



Clean Water & Sanitation for a Better Life

2019-2020 ANNUAL REPORT

PARLIAMENTARY PAPER NUMBER: 01/23



Clean Water & Sanitation for a Better Life

Our Vision

Clean Water and Sanitation for a Better Life

Our Mission

We are committed to optimising water and wastewater services through:

- ▶ Resilience
- ▶ Innovation
- ▶ Safe Working Practices
- ▶ Engaging Stakeholders
- ▶ Capacity Building
- ▶ Being Environmentally Focused
- ▶ Modernisation

Our Values

Our key values are:

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



About the Cover:
Children celebrate the commissioning of the Nawaqadamu Village Rural Water Project.

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Abbreviations

ADB	Asian Development Bank
AC Pipes	Asbestos Cement Pipes
CAPEX	Capital Expenditure
CDM	Clean Development Mechanism
CRFG	China Railway First Group
FRA	Fiji Roads Authority
FOG	Fats, Oils and Grease
GCF	Green Climate Fund
GHG	Greenhouse Gas
GIS	Geographical Information System
HASAWA	Health and Safety at Work Act
ITEC	India Technical and Economic Cooperation
JICA	Japan International Cooperation Agency
KECO	Korea Environmental Corporation
LMCC	Labour Management Consultative Committee
LTW	Liquid Trade Waste
NASRUP	Nadi and Suva Road Upgrading Project
NEC	National Employment Center
NDP	National Development Plan
NRW	Non-Revenue Water
OHS	Occupational Health and Safety
OPEX	Operational Expenditure
PPE	Personal Protective Equipment
PPM	Planned Preventative Maintenance
PRV	Pressure Reducing Valve
PSIP	Public Sector Investment Programme
PWWA	Pacific Water and Wastewater Association
SBU	Strategic Business Unit
UNEP	United Nations Environment Programme
WAF	Water Authority of Fiji
WTP	Water Treatment Plant
WWPS	Wastewater Pumping Station
WWTP	Wastewater Treatment Plant



Letter to the Minister

22 February 2024

Honourable Ro Filipe Tuisawau

Minister for Public Works, Transport and Meteorological Services
Government Buildings
Suva

Dear Sir,

Subject: Submission of Annual Report 2019-2020 with Audited Financial Report

On behalf of the Water Authority of Fiji (WAF) Board of Directors (2023-2024), I am writing to submit the Annual Report for the financial year 2019-2020, along with the accompanying audited financial report.

The Annual Report encapsulates our organisational activities, achievements, challenges, and financial performance during the specified period. It serves as a comprehensive overview of our endeavours in fulfilling our mandate of providing sustainable and accessible water and wastewater services to the people of Fiji.

Within the report, you will find detailed information regarding our operational highlights, strategic initiatives, community engagements, and environmental stewardship efforts. On behalf of the Water Authority of Fiji, we thank the Government for its ongoing support and look forward to this continuing into the future.

Yours faithfully,

Ratu Savenaca Seniloli

Chairman
Board of Directors (2023-2024)
Water Authority Of Fiji



Highlights for 2019-2020

- \$20 million Namau Water Scheme completed.
- 6 Master Plans completed.
- Rewa River water supply scheme contract signed.
- 137,861 mega litres of water produced.
- 24 Rural projects completed benefitting 4,250 Fijians.

About the Authority

Who We Are

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

Following the 2009 Government reforms to strengthen the then Water and Sewerage Department (WSD), in preparation for the transition from a government department to an autonomous organisation, WAF was established with effect from 1st January 2010 as a new CSA. We report to the Minister for Infrastructure and Transport, in consultation with the Minister responsible for Public Enterprises and the Minister responsible for Finance.

Our Responsibility

WAF is responsible for providing quality drinking water and wastewater services to 149,097 residential and non-residential metered customers, reaching over 840,000 people nationwide, with an area of operation covering 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 for supply to 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 wastewater
- ▶ 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 our activities
- ▶ To assist in protecting, managing and conserving water resources
- ▶ To assist in formulating and implementing national policies or urban and rural land use planning, relating to the use and control of water bodies and resources.



Chairman's Message



As we reflect on the year 2019 - 2020, it is with great humility and determination that we present to you the Annual Report of the Water Authority of Fiji (WAF). This report encapsulates the efforts, challenges, and achievements of a year that was both dynamic and demanding for our organisation.

Firstly, I would like to express my gratitude to the former Board members, whose dedication and commitment have laid a strong foundation for the Water Authority of Fiji. Their contributions have been invaluable, and we honour their service as we embark on a new chapter.

The Financial Year 2019 - 2020 witnessed significant milestones and challenges. Despite the complexities, we remained steadfast in our mission to provide reliable and sustainable water services to the people of Fiji. One of the pivotal moments of the year was the signing of the contract for the Rewa River Supply Scheme project. This project represents a cornerstone in our commitment to enhancing water infrastructure and ensuring access to clean water for all Fijians.

Furthermore, I am pleased to report that we received substantial support from Government, with grants totalling \$77,960,095 allocated for capital expenditure (CAPEX) and \$77,886,395 for operational expenditure (OPEX). These funds have been instrumental in advancing our initiatives and strengthening our operational capabilities.

However, it is important to acknowledge the impact of the global COVID-19 pandemic, which posed unprecedented challenges to our operations. The disruptions in the supply chain, particularly in the procurement of materials from overseas for capital projects, necessitated adaptability and resilience on our part. Despite these obstacles, we remained agile in our response, implementing robust measures to mitigate the effects and ensure the continuity of essential services.

Looking ahead, we are committed to building on the achievements of the year under review, and overcoming the challenges that lie ahead. Our focus remains on delivering excellence in water services, fostering innovation, and driving sustainable development for the benefit of all Fijians.

In closing, I extend my sincere appreciation to our dedicated team, whose unwavering commitment and hard work have been instrumental in our success. I also extend my gratitude to our shareholders, stakeholders, and partners for their continued support and collaboration.

Together, let us forge ahead with confidence and determination as we strive to fulfil our vision of a thriving and resilient Fiji, where every individual has access to safe and reliable water.

