



STANDING COMMITTEE ON NATURAL RESOURCES

REPORT ON THE WATER AUTHORITY OF FIJI CONSOLIDATED ANNUAL REPORT 2010- 2012



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Annual Review of the Water Authority of Fiji Consolidated Annual Report, 2010 - 2012

Report of the Natural Resources Standing Committee

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Chair's Foreword

I am pleased to present the review of the Standing Committees on Natural Resources on the Water Authority of Fiji 2010-2012 Consolidated Annual Report.

The Standing Committee on Natural Resources is a Standing Committee established under Section 109 (2) (c) of the Standing Orders (SO) of the Parliament of the Republic of Fiji. The Committee is mandated to examine matters related to forestry, agriculture, mining, environment, fisheries, water and marine services.

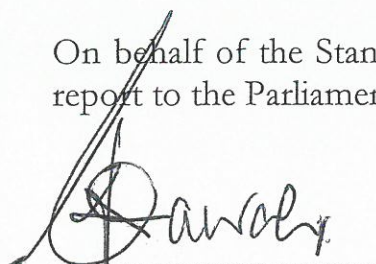
The purpose of the review was to scrutinize the Water Authority of Fiji Consolidated 2010-2012 Annual Report specifically on the areas of administration legislation, organization structure, financial management, functions and programs of 2010 – 2012.

The findings of the review and the recommendations put forward by the Committee are intended to assist the Water Authority of Fiji management and service delivery to the public and maximising production of water to meet the demand.

The review exercise was possible after consultations with the Water Authority of Fiji. The Committee had identified areas of concern that addresses challenges to ensure the company effectively deliver its goals.

I wish to extend my appreciation to the Honourable Members and the Secretariat who were involved in the production of this bipartisan report. My Committee colleagues Hon. Ro Kiniviliame Kiliraki (Deputy Chairperson), Hon. Alivereti Nabulivou (Member), Hon. Jiosefa. Dulakiverata (Member), Hon. Samuela Vunivalu (Member) and Hon. Semesa. Karavaki (alternate member for Hon. Jiosefa Dulakiverata).

On behalf of the Standing Committee on Natural Resources, I commend this report to the Parliament.



Hon. Joweli R. Cawaki
Chairperson

ACRONYMS	
KPMG	A professional firm providing Audits, Tax and Advisory services and one of the Big Four auditors, along with Deloitte,
EY	Ernst and Young
PwC	Price Waterhouse Coopers
IFRS	International Financial Reporting Standards
GIS	Geographic Information System
WAF	Water Authority of Fiji
CSA	Commercial Statutory Authority
WSD	Water and Sewerage Department
SBU	Corporate Strategic Business Unit
NGO	Non-Governmental Organisations

Water Authority of Fiji

Recommendation

The Standing Committee on Natural Resources has conducted the annual review of the 2010 – 2012 performance and current operations of the Water Authority of Fiji and recommends that the House take note of its report and critically looks at the issues highlighted in its Committee Findings and the Challenges faced by the Authority.

1.0 Introduction

The Standing Committee on Natural Resources was referred the Water Authority of Fiji 2010 to 2012 Consolidated Annual Reports for second reading on Thursday 11th February, 2016. The Committee's responsibility was to scrutinise the Water Authority of Fiji's Annual Report and make recommendations to Parliament under Standing Orders 110 (c). The Committee's mandate under the Standing Orders 109 (c) is to look into matters relating to forestry, agriculture, mining, environment, fisheries, water and marine services.

2.0 Gender Analysis

The Committee views that women should be respected in deciding their choices of career path irrespective of their gender.

However, the Committee is interested in seeing the gender analysis in future years to reflect the active involvement and participation of women in a male dominant workforce such as the Water Authority of Fiji.

Secondly, the Committee encourages the participation of more women in top decision making positions.

The Authority usually conducts consultations targeting the women discussion groups and workshops where female staff ensure their full engagement in discussions. Women will be consulted during any project preparation and implementation.

At each water project site, it is encouraged that women participation in a more detailed information sharing and community development activities. This will be established through existing village committee and women groups.

The poverty and socio-economic assessments of projects with the Water Authority of Fiji, identifies existing local civil society organisations and ensures that they are included in the consultation processes. Although, not specified, the role of civil society organizations and non-governmental organizations (NGOs) are included in the consultation activities. Women groups provide for communication with the affected communities to ensure holistic consultations.

Appendix One

Committee Procedure

1.0 Committee Procedure

The Natural Resources Committee met on Monday 11th April, 2016 to consider the 2010 – 2012 Consolidated Annual Report for the Water Authority of Fiji. The Committee received submissions from the Executive Management of the Water Authority of Fiji.

2.0 Committee Members

The members of the Standing Committee on Natural Resources:

1. Hon. Joweli Cawaki, Chair, Assistant Minister for Agriculture, Rural & Maritime Development & National Disaster Management
2. Hon. Ro. Kiniviliame Kiliraki, Deputy Chair, Opposition MP
3. Hon. Alivereti Nabulivou, Government MP
4. Hon. Jiosefa Dulakiverata, Opposition MP
5. Hon. Samuela Vunivalu, Government MP

3.0 Evidence and Advice Received

The Water Authority of Fiji presented its submission to the Committee Members on Monday 11th April, 2016. The presentation summary is attached as **Appendix Three (3)**.

