



PACIFIC WATER AND WASTEWATER ASSOCIATION. INC.



UNELCO

ENGIE

MAINGUY
Consulting Engineer and Project Management

ADB
Asian Development Bank

HACH
LC Analytics

VBIC
The Australian Water Partnership

Vanuatu
Water

Instrumatics

tvI

Vanuatu Ltd

AJC

hunterh₂O

DAEMCO



ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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24 September 2020

The Chairperson

Board of Directors

Pacific Water and Wastewater Association

I have the honour of submitting the Annual Report of the Pacific Water and Wastewater Association, for the financial year 1 January to 31 December 2019.

The Report provides:

- a) A review of the operations and activities of the Association.
- b) The Association's annual accounts for the 12 months ended 31 December 2019; and
- c) The Auditors Report.

I take this opportunity to thank you and the Board of Directors for the support rendered myself and my staff during the year. Thank you also to former Chair, Mr Raka Taviri and those Directors who have left the Board for the support to the Secretariat and to PWWA. I would also like, through you, to thank the Council members for their cooperation and support.

Last, but not least, a special thanks to my team at the Secretariat for their hard work, perseverance, and dedication to pursuing the goals of PWWA; without their hard work and dedication, we would not have been able to function effectively.

Yours faithfully

Pitolau T. Lusio Sefo Leau

CHIEF EXECUTIVE OFFICER

Pacific Water and Wastewater Association Member Utilities

American Samoa, Cook Islands, Federated State of Micronesia, French Polynesia, Guam, Nauru, New Caledonia, Commonwealth of the Northern Marianas, Niue, Palau, Papua New Guinea, Republic of Fiji, Republic of Kiribati, Republic of the Marshall Islands, Republic of Vanuatu, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Wallis & Futuna

Board of Directors



Seugamaalii Jammie Saena
Chairman
Managing Director
Samoa Water Authority
SAMOA



Raka Taviri, Jr
Deputy Chairman
Chief Executive Officer
Eda Ranu
PAPUA NEW GUINEA



Jim Keary
Treasurer
Managing Director
Hunter H2O
AUSTRALIA



Diane Charlie-Puna
Alternate Treasurer
Secretary
Infrastructure Cook
Islands
COOK ISLANDS



Erickson Sammy
Secretary
Director
Department of Water
Resources
VANUATU



Ruth Ueselani
Alternate Secretary
Assistant CEO
Ministry of Natural
Resources and
Environment
SAMOA



Joseph Batol
Member
General Manager
Majuro Water and Sewer
Company
MARSHALL ISLANDS



Ian Gooden
Member
General Manager
Solomon Islands Water
Authority
SOLOMON ISLANDS



Gary Aitchison
Member
Pipeline Products NZ &
Pacific
Derwent Industries NZ Ltd
NEW ZEALAND



Ken Klein
Member
Executive Sales Manager
Export
ACO Pty Ltd
AUSTRALIA

The Chairperson's Statement



Seugama'alii Taito Jammie Saena
Managing Director, SAMOA WATER AUTHORITY

Introduction

I am pleased to provide this Report on behalf of your Board of Directors and Secretariat for the year 2019.

However, whilst penning this, I cannot ignore the current world-wide hard times we are facing on all fronts because of the Covid-19 pandemic. We did not, even at end of 2019, ever know this was going to hit everyone world-wide nor how long it was going to last. We still are unable to tell when it will end but one thing is certain – its impact on our economies and the social fabric of our Pacific societies and communities will be felt for a long time. As colleagues, partners, and co-workers, it is our sincere hope you are all doing the best you can with your organisations to service and protect your communities, help where you can, and care for your staff. We are a Pacific family of water utilities, members and partners and we help each other in hard times.

But let us now talk about 2019 and how it was for our organisation. Last year we continued with where we had left off in the challenges of 2018 with refining and bedding down the policies, strategies and processes establishing the governance framework of PWWA and the Secretariat. It was a year of advanced efforts to seeking support from our development partners to build the capacity of member utilities, driving for more allied membership, and ensuring the heightened exposure and credibility of PWWA as an organisation that advocates for the improvement of water and wastewater services in the Pacific.

During the first half of the year a succession of meetings with the Department of Foreign Affairs and Trade (DFAT) of Australia commenced in response to a declared interest of the government of Australia to have a “stepped up” program for the Pacific which included investments in water. This coincided with the strategic goals of PWWA to invest as an organisation in seeking support for an enhanced program for capacity building of water utilities. Most of you would be aware we had conducted a Learning and Development Survey analysis to gauge the level of training done throughout utilities or the lack thereof and assess the training gaps to better inform a program for capacity building. These discussions were held in Canberra and a proposal for an AUD\$18.5 million program was submitted firstly to DFAT through our partners – AWP; and then directly to the Minister for Water who was also the Minister for the Pacific, Hon Alex Hawke MP.

Whilst a response to this proposal to DFAT at this level or at a scaled level has yet to be considered, the ability to be able to discuss directly with DFAT PWWA's various developments and needs is testament to a growing recognition of PWWA's work in the Pacific and its vision for the water sector in the Pacific. For the first time, a Minister from Australia was able to attend the PWWA Annual Conference and pledge continued support for the work PWWA is doing in this space in the Pacific.

In addition, your Board has been able, along with our Secretariat, to extend PWWA's exposure at the international level through attendance and contribution to various meetings such as the World Bank Water Week, and the SPC High Level Dialogue where further discussions were had for assistance from the World Bank and the WB Global Water; participation at OzWater and at the New Zealand Water Conference. These events provided not only the opportunity to expand and draw interest to PWWA but shared also how these sister organizations can help us. Currently, as you all are aware, the World Bank assists the PWWA through financing the annual benchmarking survey which is currently in its 10th year of implementation.

Phase 2 of AWP assistance to PWWA began in 2019, following completion of Phase 1 in June 2018. This assistance of AUD\$1.25 million continued the program provided under Phase 1 for Board governance, the Young Water Professionals Program and continued support, albeit at a tapering level, for the Secretariat, for the next four years beginning 2019. The assistance over the four years maximise the participation of CEOs and YWPs at the annual conference, which supplements the annual support provided by the ADB for this event. We are very much appreciative of the assistance from our development partner the AWP for their commitment to PWWA and especially to the YWP program.

Political Leadership

I am humbled to specially acknowledge the contribution and political support of our host the Government of the Independent State of Samoa - thank you for the recognition of PWWA as an international organisation, and thank you for the financial support for PWWA's Headquarters office and the yearly support of its annual conference.

I would also specifically thank all our political leaders - our Ministers and senior government representatives in each of our member countries for their active support and guidance not only to PWWA as an organisation but for championing the cause for improving and supporting the performance and services of the member utilities in our respective countries. We remain encouraged and challenged by your drive for improved performance, for universal and inclusive access of all Pacific peoples to safe water and sanitation and we are committed to improvement of service to country and the region as a group.

I would like to make special mention here of the tremendous support of the Government of Vanuatu and our member utilities in Vanuatu – UNELCO and the Department of Water Resources for making this year's Annual Conference a truly memorable event. We acknowledge with gratitude the support shown by your Prime Minister and Cabinet Ministers for making everyone feel at home in Vanuatu and giving of their time to attend the various events thereby raising the bar for our annual conference.

I wish to also acknowledge the show of support of the Australian government through the attendance for the first time of a high level delegation led by the Hon Alex Hawke – Minister for the Pacific to our Annual conference. We certainly look forward to active participation of Australia at this level in future meetings.

From the Board, we thank you, our political leaders for your continued attendance and active participation at the conference each year and especially supporting PWWA as the primary water Association of the Pacific.

A special thanks to our long-term development partners, **the ADB, AWP, the World Bank and SPC** for championing PWWA within their respective organisations and amongst their own partners. We thank you especially for the financial and technical assistance provided for PWWA's programs and annual conference. The support provided by the World Bank for the benchmarking survey each year is invaluable for monitoring our performance. We look forward to further and continued collaboration and support of the work of PWWA over the years to come.

This year saw the completion of the term of the Board of Directors that served for three years from 2016, and a new Board of Directors voted in during the AGM to serve for a term of 3 years in accordance with our Constitution. Whilst a number of Board Directors have been re-elected for a further term of three years, I wish to acknowledge and pay tribute to the support of departing Board members who served up to the AGM in August, including Abraham Simpson and Ulu Bismark Crawley. As your current Chair I wish to acknowledge and ask for the continued support of my

colleagues on the Council and the Board of Directors for the coming year and not forgetting also all our allied members and individual professionals who through your membership of PWWA have signalled your commitment and support to this “Pacific family of water and wastewater members” that strive for the good of PWWA and the Pacific.

Last but not least, I wish to acknowledge our small team at the Secretariat – the CEO, Ms Lusie Sefo Leau and her staff; thank you for your hard work during the year, for pursuing the Association’s financial viability and for ensuring its mission and strategic goals are coordinated and accomplished successfully.

Yours sincerely



Seugamaalii Taito Jammie Saena
CHAIRPERSON

About Us

The Pacific Water and Wastewater Association is a not-for-profit membership body established in 1994 to support the Pacific region in meeting all water challenges. It has developed to become a regional Association of organizations operating in the water and wastewater sectors whose mission is the delivery of quality water related services that enhance the well-being of people in the Pacific region.

The membership comprises of various Pacific water stakeholders including 31 Pacific Island water and wastewater utilities across 21 countries (known as members) and international water authorities and associations (known as affiliated members), and private sector equipment and service supply companies, contractors and consultants (known as allied members), and interested individuals.

The goals of the Association as defined in its Constitution:

1. To serve as the principal water and wastewater voice of and for the Pacific Island nations and utilities; and
2. To develop expertise in the Pacific for the sustainable management of water and wastewater services by shaping a cohesive, proficient, and robust water and wastewater sector.

The Association aspires to achieve these objectives through skill development, by the setting and upholding of standards, through advocacy, by the inclusion and advancement of gender equity in the water and wastewater services sector and by collaboration among the members of the Association and with third parties.



