water authority of fiji

Clean Water for a Better Life.

ANNUAL REPORT 2013-2014

Our Vision

The effective and efficient delivery of quality drinking water and wastewater service in accordance with World Health Organization guidelines.

Our Mission

The Water Authority of Fiji is committed to operating as an independent, effective, efficient and financially viable water supply and wastewater service provider delivery agreed levels of services to the people of Fiji.

COVER:
Tamavua Water Treatment Plant

Our Values

The values that are key to Water Authority of Fiji culture are:

- Customer Service Focus
- Individual attitude to do the right job, do it once and do it right.
- Continuous improvements
- Individual accountability
- Teamwork
- Transparency
- Honesty

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Letter to the Minister

Clean Water for a Better Life.

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Attorney- General and Minister for Public Enterprises
Honourable Mr Aiyaz Sayed-Khaiyum
Level 7 Suvavou House
Victoria Parade

Dear Minister,

I am pleased to present the Water Authority of Fiji's consolidated Annual Report for the years 2013 and 2014.

The report incorporates a summary of WAF's performance for both years respectively, and provides the audited financial statements for the financial year 2013 and 2014.

On behalf of the Water Authority of Fiji I wish to take this opportunity to thank Government for its support and understanding, and look forward to its continued support into the future.

Sincerely,

P.L. Munasighe
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 Enterprises and the Minister for Infrastructure and Transport.

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

- Provide consistent water supply 24 hours a day seven days a week to all customers
- Effective planning and project management
- Safe drinking water and waste water systems
- Improve rural services
- Sustainable and efficient service delivery
- Building personnel capacity
- 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

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
- Waste Water Unit
- Environment Unit
- National Water Quality Laboratory (NWQL)
- Water Loss Unit
- Technical Services Unit
- GIS Unit

Project Management SBU

This Unit is responsible for the implementation of all major and minor 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

Highlights for 2013

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

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
- Corporate Communications Unit
- Trade Waste Unit
- Technical Services

Water Distribution Projects completed

- Waivote mains upgrade
- Qauia Village mains upgrade
- Nakula Street mains upgrade
- Kaba Street mains upgrade
- Colo-i-Suva mains extension
- New Veisari water source, 80% of pipe-laying complete
- Lami Delainavesi upgrade works 75% completed

Waste Water Treatment Plants Projects completed

- Supply and installation of Insitu Sewer Relining System in part of Suva City
- Package 5F and 5G Sewer coverage for Nasese and Samabula areas
- Construction of third Trickling Filter at Kinoya Waste Water Treatment Plant

Waste Water Distribution Projects completed

- Final flushing and cleaning of Samabula North Sewer Reticulation Package 5 system completed and partial completion certificate issued to the contractor
- Connection of Suva Point Backlog Sewer Pipes Package 5G to pump station completed

Master Planning

- Suva-Nausori Master Plan: Assessment of the performance of the existing system has been completed

Four Desalination Plant Projects completed

- Supply and installation of desalination plants at:
  - Vanuavatu
  - Viwa
  - Kavewa
  - Kia

Chairman's Message

It is with pleasure that I present the 2013/2014 Annual Reports for the Water Authority of Fiji.

I am pleased to be able to report that since its inception in 2010, the Authority has achieved an annual revenue of 28.8 million in 2013 and 29.9 million in 2014.

I am also pleased to report that 2013 and 2014 have seen WAF make significant progress in developing and completing capital works projects and the Authority has completed a record number of rural projects that provide safe, potable water supplies to people living in rural communities.

In 2014, WAF saw great progress and the completion of several projects, achieving important milestones to meeting key objectives. There was a strong focus on training and certification of staff that will make the difference in 2015 as we work towards our strategic objectives.

The Authority is meeting the challenge of providing sustainable, environmentally sound water and waste water services in an efficient and effective manner through the judicious management of resources, including a review of the WAF master plans, and the utilisation of relevant, up-to date technology, and a commitment finding the right people who will continue developing WAF into a utility provider fit for the 21st century.

I would like to take this opportunity to thank my fellow Board members for their support and guidance throughout the past two years, and to express my sincere appreciation to the WAF staff and Management for their hard work that is making positive change a reality.

I would like to thank the Honourable Prime Minister, shareholding Ministers and Permanent Secretaries for their support, and look forward to their on-going assistance.

P.L. Munasinghe
Chairman

CEO's Report

The 2013 and 2014 financial years have been two of continuing development for WAF with improvements being made in several areas.

These improvements translate into benefits for our customers, our staff, our depots, water treatment and waste water treatment plants and our finances.

Financial Achievements

The 2013 financial year saw WAF achieve several milestones. The 2010, 2011 Financial Audit and the Asia Development Bank loan audit for the supplementary and original loans were completed.

The Finance Business Unit was re-organised, the Finance Policy and Procedures were approved, progressive review was undertaken, statutory documents and requirements were submitted, as were the Request to Incur Expenditure (RIE) and the Quarterly Performance Report.

The Internal Audit findings were implemented, the proper monitoring of cash flow and the timely payment of suppliers were instigated and a Debt Recovery Team was formed with a commensurate improvement in revenue collection.

In the years from 2013 to 2014, the Authority's revenue growth has shown a steady increase, achieving $28.8 million in 2013 and $29.9 million in 2014.

Twinning

Twinning is an expression used where an established utility, often in a developed country, takes under its wings a developing utility in an emerging nation.

The CEO took the initiative to establish an excellent twinning arrangement with Hunter Water, based in Australia, under the auspices of the Asia Development Bank and Pacific Water and Wastewater Association (PWWA). These twinning programmes allow skills, knowledge and technical transfers that are extremely beneficial to WAF. To illustrate, recently two of our water modellers travelled to Hunter Water for training in water modelling.

Regular video conferencing sessions are held to extract advice on various operational and technical issues.

We need to seek similar twinning programmes with other established utilities in the region that will enrich our skills, technology and process, at relatively low cost.

Water Modelling

The H2O MAP software was purchased to facilitate water modelling of the water reticulation systems. Assistance was obtained from Consultant Engineers engaged under the ADB loan programme to initiate water modelling and to train staff.

Water modelling allows the identification of limitations and bottlenecks in the system, vital for demand management. It is also a necessary prerequisite for the formulation of Master Plans for the development and improvement of the systems in the medium to long term.

Project Management Unit

With responsibility for the implementation of all projects, major and minor, that are funded by the Government of Fiji or by donors such as the Asian Development Bank, the Project Management Unit is comprised of four sections: Capital Works Projects, ADB Funded Projects, Flood Recovery Projects and the Land Management Unit.

Water distribution projects for 2013 funded by Government have included upgrades water mains at Waivote ($60,000), Qauia Village ($70,000) and Nakula ($60,000) and Kaba Streets ($50,000), as well as the extension of the existing Colo-i-Suva system ($350,000) that has expanded coverage to include areas previously not receiving potable water from this system.

In 2013, 80% of the pipe laying was completed from the new water source at Veisari ($515,000) and 75% of the Lami - Delainaivesi upgrade works was completed ($4.42million).

Waste Water Treatment Plants Projects completed in 2013 included the supply and installation of Insitu Sewer Relining System in part of Suva City ($2.57million), Package 5F and 5G Sewer coverage for Nasese and Samabula areas (combined cost $22.19 million), and the construction of the third trickling filter at the Kinoya Waste Water Treatment Plant ($2.17million).

Completed Waste Water Distribution Projects for 2013 included the final flushing and cleaning of the Samabula North Sewer Reticulation Package 5, with the system completed and a partial completion certificate issued to the contractor ($7.58 million) and the connection of the Suva Point Backlog Sewer Pipes Package 5G to the pump station ($11.6 million).

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

Land Management Activities

These included the following for 2013:

- Land Clearance of 734 properties for Samabula Sewerage Projects 5F
- 660 properties for Suva Point Sewerage project 5G and Tamavua Sewer Trunk Main project 5E
- Land leases negotiation with TLTB for Namau Water Source Catchment Extension in Tailevu.
- Nawai Reservoir Site in Nadroga, Balevuto water source in Ba, Veisari Water Source in Lami, Matovo Treatment Plant in Nadroga ,Navosa Water source and Somosomo water source in Taveuni.
- Land lease negotiation with Director Lands for Labasa Depot site.
- Land acquisition negotiation for Salialevu Water source in Taveuni with Winsome Holdings of Shangri – La Hotel.
- City and Town rates negotiation with Suva City Council, Lautoka City Council, Nasinu town Council and Nausori Town Council.
- Photo copying of all land file documents from Ministry of Lands.

Production Unit

Responsible for the maintenance and operation of the Water Authority's resources and assets, the Production Unit monitors all WAF operational assets in order to measure the use of these resources against the treatment of water and wastewater services.

Amongst its water treatment resources the Production Unit is responsible for 121 reservoirs, 44 water treatment plants, 48 water pump stations and a further 134 pumps (see Table 1), annually producing 108,684ML of water (Table 2).

The Unit also maintains and operates 403 wastewater pumps, 182 pump stations and 11 wastewater treatment plants for the delivery of wastewater services. (Table3).

ADB-funded Emergency Flood Recovery Project

The ADB Funded Emergency Flood Recovery (Sector) Project (Loan No.: 2541 FIJ) for the

TABLE 1

WATER ASSETS

	Central	Eastern	Western	Northern	Total
Intakes	12	13	17	22	64
Treatment Plants	8	6	11	19	44
Reservoirs	32	24	34	31	121
Distribution Networks	7	7	7	4	25
Water Pump Stations	17	-	17	14	48
Pumps	72	-	39	23	134

TABLE 2
WATER PRODUCTION

	Central	Eastern	Western	Northern	Total
Annual Production	56,240ML	2,080.5ML	46,130.9ML	4,234ML	108,685.4ML

TABLE 3
WASTEWATER SERVICES

	Central	Eastern	Western	Northern	Total
Wastewater Pumps	201	Nil	158	44	403
Pump Stations	104	Nil	62	16	182
Treatment Plants	6	Nil	4	1	11

rehabilitation of our water supply infrastructure in the Western Division that were damaged in the January Floods of 2009 was divided into two packages.

The first package (Package 1) is the Replacement of the Pipeline Support Structure at the Laqere Bridge (Contract No: WAF 23/11) which was awarded in January 2012 to J.S Hill and Associates for $FJ 1,757,422.00 VIP. Construction works commenced in February 2012 and the project was completed and commissioned in October 2012.

Package 2 comprise of seven projects in the Western Region as follows:

- Repair of the damaged dam wall at Varaciva Dam (near Ba)
- Laying of a new 300mm dia. mPVC pipeline (approximate length 3.8km) alongside an existing raw water main from the junction of the Varaciva Dam and Waiwai Dam raw water mains up to Waiwai Treatment plant inlet structure
- Providing structural and electrical upgrades to strengthen the Vatukoula River Intake structure near Tavua
- Constructing a new 300mm DICL Pipeline (approx. 200m long) supported underneath the Sigatoka Melrose Bridge
- Construction of a new raw water intake and pumping station at Matovo in Sigatoka.

Of these, the Vatukoula strengthening works were completed in November 2012, the Sigatoka Bridge pipeline was completed in February 2013 and the Varaciva Dam Repair works were completed in May 2013.

It is expected that the Varaciva Raw Water Pipeline and the new Matovo Intake Projects will begin in mid-2014.

Environment Unit

The Environment Unit has been in operation since 2010 and is responsible for controlling the Environment Management System (EMS) within WAF and for ensuring that the Authority complies with the Environment Management Act of 2005 through negotiation and the acquiring of appropriate permits. The Act is an implementation plan for regulations governing the discharge of solid and liquid waste.

The Unit also provides technical assistance, and in collaboration with the Department of Environment, creates awareness amongst WAF staff regarding the Environment Management Act, 2005.

GIS Unit

First established in 2011, the Geographic Information system (GIS) Unit has digitised all of the WAF assets Fiji-wide and stored spatial data and related attributes in a database. This information is available to be used by WAF in meeting business objectives.