4.0 Summary of Presentation

4.1 Water Authority of Fiji - Monday 11th April, 2016

Presenter	Brief Summary
<p>Chairman, Water Authority of Fiji, Mr P.L Munasinghe</p>	<p>This Annual Report contains the accounts for 2010, 2011 and 2012. The Water Authority of Fiji has had severe difficulties in the provision of the Chief Financial Officer from the day the company started.</p> <p>For the four-year period from January 2010 to January 2014, Water Authority had five Chief Financial Officers and three of whom got terminated. This was one of the few problems faced by the Water Authority of Fiji. This had resulted in the delays in preparing the accounts and the accounts were also substandard. The Board was faced with a bit of a dilemma, as to whether the Water Authority sort of go into a paralyses because of the outstanding matters or do the company sort of go and push to get everything done.</p>

The 2010, 2011 and 2012 those accounts were out of the way with all those anomalies that the Accounts had. The 2013 and 2014 accounts (clean set of accounts) had also been given to the Auditor-General which is almost finished. The accounts itself for 2010, 2011 and 2012, the Auditor-General has given a qualified opinion of all the three years. For 2012 there were only three qualified matters and out of those three, two qualified matters were in Mr. Munasighe's view were a matter of opinion. One matter was related to the revenue recognition. The Authority collects water and sewerage income and deposits them as income in their income statement.

However, that same money was deposited into the Government Consolidated Fund. So, the Auditor-General was of the view that because of that treatment, that the Water Authority could not recognise that as revenue, but the company had ongoing discussions with KPMG, a professional service company and one of the Big Four auditors, along with Deloitte, Ernest and Youngs (EY) and Price Waterhouse Coopers (PwC), a reputable Chartered Accountant and they confirmed that our treatment was correct in terms of the International Financial Reporting Standards (IFRS). That was really a matter of opinion.

For the income statement itself, on the revenue side, the waste water revenue in all the three-year period went up from twenty five point two million dollars (\$25.2m) to twenty eight million dollars (\$28m), a growth of thirteen percent (13%). This revenue was deposited into the Consolidated Fund and in the Books of Accounts of the Authority is treated as a return of equity to the Government, returning money back to the Government. On the operating expenses side, five (5) Expense Heads, that is, the Payroll Cost, the Chemical Cost, the Power Cost, the Plant and Equipment Hire Cost and the Repair and Maintenance Cost account for eighty six percent (86%) of total expenses.

The balance of fourteen percent (14%) consists of other expenses, like motor vehicle expenses, communication expenses and all the other expenses. The loss of the Authority, therefore, represents the non-cash expenses like depreciation, provision for doubtful debts, less of course the billing income. That situation will continue until such time as the Authority was in a position to become a financially viable institution. These losses would continue to erode the equity of the Authority as the years pass by.

Mr. Munasinghe further added that if the Authority should become a financially independent one, it would be imperative in the Board's and the Management's view that they carry out a tariff review. In fact, that was identified as a priority area and Water Authority did carry out in two occasions two Tariff Review Reports. It was in its draft form and the Executives of the Water Authority would discuss with the line Minister but had not been able to progress further to the discussion. The tariff review obviously, would be addressed progressively. The line that the Water Authority took was the Drafting of the Tariff Report. Government will continue to fund the Capital Expenditure Programme of the Authority.

On the tariff review in January 2015, the Government announced that a certain amount of free water should be given to the less privileged, so a criteria was established that households earning less than thirty thousand dollars (\$30,000) will be given twenty-three (23) units of free water every quarter. That was calculated on the basis of fifty (50) litres a day per person where a household has five (5) persons living in the house. So, twenty-three thousand (23,000) families are currently getting twenty-three (23) units of water per quarter free, so that was another additional burden on the Authority. The balance sheet side, trade debtors remain really a key issue for the Authority. At the time of transfer from the Government, there were about thirty-eight million dollars (\$38 million) worth of debtors transferred to the Authority which was in a pretty bad shape because the system was sort of a very unresponsive one. Also, the billing system did not have enough details of the customers to go after the debts.

The Water Authority knew where the location was, there were no contact numbers, no way of contacting the customers as alluded by Mr. Munasinghe.

Water Authority have made a provision (as mentioned earlier of twenty million (\$28 million) to cover the bad debts elements in that, and had also done a draft Cabinet Paper some time back given to the line Ministry for approval so that the company could start with a clean slate where the debtors are concerned.

With regards to the collection of debts, the Authority was also challenged in carting water to key institutions like schools, hotels, et cetera (etc.), although they are not paying for the service.

The Organisational Reform. Turning away from the bureaucratic Government Department into what was supposed to be a very

efficient and effective water utility. The culture of the people had to change, A lot of work has been done, and credit to the Executives of the Water Authority for the regular roadshows in trying to bring this cultural change to the staffs.

The Water Authority had adopted zero tolerance to corruption which was very vigorously enforced by the Chief Executive Officer and his internal audit team.

The need to build capacity within the organisation, to have the necessary skills, Water Authority had recruited twenty-six (26) young engineers to build the capacity and has been a challenge to actually keep these engineers engaged and interested. To retain them is a big challenge to the organisation. The Geographic Information System (GIS) specialised, a software to actually model the hydraulics of the reticulation systems and had spectacular successes in eliminating intermittent areas. Also with (GIS), we are mapping this into digitised network and have also enabled the Water Authority to create their master plan which is one of their initiatives. Another key initiative area is water loss of forty percent (40 %) which is to be reduced at twenty percent (20%).