Development Partners



1. The Government of Samoa

The Government of Samoa, and PWWA, in the spirit of friendly co-operation entered into an Agreement accepting the PWWA Secretariat to be established in the Independent State of Samoa, effective 7 August 2017. Pursuant to the Diplomatic Privileges and Immunities (Declared International Organisations) Amendment Order 2017, PWWA was added to the list of international organisations, with its defined status, privileges and immunities specified in the Agreement. Under the Agreement, the Government of Samoa assists PWWA through provision of office space for its headquarters and payment of rent and administrative costs. PWWA has been very fortunate to have been granted international status by the Government of Samoa and its generous support annually for its office premises, annual conference and administrative operations. We thank the Government of Samoa for the recognition, as well as for its annual support provided through its Ministry of Natural Resources and Environment and Ministry of Finance.



2. The Asian Development Bank

The PWWA wishes to acknowledge the ongoing support provided by its major development partner – the Asian Development Bank (ADB) over the years. The ADB has consistently over the years provided financial support to the Association's annual conference for the travel of CEOs and Ministers as well as the Secretariat staff; without such assistance a great number of utilities would not have been able to attend this important annual event. ADB has also provided other support towards the Secretariat through short term assistance for Communications specialists, but also capacity building support to its members through various twinning programs, organisational and governance training for procurement and contract management. Together with AWP, the ADB was instrumental in facilitating the consultations for governance reforms of the Association.



3. The World Bank

The World Bank has been involved with the PWWA through support to a most important annual survey which measures the performance of all member utilities of the Association – its benchmarking survey. This program started in 2011 and reports are published biennially however the data collected is done annually and provided to members every year. The data collected also forms the basis for the annual benchmarking awards presented to best performers on a handful of key areas both technical and non-technical areas selected by the Board of Directors. The awards have been a popular tool for encouraging improvement of performance across utilities as well as ensuring participation in the survey and comparing data not only across the member utilities and for making decisions on policy, investments, and areas for operational improvements. We thank especially the staff of the World Bank who have been very dedicated to this important work and for growing recognition by the WBG of PWWA as the only water and wastewater Association in the region with membership of 31 utilities.



4. The Australian Water Partnership

We also acknowledge the assistance of the Australian Water Partnership (AWP). AWP has been instrumental in providing support to the governance of PWWA, helping facilitate and finance consultations for its development reforms, establishing the permanent Secretariat in 2017, and financing PWWA's flagship professional development program for young water professionals beginning in 2017. AWP pledged and provided assistance for these activities – (1) Secretariat support and (2) capacity building programme for PWWA governance and the Young Water Professionals programme in 2017. The two streams of assistance was pledged at AUD\$1.0 million over a three-year period beginning in 2017. Further assistance was received as Phase 2 of this program in 2019 for three (3) components focusing on the same programs albeit at a decreasing level for the Secretariat support component to upkeep a self-sustaining approach to PWWA's operations.

The Year in Review

1. STRATEGIC FOCAL AREA: GOVERNANCE & INSTITUTIONAL STRENGTHENING OF PWWA

Last year we reported on the various accomplishments of the PWWA activities earmarked for the first year of its Strategic Plan 2018-2023.

In 2019, the following milestones were achieved in respect of PWWA's Governance and Institutional strengthening:

- i) The approval of Phase 2 of the AWP assistance to PWWA for 3 years 2019-2022 of AUD\$1.25 million. The bulk of this assistance (52.5%) is allocated to the Young Water Professionals program; 18% to support the operations of PWWA Secretariat; 20% allocated to Project Manager (Hunter Water) Remuneration and Expenses; and the balance earmarked for Board governance training and attendance of CEOs.
- ii) Establishing closer direct relationship with DFAT officials throughout the year and enabling the attendance of the Minister for International Development and the Pacific, of Australia – Hon Alex Hawke, MP to the 2019 Annual Conference and Ministers' Forum held in Vanuatu. Discussions with DFAT over a PWWA \$18.5 million proposal for capacity building of member water utilities formed a basis for developing a closer bilateral relationship between PWWA and DFAT. Whilst acceptance of the proposal remain on the tables, PWWA hopes the closer relationship will continue to prosper for years to come.
- iii) The Secretariat sought from the ADB financial assistance to support the participation of member CEOs and Ministers to the Annual Conference and this was approved by the ADB. The assistance constituted a 9% decrease from the previous year due to the lower costs of airfares to Vanuatu compared to New Caledonia. PWWA is grateful for the assistance for without such assistance, a great number of small utilities will not be able to attend the Annual Conference and Ministers' Meeting.
- iv) Successful Conference and Expo as well as Ministers' Forum. PWWA takes note of the tremendous support of the Vanuatu Government as well as its member utilities UNELCO and the Department of Water Resources for the smooth running of the conference and for its superb hospitality.
- v) The approval by the Government of Samoa through the Ministry of Natural Resources and Environment to hand over funds for full utilisation by the PWWA. The Agreement was signed in October declaring full responsibility and handover of the SAT\$100,000, to fund office space and the Secretariat administrative expenses.
- vi) Approval of the 2020 Annual Plan and Budget in November at the Board Meeting held in Nadi, Fiji.
- vii) Full reconciliation and transitioning of accounts and funds from Lesa and Penn and full audit by February 2020.
- viii) The approval of a new contract for the CEO for a term of 3 years and renewal of the contract for the Finance and Corporate Manager for a further term of 3 years.

2. STRATEGIC FOCAL AREA: COMMUNICATIONS

Work on improving and upgrading the PWWA website is a work in progress with much improvement made by the end of the year to enhancing the website to a more dynamic and user-friendly one. Whilst the Communications Specialist consultant resigned in the first quarter of the year, the Secretariat has been able to produce and disseminate a quarterly Newsletter in a timely manner.

Engagement with members in the Pacific through ongoing programmes especially in preparation for the Annual Conference has been a great benefit in fostering good relations and keeping the network alive and functioning.

3. STRATEGIC FOCAL AREA: CAPACITY BUILDING

2019 was a very busy year in terms of seeking funds for PWWA especially for its capacity building programs. The Learning and Development Needs Survey prepared and completed in the end of 2018 was used as a basis for various proposals put to partners for continuation of PWWA's capacity building programs, and on a larger scale. A proposal for \$18.5 million was submitted to DFAT and included components for expanding the flagship Young Water Professionals program, expanding technical capacity building of utilities, organisational and management skills, and assistance to support the role of politicians in pushing the agenda for achieving the targets of SDG6. Discussions of this proposal continued during 2019 and whilst no response has yet evolved from DFAT, it is fair to say, it remains a basis for further discussion with DFAT and other development partners, whether in full or in component phases.

AWP in 2019 approved Phase 2 of the PWWA Capacity Building program for \$1.25 million for a period of 3 years (2019-2022). The funding extended for another three years assistance towards PWWA's flagship YWPs program, aimed at building the professional capacity of young leaders in Pacific utilities; building governance capacity; and supporting the operation of the Secretariat albeit on a declining basis.

4. STRATEGIC FOCAL AREA: NETWORKING AND COLLABORATION

Focusing on the annual conference, this strategic goal directs the improvement and enhancement of the annual conference and exposition experience for members to create an enabling environment for learning off each other and creating sustained and lasting experiences that contribute to long term improvement of the service that utilities provide for their governments and communities.

5. THE 12TH ANNUAL PACIFIC WATER AND WASTEWATER CONFERENCE (PWWC'19)

The Annual Conference and Expo and its various sessions is provided below.

This summary captures a 5-day programme which includes the 5th Pacific Water Ministerial Forum; a young water professionals program; the annual general meeting of PWWA; Board Meetings; technical conference presentations; governance workshop; panel discussions; and interactive dialogue at the Expo and conference. The conference took place on 5-9 August at the Warwick Le Lagoon Resort & Spa in Port Vila, Vanuatu. This year's theme was "Smart Island Water" drawing on the realities of the world we now live in and allowing for discussions and sharing on "smart" solutions and emerging technologies for water utilities to tap into.

The event brought together some 270 Ministers, government representatives, utilities board members and managers, middle managers, young water professionals, water products suppliers and companies' representatives, donor community and regional organisations representatives; all from 21 countries to discuss, exhibit and network over smart solutions at the political level and at the technical level, new emerging technologies, discuss case studies findings and utilities performances through benchmarking. It also provided a valuable networking opportunity and set the stage for further cooperation among government representatives and water products suppliers, donors, and regional organisations.

The conference began with a traditional welcome dance led by the President of Malvatumauri, the Hon Prime Minister, Minister of Lands, the Regional Ministers followed by all participants. Following a prayer offered by the Vanuatu Christian Council, welcoming and acknowledgement speeches started with the welcome remarks by the Honourable Alfred Maoh, Minister of Lands and Natural Resources, and the Chairman of PWWA, Mr Raka Taviri. The Prime Minister of Vanuatu, Honourable Charlot Salwai, delivered the keynote address marking the opening of the conference.



5TH PACIFIC WATER MINISTERIAL FORUM

This year marked the 5th Pacific Water Ministerial Forum which was well hosted by the Government of Vanuatu and brought together Water Ministers from around the Pacific. In line with the request of the 4th Ministerial forum in New Caledonia, the 5th forum was run over 2 days to enable them time to absorb and discuss the issues raised by everyone in their Statements and monitor progress of issues in country in respect of declarations made at the Forum.

Ten (10) Ministers/senior government representatives out of 21 PWWA member countries attended this year's forum. They were from the Federated States of Micronesia, Niue, Samoa, Solomon Islands, Tokelau, Tonga, and Vanuatu, as well as senior government representatives from Fiji, New Caledonia, and Papua New Guinea. The Forum noted also the participation on the last day of the Hon Alex Hawke, MP, the Minister for International Development and the Pacific of Australia and thanked him for expressing Australia's commitment to increase funding and unlock financial support to the Pacific including water and sanitation infrastructure. He also reiterated his support to PWWA and Australia being part of the forum going forward.