National Water Quality Laboratory (NWQL)

With the main objective to oversee that the quality of drinking water is maintained to meet the requirements of the Fiji National Water Quality Standards or the guidelines set by the World Health Organisation (WHO), the Laboratory collaborates with the Ministry of Health to monitor and assess water quality standards throughout Fiji.

NWQL collects and analyses samples, comments on the results and reports the results to the respective management and production personnel for corrective action where this is deemed to be necessary.

NWQL is also responsible for ensuring that WAF maintains the regulations of the Environmental Management Act 2005 by overseeing all wastewater plants that discharge effluent.

Rural and Outer Island Water Schemes

Rural and Outer Island Water Schemes are responsible for the provision of reliable and sufficient supplies of clean water, piped to rural communities.

These services are classified as follows:

- Rural and Outer Island Water Supplies, Self Help Scheme
- Minor Public Water Supply Schemes (mainly to individuals in rural areas)
- Borehole Subsidy Schemes (mainly to individuals in rural areas)
- Training Programme for Rural and Outer Island Water Supply

A record 72 rural projects were completed in 2013, benefitting 13,857 rural dwelling members of the population, more than the combined number assisted in 2011 and 2012, (6,051 and 6,723 respectively).

Amongst these projects was the upgrading of the rural water supply system for the two villages of Burerua and Sawakasa Naba Rua in Tailevu that are separated by the main road, about 10 minutes drive from Korovou Town, on the way to Natovi Jetty. The existing water supply could not meet the demands of the 436 residents in Burerua and 82 in Sawakasa Naba Rua.

This was remedied by the completion of a 14-week, $88,210.00 project that included the construction of a new dam and of a new 20,000litre ferro cement water tank. The laying of 540 lengths of 50mm uPVC, 50 lengths of 75mm uPVC and 4 coils of 12mm polythene pipe, as well as the installation of 16 standpipes within the two villages saw all residents receiving a plentiful and consistent water supply.

Similarly, at Narukunibua Village in the highlands close to the border of Naitasiri, the demand for water had outstripped demand. The plight of the 94 residents was worse during heavy rain, as flooding would break the water main that was buried across the river and into the village.

After the villagers located a new water source on the same side as the village, a $50,000 project took place. Within eight weeks a dam and a 10,000gallon ferro cement tank were constructed, 130 lengths of 50mm uPVC, four lengths of 50mm galvanised pipes and two coils of 12mm polyethylene pipes were laid and in the village, 10 standpipes were installed.

Legal Unit

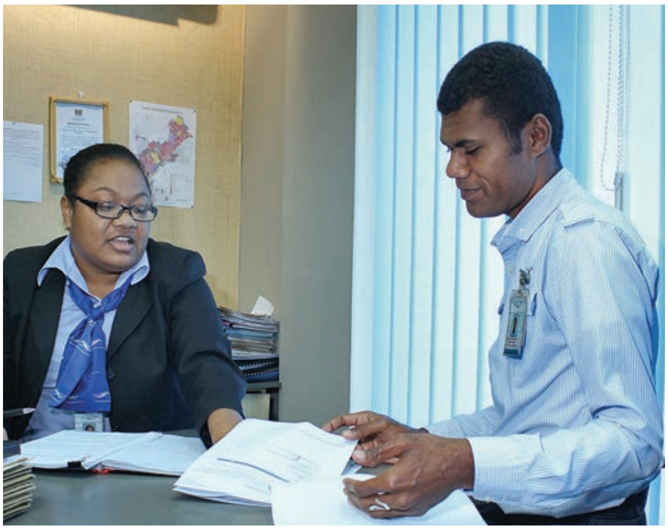
Established in 2012, the Legal Unit has provided new services in 2013 with the review of the legal framework to be aligned with the level of needs for each of the Strategic Business Units and the appointment of the Legal Counsel to be responsible for compliance within WAF.

The Unit has also drafted the Memorandum of Understanding for joint partnership data sharing with the iTaukei Land Trust Board, established a legal library and has implemented systems for both contractual risk management and the debt recovery process.

As water is a critical resource, the legal arm of WAF has the power to investigate criminal activities and breaches of the law related to water. Therefore it is necessary for WAF to liaise closely with both the Department of Public Prosecutions and the Police Department in the exercising of this privilege. Under the Police Department-owned Duavata Partnership, the police force monitors and patrols critical risk areas such as reservoirs and water treatment plants as the security of these resources affects all members of the public.

Internal Audit Unit

The newly named Internal Audit Unit, formerly called the Fraud and Risk Management Unit, was established in 2012.

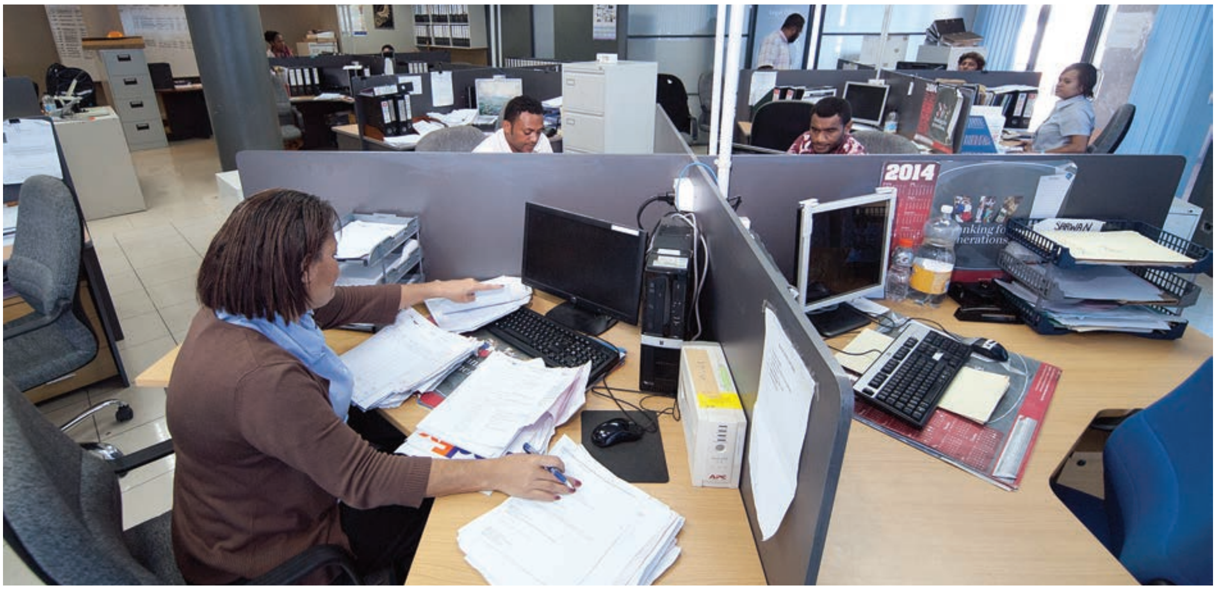


As an indication of the new, rigorous approach as to what is acceptable conduct by any WAF employee, the Unit investigated 36 internal cases raised internally, and 29 complaints raised by external sources, of possibly inappropriate behaviour.

Strategic Planning Unit

Established in late September 2012, the Strategic Planning Unit began the 2013 financial year with a series of 'firsts'.

The WAF mascot Waffy was born on the 8th of February, the name being an acronym of Water Authority of Fiji for You. The first-ever video conference linking management at WAF head office with country-wide depot supervisors in real-time discussion took place on 29th February. Then, on the 3rd of April, the first-ever Strategic Planning Workshop took place.



After the signing of a Memorandum of Understanding with Hunter Water Australia for the Twinning Programme, the first training workshops were conducted from the 15th to 19th April by our twinning partner.

The video conferencing facility is proving invaluable in conferring with the team at Hunter Water Australia.

And in November, all WAF staff, country-wide, came together for the first-ever WAF Conference, which was followed by the WAF Staff Awards Night, yet another first in the 2013 calendar of events.

The online tendering portal is now active making E-tendering possible, and documentation was undertaken of all the Authority's processes in order that rationalisation or Process Re-engineering could be applied.

The operational dashboard has been established that allows for the analysis of and response to live data, five satellite phones have been acquired for disaster risk management, and vehicle tracking system using GIS has been introduced for all WAF vehicles using the Vodafone system.

The decision to outsource security guard services resulted in savings of $88,000 over five months for the Authority and between $250 - $300,000 forecasted savings per annum. In collaboration with the Production Unit, and after analysis and holding an energy saving competition, the SP Unit conducted an energy awareness programme that resulted in a saving of $2.73million on WAF's 2013 Fiji Electricity Authority bills.

2013 Staff Deployment

Offices	Customer Services	NWQL*	Intakes	Dams	Shipping
National Office Suva 199	Labasa 15	Kinoya 11	Savura 5	Vaturu 3	Reservoir Road 18
Namoli House Lautoka 17	Nausori 10		Waimanu 4		
	Nadi 19				

Water Depots	Depots	WTP*	STP*	Pumping Stations	Islands	Wastewater
Ba 41	Lautoka 89	Buabua 7	Deuba 4	Dreketi 1	Kadavu 3	Kinoya 42
Nadi 53	Nabouwalu 11	Deuba 4	Naboro 1	Keiyasi 1	Lakeba 7	
Rakiraki 25	Navua 26	Korovou 8	Nadali 2	Kinoya 32	Levuka 6	
Sigatoka 43	Rewa 42	Matovo 4	Namara 10	Lawaqa 1	Moala 3	
Tavua 21	Savusavu 20	Naboro 5	Natabua 23	Qarawalu 1	Rotuma 5	
	Seaqaqa 9	Naiyagi 10	Navakai 18		Vanuabalavu 4	
	Vatunibale 76	Nagado 3	Olasara 2			
	Wailoku 148	QVS 4				
	Waiyevo 8	RKS 3				
		Saru 5				
		Tamavua 5				
		Vatoukola 1				
		Waila 11				
		Waiwai 9				

Human Resources Services

Perhaps the most significant activity for Human Resources was the move to individual contracts for all staff and the introduction of the Performance Management System as a work assessment tool. The first work performance evaluation exercise is planned to take place in 2014.

Adjuncts to support these initiatives were the book on HR Policy produced for all staff, the introduction of a Staff Welfare Scheme and WAF online Human Resource Information system that was launched in December 2012.

Our People

The staffing roll at WAF is 1,166, a workforce that is deployed throughout Fiji.

The on-going upskilling of staff is major function of Human Resources and employees are encouraged to take advantage of opportunities to improve their knowledge and skills. Opportunities included, but were not limited to, the following:

Free on-line training, via the EDEX platform, in Waste Water Management with the Delft University of Technology, Netherlands resulted in accreditation for 22 WAF staff. The capacity building programme was a collaboration between the SP Unit and Human Resources.

The ITEC programme made it possible for four staff members to attend training programmes at tertiary institutions in India, offered by the Government of India, through the Public Service Commission (PSC).

WAF participated in a number of programmes conducted by PSC.

Two employees benefitted from training programmes fully funded by the Republic of China, through PSC, attending a seminar on capacity building in water resource management for developing countries.

The Japan International Cooperation Agency supported fully funded training for one staff member in management of water resources and water supply services and in sewerage works engineering for another.

WAF also participated in the Korean Government's KOICA programme through PSC.

The first training sessions conducted by Hunter Water took place in Suva as an introduction to the training in Australia planned for 2014 for four Graduate Engineers.

The graduate development programme was introduced as a part of the succession planning programme with four engineering graduates joining the WAF team.

WAF participated in seminars and workshops conducted by the Pacific Water and Wastewater Association and benchmarks its operation against set standards.

WAF field officers deliver in-house training to all Strategic Business Units, while external training providers are hired in those areas where outside expertise is required.

Customer Services Unit

The Suva Customer Service Centre has been upgraded in order to provide our customers with an enhanced experience and similar refurbishment of equal standard is planned for WAF Customer Service Centres, Fiji-wide, in 2014.

To improve the delivery of service to WAF customers, key strategies introduced during 2013 saw the launch of the E-billing and Q-matic facilities, the introduction of EFTPOS for bill payment, the renovation of the Call Centre, with services extended until 10pm daily, the introduction of standard operating procedures and staff training in customer service.