One of the many key programmes was for the Authority to install the cash register. After a certain number of years, the water meter malfunctions and it under-reads the water. A household may get five hundred (500) litres, the meter will only read ten (10) litres. That is water loss. The Authority had implemented a staggered programme of replacing these water meters at the rate of about twenty-six thousand (26,000) meters every year. The Authority has a total of about one hundred and forty-four thousand (144,000) meters in store.

An additional initiatives the Authority came up with was, the specialised leak detection equipment. Those listening devices walk the reticulation network to detect any leaking pipes and to replace any once leak is detected. The Authority have another program to replace all the aged pipes and another sort of main area, was the rural projects which is given high priority. The Authority has about thirty (30) projects in a year.

Appendix Two

Committee's Deliberations and Findings

5.0 Committee's Deliberations

This is the first Annual Report since the promulgation of the WAF (Water Authority of Fiji) on 1st January 2010, under the Water Authority of Fiji Promulgation No. 25 of 2007.

Each year the Government allocates funds to Water Authority of Fiji (WAF) to meet its Operating and Capital expenditures and the money collected from customers are banked intact to the Government consolidated fund.

5.1 Organizational Reforms

The years 2010 to 2012 have been key in the transition from a Government Department to a Commercial Statutory Authority (CSA). The WAF 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 Sewerage Department (WSD) in preparation for the transition from Government Department to an autonomous organization, 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.

5.2 Principal Activity

The Principal activity of the Authority was to harvest, treat and reticulate water for supply to its customers and to establish, operate and maintain systems for the provision of water, waste water and sewerage services.

5.2.1 Current Programmes:

5.2.2 **Future Proofing-** Important initiatives are being taken in key areas to future proofing WAF. Details of the Water and Sewerage Reticulation System are noted in large manual books called the 'Water Books'.

5.2.2 **Geographical Information System** (GIS) - a separate unit was set up and Munsys (Autocad Spatial Integrated Application) software purchased to commence the GIS project to map and digitize the reticulation networks.

Kinoya Greenhouse Gas Emission Reduction Project - WAF has completed the Greenhouse Gas Emission Reduction Project at the Kinoya Sewerage Treatment Plant in line with the Government's National Climate Change policy.

5.2.3 Reducing Water Loss (Non-Revenue Water)

5.2.3.1 Meter Replacement - It is estimated that 35% of meters are over 15 years old and under-reading the flow of water to customers' premises. A progressive programme has been put in place to replace 2600 meters per annum on a rolling basis.

5.2.3.2 Leak Detection - WAF has purchased several sets of leak detection equipment to detect water leaks in the main water lines and provide services to the customers as part of the extended services.

5.2.4 Rural Projects - The supply of clean water and the disposal of wastewater services to rural communities are high ranking priorities.

5.2.5 Replacing aged infrastructure - it is an established fact that large parts of the underground water and waste water infrastructure are very old and are in need of replacement. The implementation of GIS, will digitally map pipe network, has greatly advanced establishing priorities to progressively replace the aged infrastructure and also to rectify unconventional maintenance done previously.

5.2.6 Billing and Debtors - WAF is facing challenges from the billing system and the mounting debtors' arrears, so WAF is acquiring a new billing system or enhancing the existing one.

5.2.7 Personnel - At the time of the transition from Water Sewerage Department (WSD) to Water Authority of Fiji (WAF), the existing workforce, which was over reliant on consultants, was challenged by the expectations of the new Authority.

5.2.8 New Business Units- to address the challenges faced by the new Authority, Water Authority of Fiji (WAF) has established five Strategic Business Units.

5.2.8.1 Corporate Strategic Business Unit (SBU) - responsible for driving the Authority in achieving the corporate vision;

- 5.2.8.2 Production Strategic Business Unit (SBU) - responsible for the monitoring, maintenance and operations of the Authority's assets and resources;
- 5.2.8.3 Project Management Strategic Business Unit (SBU) - responsible for the implementation of all major and minor projects funded by the Government and Asian Development Bank;
- 5.2.8.4 Finance Strategic Business Unit (SBU) - Responsible for all financial aspects of the Authority's WAF business operation;
- 5.2.8.5 Customer Services Strategic Business Unit (SBU) - with the key aim of delivering cost effective, efficient customer service to commercial and residential customers;

5.3 Annual Report Analysis Financial Statement

	2010	2011	2012
Trading results – Net Loss after income tax expense	\$86,691,366.00	\$78,870,546.00	\$47,131,638.00
Total comprehensive income for the year	(\$86,691,366.00)	(\$78,870,546.00)	(\$47,131,638.00)
Cash and Cash Equivalents	\$2,747,168.00	\$8,095,741.00	\$13,082,585.00
Trade and other Receivables	\$23,042,095.00	\$16,454,520.00	\$11,015,425.00
Inventories	\$1,323,234.00	\$22,299,412.00	\$9,887,955.00
Held-to- maturity investment	\$1,000,000.00	\$1,000,000.00	\$3,105,037.00
Other assets and prepayments	\$2,922,569.00	\$290,477.00	\$187,368.00
Property, plant and equipment	\$1,832,506,702.00	\$1,763,139,003.00	\$1,806,570,757.00
Trade and other payables	\$28,534,868.00	\$1,300,418.00	\$8,609,956.00