Hon Alex Hawke delivering a speech to the Pacific Ministers at the 5th Pacific Water Ministerial Forum in Vanuatu.

Hon Alex Hawke with Hon Alfred Maoh, Minister of Lands from Vanuatu



Following deliberations Ministers at the 5th Pacific Water Ministerial Forum signed a communique with the following declarations for the way forward:

1. Need for continued and strengthened coordination of cross-sectoral efforts, and increased cross-sectoral dialogue on water and sanitation t both the national and regional levels in order for the region to meet its SDG6 targets.
2. Recognized that water is everybody's business and that progress towards SDG6 targets requires effective engagement with civil society organisations, the private sector, and communities at the grass roots level, paying particular attention to the needs of women, girls, and children and those in vulnerable situations.
3. Recognized the key role that regional partnerships play in the strengthening of the region to address its unique water and sanitation challenges, including through proven and practical partnerships for action such as the PWWA Young Water Professionals Programme and the Pacific Partnership for Atoll Water Security.
4. Recognized the importance of the PWWM forum as the regional voice on the issues and challenges facing the provision of water and sanitation services in the Pacific, and highlighted the importance of strengthening the capacity of PWWA and the role of the PWWM forum in providing more active regional leadership in this space.
5. Reaffirmed their strong support of the Pacific Young Water Professionals programme, which focuses on building the capacity and capabilities of the Pacific young leaders of the future and called on Australia to increase existing funding to this flagship PWWA programme.
6. Recognized that in most Pacific island countries and territories there are large populations in rural communities that have significant disparities in access to safe water and sanitation compared to their urban counterparts, and that increased efforts are required to support these communities in the establishment, operation and maintenance of appropriate and affordable facilities.

7. Noted the vulnerability of the region's water and sanitation services to the impacts of natural hazards, climate variability and climate change, and the need for strengthened efforts to build resilient water and sanitation systems at both the rural and urban levels.
8. Noted the importance of climate and disaster financing mechanisms to support these efforts, and the need for increased technical support and regional collaboration to enable Member countries and territories to effectively access these mechanisms.
9. Leading the work to improve access to safe water and sanitation within our respective jurisdictions in alignment with national, regional, and global commitments
10. Recognising and commending progress made by all member countries and noting continuing challenges faced by the sector in the Pacific
11. Actively explore possibilities of funding and possible areas of collaboration and partnerships that source innovative, adaptive, and integrated solutions suitable to our region.

YOUNG WATER PROFESSIONALS PROGRAM (YWP)

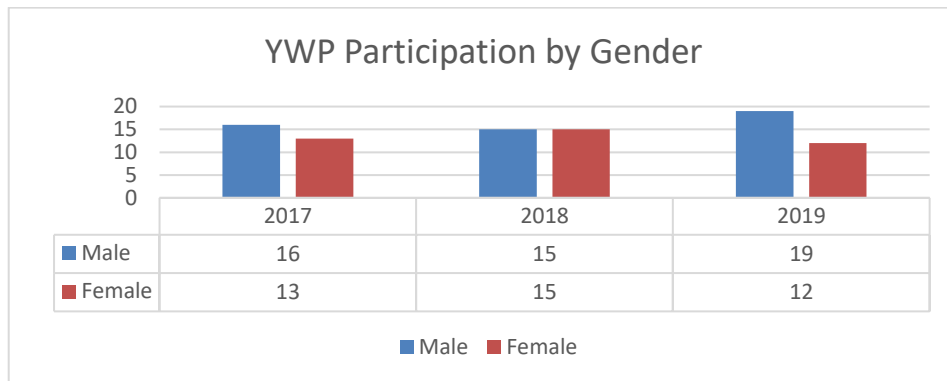


The YWP program was well attended. Thirty-one YWPs from 19 Pacific Island countries participated in this year's program. Key topics the YWPs immersed themselves in over the 2-day program prior to their joining the rest of the technical conference included:

- Presentation skills
- Career planning
- Governance
- Gender Equity and Social Inclusion
- Young Pacific Water Professionals Challenges and Strategies

As done in previous years, the popular Q&A time with CEOs was also held and a particular highlight for a number of these young aspiring leaders.

The key objective for this program is to mentor and develop our young water professionals from the Pacific by exposing them to a wide range of common issues that affect the water and wastewater sector in the region. As a result of this program, they have gained a comprehensive and collective understanding of regional policies and approaches, gender, financial and project management, problem solving skills and mentoring with their leaders or utilities CEOs. PWWA has always encouraged the participation of young female professionals from each utility to attend this program as part of their development. This year female participation on the YWPs program dropped to 38.7% from 41% in the previous year.

Graph 1: YWP participation by Gender

BENCHMARKING 2019

Every year the benchmarking data is updated and collected, and a report published every two years. The results each year are used as a basis for the benchmarking performance awards given out at the Annual Conference last year.

PWWA Awards 2019

The award winners in the table below were announced at the Conference for 2019.

The Department of Water Resources of Vanuatu took out the overall best utility for 2019.

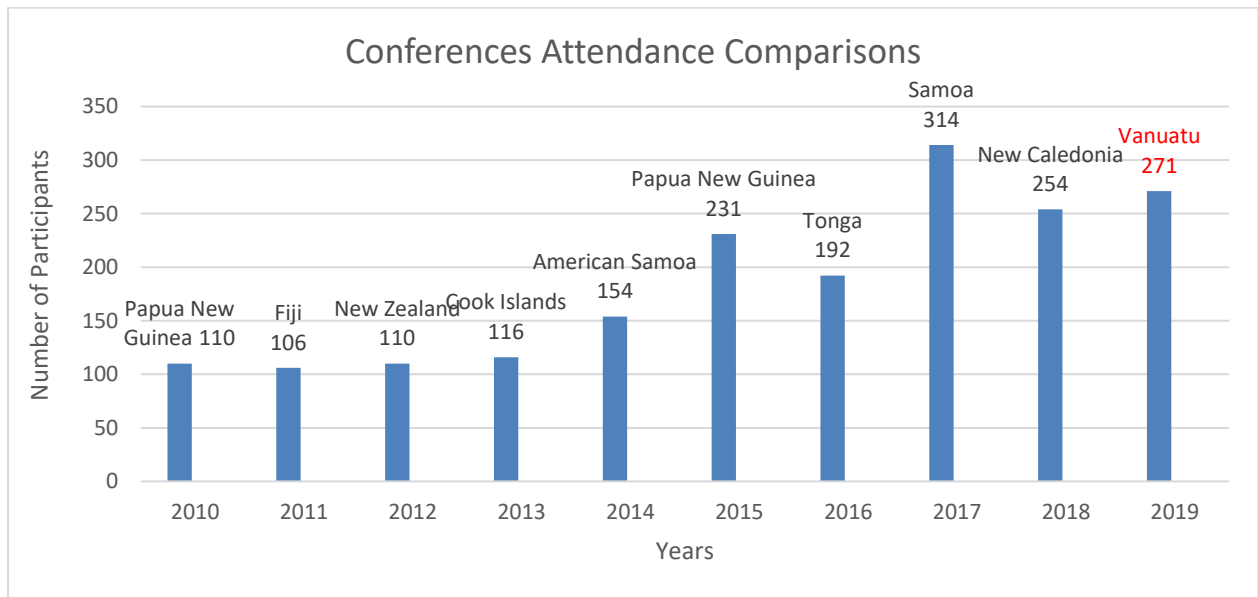
	AWARD	CRITERIA	GROUP 1	GROUP 2	GROUP 3
1	Best Coverage	Trend in 5 years vs absolute (of pop with easy access to water services vs total pop under the utility's normal responsibility)	Winner: Polynesienne des Eaux	Winner: Chuuk Public Utilities Corporation, FSM Runner-up: Eda Ranu, PNG 2 nd Runner-up: Tonga Water Board	Winner: Department of Water Resources Vanuatu Runner-up: Kiribati Public Utilities Board
2	Best Cost Recovery	Trend in 5 years vs. absolute (of total operations revenue over total operational cost)	Winner: Polynesienne des Eaux	Winner: Eda Ranu, PNG Runner-up: Solomon Island Water Authority 2 nd Runner-up: Tonga Water Board	Winner: Department of Water Resources, Vanuatu Runner-up: Majuro Water & Sewerage Company, Marshall Islands
3	Best Customer Service	Trend over 5 years of improvement of hours of operation and reduction in complaints	Winner: Caledonienne des Eaux	Winner: Central Yap, FSM Runner-up: Chuuk Public Utilities Corporation, FSM 2 nd Runner-up: Water PNG	Winner: Independent Water Schemes Association, Samoa Runner-up: Department of Water Resources, Vanuatu
4	Best Technical Performance	Lowest losses and lowest number of breaks with highest hours of operation	Winner: Caledonienne des Eaux	Winner: Unelco, Vanuatu Runner-up: Yap Central State Public Service Corporation, FSM 2 nd Runner-up: Water PNG	Winner: Department of Water Resources, Vanuatu Runner-up: Independent Water Schemes Association, Samoa

5	Most Improved Water Utility	Best in reducing NRW and number of accidents or breaks – trend over 5 years	Winner: Caledonienne des Eaux, New Caledonia	Winner: Solomon Island Water Authority Runner-up: Samoa Water Authority 2 nd Runner-up: Chuuk Public Utilities Corporation, FSM	Winner: Department of Water Resources, Vanuatu Runner-up: Independent Water Schemes Association, Samoa 2 nd Runner-up: Public Utilities Board, Kiribati
6	Best Utility in Group	Calculated as sum of all awards	Winner Caledonienne des Eaux, New Caledonia	Winner Eda Ranu, Papua New Guinea	Winner Department of Water Resources, Vanuatu
7.	BEST UTILITY OVERALL 2019		Winner: DEPARTMENT OF WATER RESOURCES, VANUATU		