Customer Service:
2013 Service levels - QMatic System

Month	Tickets Served	Served Within Time	% Achieved
March	4,561	4,510	96.75
April	7,825	7,459	95.32
May	7,235	6,960	96.2
June	4,948	4,701	95.01
July	8,716	8,230	94.49
August	7,978	7,433	94.67
September	8,231	7,625	92.64
October	7,968	7,576	95.08
November	6,771	6,506	96.09
December	6,255	5,917	94.6
TOTAL	**70,488**	**66,917**	**95%**

Also introduced were key strategies designed to increase customer satisfaction with the services provided. These included the introduction of an on-line bill calculator, customer satisfaction surveys, the setting up of DMA operations, the establishing of a Trade Waste Policy and the roll-out of meter verification, upgrade and meter replacement works.

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 Representatives	90%

Customer Services introduced key strategies to improve the collection of revenue, which had fallen from $25.4m in 2010 to $24.9m in 2012, with a target of $28m for 2013.

The strategies included the timely disconnecting of meters when bills were not paid in time, the introduction of payment arrangements for residential customers, the replacing of ceased meters, the loading of defaulting customers on a data bureau and the execution of a data cleansing project.

The success of these strategies was borne out by the successful collection of $28m in 2013, which exceeded the targeted amount.

WAF currently uses the Public Utility Billing System (PUBS), a web-based application software for billing the organisation's more than 143,000 active metered customers on a quarterly basis, based on water usage and other services such as Special Reading, Special Disconnection, Reconnection and Meter Testing fees. These customers range from commercial, domestic and government account groupings,

PUBS is also used to calculate and invoice and receipt other charges for metered and non-metered customers such as New Meter Installations, Sewer Connections, Meter Relocations, Meter Plug-off Reinstatement, Water Carting, Sewer Disposal, Water Analytical and Panametric Flowcheck.

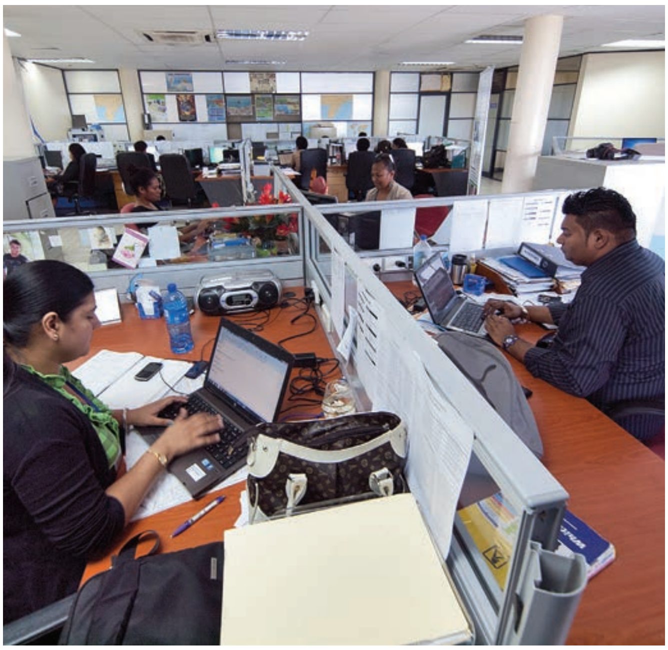
PUBS is used in Master Meter Management or District Metering to calculate unaccounted for water (NRW) on apparent losses in an area served through a Master Meter and for reporting on consumption levels for each metered account by region, and by account group.

For the Customer Relationship Management (CRM) interface, PUBS had been sending electronic bills (e-bill) to customers who have signed-up/ registered for this service since its launch in early 2013, and has the facility to accommodate SMS bill notification and other services.

Some of the core modules available on PUBS are as follows:

- Enquiries – CRM interface, account history and customer listing
- Billing – Pre-billing, Master Meter Management, Meter Reading
- Receipts – Collection Management, Revenue Receipting, integration with POS applications
- Debt Management – Credit Management, Arrangement and Arrears Management
- Reports – Reporting

The PUBS software development and upgrade is currently being managed by Daltron (Fiji) Ltd, while the in-house system administration is handled by the WAF ICT department.



Highlights for 2014

- Capital projects investment undertaken in 2014 totalled $71 million, with the aim of improving water distribution, treatment and wastewater collection services
- Reduced intermittent supply areas from 67 to 35
- Replacement of 13,465 domestic meters and 15,936 meters upgraded
- Zoning of water coverage area into District Metered Areas (DMA)
- Installation of Pressure Reducing Valves, boundary valves, air valves to improve water pressure in Suva-Nausori corridor
- Initial establishment of the National Control Centre (NCC) with the view of moving away from manual monitoring to full automation at some of our water sites
- WAF took over the Balevuto source from a private supplier to ensure clean drinking water supplied to 19 settlements and 400 families
- Water and wastewater realigning works in Suva CBD areas
- The setting up of a Qmatic system at two customer service sites to improve call centre service levels
- Acquisition of back-up Gensets for some of our major pumping stations
- Twining programme between WAF and Hunter Water in specialised areas such as Water Modelling and Master Planning
- Establishment of a Centre for Excellence for Water and Energy Engineering (CEWW)
- Documentation and Indexing of all WAF business forms
- Commissioning of new reservoirs and re-commissioning of Kalekana reservoir

2014

2014 was an important year for the Water Authority of Fiji with several projects completed, key milestones met and a strong emphasis on training and development. These efforts truly pushed WAF forward in its mission to operating as a highly effective water service provider for the nation at all levels of service.

Financial Achievements

The 2014 financial year saw a great number of achievements for WAF including the $71 million allocated to improve its water distribution and wastewater systems. With objectives to reduce intermittent water supply to affected areas and provide an efficient and reliable wastewater system, several projects were successfully completed within budget and with great rewards, including water distribution projects and waste water projects.

Lands

WAF accomplished a lot important milestones in 2014, including securing five 99-year leases on I-taukei land, including Namau Water Catchment area in the Central Division and Momi Reservoir Site in the Western Division.

No.	Region	Lease Document Type	TLTB Ref	Full Name	Land Name	Land Area (HA)	Term Years	Annual Rent	Lease Start Date	Lease End Date
1	Central/Eastern	Agreement for Lease	14/39459	Water Authority of Fiji	Namau Water Catchment Extension	116.5	99	$5,000	1/07/2014	1/07/2113
2	South Western	Agreement of Lease	11/11495	Water Authority of Fiji	Koromumu	3.717	99	$4,600	1/07/2010	1/07/2109
3	South Western	Agreement of Lease	11/40118	Water Authority of Fiji	Momi (PTOF)	0.0949	99	$900	1/01/2013	1/01/2112
4	South Western	Agreement of Lease	11/40170	Water Authority of Fiji	Navatumali (Part.of)	0.3693	99	$370	1/10/2013	1/10/2112
5	Northern	Agreement of Lease	9/39749	Water Authority of Fiji	Vunika Reservoir & Water Intake Site	9.318	99	$3,000	1/07/2012	1/07/2111

The first Stakeholders Meeting included the Ministry of Infrastructure and Transport; Ministry of Lands and Mineral Resources, WAF and TLTB and saw the transfer of all WAF's Assets from the Director of Lands to WAF, with a total of 183 assets currently being leased by the Director of Lands.

ASSET	Central	Eastern	Northern	Western	Total
Pumping Station	13	0	0	7	20
Borehole & Reservoir	0	4	9	2	15
Break Preasure Tanks	1	0	0	1	2
Catchment	9	3	7	5	24
Chlorinator	0	3	0	0	3
Dam	1	1	1	5	8
Depot	6	8	5	5	24
Elevated Tank 1 & 2	2	0	0	0	2
Hydrological Station	4	0	1	0	5
Pipeline reserve & asement	0	1	0	1	2
Reservoir	16	3	9	17	45
Sewerage Treatment	2	0	2	2	6
Sewerage Reticulation	0	0	0	1	1
Sludge Lagoon	0	0	0	1	1
Water Treatment	3	1	4	4	12
Water Supply	1	5	4	3	13
TOTAL	**58**	**29**	**42**	**54**	**183**

WAF also received approval from the Commissioner of the Northern Division to put in an office site at the Waiyevo Government Station.

Consultations held with stakeholders for WAF locations were successful. These included Tui Vuya, Bua for Nabouwalu Depot; Mataqali Nabukadogo, Macuata for the Seaqaqa Depot Extension. Consultations with Mataqali Valelevu, Nukubalavu, and Cakaudrove for the Savusavu Sewerage Treatment Plant are on-going.

Geographic Information System (GIS)

With the digitisation of all WAF assets Fiji-wide and stored spatial data, the concept of Designated Market Areas (DMA) was introduced, successfully demarcating boundaries into the various DMAs and zones and aligning assets that fall within these boundaries to their respective DMAs.

Region	Zones	DMA's
Central Eastern	12	83
Western	12	102
Northern	6	56

The GIS database was updated with the completion of field verification and capturing of existing water meters Fiji wide, including Suva-Nausori, Korovou, Deuba, Navua, Sigatoka, Nadi-Lautoka, Ba and Savusavu. This is still an on-going process with the implication of new connections.

Project Management Unit

WAF was allocated $71 million in 2014 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 improvement of the water distribution system was allocated $9.5 million and $15million was allocated for the upgrading of the wastewater distribution systems and wastewater treatment plants.

Projects completed successfully in 2014 included:

1. The Water Distribution Projects with an allocation of $9.5 million to cover intermittent areas, refurbishment of reservoirs and the improvement of water pumping stations.

   Green Street – located in Suva, residents were mostly retired civil servants and business people. A new subdivision constructed increased the consumption rate and lessened water pressure, leading to intermittent water supply. WAF changed the trunk mains from 250mm to 375mm, restoring normal water supply to the benefit of **1545** consumers at a provision of **$200,000**.

   Mokani Village – located on the outskirts of Nausori municipal boundary, Mokani village suffered low water pressure during peak hours. WAF upgrade the sizes of the pipes servicing the area from 50mm pvc to 100mm pvc, removing the issue to the benefit of **650** consumers at a provision estimated at **$54,062**.

2. The Wastewater Projects were allocated $15 million to fund extending wastewater coverage, wastewater pump refurbishing and the upgrading of wastewater treatment plants.

   Kaunitoni WWPS Upgrade - located in Kaunitoni Street, Vatuwaqa, the station's catchment area include Batiki Street, Kaunitoni Street, and several residential lots along Fletcher Road, and receives pumped inflow from Rifle Range WWPS. The civil structure of the pump station was old and damaged and the majority of outflow was leaking back into the station due to overflowing of the well. Sanitation improvements and mitigation of risks to public and environmental health improved the overall performance and efficiency of the pumping station and waste water reticulation system, benefiting an estimated population of **1500** with an estimated budget of **$71,259**.

   Sewer Line Extension (Nabukalou) – WAF was allocated $8 million in 2014 to improve its wastewater system. Nabukalou was chosen as an area not connected to the WAF wastewater system. This project was divided into four phases to complete the project covering numerous streets along Toorak suburbs. This phase was scheduled to be completed December 2014. Nabukalou catchment on phase 4 is a mixture of commercial and residential areas with an estimated population of **975** and an allocation of **$2,169,595.39**.

Water Network Modelling

The Twinning Program with Hunter Water Australia was sponsored by the Asian Development Bank to develop the water network model in the Nadi-Lautoka and Suva-Nausori areas.

This work involved the gathering, validation and review of available data for model development, internally and externally, the assessment of the then current system performance, identifying the then current system performance issues and its solutions (where model results did not match reality, field verification was executed) and the assessment of likely future growth and possible future issues.

The systems at the time met the majority of the Water System level of service requirements with exceptions relating to the security of supply to a number of large users within the network, low pressure areas, and some pipes with high head loss, intermittent supply areas, and other new developments that could occur in conjunction with system upgrade.

Areas of service deficiencies were identified and intermittent supply areas were reduced to meet WAF objectives.