5.4 Auditor's Opinion (Office of the Auditor General)

Auditor's Opinion for the year ended 2010

Basis for Disclaimer of Opinion

- 5.4.1 The Authority made adjustments to several general ledger (GL) accounts in 2010 and was not able to provide journals for these adjustments for audit verification.
- 5.4.2 A significant variance of \$5,400,498 was noted between the GL balance (\$1,323,234) and the subsidiary (\$6,723,732) for inventory due to the records not liked.
- 5.4.3 Property, plant and equipment valued at \$1,888,909,608 transferred from Government were taken in the Authority's books based on the valuation carried out by the Government 2006. Valuation at the time of takeover was not carried out, as the result the auditor was not able to ascertain whether the net book value of property, plant and equipment amounting to \$1,832,506,702 is fair.
- 5.4.4 The Authority did not provide evidence of stock take of inventories at the beginning and at end of the year. In addition, chemical stock on hand as at 31 December 2010 was not included in the financial statement. The auditor was unable to satisfy himself by alternative means that the inventory quantities held at 31 December 2010 and its valuation which are stated in the statement of financial position at \$1,323,234.
- 5.4.5 **Disclaimer of Opinion**
The auditor did not express an opinion on the Authority's financial statement due to the above disclaimer.

5.5 Auditor's Opinion for the year ended 2011

Basis of Qualified Audit Opinion

- 5.5.1 Included in financial statements as Revenue (Note 5) are water and sewerage charges of \$28,191,062 and Trade Receivables (Note 12) of water and sewerage charges of \$15,569,127 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's 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.

5.5.2 The Authority has not maintained adequate and appropriate internal control over journal voucher system. The Authority made several adjustments in the GL through general journals in 2011. Supporting documents for these adjustments were not made available for review. Due to this deficiency in internal control over journal vouchers, the auditor was unable to obtain sufficient and appropriate audit evidence regarding the accuracy of adjustments made in the Authority's GL. According, auditor was not able to confirm whether adjustments made in the Authority's GL through general journals were correct. Overall impact of these adjustments on the financial statements also could not be ascertained.

5.5.3 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, the auditor was not able to confirm the valuation of the opening balance of property, plant and equipment of \$1,763,139,004 is fairly stated in the statement of financial position.

5.5.4 The Authority did not perform appropriate reconciliation of its inventory for the year ended 31 December 2011. Auditor was also not able to substantiate the ending inventory through alternative audit procedures. Consequently, auditor was not able to ascertain if the inventory of \$22,299,412 is fairly stated.

5.5.5 **Qualified Audit Opinion**

In Auditors opinion, except for the matters discussed in the basis of qualification paragraphs, the financial statements were present fairly.

5.6 **Auditor's Opinion for the year ended 2012** **Basis of Qualified Audit Opinion**

Included in financial statement as Revenue (Note 5) are water and sewerage charges of \$28,446,766 and Trade Receivables (Note 12) of

water and sewerage charges of \$9,800, 838. 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's 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.

5.6.1 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, the auditor was not able to confirm the valuation of the opening balance of property, plant and equipment when it was transferred in 2010. As a result the auditor unable to ascertain of property, plant and equipment of \$1,806,570,757 is fairly stated in the statement of financial position.

5.6.2 The Authority did not perform appropriate reconciliation of its inventory and also did not provide inventory stock take report for the year ended 31 December 2011. Auditor was also not able to substantiate the ending inventory through alternative audit procedures. Consequently, auditor was not able to ascertain if the inventories of \$9,887,955 are fairly stated.

5.6.3 **Qualified Audit Opinion**

In Auditors opinion, except for the matters discussed in the basis of qualification paragraphs, the financial statements present fairly.

6.0 Committee Findings

- 6.1 Huge Capital Investment to upgrade the current water supply systems inherited from the Water Supply Department;
- 6.2 Transfer of Assets to Water Authority of Fiji;
- 6.3 Striking the balance between the social obligation and commercialisation;
- 6.4 Lack of Financial Management and Financial Reporting;
- 6.5 The effect of climate variability – Climate change;
- 6.6 Streamline the processes involved so that basic services to the rural communities can be provided more efficiently and effectively;
- 6.7 The Authority did not provide evidence of stock take of inventories at the beginning and at the end of the year.
The auditor was unable to satisfy himself by alternative means that the inventory quantities held at 31st December 2010 and its evaluation which are stated in in the statement of financial positions at \$1,323,234 and
- 6.8 The Authority did not perform appropriate reconciliation of its inventory for the year ended 31December 2011. Auditor was not able to substantiate the ending inventory through alternative audit procedures. Consequently the auditor was not able to ascertain if the inventory of \$22,299,412 is fairly stated.

7.0 Challenges Faced By The Authority

- 7.1 Poor customer database of consumers;
- 7.2 Billing Debtors – Water Authority is facing challenges from the billing system and the mounting debtors’ arrears so it has acquired a new billing system or enhancing the existing one;
- 7.3 Reducing leakages;
- 7.4 Training of staff;
- 7.5 The supply of clean water and the disposal of wastewater services are high ranking priorities;
- 7.6 Transition from Water Supply Department (WSD) to Water Authority of Fiji (WAF) and
- 7.7 Non - construction of proper septic tanks by the rural dwellers.