Yours sincerely,

Mr. Bhavesh Patel
CHAIRMAN
2019 - 03/04/23

Board of Directors 2019-2020



Mr. Bhavesh K. Patel
Chairman



Mr. P.L. Munasinghe



Mr. Umarji Musa



Mr. Vijay P. Maharaj

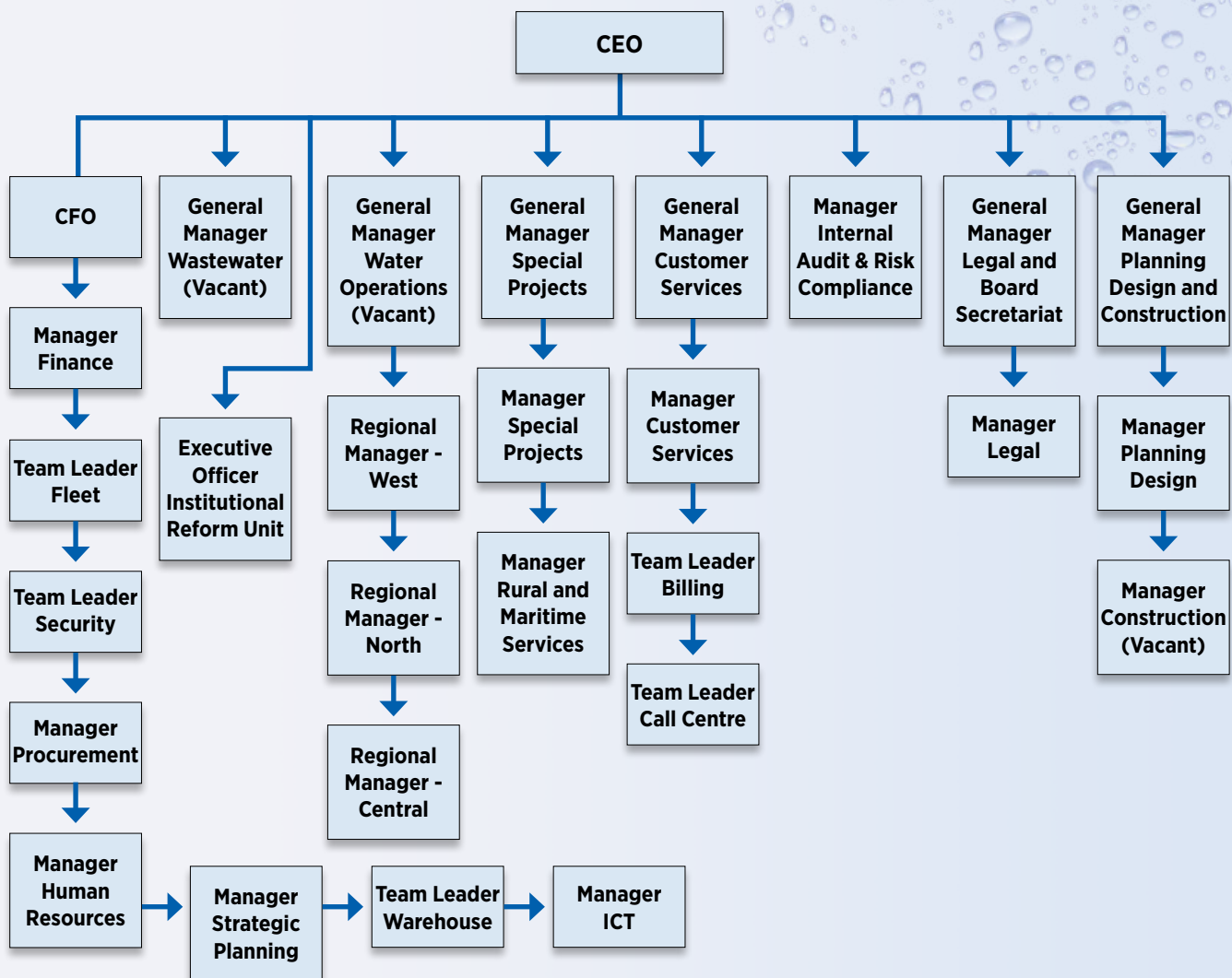


Mr. Hemant Kumar



Mr. Kamal Gounder

Our Organisational Structure - July 2020



Executive Management



Barry Omundson
Chief Executive Officer



Michael Lal
Chief Financial Officer



Talei Ligairi
General Manager Legal &
Board Secretary



Sekove Uluinayau
General Manager Customer
Services



Nemani Waqanivalu
General Manager Planning,
Design & Construction

Operational Review

Projects SBU

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

Capital Projects

During the 2019 - 2020 Financial Year, the Water Authority of Fiji received an approved Capital Expenditure (CAPEX) Budget of \$77,960,095. The received amount was revised and reduced from an initial budget of \$169,721,645, because of the COVID-19 Emergency Response by the Government of Fiji.

Water-related projects

With the 2019 - 2020 CAPEX allocation for water-related projects revised to \$28.24 million, this amount was assigned to the ongoing packaged water treatment plant projects, such as Namau, Waiwai, Savusavu and Nagado Reservoir installation works in the Central and Western divisions, as well as Automation-related works for the existing Nagado and Matovo water treatment plants.

The 5MLD Namau Water Treatment Plant, 5ML Reservoir, and related water supply and electrical infrastructure

were commissioned on 26th June 2020. The combined investment of over \$20 million benefitted more than 3,800 people in Tailevu.

Also, water distribution upgrades were completed to improve the water supply from Lakena Hill to Verata Junction, the Qaranivalu Road upgrade, and the budget allocation allowed for new developments, such as the new, DN300 Davuilevu Subdivision pipeline, as well as consultancy works for Diversion Tunnel 1 and Pipeline Access Tunnel 2 Feasibility Study. In addition, the revised budget allocated \$1.78 million for Integrated Meter Management, \$1.54 million for Non-Revenue Water and \$165,000 for the Water Catchment Programme. These addressed the Authority's metering, leak detection, pressure management and catchment monitoring needs during the COVID-19 period in the year under review.

Wastewater-related projects

The revised, 2019 - 2020 CAPEX allocation of \$8.8 million for wastewater-related projects provided for the major consolidation works at the Kinoya Wastewater Treatment Plant, making it ready for Phase 2 works, under the ADB Tranche 2 Programme. The allocation also catered for consultancy works related to WAF's existing wastewater treatment plants, namely, Adi Cakobau School, Wailada,

Vunidawa Packaged Water Treatment Plant.





CAPEX Implementation Workshop 2019/2020.

Nadali, Pacific Harbour, Olosara, Namara and Votua, as well as wastewater collection consultancy works for the Lautoka Urban Zones and the Ba Industrial

CAPEX 2019 - 2020 Implementation Workshop

In preparation for WAF's CAPEX implementation for the 2019 - 2020 financial year, a two-day workshop for staff was held with the theme Effective & Efficient Planning and Delivery Areas of Capital Projects. The various unit representatives presented a range of topics on their respective unit achievements, the challenges, as well as the way forward. Participants were reminded of the need to work efficiently while carrying out water or wastewater projects.

Implementation works

Under the 2019 - 2020 CAPEX, implementation works included the commencement of the Walu Bay Sewer Pipe Bridge, as well as the detailed design phase of the Blackrock Sewer Extension project. The latter project, valued at \$35 million, is Australia's Department of Defence project, in partnership with Fiji, to deliver the Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp [Blackrock Camp] project, for the Republic of Fiji Military Forces.

Electrical Upgrading Works were also funded under the 2019 - 2020 CAPEX, with revised allocations amounting to \$1.89 million. It was utilised in Power Factor Installations, Switchboard Upgrades, Mechanical Installations, and procurement of new generators for WAF Stations.

The Water Authority of Fiji had allocations for implementing Rural Water Supply Schemes, which had revised allocations amounting to \$5.47 million. Implementation of these projects was delayed due to constraints imposed by COVID-19.

WAF's Non-Metered Water Carting scheme also had a revised allocation of \$4.68 million, catering for the water carting costs for rural and maritime areas, to meet their respective water supply demands and needs. These works were coordinated and implemented in conjunction with WAF



Water carting services.

Customer Services, the respective regional Commissioners' Offices, as well as District Officers.

The Rainwater Harvesting Programme, a Government initiative, was allocated a revised budget of \$386,000 within the CAPEX budget, and was implemented accordingly. These works were delayed due to the COVID-19 pandemic lock-down and related implications.

Allocations under the CAPEX programme covered minor schemes such as \$3.55 million for Emergency Response. This was used for COVID-19 Water Carting, and for unplanned repair and rehabilitation works, following three tropical cyclones; T.C. Sarai, T.C. Sino, and T.C. Harold.

In addition, the revised budget also had allocations for ICT, Facilities Upgrade, and Office Equipment, amounting to \$560K, \$270.2K, and \$385.7K, respectively, which catered for the Authority's ICT needs, the upkeep of depots, and the procurement of necessary equipment.

Rewa River Water Supply Scheme Contracts

A total of 360,000 Fijians will have better access to safe and reliable water after the signing of two contracts for the Rewa River Water Supply Scheme, officiated at by Prime Minister Frank Bainimarama at the Grand Pacific Hotel on 11th April 2019.

The scheme, managed by the Water Authority of Fiji, represents one of the largest and most impactful infrastructure projects undertaken by the Fijian Government. The total value of these two contracts for this major project stands at \$266 million, which has co-financing from ADB, the Green Climate Fund (GCF), the European Investment Bank (EIB) and the Government of Fiji, for major investments in water infrastructure for the Greater Suva - Nausori Corridor.

The contracts cover the design, construction and operation of the Rewa River Water Supply Scheme, along with the procurement of pipes, fittings, civil works, pipe laying and restoration works, where required.

The 2019 - 2020 CAPEX revised programme also allocated \$42.15 million to cater for the Urban Water & Wastewater Management Project.

This allocation is managed by the Special Projects Unit (SPU), which was established primarily for this aspect of work.

Special Projects Management Unit

The new Rewa River Water Supply Scheme, Statutory Compliances have all been approved for the:

- Initial Environment Examination [IEE]
- Construction Environment Management Plan [CEMP]
- Waiver of Fishing Rights
- Approval to Work on the River Banks at the 7 pipeline bridges
- Water Extraction License

Approval for the use and access to all the land use for the water supply scheme, i.e. Water Intake, WTP, Easement, and Stockpile Areas, is almost complete.

Public Consultations

WAF conducted public consultations in Navatuvula Village, Namuamua Village and Gusuisavu Village in Naitasiri, and Waitolu Village, Naqali, and Nawaqabena Village, regarding the Rewa River Water Supply Project. Discussions centred on the benefits of the project and the need for community members to be aware of the purpose and implementation of the project.



Rewa River Supply Scheme Scheme contract signing.



Rural village project commissioning.

Non-Revenue Water (NRW) Unit

The NRW unit is tasked with reducing water that is lost during transmission from the reservoirs to the customers. A Water Balance table is compiled every quarter that shows the percentage level of water lost in a particular system. It is based on International Water Association (IWA) standard software, used globally.

The Non-Revenue Water Unit is made up the Leak Detection team, which is tasked to monitor and identify all leaks within our piping system; the Pressure Management team, which monitors pressure levels and assists in reducing leaks through installation of pressure reducing valves; the Service Pipe team, which attends to repairing all service pipe leaks; and the Boundary Valve and Air Valve team, which coordinates all the key valves in our water system, ensuring that they are performing to standard.

A budget of \$4.15 million was received in 2019 - 2020 to carry out NRW reduction works, which assisted the WAF system in reducing water lost through all types of leakages in the system, from the water reservoirs to the customers' taps.