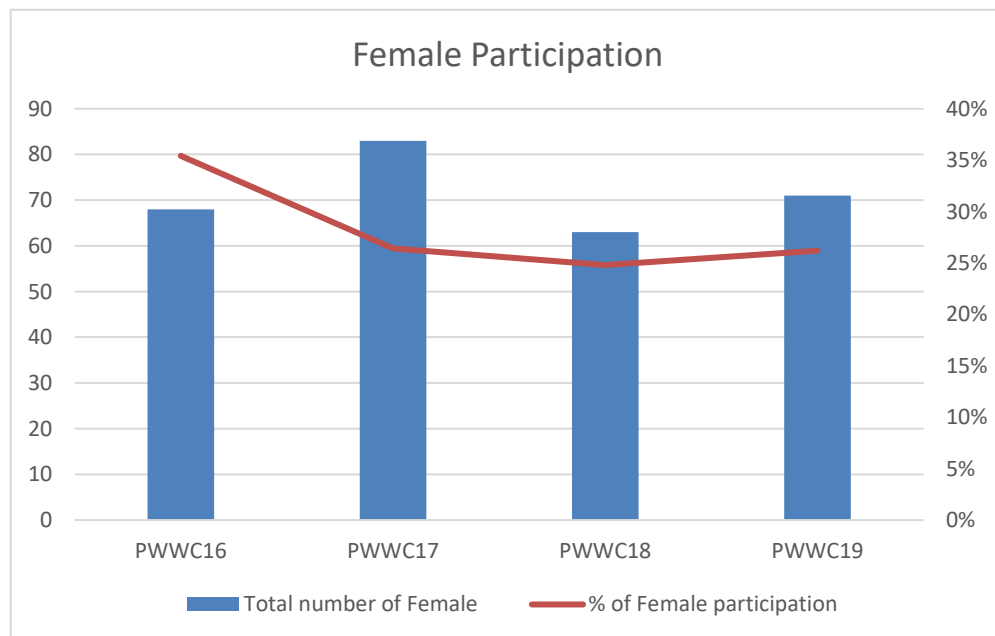
	GESI AWARD	CRITERIA	WINNER
Additional Awards			
1	Highest Gender Balance	Proportion of female staff in the utility	Chuuk Public Utilities Corporation FSM
2	Salary balance	% Average of women salary vs average for utility	American Samoa Power Authority
3	Benchmarking Participation	Most responsive consistently in providing data	Winner: American Samoa Power Authority Runner Up: Solomon Island Water Authority 2 nd Runner Up: Caledonienne des Eaux
Special Awards			
1	Best Expo Booth Display	Voting	Voted best Expo display at PWWC Expo
2	Runner Up Expo Booth display	Voting	Second top display at PWWC Expo
3	Best Young Water Professional Presenter 2019	Mr Foliga Mundia, Samoa Water Authority	
Recognition Awards			
1	Young Professional of the Year AWARD	Recognizing a young water professional who has made a significant contribution to the water industry and general community and has demonstrated the potential to play an influential role in the Pacific water industry	Open to young engineers/professionals aged ≤ 35 years who work in the Pacific Water Industry. Must be nominated by a member of PWWA
2	PWWA Water Professional of the Year	To honour an individual who has displayed a sustained passion and continued commitment to the water industry, and who has demonstrated outstanding leadership and influence in the Pacific water sector.	Open to all individuals who work in the Pacific water industry. Must be nominated by any PWWA member

2019 OVERALL STATISTICS

Increase in the overall participation has been varied in the last 4 conferences as indicated in Graph 2 below. Several factors contribute to this fluctuation of participation though mostly it is due to travel and transport distances and costs.

Graph 2: Comparisons of Conference Attendance

Graph 3 below indicates a slight increase in attendance of female participation from 25% to 26% this year. Gender inclusivity has always been part of PWWA's focus and was equally promoted as important for conference participation at all levels. PWWA will continue to highlight this at every conference and integrate measurable indicators to promote and monitor women participation at all PWWA activities and conferences.

Graph 3: Comparison of gender participation for last 3 years

This year we noted 21 countries participated at the conference.

Table 1: Countries that Participated at PWWC19

	Country	No of Participants
1	American Samoa	4
2	Australia	52
3	Cook Islands	4
4	Fiji	12
5	France	1
6	Federated States of Micronesia	10
7	Kiribati	5
8	Marshall Islands	2
9	Nauru	8
10	New Caledonia	7
11	New Zealand	26
12	Niue	3
13	Northern Marianas	1
14	Palau	2
15	Papua New Guinea	6
16	Philippines	1
17	Samoa	19
18	Solomon Islands	9
19	Tokelau	3
20	Tonga	9
21	Vanuatu	81
		271

EXPOSITION 2019

Table 2 below details the exhibitors at the 2019 EXPO; a little over half were from Australia.

Table 2: Exhibitors at the 2019 Expo

	Organization Name	Country	Membership status
1	Arthur D Riley & Co	New Zealand	Basic Allied
2	ACO Pty Ltd	Australia	Premium Allied
3	Aquatec	Australia	Individual
4	Caledonniene des Eaux	New Caledonia	Pacific Utility
5	Cla-Val Pacific	New Zealand	Basic Allied
6	DAB Pumps	Australia	Basic Allied
7	DAEMCO	Australia	Basic Allied
8	Doyle Pump	Australia	Basic Allied
9	EAU Vanuatu	Vanuatu	Non-Member
10	Ecoflo Wastewater Management	Australia	Basic Allied
11	HACH	Australia/NZ	Basic Allied
12	Hunter H2O	Australia	Premium Allied
13	Hydroflow	New Zealand	Premium Allied
14	Hynds	New Zealand	Basic Allied
15	Instrumatics	Australia	Non-Member

16	Innoflow Technologies	New Zealand	Basic Allied
17	Moerk Water Solutions	Australia	Basic Allied
18	Ozzi Kleen Vanuatu	Vanuatu	Non-Member
19	Pacific Technologies NZ	Australia	Basic Allied
20	Pattle Delamore Partners	New Zealand	Individual
21	Pressure Sewer Services Australia	Australia	Basic Allied
22	SWAN Analytical Instrument	Australia	Premium Allied
23	Tonkin & Taylor	Australia	Basic Allied
24	Tubemakers	Fiji	Premium Allied
25	UNELCO Engie	Vanuatu	Pacific Utility
26	Urban Water Solutions	Australia	Basic Allied

ANALYSIS OF PREVIOUS YEARS CONFERENCES 2015-2018

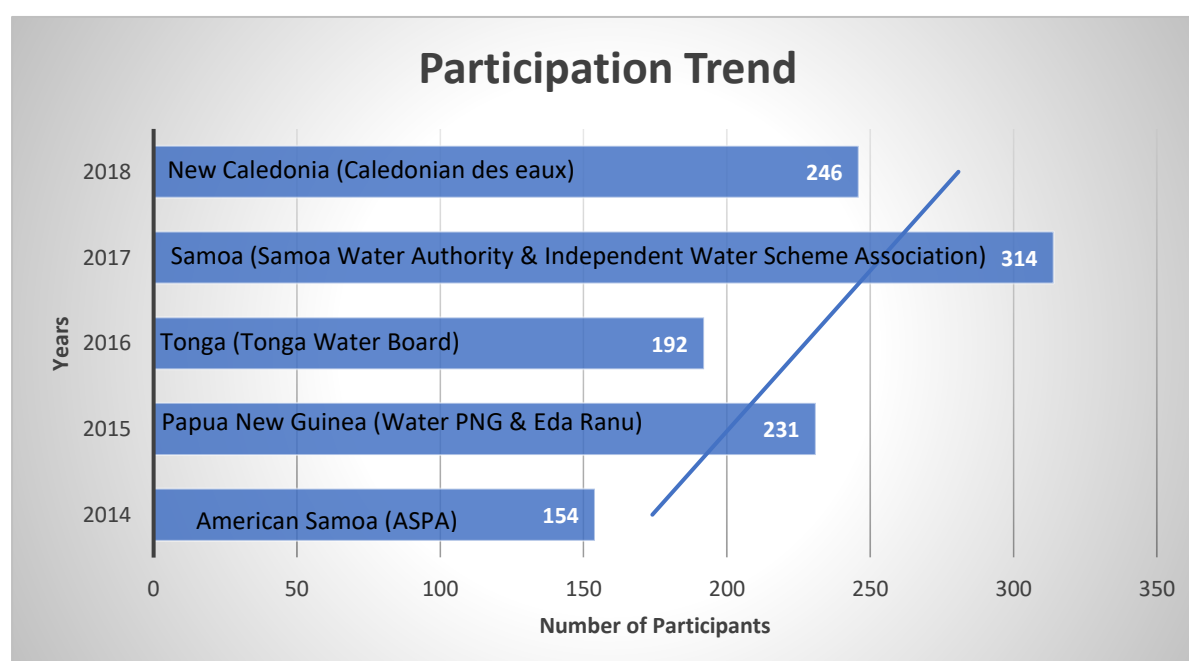
We have seen in previous conferences the increase in interest and participation at this annual event hosted by PWWA and its utilities. This has also been identified as the only forum in the Pacific where all 31 utilities from 21 Pacific Island countries and territories come together and network, share experiences, explore new technologies and established professional and personal long-lasting friendships between Utilities and suppliers from around the world.

Below are some of the trends from previous years.

A. Overall Participation

As evident from the graph below, there has been a steady increase in participation for the last 5 years. The increase in participation is mainly through extra forums that have been established as part of the conference such as the Ministerial Water Forum which started in 2015 in PNG and the Young Water Professional Program which commenced in 2017 through AWP Funding.

Graph 4: Number of Participants



B. Participation by Countries

The table below identifies the number of participants from each PWWA Pacific Island Member country. Also highlighted in BLUE is the participation average per year per country.