APPENDIX THREE

SUMMARY OF VERBATIM – WATER AUTHORITY OF FIJI

VERBATIM SUMMARY

Organization : Water Authority Of Fiji	Questions by Committee Members	Water Authority of Fiji - Comments/Responses
	<p>Hon. Nabulivou: Why is the 2010-2012 Annual Report a consolidated one? Why were Annual Reports not produced on a yearly basis?</p>	<p>MR. P.L. MUNASINGHE. - Honourable Member, as I explained to you earlier, the accounts were in a terrible state because of the situation, the situation we had with the Chief Financial Officer's position. As I told you, there were five financial officers in four years, and three were actually terminated. The accounts were also very substandard, Honourable Member, as I elaborated previously. The Board actually was in a bit of dilemma. The situation was what it was and we wanted to somehow bring it up to-date. That is the approach we took, Honourable Member. We said, "Alright, let us accept it. Although the accounts are substandard, we struggled and get it out of the way". So, three-year accounts were done and we thought we will publish the Annual Report, while 2013 and 2014 also have now been up to-date and is given to the Auditor-General. So, hopefully, the auditor I believe has also been completed.</p>
	<p>HON. J. DULAKIVERATA; Further to that question, if you produce a report, you should stand by it. Why have a disclaimer on the report?</p>	<p>MR. P. L. MUNASINGHE.- Disclaimer is given by the Auditor-General for the 2010 Accounts. So, the Auditor-General, because he could not express an opinion on the accounts on the 2010 Accounts, he gave a disclaimer. It is not the Board's. The Board is standing by the Report but it is the Auditor-General who says, because there are so many uncertainties in the 2010 Accounts, which were inherited by the way, because all those who are responsible for the accounts had also been terminated. Even the CEO, I believe got terminated. But the 2011 and 2012 Accounts, Mr. Chairman, were qualified opinions and out of the qualified opinion, has progressively improved and 2012, there were only three. Out of the three, I expressed my comments on the two that were different of views actually. It is not a very serious matter.</p>
	<p>HON. J. DULAKIVERATA. - You said that your water loss is about 40 percent at the moment, that is almost half of the water you produce and you</p>	<p>MR. P. L. MUNASINGHE. - Mr. Chairman, sorry, I do not think I made myself clear earlier. Actually, it was about 47 percent or 48 percent of water loss. We reduced it to about 40. Initially it was 53 percent and we reduced it to about, now we believe it is about 40 percent. Target for a country like ours should be, I believe, 20 percent, while places like Japan and so on and so forth</p>

	<p>have reduced it to 20. What is the acceptable water loss level that you should have?</p>	<p>will target 67 percent. So, when I say, "water loss", it is a term that is used in the industry. It could be a numerous factor, Mr. Chairman. One is, of course, the leaking pipes, the water gets unaccounted that way. One is going through ages of broken meters, where we cannot measure the actual water going through it, there is water tiff, that happens and incredibly, but it is true, we are still discovering in the network, where we have installed meters but those meters are not in the billing system. So, someone has gone in and installed these meters in people's houses but it is not in the billing system. So, actually we have published amnesty to people saying, "if you have a meter and you are not receiving a bill, you are given a certain period to come up and disclose it and there will be no penalties." We will accept it and put it in the billing system. But we really do not know how it happened.</p>
	<p>HON. RATU K. KILIRAKI. - Mr. Chairman, I noted as stated in your Report that you are facing significant challenges from the billing system and the mounting debtors' arrears. The question is, what has been done to combat these challenges, besides considering or acquiring a new billing system?</p>	<p>MR. P. L. MUNASINGHE. - First things is to clean the books, Mr. Chairman. So, what we have done is, we have actually compiled a list of all the bad debts that have to be written off so that we can clean it and start with the new slate. I believe that is with the line Ministry that Cabinet Paper is in draft form.</p> <p>Secondly, of course, changing of the billing system and updating with all the debtors records and also we have now created a Unit within the Accounts Department for debtor's collection, which we did not have before. If you can elaborate on that CFO, just a little bit.</p> <p>MR. K. KEE FONG. - What we have now at the moment, this new billing system is a much better system more than the old system. As we call debtors up, we can report on the system that we have called a certain debtor. But also one of the problems that we had in the previous system is that, as we have alluded to, is the information on the debtors was not good. For example, there is John Rounds, there are 20 John Rounds out there. With this new system we are able to, as a new customer comes on, we ask them for their TIN letter, identification, these things were not in the process in the pre-WAF in the Government days. We are improving in terms of all new customers coming on board in terms of gathering data and we have also started loading people on the Data Bureau. So, if you do not pay your bill, we can lodge you on the Data Bureau.</p>

	<p>HON. S. B. VUNIVALU.- According to your Annual Report, the Water Authority of Fiji has established a Call Centre to handle customer's queries and complaints. Could you please elaborate on the procedure undertaken on how customers' queries and complaints are dealt with?</p>	<p>We have a 24-hour Call Centre, the number is 3346777. We also have an email address - contact@waf.com.fj, and also a Vodafone short code – 5777. So, you can text in, you can email in or you can call the number, it is 24/7. What happens is, when a complaint is registered, we enter it into the same billing system, it has a module on complaints resolution. The fault ticket is raised, then it is dispatched to whatever depots the complaint is coming from.</p> <p>Now, obviously, we have a resolution target of 100 percent to be resolved within 72 hours for water and waste water within 24 hours. That is time stamped and tracked. Every day, we have management reports coming through on which depot is meeting the targets and which are slow. We usually have conversations with the Regional Managers or the Supervisors in that region to ask questions, as to why are you not attending to these complaints that have been pending now for over two or three days?. That is how it is handled.</p> <p>Once the complaint is done, we also have a process where the Customer Service representatives calls the customer back to find out if he or she is happy with the repairs that are done or not. If the customer is happy and satisfied with the works, then that ticket is closed, otherwise it remains open. For example, if they dig up a side of the road or something and they not done the back fill properly, then they have to go back and revisit and redo that complaint. So, basically that is how it is handled. The contact email address is visible to all management so any customer who sends an email through the contact email address, we have a view of it and we also can track the response to those.</p>
	<p>HON. J. DULAKIVERATA. - Mr. Chairman, we have a Government mandate to establish the Authority as a self-funding entity.</p>	<p>MR. P.L. MUNASINGHE. - Yes, I believe so. The Public Enterprises Act states that we have to operate within certain commercial guidelines, and I believe it is a 10 percent return that we need to provide to the Government. We are far from it because of the things I mentioned earlier, like the tariff reviews and all that thing must happen, but there is a mandate for us to become self-sustaining water utility under the Public Enterprises Act.</p>
	<p>HON. J. DULAKIVERATA. - When will you achieve this?</p>	<p>MR. P. L. MUNASINGHE. - It all depends. First, there are so many areas that we need to look into it and one of the key areas, as I had mentioned is the tariff review which we need to do. We have done that draft review</p>

