6million), Mariko Sewer Extension (\$259,392), Sigatoka Hospital Sewer Extension (\$1.17million) and Vatulaulau sewer extension (\$2.26million).

The Upgrading of Existing Wastewater Treatment Plant Project was allocated \$4.2 million, which included Odour control, Desludging and flow meter (Influent and Effluent Flows).

Upgrading of Existing Wastewater Reticulation included the upgrading of existing wastewater mains and clearing

of manholes. Projects such as Matana Street upgrade (\$185,849), Painapiu Street upgrade (\$150,397), Maravu Settlement (\$1.8 million) and Sewer Relining Works (\$10million) were successfully completed.

## Land Unit

The Land Unit attends to all land matters and enquiries, affecting both the Water and Wastewater Divisions, throughout the whole of Fiji.

In 2015, the Unit successfully secured a three-year Lease Agreement with freehold property owners on Taveuni. This provided a suitable location for the Desalination Treatment Plant site.

Following preliminary inspections of the Waitavala source on Taveuni, a series of consultations were conducted with the freehold property owner, who gave consent to WAF for access to the water source. The property owner's crops were inspected so appropriate compensation could be made.

Consultations were held with the landowners from Naduri Village, Nadroga, Navosa, for the Matovo Pump Station site. This led to the iTaukei Lands Trust Board's Offer for Agreement for Lease.

## Non-Revenue Water and GIS

Towards the end of 2014, guided by the inspiration of the late Mr David Grinter, the Non-Revenue Water (NRW) and the Geographic Information Systems (GIS) Departments came together in the interests of improved efficiency and effectiveness. This helped improve communication, collaboration and coordination of effort, with the combined NRW and GIS teams consisting of 43 permanent staff and 472 project staff, nation-wide. The success of this move can be measured by the continued reduction of non-revenue water in 2015.

The following table shows the improvements each quarter in NRW reduction, between the third quarter, 2014 and the last quarter of 2015. This reduction of NRW has been achieved through the efforts of the Integrated Meter Management team, which replaced 26,000 ceased and aged meters and the work of the Leak Detection Unit in the Central/Eastern, Northern and Western Regions to identify invisible leaks, combined with the installation and

Overall NRW Summary Table	3Q-2013	4Q-2013	1Q-2014	2Q-2014	3Q-2014	4Q-2014	1Q-2015	2Q-2015	3Q-2015	4Q-2015
National	52.2%	51.7%	49.0%	52.7%	51.6%	51.0%	46.0%	44.9%	43.5%	39.6%
Central	52.2%	52.1%	46.7%	50.8%	47.6%	49.9%	46.5%	40.8%	40.7%	35.1%
Western	54.2%	53.2%	52.0%	56.6%	57.5%	53.7%	49.5%	50.5%	48.5%	44.5%
Northern	19.4%	29.5%	39.5%	32.9%	29.9%	30.5%	26.9%	37.6%	30.3%	34.9%



activation of pressure release valves to provide the best possible solution for the intermittent water supply areas.

The establishment of the service pipe replacement programme introduced best practices while addressing service pipe issues at an increased rate and the development of the Suva-Nausori, Nadi-Lautoka and the Labasa Water Network Models also supported the work in reducing NRW.

For the effective reduction of leaks and NRW, it is necessary to develop and maintain an accurate record of the Authority's assets. The GIS team continues to physically identify and update the location, depth, and length in kilometres, of WAF's water and wastewater assets

Team GIS participated in the week-long Open Spatial User Conference and Twinning programme, at Barwon Water, Melbourne and the unaccounted water loss training in Fukuoka City, Japan.

The work of the Unit was much enhanced by the purchase and installation of the continuous Operating Reference Station (CORS) or base station, at Wailoku. The static GPS receiver, installed by GeoSystems New Zealand Ltd, is an investment that adds greater precision to the continuous geospatial and attribute data collected 24/7 and used for real-time applications by the WAF team.

## Water Resource Management

The collection of accurate hydrological data was greatly enhanced with the installation of 29 telemetry stations installed in WAF catchments and locations, Fiji-wide, by the Water Resource Management Unit (WRMU) in 2015. The success of the project was made possible through the cooperation and assistance of our Environment and Weather System (EWS) Nadi partners.

The installation of two water quality stations, 14 water level stations, and 13 rainfall stations in the three regions measure and provide rainfall and water level data that can be interpreted as the actual flow of the water source. The water quality stations have nine parameters of measurement that are useful in understanding the quality and behaviour of the source.

The telemetry stations have made it possible to access real time data that is important for design and planning purposes, for creating realistic catchment management plans, as well as measuring and planning for extreme weather events and climate change impacts, and maintaining improved data records for future use. More stations will be installed in the future in other priority sites in order to boost the benefits for WAF, especially in environmental monitoring, as well as increasing the Authority's capacity to gather, record and store data.





## Environment Unit

The Environment Unit provides technical assistance to WAF staff in order to ensure that the Authority's activities conform to the requirements as stipulated in the Environment Act of 2005. It undertakes activities, as stipulated in the Environment Act, 2005, and the Environment Regulations, 2007, for the Management of the Environment Unit and to keep informed of other related regulations relevant to WAF, in order to maintain the Authority's compliance in water production and project activities.

The Unit undertakes environment safeguard monitoring and reporting activities, in compliance with conditions as stipulated in the contract agreement between WAF and the Asia Development Bank (ADB).

It is also responsible for the establishment and continued operation of the four Environment Committees within WAF, namely; Central Division, Western Division, Northern Division and Levuka, to guide WAF's compliance activities.

The Environment Committee was activated when concerns were raised regarding possible asbestos pollution. The potential for waterborne asbestos pollution and the need to instigate correct methods for removing and disposing of out-dated asbestos-lined pipelines were highlighted. These concerns were addressed by the Human Resources Department with the introduction of appropriate workshops and training.

The Unit supports numerous activities that fall within the domain of Water Production, Wastewater Characteristics

Management, and Project Monitoring and Management. This includes the management of relevant literature, of waste management plans, and assisting in planning the year's technical activities. The Unit is responsible for site visits and the sampling of water and wastewater for chemical analysis for environment monitoring and decision-making. Outfall water quality is monitored, and follow-up reports written.

The Unit conducts audits of water and wastewater treatment plants and, in 2015, continued to ensure that environment conformance was met for the application of permits for all water treatment plants and sewage treatment plants, in accordance to the Environment Management Act of 2005.

The Environment Unit also facilitates the technical waste management plans and compiles vulnerability/sustainability reports.

The Unit conducts Environmental Impact Assessment and Initial Environmental Examination consultations and facilitates reports before WAF projects can be initiated, as well as the on-going monitoring and evaluation of all project sites. More than 120 initial environment examinations (IEE) were carried out throughout the year and 194 project sites were assessed and monitored throughout all divisions.

A major research and development programme was undertaken that will see the development of the Rewa River project in 2016, one of the biggest to be undertaken by the Authority. USD\$31 million has been earmarked as a grant for WAF Climate Change activities, in addition to the ADB loan for Kinoya rehabilitation projects.



## Consultancies

A series of consultations were undertaken with stakeholders at the beginning of the year when the sewerage pipeline broke at the Cunningham Bridge near the Rewa Dairy Factory and the Manohan Building. A new regulation called “Environment Emergency (Cunningham River, Eastern Suva Coastline and Nukulau) Regulations 2015 was created and became mandatory in January 2015.

The Environment Unit is spearheading the stakeholder consultations on the viability of constructing a new water treatment plant in Baulevu to augment the supply to Waimanu, Tamavua. The Unit facilitated six sets of stakeholder meetings, indicating the urgent need for the construction of the water pumping stations, treatment plants and the reservoirs to meet the increasing demands for water from a growing population.

The more than 20 stakeholders include the Commissioner Central, National Development and Planning Office (Central), National Water Quality Laboratory, Asian Development Bank, Department of Environment, Fiji Roads Authority, Naitasiri Provincial Office, Department of Town and Country Planning, Central Department for Women, Department of Fisheries, Department of Water and Sewerage, Nausori Town and Country Planning, Fiji Electricity Authority, Naikini Headman, Naitoika Headman, Delaidamanu Headman, Water Authority of Fiji, Ministry of Health and Medical Services, Fiji Roads Authority, iTaukei Land Trust Boards, and Department of Forestry.

## IWRM

The Integrated Water Resources Management (IWRM) Unit was formed in late 2014 to bring representatives of the Environment, Water Resources, Lands Acquisition and the GIS Unit together as a team so that firsthand, on-site information is available.

Monthly meetings are coordinated by the Lands Unit to discuss issues and to document records. All information provided by the four contributing Units is collated on maps produced by the GIS Unit.

## National Water Quality Laboratory (NWQL)

The National Water Quality Laboratory (NWQL) completed the testing of water quality at 55 WAF water treatment schemes. These take place on a weekly basis, to ensure all treatment processes are taking place as required, and meet on both a weekly and monthly basis with the required Fiji National Drinking Water Quality Standards.

On a daily basis, the laboratory receives water samples to be tested and analysed for any bacteriological content or any chemical or organic constituents that could be of significance to the health of the consumer. As well as the physical qualities, the aesthetic appearance of water samples is checked.

On a weekly basis, 55 water treatment schemes are checked to ensure that all treatment processes are taking place as required and meeting with the required Fiji National Drinking Water Quality Standards.





Ten of the eleven wastewater treatment plants are tested on a monthly basis, with the exception of Kinoya's being tested daily. All non-conformance for wastewater analysis results are aligned to the Environment Management Act 2004 on a monthly basis.

NWQL staff carried out the first profile study for salinity at Viria, for the new proposed 40 MLD Water Treatment plant.

Three NWQL staff participated in training conducted by Cawthron Institute for the Implementation of ISO 17025 Accreditation Principles. Two staff members attended training on ISO/IEC 17025 Standard - Accreditation Criteria and Their Interpretation, conducted by the Bureau of Standards in India. These courses ensure that NWQL is documenting and auditing all procedures and that all equipment is properly calibrated each time a test or procedure is performed.

The acquisition of gas chromatography and high performance liquid chromatography equipment during 2015 means that the Laboratory has been able to test more accurately for the presence of chemical contaminants in water, such as herbicides and pesticides.