Integrated Meter Management (IMM) Unit

The Integrated Meter Management Unit is responsible for the ordering, installation and maintenance of all WAF meters. The IMM programme also includes the installation of Data Loggers to assist Operations teams in the region. An aspect of their job function focussed on system behaviour and optimising hydraulics, with a robust Pressure Reduction Management programme that assisted in the overall reduction of NRW.

The meter replacement programme is another core job function that assists in the NRW water-balance calculation for billing data (metered/unmetered). The following action plans under the Meter Replacement scope of works had an impact on the reduction of apparent losses and of NRW:

- Replacement of domestic customer meters
- Upgrading E5/E4 code meters that are under water or buried
- Installation of DN15 lockable valves
- Replacement of commercial E1 code, aged meters.



A newly installed water meter.

Geographical Information System (GIS) Unit

WAF's Geographic Information System (GIS) section catalogues the organisation's system assets and infrastructure, and presents this data on a mapping system. This aids personnel in establishing the pipe layout and pipe-type specifics, as well as in mapping the locations that would be affected in the event of a water system shutdown.

Rural and Outer Island Water Schemes Unit

The Rural Team is responsible for the administration of all the rural water projects carried out in villages, including the maritime islands. Through regular attendance at Tikina and/or Provincial Council meetings, the team keeps all the customers abreast of developments within their Districts.

The maritime zone consists of five minor metered schemes on five remote Islands; namely, in Vunisea on Kadavu, Naro'i on Moala, and on Vanuabalavu, Lakeba and Rotuma.

In total, these islands have five hospitals, sixteen schools, government stations, administration centres, and approximately fifty villages, with a total of just over 1,500 metered connections for approximately 6,431 consumers. Vanuabalavu Island system is, however, excluded from the total connected meters, as these consumers are unmetered. However, the Authority manages two boreholes that supply treated water to those connected to the system.

Nadovu Water Project

With the commissioning Transport, Disaster Management and Meteorological Services, of the \$71,388.88 Nadovu Water Project by the Honourable Jone Usumate, Minister of Infrastructure, 130 residents in 37 households in Nadovu Village, Muaira, Naitisiri, now have a consistent water supply. This follows a joint effort by WAF and the villagers that saw the upgrading of the existing dam, as well as construction of a 10,000 gallon ferro-cement water tank that holds approximately 45,000 litres of water. Twelve of the households were each connected to a showerhead and standpipe.

Sawakasa Rural Water Project

A total of 873 people also received access to clean drinking water in their homes after the commissioning of the Sawakasa Rural Water Project in Tailevu, again by the Honourable Minister of Infrastructure, Transport, Disaster Management and Meteorological Services. This initiative has benefitted the 200 households of Sawakasa Village Number 1, Lodoni Village, Dakuinuku Village, Waivou Settlement and Lodoni Primary School, and cost \$179,000. The Honourable Minister also presented the Village Water Committee with \$2700 and a toolkit to assist with the future maintenance of the new water scheme, to ensure its longevity and durability.



Water carting relief to a customer in need of water.

Wastewater

Wastewater Customer Service SBU

The Wastewater Business Unit is responsible for the operations and treatment of domestic and industrial wastewater, ensuring that standards are met before discharging. This is to ensure:

- The efficient operation of the existing wastewater collection and treatment system
- The ongoing maintenance programme for the Wastewater system
- The upgrading works as per the recommendation of the operation team
- The monitoring of the level of infiltration into the Wastewater system
- The extension of coverage and wastewater treatment facilities as per the recommendation of the Master Plan Studies

Augmentation Works

Augmentation Works involve construction that would extend the existing WWTP coverage to accommodate the increased demand for wastewater services. The plans in place for such augmentation works include the installation of new, modern WWTP systems in Suva and other urban centres.

The Upgrading-Augmentation programmes are in line with the Master Plan, to ensure that we would be able to meet the requirements of our regulators as we progressively complete stages of our project implementation.

Collection System

This is the maintenance of our collection system. Our wastewater network around the country is maintained by our wastewater team to ensure that any customers' complaints are attended to, to their satisfaction, in the fastest possible time. All complaints are monitored through the Gentrack System.



Customer Service SBU

Call Centre

WAF's National Call Centre is a one-stop shop that operates 24 hours, 7 days a week, to respond to queries and complaints. The trained customer care officers, who are rostered over a 24-hour shift period, are able to access the customers' billing history on-line to answer account queries. They liaise closely with the technical

staff so that accurate information can be given to customers regarding water cuts or shortages in their area.

Free Water Allowance

The table below highlights the total number of customers registered in our free water allowance scheme, who comply with the requirements, and other information that impacts these customers.

REGION	POPULATION IMPACT	VALUE OF FREE WATER (ANNUAL)
CENTRAL	51,790	\$145,799.21
WESTERN	65,930	\$185,606.14
NORTHERN	17,525	\$49,336.38
TOTAL	135,245	\$380,741.72

REGION	TANK DELIVERY
Central	4,143
Western	4,439
Northern	2,253
Total	10,835

Community Engagement

The main objective of community engagement is to inform, involve and empower community members to take ownership of their water resources, and to maintain and sustain these resources for the long-term. A participatory approach is taken, and awareness sessions are conducted with metered and non-metered customers at festivals, with schools, as part of Government road shows, and on request.

Rainwater Harvesting

Contributing to Government's climate change mitigation initiatives, WAF continues to provide free, 5,000-litre water tanks to households.

Above is a summary of the distribution of Rain Water Harvesting Tanks to the regions throughout the 2019 – 2020 Financial Year:

Water Carting

Water carts and water trucks that are specialised vehicles that carry water during times of water shortages, extreme weather events, and are also used during construction and mining activities.

Navakai Wastewater Treatment Plant in Nadi.



Water Carting 2019 - 2020

Region	Total number of Trucks	No. Of Trips	Volume
Central	436	17,103	27,708,620
Western	426	115,888	231,775,070
Northern	257	32,938	65,875,888
Total	1,119	165,929	325,359,578

Note: Total cost for 3 regions, \$10 million.

Strategic Planning Unit (SPU)

The Strategic Planning Unit functions as a coordinating body, developing and implementing strategies that meet the objectives of the organisation. SPU is mandated to construct and formulate of key strategic documents; identify innovation, and opportunities; forecasting, planning and analysis, and the presentation of information to Management for decision-making and new business development. The key outcomes for the 2019-2020 financial year were:

- Successfully submitted the Cost of Service Study to the regulators FCCC for possible Tariff Review.
- Review of all fees and charges submitted to the Line Ministry to commence the review of Bylaws and their fee components.
- Development of a Five Year Strategic Plan.

Adoption of the reviewed 2017-2019 Strategic Plan

After the first year review, changes were adopted in the

2017-2019 Strategic Plan. Monthly monitoring and evaluation ongoing with Key Result indicators [KRI] and Key Action Items [KAI] continued.

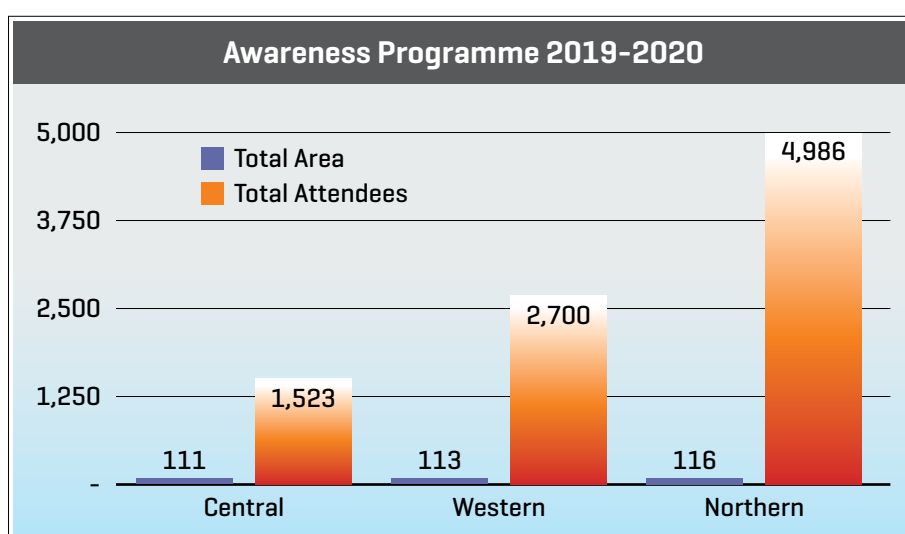
Public Sector Investment Programme (PSIP) 2019 - 2020 Submission

In coordination with the Planning, Design and Construction Unit, WAF's 2019-2020 PSIP submission to Government was prepared, for the budget allocation towards WAF projects.

Corporate Communications

The Corporate Communications team plays an active role in the engagement between WAF and other stakeholders on the awareness of matters relating to water and wastewater. The team assisted the CEO and Board members in the role as spokesperson for WAF at all media engagements.