		<p>twice now and we have briefly discussed the drafts with the Minister. Ideally, we would like to do a big step jump up from the current rates to what should be the commercial rates in par still with the world rates and the regional rates but unfortunately, I do not know how acceptable that jump is going to be. So, we thought we will do it in a staggered basis, we go on a moderate increase for the first phase and then the second jump later on as we go along. But, Mr. Chairman, the first thing that needs to happen, I think, is the tariff review, if we have to be a self-funding Authority.</p>
	<p>HON. J. DULAKIVERATA. - When will you achieve this?</p>	<p>MR. P. L. MUNASINGHE. - It all depends. First, there are so many areas that we need to look into it and one of the key areas, as I had mentioned is the tariff review which we need to do. We have done that draft review twice now and we have briefly discussed the drafts with the Minister. Ideally, we would like to do a big step jump up from the current rates to what should be the commercial rates in par still with the world rates and the regional rates but unfortunately, I do not know how acceptable that jump is going to be. So, we thought we will do it in a staggered basis, we go on a moderate increase for the first phase and then the second jump later on as we go along. But, Mr. Chairman, the first thing that needs to happen, I think, is the tariff review, if we have to be a self-funding Authority.</p>
	<p>HON. J. DULAKIVERATA. - Thank you. If you are to achieve this, with all this free water which is going to increase the number, and if you are to increase your tariff, the people who pay will pay more?</p>	<p>MR. P.L. MUNASINGHE. - Mr. Chairman, the people will have to pay for what they get. At the moment, I think the cost of producing a thousand litres of water is about 76 cents and we are charging 15 cents to a customer for the first 50 units. Apart from that (as I told you earlier), again 23,000 families are getting free water now up to 23 units, so these are all social obligations that needs to be factored in, Mr. Chairman. I do not have a sort of a comprehensive answer as to when we can become an efficient utility but we are to take it in stages, I suppose.</p>
	<p>HON. J. DULAKIVERATA. - Mr. Chairman, I have one more question. Your properties, when you become a separate entity, all the Government assets such as water were</p>	<p>MR. P.L. MUNASINGHE. - That is an interesting question, Mr. Chairman. They call it the asset transfer that is the transfer from the Government to the Authority. That process has not been completed yet. We have been pushing to get that process completed because when that process gets completed it is one of the conditions for the Authority to report to the Ministry of Works. Until then, we have to report to the Ministry of Public Enterprises. So, the transfer was</p>

	<p>being transferred to you, did you pay anything for it?</p>	<p>done on a valuation based on 2006 and it was just transferred there - no payment made or anything, only the assets came into the books and they were reflected as equity owed to the Government in the books.</p>
	<p>HON. A. NABULIVOU. - Dealing with equality, Mr. Chairman, how does the Water Authority promote equality.</p>	<p>MR. O. RAVAI. - Thank you, Hon. Member, a very good question. Our organisation is heavily dominated by male staff. We try as much as possible to recruit female engineers but there are very few applicants coming through. What we have done is try to engage ourselves with the two universities in promoting engineering as a career choice for female students. But also, if you notice in most of our advertisements, we always put a line down there that we are a gender equality organisation. But again, the challenge is getting these girls to do engineering in the first place. Nevertheless, we have other business units like finance, customer services where it is heavily dominated by females, but 80 percent to 90 percent of the bulk is still male because of the nature of the work.</p>
	<p>HON. J. DULAKIVERATA. - You are talking about your Geographical Information System (GIS), I hope this will improve your organisation's infrastructure. This is from a layman's point of view, what co-ordination do you have with all the developments like roads because sometimes the roads have just been completed and you start digging again on one side to lay your pipes?</p>	<p>MR. O. RAVAI. - I will start that off. We have been involved in what we call the GIS Council, we have also signed MOUs with Fiji Roads Authority (FRA) in particular, so now they can view our information and we can view their roads and even their future projects.</p> <p>We have also just signed what we call the Code of Practice on working in the FRA's space. If we were to go and dig up or Telecom or FEA there needs to be a certain procedure. Of course, we still drop the ball in a few occasions where we have to go straight in and dig because the road is full of water, but it is an ongoing discussion with FRA. But we have the information available to FRA and to ourselves.</p> <p>The other utilities like Telecom and FEA have not brought their GIS up to that level yet. But so far, it is between FRA and WAF, we do share that GIS and, of course, the other Government entities like Fiji Land Information System (FLIS). We also get the cadastre from them, and so we share on that basis. We just signed a latest one with TLTB as well, so now the leases, the land base and the owners of those leases, we will be able to view it through our GIS once that is finalised, the integration.</p> <p>MR. J. WYCLIFFE. - Mr. Chairman, to add to what the CEO has talked about, one of the consequences of Tropical Cyclone Winston is that we have undertaken a</p>