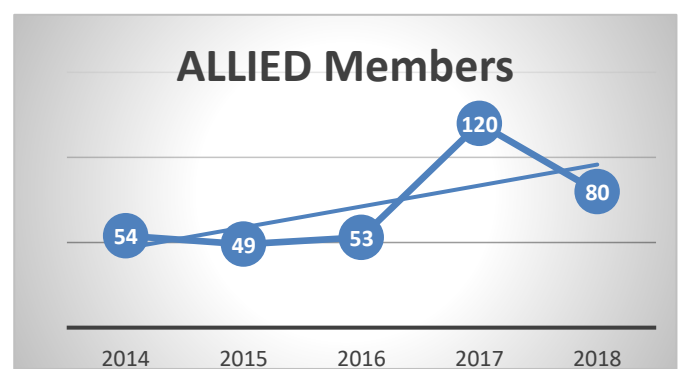
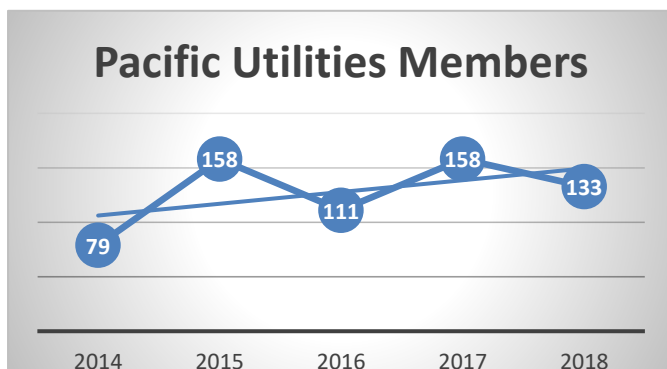
Table 3: Pacific Islands Member Countries

PUM Countries	2014	2015	2016	2017	2018	Average	Comments
American Samoa	40	2	4	11	2	11	
Cook Islands	4	2	3	6	4	3	
Fiji Islands	5	7	12	16	22	11	
French Polynesia	0	0	0	1	3	2	Joined PWWA 2016
Federated States of Micronesia	6	5	3	5	7	5	
Guam	1	1	0	2	0	0	Guam joined in 2014
Kiribati	2	5	5	4	6	4	
Marshall Islands	4	5	2	4	7	4	
Nauru	0	5	5	7	6	4	
New Caledonia	0	2	8	5	51	13	CDE Joined 2015
Niue	0	2	0	3	1	1	
Northern Marianas	1	0	2	1	3	1	
Palau	0	3	0	3	3	1	
Philippines	0	3	3	3	6	3	
Papua New Guinea	6	109	14	11	8	30	
Samoa	34	23	26	96	23	40	
Solomon Islands	3	3	3	6	6	4	
Tokelau	1	1	1	6	3	2	
Tonga	5	4	45	10	7	14	
Tuvalu	2	1	3	3	6	2	
Vanuatu	1	5	3	5	3	3	DOWR Joined in 2015
Wallis & Futuna	0	0	0	0	2	2	EEWF Joined in 2018

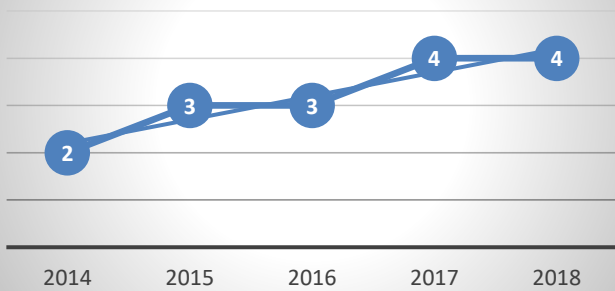
Outside of the Pacific Utility Members, PWWA Allied Members from Australia and New Zealand average the most each year with these 2 countries averaging 28 and 24, respectively.

C. Participation by Membership

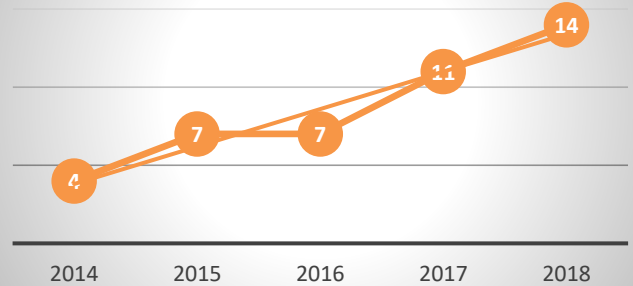
The participation by membership has been steadily increasing every year except for students. We have also noticed an increase of Non-Members registering their attendance for the conference.



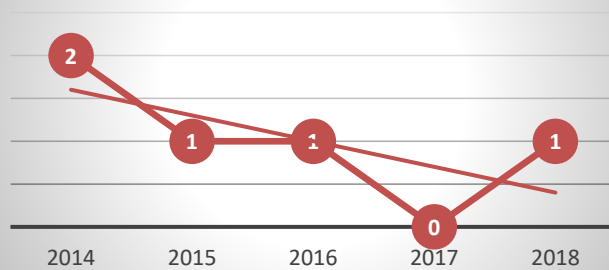
Individual Members



Non PWWA Members

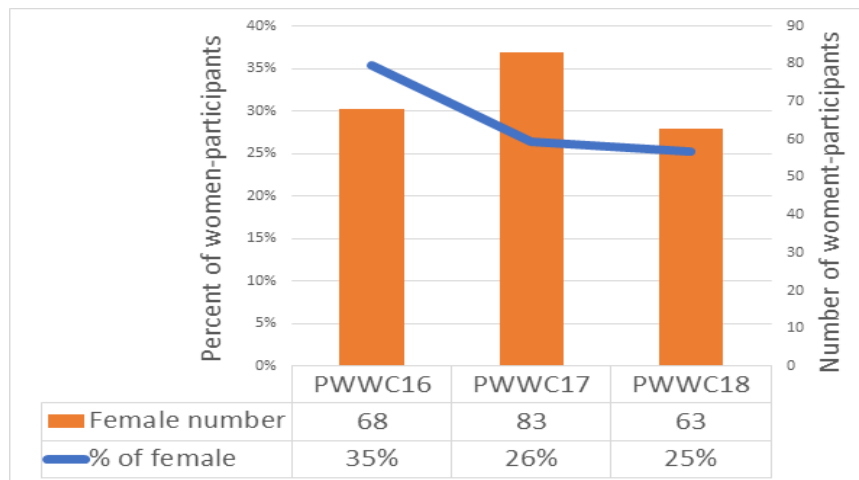


Students



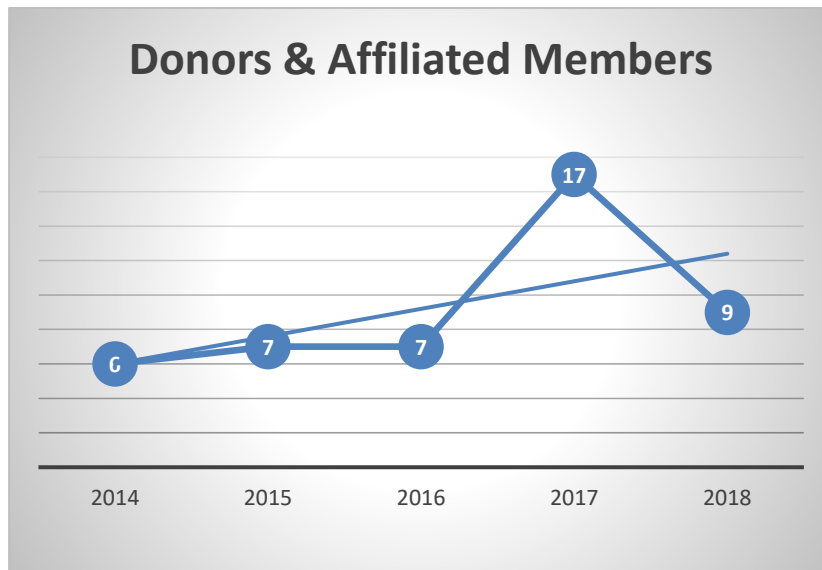
D. Gender Participation

Gender was not captured until the 2016 Conference that was held in Tonga. It was also during this year that members agreed to include data on gender to be collected as part of the benchmarking annual exercise.



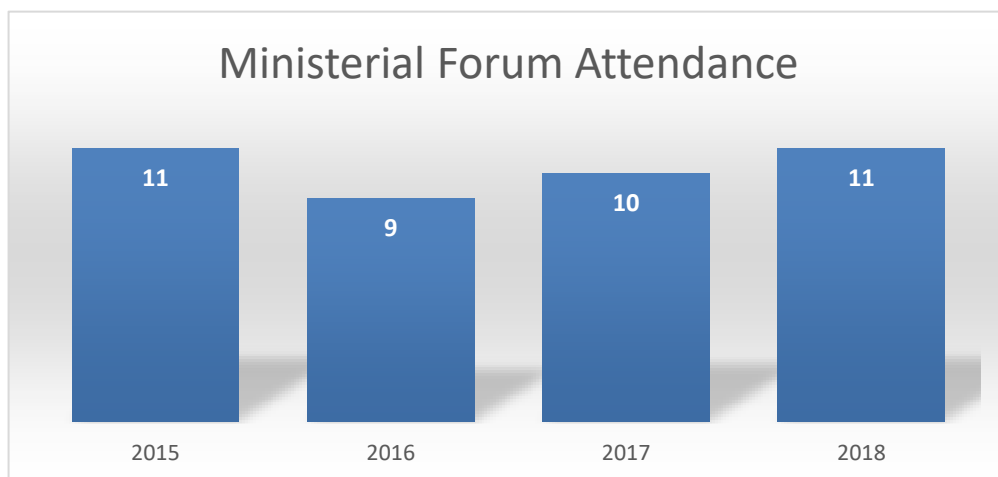
E. Donors and Affiliated Members Participation

Participation by our Donors and Affiliated Members has increased over the years as the exposure of PWWA and its programs in the Pacific expanded.