National Water Quality Laboratory

No	Achievements
1	Water quality, wastewater quality and receiving water quality sampling, testing and results dissemination target achieved by lab as per KRI & KPI.
2	Quality manual for the lab endorsed by management as an approval for lab to achieve 17025 ISO certification
3	Quality system management training provided by Quality College New Zealand on quality control on aspects of ISO certification, development of quality manual and quality control practices.
4	Microbiology laboratory upgrading for as per ISO principles. This created a proper work flow where samples arrive in the microbiology lab, get analysed, incubated and disposed.
5	Spatial calibrations: all spatial and instruments used in the lab has been calibrated as per requirements and this allows proper use of the instruments.
6	Calibration of laboratory balance by Australian calibration services with calibration certificates for each balance.
7	Purchase, Installation and Training for High Performance Liquid chromatography instrument which is designed to measure tri-halomethanes in chlorinated water in water samples.
8	Purchase, Installation and Training for Gas chromatography instrument which is designed to measure pesticide in water samples.

Environmental Unit

The WAF's Environment Unit had a busy year, visiting several Water Treatment Plants (WTPs) to collect samples for wastewater monitoring in the Central, Western and Northern Divisions, as well as Taveuni.

Sewerage treatment plants were also inspected during the year in the Central, Western and Northern Divisions. All laboratory results of outfall compliance sampling and analysis were logged with NWQL Data Section.

Permits for Water Treatment Plants

Applications for all permits were lodged in January 2013. However, negotiations were still underway in 2014 due to many WAF plants not meeting the standards stipulated in the Environment Regulations, 2007. Waste Management Plans have been raised for the plants and submitted to DoE to acquire the permits.

ADB Commitments

2014 saw a change of hands in the ADB Projects Environment Engineering Management Plans and Construction Management plans for monitoring and reporting. Mrs. Romika Parerna joined Pacific Energy as Environment Project Officer, taking the helm on project documents requiring summary and follow up.

ADB - Environment Monitoring Programme

Four projects underway had environmental plans or Construction Environment Management Plans (CEMP), and reports were created daily to assess and measure the impact of project activity on the environment with direction-finding from the Code of Environment Practice.

The implementation of the Code of Environment Practice has been an effective tool in tracking project progress and associated impacts on the environment. This code was effective as it was made easy for non-environment personal to understand its purpose and role.

Package 5F monthly environmental reports produced by China Railway group 5 was guided by the Construction Environment Management Plan given by Erasito Beca Consultant Limited with no real impact or hazard on the environment.

Package 5G monthly environmental Reports written by Technofab Environment officer and produced by Technofab were valued satisfactory as this report was taken on site and all work was guided by the CEMP producing very little impact on the environment.

Both major sewer line projects Package 5F and 5G were expected to complete with focus on both the Alum solid Projects, Package 5E and the New Trickling Filter 3 at Kinoya Sewerage Treatment Plant.

The New Trickling Filter 3 at Kinoya Sewerage Treatment Plant project commenced, a milestone achieved initially as a precaution set in place by Fletcher Construction Company to safeguard its employees from the current working environment at Kinoya Sewerage Treatment Plant. This included vaccinations of all its Employees (Fletcher Construction Company), later adapted by WAF for its staff based at Kinoya, and categorized as 'general housekeeping' as the project was closely monitored by a trained environment specialist based at the Kinoya National Water Quality Lab. As predicted, after the preparation of the CEMP and ground assessments, the project had a minimum impact on the environment and excluded hazards.

Tamavua Sewer package 5E comprises Gravity Main and Rising Main Sewer lines. After ground assessments, it was concluded that most trees occupying this area are invasive species (African Tulip sp.). The CEMP focused on Siltation as a major hazard, as the WAF site clerk closely monitored work progress, noting all issues mentioned in the CEMP.

Integrated Water Resource Management

The Integrated Water Resource Team (IWRM) was initiated on 3 September 2014, for the purpose of overcoming fragmented data collected from teams working in isolation, and to prevent possible resulting delays and errors in implementation of projects. The team comprised of the Lands Unit, Geographic Information Systems Unit, Survey Unit, Water Resource Management Unit, and the Environment Management Unit.

The Vago catchment was the initial pilot project chosen. With 95 water sources Fiji wide, which were included in the teams' upcoming projects, 61 were operational water sources and 34 were proposed water sources.

Legal Unit

WAF's Legal Unit has been in operation since 2012 and has actively progressed several Board papers in 2014 with a significant decrease in deferred papers over the period. The Legal Unit conducted a SWOT Analysis on the issues concerning the Board approval process and implemented improvement strategies such as:

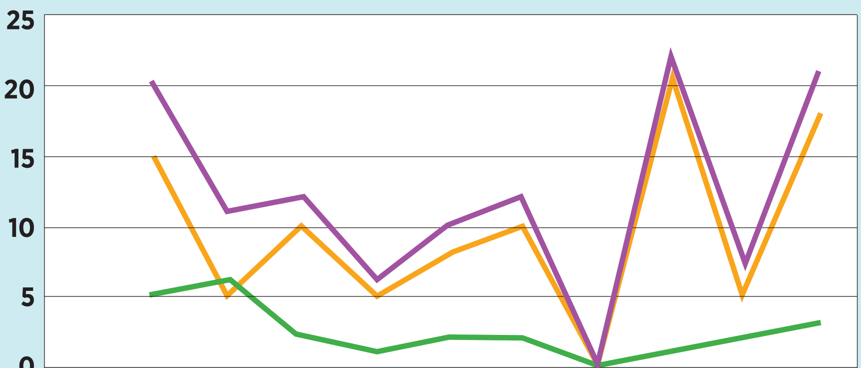
- standardization of Board paper formats using templates;
- training for Board paper drafters on content and identification of key initiatives for Board decision papers. This directly resulted in the reduction of deferred papers;
- fixed calendar for management/Secretariat/ tender Board/drafter's compliance;
- timely coordination between SBUs on board submission and key deadlines;
- Resolution Matrix for monitoring of management action items on a monthly basis by the Board Secretariat – as a result, the Board was in a position to monitor the progress of key projects, financial commitments, deliverables and non-compliance within the Authority;
- improvement in Board approval process & delegation of authority;
- timely turnaround from Board Members in signing papers – delays were addressed; and
- proper record tracking and safe keep of all confidential Board records.

Internal Audit Unit

The Internal Audit Unit saw 78 cases reported in 2014, categorised into public complaints, internal referrals, referrals from Government, and audits undertaken by the Unit itself. 60% of these cases were due to a lack of supervision.

The Unit was able to resolve 25 complaint cases of the 78 for the highest percentage disciplinary action of 32.06%, where termination closed 20 cases at a percentage of 25.64%. The remaining cases saw reinstatement, resignation and non-renewal of contracts as disciplinary actions.

Progress of Board Papers 2014



	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	NOV	DEC
Approved Papers		15	5	10	5	8	10	0	21	5	18
Deferred Papers		5	6	2	1	2	2	0	1	2	3
Total Board Papers Submitted		20	11	12	6	10	12	0	22	7	21

Strategic Planning Unit

In 2014, the Strategic Planning Unit put a great deal of effort into meeting its objectives at every level. Established to prepare key strategic documents for the Authority, the Unit developed the WAF Capex manual in 2014, a spin-off of the Twinning Programme. This important strategic document was formulated to enhance the understanding of requirements when making submission for Capex funding to Government and other major donors.

The Unit also drafted the Corporate Plan and the Statement of Corporate Intent, the Employment and Industrial Relation, and the Strategic Plan.

Also, as part of this effort, the Strategic Planning Unit took on the enormous task of documenting all business unit process to enhance the transfer of knowledge throughout the authority and to assist units in their day-to-day work and management in its decision making responsibilities.

In an effort towards quality improvement and innovation, the Unit documented and indexed all WAF business forms, providing a system of documentation that can be monitored, easily retrieved and assist in forecasting and planning. They also established daily operational dashboards for the management of information that is updated monthly. This staff dashboard also enhances decision making and monitoring of key risk indicators (KRIs).

The Strategic Planning unit assisted in the submitting of the $134 million WAF PSIP as part of its objective in identifying opportunities and new business development.

Other important events took place over the course of 2014 that saw great success for WAF and the Strategic Planning Unit. The Unit worked closely with the Management Road Show that gave management the opportunity to hear staff views on WAF operations through visits to the regions, and staff the opportunity to voice their suggestions and issues. This interaction allowed them to undertake remedial actions where appropriate and to take on board new and innovative ideas.

Efforts to broaden awareness saw the Strategic Planning Unit successfully established the Water Champion Program to create awareness in high school students about the importance of conserving water and how it is processed from source to tap.

Another important event was the Management of Water Resources and Water Supply Services training with JICA, which saw the successful application of learning on NRW, Ecological Purification System (EPS), and Outsourcing. Other accomplishments include a visit to Sydney Water on demand management of water conservation, looking at Sydney water as a case study, and the purchasing of Radio Telephones for communication for water cart unit and 1,000L water tanks.

Customer Service

The WAF National Call Centre operates 24/7, 7 days a week with staff accordingly rostered. The Call Centre switched to Mitel information system in 2014 and upgraded the network in order to serve valued customers. A call recording system was installed in order to audit calls and improve the quality of service.

WAF also increased its revenue and exceeded 2014's target due to timely meter disconnections.

WAF Revenue Collection 2010 - 2014

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

2014 Customer Satisfaction Survey

Customer Satisfaction Surveys were put in place to measure customer service delivery and to suggest improvements or recommendations to WAF. The main objective was to assess the customers' perception of the level and quality of service that is provided by WAF. Surveys in 2014 showed that customers' major expectations were for effective service delivery, quick service restoration, easy bill payment, complaint lodgement follow-ups and settlements, and other service assistance.

Call Centre Service Levels

Qmatic System

Qmatic information system was installed in the Namaka and Lautoka offices with the main objective to increase the call centres' service levels. The plan was to introduce Qmatic information system in all major customer centers.

The service level efficiency achieved in 2014 was 92% – measured within a serving time of 15 minutes. The target service level for 2014 was 80% and the target service level achieved was 85%.

Human Resources (HR)

2014 proved to be an important year for WAF in the area of staff training and upskilling with several initiatives in play throughout the year. Human Resources continues to drive the capacity building programs to meet the objectives of WAF's commitment to staff certification, safety and resource and facility improvements.

Our People

Staffing Establishment at WAF as of December 2014 stood at 1175, 95.8% staffing capacity against our Board approved staff establishment of 1226.

WAF's staff attrition rate stood at 8.03% (88 staff) as of December 2014 against a benchmark of 7%. A Total of 38 staff resigned, 36 were terminated, 12 deceased and there were two contract non-renewals.

WAF's staff ethnicity showed a spectrum of 78.63% Fijian–I-taukei descent, 20.08% Fijian–Indian descent, with 1% Fijian–Chinese, Rotuman, Banaban descent, and 1 Australian citizen.

Males comprised 88% of WAF's staffing level in 2014, due to most technical roles being male-dominated, and 12% females.

Training & Development

Training surpassed the benchmark of 5 days per year and, as of December, was trending at 16.0 days. The challenge was to spread the training to all staff by targeting staff without qualifications in technical fields to work towards accreditation.

Trade Test Programme

In 2014, WAF introduced the Trade Test Program in conjunction with Fiji National University's National Training and Productivity Centre (NTPC).

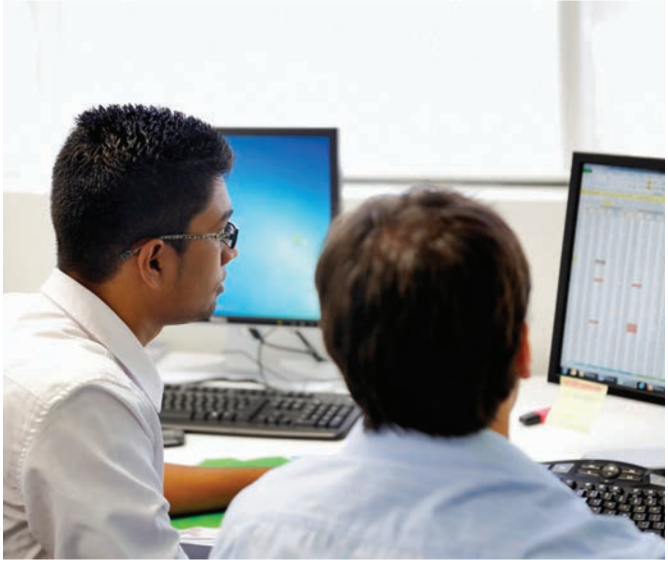
This added to the various initiatives WAF has pursued in effort to address performance gaps and increase efficiency and productivity within the Authority. The program aimed to help employees attain recognized skills certification in their respective positions.