The team covered major events during the year, including press conferences, WAF Campaigns, workshops, World Water Day, and customer awareness in the regions.



Water Champion Programme in the West

Twelve participants were taken on a full-day, educational tour, beginning at the Vaturu Dam, in the highlands of Nadi, the Nagado Water Treatment Plant, as well as to the Natabua Waste Water Treatment Plant in Lautoka.

The Water Champion Programme was conducted on World Water Day, and included Turaga ni Koros, Advisory Councillors and residents in the Western Division, to increase customer awareness on the value of water, and the need to conserve this vital resource.

Central Division Customer Forum

The Authority held two sessions with its business and domestic-residential customers at the Holiday Inn in Suva on 18th August 2019.

The forum was designed as a platform to engage with customers on a regular basis, in order to provide updates on WAF developments and plans, and to discuss any issues arising from these. The platform also provides WAF with the opportunity to listen to stakeholders' views and feedback on our service delivery.

This forum was also designed to share information and create awareness in a timely, cost effective and organised manner.

The forum aimed to provide participants with information about WAF's services and also emphasised important issues such as water.

The participants were briefed and updated on a wide range of topics, such as WAF's Achievements, WAF's 2019 - 2020 Plans, the SCADA Network, the Public Sector Investment Programme (PSIP), Regional Updates for 2019 - 2020, Integrated Meter Management 2019 - 2020, Subdivisions, Liquid Trade Waste Management, Wastewater Services, Compulsory E-Billing Services, as well as the Customer Charter.

Human Resources

Gender composition

WAF continues to actively encourage women to take up careers within the organisation. In the 2019 - 2020 Financial Year, females made up 12% and males made up 88% of the workforce. We anticipate that the gender balance will continue to demonstrate an increase in female employees into the future.

International Training and Conferences

WAF Staff were able to take advantage of opportunities to attend international conferences and training events.

Water Champions in West.



5th International Fecal Sludge Management Conference

The 5th International Fecal Sludge Management Conference was held from the 18th – 22nd of February 2019 in Cape Town, South Africa, which provided a platform to address the demand and challenges of the sanitation sector while continuing to maintain the independent identity and global focus of the FMS conference.

The conference continued its mission of advocating and sharing good practices and innovation to improve the quality of life.

Budgeting Accounting & Financial Management in Government Sector Training The Water Authority of Fiji participated in the Budgeting Accounting & Financial Management in Government Sector Training in India. Some of the key learning outcomes from the training were: to understand the concepts and frameworks of Public Sector Accounting; basic principles of public sector financial

management; evaluation of ethical and emerging issues in the public sector; to understand the roles, duties, and powers of officers and various organisations in the public sector; to assess and evaluate the economic environment and the role of the public sector in the economy, and evaluate the performance of each level of government and government entities in public finance management.

Government Accounting & Financial Management Training – ITEC

The training introduced participants to modern tools and techniques of budgeting, accounting and public enterprise management.

The objectives of the training involved the understanding of the process of budgeting, linkages between the budget and monetary policy and budgetary reforms, and introduction to performance budgeting, outcome budgeting, zero-based budgeting, and gender budgeting, amongst other topics.

Wastewater works at 4 miles bridge.



Waste Water Treatment Process and Design Management Training – GHD Australia

The Waste Water Treatment Process and Design Management Training was fully funded and facilitated by GHD Australia. GHD Australia has a long history of planning and designing new wastewater treatment plants globally, providing innovative and cost-effective, and practical solutions.

Korea Resources Institute for Human Settlement [KRIHS] Training Workshop

KRIHS is a non-profit organisation, established to formulate long-term national and regional development plans, carry out studies to promote the efficient use and preservation of land resources, and conduct policy research focused on critical human settlement issues such as urban affairs and residential settlement.

WAF attachments for registered unemployed

The provision of employment attachments for unemployed persons registered under the National Employment Centre [NEC] was formalised on 26th of September 2019, with the signing of a Memorandum of Understanding [MOU] between WAF, the Ministry of Employment, Productivity, and

Industrial Relations and NE. The MOU was made pursuant to Section 59 of the NEC Act 2009, and was valid for two years.

Pacific Water and Wastewater Association (PWWA) Conference

The 12th Pacific Water and Wastewater Association Conference & Expo and the 5th Ministerial Forum were held in Port Vila, Vanuatu, 5th – 9th August, 2019.

This major annual industry conference was attended by 250 participants, nine Ministers, and 40 suppliers and demonstrators, from 21 countries and utilities across the Pacific region. The event also included five days of presentations, field visits, exchanges between water utilities and suppliers' demonstrations.

Water Care Services Limited (WCSL) visits WAF

A three-member WCSL team from New Zealand provided their assessment at the information-sharing platform, in which 20 WAF officials conducted presentations on their assets and current water systems. The three-day, Asset Management Programme was convened at the WAF National Office in Nasinu, in partnership with WCSL.

PWWA conference 2019, Port Vila, Vanuatu.



Legal

The Legal Unit plays a pivotal role as in-house Legal Counsels who act in a professional capacity and serve primarily to advance the needs of the Authority. The functional role of the Legal Unit is as follows:

- Providing legal advice and guidance to WAF, its management and employees;
- Working collaboratively with other strategic business units, to communicate key action items for legal and regulatory compliance, as required by the WAF Board of Directors;
- Handling day-to-day internal and external legal affairs;
- Overseeing the management of claims, lawsuits, contracts, filing of easements, filing of legal documents and reviews; and
- Effectively representing WAF's interests to internal and external stakeholders, ensuring WAF's legal interests are maximised and decisions are consistent with overall WAF strategic objectives.

Litigation – Successful Prosecution

WAF instituted a total of six cases in the Fiji Criminal Courts, with the guidance of the Director of Public Prosecutions (DPPs) Office. All charges verified by the DPPs' office were successfully prosecuted, resulting in a 100% prosecution success rate for the year.

Legal Proceedings instituted against WAF

WAF defended itself against two Civil suits in the Lautoka High Court Civil Jurisdiction, in which one of the claims was struck out as High Court rules of procedure to move the matter were not followed, and time lapsed for proceedings to be moved by the Plaintiff.

CAPEX Brainstorming Session, 2019.



Conveyancing and Easement

As part of the continuous clearance of the Easement Backlogs, the Legal Unit continued to do the following:

- Property consultations,
- Surveying;
- Drafting of Easement Certificates and
- Obtaining Titles for registration.

In consultation with the Registrar of Titles (ROT), the Authority completed the filing of 31 Easement Certificates, which were registered against personal titles of properties of lot owners affected under the project with the office of ROT.

Contract

With the CAPEX Grant in 2019 – 2020, a number of critical projects were initiated within the financial year, which saw a total of 30 Contracts compiled by the team.

Internal Audit, Risk and Compliance (IARC) Unit

The role of the IARC Unit is to provide independent assurance and consulting activity, to add value and improve the organisation's operations. Furthermore, it intends to bring in a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, compliance, internal controls and governance processes.

The unit, which is headed by a Manager, supported by a Team Leader Internal Audit and a Team Leader Risk & Compliance, two Internal Auditors and two Assistants, reports administratively to the CEO, and functionally to the Board through the Audit Risk Board Subcommittee.

Note: Throughout the Operational Review, all dollar values are stated in Fijian currency, unless otherwise indicated.

Corporate Governance

Role of the Board

The Board is responsible for establishing the Authority's strategic direction, setting 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 approval of the Operating and Capital Budgets each year.

Duties and Obligations of the Board

All Directors shall act at all times in a manner to advance the interests of the Authority and its customers, comply with the obligations of Directors under the WAF Act 2007 and implement any Government policy, consistent with the functions of the Authority, given to the Board by the Minister. No Director will publicly disclose any matter relevant to

the Board's deliberations unless authorised to do so or as required by law.

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 regular meetings during the period that ended on 31 July 2020. The Board's regular business during its meetings was concerned with corporate governance, financial performance, risk management and strategic matters.

Kinoya Wastewater Treatment Plant .





Financial Statements

For the Financial Year Ended 31 July 2020

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OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 1277

8 March 2023

Mr. Bhavesh K Patel
The Chairman
Water Authority of Fiji
Manohan Building
NASINU

Dear Mr. Patel

WATER AUTHORITY OF FIJI

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

The audited financial statements for Water Authority of Fiji for the year ended 31 July 2020 together with my audit report on them are enclosed.

Particulars of errors and omission arising from the audit have been forwarded to the Management of Authority for necessary action.

Yours sincerely

Sairusi Dukuno
ACTING AUDITOR-GENERAL

cc: Dr. Amit Chanan– The Chief Executive Officer, Water Authority of Fiji

Encl.