F. Ministerial Water Forum

The first Water Ministerial Forum in the Pacific was held in PNG on 2015. Participation has averaged 51% over the past four years from member countries. This forum has brought a whole new level of political support to the water and wastewater agenda in the Pacific by National Governments as well as development partner organisations and multilateral agencies.



G. Young Water Professional Participation

The Young Water Professional Program is one of PWWA's flagship program with its first cohort commencing in 2017 as part of the PWWA 10th Water and Wastewater Conference. The participation and interest drawn from this program has been incredible and PWWA will continue working in creating more awareness and building this platform for the Young Water Professionals in the Pacific. One of the main thrusts for this program is equal gender representation from Utilities.

6. ANNUAL GENERAL MEETING 2019

PWWA's Annual General Meeting for 2019 was held on Wednesday 7 August 2019 at the Warwick Le Lagon Hotel in Port Vila Vanuatu. Twenty-two (70%) of the thirty-one utilities were represented and 22 Allied members attended. This was an important AGM in that a new Board will be elected to serve for a term of three years. In accordance with the 2016 Constitution the term of the Board elected in 2016 completed this year and elections are to be done during this AGM. The Board (10 in number) comprises 6 Directors elected from Pacific Utility members, 2 Directors elected from Allied Members; and 2 Directors elected from all classes of membership.

Following the AGM, the new Board met the following day to appoint the officers of the Board.

Notably, there are three women on the Board for the first time.

Table 4: PWWA Board Members 2019-2022

OFFICE HELD	NAME	CATEGORY ELECTED	ORGANISATION
Chairperson	Ms. Seugama'alii Jammie Saena	PUMs Utility Member	CEO, Samoa Water Authority
Deputy Chairperson	Mr. Raka Taviri	PUMs, Utility Member	CEO, Water PNG & Acting CEO Eda Ranu
Treasurer	Mr. Jim Keary	Allied Member	Senior Fellow, Hunter H2O, Australia
Secretary	Mr. Erickson Sammy	PUMs, Utility Member	Director, Department of Water Resources, Vanuatu
Alternate Treasurer	Ms. Diane Charlie-Puna	PUMs, Utility Member	Secretary, Ministry of Infrastructure, Cook Islands
Alternate Secretary	Ms. Ruth Ueselani	Allied Member, All Categories	Assistant CEO, Ministry of Natural Resources & Environment Samoa
Director	Mr. Ian Gooden	PUMs, Utility Member	CEO, Solomon Island Water Authority
Director	Mr. Joseph Batol	PUMs, Utility Member	CEO, Majuro Water & Sewerage Co, Marshall Islands
Director	Mr. Gary Aitchison	Allied Member	Export Manager, Hydroflow Co Ltd, NZ
Director	Mr. Ken Klein	Allied Member, All Categories	Executive Sales Manager, ACO Pty Ltd, Australia



Other Events

COMMUNICATIONS

PWWA continues to maintain three important media channels as a repository of information and as a means of communications to its members and importantly potential members.

1. Website (www.pwwa.ws)
2. Facebook page (<https://www.facebook.com/pacificwaterandwastesassociation>)
3. LinkedIn page (<https://www.linkedin.com/company/pacific-water-and-wastes-association>)

MEMBERSHIP

The following table provides the total number by type of members in PWWA as at end 2019.

Type of Member	Total
1. Utility Members	31
2. Allied Members	62
3. Individual Members	14
4. Students	0
5. Affiliated Members	7
Total All Members as at December 2018	114

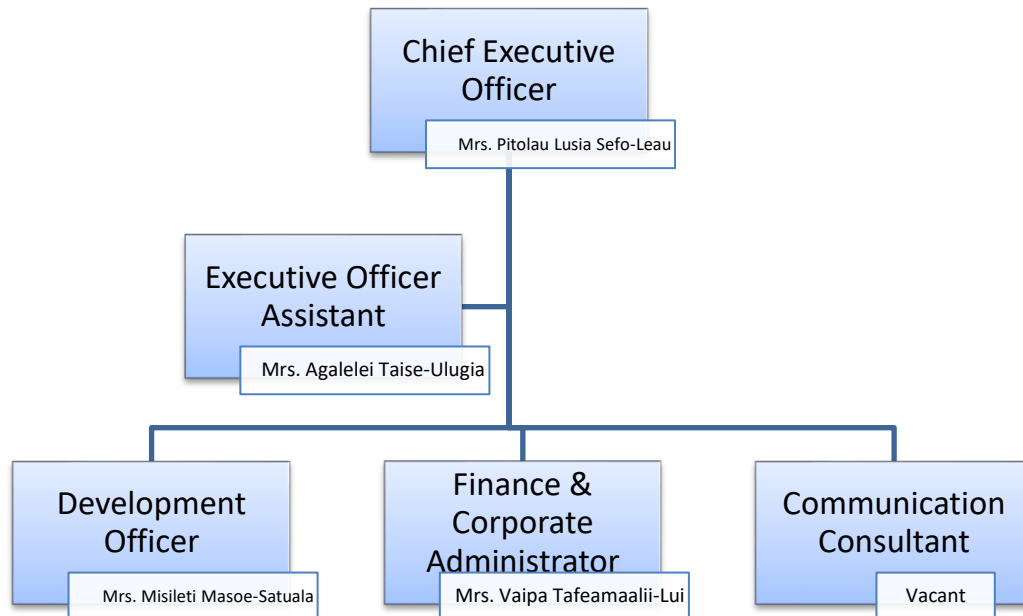
PWWA's member utilities extend across the following countries and territories in the Pacific region: American Samoa, Cook Islands, the Federated States of Micronesia, French Polynesia, Guam, Nauru, New Caledonia, the Commonwealth of the Northern Marianas, Niue, Palau, Papua New Guinea, Republic of Fiji Islands, Republic of Kiribati, Republic of the Marshall Islands, Republic of Vanuatu, Samoa, Solomon Islands, Tokelau, the Kingdom of Tonga, Tuvalu and Wallis and Futuna – the latter joined in 2018. The majority of utilities are defined (in terms of number of water connections) as either small (12 utilities) or medium (11 utilities); and eight (8) utilities are considered large with over 10,000 connections).

The total number of members has increased from 90 in 2018 to 114 on the register as at end 2019. The majority of Allied members are companies and organisations from Australia, comprising 42% of total allied members, followed by New Zealand with 34% of the total, a reverse of the membership reflected in 2018 when the majority of allied members were from New Zealand. Samoa comes in next with a total number of five (5) or 8% of allied members registered so far from both private and public sector companies and Ministries. The rest come from Fiji with three (3) companies, two (2) from Papua New Guinea, two (2) from Vanuatu and one from USA Hawaii.

PWWA Staff as at 31 December

The minimal structure approved by the Board formed the core staff of the Secretariat to undertake its programs and day to day operations. In the first quarter of 2019, the Communications specialist consultant resigned to take up a permanent job elsewhere.

The following staff were employed by the PWWA Secretariat as at 31 December 2019.



PWWA Financial Performance

Appearing at the end of this report are the audited accounts of PWWA for the financial year ended 31 December 2019.

At the close of the financial year, total assets and liabilities decreased by 4% from \$296,809 in the previous year to \$285,971 in 2019. This slight decrease is due to an increase in liability for the year 2019 that reflects the lease liability correct treatment and disclosure in the financial statements to be in line with the International Financial Reporting Standards (IRFS). Noted is an increase in deferred membership fees received in advance for 2020 membership fees which shows a quick response from members in paying of invoices issued ahead in November.

In 2019 total accumulated funds were reduced to (\$10,838) by -110% from \$105,929 in 2018. In the year 2018, the assistance from ADB was much higher due to funding for workshops and Conference that were received during the year. In comparison to 2019, no workshops took place and funding received from ADB was only for the Conference. The grant from the AWP noted a decrease and this is due to completion of the Phase 1 PWWA Capacity Building Assistance Program component for Secretariat support in November 2019.

As an incorporated not-for-profit organisation, PWWA is highly dependent for its operations and payment of staff on development partner funding, membership fees, and from money that it earns from the hosting of the annual conference each year through conference fees, exhibition fees and sponsorships. In 2019, membership fees comprised 23% of total income, donor funding sought and obtained from ADB provided directly to the Secretariat to administer comprised the highest bulk of total income at 28%, whilst AWP funding for the Secretariat comprised 15%. The balance was realised from the grant received from the Government of Samoa, conference fees, Expo fees and sponsorships of the annual conference.

In compliance with the Constitution of the Association, the accounts following are presented on accrual basis.

Financial Statements

Pacific Water and Wastewater Association Inc.
For the year ended 31 December 2019

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2019**

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**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
CORPORATE DIRECTORY
FOR THE YEAR ENDED 31 December 2019**

NATURE OF BUSINESS

The Pacific Water and Wastewater Association Incorporated (PWWA) is a regional association of organisations operating in the water and wastewater sectors whose mission is the delivery of quality water related services that enhance the wellbeing of people throughout the region. PWWA is incorporated in Samoa as not for profit organisation under the Incorporated Society's Ordinance 1952.

Address and registered office

FMFM II Building,
Level 4, Room 3
Apia
Samoa

Board of Directors

Seugamaalii Jammie Saena (Chairperson)
Raka Taviri (Deputy Chairperson)
Erikson Sammy (Secretary)
Jim Keary (Treasurer)
Ruth Ueselani (Alternate Secretary)
Diane Charlie-Puna (Alternate Treasurer)
Ian Gooden (Director)
Gary Aitchison (Director)
Joseph Batol (Director)
Ken Klein(Director)

Management

Pitolau Lusie Sefo Leau
Chief Executive Officer
Vaipa Tafeamaalii Lui
Finance & Corporate Administrator

Auditor

BDO
Chartered Accountants

Banker

ANZ Bank

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
MANAGEMENT RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 December 2019**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Association's financial statements are the responsibility of management. The financial statements have been prepared according to International Financial Reporting Standards and include amounts based on management's best estimates and judgments.