WAF also negotiated the payment options for employees with FNPF for Partial Withdrawal. Employees without FNPF eligibility had the option to authorise salary deductions to remit to FNU in order to attain qualifications.

Through this program, WAF encouraged employees without formal qualifications to take advantage of this learning opportunity.

In the last qualifications audit conducted by HR in 2013, 70% of employees did not have formal qualifications. With the Trade Test program introduced, scholarships, diplomas in Front Line Management and other capacity building programs introduced by the Authority, the 70% was reduced to 62.68% in 2014.

The target is to reduce this further to 40% by end of 2015, 20% by end of 2016 and all staff to be qualified by 2017.



A total of 19 employees performing electrical works in the Authority underwent FEA Examination Refresher Training and preparation towards Wiremen's Licence certificate.

This program ensures the safety of workers and compliance with "Electricity Act Cap 180 and Regulation 36 (1) – No person shall do or carry out any electrical work of wiring, constructing, installing repairing or altering any installations or any part of an installation unless person holds a valid wiremen's license."

Managing Asbestos

In May 2014, South Pacific Regional Environment Programme (SPREP), as part of their PacWaste Pacific hazardous waste management project, completed asbestos management training of more than 60 WAF personnel in four training sessions held in Lautoka and Suva. WAF staff are responsible for managing more than 40,000 km of asbestos cement water pipes across the Fiji Islands.

This program helped WAF to develop a range of systems and risk control strategies to meet compliance requirements and provide effective solutions to manage asbestos risk issues in the workplace. In addition, it provided WAF employees with training in recognising the risks associated with asbestos and how to ensure these risks are effectively controlled to minimize exposure to employees and anyone entering the workplace.

Asbestos Management training was conducted in the West by PacWaste under SPREP and funded by the European Union. A total of 73 staff members from all regions attended the one-day workshop.

GENTRACK System

The GENTRACK project started in late 2014. The GENTRACK specialist arrived in the country on 20th September to conduct a week long "Discovery workshop. The main objective was to understand the current processes and procedures WAF undertake when performing any operational tasks. This information will allow them to build and also introduce improvement in processes using the GENTRACK System. All this is done to improve how we interact with our customers and also has an immediate effect on our revenue streams.

GENTRACK System was implemented on 29th March 2015 and, as a result, all three region system users underwent training. This program ensured that all users were fully versed with the various modules within the new billing system.

Preparation for Upgrade to "Method A" Employer

Preparatory work for the upgrade of WAF from a "Method B" to "Method A" employer began in 2014. This involved conducting three levels of Training Needs Analysis (TNA) (individual, departmental and organizational), developing a systematic training plan, setting budgets, execution, and evaluation. WAF also upgraded the training rooms in all the regions.

With the transformation process, new technologies were introduced and existing water and wastewater infrastructure was upgraded to cope with population growth and to ensure a reliable and sustainable service to customers.

The training of staff in these areas and in other operations is essential to adapt to the changes taking place so that staff are able to perform their duties effectively and efficiently.

OHS Activities

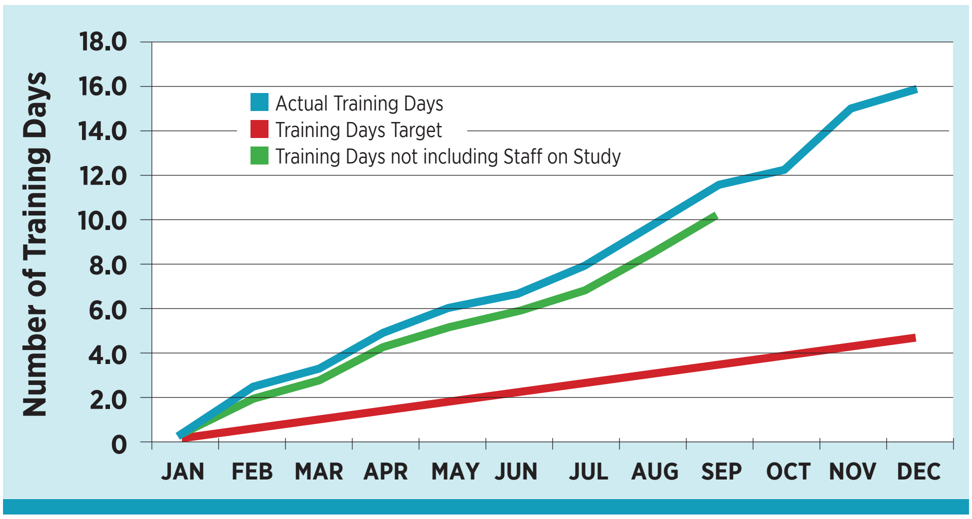
In compliance with the Health and Safety at Work Act 1996, the OHS Unit achieved two key milestones for WAF: the first-ever Workplace Registration, beginning in July 2014 and completing in March 2015; and the first-ever Chemical Registration, beginning in July 2014 and completing in March 2015, both processes commenced throughout the regions (CE, W&N).

The OHS Unit was strengthened with the recruitment of OHS Officer North and OHS Supervisor in June 2014. Initially, there were two OHS Officers to manage compliance Fiji-wide; however, the new additions resulted in there being OHS Officers to facilitate OHS Compliance within their respective regions (CE, West and North). This allowed for streamlining processes and facilitated better service.

A review of WAF's OHS policy that commenced 18 July 2012, in consultation with WAF employees for all regions, continued through 2014 and was included in the OHS Awareness conducted throughout the three regions. The revised OHS Policy was endorsed by WAF's CEO on 27 March 2015.

178 employees were vaccinated through the efforts conducted throughout the three regions of the OHS Awareness Programme.

Training Days vs Target - 2014



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.

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.

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 11 regular meetings during the financial year ended 31 December 2013.

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

Eight sittings of the Audit and Finance Sub-committee took place, as and when required. This Sub-committee is responsible for deliberating detailed issues and making suitable recommendations to the Board.

Board Meetings

Year	Month	Date	Main Board Meeting	Date	Audit Finance Subcommitte Meeting
2013	January	H	O L	I D	A Y
	February	4th	√	20th Feb	√
	March	4th	√	6th, 20th	√
	April	1st	√	None	None
	May	6th	√	22nd	√
	June	3rd	√	19th	√
	July	1st	√	31st	√
	August	5th	√	21st	√
	September	2nd	√	None	None
	October	7th		None	None
	November	4th	√	None	None
	December	2nd	√	18th	√

Year	Month	Date	Main Board Meeting
2014	January	H O L	I D A Y
	February	3rd	√
	March	3rd	√
	April	7th	√
	May	5th	√
	June	2nd	√
	July	7th	√
	August	4th	√
	September	8th	√
	October	6th	√
	November	3rd	√
	December	1st	√

Opetaia Ravai
Chief Executive Officer

Water Authority of Fiji

2013 Financial Statements

Contents

Water Authority of Fiji
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 2013 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/Expired
Mr P.L Munasinghe (Chairman)	01/01/2015	Current
Mr Umarji Musa	01/03/2015	Current
Mr Vijay P Maharaj	01/01/2015	Current
Ms Elizabeth Powell	20/10/2010	25/10/2014
Mr Shaheen Ali	13/03/2015	Current
Mr Hemant Kumar	23/04/2015	Current
Mr Bhavesh K Patel	23/04/2015	Current
Commander Francis Kean	27/07/2014	16/02/2016

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 2013 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 after income tax expense amounted to $28,958,791 (2012: $47,131,638).

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.

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's 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.

Water Authority of Fiji
Directors' report *(cont'd)*

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 1st day of August 2016.

Signed in accordance with a resolution of the Directors.

Director

Director

Water Authority of Fiji

Statement by Directors

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 2013;

(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 2013;

(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 2013;

(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 2013;

(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 1st day of August 2016.

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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To the shareholders of 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 2013, 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 25 .

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 $28,853,796 and Trade Receivables (Note 12) of water and sewerage charges of $7,747,479. 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.

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, J am not able to confirm the valuation of the opening balance of property, plant and equipment when it was transferred in 2010. As a result, I am unable to ascertain if property, plant and equipment of $1,783,049,975 is fairly stated in the Statement of Financial Position.

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, the financial position of the Authority as at 31 December, 2013 and of the results of its operations and its cash flows for the year then ended.

Atunaisa Nadakuitavuki
for **AUDITOR GENERAL**

12 August, 2016
Suva, Fiji

Water Authority of Fiji

Statement of comprehensive income

For the year ended 31 December 2013

	Notes	2013 $	2012 $
Revenue	5	78,937,107	74,012,676
Other income	6	17,651,509	11,593,540
Total Revenue		96,588,616	85,606,216
Personnel expenses	8	(17,589,710)	(17,453,269)
Operating expenses	7	(52,536,054)	(60,713,614)
Profit from operations before depreciation, finance income and income tax		26,462,852	7,439,333
Depreciation and amortisation		(55,449,068)	(54,626,099)
Finance income	9	27,425	55,128
Loss before income tax		**(28,958,791)**	**(47,131,638)**
Income tax expense	10(a)	-	-
Loss for the period		**(28,958,791)**	**(47,131,638)**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss) for the year		**(28,958,791)**	**(47,131,638)**

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

Water Authority of Fiji

Statement of changes in equity

For the year ended 31 December 2013

	Contributed equity $	Accumulated losses $	Total $
As at 1 January 2012	**1,860,011,694**	**(98,467,455)**	**1,761,544,239**
Loss for the period	-	(47,131,638)	(47,131,638)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	(24,910,619)	-	(24,910,619)
Total comprehensive income	(24,910,619)	(47,131,638)	(72,042,257)
Total other comprehensive income, net of tax	-	-	-
At 31 December 2012	**1,835,101,075**	**(145,599,093)**	**1,689,501,982**
Loss for the period	-	(28,958,791)	(28,958,791)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	(27,306,660)	-	(27,306,660)
Total comprehensive income	(27,306,660)	(28,958,791)	(56,265,451)
Total other comprehensive income, net of tax	-	-	-
At 31 December 2013	**1,807,794,415**	**(174,557,884)**	**1,633,236,531**

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

Water Authority of Fiji

Statement of financial position

As at 31 December 2013

	Notes	2013 $	2012 $
Non-current assets			
Property, plant and equipment	14	1,783,049,975	1,806,570,757
Intangible asset	15	92,412	83,334
Total non-current assets		1,783,142,387	1,806,654,091
Current assets			
Cash and cash equivalents	11	23,373,859	13,082,585
Trade and other receivables	12	6,872,247	11,015,425
Inventories	13	9,368,250	9,887,955
Held-to-maturity investments	16	3,118,692	3,106,037
Other assets and prepayments	17	237,429	187,368
Total current assets		42,970,477	37,279,370
Total assets		**1,826,112,864**	**1,843,933,461**
Equity			
Contributed equity		1,807,794,415	1,835,101,075
Accumulated losses		(174,557,884)	(145,599,093)
Total equity		1,633,236,531	1,689,501,982
Current liabilities			
Obligations under finance lease	22	422,551	-
Trade and other payables	18	20,589,721	8,609,956
Provision for employee entitlements	21	590,097	633,520
Total current liabilities		21,602,369	9,243,476
Non-current liabilities			
Obligations under finance lease	22	820,943	-
Deferred revenue – capex grant	19	102,907,216	79,926,705
ADB funded grant	20	64,515,474	62,230,967
Deferred tax liability	10b	3,030,331	3,030,331
Total non-current liabilities		171,273,964	145,188,003
Total liabilities		**192,876,333**	**154,431,479**
Total equity and liabilities		**1,826,112,864**	**1,843,933,461**

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.