Directors Report

For the year ended 31 July 2020

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 July 2020 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the twelve months 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 Act 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	End of Contract
Mr Bhavesh K Patel (Chairman)	01/03/2018	Current
Mr P.L. Munasinghe	01/03/2018	Current
Mr Umarji Musa	28/02/2018	Current
Mr Vijay P Maharaj	01/03/2018	01/03/2021
Mr Hemant Kumar	24/04/2018	Current
Mr Kamal Gounder	13/10/2016	Current

State of affairs

In the opinion of the Directors, the accompanying statement of financial position give a true and fair view of the state of affairs of the Authority as at 31 July 2020 and the accompanying statements 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 ending 31 July 2020 amounted to \$36,470,950 (2019: Loss \$47,924,224).

Dividends

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

Principal activity

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

Current assets

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

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.

Directors Report *(continued)*

For the year ended 31 July 2020

Non-current assets

Upon establishment of the Authority, under the Water Authority of Fiji Act 2007 ("the Act"), Property, plant and equipment were vested in the Authority under the Act 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.

On 10 June 2021, the Board of Directors passed a resolution for management to carry out an evaluation of the Authority's property, plant and equipment. Tender FIN 066/2022 was called on 17 March, 2022 for the engagement of a consulting firm that will assist WAF in determining a true and fair value of all WAF water supply, sanitation, sewerage, water distribution network assets, prepare impairment model and asset management procedures. The following works will be undertaken as part of the valuation exercise:

- Assess sectoral and entity issues on the development of an asset management plan;
- Review and analyse assets inventory which includes proper accounting of capital assets, together with its remaining useful economic life and review of depreciation rates;
- Review the fixed assets policies and procedure including gaps analysis on the asset inventory and revaluation and identify appropriate knowledge and expertise needed to support asset valuation;
- Implement a comprehensive capacity strengthening program and network;
- Value assets in accordance with International Financial Reporting Standards (IFRS) and International Valuation Standards (IVS);
- Preparation of a complete, detailed and accurate report of all WAF fixed assets;
- Support WAF in updating its fixed asset register; and
- Develop a corporate procedure for periodic physical verification of the condition and location of assets.

This exercise is expected to address the qualification raised by the Auditor General on the opening balance of property, plant and equipment of \$1,888,909,608 for the year ended 31 December 2010. Further, this exercise is also expected to address the qualification raised on plant and equipment with zero book value.

The Authority is working to obtain legal ownership of leasehold land amounting to \$209,204,157. Nevertheless, the Authority notes that under section 6(1) of the Water Authority of Fiji Act 2007, leasehold land under the control and management of the Water and Sewerage Department were transferred to and vested in the Authority at the commencement of the Promulgation, without further assurance and conveyance, or in accordance with the provision of the Public Enterprise Act 2019, relating to the transfer of assets.

Other Receivables

The Directors took reasonable steps before the Authority's financial statements were made out to ascertain that all receivable was recorded 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.

Going Concern

The financial statements of the Authority have been prepared on a going concern basis. We consider the application of going concern principle to be appropriate in the preparation of these financial statements and we believe that the Authority has adequate funds to meet its liabilities as and when they fall due in the next 12 months, with the support of quarterly RIE contributions from Government.

Directors Report *[continued]*

For the year ended 31 July 2020

Related party transactions

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

Events subsequent to balance date

Subsequent to year end, the second wave of COVID-19 has impacted Fiji again and is expected to affect the overall operation of the Authority including liquidity and cash flows for subsequent years. Whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2020 financial statements is not expected to be material.

The Chief Executive Officer position was vacated on 19 May 2021 and later filled on 28 March 2022.

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.

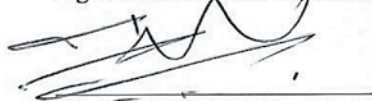
The results of the Authority's operations during the financial year have not in the opinion of the Directors been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

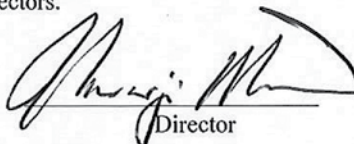
Directors' interests

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 6th day of March 2023.

Signed in accordance with a resolution of the Directors.


Director


Director

Statement by Directors

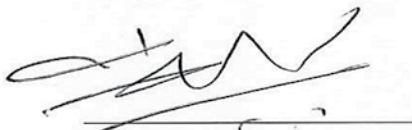
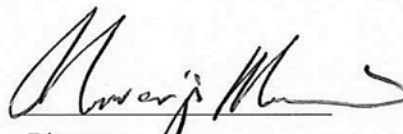
For the year ended 31 July 2020

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 ending 31 July 2020;
- (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 ending 31 July 2020;
- (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 July 2020;
- (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 ending 31 July 2020;
- (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 6th day of March 2023.

Signed in accordance with a resolution of the Directors.


Director
Director

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INDEPENDENT AUDITOR'S REPORT

WATER AUTHORITY OF FIJI

Report of the Audit of the Financial Statements

Opinion

I have audited the financial statements of Water Authority of Fiji ("the Authority"), which comprise the Statement of Financial Position as at 31 July 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 July 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Emphasis of Matter

I draw attention to the following matters:

1. The 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. Note 13 to the financial statements discloses the Board's decision to engage a consulting firm to undertake the valuation exercise of its critical assets. As disclosed under Note 13, the Authority on 17 March, 2022 called for tender for the engagement of a consulting firm to determine a true and fair value of all WAF water supply, sanitation, sewerage, water distribution network assets, prepare impairment model and asset management procedures.
2. Note 3 (I) to the financial statements discloses that the Authority is working towards obtaining legal ownership of the leasehold land totalling \$209,204,157 that are currently included under Property, Plant and Equipment. No adjustments in line with IFRS 16 – Leases, have been made to the financial statements as at 31 July 2020 or for any other financial implications that may arise in the future.

Emphasis of Matter (con't)

3. Note 26 (a) to the financial statements has disclosed the impact of the second wave of COVID-19 pandemic. The Management has stated that there is nil impact of the virus on the amounts and estimates reported or used in the preparation of 2020 financial statements.

My opinion is not qualified in respect of these matters.

Other information

The Directors and Management are responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and the auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

Responsibilities of the Management and Directors for the Financial Statements

The Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as the Directors and Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors and Management are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The

Auditor's Responsibilities for the Audit of the Financial Statements (con't)

risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Directors.
- Conclude on the appropriateness of the Management's and Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Management and Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In my opinion, the financial statements have been prepared in accordance with the requirements of the Water Authority of Fiji Act 2007 in all material respects, and;

- a) I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Authority has kept financial records sufficient to enable the financial statements to be prepared and audited.



Sairusi Dukuno
ACTING AUDITOR-GENERAL



Suva, Fiji
8 March 2023

Statement of Comprehensive Income

For the year ended 31 July 2020

	Note	2020 \$	2019 \$
Revenue	5	77,886,379	73,728,409
Other income	6	30,464,170	76,328,413
Total Revenue		108,350,549	150,056,822
Personnel expenses	8	(31,079,511)	(47,417,239)
Operating expenses	7	(72,819,646)	(105,011,417)
Profit/(Loss) from operations before depreciation, amortization and finance income		4,451,392	(2,371,834)
Depreciation & amortization	13, 13a & 14	(41,784,808)	(46,190,218)
Finance income	9	862,466	637,828
(Loss) for the year		(36,470,950)	(47,924,224)
Other comprehensive income for the year		-	-
Total comprehensive (loss) for the year		(36,470,950)	(47,924,224)

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

Statement of Changes in Equity

For the year ended 31 July 2020

	Contributed equity \$	Accumulated losses \$	Total \$
Balance at 1 August 2018	1,749,538,290	(397,536,533)	1,352,001,757
Loss for the year	-	(47,924,224)	(47,924,224)
Transfer of water and sewerage bills collected to Government of Fiji Consolidated Fund Account	590,105	-	590,105
Balance as at 31 July 2019	1,750,128,395	(445,460,757)	1,304,667,638
Loss for the year	-	(36,470,950)	(36,470,950)
Increase/(Transfer) of bill pay to Government Contributed Equity	(186,934)	-	(186,934)
Balance at 31 July 2020	1,749,941,461	(481,931,707)	1,268,009,754

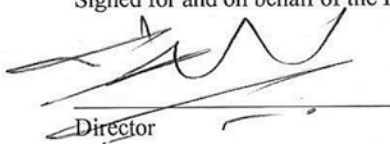
The accompanying notes form an integral part of the statement of changes in equity.