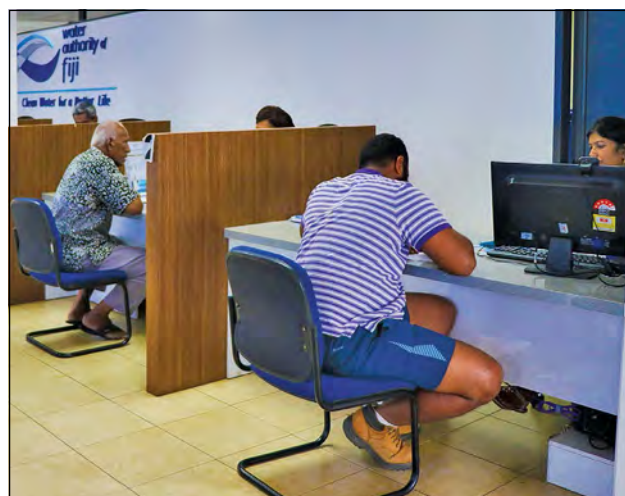
## Customer Services Unit

The year began with the February launch of Government's

Free Water Allowance initiative. This gave 23,000 litres, or 23 units, of free water to all domestic customers whose households earned less than \$30,000 per annum.

This saw customers flocking to the WAF Customer Care Offices throughout all regions, in order to take advantage of this initiative.

By the end of 2015, a total of 23,792 applications were processed, impacting 118,960 customers in those households. The total savings made by these households was \$83,724.05.



Region	Total Received	Total Approved	Total Pending	Total Awaiting	Total Vetting and Batching Process	Population Impact	Value of Free Water
Central Eastern	8,657	8,564	93	0	93	42,820	\$30,136.72
Northern	3,214	3,193	21	0	21	15,965	\$11,236.17
Western	12,210	12,035	175	0	175	69,175	\$42,351.17
<b>Total</b>	<b>24,081</b>	<b>23,792</b>	<b>289</b>	<b>0</b>	<b>289</b>	<b>118,960</b>	<b>\$83,724.05</b>





## 2015 Service Levels

During the first months of 2015, the face-to face service levels of the Customer Service Offices were impacted by the influx of lower-income customers applying for the Free Water initiative – National Office Face-to-Face.

This is reflected in the lower percentage figures for the months of January and February in the table below and also impacted the overall percentage for the whole year. Despite this increased pressure on Customer Services at the start of the year, the Unit still achieved an 80% service rate for the year.

Month	Ticket Served	Served within Time	% Achieved
January	5,376	2,276	42%
February	6,386	2,630	41%
March	5,209	4,619	89%
April	3,367	3,040	90%
May	3,473	3,177	91%
June	3,538	3,165	89%
July	2,253	2,253	81%
August	1,419	1,419	90%
September	1,360	1,360	94%
October	1,770	1,770	88%
November	1,695	1,695	85%
December	1,431	1,431	81%
<b>TOTAL</b>	<b>37,277</b>	<b>28,835</b>	<b>80%</b>

WAF call centre target is set at 80% answered calls and 5% abandoned calls. The centre works on the 80/20 SLA, meaning that 80% of the calls should be answered within 20 seconds.



## National Call Centre.

The WAF National Call Centre operates 24/7, with an experienced and well-trained workforce rostered accordingly. The centre uses the Mitel Information System, which has aided service delivery. The system provides support for Call Centre staff, as calls can be audited, and as the system monitors both call volume and abandoned calls, the Call Centre's service level can be extracted from the web-based system on a daily, weekly, or monthly basis.



WAF National Call Centre 2015 Service Level

Month	Call Volume	Service Level	Abandoned Calls	Abandoned %	Efficiency
Jan	18783	88%	1076	6%	94%
Feb	18752	88%	1213	7%	94%
Mar	18924	88%	1341	7%	93%
Apr	15397	91%	759	5%	95%
May	14304	90%	710	4%	95%
Jun	16535	89%	807	5%	95%
Jul	20755	87%	1210	6%	94%
Aug	17255	89%	893	5%	95%
Sept	16983	88%	961	6%	94%
Oct	23274	84%	1768	8%	92%
Nov	17694	87%	1137	6%	94%
Dec	18396	86%	371	7%	93%
<b>Total Calls</b>	<b>114357</b>	<b>88%</b>	<b>12246</b>	<b>6%</b>	<b>94%</b>



The Unit continued the Customer Satisfaction Survey introduced in 2013, with the following results for 2015.

### Customer Satisfaction Survey

Customer Satisfaction criteria:	Average
1 Reliability of water supply	69%
2 Quality of water	76%
3 Bill payment options	96%
4 Water pressure	58%
5 Responsiveness to complaints	57%
6 Service of Customer Service Representative	90%

Key strategies introduced in 2014 progressed throughout 2015. Designed to increase customer satisfaction, these included the meter verification, upgrade and replacement works and the establishment of District Metering Areas (DMAs). The 2015 financial year also saw the introduction of the On-line Bill Calculator.



### Meter Replacement Programme

The meter replacement programme continued in 2015. This will see the eventual replacement of 25,000 old, inaccurate and non-functioning meters. With the life of a meter being 10 to 15 years, this is the first time that a replacement programme has taken place in Fiji.

### District Metering Areas

Introduced mid-2014, the District Metering Areas (DMA) operation continued to promote accountability for specific metering areas to specific customer service teams. The concept uses smaller units of demarcation, each with a dedicated service team, allowing for better monitoring of water flow and addressing issues of leaks, illegal connections and meters that under-read consumption. WAF's use of the DMA system was endorsed in 2015 at the workshop conducted by the Principal Engineer, Thomas Civil & Environmental Consultants (TCET), New Zealand, and attended by the WAF Team Leader, Integrated Meter Management.

The work of the DMA teams supports the work of the Leak Detection Units and the Non-Revenue Water and the Intermittent Water Supply teams.

### Customer Service Roadshows

A series of Roadshows were organised by the Customer Services Unit, with the main themes of Celebrating the Value of Water and Every Drop is Precious. The presentations explained the water production cycle from the source to the tap, the total cost of production and how the cost to the customer is well below the production cost. The Roadshows highlighted Government initiatives available to assist customers, as well as providing customers with water saving tips and solutions to any water problems. Two sessions took place at each venue, to cater for both domestic and commercial customers.

The Customer Service Teams in each region were also required to carry out additional two community awareness sessions each month.

### Roadshow Summary

City /Town	Dates	Venue	Attended
Suva	16th Sep	Civic Centre	102
Nausori	17th Sep	St Vincent Hall	63
Sigatoka	22nd Sep	True Blue Hotel	60
Nadi	23rd Sep	Catholic Hall	76
Lautoka	29th Sep	Sugar Cane G H	24
Ba	30th Sep	Ba Civic Centre	57
Tavua	6th Oct	Tavua Town Council	42
Rakiraki	7th Oct	Shiu Raj Hall	74
Labasa	13th Oct	Civic Centre	137
Savusavu	14th Oct	DO conference Room	98
<b>Total</b>			<b>733</b>



## Office refurbishment

During the year, as part of the on-going, nation-wide WAF branding exercise and refurbishing for customer comfort, Customer Care Office fit outs were completed at Labasa, Nausori and Nadi offices.

## Customer Accounts

Revenue collected for the year was \$27,781,323.00.

2015	
JAN	\$2,206,892.47
FEB	\$2,370,565.38
MAR	\$2,838,451.28
APR	\$2,415,383.64
MAY	\$1,936,916.19
JUN	\$1,986,297.92
JUL	\$2,073,076.18
AUG	\$2,629,289.33
SEP	\$2,527,858.59
OCT	\$1,867,875.35
NOV	\$2,152,643.96
DEC	\$2,776,072.71
<b>Total</b>	<b>\$27,781,323.00</b>

### WAF Revenue Collection 2010 – 2015

Year	Revenue Target	Actual
2010	\$28 M	\$25.4M
2011	\$28 M	\$24.7M
2012	\$28 M	\$24.9M
2013	\$28 M	\$28.0M
2014	\$28 M	\$30M
2015	\$32 M	\$27.7M

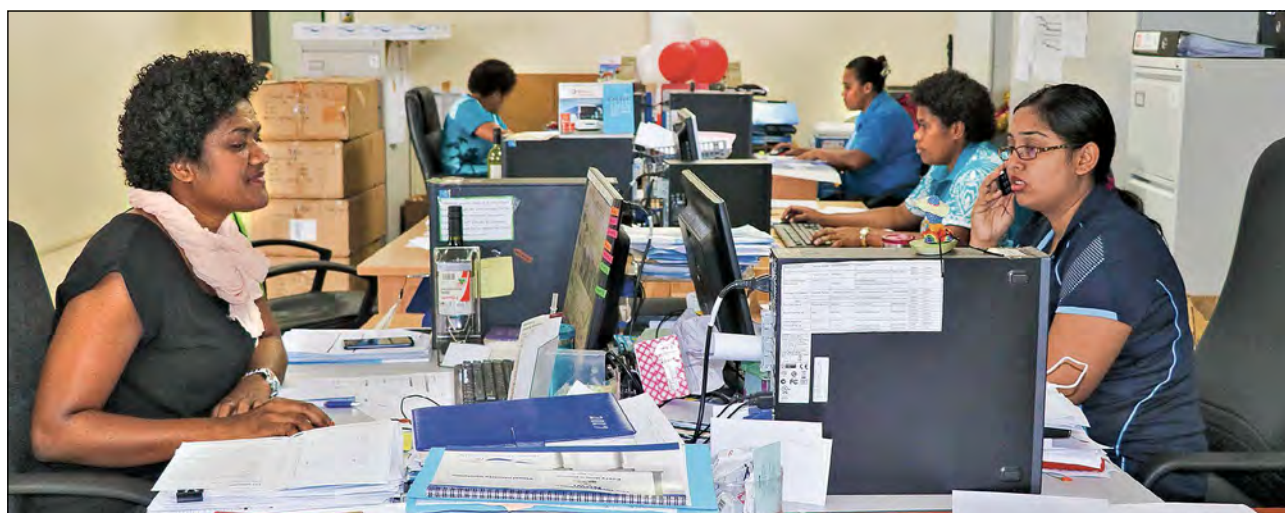
## Gentrack Billing System

WAF made the switch to Gentrack Version 4 in 2015. This is a multi-billing web engine can run billing for water and wastewater. It has a multi-level reporting functionality and configures workflow management tools. The following modules were implemented on Gentrack:

- GenBill: For billing for Water and Trade waste.
- GenMeter: For meter asset management, including meter installation and removal.
- GenCRM: For new customer sign ups, change of address, final readings.
- GenRead: For meter readings input.
- Web Portal: For self-service Web Portal
- GenPay: For cash receipting.
- GenCredit: For collection/debit management
- GenMail: For customer communication.
- GenMedia: For electronic document file management.