Water Authority of Fiji

Statement of cash flows

For the year ended 31 December 2013

	Notes	2013 $	2012 $
Operating activities			
Receipts from customers		27,306,660	24,910,619
Receipt from Government – operating grant		50,083,311	45,565,910
Payment to suppliers and employees		(26,148,706)	(41,013,569)
Payment to Government – Consolidated Fund Account		(27,306,660)	(24,910,619)
Net cash flows from operating activities		**23,934,605**	**4,552,341**
Investing activities			
Receipt from Government – capital grant		31,143,381	31,185,971
Receipt from rural entities – rural projects		346,078	303,488
Payments for property, plant and equipment		(44,827,476)	(29,004,047)
Payments for term deposits		-	(2,106,037)
Net cash flows (used in)/from investing activities		**(13,338,017)**	**379,375**
Financing activities			
Repayment of finance lease		(312,306)	-
Proceeds from interest income		6,992	55,128
Net cash flows (used in)/ from financing activities		**(305,314)**	**55,128**
Net increase in cash and cash equivalents		10,291,274	4,986,844
Cash and cash equivalents at 1 January		13,082,585	8,095,741
Cash and cash equivalents at 31 December	**25**	**23,373,859**	**13,082,585**

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

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 Level 6, Manohan Building, Cnr of Kings & Wainivula 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 1st August 2016.

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 2014, 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

3 Significant accounting policies *continued*

(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%
Computers	33%
Leasehold land	Over term of lease

3 Significant accounting policies *continued*

(b) Property, plant and equipment *continued*

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.

<u>Loans and receivables</u>

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.

<u>Cash and cash equivalents</u>

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.

3 Significant accounting policies *continued*

(c) Financial instruments *continued*

(ii) Non-derivative financial liabilities

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.

(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.

3 Significant accounting policies *continued*

(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.

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.

3 Significant accounting policies *continued*

(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.

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.

3 Significant accounting policies *continued*

(j) Finance income and finance costs *continued*

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

Income tax expense comprises current deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

(ii) Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect to temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary difference giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Authority expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Authority intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period:

Current deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(iv) 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; or

3 Significant accounting policies *continued*

(k) Income tax *continued*

(iv) Value Added Tax (VAT) *continued*

(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.

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.

<u>Trade and other receivables</u>

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.

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.

4 Financial risk management *continued*

Risk management framework *continued*

(i) Credit risk *continued*

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

	Notes	2013 $	2012 $
Cash at bank		23,373,859	13,082,585
Trade receivables		6,872,247	11,015,425
Other receivables excluding prepayments		18,748	11,263
		30,264,854	24,109,273

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

	2013 $	2012 $
Domestic	27,322,237	32,215,977
Commercial	3,662,538	4,532,732
Government	1,076,834	1,383,674
	32,061,609	38,132,383

The ageing of trade receivables at the reporting date was:

	Current $	> 1 year $	> 2 years $	> 3 years $	> 4 years $	Total $
2013	9,084,898	3,560,653	2,561,833	1,729,183	15,125,042	32,061,609
2012	11,560,102	5,084,009	2,883,283	2,388,207	16,216,782	38,132,383

(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 is 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
Financial assets	$	$	$	$
Cash and cash equivalents	23,373,859	23,373,859	-	-
Trade and other receivables	7,747,479	6,355,020	152,325	1,240,134
Other assets excluding prepayments	18,748	18,748	-	-
	31,140,086	29,747,627	152,325	1,240,134
Financial liabilities				
Trade and other payables	20,589,721	2,291,656	18,298,065	-
	20,589,721	2,291,656	18,298,065	-

4 Financial risk management *continued*

Risk management framework *continued*

(ii) Liquidity risk *continued*

31 December 2012	Carrying amount $	6 months or less $	6 - 12 months $	More than 1 year $
Financial assets				
Cash and cash equivalents	13,082,585	13,082,585	-	-
Trade and other receivables	9,800,838	90,833	2,808,796	6,901,209
Other assets excluding prepayments	11,263	11,263	-	-
	22,894,686	13,184,681	2,808,796	6,901,209
Financial liabilities				
Trade and other payables	8,609,956	3,837,152	4,772,804	-
	8,609,956	3,837,152	4,772,804	-

(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 expected 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 debt ratio. The Authority's debt ratio as at 31 December 2013 and 2012 were as follows:

	2013 $	2012 $
Total liabilities	21,833,215	8,609,956
Total assets	1,826,112,864	1,843,933,461
Debt ratio	1.20%	0.47%

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

For the year ended 31 December 2013

		2013 $	2012 $
5	**Revenue**		
	Government grant	50,083,311	45,565,910
	Water charges	25,951,147	25,824,079
	Waste water charges	2,902,649	2,622,687
		78,937,107	74,012,676
6	**Other income**	$	$
	Transfer from deferred revenue	17,418,779	8,232,827
	ADB Grant Flood 1 & 2 in 2013	-	3,099,221
	Other income	232,730	261,492
		17,651,509	11,593,540
7	**Operating expenses**	$	$
	Chemical usage	1,721,232	2,855,121
	Doubtful debts	(4,017,415)	6,112,036
	Directors fees	33,292	8,696
	Water and electricity	19,930,328	17,859,578
	Fuel and oil	1,106,415	1,340,567
	Plant and equipment hire	4,122,666	4,917,965
	Professional fees	3,285,183	467,620
	Repairs and maintenance	12,385,001	9,987,432
	Telephone and communication	672,643	665,334
	Others	13,296,709	16,499,265
		52,536,054	60,713,614
8	**Personnel expenses**	$	$
	Salaries and wages	15,531,311	15,039,492
	Annual leave	551,772	903,472
	Fiji National Provident Fund	1,237,061	1,405,344
	Staff welfare	269,566	104,961
		17,589,710	17,453,269
	The number of employees during the year was:	1,156	1,169

	2013 $	2012 $
9 Finance income and expenses		
Finance income		
Interest income on short-term bank deposits	27,425	55,128
	27,425	55,128

10 (a) Income Tax Expense

The prima facie income tax on the pre-tax profit reconciles to the income tax refundable as follows:

	$	$
Loss before income tax	(28,958,791)	(46,482,072)
Prima facie income tax refundable at 20% (2012: 28%)	(5,791,758)	(13,014,980)
Temporary difference brought to account	-	-
Reversal of tax losses carried forward	5,791,758	13,014,980
Income tax expense attributable to profit	-	-

(b) Deferred Tax Liabilities	$	$
The deferred tax assets consist of the following at future tax rates:		
Temporary difference on depreciation for Accounting and Tax purposes	(3,030,331)	(3,030,331)
	(3,030,331)	(3,030,331)

Income tax expense comprises movements in:	$	$
Deferred tax liabilities	-	-
Income tax payable	-	-
	-	-

(c) Deferred tax asset not brought to account:	$	$
Allowances for uncollectable debts	4,862,826	4,443,902
Provisions for employee benefits	118,019	61,253
Tax losses	5,791,758	13,014,980
	10,772,604	17,520,135

The deferred tax asset which has not been recognised as an asset will only be realised if:

(i) the Authority has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire;

(ii) whether it is probable that the Authority will have taxable profits before the unused tax losses or unused tax credits expire; and

(iii) whether the unused tax losses result from identifiable causes which are unlikely to recur.

		2013 $	2012 $
11	**Cash and cash equivalents**		
	Cash at bank	23,371,789	13,080,465
	Cash on hand	2,070	2,120
		23,373,859	13,082,585

The Authority has a letter of credit facility against the security of $1m deposit at bank which is restricted for operational.

12	**Trade and other receivables**	**$**	**$**
	Trade receivables	32,061,609	38,132,383
	Allowance for uncollectability	(24,314,130)	(28,331,545)
		7,747,479	9,800,838
	VAT (payable)/receivable	(2,267,691)	(32,368)
	FEA receivable	1,240,134	1,240,134
	Other receivables	152,325	6,821
		6,872,247	11,015,425

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 2013, the amount of trade receivables impaired was $24,314,130 (2012: $28,331,545). 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	28,331,545	22,219,510
Movement during the year	(4,017,415)	6,112,035
Balance as at 31 December	24,314,130	28,331,545

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.

13	**Inventories**	**$**	**$**
	Spare parts and tools	9,368,250	9,887,955

14 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 $
Cost										
At 1 January 2012	406,905,805	1,281,670,371	226,040,205	185,000	369,388	668,838	98,294	3,365,713	16,444,254	1,935,747,868
Additions	-	-	-	-	49,193	172,043	123,965	28,603,640	46,227,670	75,176,511
Disposals	-	(5,526,021)	(58,119)	-	-	(8,877)	-	-	-	(5,593,017)
Transfer*	-	-	-	-	-	-	-	(4,661,781)	-	(4,661,781)
Reclassification	-	7,679,861	603,222	3,307,181	176,540	520,541	-	(8,980,164)	(3,307,181)	-
At 31 December 2012	**406,905,805**	**1,283,824,211**	**226,585,308**	**3,492,181**	**595,121**	**1,352,545**	**222,259**	**18,327,408**	**59,364,743**	**2,000,669,581**
Additions	-	110,338	24,430	1,304,209	121,801	170,098	31,675	35,425,049	14,980,355	52,167,955
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer*	-	-	-	-	-	-	-	(8,524,156)	(11,769,418)	(20,293,574)
Reclassification	86,544	27,091,703	14,544,122	-	59,540	78,650	17,948	(6,471,543)	(35,406,964) -	
At 31 December 2013	**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**
Depreciation and impairment										
At 1 January 2012	34,387,795	88,845,140	16,081,707	18,500	74,387	291,435	15,912	-	-	139,714,876
Depreciation charge for the year	22,782,537	26,007,905	4,787,284	477,957	63,504	404,843	14,496	-	-	54,538,526
Reclassification	-	(86)	86	-	-	-	-	-	-	-
Disposals	-	(151,267)	(750)	-	-	(2,561)	-	-	-	(154,578)
At 31 December 2012	57,170,332	114,701,692	20,868,327	496,457	137,891	693,717	30,408	-	-	194,098,824
Depreciation charge for the year	22,782,469	26,256,306	4,906,388	884,834	95,505	419,609	50,052	-	-	55,395,163
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2013	79,952,801	140,957,998	25,774,715	1,381,291	233,396	1,113,326	80,460	-	-	249,493,987
Net book value										
At 31 December 2012	349,735,473	1,169,122,519	205,716,981	2,995,724	457,230	658,828	191,851	18,327,408	59,364,743	1,806,570,757
At 31 December 2013	327,039,548	1,170,068,254	215,379,145	3,415,099	543,066	487,967	191,422	38,756,758	27,168,716	1,783,049,975

*This transfer includes rural projects handed over to communities and projects expensed upon completion. During the year, project costs of $6,189,104 (2012: $5,452,136) were released from work in progress and deferred income in relation to completed rural projects.

15 Intangible asset

	$
Cost	
At 1 January 2012	226,656
Additions	55,271
At 31 December 2012	**281,927**
Additions	62,980
At 31 December 2013	**344,907**
Amortisation and impairment	
At 1 January 2012	111,027
Amortisation	87,566
At 31 December 2012	**198,593**
Amortisation	53,902
At 31 December 2013	**252,495**
Net book value	
At 31 December 2012	**83,334**
At 31 December 2013	**92,412**

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

	2013 $	2012 $
16 Held-to-maturity investments		
Current		
Term Deposit	3,118,692	3,106,037
	3,118,692	3,106,037

Term deposit held with Westpac Banking Corporation Limited has a term of 365 days with interest rate of 0.15% - 0.75% per annum (2012: 3.25% per annum).

17 Other Assets and Prepayments	**$**	**$**
Prepayments	218,681	176,105
Other assets	18,748	11,263
	237,429	187,368

18 Trade and other payables	**$**	**$**
Trade payables	2,291,656	3,837,152
Other payables and accruals	18,298,065	4,772,804
	20,589,721	8,609,956

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-interesting 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 2013

		2013 $	2012 $
19	**Deferred revenue - capital grant**		
	At 1 January	79,926,705	77,699,557
	Grant received during the year	37,617,214	31,489,459
	Transfer to ADB funded grant	(3,724,669)	(16,349,120)
	Reversal of completed rural projects	(6,189,104)	(5,452,136)
	Released to the income statement	(4,722,930)	(7,461,055)
	At 31 December	102,907,216	79,926,705

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.