		<p>large exercise now to map all Government facilities on a GIS platform. What we have done, FRA's GIS platform is the most advanced in the country and WAF's GIS is also very good. So, what we have done is put on all Government Buildings even down to the locations of hospitals, schools and even put on maritime, locations of lighthouses, so it is starting to get down to that level.</p> <p>We are continuing to invest in that at the moment, and the idea that we have done and we have done this is to make that GIS information available to everyone within Government and this will be part of the continuing conversations not only between WAF and FRA but across all ministries as we go forward that we talk about infrastructure in an integrated way. So when we are digging up for water, we will also be thinking about roading, fibre optic cables, telecommunications and everything else. So, we can talk about it in that context, but having the GIS information all on one platform, as a start to that.</p>
	<p>HON. RATU K. KILIRAKI. - Mr. Chairman, environment is a very important issue. Can you elaborate on how WAF achieves its development in relation to the environment impact?</p>	<p>MR. O. RAVAI.- We have an Environment Unit within Water Authority of Fiji that liaises with the department and also coordinates EIAs for major projects in terms of data gathering. There is also a Fiji standard and this is to do with the waste water treatment that the Government gives us a licence to discharge. So, in terms of environment, our Environment Unit within WAF monitors this with the help of our laboratory of course and they have a sampling programme that is ongoing throughout the year. So, yes we do have liaisons with private consultants who do EIAs, for example, ADB Projects but the unit within WAF usually goes out and collates data and sample results and then helps develop the EIA for these big projects that we undertake. There is also, our Chairman just reminded me there is a project in Kinoya where we actually burn the methane gas produced from the sludge, so in that way we earn carbon credits from the credit fund which is overseas and they are to come and measure how much methane we burn and then we earn credits in those ways.</p>
	<p>HON. A. NABULIVOU. - Mr Ravai, based on insufficient water resources, can you enlighten this Committee if there any</p>	<p>MR. O. RAVAI. - Yes. We have Water Resource Management Unit within WAF that has a whole range of data on the water sources around the country. Obviously some of these sources we have secured leases, some we have not, but that is an ongoing exercise. We also have, I think it is with the Ministry</p>

	<p>key areas for WAF in getting water resources in various parts of Fiji.</p>	<p>now the draft Water Resource Management Policy which will take into account all types of water resources, surface water and also aquifers that are underground, that needs to be managed. You would know, currently anyone who has money can go and dig their own boreholes but this resource that we have underground must be managed well and that is what I think the Water Resource Management Policy will have some sort of direction and procedure on how they will allocate water resources to WAF, Agriculture, Industry. That needs to be driven by a national body so that, if we want water from river that someone else wants from, this particular body should allocated like Water Authority you can take 5 mega litres, Agriculture you take 10 mega litres and this has to be managed nationally. I believe this policy is under construction and should be finalised hopefully soon.</p>
	<p>HON. A. NABULIVOU. - This time, do you still need water or that is enough.</p>	<p>MR. O. RAVAI. - Yes, we do in certain parts mostly in the rural areas where systems dry very quickly and we have experienced that in the last drought and continue in some areas of the North. So, we need to consider what is underground in some of these places, where there are no rivers, there is only rain water harvesting or boreholes. So, we need that information from MRD to tell us where are the best aquifers in the country for us to tap into rather than putting individual boreholes for every farm. We consolidate one system, put it in a tank and distribute. So that is key information we looking at. In some provinces around the country, they are blessed with a lot of good rivers, but for some we need to look underground.</p> <p>MR. P.L. MUNASINGHE. - In fact, may I add another footnote to that, Mr. Chairman, I refer to the master plans in my presentation. The master plan for Nadi and Lautoka areas indicates that going into the future, there is going to be a significant deficit if we do not do anything about it. So, that area has been addressed in our infrastructure plans now, but for Nadi that is the priority area for us with all the developments that is going on in Momi and so on and so forth.</p>
	<p>HON. S.B. VUNIVALU. - Mr. Chairman. Apart from your report here, I have visited so many villages and farming</p>	<p>MR. O. RAVAI. - Vinaka Honourable Member. For Vatulele as an example, I think what you are saying is true. Some of their wells have been contaminated not only waste water systems, they do not have any good reticulation waste water system there so, obviously</p>