Management has established and maintains accounting and internal control systems that include written policies and procedures. These systems are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements, and that our assets are properly safeguarded.

The Board of Directors oversees management's responsibilities for financial reporting. The financial statements have been reviewed and approved by the Board of Directors on recommendation from management.

Our independent auditors, BDO, have audited our financial statements.



Pitolau Lusía Sefo Leau
Chief Executive Officer



Vaipa Tafeamaalii Lui
Finance and Corporate Administrator

Dated: 12/03/20

Dated: 12/03/2020

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
DIRECTORS REPORT AND CERTIFICATION
FOR THE YEAR ENDED 31 December 2019**

The Directors present their report together with the financial statements of the Pacific Water and Wastewater Association Incorporated (PWWA) for the year ended 31 December 2019 and the Auditors report thereon in accordance with a resolution of the board of directors and signed on behalf of the board.

Directors

The following persons were directors of the Association during the financial year and up to date of this report:

Seugamaalif Jammie Saena (Chairperson)
Raka Taviri (Deputy Chairperson)
Erikson Sammy (Secretary)
Jim Keary (Treasurer)
Ruth Ueselaní (Alternate Secretary)
Diane Charlie-Puna (Alternate Treasurer)
Ian Gooden (Director)
Gary Aitchison (Director)
Joseph Batol (Director)
Ken Klein (Director)

Going concern

The financial statements of the Association have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the Association has adequate funds to meet its liabilities when they fall due over the next 12 months from the date of the Directors report.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which would require adjustment to or disclosure in the financial statements.

Other circumstances

As at the date of this report:

- no charge on the assets of the Association has been given since the end of the financial year to secure the liabilities other person;
- no contingent liabilities have arisen since the end of the financial year for which the Association could become liable;
- no contingent liabilities or other liabilities of the Association have become or are likely to become enforceable within period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Association to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with report or the Association or the Association's financial statements, which would make adherence to the existing method of assets or liabilities of the Fund misleading or inappropriate.

Unusual transactions

The result of the Association's operations during the financial year and up to the date of this report, has 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.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
DIRECTORS REPORT AND CERTIFICATION
FOR THE YEAR ENDED 31 December 2019 (CONTINUED)**


Directors certification

We certify that the attached financial statements for the Pacific Water and Wastewater Association Incorporated (PWWA) comprising of the Statement of Income and Expenditure, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the financial statements for the year ended 30 December 2019:

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the requirements of the Incorporated Societies Ordinance 1952.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 12 / 03 / 2020 on behalf of the directors of the Pacific Water and Wastewater Association Incorporated (PWWA).

Signed by: 
Signed on: 12 March 2020

At: Sydney Australia

Signed by: J. B. Keary
Signed on: 12 March 2020

At: Sydney, Australia

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$ USD	2018 \$ USD
Income			
Conference income	7	92,250	83,652
Grants	8	227,321	495,021
Membership fees	9	103,796	104,900
Other revenue		26,079	3,494
Total Income		449,446	687,067
Expenses			
Administrative expenses	10	29,873	42,819
Depreciation	13	7,044	5,877
Doubtful debts		11,000	11,200
Pacific water conference	11	193,500	174,394
Personnel costs	12	185,736	189,281
Workshops		-	134,134
Lease amortisation	18	15,817	-
Total Expenses		442,970	557,705
Operating surplus		6,476	129,362
Other income and expenses			
Foreign currency losses		12,114	23,433
Finance cost			
Interest on lease	18	5,200	-
Net (deficit)/surplus for the year		(10,838)	105,929

The accompanying notes form part of these financial statement.

PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 \$ USD	2018 \$ USD
ASSETS			
Non-current assets			
Property, Plant and Equipment	13	8,355	10,946
Right-of-use asset	18	55,360	-
Total non-current assets		63,715	10,946
Current assets			
Cash at bank	14	348,640	238,645
Accounts Receivable - Membership Fees	15	12,400	4,980
Accounts Receivable - Others		5,313	75,947
Total current assets		366,353	319,572
Total assets		430,068	330,518
LIABILITIES			
Non-current liabilities			
Lease liability	18	42,667	-
Total non-current liabilities		42,667	-
Current liabilities			
Account payable		7,158	6,159
Deferred Revenue	16	49,299	-
Membership fees received in advance		30,150	27,550
Lease liability	18	14,823	-
Total current liabilities		101,430	33,709
Total liabilities		144,097	33,709
Net assets		285,971	296,809
EQUITY			
Accumulated funds		285,971	296,809
Total equity		285,971	296,809

The accompanying notes form part of these Financial Statements

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
	USD	USD
Accumulated funds		
Opening Balance add:	296,809	190,880
Net surplus/(deficit) for the year	(10,838)	105,929
Closing balance	285,971	296,809
Total equity	285,971	296,809

The accompanying notes form part of these Financial Statements

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$ USD	2018 \$ USD
Cash flows from operating activities			
Cash receipts from membership		167,011	94,071
Cash receipts from donors and sponsors		277,275	434,074
Other receipts		118,329	72,146
Cash paid for expenses		(398,154)	(572,404)
Total cash flows from operating activities		114,460	27,885
Cash flows from investing activities			
Purchases of Property and Equipment		(4,465)	(6,952)
Total cash flows from investing activities		(4,465)	(6,952)
Net cash flows		109,995	20,933
Cash and cash equivalents at beginning of year		238,645	217,712
Cash and cash equivalents at end of year	14	348,640	238,645
Represented by:			
ANZ Bank Samoa - Tala account		346,771	208,211
ANZ Bank Samoa - AUD account		1,869	30,435
Total		348,640	238,646

The accompanying notes form part of these Financial Statements

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General

At the 10th Pacific Conference, the signing of the Host Agreement between the Government of Samoa and PWWA promulgates international status to PWWA under Samoa laws, and established Samoa as the headquarters of PPWA in 2017. The Host Agreement was signed on 8 August 2017. PWWA is incorporated as not-for-profit organisation under the Incorporated Societies Ordinance 1952.

2. Adoption of new and revised Standards

New standards adopted as at 1st January 2019

IFRS 16 'Leases'

The Association has adopted the new accounting pronouncement IFRS 16 which has become effective this year.

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Association recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The Association adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 January 2019), without restatement of comparative figures. The Association elected to apply the practical expedient to not reassess whether a contract is or contains a lease at the date of initial application.

The Association has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Association has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

As a lessee, the Association previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Association recognizes right-of-use assets and lease liabilities for most leases.

For contracts that both convey a right to the Association to use an identified asset and require services to be provided to the Association by the lessor, the Association has elected to separately account for the service elements from the lease elements, i.e. it does not allocate any amount of the contractual payments to, and separately accounts for, any services provided by the supplier as part of the contract. The service components of the contract are recognised in the profit and loss on a straight-line basis.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 10%.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Statement of significant accounting policies

a. Basis of preparation

The financial statements of the Pacific Water and Wastewater Association Incorporated (PWWA) ("Association") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Association takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

b. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates (the "functional currency") which is the United States Dollar (USD).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Foreign exchange gains and losses that related to borrowings and cash equivalents are presented in profit or loss together with all other foreign exchange gains and losses and are presented in profit or loss at a net amount.

c. Grants

Government and Donor grants are not recognised until there is reasonable assurance that the Association will comply with the conditions attaching to them and that the grants will be received.

The fair value of government and donor grants is recognised in profit or loss on a systematic basis over the periods in which the Association recognises as expenses the related costs for which the grants are intended to compensate.

Government or Donor grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government and Donor grants relating to the acquisition of property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Statement of significant accounting policies (continued)

d. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

Classification and initial measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets of the Association are classified into the amortised cost category only and consist of cash and cash equivalents, bank term deposits and trade receivables. The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets at amortised cost

Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Impairment of financial assets

For trade receivables, the Association applies the simplified approach due to the short-term nature of the financial assets, which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Association or the counterparty.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Statement of significant accounting policies (continued)

Classification and measurement of financial liabilities

The Association's financial liabilities include trade and other payables and are classified into the amortised cost category.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

e. Employee entitlements obligations

Salaries and wages, annual leave and sick leave

Liabilities for employees' entitlements to salaries and wages, annual leave, sick leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts and calculated at amounts expected to be paid as at reporting date. Liabilities for other employee entitlements, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

Superannuation contributions

The Association contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognised immediately in the income statement.

f. Income Tax

For the purposes of Section 17 of the Income Tax Act 2012, the Association is deemed an institution established exclusively for charitable purposes.

g. Leases

The Association as a lessee

For any new contracts entered into on or after 1 January 2019, the Association considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Association assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Association
- the Association has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Statement of significant accounting policies (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Association recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Association, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Association depreciates the right-of-use assets on a straight-line basis from the lease 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 Association also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Association measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Association has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Association as a lessor

The Association does not lease any property as a lessor.

h. Value Added Goods and Services Tax (VAGST)

The Association does not lodge VAGST returns. Hence, all amounts in the income statement are shown inclusive of VAGST, as well as accounts receivables and payables are shown inclusive of VAGST, as well as accounts receivables and payables which are also stated inclusive of VAGST (where applicable).

i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed as a current liability in the statement of financial position.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Statement of significant accounting policies (continued)

j. Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation on assets under construction or capital works in progress does not commence until they are complete and available for use. Capital works in progress are stated at historical costs and is not depreciated.

Depreciation is provided on the following items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates and methods:

Office equipment	33.33% Straight line
Computer equipment	33.33% Straight line
Office furniture	33.33% Straight line

An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

k. Going Concern

The going concern of the Association is assured by the Directors based on the grounds that the Association will be able to pay its debts as and when they fall due. However, this is dependent upon the continued availability of grants from the Government of Samoa and Donors.

l. Comparative figures

Where necessary, comparative figures have been adjusted to conform with presentations adopted in the current year.