## Liquid Trade Waste

The Liquid Trade Waste (LTW) Unit was established to monitor and regulate the wastewater discharge from commercial and industrial businesses that are connected to the WAF wastewater infrastructure. Liquid trade waste is defined as liquid waste from commercial or industrial processes that is distinct from sanitary wastewater. Liquid trade wastes pose a major threat to WAF's wastewater infrastructure, which affects WAF's compliance to Department of Environment's (DoE) liquid waste discharge standards. Liquid trade waste not only affects WAF wastewater infrastructure, it has effects on the environment, public health and the economy as whole.







Achievements	Central	Western	Northern
Total business sampled	242	207	43
Total business re-sampled	99	-	38
Total pump station sampled	63	28	2
Total tanker sampled	44	4	1
Total result disseminated	242	145	78
Major events	6	2	1
Approximate liquid trade waste discharging businesses	357	399	150
Total connected liquid trade waste discharges	157		
Not connected liquid trade waste discharges	200		
Presentation conducted	135	68	3
Dissemination of result		175	78

The key highlights for the LTW Unit were the granting of approval by the Permanent Secretary, Ministry of Public Enterprises, for the National Liquid Trade Waste Policy consultation to begin, followed by the National Liquid Trade Waste Policy consultative process with Government stakeholders, conducted by the Unit staff, and the submitting of the Draft Authorisation of the first phase of Industrial Liquid Trade Waste services charges to the Fiji Commerce Commission.

Other significant events for the Unit included conducting 15 Stakeholder meetings, and Awareness for Hoteliers Workshop, with 54 participants and a Water Conservation, Waste Management and Pre-Treatment of Wastewater Workshop, with 87 Participants.

The Unit staff completed 90 percent of LTW sampling in the Central Eastern Division. This work was enhanced by the allocation of three vehicles to the unit for the LTW sampling operation of all three Divisions and the decentralisation of the Unit in September. This strengthened the Unit's presence in Natabua, with one Technical Officer and two Service Technicians and a Technical officer deployed to Labasa.

Twelve wastewater flow meters were received and certified, with appropriate staff training completed. The capacity of the Unit was further developed with three staff receiving training in India at ITEC on Climate Change and Sustainability.

## Rural Water Supply Division

With some 20 personnel sharing attendance at the Provincial and Council meetings, the Rural Water Supply Unit addresses issues and requests arising from the rural sector in relation to water.

A key function of the Division is to empower Rural Water Committees with an understanding of their responsibilities in keeping their water systems maintained and functioning properly.

WAF provides Water Committees with maintenance support for six months following the commissioning of a rural water project and supplies the necessary tools and fittings as a starter kit.

During 2015, the Division encountered a major issue with village Water committees failing to pay attention to the proper maintenance of their water supply systems. In turn, this was leading to a total dependence upon Government.

The challenge was to change this mindset by carrying out Awareness Programmes

on the roles of the Water Committees and other stakeholders in the delivery of the Rural Water and Sanitation Programmes in the rural areas. To assist in this, consultations were carried out with the four District Commissioners, the Water and Sewerage Department, and the communities. Presentations were made at the various Forums where stakeholders came together to discuss the programmes with the communities.

This consultative process has resulted in the Water Committees taking steps to help themselves, enhancing their knowledge and capability to look after their own water systems, while reducing their dependence on Government.

## Summary

NO.	REGION	TOTAL COST
13	CENTRAL	\$1,101,400.00
2	EASTERN	\$137,000.00
7	NORTHERN	\$1,146,200.00
13	WESTERN	\$1,763,120.00
<b>35</b>	<b>TOTAL</b>	<b>\$4,147,720.00</b>

## Strategic Planning

The Strategic Planning Unit was established in 2012 to develop and implement WAF's strategic plans. The Unit oversees the implementation of the Authority's strategic objectives, which are to provide the following:

- consistent water supply 24/7 to all customers;
- safe drinking water and wastewater systems;
- sustainable and efficient service delivery;
- effective project management;



- Increased service coverage;
- Improved rural services; and
- Capacity building of personnel.

In 2015, by continuously monitoring the advances made in fulfilling key action items and key results indicators, the Unit monitored progress in achieving these key strategic objectives in the WAF 2014-2016 Strategic Plan. By the end of 2015, 80% of the key action items had been achieved; a significant milestone for the Unit and the Authority.

The Unit was responsible for the development of a WAF-specific CAPEX procedures Manual, as part of the WAF-Hunter Water Twinning programme, funded by the Asia Development Bank (ADB).

The manual provides consistent, standardised guidelines and templates to assist project managers in the preparation of their CAPEX (capital expenditure) submissions.

This was reflected in the standard of business cases prepared by WAF for submission to Government for funding of CAPEX projects. WAF is unique in its operations, with specific requirements that must be met when making these submissions.

The cost/benefit analysis must be justified and the best –case scenarios must be presented to demonstrate how funding would be spent to benefit the Authority's customers, the people of Fiji.

The Unit is also responsible for the delivery of the

Water Authority's Statement of Corporate Intent, the Corporate Plan and the Permanent Industrial Relations Plan. The production of these corporate documents is an annual requirement of the Ministry of Infrastructure and Transport.

In January 2015, the Strategic Planning Unit organised the first Water Authority of Fiji Annual Conference. Held in Suva at the Novatel Hotel in Lami, the event brought together representatives from all WAF sectors in the Central/Eastern, Northern and Western Divisions to discuss the challenges and achievements in 2014 and set the direction for 2015.

This was followed by the first WAF Staff Annual Awards Night, which was also organised by the Unit. WAF was honoured to have as Chief Guest, the Prime Minister of Fiji, Honourable Voreqe Bainimarama, at this event, where the 2014 individual and team achievements of WAF staff were recognised.

## Water Champions Programme

As part of the Authority's water conservation awareness advocacy in communities, homes and schools, WAF promotes its Water Champions programme during the school holidays breaks with Secondary School students, to create awareness through site visits and presentations, of how water is sourced, treated and distributed to customers. This also provides an opportunity for students to explore career options at WAF. WAF intends to extend the programme to the Northern and Western Divisions.





## Human Resources

The training of staff in the operation of existing water and wastewater facilities and infrastructure, as well as in emerging new technologies, is essential so that staff may adapt to the changes taking place and effectively and efficiently perform their duties.

The efforts by WAF and the Human Resources Department to meet this ongoing challenge were rewarded at the beginning of 2015 with the milestone achievement of being upgraded from a Method B to a Method A employer. The Authority became the 60th company to do so, out of the approximately 7,600 registered companies in Fiji.

### Method A

Method A is a structured and systematic training scheme designed to provide for the training needs of all employees. Three levels of Training Needs Analysis - individual, departmental and organisational - are conducted each year and form the basis of the annual training that is developed for execution and all training is captured and evaluated.

WAF archived 94.12% in the 2015 Grant Assessment from Fiji National University (FNU). This translates into a claim of \$238,514.87, from the total of \$281,573.02 levy paid to FNU, which was reinvested in capacity building programmes and upgrading WAF training facilities.

The establishment of the Labour Management Consultation Committee (LMCC) in December the previous year, saw a new relationship develop between management and employees during 2015. Comprised of six management and six worker representatives, the Committee created an environment designed to nurture the labour - management relationship and contribute to

achieving WAF's corporate goals and objectives. This necessitated a culture change for the parties involved. Nonetheless, the development of relationships based on trust and mutual respect and the sharing of information and views proved advantageous to both parties in addressing and eliminating industrial relations issues.

## Change Management

A total of 23 Senior and Middle Management staff participated in the three-day Change Management workshop conducted by Bill Synnot & Associate, to meet current and future challenges as the Authority transitions to being a modern Utility, providing water and waste-water services to a growing population in Fiji.

### Salary scale approved

In June, the WAF Board of Directors had approved the job evaluation exercise and the proposed salary scale conducted by PWC. Following this, the Government approved WAF's recommendations for the payout to all full-time employees, up-to Team Leader level, with effect from 1st January 2016. This aligned employees' salaries with the market rate in order to attract and retain the best.

### New Zealand support

The Authority's capacity building and training programmes were greatly enhanced by the funding support of \$835,602.00, provided by the New Zealand Government in water and wastewater services. This enabled WAF to engage Opus ETC NZ to deliver a series of training programmes in water and wastewater treatment and reticulation and safety, with the following being completed:



- Wastewater Treatment Plant Operator Training Modules 1 – 4
- Certificate in Water Operations Modules 1 – 4
- Excavation Awareness Training
- Excavation Awareness & Advanced Safety.

WAF encouraged women to participate in this programme, and other learning opportunities, to address gender inequalities. A total of five women trained under this programme.

## Pacific Technical Assistance Programme

Six senior officials from WAF participated in the study tour to Water Utilities in NZ, with the generous support of the NZ Ministry of Foreign Affairs and Trade, through the Pacific Technical Assistance Programme.

They observed developments made by the Water Utilities and Councils in New Zealand that are directly linked to WAF's strategic objectives, with six specific areas of interest that included NRW, SCADA, Asset Management, Enterprise Risk Management, Liquid Trade Waste, Water and Wastewater Network Modelling.

Also supported by New Zealand's Ministry of Foreign Affairs and Trade under its Pacific Technical Assistance Programme, Watercare Services Limited (Auckland) conducted a risk assessment survey of WAF's water and wastewater treatment plants, identifying risk in the treatment process that needs attention and preparing a risk management plan for action.

Watercare Services Limited extended this approach to all areas of the organisation, culminating in the development of an Enterprise-Wide Risk Framework to identify

and prioritise all key organisational risks and effective assignment of resources. They also conducted a workshop on developing the risk assessment framework for water and wastewater treatment plants in Fiji.

## South Pacific Regional Environment Programme

Funded by the European Union, Asbestos Management training was conducted in the West and Central/Eastern Divisions by Pacwaste under the South Pacific Regional Environment Programme. The training on the risks associated with asbestos and how to ensure these risks are effectively controlled, in order to minimise exposure to employees and others entering the workplace, was attended by 73 WAF employees.

## JICA Programme

In 2015, a total of seven employees participated in the following JICA programmes. Programmes attended by WAF employees were:

- Non-Revenue Water Management;
- Sewage Works Engineering and Stormwater Drainage; and
- Counterpart Training for WAF & Fukuoka Partnership.

The Counterpart training is administered by JICA and implemented by Fukuoka City Waterworks Bureau, Japan. As part of this project, five employees from the West were attached with the Fukuoka from 11th November to 3rd December 2015. The purpose of this attachment programme was to implement the "Project to support reducing unaccounted water through effective control on Nadi / Lautoka Regional supply".