Statement of Financial Position

As at 31 July 2020

	Note	2020 \$	2019 \$
Non-current assets			
Property, plant and equipment	13	1,834,313,119	1,787,541,855
Right of use of assets	13a	6,589,907	5,690,057
Intangible assets	14	353,952	102,925
Total non-current assets		<u>1,841,256,978</u>	<u>1,793,334,837</u>
Current assets			
Cash and cash equivalents	10	53,938,864	78,205,709
Other receivables	11	12,619,444	2,998,940
Inventories	12	18,903,081	24,872,704
Held-to-maturity investments	15	1,940,633	1,332,131
Other assets and prepayments	16	5,668,738	1,609,212
Total current assets		<u>93,070,760</u>	<u>109,018,696</u>
Total assets		<u>1,934,327,738</u>	<u>1,902,353,533</u>
Equity			
Contributed equity		1,749,941,461	1,750,128,395
Accumulated losses		(481,931,707)	(445,460,757)
Total equity		<u>1,268,009,754</u>	<u>1,304,667,638</u>
Current liabilities			
Trade and other payables	17	12,497,019	12,125,831
Provision for employee entitlements	21	742,964	450,384
Deferred revenue – capital grant	18	26,555,223	74,711,153
ADB Funded Grant - Suva Nausori regional water Supply and Sewerage	19	921,238	951,714
Lease liability	22	1,154,571	1,026,497
Total current liabilities		<u>41,871,015</u>	<u>89,265,579</u>
Non-current liabilities			
Deferred revenue – capital grant	18	528,480,518	438,792,208
ADB funded grant	19	63,877,262	64,768,024
Fiji Urban Water & Wastewater Management Program - Tranche 1	20	27,784,472	-
Lease liability	22	4,304,717	4,860,084
Total non-current liabilities		<u>624,446,969</u>	<u>508,420,316</u>
Total liabilities		<u>666,317,984</u>	<u>597,685,895</u>
Total equity and liabilities		<u>1,934,327,738</u>	<u>1,902,353,533</u>

Signed for and on behalf of the Board of Directors



Director



Director

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

Statement of Cash Flows

For the year ended 31 July 2020

	Note	2020 \$	2019 \$
Operating activities			
Receipts of Government Revenue		42,631,559	44,327,314
Receipt from Government Grant & Other Income	5 & 6	80,874,088	74,393,954
Payment to suppliers and employees		(93,878,813)	(184,227,895)
Payment to Government – Consolidated Fund Account	24 (b)	(42,631,559)	(44,327,314)
Net cash flows (used in) operating activities		(13,004,725)	(109,833,941)
Investing activities			
Receipt from Government – capital grant		77,960,095	151,547,889
Refund for Rural Contribution Projects		-	(8,635)
Payments for property, plant and equipment		(87,612,217)	(45,957,254)
Net cash flows from investing activities		(9,652,122)	105,582,000
Financing activities			
Payment of lease liabilities		(2,472,464)	(901,034)
Proceeds from interest income		862,466	637,828
Net cash flows from/(used in) financing activities		(1,609,998)	(263,206)
Net increase/(decrease) in cash and cash equivalents		(24,266,845)	(4,515,147)
Cash and cash equivalents at beginning of year		78,205,709	82,720,856
Cash and cash equivalents at end of financial year/period	25	53,938,864	78,205,709

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 July 2020

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 Act 2007 in Fiji. The address of the Authority's registered office is the Corner of 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 Act 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 Act 2007. The financial statements were approved by the Board of the Directors on

On March 2023.

New standards and interpretations Adopted.

The authority has adopted the following new standards effective from 1 January 2018:

IFRS 16 - Leases

New standards not applicable.

IFRS 15 - Revenue from Contracts with Customers (Not relevant due non-recognition of water & waste water charges as the authority's revenue)

IFRS 9 Financial Instruments - No Financial Implications on Financial Statements - (Not relevant due non-recognition of water & waste water charges as the authority's revenue)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

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

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

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies

(a) Foreign currency transactions

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

(b) Property, plant and equipment

Recognition and measurement

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

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

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

Subsequent expenditure

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

Depreciation

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

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

Feeder Roads, Access Roads, Footpaths, Sealed Roads, Gravel, Concrete Driveways, Gravel Driveways, Crossings, Entrance Roads, Track from Main Road	14.29%
Water Distribution Equipment	1% - 5%
Sewerage Equipment	1% - 5%
Furniture and fittings	7% - 12%
Office Equipment	3% - 12%
Motor vehicles	20%
Office Computers	33%
Intangibles	33%
Leasehold Lands	Over the Lease Period
Building Improvements - Timber	1.25% - 2.5%
Building Improvements - Concrete	3.34% - 6.67%
Building Improvements - Steel	1.25% - 4.5%

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (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.

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 other receivables and other assets excluding prepayments.

Cash and cash equivalents

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

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

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

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

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

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

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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.

(f) Impairment

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.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

(g) Employee benefits

Superannuation

Contributions are paid to the Fiji National Provident Fund for the employees 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:

Government Grants

Unconditional government grant related to 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.

Government Revenue

The Authority has determined that it is an agent for the Government to administer the supply of water and waste water services. As a result, amounts collected from customers for the provision of water and waste water services is not considered revenue for the Authority. Amounts collected from water and waste water customers are deposited in the Government Consolidated Fund Account.

(i) Lease payments

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

(j) Finance income and finance costs

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

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

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

(k) Income tax

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

(i) Value Added Tax (VAT)

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

- (i) Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- (ii) For trade receivables and trade payables which are recognised inclusive of VAT.

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

- (iii) The tariff rates charged to customers for water and wastewater are zero rated.

(l) Change in accounting policy and disclosures

IFRS 16 Leases

The Authority early adopted IFRS 16 *Leases* with a date of initial application of 1 January 2018. As a result, the Authority has changed its accounting policy for lease contracts as detailed below.

The Authority applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2018. The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

Previously, the Authority determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Authority assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Authority elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2018.

(ii) As a lessee

As a lessee, the Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under IFRS 16, the Authority recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Authority decided to apply the recognition exemption to short-term leases of property and leases for which the underlying asset is of low value.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

(l) Change in accounting policy and disclosures (continued)

IFRS 16 Leases (continued)

(ii) As a lessee (continued)

For leases of assets, which were classified as operating under IAS 17, the Authority recognised right-of-use assets and lease liabilities.

(a) Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Authority's incremental borrowing rate as at 1 January 2018. Right-of-use assets are measured at either:

- their carrying amounts as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application - the Authority did not apply this approach; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments - the Authority applied this approach to all leases.

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied a single discount rate to a portfolio of leases with similar characteristics.
- adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right of use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(b) Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2018 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date. The Authority had no finance leases under IAS 17.

(iii) As a lessor

The Authority is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease.

(iv) Impact on financial statements

On transition to IFRS 16, the Authority recognised \$7,071,654 of right-of-use assets and \$7,071,654 of lease liabilities.

Leases policy note

The Authority has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

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

IFRS 16 Leases (continued)

Policy applicable from 1 January 2018

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Authority and the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Authority has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Authority has the right to direct the use of the asset. The Authority has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Authority has the right to direct the use of the asset if either:
 - the Authority has the right to operate the asset; or
 - the Authority designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2018.

At inception or on reassessment of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(i) As a lessee

Under IFRS 16

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Authority's incremental borrowing rate. Generally, the Authority uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Authority is reasonably certain not to terminate early.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

3 Significant accounting policies (continued)

(l) Change in accounting policy and disclosures (continued)

IFRS 16 Leases (continued)

(i) As a lessee (continued) Under IFRS 16 (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, or if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Authority presents right-of-use assets and lease liabilities separately in the statement of financial position.

The Authority is working to obtain legal ownership of leasehold land amounting to \$209,204,157. Nevertheless, the Authority notes that under section 6(1) of the Water Authority of Fiji Act 2007, leasehold land under the control and management of the Water and Sewerage Department were transferred to and vested in the Authority at the commencement of the Promulgation, without further assurance and conveyance, or in accordance with the provision of the Public Enterprise Act 2019, relating to the transfer of assets.

(m) Comparative figures

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

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.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

4 Financial risk management (continued)

(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 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.