4. Financial risk management

Financial risk factors

The Association's activities expose it to financial risks such as market risks related to cash flow interest risk, credit risk and liquidity risk. Risk management is carried out by management and the board of directors. They evaluate and monitor financial risks in all areas of the business.

Cash flow interest risk

Cash flows interest rate risk is the potential for a change in interest rates to change net interest costs and earnings in the current reporting period and in future years. The risk is managed closely by the management and the directors within approved policy parameters.

The Association has interest-bearing asset in the form of term deposits. This is at fixed interest rate and hence, there are no interest rate risks during the period of investment.

For re-investment of term deposits, the Association negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates, the Association has a high level of certainty over the impact on cash flows arising from interest income derived from these term deposits.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Association if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Association's receivables from customers. The Association's exposure to credit risk is influenced mainly by individual characteristics of each customer.

The Association is not exposed to any significant credit risks except as disclosed in the note to accounts receivables which are primarily comprised of short term receivables. Lifetime credit losses are assessed at initial recognition and updated when conditions indicate an increase in credit risk.

Foreign currency risk

The Association operates internationally and is exposed to the foreign exchange risk arising from various exposures, primarily with respect to Australian dollar and Samoan Tala. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are dominated in foreign currency.

Foreign Currency sensitivity

The sensitivity analysis below discloses the impact on profit and equity from the changes in the exchange rates of the Australian dollar and Samoan Tala to the United States Dollar (USD) which the Association has exposure to.

As at 31 December 2019, if AUD and the WST has strengthened by 10% against the USD with all other variables held constant, profit for the year would have been USD34,796 higher, mainly as a result of foreign exchange losses on translation.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach to managing liquidity risk 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 Association's reputation. The Association carries out cash flow projections taking into account cash inflows and outflows annually which assist it in monitoring cash flow requirements and optimizing its cash returns on investments. Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. Cash position is monitored on a daily basis.

Other risks

Operational risk

Operational risk is the risk of loss arising from systems failure, human error and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Association cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Association is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Critical accounting estimates and judgement

In application of the Association's accounting policies, which are described in Note 3, the directors and management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Management has included in the lease liability the option to renew for a further 3 years from the date of expiry which is 1st July, 2020. The lease liability is calculated based on the existing annual lease amount of \$18,750 USD. The lease agreement specifies that the rent for the next 3 years shall be agreed upon but not less than the existing annual lease amount. The lease liability will be subsequently modified for any significant changes to the future lease amounts.

	2019 \$ USD	2018 \$ USD
7. Conference income		
Conference fee	64,150	52,352
Expo booth fee	14,100	16,300
Sponsorship	14,000	15,000
Total Conference income	92,250	83,652
8. Grants		
Australian Water Partnership (i)	65,364	148,264
Asian Development Bank Funding (ii)	124,248	315,806
Government of Samoa (iii)	37,709	30,951
Total Grants	227,321	495,021

(i) Australian Water Partnership

The term of the funding agreement between Australian Water Partnership and PWWA state that any unused funds at the end of the period or at the end of the funding cycle are to be returned. The funding agreement with Australia is for a three (3) year term that commenced on 12th November 2016 and finished in February 2019. The total funding over the three (3) year term is AUD\$600,000

(ii) Asian Development Bank Funding

The term of the funding agreement between Asian Development Bank Funding and PWWA states that any unused funds at the end of the period are to be returned. The funding term is only one year which was signed on the 25th April 2019. The total funding is USD\$171,678.15.

(iii) Government of Samoa

Upon signing of the Host Agreement during the Conference in August 2017, the Government of Samoa granted SAT100,000 (July 2019-June 2020) to the Secretariat. This financial support is to assist with establishment costs and rental space currently occupied by PWWA Office at the FMFM Building. Funding is disbursed directly from MNRE and is accounted for in the accounts when received.

The same grant has been approved for the Secretariat for the financial year July 2018 - June 2019 under a new Funding Agreement with MNRE which allocate funds directly to PWWA to utilise fully in accordance to the contract. Utilisation reports are to be submitted at the end of each milestones.

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	31 December 2019 \$ USD	31 December 2018 \$ USD
9. Membership Fees		
Allied membership fee	68,750	70,000
Individual membership fee	1,296	900
Pacific utility membership fee	33,750	34,000
Total Membership Fees	103,796	104,900
10. Administrative Expenses		
Accounting software maintenance	582	543
Audit fee	1,795	1,437
Bank charges	269	337
Executive board meeting	3,813	-
General expenses	2,003	2,715
Legal expenses	759	1,026
Printing and stationeries	6,913	8,633
Rent	-	16,184
Repairs and maintenance	518	416
Telephone and internet	2,837	3,070
Travel - international	10,384	8,458
Total Administrative Expenses	29,873	42,819
11. Pacific Water Conference		
ADB Unutilized Funds	60,401	38,279
PWWC 2018	-	136,115
PWWC 2019	133,099	-
Total Pacific Water Conference	193,500	174,394
12. Personnel costs		
ACC levy	3,153	1,097
NPF contribution	26,194	23,506
PAYE	36,945	29,589
Salaries and wages	119,444	135,089
Total Personnel Costs	185,736	189,281

PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Property, Plant and equipment

	Computer equipment \$	Office equipment \$	Office furniture \$	Total \$
Cost				
Balance as at 31/12/18	14,382	6,928	6,210	27,520
Additions	3,810	643	-	4,453
Balance as at 31/12/19	18,192	7,571	6,210	31,973
Accumulated Depreciation				
Balance as at 31/12/18	6,598	2,968	2,554	12,120
Depreciation	2,890	2,084	2,070	7,044
Balance as at 31/12/19	9,488	5,052	4,624	19,164
Written down value:				
As at 31/12/18	3,974	3,317	3,655	10,946
As at 31/12/19	4,894	1,876	1,585	8,355

	2019 \$ USD	2018 \$ USD
14. Cash at Bank		
ANZ Bank Samoa - Tala account	346,771	208,210
ANZ Bank Samoa - AUD account	1,869	30,435
Total cash at bank	348,640	238,645

The Tala bank account had a balance of SAT \$914,746 tala at 31 December 2019 which was converted at an exchange rate of 0.379089 while the AUS Dollars bank account had a balance of AUD \$2,669 at 31 December 2019 which was converted at an exchange rate of 0.700312 as at 31 December 2019.

15. Accounts Receivable

Trade debtors	23,400	20,394
Provision for doubtful debts	(11,000)	(15,414)
Total provision for doubtful debts	12,400	4,980
Movement		
Opening balance	15,414	4,214
Add/(less): Adjusted provision	(4,414)	11,200
Closing balance	11,000	15,414

The provision is on the basis of expected credit losses.

16. Deferred Revenue

Opening Deferred Revenue	-	27,550
Grant Received During the year	238,911	-
Expensed during the year	(189,612)	(27,550)
Closing Deferred Revenue	49,299	-

Details of deferred revenue as at year end are as follows:

Asian Development Bank

Grant received	171,678
Expensed during the year	(124,248)
Closing Deferred Revenue	47,430

Australian Water Partnership

Grant received	67,233
Expensed during the year	(65,364)
Closing Deferred Revenue	1,869

**PACIFIC WATER AND WASTEWATER ASSOCIATION INC.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Related parties

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Association during the financial period were:

Seugamaali'i Jammie Saena (Chairperson)
Raka Taviri (Deputy Chairperson)
Erikson Sammy (Secretary)
Jim Keary (Treasurer)
Ruth Ueselani (Alternate Secretary)
Diane Charlie-Puna (Alternate Treasurer)
Ian Gooden (Director)
Gary Aitchison (Director)
Joseph Batol (Director)
Ken Klein (Director)

18. Lease commitments

The Association has a lease for its office and parking space for a term of 3 years. The lease agreement contains an extension option for another 3 years. The Association has not included the extension option as part of the initial recognition of the lease liability. As at year end the remaining term on the lease is 3 years.

Right-of-use asset

The movement in the right-of-use asset as presented in the statement of financial position is as follows:

	Buildings
At 1 January 2019	-
Right-of-use asset	71,177
Less amortisation	15,817
At 31 December 2019	<u>55,360</u>

Lease Liabilities

Lease Liabilities are presented in the statement of financial position as follows:

	31 December 2019
Current	14,823
Non-Current	42,667
Total lease liabilities	<u>57,490</u>

The movement in lease liability for the year is as follows:

	Buildings
At 1 January 2019	-
Interest Expense	5,200
Lease Payment	15,817
At 31 December 2019	<u>21,017</u>

At 31 December 2019	Current	Between 1 and 2 years	Between 2 and 5 years
Lease Liability	14,823	15,296	27,371

18. Approval of financial statements

These financial statements were approved by the board of directors and authorized for issue on the date the accounts were signed.



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INDEPENDENT AUDITOR'S REPORT

To the Board of Pacific Water and Wastewater Association Inc.

Report on the Audit of the Financial Statements

Scope

We have audited the financial statements of Pacific Water and Wastewater Association Inc., which comprises:

- the statement of financial position as at December 31st 2019;
- the statement of financial performance, statement of changes in equity, and statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Pacific Water and Wastewater Association Inc. as of December 31st, 2019, and of the results of its operations and its income and expenditure for the period ended in accordance with generally accepted accounting principles and comply with the requirements of the International Financial Reporting Standards.

Other matter

The financial statements of Pacific Water and Wastewater Association Inc. for the year ended December 31st 2018 were audited by another auditor who expressed an unmodified opinion on those statements on March 18th, 2019.

Responsibilities of the Board and Management for the Financial Report

The Board and Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted principles, and for such internal control as the executive committee 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 board is responsible for assessing the organisation'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 board either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

The board is responsible for overseeing the organisation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 these financial statements.

BDO, Chartered Accountants, a Samoa partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the board use of the 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 organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation 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.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO
Chartered Accountants



Hanalei Betham
Partner

Apia
Samoa
Date

12th March 2020

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