	<p>communities including Vatulele Island and I have seen so many people drinking water from wells. Can WAF help them because I have seen that some of the water which is being used, it goes back inside the well. I can prove that, and they drinking that particular water. Could there be some form of assistance given to them?</p>	<p>everything is going underground and it is a big chance of contaminating their water resources. How we can help is obviously we need information if there is other boreholes around or aquifers resources around Vatulele. We can do treatment or dissemination plants, these are some of the options but we will have to do the feasibility of it.</p> <p>MR. P. BAYLY.- Mr. Chairman, just on top of that, some of the villages, it is not even possible to sort of link them up into the water system. So, the other things that we can do is EPS systems or a purification system which we are putting in the villages as you know, to-date the Ministry has done 44. So, this is the value in having this situation that if you have a village that is unconnected to the water network, there are other options including within the Ministry to deal with those. So, we deal with them as they come up so, if you want to send through details about that particular village, we will talk and we will see what is the best result or outcome.</p> <p>MR. O. RAVAI. - Just to add on Mr. Chairman and Honourable Members, generally in the rural areas the sewerage system is non-existent and they construct septic tanks. We do not know the standard of that construction as well. It is a big challenge in the rural areas to fix this sanitation side of things and how to effectively treat their waste water because if they do not construct the proper septic tanks, it will obviously leak into their water system and into the environment. So, it is a big challenge but it can be done. It is a very capital intensive exercise if we were to do that for all the 2,000 rural communities that we have.</p>
	<p>HON. A. NABULIVOU. - Mr. Ravai, I just want to ask a question here about rural application for free water. Is that system currently ongoing or not.</p>	<p>MR. O. RAVAI.- New water source, that is now waived by Government so any rural community that wants water system basically apply, they write in and there are few conditions like they have to have the land secured by the land owning unit, they have to put all these in writing and produce this to the Commissioners' Office, they have to have a Water Committee that is existent, at least one member must be female of that Water Committee, they must have an existing bank account and minutes of meetings. . So, that once all that is established then Government will come in within the limit of the funding to construct that water supply and then officially hand over to the Water Committee.</p>

		<p>So, there are few provisions that the Commissioners have been briefed on, on anyone who wants Government assistance because now it is fully funded by Government.</p> <p>Apparently, were those that have given in their 10 percent we are in the process of refunding their money but they need to produce a bank account and also evidence that this particular person represents the Water Committee and we will refund their 10 percent that is already been received.</p> <p>MR. K. KEE FONG. - Mr. Chairman, if I can just add, I think the main challenge for us now at Water Authority of Fiji is the funding because Government allocates funding for rural, there is a big list of villages that are now in the queue. Even now, I think our list is going to be two years behind, so if you apply now, you could wait two to three years, it just all depends on Government funding. Those once that have paid their 10 percent are in the line.</p> <p>MR. O. RAVAI. - For example, this year we were going to do 40 out of about 60 projects because of funding. Now, 60 communities had paid their one-tenth but because we only got funding of \$7 million, we can only do 40. It is a first come first serve basis or urgent health issues or primary schools then we prioritise that way. So, it depends really also on what we receive like CFO stated but that probably will be shelved this year because of the cyclone. That is under discussion as well.</p>
	<p>HON. RATU K. KILIRAKI.- Yes, just clarification, Mr. Chairman, when the assets was transferred from water supply to WAF, whether the agreements that existed between the landowners and the water supply, does that transfer also to WAF, like Colo-i- Suva, Tamavua and Kalabu areas?</p>	<p>MR. O. RAVAI. - Yes, we take on board the leases and the payments. A lot of these assets as well, for the information of the forum is, they are not fully surveyed yet. A good example is Vaturu Dam, which still has not been surveyed completely for us to fully pay the lease. So, I think it is an agreement to lease arrangement currently and there are a lot other arrangements like that, but in terms of existing agreements between PWD and landowners, we honour that if it is in writing. For example, the Tamavua issue, a very unique arrangement there where free water is given to Tamavua village boundary only and that was an agreement back in the 1960s that we are still honouring now. Unless it is in writing, if it is just a verbal</p>

		agreement then we have no basis to honour that agreement
	<p>HON. S.B. VUNIVALU. - In regards to this water and sewerage system, this is in regards to Navakai. I think the drain out in the Nadi River, especially in the night time and during high tide, it comes up to the old Nadi Town near to the Tanoa Hotel. So, we are not allowed to fish and collect kai. Can anything be done so that it can be drained out somewhere else? It is close to Narewa Village.</p>	<p>MR. O. RAVAI. - Vinaka, Hon. Member. Generally speaking, the investments previously into the waste water sector was virtually negligent. The current Government is now putting serious money into waste water systems. Previously, a lot of investments was going on into water and they all totally forgot about the waste water systems. Now we are getting significant investments in upgrading our treatment plants in Kinoya. Navakai is another issue, where some of these effluents that are going out to the environment, honestly speaking, they do not meet international standards and because these treatment plants are overloaded and now we got funding agencies like ADB seriously working with Kinoya and the systems around Suva. The board has just awarded soon the review of Navakai. What needs to be done at Navakai so that the effluents that we treat and put out in the river is at least swim quality. That is not happening because the system is overloaded, there are a lot of things that are not working in Navakai. So, we need to do a full review and then we will fix waste water systems in Navakai.</p> <p>Natabua is another issue where the sludge is filled up in all these ponds. We need to dis-sludge this very quickly. So there are a lot of investments now going into the waste water sector which we are very grateful to which will fix all these. Once we fix the plants, then we can start to connect properties into the waste water reticulation. Right now people want to expand their business, they want to expand their properties, they cannot because there is no sewer connection and we cannot connect it unless we fix the treatment plants first. So with all these investments going into these waste water system, Navakai included, we have to fix that problem.</p>
	<p>HON. S.B. VUNIVALU. - Mr. Chairman, Navakai is just close to the sea, can it be diverted to the sea?</p>	<p>MR. O. RAVAI. - Part of the review will consider where the outfall will be, whether it will be in Rewa River or we will have to run out. There will be a lot of objections to in the sea because of Denarau and all the hotels. I think the key is getting the effluent up to good quality. In overseas, the effluent is like that water in front of you, Sir, that colour. We are not achieving that because the treatment process is weak and we are overloaded. We need to fix the treatment plants.</p>