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

	2020	2019
	\$	\$
Cash at bank	53,926,924	78,193,769
Other Receivables	12,619,444	2,998,940
Other assets excluding prepayments	5,047,570	104,656
	<u>71,593,938</u>	<u>81,297,365</u>

(ii) Liquidity risk

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

	Carrying amount	6 months or less	6 - 12 months	More than 1 year
	\$	\$	\$	\$
31 July 2020				
<u>Financial assets</u>				
Cash and cash equivalents	53,938,864	53,938,864	-	-
Other receivables	12,619,444	196,309	-	12,423,135
Other assets excluding prepayments	5,047,570	-	-	5,047,570
	<u>71,605,878</u>	<u>54,135,173</u>	<u>-</u>	<u>17,470,705</u>
<u>Financial liabilities</u>				
Trade and other payables	12,497,019	1,526,948	10,970,071	-
	<u>12,497,019</u>	<u>1,526,948</u>	<u>10,970,071</u>	<u>-</u>
31 July 2019				
<u>Financial assets</u>				
Cash and cash equivalents	78,205,709	78,205,709	-	-
Other receivables	2,998,940	534,418	-	2,464,522
Other assets excluding prepayments	104,656	-	-	104,656
	<u>81,309,305</u>	<u>78,740,127</u>	<u>-</u>	<u>2,569,178</u>
<u>Financial liabilities</u>				
Trade and other payables	12,125,831	1,444,428	10,681,403	-
	<u>12,125,831</u>	<u>1,444,428</u>	<u>10,681,403</u>	<u>-</u>

(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.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

4 Financial risk management (continued)

Price risk

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

Cash flow interest rate risk

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

(iv) Capital management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Authority monitors capital on the basis of the gearing ratio. The gearing ratios at 31 July 2020 and 31 July 2019 were as follows:

	2020 \$	2019 \$
Total liabilities excluding deferred income and employee entitlements	45,740,779	18,012,412
Total assets	1,934,327,738	1,902,353,533
Gearing ratio	2.36%	0.95%
5 Revenue		
Government grant	77,886,379	73,728,409
	<u>77,886,379</u>	<u>73,728,409</u>
6 Other income		
Transfer from deferred revenue	27,476,461	75,662,868
Other income	2,987,709	665,545
	<u>30,464,170</u>	<u>76,328,413</u>
7 Operating expenses		
Chemical usage	2,219,603	2,576,385
Directors fees	65,348	82,250
Water and electricity	21,263,044	21,875,997
Fuel and oil	1,679,352	1,772,274
Plant and equipment hire	11,059,361	32,375,569
Professional fees	2,404,012	1,589,377
Repairs and maintenance	25,670,608	35,987,116
Telephone and communication	2,460,852	2,994,950
Travel & accommodation	429,718	989,535
Land compensation	185,482	224,316
Insurance	305,880	483,166
Office supplies, printing, stationary and upkeep	489,841	688,543
Rent & security	1,416,137	1,050,056
Advertising & awareness	141,200	550,826
National Fire Authority refunds	400,186	395,488
Others	2,629,022	1,375,569
	<u>72,819,646</u>	<u>105,011,417</u>

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

8 Personnel expenses	2020	2019
	\$	\$
Salaries and wages	25,796,329	41,005,357
Annual leave	2,573,373	2,504,991
Fiji National Provident Fund	1,776,933	2,168,439
Staff welfare	932,876	1,738,452
	<u>31,079,511</u>	<u>47,417,239</u>
The number of permanent employees during the year was:	<u>1170</u>	<u>1168</u>
9 Finance income and expenses		
<u>Finance income</u>		
Interest income on short-term bank deposits	862,466	637,828
	<u>862,466</u>	<u>637,828</u>
10 Cash and cash equivalents		
Cash at bank	53,926,924	78,193,769
Petty cash	11,700	11,700
Cash on hand	240	240
	<u>53,938,864</u>	<u>78,205,709</u>
Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term deposits are made from varying periods of between one day and three months, depending on the immediate cash requirements of the Authority, and earn interest at the respective short term deposit rates.		
At 31 July 2020, the Authority had a \$3.877m LC facility with BSP to comply with the contractual obligations of its several major Capital projects. In addition, the Authority held cash of \$0.922m (2019: \$1.09m) on Billpay accounts with ANZ, WBC and Bred bank that is restricted to be deposited to the Government of Fiji Consolidated Fund account as collection received on water and waste water revenue. Furthermore, the Authority has \$4.65m held as Retention for Outsource contractual works, performance bond of \$666,367 and tender deposits held amounting to \$77,506.		
11 Other receivables		
VAT receivable	12,330,178	2,893,750
Other receivables	289,266	105,190
	<u>12,619,444</u>	<u>2,998,940</u>
12 Inventories		
Spare parts and tools	20,594,064	25,820,204
Provision for obsolete stock	(1,690,983)	(947,500)
Stock on hand	<u>18,903,081</u>	<u>24,872,704</u>

Notes to and Forming Part of the Financial Statements [continued]

For the year ended 31 July 2020

13 Property, plant and equipment

	Land and Buildings	Water and Distribution Equipment	Sewerage Equipment	Motor Vehicles	Office Equipment	Office Computers	Furniture and Fittings	Work in Progress - Capex	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
At 1 August 2019	409,853,429	1,434,345,898	290,948,597	13,214,009	12,600,740	4,455,130	786,629	124,738,889	2,290,943,321
Additions	17,408	1,854,078	209,751	-	3,160,489	249,396	49,376	134,696,616	140,237,114
Disposals	-	-	-	(49,131)	-	-	-	(94,270,852)	(94,319,983)
Transfer	37,615	23,696,095	6,080,376	-	40,260	55,479	-	(29,909,825)	-
At 31 July 2019	409,908,452	1,459,896,071	297,238,724	13,164,878	15,801,489	4,760,005	836,005	135,254,828	2,336,860,452
Additions	1,225,955	3,825,594	14,862	203,486	1,357,200	348,818	24,623	112,565,328	119,565,866
Disposals*	(1,604,846)	-	-	-	-	-	-	(29,520,550)	(31,125,396)
Transfer	230,110	45,250,258	2,006,342	-	8,839	67,267	-	(47,875,722)	(312,906)
Reclassification	-	-	-	-	-	-	-	(828,253)	(828,253)
At 31 July 2020	409,759,671	1,508,971,923	299,259,928	13,368,364	17,167,528	5,176,090	860,628	169,595,631	2,424,159,763
Depreciation and impairment									
At 1 August 2019	172,622,537	264,111,781	50,886,023	10,088,190	2,980,422	3,512,318	312,593	-	504,513,864
Depreciation & amortization charge for the year	7,488,145	27,867,912	5,635,155	1,523,273	1,672,784	577,119	80,468	-	44,844,856
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(40,123)	-	-	-	-	(40,123)
At 31 July 2019	180,110,682	291,979,693	56,521,178	11,571,340	4,653,206	4,089,437	393,061	-	549,318,597
Depreciation & amortization charge for the year	3,433,172	27,892,607	5,658,044	1,112,827	1,938,129	411,697	81,571	-	40,528,047
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
At 31 July 2020	183,543,854	319,872,300	62,179,222	12,684,167	6,591,335	4,501,134	474,632	-	589,846,644
Net book value									
At 31 July 2019	229,797,770	1,167,916,378	240,717,546	1,593,538	11,148,283	670,568	442,944	135,254,828	1,787,541,855
At 31 July 2020	226,215,817	1,189,099,623	237,080,706	684,197	10,576,193	674,956	385,996	169,595,631	1,834,313,119

* This disposal includes rural projects handed over to communities and projects expensed upon completion. During the year, \$18.9 m was allocated by the Authority for rural projects and project costs of \$9,007,735 (2019: \$25,288,958) was released from work in progress and deferred income in relation to completed rural projects.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

13 Property, plant and equipment (continued)

On 10 June 2021, the Board of Directors passed a resolution for management to carry out an evaluation of the Authority's property, plant and equipment. Tender FIN 066/2022 was called on 17 March, 2022 for the engagement of a consulting firm that will assist WAF in determining a true and fair value of all WAF water supply, sanitation, sewerage, water distribution network assets, prepare impairment model and asset management procedures. The following works will be undertaken as part of the valuation exercise:

- Assess sectoral and entity issues on the development of an asset management plan
- Review and analyse assets inventory which includes proper accounting of capital assets, together with its remaining useful economic life and review of depreciation rates
- Review the fixed assets policies and procedure including gaps analysis on the asset inventory and revaluation and identify appropriate knowledge and expertise needed to support asset valuation
- Implement a comprehensive capacity strengthening program and network
- Value assets in accordance with International Financial Reporting Standards (IFRS) and International Valuation Standards (IVS).
- Preparation of a complete, detailed and accurate report of all WAF fixed assets.
- Support WAF in updating its fixed asset register.
- Develop a corporate procedure for periodic physical verification of the condition and location of assets.

This exercise is expected to address the qualification raised by the Auditor General on the opening balance of property, plant and equipment of \$1,888,909,608 for the year ended 31 December 2010. Further, this exercise is also expected to address the qualification raised on plant and equipment with zero book value.

The Authority is working to obtain legal ownership of leasehold land amounting to \$209,204,157. Nevertheless, the Authority notes that under section 6(1) of the Water Authority of Fiji Act 2007, leasehold land under the control and management of the Water and Sewerage Department were transferred to and vested in the Authority at the commencement of the Promulgation, without further assurance and conveyance, or in accordance with the provision of the Public Enterprise Act 2019, relating to the transfer of assets.