## Hunter Water

Under the twinning agreement with Hunter Water Australia, WAF's General Manager Wastewater Services had the opportunity for an extensive overview of various water and wastewater treatment plants in operation or under construction during a 10-day work attachment.

## ITEC Programme

WAF also actively participates in the Indian Technical Economic Corporation (ITEC) programme that is funded by Ministry of Foreign External Affairs of India, with 17 employees participating in the programme in 2015. These programmes were:

- Quality System Certification (ISO 9001) and Six Sigma Practices;
- Certification of Proficiency in English and Business Communication;
- Advance Certificate Course on Water Quality Analysis
- International Training Programme on Laboratory Quality Management System;
- Public Expenditure Management;
- Climate Change and Sustainability Training;
- Certificate Course on Electrical Power System Maintenance;
- Certificate Course on Industrial Electronics and Instrumentation; and
- International Training Programme on Standardisation & Quality Assurance.

Two employees from the WAF National Water Quality Laboratory (NWQL) attended three weeks training on ISO/IEC 17025 Standard – Accreditation Criteria & their Interpretation, conducted by the Bureau of Standards in India. This contributed to NWQL achieving 80% of the required criteria on the journey towards ISO 17025 accreditation.

Two employees from the Finance SBU attended

the Public Expenditure Management Training at the Institute of Government Accounts & Finance. Two more benefitted from the Korea International Cooperation Agency (KOICA) Programme, attending the Integrated Urban Water Management & Sanitation Workshop at the International Urban Training Centre (IUTC) in Korea.

## UNESCO - IHE Programme

UNESCO-IHE Institute for Water Education is the largest international graduate water education facility in the world based in Delft, the Netherlands and offers a wide variety of short and long-term educational courses in the field of water management, environmental science, urban water and sanitation, and water science and engineering.

Following the joint launch of the strengthening of Small Islands Developing States capacity in water sector, between Ministry of Foreign Affairs of the Kingdom of the Netherlands and UNESCO - IHE in 2015, WAF staff were able to access fully funded scholarships to attend short and long-term courses in water and wastewater. In 2015, three employees were selected to attend short-term courses scheduled in 2016.

## Scholarship Programme

In 2015, nine staff were on scholarship programmes studying Bachelor of Civil Engineering and Bachelor of Science, with six studying at the Fiji National University, two at the Segi University in Malaysia and one at the INTI International University in Malaysia.

## Engineering Graduate Development Programme

The Graduate Development Programme has been established to attract, develop, and retain graduates and young employees with the potential to be future leaders. The graduates undergo a two-year, structured training programme designed to develop their personal



and management skills, to equip them for future careers with WAF. In 2015, 19 graduates joined the Authority, with two being promoted during the year.

## Trade Test Programme

In conjunction with Fiji National University, WAF continues to help employees attain recognised skills certification in the respective positions they hold with the Authority. Staff members from all regions are encouraged to take advantage of this learning opportunity provided and upgrade their formal qualifications. The scheme's certification is recognised both nationally and internationally by the New Zealand Qualifications Authority (NZQA) and Trade Recognition Australia (TRA). Salary deductions from pay and payment options with FNPF have also been negotiated for the staff.

## Work Attachment Programme

As part of WAF's corporate social responsibility, the Authority engages people under the NEC and industrial work attachment programme to help students and the unemployed gain necessary work experience.

Eighty-four NEC and 52 industrial attachments took place in 2015, with a total of 59 trainees being absorbed into temporary and permanent establishment.

## Training of Trainers Programme

This is part of the HR programme to develop certified

trainers to design, develop and deliver training in respective areas of WAF's operation. In 2015, nine employees attended the Training of Trainer's Module I Programme. The Authority has 13 Resource Professionals, including a registered Training Officer, to conduct in-house training programmes.

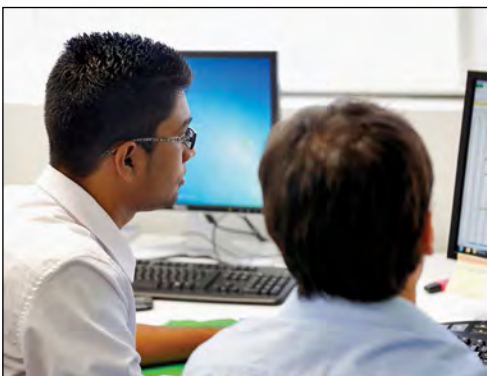
## E - learning

Currently, WAF participates in the E – Learning programs from EDX, Cousea and APO and other reputable training providers, with 70 employees accessing programmes in 2015. Key programmes were:

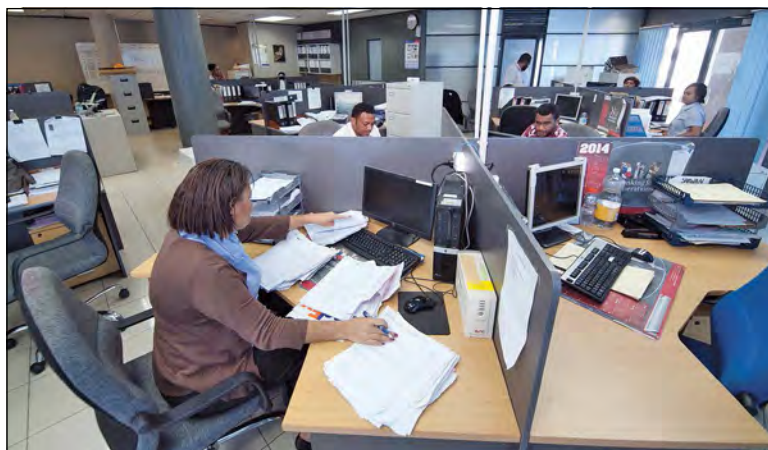
- Water & Wastewater Treatment Engineering;
- Creative Problem Solving and Decision Making;
- Data Analysis to the Max; and
- English Grammar & Style.

## HR Information System Upgrade

The HR department began the scoping of an information upgrade to be implemented in 2016. This is expected to include Recruitment and Selection, Position Management, Induction and Probation, OHS, Learning and Development, Employment Contract Management, Workforce Planning, PMS and Remuneration Packaging. It is expected to allow for the setting up of self-service kiosks at the depots, where staff could access the applications for leave, meal allowances, subsistence allowance, submission of sick leave, payslips, and organisational charts, for example.







## Occupational Health and Safety

Following the 2014 Occupational Health and Safety (OHS) audit conducted WAF-wide by the OHS section of the Human Resources Department, 2015 saw the development of the OHS Policy.

The policy was developed in consultation with the WAF employees and management, as well as with the Ministry of Employment, Productivity and Industrial Relations. The WAF OHS Policy adheres to the requirements as set out in the Health and Safety at Work Act of 1996 that regulates the duties of the employer, the employees and those persons in charge of the work place.

The OHS Committees for all WAF Depots were elected in 2015 for their next two-year term.

Reviewing standard operating procedures and risk identification and assessment procedures are mandatory at the beginning of work on with site. Mandatory Safe Work Statements must be filed before any major project commences. WAF also requires sub-contractors to include safety plans when bidding for any work contract. Incident reporting systems have been strengthened and it is mandatory to report all incidents and accidents to the Ministry within 24 hours.

The OHS section ensured that the annual inspections by the Ministry for all registrations, such as workplace registration, machinery and plant certification, handling chemicals and dangerous materials certification and diver registration.

Annual health checks for all workers, conducted by the Ministry of Health, were introduced. This is in addition to the vaccinations that wastewater staff receive in defence against diseases, such as Hepatitis A and B and Typhoid.

The importance of the vaccination programme was highlighted when the sewer pipe at Cunningham Bridge collapsed. During this crisis, the OHS Department was actively engaged in working with WAF staff and alerting the public to the possible hazards arising from the collapsed pipe.

## Internal Audit

In 2015, the Internal Audit Unit received reports of 83 offences, compared with 102 reported offences in 2014.

The alleged offences were brought to the Unit's attention by complaints by members of the public, internal referrals by the Board of Directors or the Chief Executive Officer, referrals from Government, or as the result of internal auditing processes.





## Legal

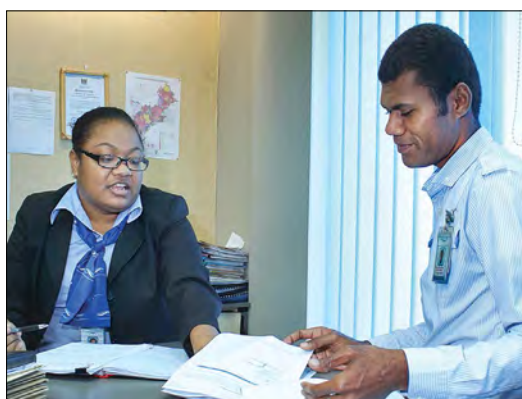
Since the launch of the prosecution arm of the Legal Division in 2014, WAF has successfully prosecuted all cases, such as willful damage to WAF assets or illegal connections.

In 2015, the judicial system found in favour of the Authority in all nine cases that WAF brought before the Court.

Throughout 2015, the Legal Department team worked with Project Managers to build capacity in contract

drafting. Protocols were established so that contracts drafted meet all the obligations that protect the interests of the Authority. This cooperative approach led to the strengthening of contract drafting procedures and the closing of potential loopholes.

It is now standard practice to create a register for each project, so that start and end dates and costs throughout the project can be easily monitored. To support the monitoring of the legal obligations of WAF and its contractors, a centralised depository for all contracts was established within the Legal Department in 2015.







# Corporate Governance

## Role of the Board

The Board is responsible for establishing the Authority's strategic direction, the setting of objectives, policy guidelines and goals for management, and monitoring the achievement of these matters.

The Board also reviews the Business Plan, the Corporate Plan and Statement of Corporate Intent, the Industrial Relations Plan and approves Operating and Capital budgets each year.

## Composition of the Board

The Chairman and the five other members of the WAF Board of Directors are appointed by the Minister responsible for Public Utilities in consultation with the Minister responsible for Public Enterprises and the Minister responsible for Finance.

Board members are appointed for a term not exceeding three years and are eligible for re-appointment at the end of that term.

## Duties and Obligations of the Board

All Directors shall act at all times in a manner so as to advance the interests of the Authority and its customers,

comply with the obligations of Directors under the Public Enterprise Act 1996 and to implement any Government policy, consistent with the functions of the Authority, given to the Board by the Minister.

No Director will publicly disclose any matter relevant to the Board's deliberations unless authorised to do so, or if it is in the public interest to do so.