		$	$
20	**ADB funded grant**		
	At 1 January	62,230,967	34,487,595
	Grant received during the year (ADB supplementary loan)	11,255,688	11,835,210
	Transfer from Deferred revenue - capital grant	3,724,669	16,349,120
	Released to the income statement	(12,695,850)	(440,958)
	At 31 December	64,515,474	62,230,967

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 2013. 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.

		$	$
21	**Provision for employee entitlement**		
	At 1 January	633,520	311,471
	Movement during the year	(43,423)	322,049
	At 31 December	590,097	633,520

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.

		$	$
22	**Obligations under finance lease**		
	Current		
	WBC loan account no. 9804538750	18,172	-
	WBC loan account no. 9804596634	18,172	-
	WBC loan account no. 9804463488	87,872	-
	WBC loan account no. 9804438951	52,723	-
	WBC loan account no. 9804438985	69,869	-

	2013 $	2012 $
22 Obligations under finance lease *continued*		
Current continued		
WBC loan account no. 9804307487	105,446	-
WBC loan account no. 9804201722	70,297	-
Total current	422,551	-
Non - current		
WBC loan account no. 9804538750	37,603	-
WBC loan account no. 9804596634	38,821	-
WBC loan account no. 9804463488	175,919	-
WBC loan account no. 9804438951	105,551	-
WBC loan account no. 9804438985	139,878	-
WBC loan account no. 9804307487	196,789	-
WBC loan account no. 9804201722	126,382	-
Total non current	820,943	-
Total	1,243,494	-

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 23(c) for the commitment detail.

23 Contingencies

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 $30,051,740 (2012: $34,135,778) 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	2,265,568	506,438
Later than one year but not later than five years	1,552,405	101,182
	3,817,973	607,620

(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:

	2013		2012	
	Minimum payments $	Present value of payments $	Minimum payments $	Present value of payments $
Within one year	422,550	397,053	-	-
After one year but not more than five years	955,400	846,441	-	-
More than five years	-	-	-	-

	2013 Minimum payments $	2013 Present value of payments $	2012 Minimum payments $	2012 Present value of payments $
23 Commitments *continued*				
(c) Finance lease commitments *continued*				
Total minimum lease payments	1,377,950	1,243,494	-	-
Less amounts representing finance charges	(134,456)	-	-	-
Present value of minimum lease payments	1,243,494	1,243,494	-	-

24 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) - *term expired 31 December 2014*
- Mr Umarji Musa - *term expired 31 December 2014*
- Mr Vijay P Maharaj - *term expired 31 December 2014*
- Ms Elizabeth Powell - *resigned on 25 July 2014*
- Mr Shaheen Ali - *current*

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:

	2013 $	2012 $
Grant received	84,813,737	77,055,369
Water and waste water charges	1,612,042	1,383,674
	86,425,779	78,439,043

(c) Transaction with key management personnel

Key management personnel comprises of:

i.	Mr Opetaia Ravai (Chief Executive Officer)	Appointed on 30 June 2013
ii.	Mr Laxman Attanayake (Chief Operating Officer)	Appointed on 15 October 2013
iii.	Mr Maikali Nakawakawavesi '(Chief Financial Officer)	Terminated on 7 March 2013
	Mr Vinay Sharma (Acting Chief Financial Officer)	Appointed on 7 March 2013
iv.	Mr Nemani Waqanivalu (Acting General Manager Production)	Ended 24 February 2013
v.	Mr Sereicokocoko Yanuyanurua (General Manager Production)	Appointed on 25 February 2013
v.	Mr Ilisoni Saladuadua (Acting General Manager Projects)	Ended on 23 June 2013
vi.	Mr Taitusi Vakadravuyaca (General Manager Projects)	Appointed on 24 June 2013
vii.	Mr Vula Vakacegu (Acting General Manager Customer Service)	Ended 4 March 2013
vii.	Ms Fane Vave (General Manager Customer Service)	Appointed on 27 February 2013

24 Related parties *continued*

(c) Transaction with key management personnel *continued*

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:

	2013 $	2012 $
Short-term employee benefits	501,623	461,021

25 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	23,371,789	13,080,465
Cash on hand	2,070	2,120
	23,373,859	13,082,585

Water Authority of Fiji

2014 Financial Statements

Contents

Water Authority of Fiji

Directors' Report

For the year ended 31 December 2014

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 2014 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
Ms Elizabeth Powell	20/10/2010	25/10/2014
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	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 2014 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 after income tax expense amounted to $30,934,224 (2013: $28,958,791).

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.

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.

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 5th day of December 2016.

Signed in accordance with a resolution of the Directors.

Director

Director

Water Authority of Fiji

Statement by Directors

For the year ended 31 December 2014

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 2014;

(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 2014;

(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 2014;

(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 2014;

(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 5th day of December 2016.

Signed in accordance with a resolution of the Directors.

Director

Director

OFFICE OF THE AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of 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 2014, 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 I to 25.

Directors and Management's Responsibility for the Financial Statements

Directors and management are responsible for tile preparation and fair presentation or 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 $29,979,842 and Trade Receivables (Note 12) of water and sewerage charges of $10,032,426 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. Onc of the criteria requires that economic benefit assoc iated with the item of revenue should now 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 ,·espectively.

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, the financial position of the Authority as at 31 December, 20 14 and of the results of its operations and its cash flows for the year then ended.

Atunaisa Nadakuitavuki
ror **AUDITOR GENERAL**

20 December, 2016
Suva, Fiji

AUDITOR-GENERAL
FIJI

Water Authority of Fiji

Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Revenue	5	80,915,690	78,937,107
Other income	6	17,211,074	17,651,509
Total Revenue		98,126,764	96,588,616
Personnel expenses	8	(18,896,220)	(17,589,710)
Operating expenses	7	(53,045,001)	(52,536,054)
Profit from operations before depreciation, finance income and income tax		26,185,543	26,462,852
Depreciation		(57,177,979)	(55,449,068)
Finance income	9	58,212	27,425
Loss before income tax		**(30,934,224)**	**(28,958,791)**
Income tax expense	10(a)	-	-
Loss for the period		**(30,934,224)**	**(28,958,791)**
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive (loss) for the year		**(30,934,224)**	**(28,958,791)**

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

Water Authority of Fiji

Statement of Changes in Equity

For the year ended 31 December 2014

	Contributed equity $	Accumulated losses $	Total $
As at 1 January 2013	**1,835,101,075**	**(145,599,093)**	**1,689,501,982**
Loss for the period	-	(28,958,791)	(28,958,791)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	(27,306,660)	-	(27,306,660)
Total comprehensive income	(27,306,660)	(28,958,791)	(56,265,451)
Total other comprehensive income, net of tax	-	-	-
At 31 December 2013	**1,807,794,415**	**(174,557,884)**	**1,633,236,531**
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	-	-	-
At 31 December 2014	**1,778,957,609**	**(205,492,108)**	**1,573,465,501**

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

Water Authority of Fiji

Statement of Financial Position

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Non-current assets			
Property, plant and equipment	14	1,765,768,276	1,783,049,975
Intangible asset	15	1,204,866	92,412
Total non-current assets		1,766,973,142	1,783,142,387
Current assets			
Cash and cash equivalents	11	16,056,928	23,373,859
Trade and other receivables	12	10,874,281	6,872,247
Inventories	13	20,100,003	9,368,250
Held-to-maturity investments	16	3,131,404	3,118,692
Other assets and prepayments	17	1,428,800	237,429
Total current assets		51,591,416	42,970,477
Total assets		**1,818,564,558**	**1,826,112,864**
Equity			
Contributed equity		1,778,957,609	1,807,794,415
Accumulated losses		(205,492,108)	(174,557,884)
Total equity		1,573,465,501	1,633,236,531
Current liabilities			
Obligations under finance lease	22	422,551	422,551
Trade and other payables	18	26,156,115	20,589,721
Provision for employee entitlements	21	784,090	590,097
Total current liabilities		27,362,756	21,602,369
Non-current liabilities			
Obligations under finance lease	22	466,060	820,943
Deferred revenue – capex grant	19	142,622,716	102,907,216
ADB funded grant	20	71,617,194	64,515,474
Deferred tax liability	10b	3,030,331	3,030,331
Total non-current liabilities		217,736,301	171,273,964
Total liabilities		**245,099,057**	**192,876,333**
Total equity and liabilities		**1,818,564,558**	**1,826,112,864**

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.

Water Authority of Fiji

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 $	2013 $
Operating activities			
Receipts from customers		28,836,806	27,306,660
Receipt from Government – operating grant		47,935,848	50,083,311
Payment to suppliers and employees		(53,621,563)	(26,148,706)
Payment to Government – Consolidated Fund Account		(28,836,806)	(27,306,660)
Net cash flows (used in) operating activities		**(5,685,715)**	**23,934,605**
Investing activities			
Receipt from Government – capital grant		64,845,220	31,143,381
Receipt from rural entities – rural projects		243,749	346,078
Payments for property, plant and equipment		(66,410,802)	(44,827,476)
Net cash flows (used in) investing activities		**(1,321,833)**	**(13,338,017)**
Financing activities			
Repayment of finance lease		(354,883)	(312,306)
Proceeds from interest income		45,500	6,992
Net cash flows (used in) financing activities		**(309,383)**	**(305,314)**
Net (decrease)/increase in cash and cash equivalents		(7,316,931)	10,291,274
Cash and cash equivalents at 1 January		23,373,859	13,082,585
Cash and cash equivalents at 31 December	25	**16,056,928**	**23,373,859**

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 2014

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 5 December 2016.

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

3 Significant accounting policies *continued*

(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

<u>Recognition and measurement</u>

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.

<u>Subsequent expenditure</u>

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.

<u>Depreciation</u>

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%
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.

3 Significant accounting policies *continued*

(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.

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.

3 Significant accounting policies *continued*

(c) Financial instruments *continued*

(ii) Non-derivative financial liabilities

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.

<u>Trade payables, provisions and other payables</u>
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.

(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.

3 Significant accounting policies *continued*

(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.

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.

3 Significant accounting policies *continued*

(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.

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.

3 Significant accounting policies *continued*

(j) Finance income and finance costs *continued*

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

Income tax expense comprises current deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability or asset to the extent that it is unpaid or refundable.

(ii) Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect to temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary difference giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets and liability giving rise to them are realised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and asset reflects the tax consequences that would follow from the manner in which the Authority expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Authority intends to settle its current tax assets and liabilities on a net basis.

(iii) Current and deferred tax for the period:

Current deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(iv) 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; or

(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.

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.

<u>Trade and other receivables</u>

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.

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.