13a Right of Use of Assets	2020 \$	2019 \$
Cost		
Opening Balance	7,261,664	7,071,654
Additions during the year	2,045,171	190,010
Balance	9,306,835	7,261,664
Amortisation and impairment		
Opening Balance	1,571,607	558,494
Amortisation during the year	1,145,321	1,013,113
Balance	2,716,928	1,571,607
Net book value	6,589,907	5,690,057

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

14 Intangible asset	2020	2019
	\$	\$
Cost		
Opening Balance	3,477,166	3,477,166
Additions during the year	362,467	-
Balance	3,839,633	3,477,166
Amortisation and impairment		
Opening Balance	3,374,241	3,041,992
Amortisation during the year	111,440	332,249
Balance	3,485,681	3,374,241
Net book value	353,952	102,925

Intangible assets includes licenses acquired previously by WAF for MapInfo system and Private Automated Branch Exchange (PABx) system currently used by the Customer Service department, Unlimited Pipe Modelling for the waste water modelling team, Sage 300 ERP and PayGlobal system used in Finance department and development costs for the Gentrack system.

15 Held-to-maturity investments

Current

Term Deposit	1,940,633	1,332,131
	<u>1,940,633</u>	<u>1,332,131</u>

Term deposit held with Westpac Banking Corporation has a term of 365 days with interest rate of 1% per annum (2019: 1%).

16 Other Assets and Prepayments

Prepayments	621,168	1,504,556
Other assets	5,047,570	104,656
	<u>5,668,738</u>	<u>1,609,212</u>

17 Trade and other payables

Trade payables	260,762	1,444,428
Other payables and accruals	12,236,257	10,681,403
	<u>12,497,019</u>	<u>12,125,831</u>

Terms and conditions of the above financial liabilities:

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

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

18	Deferred revenue - capital grant	2020	2019
		\$	\$
	Beginning of year	513,503,361	461,964,218
	Grant received during the year	77,960,095	151,547,889
	Refund of village contribution on rural projects	-	(8,635)
	Reversal of completed fully funded/ rural projects	(9,872,492)	(25,288,958)
	Released to the statement of comprehensive income	(26,555,223)	(74,711,153)
	Balance at the end of the year	<u>555,035,741</u>	<u>513,503,361</u>

Deferred Grant Capex is Represented by:

Non current liability	528,480,518	438,792,208
Current liability	<u>26,555,223</u>	<u>74,711,153</u>
	<u>555,035,741</u>	<u>513,503,361</u>

All Government grants were used to fund the Authority's capital works. Annual depreciation and amortization 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.

19 ADB Funded Grant - Suva Nausori regional water Supply and Sewerage

Beginning of the year	65,719,738	66,671,452
Released to the statement of comprehensive income	(921,238)	(951,714)
At 31 July	<u>64,798,500</u>	<u>65,719,738</u>

Deferred Grant Capex is Represented by:

Non current liability	63,877,262	64,768,024
Current liability	<u>921,238</u>	<u>951,714</u>
	<u>64,798,500</u>	<u>65,719,738</u>

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

The Fiji Project Design Advance for Urban Water Supply and Waste Management Project began in December 2016. The project will also support government to develop and implement policy and regulatory reforms in water and sewerage to make WAF a more sustainable and accountable institution.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

20 Fiji Urban Water & Wastewater Management Program - Tranche 1	2020	2019
	\$	\$
ADB Direct Payment L3512	13,438,481	-
GCF Direct Payment G0531	14,345,991	-
	<u>27,784,472</u>	<u>-</u>

The Fiji urban water and wastewater - public sector investment program (PSIP) project of the Government of Fiji's estimated to cost USD\$180.3 million, The project is being implemented with finance assistance from ADB Loan 3512 for USD \$42.1m, EIB Loan no.201502017 for USD \$26.6 million, GCF grant no 0531 for USD\$31 million and Government of Fiji funds US\$80.7 million. The Project Management Unit at Water Authority of Fiji (WAF) is the implementing agency, effecting payments through Ministry of Economy.

21. Provision for Employee Entitlement

Beginning of the year	450,384	723,614
Movement during the period	<u>292,580</u>	<u>(273,230)</u>
At end of year	<u>742,964</u>	<u>450,384</u>

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

22. Lease Liability

Balance end of the year	<u>5,459,288</u>	<u>5,886,581</u>
Lease Liability is Represented by:		
Non-current liability	4,304,717	4,860,084
Current Liability	<u>1,154,571</u>	<u>1,026,497</u>
	<u>5,459,288</u>	<u>5,886,581</u>

23 Contingencies and commitments

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

(a) Capital expenditure

Total capital commitments as at balance date is \$68,622,813 (2019: \$22,690,741) for capital projects.

(b) Land lease

The Authority has leased land listed as its assets. The verification of all state land, iTaukei lease and freehold land has been completed and the report on them have been submitted to the Director of Lands for validation. Additionally, co-shared land are undergoing survey before a final submission is made to the Director of Lands.

(c) Contingent Liability

The Authority is subject to certain claims made during the year. Any financial commitments relating to these case is yet to be determined by the Court.

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

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 up to date of these Financial Statements:

- Mr Bhavesh K Patel (Chairman) - *current*
- Mr PL Munasinghe - *current*
- Mr Umarji Musa - *current*
- Mr Vijay Maharaj - contract ended on 01/03/2021
- Mr Hemant Kumar - *current*
- Mr Kamal Gounder - *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 Act of 2007 and the transactions with the Government of Fiji during the year are as follows:

	2020	2019
	\$	\$
Grant received (Opex & Capex))	155,846,474	225,276,298
Deposits to the Government Consolidated account	(42,631,559)	(44,327,314)
	<u>113,214,915</u>	<u>180,948,984</u>

24 Related parties (Continued)

(c) Transaction with key management personnel

Key management personnel comprises of:

- | | | |
|------|--|---------------------------------|
| i. | Mr Barry Omundson (Chief Executive Officer) | Resigned on 19th May 2021 |
| ii. | Mr Michael Lal (Chief Financial Officer) | Resigned on 15th September 2020 |
| iii. | Mr Sekove Uluinayau (General Manager Customer Service) | Appointed on 16th November 2015 |
| iv. | Mr Nemani Waqanivalu (General Manager Planning, Design and Construction) | Resigned on 24th December 2020 |
| v. | Mr Seru Soderberg (Chief Operating Officer) | Appointed on 17th November 2020 |

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 was:

Short-term employee benefits	<u>811,816</u>	<u>546,782</u>
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(d) Other related parties

Fiji National Provident Fund - member contribution	<u>1,709,134</u>	<u>1,880,276</u>
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Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

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:

	2020	2019
	\$	\$
Cash at bank	53,926,924	78,193,769
Petty Cash	11,700	11,700
Cash on hand	240	240
	<u>53,938,864</u>	<u>78,205,709</u>

26 Events subsequent to year end

a. Impact of COVID-19 pandemic

Subsequent to year end, the second wave of COVID-19 has impacted Fiji again and is expected to affect the overall operation of the Authority including liquidity and cash flows for subsequent years. Whilst measures and policies have been taken by the national government and nearby trading countries to prevent the spread of the virus, the impact of the virus on amounts and estimates reported or used in the preparation of 2020 financial statements is not expected to be material.

b. Vacant Position of Chief Executive Officer

The Chief Executive Officer position was vacated on 19th May 2021 and later filled on 28th March 2022.

27 Contributed Equity

The amount reflects the cost of assets when transferred from the Department of Water and Sewerage in 2010. During the year, the Authority transfers water and sewerage rates to the Government's consolidated fund account.

28 Revenue Administered on Behalf of the Government

The Authority charges water & waste water rates on behalf of the Government. During the year the following rates and charges was billed to the water & waste water customers:

(i) Billing

Water	40,935,216	41,349,767
Waste Water	4,008,330	3,940,082
Others*	2,846,376	3,243,984
	<u>47,789,922</u>	<u>48,533,833</u>

(ii) Collection

Water & waste water collected and deposited into the Government Consolidated account during the year is noted below:

Water, Waste water charges & others*	<u>42,631,559</u>	<u>44,327,314</u>
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**others relates to reconnection fee, fire service levy, new connections, re-location of meter, reprinting of bill, special reading fee and meter testing fee.*

Notes to and Forming Part of the Financial Statements *[continued]*

For the year ended 31 July 2020

29 Debt Administered on Behalf of the Government

The Authority has a Debt Management Unit (DMU) that administers the collection of water, waste water and other charges on behalf of the government. The department carries out the following activities:

- following and sending reminders for payments for customers with overdue accounts
- carrying out revenue assurance
- processing of billing adjustments and bill waivers
- resolving billing disputes and customer site visitation
- implementing debt management strategies

	2020	2019
	\$	\$
Domestic	40,066,609	36,004,631
Commercial	4,613,913	4,577,875
Government	1,232,122	1,583,409
	<u>45,912,644</u>	<u>42,165,915</u>

Rates owed to Government

The ageing of trade receivables at the reporting date was:

	Current	> 1 Year	> 2 Years	> 3 Years	> 4 Years	Total
	\$	\$	\$	\$	\$	\$
2020	10,424,982	4,383,360	5,598,774	4,043,559	21,461,969	45,912,644
2019	10,311,891	3,754,342	5,057,943	3,652,959	19,388,780	42,165,915





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