## Disclosure of interest

Directors will disclose any direct or indirect interest they may have in any matter that is being considered, or is about to be considered by the Board. Any such disclosure will be recorded in the meeting's minutes and, while the matter is under discussion, the Board member will leave the meeting, without affecting the quorum for the meeting.

## Board Meetings

The Board held 9 regular meetings during the financial year ended 31 December 2015 and no special meetings.

YEAR	DATE	MAIN BOARD MEETING
2015	JANUARY	No Board Formal Appointment
2015	FEBRUARY	No Board Formal Appointment
2015	MARCH	No Board Formal Appointment
2015	APRIL	No Board Formal Appointment
2015	4TH, 5TH - MAY	New Formal Appointment
2015	2ND - JUNE	Board meeting
2015	6TH - JULY	Board meeting
2015	3RD - AUGUST	Board meeting
2015	7TH - SEPTEMBER	Board meeting
2015	5TH - OCTOBER	Board meeting
2015	23RD - NOVEMBER	Board meeting
2015	14TH - DECEMBER	Board meeting

The Board's regular business during its meetings is concerned with corporate governance, financial performance, risk management and strategic matters.

No sitting of the Audit and Finance Sub-committee took place. This Sub-committee is responsible for deliberating detailed issues and making suitable recommendations to the Board, as and when required.









**Water Authority of Fiji**

# Financial Statements

**For the year ended 31 December 2015**

## Contents

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## Directors' report

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of Water Authority of Fiji (the "Authority") as at 31 December 2015 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date. The Water Authority of Fiji was established 1 January 2010 as a commercial statutory authority in accordance with the Water Authority of Fiji Promulgation of 2007.

### Directors

The names of directors in office at the date of this report and at any time during the financial year and up until the date the financial statements were authorised for issue are as follows:

Board member	Appointed	Resigned
Mr P.L. Munasinghe (Chairman)	01/01/2015	Current
Mr Umarji Musa	01/03/2015	Current
Mr Vijay P Maharaj	01/01/2015	Current
Mr Shaheen Ali	13/03/2015	13/10/2016
Mr Hemant Kumar	23/04/2015	Current
Mr Bhavesh K Patel	23/04/2015	Current
Commander Francis Kean	27/07/2014	16/02/2016
Mr Kamal Gounder	13/10/2016	Current
Mr Paul Bayly (Ex-officio)	13/10/2016	Current

### State of affairs

In the opinion of the directors, the accompanying statements of financial position give a true and fair view of the state of affairs of the Authority as at 31 December 2015 and the accompanying statement of comprehensive income, statement of changes in equity and statement of cash flows give a true and fair view of the results, changes in equity and cash flows of the Authority for the year then ended.

### Trading results

The net loss for the year amounted to \$30,390,833 (2014: \$30,934,224).

### Dividends

The directors recommend that no dividends be declared or proposed for the year.

### Principal activity

The principal activity of the Authority during the course of the financial year was to harvest, treat and reticulate water for supply to its customers and to establish, operate and maintain systems for the provision of water and waste water services.

### Current assets

The directors took reasonable steps before the Authority's financial statements were prepared to ascertain that the current assets of the Authority were shown in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.





## Directors' report *continued*

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### **Current assets** *continued*

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the financial statements to be misleading.

### **Non-current assets**

Upon establishment of the Authority, under the Water Authority of Fiji Promulgation 2007 ("the Promulgation"), Property, plant and equipment were vested in the Authority under the Promulgation amounting to \$1,888,909,608. The valuation of these Property, plant and equipment was carried out in 2006 and this value became the 'deemed cost' to the Authority as at 1 January 2010.

The Authority has not subsequently carried out an independent valuation of the Property, plant and equipment as it is the Directors view that the costs associated with such an exercise would outweigh the benefits to be achieved. Hence in the opinion of the Directors, the deemed cost of Property, plant and equipment is considered an appropriate measure.

### **Revenue recognition**

In respect of the qualification raised by the Office of the Auditor General in regards to the revenue recognition by the Authority, it is the Directors' view that the Authority is in compliance with the revenue recognition criteria as per the International Accounting Standard (IAS) 18 "Revenue".

The Authority principle operating activity is the catchment, treatment and sale of water to the public and including the treatment of sewerage. Accordingly, it is the Directors view that revenue relating to the above activities is correctly brought to account in the Authority's account as required by IAS 18.

### **Receivables**

The directors took reasonable steps before the Authority's financial statements were made out to ascertain that all known bad debts were written off and adequate allowance was made for impairment losses.

At the date of this report, the directors are not aware of any circumstances which would render the above assessment inadequate to any substantial extent.

### **Related party transactions**

All related party transactions have been adequately recorded in the financial statements.

### **Events subsequent to balance date**

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

### **Other circumstances**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amounts stated in the accounts to be misleading.



## Directors' report *continued*

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### **Unusual circumstances**

The results of the Authority's operations during the financial year have not in the opinion of the directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

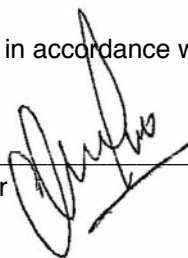
### **Directors' interests**

No Director of the Authority has, since the end of the financial year, received or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors shown in the Authority's financial statements) by reason of a contract made with the Authority or a related corporation with the director or with a firm of which he or she is a member, or in a Authority in which he/she has a substantial financial interest.

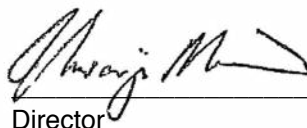
Dated at Suva this 21st day of September 2017.

Signed in accordance with a resolution of the Directors.

Director



Director







## Statement by directors

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In the opinion of the Directors of Water Authority of Fiji:

- (a) the accompanying statement of comprehensive income of the Authority is drawn up so as to give a true and fair view of the results of the Authority for the year ended 31 December 2015;
- (b) the accompanying statement of changes in equity of the Authority is drawn up so as to give a true and fair view of the changes in equity of the Authority for the year ended 31 December 2015;
- (c) the accompanying statement of financial position of the Authority is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2015;
- (d) the accompanying statement of cash flows of the Authority is drawn up so as to give a true and fair view of the cash flows of the Authority for the year ended 31 December 2015;
- (e) at the date of this statement there are reasonable grounds to believe the Authority will be able to pay its debts as and when they fall due; and
- (f) all related party transactions have been adequately recorded in the books of the Authority.

Dated at Suva this 21st day of September 2017.

Signed in accordance with a resolution of the Directors.

Director

Director

## OFFICE OF THE AUDITOR GENERAL

Excellence in Public Sector Auditing



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Website: <http://www.org.gov.fj>



## INDEPENDENT AUDITOR'S REPORT

### To Water Authority of Fiji

I have audited the accompanying financial statements of Water Authority of Fiji, which comprises the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on Notes 1 to 24.

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

Directors and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the requirements of Section 20(7) of Water Authority of Fiji Promulgation, 2007 and the Public Enterprise Act, 1996. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Basis of Qualified Audit Opinion*

1. Included in financial statements as Revenue (Note 5) are water and sewerage charges of \$32,410,653 and Trade Receivables (Note 11) of water and sewerage charges of \$10,228,694. Receipts from these charges are Government revenue which is directly deposited in the consolidated bank account of the Government. International Accounting Standards (IAS) 18 has set two criteria which need to be met for revenue recognition. One of the criteria requires that economic benefit associated with the item of revenue should flow to the entity. Thus, the Authority has not met the recognition criteria for recording these charges as revenue. Consequently, revenue and receivable are not fairly stated in the Statement of Comprehensive Income and Statement of Financial Position respectively.



***Basis for Qualified Audit Opinion (Continued)***

2. Opening balance of Property, Plant and Equipment amounting to \$1,888,909,608 for the year ended 31 December 2010 was not subject to valuation at the time of the transfer to Water Authority of Fiji. The valuation of these assets was carried out in 2006. Consequently, I am not able to confirm the valuation of the opening balance of property, plant and equipment when it was transferred in 2010.

***Qualified Audit Opinion***

In my opinion, except for the matters discussed in the basis of qualification paragraphs, the financial statements presents fairly, in accordance with the International Financial Reporting Standards and the Public Enterprise Act, 1996, the financial position of the Authority as at 31 December, 2015 and of the results of its operations and its cash flows for the year then ended.

***Emphasis of Matter***

Without further qualifying the audit opinion, attention is drawn to the following matters:

- Internal controls in the maintenance and issue of inventories need to be strengthened to avoid possible leakages.
- Project monitoring system and its documentation needs to be improved to further enhance efficiency and effectiveness in delivery of project works.



Ajay Nand  
**AUDITOR GENERAL**



Suva, Fiji  
26 September, 2017



# Statement of comprehensive income

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
Revenue	5	87,329,457	80,915,690
Other income	6	22,497,780	17,211,074
Total Revenue		109,827,237	98,126,764
Personnel expenses	8	(19,515,199)	(18,896,220)
Operating expenses	7	(62,452,610)	(53,045,001)
Profit from operations before depreciation, finance income and income tax		27,859,428	26,185,543
Depreciation		(58,300,576)	(57,177,979)
Finance income	9	50,315	58,212
<b>Loss before income tax</b>		<b>(30,390,833)</b>	<b>(30,934,224)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(30,390,833)</b>	<b>(30,934,224)</b>
Other comprehensive income for the year, net of income tax		-	-
<b>Total comprehensive (loss) for the year</b>		<b>(30,390,833)</b>	<b>(30,934,224)</b>

The accompanying notes form an integral part of the statement of comprehensive income.





## Statement of changes in equity

For the year ended 31 December 2015

	Contributed equity \$	Accumulated losses \$	Total \$
<b>As at 1 January 2014 Restated</b>	<b>1,807,794,415</b>	<b>(171,527,553)</b>	<b>1,636,266,862</b>
Loss for the period	-	(30,934,224)	(30,934,224)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	(28,836,806)	-	(28,836,806)
Total comprehensive income	(28,836,806)	(30,934,224)	(59,771,030)
Total other comprehensive income, net of tax	-	-	-
<b>At 31 December 2014</b>	<b>1,778,957,609</b>	<b>(202,461,777)</b>	<b>1,576,495,832</b>
Loss for the period	-	(30,390,833)	(30,390,833)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	( 31,257,761)	-	(31,257,761)
Total comprehensive income	( 31,257,761)	( 30,390,833)	(61,648,594)
Total other comprehensive income, net of tax	-	-	-
<b>At 31 December 2015</b>	<b>1,747,699,848</b>	<b>(232,852,610)</b>	<b>1,514,847,238</b>

The accompanying notes form an integral part of the statement of changes in equity.