4 Financial risk management *continued*

Risk management framework *continued*

(i) Credit risk continued

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

	2014 $	2013 $
Cash at bank	16,056,928	23,373,859
Trade receivables	10,874,281	6,872,247
Other receivables excluding prepayments	31,216	18,748
	26,962,425	30,264,854

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

	2014 $	2013 $
Domestic	26,048,527	27,322,237
Commercial	5,302,676	3,662,538
Government	1,072,827	1,076,834
	32,424,030	32,061,609

The ageing of trade receivables at the reporting date was:

	Current $	> 1 year $	> 2 years $	> 3 years $	> 4 years $	Total $
2014	11,288,131	3,528,311	2,517,043	1,997,733	13,092,812	32,424,030
2013	9,084,898	3,560,653	2,561,833	1,729,183	15,125,042	32,061,609

(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 is 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 2014	Carrying amount	6 months or less	6 - 12 months	More than 1 year
Financial assets	$	$	$	$
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
Financial liabilities				
Trade and other payables	26,156,115	7,436,598	18,719,517	-
	26,156,115	7,436,598	18,719,517	-

4 Financial risk management *continued*

Risk management framework *continued*

(ii) Liquidity risk *continued*

31 December 2013	**Carrying amount $**	**6 months or less $**	**6 - 12 months $**	**More than 1 year $**
Financial assets				
Cash and cash equivalents	23,373,859	23,373,859	-	-
Trade and other receivables	6,872,247	5,479,788	152,325	1,240,134
Other assets excluding prepayments	18,748	18,748	-	-
	30,264,854	28,872,395	152,325	1,240,134
Financial liabilities	**$**	**$**	**$**	**$**
Trade and other payables	20,589,721	2,291,656	18,298,065	-
	20,589,721	2,291,656	18,298,065	-

(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 expected 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 2014 and 2013 were as follows:

	2014 $	**2013 $**
Total liabilities	27,044,726	21,833,215
Total assets	1,818,564,558	1,826,112,864
Gearing ratio	**1.49%**	**1.20%**

		2014	2013
		$	**$**
5	**Revenue**		
	Government grant	50,935,848	50,083,311
	Water charges	26,963,549	25,951,147
	Waste water charges	3,016,293	2,902,649
		80,915,690	78,937,107
6	**Other income**	**$**	**$**
	Transfer from deferred revenue	17,026,878	17,418,779
	Other income	184,196	232,730
		17,211,074	17,651,509
7	**Operating expenses**	**$**	**$**
	Chemical usage	1,948,305	1,721,232
	Doubtful debts	(1,922,500)	(4,017,415)
	Directors fees	3,163	33,292
	Water and electricity	18,407,078	19,930,328
	Fuel and oil	2,236,275	1,106,415
	Plant and equipment hire	6,968,895	4,122,666
	Loss on disposal of fixed assets	11,726	-
	Professional fees	215,522	3,285,183
	Repairs and maintenance	17,051,327	12,385,001
	Telephone and communication	1,114,188	672,643
	Others	7,011,022	13,296,709
		53,045,001	52,536,054
8	**Personnel expenses**	**$**	**$**
	Salaries and wages	15,924,345	15,531,311
	Annual leave	1,450,267	551,772
	Fiji National Provident Fund	1,133,628	1,237,061
	Staff welfare	387,980	269,566
		18,896,220	17,589,710
	The number of employees during the year was:	1,196	1,156

		2014	2013
		$	$
9	**Finance income and expenses**		
	Finance income		
	Interest income on short-term bank deposits	58,212	27,425
		58,212	27,425
10	**(a) Income Tax Expense**		
	The prima facie income tax on the pre-tax profit reconciles to the income tax refundable as follows:		
		$	$
	Loss before income tax	(30,934,224)	(28,958,791)
	Prima facie income tax refundable at 20%	(6,186,845)	(5,791,758)
	Tax effect of amount which are not deductible (taxable) in calculating taxable income:		
	Reversal of tax losses carried forward	6,186,845	5,791,758
	Income tax expense attributable to profit	-	-
	(b) Deferred Tax Liabilities	$	$
	The deferred tax assets consist of the following at future tax rates:		
	Temporary difference on depreciation for Accounting and Tax purposes	(3,030,331)	(3,030,331)
		(3,030,331)	(3,030,331)
	Income tax expense comprises movements in:	$	$
	Deferred tax liabilities	-	-
	Income tax payable	-	-
		-	-
	(c) Deferred tax asset not brought to account:	$	$
	Allowances for uncollectable debts	4,478,321	4,862,826
	Provisions for employee benefits	156,818	118,019
	Tax losses	6,186,845	5,791,758
		10,821,984	10,772,603

The deferred tax asset which has not been recognised as an asset will only be realised if:

(i) the Authority has sufficient taxable temporary differences which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire;

(ii) whether it is probable that the Authority will have taxable profits before the unused tax losses or unused tax credits expire; and

(iii) whether the unused tax losses result from identifiable causes which are unlikely to recur.

		2014	2013
		$	$
11	**Cash and cash equivalents**		
	Cash at bank	16,051,748	23,371,789
	Cash on hand	5,180	2,070
		16,056,928	23,373,859

The Authority has a letter of credit facility against the security of $1m deposit at bank which is restricted for operational.

12	**Trade and other receivables**	$	$
	Trade receivables	32,424,030	32,061,609
	Allowance for uncollectability	(22,391,604)	(24,314,130)
		10,032,426	7,747,479
	VAT (payable)/receivable	(2,390,406)	(2,267,691)
	FEA receivable	-	1,240,134
	Other receivables	3,232,261	152,325
		10,874,281	6,872,247

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 2014, the amount of trade receivables impaired was $22,391,604 (2013: $24,314,130). 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	24,314,130	28,331,545
Movement during the year	(1,922,526)	(4,017,415)
Balance as at 31 December	22,391,604	24,314,130

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.

13	**Inventories**	$	$
	Spare parts and tools	20,100,003	9,368,250

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

For the year ended 31 December 2014

14 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 $
Cost										
At 1 January 2013	406,905,805	1,283,824,211	226,585,308	3,492,181	595,121	1,352,545	222,259	18,327,408	59,364,743	2,000,669,581
Additions	-	110,338	24,430	1,304,209	121,801	170,098	31,675	35,425,049	14,980,355	52,167,955
Disposals*	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	(8,524,156)	(11,769,418)	(20,293,574)
Reclassification	86,544	27,091,703	14,544,122	-	59,540	78,650	17,948	(6,471,543)	(35,406,964)	-
At 31 December 2013	**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	-	-	-	-	-	-	-	-	-	-
At 31 December 2014	**406,992,349**	**1,343,709,376**	**275,176,002**	**7,939,438**	**2,014,966**	**1,966,850**	**286,303**	**33,996,724**	**17,296**	**2,072,099,304**
Depreciation and impairment										
At 1 January 2013	57,170,332	114,701,692	20,868,327	496,457	137,891	693,717	30,408	-	-	194,098,824
Depreciation charge for the year	22,782,469	26,256,306	4,906,388	884,834	95,505	419,609	50,052	-	-	55,395,163
Reclassification	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2013	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)
At 31 December 2014	102,743,699	167,630,705	31,235,114	2,756,172	363,629	1,490,117	111,592	-	-	306,331,028
Net book value										
At 31 December 2013	**327,039,548**	**1,170,068,254**	**215,379,145**	**3,415,099**	**543,066**	**487,967**	**191,422**	**38,756,758**	**27,168,716**	**1,783,049,975**
At 31 December 2014	**304,248,650**	**1,176,078,671**	**243,940,888**	**5,183,266**	**1,651,337**	**476,733**	**174,711**	**33,996,724**	**17,296**	**1,765,768,276**

* Disposals includes rural projects handed over to communities and projects expensed upon completion. During the year, $4m was allocated by the Authority for rural projects and project costs of $7,930,746 (2013: $6,189,106) was released from work in progress and deferred income in relation to completed rural projects.

15 Intangible asset

Cost	**$**
At 1 January 2013	281,927
Additions	62,980
At 31 December 2013	**344,907**
Additions	1,441,639
At 31 December 2014	**1,786,546**
Amortisation and impairment	
At 1 January 2013	198,593
Amortisation	53,902
At 31 December 2013	**252,495**
Amortisation	329,185
At 31 December 2014	**581,680**
Net book value	
At 31 December 2013	**92,412**
At 31 December 2014	**1,204,866**

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

16 Held-to-maturity investments

	2014	2013
	$	$
Current		
Term Deposit	3,131,404	3,118,692
	3,131,404	3,118,692

Term deposit held with Westpac Banking Corporation Limited has a term of 365 days with interest rate of 0.75% - 1% per annum (2013: 3.25% per annum).

17 Other Assets and Prepayments

	$	$
Prepayments	1,397,584	218,681
Other assets	1,216	18,748
	1,428,800	237,429

18 Trade and other payables

	$	$
Trade payables	2,131,849	2,291,656
Other payables and accruals	24,024,266	18,298,065
	26,156,115	20,589,721

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-interesting bearing and have an average term of 90 - 180 days.

		2014	2013
		$	$
19	**Deferred revenue - capital grant**		
	At 1 January	102,907,216	79,926,705
	Grant received during the year	65,088,969	37,617,214
	Transfer to ADB funded grant	(2,604,519)	(3,724,669)
	Reversal of completed rural projects	(7,930,746)	(6,189,104)
	Released to the statement of comprehensive income	(14,838,204)	(4,722,930)
	At 31 December	142,622,716	102,907,216

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.

20	**ADB funded grant**	$	$
	At 1 January	64,515,474	62,230,967
	Grant received during the year (ADB supplementary loan)	9,432,281	11,255,688
	Transfer from Deferred revenue - capital grant	2,604,519	3,724,669
	Settlement of retention liability	(2,746,405)	-
	Released to the statement of comprehensive income	(2,188,675)	(12,695,850)
	At 31 December	71,617,194	64,515,474

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 2013 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.

21	**Provision for employee entitlement**	$	$
	At 1 January	590,097	633,520
	Movement during the year	193,993	(43,423)
	At 31 December	784,090	590,097

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.

22	**Obligations under finance lease**	$	$
	Current		
	WBC loan account no. 9804538750	18,172	18,172
	WBC loan account no. 9804596634	18,172	18,172
	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

	2014 $	2013 $
22 Obligations under finance lease *continued*		
Current continued		
WBC loan account no. 9804307487	105,446	105,446
WBC loan account no. 9804201722	70,297	70,297
Total current	**422,551**	**422,551**
Non - current		
WBC loan account no. 9804538750	22,490	37,603
WBC loan account no. 9804596634	23,785	38,821
WBC loan account no. 9804463488	102,453	175,919
WBC loan account no. 9804438951	61,472	105,551
WBC loan account no. 9804438985	81,463	139,878
WBC loan account no. 9804307487	107,709	196,789
WBC loan account no. 9804201722	66,688	126,382
Total non current	**466,060**	**820,943**
Total	**888,611**	**1,243,494**

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 23 for the commitment detail.

23 Commitments and contingencies

Capital commitments

Total capital commitments as at balance date is $8,466,324 (2013: $2,289,320) for capital projects.

Operating leases commitments

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

	$	$
Within one year	1,073,727	2,265,568
Later than one year but not later than five years	2,147,454	1,552,405
	3,221,181	3,817,973

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:

	2014		2013	
	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	532,850	491,558	955,400	846,441
More than five years	-	-	-	-

23 Commitments and contingencies *continued*

Finance lease commitments *continued*

	2014		2013	
	Minimum payments $	**Present value of payments $**	**Minimum payments $**	**Present value of payments $**
Total minimum lease payments	955,400	888,611	1,377,950	1,243,494
Less amounts representing finance charges	(66,789)	-	(134,456)	-
Present value of minimum lease payments	888,611	888,611	1,243,494	1,243,494

Contingent liabilities

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

24 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) - *term expired 31 December 2014*
- Mr Umarji Musa - *term expired 31 December 2014*
- Mr Vijay P Maharaj - *term expired 31 December 2014*
- Ms Elizabeth Powell - *resigned on 25 July 2014*
- Mr Shaheen Ali - *current*
- Commander Francis Kean - *current*

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:

	2014 $	**2013 $**
Grant received	112,674,978	84,813,737
Water and waste water charges	1,072,827	1,612,042
	113,747,805	86,425,779

(c) Transaction with key management personnel

Key management personnel comprises of:

i.	Mr Opetaia Ravai (Chief Executive Officer)	Appointed on 30 June 2013
ii.	Mr Laxman Attanayake (Chief Operating Officer)	Appointed on 15 October 2013
iii.	Mr Vinay Sharma (Acting Chief Financial Officer)	Ended on 5 January 2014
	Mr Kee Fong (Chief Financial Officer)	Appointed on 6 January 2014
iv.	Mr Sereicokocoko Yanuyanurua (General Manager Production)	Appointed on 25 February 2013
v.	Mr Taitusi Vakadravuyaca (General Manager Projects)	Appointed on 24 June 2013
v.	Ms Fane Vave (General Manager Customer Service)	Appointed on 27 February 2013

24 Related parties *continued*

(c) Transaction with key management personnel continued

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:

	2014	2013
	$	$
Short-term employee benefits	556,269	501,623

25 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	16,051,748	23,371,789
Cash on hand	5,180	2,070
	16,056,928	23,373,859

water authority of fiji

Clean Water for a Better Life.

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