# Statement of financial position

As at 31 December 2015

	Notes	2015 \$	2014 Restated \$
<b>Non-current assets</b>			
Property, plant and equipment	13	1,761,711,340	1,765,768,276
Intangible asset	14	823,273	1,204,866
Total non-current assets		1,762,534,613	1,766,973,142
<b>Current assets</b>			
Cash and cash equivalents	10	35,464,433	16,056,928
Trade and other receivables	11	12,235,959	10,874,281
Inventories	12	16,565,503	20,100,003
Held-to-maturity investments	15	5,000,193	3,131,404
Other assets and prepayments	16	1,513,407	1,428,800
Total current assets		70,779,495	51,591,416
<b>Total assets</b>		<b>1,833,314,108</b>	<b>1,818,564,558</b>
<b>Equity</b>			
Contributed equity		1,747,699,848	1,778,957,609
Accumulated losses		(232,852,610)	(202,461,777)
Total equity		1,514,847,238	1,576,495,832
<b>Current liabilities</b>			
Obligations under finance lease	21	422,551	422,551
Trade and other payables	17	15,268,669	26,156,115
Provision for employee entitlements	20	683,010	784,090
Total current liabilities		16,374,230	27,362,756
<b>Non-current liabilities</b>			
Obligations under finance lease	21	88,350	466,060
Deferred revenue – capex grant	18	231,992,329	142,622,716
ADB funded grant	19	70,011,961	71,617,194
Total non-current liabilities		302,092,640	214,705,970
<b>Total liabilities</b>		<b>318,466,870</b>	<b>242,068,726</b>
<b>Total equity and liabilities</b>		<b>1,833,314,108</b>	<b>1,818,564,558</b>

Signed for and on behalf of the Board of Directors.

Director

Director

The accompanying notes form an integral part of the Statement of financial position.





# Statement of cash flows

For the year ended 31 December 2015

	Notes	2015 \$	2014 \$
<b>Operating activities</b>			
Receipts from customers		31,257,761	28,836,806
Receipt from Government – operating grant		54,918,804	47,935,848
Payment to suppliers and employees		(72,843,113)	(53,621,563)
Payment to Government – Consolidated Fund Account		(31,257,761)	(28,836,806)
<b>Net cash flows used in operating activities</b>		<b>(17,924,309)</b>	<b>(5,685,715)</b>
<b>Investing activities</b>			
Receipt from Government – capital grant		116,500,872	64,845,220
Receipt from rural entities – rural projects		441,560	243,749
Payments for property, plant and equipment		(79,283,223)	(66,410,802)
<b>Net cash flows from/(used in) investing activities</b>		<b>37,659,209</b>	<b>(1,321,833)</b>
<b>Financing activities</b>			
Repayment of finance lease		(377,710)	(354,883)
Proceeds from interest income		50,315	45,500
<b>Net cash flows used in financing activities</b>		<b>(327,395)</b>	<b>(309,383)</b>
Net increase/(decrease) in cash and cash equivalents		19,407,505	(7,316,931)
Cash and cash equivalents at 1 January		16,056,928	23,373,859
<b>Cash and cash equivalents at 31 December</b>	<b>24</b>	<b>35,464,433</b>	<b>16,056,928</b>

The accompanying notes form an integral part of the Statement of cash flows.



# Notes to and forming part of the financial statements

For the year ended 31 December 2015

## 1 Reporting Entity

Water Authority of Fiji (the “Authority”) is a corporate body with perpetual succession and a common seal established under the Water Authority of Fiji Promulgation 2007 in Fiji. The address of the Authority’s registered office is Kings Road, Nasinu.

The principal activity of the Authority during the course of the financial year was to harvest, treat and reticulate water for supply to its customers and to establish, operate and maintain systems for the provision of water and waste water services. Other functions of the Authority are stated in section 7 of the Water Authority of Fiji Promulgation 2007.

## 2 Basis of preparation

### (a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and the requirements of the Water Authority of Fiji Promulgation 2007. The financial statements were approved by the Board of the Directors on 21st Sept 2017.

New standards and interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Authority.

### (b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated. The accounting policies have been consistently applied by the Authority.

### (c) Functional and presentation currency

The financial statements are presented in Fiji dollars, which is the Authority’s functional currency. All financial information presented in Fiji currency has been rounded to the nearest dollar.

### (d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(b) - Property, plant and equipment
- Note 3(c) - Financial instruments
- Note 3(f) - Impairment





## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated to Fiji dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Fiji dollars at the exchange rate at that date. The foreign currency gains or losses on translation are recognised in profit or loss.

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

##### Recognition and measurement

Items of property, plant and equipment inherited by the Authority from the Water and Sewerage Department prior to 1 January 2010 are measured at optimised replacement cost and additions thereafter are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

##### Subsequent expenditure

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

##### Depreciation

Property, plant and equipment including leasehold land, building, furniture and fittings, plant & equipment and motor vehicles, but excluding freehold land is depreciated using the straight line method, at rates which will write off the costs of those assets over their expected useful lives. Leasehold land is amortised over the period of lease. The method of write off and the rates used are those considered appropriate to each class of asset.

The depreciation rates for each class of assets are as follows:

Buildings and improvements	1.25% - 2.5%
Water Distribution Equipment	1%- 5%
Sewerage Equipment	1%- 5%
Furniture and fittings	7%- 12%
Office Equipment	3%- 12%
Motor vehicles	20%



## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies *continued*

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

Computers	33%
Leasehold land	Over term of lease

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### (c) Financial instruments

##### (i) Non-derivative financial assets

The Authority initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Authority is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets of the Authority include trade and other receivables excluding prepayments.

##### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and other assets excluding prepayments.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. Impairment assessed at a collective level is based on past experience and data in relation to actual write-offs. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectable, it is written off against the allowance for trade receivables.

Subsequent recoveries of amounts previously written off are credited against profit or loss.





## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

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### 3 Significant accounting policies *continued*

#### (c) Financial instruments *continued*

##### (i) Non-derivative financial assets *continued*

###### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Authority initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Authority becomes a party to the contractual provisions of the instrument.

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Authority has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

###### Trade payables, provisions and other payables

Trade and other payables are stated at cost. A provision is recognised in the statement of financial position when the Authority has 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.

#### (d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress, cost includes an appropriate share of construction overheads based on normal operating capacity. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.



## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies *continued*

#### (e) Leased assets

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

#### (f) Impairment

##### (i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Authority on terms that the Authority would not consider otherwise, indicates that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Authority considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Authority uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The carrying amounts of the Authority's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.



## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies *continued*

#### (f) Impairment *continued*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”).

The Authority’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

#### (g) Employee benefits

##### Superannuation

Contributions are paid to the Fiji National Provident Fund on behalf of employees to secure retirement benefits. Costs are included in profit or loss.

##### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in profit or loss as the related service is provided.

A liability is recognised for the amount to be paid under short-term benefits if the Authority has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

#### (h) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable. Revenue is shown net of value-added tax, returns, rebates and discounts, and foreign exchange gains and losses arising on sales transactions. Revenue is recognised for the major business activities as follows:

##### Provision of services

Revenues from water sales are recognized at the time of service delivery based on actual or estimated water meter readings. Billings for water service are generally rendered on a quarterly basis. Subject to the Promulgation No 25 of 2007, the Board may fix the amount of rates including interests on unpaid rates, to be paid in respect of any service and any matter associated with the provision of services.





## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies *continued*

#### (h) Revenue *continued*

##### Government Grants

Unconditional government grant related operating expenses are recognised in profit or loss as income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Authority will comply with the conditions associated with the grant and are then recognised in profit or loss as income on a systematic basis over the useful life of the asset. Grants that compensate the Authority for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

#### (i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (j) Finance income and finance costs

Finance income comprises interest income on short - term bank deposits and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of financial liabilities at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### (k) Income tax

The Authority's revenue is exempted from Income tax as per a letter from Fiji Revenue & Customs Authority, dated 3rd February 2017. The letter states the Authority's revenue is an exempt income under Part 1(2) of the Income Tax Regulation 2016.

##### (i) Value Added Tax (VAT)

Revenue, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT) except:

(i) Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

(ii) For trade receivables and trade payables which are recognised inclusive of VAT.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(iii) The tariff rates charged to customers for water and waster water are exempted from VAT.



# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

## 3 Significant accounting policies *continued*

### (I) Change in accounting policy and disclosures

#### Tax exemption position

The Authority's revenue is exempted from Income tax as per a letter from Fiji Revenue & Customs Authority, dated 3rd February 2017. The letter states the Authority's revenue is an exempt income under Part 1(2) of the Income Tax Regulation 2016.

Due to the tax exemption position of the Authority, an adjustment has been made to realise the deferred tax liability of \$3,030,331 currently recognised in the Authority's books.

The following table summarises the adjustments made to the statement of financial position on the adjustment:

	Deferred tax liability	Accumulated losses
Balances at 1 January 2015, as previously reported	3,030,331	(205,492,108)
Impact of the adjustment	(3,030,331)	3,030,331
Restated balances at 1 January 2015	-	(202,461,777)
Balances at 31 December 2014, as previously reported	3,030,331	(205,492,108)
Impact of the adjustment at 1 January 2014	(3,030,331)	3,030,331
Impact of the adjustment during 2014	-	-
Restated balances at 31 December 2014	-	(202,461,777)
Balances at 31 December 2013, as previously reported	3,030,331	(174,557,884)
Impact of the adjustment at 1 January 2013	(3,030,331)	3,030,331
Impact of the adjustment during 2013	-	-
Restated balances at 31 December 2013	-	(171,527,553)
Balances at 31 December 2012, as previously reported	3,030,331	(145,599,093)
Impact of the adjustment at 1 January 2012	(3,030,331)	3,030,331
Impact of the adjustment during 2012	-	-
Restated balances at 31 December 2012	-	(142,568,762)
Balances at 31 December 2011, as previously reported	3,030,331	(98,467,455)
Impact of the adjustment at 1 January 2011	(2,401,538)	2,401,538
Impact of the adjustment during 2011	(628,793)	628,793
Restated balances at 31 December 2011	-	(95,437,124)
Balances at 31 December 2010, as previously reported	2,401,538	(86,691,366)
Impact of the adjustment at 1 January 2010	-	-
Impact of the adjustment during 2010	(2,401,538)	2,401,538
Restated balances at 31 December 2010	-	(84,289,828)

The effects on the statement of comprehensive income in the current year and comparative is nil.



## Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

### 3 Significant accounting policies *continued*

#### (m) Comparative figures

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

#### (n) Standards issues but not yet effective

A number of new standards and amendments to standards are effective for the annual periods 1 January 2015, however, the Authority has not applied the following new or amended standards in preparing these financial statements:

IFRS 9 amendments Financial Instruments (effective 1 January 2018)

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

The Authority has no plans to adopt the standards early and the extent of the impact has not been determined.

### 4 Financial risk management

#### Overview

The Authority has exposure to the following risks:

- (i) Credit risk
- (ii) Liquidity risk;
- (iii) Market risk; and
- (iv) Capital management.

This note presents information about the Authority's exposure to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Risk management framework

The executive management is responsible for managing the risks of the Authority on a daily basis. There are established policies and procedures for the key business to manage the risks and develop a strong control environment.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's cash at bank and receivables.

The Authority's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Authority's customer base, including the default risk of the industry as these factors may have an influence on credit risk.

#### Trade and other receivables

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.





# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

## 4 Financial risk management *continued*

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Authority does not require collateral in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

### (i) Credit risk *continued*

The maximum exposure to credit risk at reporting date is as follows:

	2015 \$	2014 \$
Cash at bank	35,464,433	16,056,928
Trade receivables	12,235,959	10,874,281
Other receivables excluding prepayments	160,079	31,216
	<u>47,860,471</u>	<u>26,962,425</u>

The maximum exposure to credit risk for trade receivables at the reporting date by segment was:

	2015 \$	2014 \$
Domestic	22,814,869	26,048,527
Commercial	10,209,056	5,302,676
Government	1,273,205	1,072,827
	<u>34,297,130</u>	<u>32,424,030</u>

The ageing of trade receivables at the reporting date was:

	Current \$	> 1 year \$	> 2 years \$	> 3 years \$	> 4 years \$	Total \$
2015	5,729,163	8,315,699	3,439,831	2,264,886	14,547,551	34,297,130
2014	11,288,131	3,528,311	2,517,043	1,997,733	13,092,812	32,424,030

### (ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

31 December 2013	Carrying amount	6 months or less	6 - 12 months	More than 1 year
<u>Financial assets</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and cash equivalents	35,464,433	35,464,433	-	-
Trade and other receivables 1	2,235,959	3,818,783	3,917,645	4,499,531
Other assets excluding prepayments	160,079	160,079	-	-
	<u>47,860,471</u>	<u>39,443,295</u>	<u>3,917,645</u>	<u>4,499,531</u>

# Notes to and forming part of the financial statements *continued*

## For the year ended 31 December 2015

### 4 Financial risk management continued

#### (ii) Liquidity risk continued

	Carrying amount \$	6 months or less \$	6 - 12 months \$	More than 1 year \$
<u>Financial liabilities</u>				
Trade and other payables	15,268,669	1,159,239	14,109,430	-
	15,268,669	1,159,239	14,109,430	-
<b>31 December 2014</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<u>Financial assets</u>				
Cash and cash equivalents	16,056,928	16,056,928	-	-
Trade and other receivables	10,874,281	9,481,822	152,325	1,240,134
Other assets excluding prepayments	31,216	31,216	-	-
	26,962,425	25,569,966	152,325	1,240,134
<u>Financial liabilities</u>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	26,156,115	7,436,598	18,719,517	-
	26,156,115	7,436,598	18,719,517	-

#### (iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Authority's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Authority does not have any significant risks in these areas.

##### Price risk

The Authority does not have investments in equity securities and hence is not subject to equity securities price risk.

##### Cash flow interest rate risk

As the Authority's interest bearing assets are small relative to its operations, its cash flows are substantially independent of changes in market interest rates.

#### (iv) Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Authority monitors capital on the basis of the gearing ratio. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 \$	2014 \$
Total liabilities excluding deferred income and employee entitlements	15,779,570	27,044,726
Total assets	1,833,314,108	1,818,564,558
<b>Gearing ratio</b>	<b>0.86%</b>	<b>1.49%</b>



# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

	2015 \$	2014 \$
<b>5 Revenue</b>		
Government grant	54,918,804	50,935,848
Water charges	29,125,910	26,963,549
Waste water charges	3,284,743	3,016,293
	<u>87,329,457</u>	<u>80,915,690</u>
<b>6 Other income</b>	<b>\$</b>	<b>\$</b>
Transfer from deferred revenue	20,955,924	17,026,878
Other income	1,541,856	184,196
	<u>22,497,780</u>	<u>17,211,074</u>
<b>7 Operating expenses</b>	<b>\$</b>	<b>\$</b>
Chemical usage	1,983,194	1,948,305
Doubtful debts	1,676,832	(1,922,500)
Directors fees	36,034	3,163
Water and electricity	18,261,523	18,407,078
Fuel and oil	1,427,210	2,236,275
Plant and equipment hire	7,755,509	6,968,895
Loss on disposal of fixed assets	-	11,726
Professional fees	140,252	215,522
Repairs and maintenance	24,531,346	17,051,327
Telephone and communication	1,282,992	1,114,188
Others	5,357,718	7,011,022
	<u>62,452,610</u>	<u>53,045,001</u>
<b>8 Personnel expenses</b>	<b>\$</b>	<b>\$</b>
Salaries and wages	15,822,443	15,924,345
Annual leave	1,263,472	1,450,267
Fiji National Provident Fund	1,570,034	1,133,628
Staff welfare	859,250	387,980
	<u>19,515,199</u>	<u>18,896,220</u>
The number of employees during the year was:	<u>1,191</u>	<u>1,196</u>
<b>9 Finance income and expenses</b>	<b>\$</b>	<b>\$</b>
<u>Finance income</u>		
Interest income on short-term bank deposits	50,315	58,212
	<u>50,315</u>	<u>58,212</u>





# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

	2015 \$	2014 \$
<b>10 Cash and cash equivalents</b>		
Cash at bank	35,457,753	16,051,748
Cash on hand	6,680	5,180
	<u>35,464,433</u>	<u>16,056,928</u>

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term deposits are made from varying periods of between one day and three months, depending on the immediate cash requirements of the Authority, and earn interest at the respective short term deposit rates.

At 31 December 2015, the Authority had a \$13m LC facility with BSP to comply with the contractual obligations of its several major Capital projects. In addition, the Authority held cash of \$330,135 (2014: \$767,388) on Billpay accounts with ANZ, WBC and Bred bank that is restricted to be deposited to the Government of Fiji Consolidated Fund account as collection received on water and waste water revenue.

	\$	\$
<b>11 Trade and other receivables</b>		
Trade receivables	34,297,130	32,424,030
Allowance for uncollectability	(24,068,436)	(22,391,604)
	<u>10,228,694</u>	<u>10,032,426</u>
VAT receivable/ (payable)	953,750	(2,390,406)
Other receivables	1,053,515	3,232,261
	<u>12,235,959</u>	<u>10,874,281</u>

The terms of trade for trade receivables are 31 days from the date of billing. Trade receivables that are more than 365 days past due are considered for impairment.

As at 31 December 2015, the amount of trade receivables impaired was \$24,068,436 (2014: \$22,391,604). The receivables are mainly customers who have defaulted in payments. It was assessed that a portion of the receivables are expected to be recovered.

Movements in the provision for impairment of trade receivables are as follows:

	\$	\$
Balance as at 1 January	22,391,604	24,314,130
Movement during the year	1,676,832	(1,922,526)
Balance as at 31 December	<u>24,068,436</u>	<u>22,391,604</u>

The creation and releasing of provision for impaired receivables have been included in operating expenses in the statement of comprehensive income (note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovering the debt.

The fair value of the above balances equals their carrying amount due to their short-term nature.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

	\$	\$
<b>12 Inventories</b>		
Spare parts and tools	<u>16,565,503</u>	<u>20,100,003</u>

# Notes to and forming part of the financial statements *continued*

## For the year ended 31 December 2015

### 13 Property, plant and equipment

	Land and Buildings	Water and Distribution Equipment	Sewerage Equipment	Motor Vehicles	Office Equipment	Office Computers	Furniture and Fittings	Work in Progress - Capex	Work in Progress - ADB	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>										
At 1 January 2014	406,992,349	1,311,026,252	241,153,860	4,796,390	776,462	1,601,293	271,882	38,756,758	27,168,716	2,032,543,962
Additions	-	150,218	644,919	3,197,291	1,238,504	365,557	14,421	47,843,658	11,514,595	64,969,163
Disposals	-	-	-	(54,243)	-	-	-	(21,847,181)	(3,439,552)	(25,340,976)
Transfer*	-	32,532,906	33,377,223	-	-	-	-	(30,756,511)	(35,226,463)	(72,845)
Reclassification	-	-	-	-	-	-	-	-	-	-
<b>At 31 December 2014</b>	<b>406,992,349</b>	<b>1,343,709,376</b>	<b>275,176,002</b>	<b>7,939,438</b>	<b>2,014,966</b>	<b>1,966,850</b>	<b>286,303</b>	<b>33,996,724</b>	<b>17,296</b>	<b>2,072,099,304</b>
Additions	106,793	375,745	1,407	3,120,839	1,671,554	1,180,678	83,663	72,603,648	-	79,144,327
Disposals	-	(1,313,703)	(4,321)	-	-	-	-	-	-	(1,318,024)
Transfer*	779,477	2,915,661	216,442	-	-	-	-	(28,015,376)	(17,296)	(24,121,092)
Reclassification	-	-	-	-	-	-	-	-	-	-
<b>At 31 December 2015</b>	<b>407,878,619</b>	<b>1,345,687,079</b>	<b>275,389,530</b>	<b>11,060,277</b>	<b>3,686,520</b>	<b>3,147,528</b>	<b>369,966</b>	<b>78,584,996</b>	<b>-</b>	<b>2,125,804,515</b>
<b>Depreciation and impairment</b>										
At 1 January 2014	79,952,801	140,957,998	25,774,715	1,381,291	233,396	1,113,326	80,460	-	-	249,493,987
Depreciation charge for the year	22,790,898	26,672,707	5,460,399	1,386,634	130,233	376,791	31,132	-	-	56,848,794
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(11,753)	-	-	-	-	-	(11,753)
<b>At 31 December 2014</b>	<b>102,743,699</b>	<b>167,630,705</b>	<b>31,235,114</b>	<b>2,756,172</b>	<b>363,629</b>	<b>1,490,117</b>	<b>111,592</b>	<b>-</b>	<b>-</b>	<b>306,331,028</b>
Depreciation charge for the year	22,800,723	26,745,912	5,462,122	1,934,892	328,044	470,271	38,060	-	-	57,780,024
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	(17,823)	(54)	-	-	-	-	-	-	(17,877)
<b>At 31 December 2015</b>	<b>125,544,422</b>	<b>194,358,794</b>	<b>36,697,182</b>	<b>4,691,064</b>	<b>691,673</b>	<b>1,960,388</b>	<b>149,652</b>	<b>-</b>	<b>-</b>	<b>364,093,175</b>
<b>Net book value</b>										
<b>At 31 December 2014</b>	<b>304,248,650</b>	<b>1,176,078,671</b>	<b>243,940,888</b>	<b>5,183,266</b>	<b>1,651,337</b>	<b>476,733</b>	<b>174,711</b>	<b>33,996,724</b>	<b>17,296</b>	<b>1,765,768,276</b>
<b>At 31 December 2015</b>	<b>282,334,197</b>	<b>1,151,326,285</b>	<b>238,692,348</b>	<b>6,369,213</b>	<b>2,994,847</b>	<b>1,187,140</b>	<b>220,314</b>	<b>78,584,996</b>	<b>-</b>	<b>1,761,711,340</b>

\* This transfer includes rural projects handed over to communities and projects expensed upon completion. During the year, \$4.8m was allocated by the Authority for rural projects and project costs of \$6,919,691 (2014: \$7,930,746) was released from work in progress and deferred income in relation to completed rural projects.

Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

**14 Intangible asset**

<b>Cost</b>	<b>\$</b>
At 1 January 2014	344,907
Additions	1,441,639
<b>At 31 December 2014</b>	<b>1,786,546</b>
Additions	138,896
<b>At 31 December 2015</b>	<b>1,925,442</b>
 <b>Amortisation and impairment</b>	
At 1 January 2014	252,495
Amortisation	329,185
<b>At 31 December 2014</b>	<b>581,680</b>
Amortisation	520,489
<b>At 31 December 2015</b>	<b>1,102,169</b>
 <b>Net book value</b>	
<b>At 31 December 2014</b>	<b>1,204,866</b>
<b>At 31 December 2015</b>	<b>823,273</b>

Intangible assets included are licences acquired previously by WAF for MapInfo system currently used by the Customer Service department, Unlimited Pipe Modelling for the waste water modelling team, Sage 300 ERP and PayGlobal system used in Finance department and development costs for PUB system.

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>15 Held-to-maturity investments</b>		
<i>Current</i>		
Term Deposit	5,000,193	3,131,404
	<b>5,000,193</b>	<b>3,131,404</b>

Term deposit held with Westpac Banking Corporation Limited has a term of 365 days with interest rate of 1% per annum (2014: 0.75% - 1% per annum).

<b>16 Other Assets and Prepayments</b>	<b>\$</b>	<b>\$</b>
Prepayments	1,353,328	1,397,584
Other assets	160,079	31,216
	<b>1,513,407</b>	<b>1,428,800</b>
 <b>17 Trade and other payables</b>	<b>\$</b>	<b>\$</b>
Trade payables	1,159,239	2,131,849
Other payables and accruals	14,109,430	24,024,266
	<b>15,268,669</b>	<b>26,156,115</b>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms; and
- Other payables are non-interest bearing and have an average term of 90 - 180 days.





# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

	2015 \$	2014 \$
<b>18 Deferred revenue - capital grant</b>		
At 1 January	142,622,716	102,907,216
Grant received during the year	116,942,432	65,088,969
Refund of village contribution on rural projects	(34,458)	-
Transfer to ADB funded grant	-	(2,604,519)
Reversal of completed fully funded/ rural projects	(8,170,314)	(7,930,746)
Released to the statement of comprehensive income	(19,368,047)	(14,838,204)
At 31 December	<u>231,992,329</u>	<u>142,622,716</u>

All Government grants were used to fund the Authority's capital works. Annual depreciation is charged directly to the property, plant and equipment costs and a corresponding transfer from government grant to income is made each year to provide for amortization of the grant.

	\$	\$
<b>19 ADB funded grant</b>		
At 1 January	71,617,194	64,515,474
Grant received during the year (ADB supplementary loan)	-	9,432,281
Transfer from Deferred revenue - capital grant	-	2,604,519
Settlement of retention liability	(17,354)	(2,746,405)
Released to the statement of comprehensive income	(1,587,879)	(2,188,675)
At 31 December	<u>70,011,961</u>	<u>71,617,194</u>

Suva Nausori regional water supply and sewerage project funded from Asian Development Bank original loan number 2055 – FIJ dated 27 November 2003. The Project Management Unit at Water Authority of Fiji and Ministry of Public Utilities & Infrastructure Development implements the project, effecting payments through the Ministry of Finance and National Planning.

In 2009 Government of Fiji requested supplementary funding for Suva – Nausori regional water supply and sewerage project. The ADB on 23 November 2009 approved supplementary loan of US\$23 million through loan number 2603 – FIJ. The project completion date was from 30 June 2012 to 31 December 2014. The Project Management Unit at Water Authority of Fiji and Ministry of Public Utilities & Infrastructure Development implements the project, effecting payments through the Ministry of Finance and National Planning.

	\$	\$
<b>20 Provision for employee entitlement</b>		
At 1 January	784,090	590,097
Movement during the year	(101,080)	193,993
At 31 December	<u>683,010</u>	<u>784,090</u>

During the year, employees of WAF were entitled to annual leave that is accrual of 15 days per annum after completion of 3 months probation for new staff.

	\$	\$
<b>21 Obligations under finance lease</b>		
<i>Current</i>		
WBC loan account no. 9804538750	18,172	18,172
WBC loan account no. 9804596634	18,172	18,172

Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

	2015 \$	2014 \$
<b>21 Obligations under finance lease <i>continued</i></b>		
<i>Current continued</i>		
WBC loan account no. 9804463488	87,872	87,872
WBC loan account no. 9804438951	52,723	52,723
WBC loan account no. 9804438985	69,869	69,869
WBC loan account no. 9804307487	105,446	105,446
WBC loan account no. 9804201722	70,297	70,297
<b>Total current</b>	<b>422,551</b>	<b>422,551</b>
<i>Non - current</i>		
	\$	\$
WBC loan account no. 9804538750	6,403	22,490
WBC loan account no. 9804596634	7,782	23,785
WBC loan account no. 9804463488	24,262	102,453
WBC loan account no. 9804438951	14,557	61,472
WBC loan account no. 9804438985	19,291	81,463
WBC loan account no. 9804307487	12,900	107,709
WBC loan account no. 9804201722	3,155	66,688
<b>Total non current</b>	<b>88,350</b>	<b>466,060</b>
<b>Total</b>	<b>510,901</b>	<b>888,611</b>

The above lease facility were arranged with Westpac Banking Corporation at the rate of 6.25% for a term of 48 months. Refer to Note 22(c) for the commitment detail.

**22 Contingencies and commitments**

The directors are not aware of any contingent asset or contingent liabilities as at balance date.

(a) Capital expenditure

Total capital commitments as at balance date is \$37,161,891 (2014: \$8,466,324) for capital projects.

(b) Operating leases

Future operating lease rentals of the Authority's vehicles not provided for in the financial statements and payable:

	\$	\$
Within one year	1,005,516	1,073,727
Later than one year but not later than five years	2,273,017	2,147,454
	<b>3,278,533</b>	<b>3,221,181</b>

(c) Finance lease commitments

The Authority has entered into commercial leases on several 4x4 motor vehicles. These lease have an useful life of 4 years with renewal option included in the contracts but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases together with present value of the net minimum lease payments are as follows:



# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

## 22 Contingencies and commitments *continued*

	2015		2014	
	Minimum payments \$	Present value of payments \$	Minimum payments \$	Present value of payments \$
Within one year	422,550	397,053	422,550	397,053
After one year but not more than five years	110,300	113,848	532,850	491,558
More than five years	-	-	-	-
(c) <u>Finance lease commitments</u> continued				
Total minimum lease payments	532,850	510,901	955,400	888,611
Less amounts representing finance charges	(21,949)	-	(66,789)	-
Present value of minimum lease payments	<u>510,901</u>	<u>510,901</u>	<u>888,611</u>	<u>888,611</u>

## 23 Related parties

The Authority has related party relationship with its directors, key management personnel and the Government of Fiji.

### (a) Directors

The following were directors of the Authority during the year:

- Mr PL Munasinghe (Chairman) - *current*
- Mr Umarji Musa - *current*
- Mr Bhavesh K Patel - *current*
- Mr Vijay P Maharaj - *current*
- Mr Hemant Kumar - *current*
- Mr Shaheen Ali - *resigned*
- Commander Francis Kean - *resigned*

Directors' remuneration for services as employees is disclosed under Note 7.

### (b) Parent authority and ultimate parent authority

The Authority is a statutory body constituted by Water Authority of Fiji Promulgation of 2007 and the transactions with the Government of Fiji during the year are as follows:

	2015 \$	2014 \$
Grant received	168,888,270	112,674,978
Deposits to the Government Consolidated account	(31,257,761)	(28,836,806)
Water and waste water charges	1,273,205	1,072,827
	<u>138,903,714</u>	<u>84,910,999</u>

### (c) Transaction with key management personnel

Key management personnel comprises of:

- |  |                              |
|--|------------------------------|
| i. Mr Opetiaia Ravai (Chief Executive Officer)                 | Appointed on 30 June 2013    |
| ii. Mr Laxman Attanayake (Chief Operating Officer)             | Resigned on 14 October 2015  |
| iii. Mr Taitusi Vakadravuyaca (Acting Chief Operating Officer) | Appointed on 15 October 2015 |
| iv. Mr Kee Fong (Chief Financial Officer)                      | Appointed on 6 January 2014  |





# Notes to and forming part of the financial statements *continued*

For the year ended 31 December 2015

## 23 Related parties *continued*

### (c) Transaction with key management personnel *continued*

v. Mr Sosiveta Turagaiviu (Acting General Manager Production)	Appointed on 17 November 2014
vi. Mr Taitusi Vakadravuyaca (General Manager Projects)	Resigned on 15 October 2015
vii. Ms Fane Vave (General Manager Customer Service)	Resigned on 15 February 2015
viii. Mr Sekove Uluinayau (General Manager Customer Service)	Appointed on 16 November 2015

Transactions with key management personnel 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.

The aggregate remuneration and compensation paid to key management personnel, for the year ended 31 December was:

	2015 \$	2014 \$
Short-term employee benefits	571,055	556,269
	\$	\$
(d) <u>Other related parties</u>		
Fiji National Provident Fund - member contribution	1,570,034	1,133,628

## 24 Notes to the Statement of cash flows

### Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	\$	\$
Cash at bank	35,457,753	16,051,748
Cash on hand	6,680	5,180
	35,464,433	16,056,928





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